UAB INVESTICIJŲ IR VERSLO GARANTIJOS

CONSOLIDATED ANNUAL MANAGEMENT REPORT AND SEPARATE FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

for the period ending on

31 December 2023

Table of Contents

List of tables

List of figures

INDEPENDENT AUDITOR'S REPORT

To the shareholder of Investicijų ir verslo garantijos UAB:

Report on the Audit of the Separate and the Consolidated Financial Statements

Opinion

We have audited the separate financial statements of Investicijų ir verslo garantijos" UAB (hereinafter – the Company) and the consolidated financial statements of Investicijų ir verslo garantijos UAB and its subsidiaries (hereinafter – the Group) which comprise the separate statement of financial position of the Company and the consolidated statement of financial position of the Group as at 31 December 2023, the separate income statement and the consolidated income statement, the separate statement of comprehensive income and the consolidated statement of comprehensive income, the separate statement of changes in equity and the consolidated statement of changes in equity, the separate statement of cash flows and the consolidated statement of cash flows for the year then ended, and the notes to the separate and consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the separate financial position of the Company and the consolidated financial position of the Group as at 31 December 2023, and their respective separate and consolidated financial performance and their respective separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants Handbook of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of the 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 the 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 Group's Annual Management Report but does not include the separate and consolidated financial statements and our auditor's report on them. Management is responsible for the other information.
Our opinion on the separate and consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon, except as specified below.
In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated 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 Group's Annual Management Report for the financial year for which the separate and consolidated financial statements are prepared is consistent with the separate and consolidated financial statements and whether Annual Management Report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of the separate and consolidated financial statements, in our opinion, in all material respects:

- The information given in the Group's Annual Management Report for the financial year for which the separate and consolidated financial statements are prepared is consistent with the separate and consolidated financial statements; and

- The Group's Annual Management Report has been prepared in accordance with the requirements of the Law on Consolidated Reporting by Groups of Undertakings of the Republic of Lithuania and the Law on Reporting by Undertakings of the Republic of Lithuania.

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

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

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and the Group'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 and the Group's or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated 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 separate and consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the separate and consolidated 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 and the Group'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 and the Group'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 separate and consolidated 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 and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

On behalf of the economic entity group UAB "Mazars Lithuania Audit" and UAB "ROSK Consulting":

Auditor Romanas Skrebnevskis
Auditor's certificate No. 000471

UAB „Mazars Lithuania Audit"
Audit company's certificate No. 001521
Address: Lvivo str. 25-702, Vilnius, Lithuania

UAB „ROSK Consulting"
Audit company's certificate No. 001514
Address: Laisvės ave. 10A, Vilnius, Lithuania

Vilnius, Lithuania
22 March 2024

CONSOLIDATED ANNUAL MANAGEMENT REPORT

Welcome word by the Chairman of the Management Board and the Director-General

2023 is a time of great change for INVEGA. On the second day of 2023, with the accession of the other National Development Institutions (NDIs), we became the INVEGA Group of Companies and the integration of the consolidated NDIs into a single organisation began. INVEGA faces 2024 as a single institution, with a new Supervisory Board, a functioning Management Board and a long-term corporate structure.

With the addition of UAB Viešųjų investicijų plėtros agentūra, UAB Valstybės investicijų valdymo agentūra and UAB Žemės ūkio paskolų garantijų fondas, INVEGA has about 11,000 active customers and about 100 financial instruments in various stages of implementation. INVEGA's portfolio totals more than EUR 1.4 billion and is implemented by a team of more than 250 professionals.

In 2023, INVEGA was successful in all of its main areas of activity. We have been profitable and sustained growth. We ended the year with a negative cost of guarantee risk ratio, while the return on equity (ROE) increased significantly to 21.72 (vs. 6.61 in 2022) thanks to a profit of EUR 7.67 million in 2023.

High interest rates and a slowing economy have affected all sectors, so INVEGA's help was needed in many sectors of the economy in 2023. We have worked actively with Lithuanian businesses, the public and agricultural sectors, providing EUR 468 million in financing. Over the past year, over 7,000 positive financing decisions have been made.

In addition, we strengthen cooperation with financial market participants – together with banks and credit unions, we develop guarantee and loan products. We cooperate with all managers of venture capital funds investing in business in Lithuania. We have grown to 130 financial intermediaries across all instruments. By increasing the availability of finance, we attracted EUR 364 million in private finance.

We are committed to our mission to play an active role in the development and implementation of business finance instruments that help businesses to start and grow. In 2023, we issued individual and portfolio guarantees worth more than EUR 233 million. Customers were also active in the use of loans provided directly and through financial intermediaries: reaching almost EUR 200 million through 2.7 thousand customers. Interest in compensation measures has also been maintained, with more than 2,700 contracts signed and almost EUR 27 million granted to businesses and enterprises in the public and agricultural sectors. We have also focused on another of INVEGA's long-term goals – a successful venture capital market – and in 2023, EUR 14.6 million of INVEGA investments reached 94 innovative companies.

We are not just focused on just numbers – we are building a customer-centric organisation in order to increase economic finance, capital market development and investment growth. An organisation that meets the needs of Lithuanian businesses. We consistently strengthen our dialogue with our customers, we have segmented our expanded portfolio of customers, and we are developing a new customer service model. We are pleased that our efforts were positively appreciated by our customers in 2023. INVEGA's customer satisfaction rate reached 9.24, exceeding the results of 2022 and 2021.

According to the Great Lithuanian Corporate Reputation Survey, INVEGA's reputation has also increased by one percentage point since 2022 to 31. The awareness of INVEGA's services and activities among business enterprises reaches 90% in 2023.

We aim to act not only efficiently, but also responsibly – we develop an internal culture based on sustainability practices. Sustainability criteria are integrated into all INVEGA's internal processes, taking into account environmental, social and governance principles. 2023 Governance Coordination Centre's Good Governance Index for state-owned enterprises for INVEGA is A+.

When designing new financial instruments, we also aim to direct investments towards more sustainable and environmentally friendly solutions. With the launch of the Green Finance Institute in 2023, we are working together to develop an ecosystem of efficient and accessible green finance for all, and to further drive the country's economic transformation towards sustainability.

We are pleased that our work in 2023 has been recognised, with two funded start-ups, Cambridge Phenotyping and Samphire Neurocience, winning European Sails awards for their investments in pioneering solutions and medical innovation. INVEGA's instruments for the development of the start-up ecosystem, the Acceleration Fund and the Akceleratorius 2, which together with the Startuok financial instrument for young businesses were awarded at the FI Campus event organised by the European Commission and the European Investment Bank, did not go unnoticed either.

INVEGA's own performance also received significant recognition last year. The recognition of INVEGA as a financial partner by the European Commission (EC) gives us the right to work directly with the EC and manage the European Union (EU) budget, i.e. to become an implementing partner for any EU programme.

In 2024, we will continue our work to develop a new quality of organisation that creates more value. We will continue to increase the availability of finance and focus investment where it is most needed, in line with market needs. We are looking forward to significant growth in our business volumes. At the same time, we will continue to focus on creating a unified operating model and strengthening the customer journey experience. We will strive to ensure that the quality of INVEGA's services meets the expectations of our customers.

We are preparing to introduce 18 new financing instruments of significant size to the market, targeting companies of all types and areas of activity, and contributing both with expertise and attracting investment to Lithuania for financing infrastructure and defence industry projects. We plan to target around EUR 3 billion to stimulate investment in different sectors. We will provide financing where the need for investment is greatest as the market shrinks, thus contributing to the growth of gross domestic product.

2024 will be a year of breakthroughs and INVEGA is ready for rapid growth in order to proactively contribute to the implementation of the country's financial and economic priorities.

Definitions and abbreviations

AB	Limited liability company
AEI	Renewable energy sources
Law on Companies	Law on Companies of the Republic of Lithuania
AML	Prevention of money laundering
GDPR	General Data Protection Regulation
Coinvest Capital	UAB Kofinansavimas
EBITDA	Profit before financial result, tax, depreciation and amortisation.
EEEF	European Energy Efficiency Fund
EK	European Commission
ES	European Union
EU structural funds	European Union structural and investment funds
Fund of funds	Fund for the implementation of an incentive financial instrument through a financial intermediary (intermediaries) and/or several incentive financial instruments, as well as for the provision of grants and/or subsidies that contribute to the promotion financial instruments implemented by NDI.
INVEGA	UAB Investicijų ir verslo garantijos
INVEGA Articles of Association	2023-12-11 Version of the Articles of Association registered in the Register of Legal Entities
Procedures for the organisation of INVEGA's procurement and contract administration	Procedures for organising the conduct of public procurement and contract administration approved by Order No B-275 of 21 November 2023 of the Chief Executive Officer of INVEGA
Committee	Credit Committee
KŪB	Limited partnership
MoE RL	Ministry of the Environment of the Republic of Lithuania
MEI RL	Ministry of Economy and Innovation of the Republic of Lithuania
MoE RL	Ministry of Energy of the Republic of Lithuania
MoF RL	Ministry of Finance of the Republic of Lithuania
MoC RL	Ministry of Culture of the Republic of Lithuania
MSSL RL	Ministry of Social Security and Labour of the Republic of Lithuania
MTC RL	Ministry of Transport and Communications of the Republic of Lithuania
MoA RL	Ministry of Agriculture of the Republic of Lithuania
GRL	Government of the Republic of Lithuania
Description of procedures for low-value procurement	Description of procedures for low-value procurement approved by Order No 1S-97 of 28 June 2017 of the Director of the Public Procurement Service
NDA	National Development Authority
BAF	Business Assistance Fund
ROE	Return on equity ratio (Return on Equity)
Strategic Plan 2023-2025	INVEGA's Strategic Action Plan 2023-2025
SME	Small and medium-sized enterprise
IFRS	International Financial Reporting Dtandards
TIPS	Promoting the development of sustainable resources, limited partnership
UAB	Private limited liability company
Action Programme	Action programme for growth 2007-2013
Law on Public Procurement	Republic of Lithuania Law on Public Procurement
VIPA	UAB Viešųjų investicijų plėtros agentūra
VIVA	UAB Valstybės investicijų valdymo agentūra
VKC	VŠĮ Valdymo koordinavimo centras
ŽFĮ	Green Finance Institute
ŽŪPGF	UAB Žemės ūkio paskolų garantijų fondas

In this consolidated report (the Annual Report), the parent company, Investicijų ir verslo garantijos Private Limited Liability Company, may also be referred to as the Company or INVEGA.

On 31 December 2023 INVEGA and two of its subsidiaries (Coinvest Capital, VIVA) formed a group of companies (the Group).

All figures provided are as of 31 December 2023, unless otherwise stated.

Consolidation of national development institutions

Decision on consolidated undertakings

In implementing paragraph 222.4 of the Eighteenth RL Government Programme, on 13 April 2022 by the protocol decision of the Government of the Republic of Lithuania, the consolidation model of four NDIs – INVEGA, VIPA, VIVA and ŽŪPGF – was approved. It was decided to consolidate the NCI on the basis of INVEGA. The consolidation was carried out through the reorganisation of VIPA and the merger of the ŽŪPGF with INVEGA and the transfer of most of the activities of VIVA to INVEGA. Until the completion of NDI consolidation, INVEGA acted as the parent, parent company of the Group of Companies. The Ministry of Finance of the Republic of Lithuania is entrusted with the implementation of the property and non-property rights and obligations of the State as the owner of all shares of the consolidated NDI.

Following the implementation of the amendments to the legislation regulating the activities of NDIs and the consolidation of NDIs, Lithuania has one consolidated NDI, which is expected to ensure continuity of the functions and activities that meet the market needs of all the consolidated companies. More detailed and up-to-date information on the NDI consolidation processes can be found on the MoF RL website: https://finmin.lrv.lt/lt/veiklos-sritys/nacionaline-pletros-istaiga-npi.

Consolidation vision and objectives

The reform of the NDI aims to strengthen the NDI, to make the NDI more efficient, to better respond to the financing needs of sectors of the economy where market-based financing has been identified as inadequate or sub-optimal, and to increase the attraction and efficiency of the use of the funds allocated to the incentive financing activities. The aim is also to ensure the continuity of the activities carried out by the consolidated companies prior to the completion of the consolidation, to preserve to the maximum extent possible the competences and human resources of the consolidated companies, and to attract the best experts in the fields relevant to the financial services and financing activities. Taking into account the economic situation of the market, the various surveys, the studies carried out and the results of the evaluation of the progress of the measures implemented, the completion of the consolidation processes will lead to the creation of new measures, the reallocation of the funds allocated to them, the merging (pooling) of the Funds, and the possible modification of the conditions of the measures in a way that will maximally respond to the needs of market funding, the efficiency of the use of the funds allocated to the measures and avoid fragmentation and duplication of the measures. Consolidation aims to:

- Strengthening partnerships with line ministries;
- Attracting large international investors;
- Increasing international visibility;
- providing a one-stop shop for the market;
- Increasing investment potential in strategically important areas and countries;
- mobilise the resources of consolidated companies;
- Developing the green/sustainable finance ecosystem through the Green Finance Institute.

At the time of consolidation, all the consolidated entities (INVEGA, VIPA, VIVA and ŽŪPGF) were operating in the ordinary course of business, i.e. independently in accordance with the applicable legislation, ensuring continuity of the functions and activities entrusted to and assigned to them.

The consolidated undertakings operated in accordance with the most recently approved strategies of these undertakings for the period 2022-2024 or 2023-2025 and ensured the fulfilment of the goals, objectives and performance indicators set out therein during the transition period, i.e. until the formation of the permanent collegiate bodies of the consolidated NDI, the substantial amendments to the legislation governing the NDI 's activities and the preparation and approval of the consolidated NDI 's single strategic plan for 2024. The 2024 Strategic Plan has been prepared and submitted without the shareholder's approval of the Letter of Expectations, but in accordance with the draft Letter of Expectations and the shareholder's objectives for the new NDI as set out in the consolidation process.

During 2023, intensive merger-related activities were carried out:

- A detailed plan of legal action for the reorganisation;
- The creation of an Integration Project Team to plan and ensure the implementation of the necessary actions to prepare for the smooth legal integration of VIPA and the ŽŪPGF into INVEGA and the transfer of VIVA staff, as well as to plan and ensure the implementation of the necessary actions to prepare for the smooth transition to the long-term corporate structure of INVEGA and the organisation of new business processes and to ensure their implementation;
- INVEGA's new composition commenced on 1 August 2023. As of today, VIPA, VIVA and ŽŪPGF provide a one-stop-shop for business, public services and services to the agriculture, fisheries and aquaculture sectors through INVEGA, ensuring continuity of the activities and functions entrusted to them;
- new INVEGA collegiate bodies are formed: the company's Supervisory Board (April 2023) and Management Board (September 2023);
- A draft company organisation chart has been prepared, approved in October 2023 and entered into force in December 2023;
- The company operates under a operates in a unified corporate management structure from 15 December 2023.

The above actions allowed the legal merger process to be completed and the continuity of the former activities and the development of the new instruments to be ensured, and the former subsidiaries VIPA and ŽŪPGF to be deregistered.

Key facts about the Group

Table 1. Group data

	UAB Investicijų ir verslo garantijos (INVEGA)	UAB Kofinansavimas (Coinvest Capital)	UAB Valstybės investicijų valdymo agentūra (VIVA)
Authorised capital:	53.438.075,82 EUR	50.000 EUR	1.000.000 EUR
Date of incorporation (registration):	29 November 2001	18 July 2016	27 August 2020
Number of legal entity:	110084026	304295647	305612545
VAT payer code	not a VAT payer	LT100011157911	not a VAT payer
Period of operation:	Unlimited	Unlimited	Unlimited
Registered office address:	Konstitucijos pr. 7, LT-09308 Vilnius	Vilniaus g. 33, (Talent Garden Vilnius) LT-01402 Vilnius	Lukiškių g. 2, LT-01108 Vilnius (registration address) Konstitucijos pr. 7, LT-09308 Vilnius (address for correspondence)
Legal form:	Private limited liability company	Private limited liability company	Private limited liability company

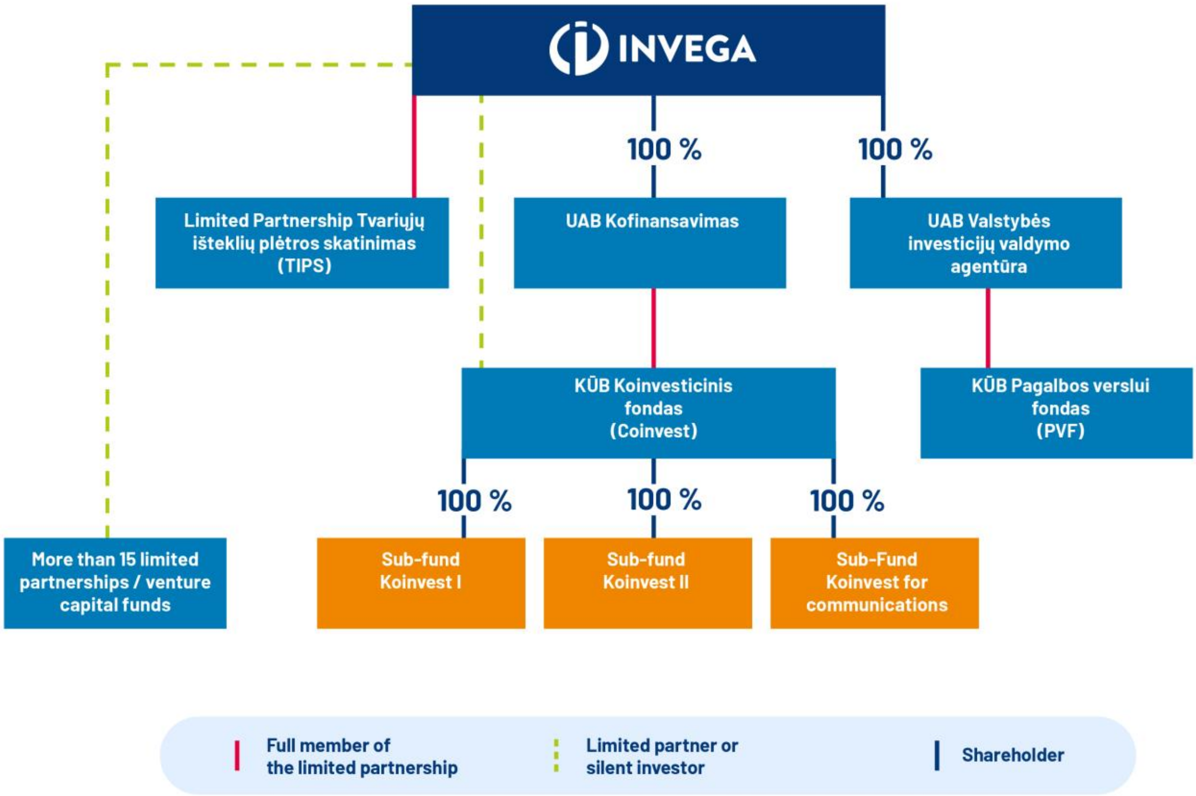
	UAB Investicijų ir verslo garantijos (INVEGA)	UAB Kofinansavimas (Coinvest Capital)	UAB Valstybės investicijų valdymo agentūra (VIVA)
The law under which the Company operates:	Law of the Republic of Lithuania	Law of the Republic of Lithuania	Law of the Republic of Lithuania
Company register:	Register of Legal Entities, maintained by the State Enterprise Centre of Registers	Register of Legal Entities, maintained by the State Enterprise Centre of Registers	Register of Legal Entities, maintained by the State Enterprise Centre of Registers
Articles of association:	Version registered in the Register of Legal Entities dated 11 December 2023	Version registered in the Register of Legal Entities dated 29 November 2018	Version registered in the Register of Legal Entities dated 10 March 2023
Telephone number:	+370 5 210 7510	+370 686 71 777	+370 618 19062
E-mail address:	info@invega.lt	info@coinvest.lt	info@viva.lt
Website:	www.invega.lt	www.coinvest.lt	www.viva.lt
Branches	No branches or representative offices	No branches or representative offices	No branches or representative offices

INVEGA is a financial institution established by the State, whose main objectives are to carry out promotional financing activities, to provide financial services, and to implement and administer financial and other types of financing instruments. On 17 October 2018, the Lithuanian Government granted INVEGA the status of an NPI, and on 3 December 2018 INVEGA has been added to the list of NPEs by decision of the Supervisory Authority of the Bank of Lithuania. Currently, INVEGA is the only NDI operating in Lithuania. The LRG Resolution of 15 February 2023 entrusted INVEGA with the task of carrying out the activities of the NDIs in the areas of business, innovation, development of urbanised or urbanisable areas, housing and public or public interest infrastructure, agriculture, fisheries and aquaculture. In addition, INVEGA is a guarantee institution providing individual and portfolio guarantees in accordance with the Republic of Lithuania Law on State Deb, which are equivalent to state guarantees.

INVEGA has established a subsidiary, Coinvest Capital, whose activities are the establishment and management of venture capital funds, venture capital investment and investment and financial consulting. Coinvest Capital manages a public venture capital fund Koinvesticinis fondas (hereinafter Coinvest Capital), which aims to develop the Lithuanian venture capital market, grow new venture capital market participants and thus provide wider access to capital for new promising Lithuanian companies with limited access to the business financing tools offered by banks.

INVEGA became the sole shareholder of VIPA, VIVA and ŽŪPGF – on 2 January 2023, 100% of the shares were transferred to INVEGA and the control of these companies was transferred. The shares in VIPA, ŽŪPGF and VIVA were transferred to INVEGA in order to consolidate the NDIs operating in Lithuania.

Fig. 1. Group structure



1. Key results and events for 2023

1.1. Key results of the Group for the end of 2023

7 156
Contracts concluded in 2023

468 MEUR
Value of contracts concluded in 2023

~ 16,000
Active contracts at the end of 2023

~ 500 MEUR
Value of facilities actually reaching customers in 2023

~ 11,000
Customers at the end of 2023

1.4 billion EUR
Portfolio at the end of 2023

2023-12-15
Consolidation of NDIs completed

259
Employees

107
Instruments implemented and managed in 2023

ŽFI
Green Finance Institute established

89%
Awareness of INVEGA among businesses

9.24
Customer satisfaction rate

1.2. Events during the reporting period

JANUARY:

- INVEGA's authorised capital is increased to EUR 53.438 million.
- Given that the EUR 18.9 million allocated to the Startuok facility is almost exhausted, an additional amount of EUR 5 million has been allocated to the facility.
- The new version of INVEGA's Articles of Association was approved on 11 January.
- The newly approved INVEGA Statutes give the INVEGA Management Board the right to determine the cases and limits of competence of the Credit Committee, the INVEGA CEO and the INVEGA staff authorised by the CEO to consider and take decisions on the provision of individual guarantees and direct loans, lending in another form.
- After the payment of a non-monetary contribution by the Ministry of Finance of the Republic of Lithuania for the newly issued INVEGA shares (100%) VIPOS, 100%. ŽŪPGF and 100% of the EU's budget. VIVA shares), INVEGA became the owner of all the shares in VIPA, ŽŪPGF and VIVA.

FEBRUARY:

- The call for applications under the measure Direct Loans to Businesses Affected by Actions of Third Parties has been suspended.
- VKC gave INVEGA and its subsidiaries Coinvest Capital a ten-point rating for the consolidated 2023-2025 strategic action plan.
- Government Resolution No 90 of 15 February 2014, entrusted INVEGA with the task of carrying out the activities of NDIs in the fields of business, innovation, development of urbanised or urbanisable areas, housing and public or public interest infrastructure, agriculture, fisheries and aquaculture. INVEGA has become the only NDI in Lithuania.
- On 21 February, Victoria Trimbel took up the position of head of the subsidiary Coinvest Capital and the venture capital fund CoInvest Capital managed by it.
- The Ministry of Finance of the Republic of Lithuania, in its capacity as the General Meeting of Shareholders of INVEGA, initiated the reorganisation of INVEGA and its subsidiaries VIPA and ŽŪPGF by way of a merger with INVEGA.

MARCH:

- A decision has been taken to streamline the governance of subsidiaries by removing the supervisory boards of subsidiaries from the role of collegiate supervisory bodies.
- The MEI RL has updated the conditions for the facility "Interest Compensation for Small and Medium-sized Enterprises". Applications submitted from 1 March onwards are eligible for reimbursement of up to 50% of the interest paid on investment loans and financial leasing transactions.
- For the implementation of the venture capital measure MILInvest, INVEGA initiated the selection of the manager of funds that will invest in defence and security technologies and the establishment of two new venture capital funds. The venture capital fund management company selected by INVEGA has established venture capital funds ScaleWolf Accelerator and ScaleWolf VC, in which INVEGA has invested funds for the implementation of the MILInvest instrument. These funds will invest in Lithuanian companies and start-ups developing defence and security technologies. EUR 13.5 million has been allocated to the Funds.
- At the EC and the European Investment Bank event FI campus, INVEGA received an award for a financial instrument for young business startup and startup ecosystem development instruments Accelerator Fund and Akceleratorius 2.
- The selection of venture capital fund managers for the implementation of the new venture capital facility "Development Funds III" has been announced. It is planned to allocate EUR 60 million to the selected fund managers and funds established by them. EUR from the state budget.

- On 22 March, the management boards of INVEGA, VIPA and ŽŪPGF prepared and approved the terms of reorganisation of these companies.

APRIL:

- The reorganisation of INVEGA, VIPA and the AIFMF by merger is under way. INVEGA has acquired the status of a legal person participating in the reorganisation, while the VIPA and the ŽŪPGF have the status of a legal person under reorganisation.
- On 25 April, the 7-member INVEGA Supervisory Board was selected by international selection, and Daina Kleponė was elected its chairman.
- The Easter Lunch Fair of all NDIs was held, during which employees donated to the Ukrainian troops. The necessary hygiene and other goods were purchased for the troops with the funds collected.
- On 25 April, Viktorija Trimbel was elected as a member of INVEGA's Management Board.

MAY:

- At the LOGIN 2023 conference, Inga Beiliūnienė, INVEGA's Deputy CEO and Director of Business Development, presented the importance of defence investment and the planned growth of the Lithuanian defence sector.
- The first round of selection of the INVEGA Management Board has taken place, with a total of 59 professionals participating in the first round.
- On 29 May, the Government of the Republic of Lithuania approved an amendment to the law regulating the activities of NDIs. The draft law establishes that there is one financial institution operating in Lithuania that has the status of a NDI and implements incentive financial measures. The NDI was additionally tasked with developing development cooperation, becoming a centre of green finance competencies, coordinating cooperation between the public and private sectors in the field of sustainable (green) finance.
- On May 30, Aušra Vičkačkienė was elected a member of INVEGA's Management Board.

JUNE:

- Businesses start using INVEGA's new loan facility Open Credit Fund 3, which is designed for those who want to start or expand their business.
- An additional EUR 10 million has been allocated to the financial instrument Startuok. EUR and the granting of loans has been extended until the full amount of the loans has been used up. The amount of financing provided to one economic entity has been increased to EUR 3 million.
- On 28 June, the Law on Amendments to the Law on NDI adopted by the Seimas came into force (the new title of the law is the Law on the National Development Authority).

JULY:

- On the eve of the NATO summit in Vilnius, CoInvest Capital, together with INVEGA, Baltic Sandbox Ventures and ScaleWolf, organised an event presenting Lithuania's defence innovations.
- Some of VIVA's activities are being separated and transferred to INVEGA.

AUGUST:

- On 1 August INVEGA merged with VIPA, VIVA and ŽŪPGF. As of today, VIPA, VIVA and ŽŪPGF services for the business, public and agricultural sectors are provided through INVEGA as a one-stop shop.
- Direct financial aid for renewable energy (RES) projects is launched. The total amount available for loans is EUR 50 million.
- An agreement has been signed with SME Bank to provide EUR 83.3 million in financing to small and medium-sized enterprises with INVEGA's portfolio guarantee under the Portfolio Guarantee 3 instrument.

- An agreement is signed with RATO Credit Union and the KREDA group of credit unions on the extension of the incentive financial instrument Loans to ensure the liquidity of operators active in the production, processing and marketing of agricultural and fishery products in response to the Russian aggression against Ukraine. An additional EUR 23 million is earmarked for lending.
- The Supervisory Board selected the four members of the Management Board by public tender and elected a new Management Board for a four-year term of office. Management Board members are responsible for individual areas of the company: chairman of the board Dainius Vilčinskas – responsible for the overall corporate governance of the company, transformation, development and digitalisation of the organisation, Member of the Board Inga Beiliūnienė – responsible for the development of activities, Member of the Board Lina Stragauskienė – responsible for financial management, IT development and operational administration, member of the board Jonas Kanapeckas – responsible for ensuring risk, compliance and quality, the fifth member of the Management Board, whose selection is continued, will be responsible for the implementation of financing products and customer service.
- Kęstutis Motiejūnas has left the position of INVEGA's head.

SEPTEMBER:

- On 10 September, the Management Board, composed of independent and delegated members, completed its work following the election of a new management board.
- INVEGA is recognised as an EC financial partner. INVEGA has received the EC's confirmation that it complies with the requirements of the Financial Regulation applicable to the general budget of the European Union and is entitled to cooperate directly with the EC and manage EU budget funds, i.e. to become an implementing partner in any EU programme.
- An agreement has been signed with the group of LKU credit unions on the granting of preferential loans to economic entities experiencing difficulties due to the war in Ukraine. A total of EUR 84 million has been earmarked for the provision of loans under the Facility.
- A new Management Board was inaugurated on 11 September. Dainius Vilčinskas was elected Chairman of the Management Board and INVEGA's new CEO.
- A new unit in the corporate management structure of INVEGA was established – the Green Finance Institute, the head of which on September 18 became Audrius Šilgalis, who worked at the Bank of Lithuania as the head of the Investment Services and Company Supervision Division.

OCTOBER:

- On October 9, INVEGA's internal corporate structure was approved, which entered into force on December 15, 2023.
- An agreement has been signed for the granting of preferential loans to economic entities in difficulties due to the war in Ukraine with the business bank SME Bank. A total of EUR 84 million has been earmarked for the provision of loans under the Facility.
- On 25 October, Giedrė Gečiauskienė, the fifth member of the Management Board responsible for customer service and financing solutions, joined the INVEGA Management Board.

NOVEMBER:

- An invitation has been issued to credit institutions to submit applications for the granting of preferential loans under the Financial Instrument for the Settlement of Young Farmers of the Rural Development Financial Instruments Fund.
- A call for applications has been launched for partial interest reimbursement on loans for the reconstruction of property damaged by the storm and hailstorm of 7 August 2023. It is planned to allocate about 460 thousand for compensations. Eur.
- The acceptance of applications under the measure Preferential loans during the period of Russian aggression against Ukraine has been suspended. Financial intermediaries have received applications for funding for an amount of EUR 23 million for the second half of 2023.

- The implementation of the measure Promotion of Entrepreneurship 2014-2020 has been completed.
- Two INVEGA-funded start-ups have been awarded prizes in the European Sails 2023 competition. Cambridge Phenotyping was awarded for its investment in innovative solutions. Samphire Neurocience, a start-up, receives an award for innovation in medicine.

DECEMBER:

- The new version of INVEGA's Articles of Association enters into force on 11 December. The amendments to the Articles of Association relate to the company's business objectives, the establishment of additional competences of the Supervisory Board and the Management Board, the establishment of the Audit and Risk Management Committee, and the activities and competences of the Credit Committees.
- On December 15, INVEGA's long-term corporate structure came into force.
- Under the measure Development Funds III, the first contract with the financial intermediary – venture capital fund manager UAB Practica Capital Management, and EUR 5 million has been allocated to the venture capital fund Practica Venture Capital III.
- An amendment to the Energy Efficiency Fund Contract is signed, which adds almost EUR 900 million to the Energy Efficiency Fund from the state budget, the European Union investment funds and the Recovery and Resilience Facility.
- An amendment to the Multi-apartment Building Modernisation Fund contract is signed, adding EUR 192 million of European Union investment funds to the Multi-apartment Building Modernisation Fund.
- A call for tenders for modernisation projects in multi-apartment buildings is launched.
- MEI RL, MoF RL and INVEGA signed an agreement on the Supplementation of the Innovation Stimulus Fund (ISF) with 2021-2027 European Union Funds (ERDF) and state resources. More than EUR 452 million has been earmarked for this purpose, including EUR 286 million from the ERDF.
- The Supervisory Board has launched a public call for candidates for independent members of the Audit and Risk Management Committee.

1.3. Post-Reporting period events

JANUARY:

- Call for applications from financial intermediaries for RDP Financial Instruments Fund Risk-Shared Loans".
- INVEGA's Strategic Plan 2024 has been approved.
- 3 Credit Committees have been approved to examine issues and take decisions within the scope of their respective competences.

FEBRUARY:

- The conditions for interest compensation for small and medium-sized enterprises (SMEs) have changed. Up to 40% of the interest paid will be reimbursed, up to a maximum of 5% per annum.
- INVEGA's sustainability report is approved. 2023 report based on GRI (Global Reporting Initiative) standards.

MARCH:

- Meeting of the Network of European Financial Institutions for Small and Medium Sized Enterprises (NEFI) organised by INVEGA has taken place in Vilnius.
- The Audit and Risk Management Committee was set up and its regulations approved.

2. Corporate governance

2.1. Corporate governance model

In order to optimise the Group's corporate relations and governance, INVEGA's Management Board has developed and approved the INVEGA Corporate Governance Policy. The review and adjustments to the Corporate Governance Policy were made in January 2023.

The Corporate Governance Policy defines the competence of the management and supervisory bodies of INVEGA in resolving the management issues of INVEGA and its subsidiaries, establishes the procedure for making decisions within the competence of the general meeting of shareholders of subsidiaries, regulates the corporate governance system and structure of INVEGA and its subsidiaries.

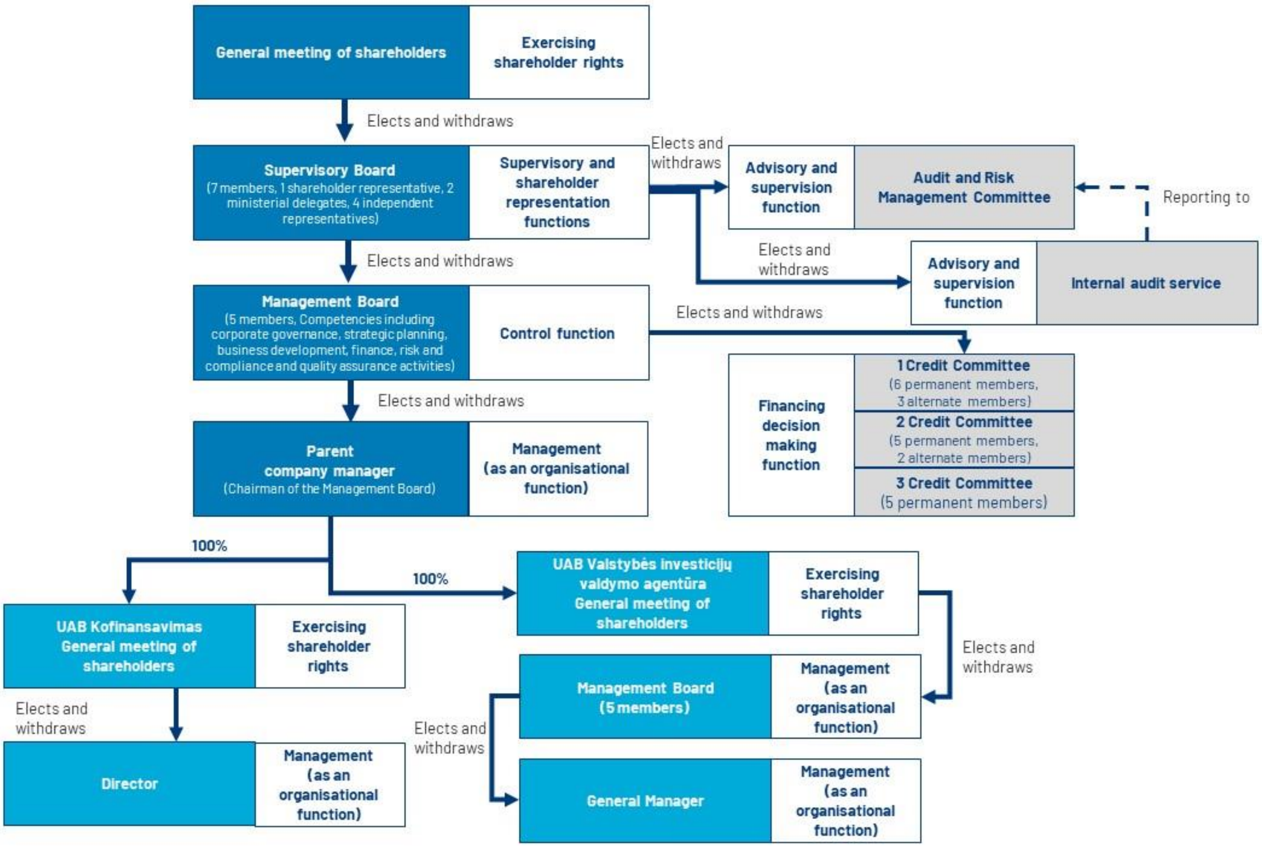
Corporate governance with respect to INVEGA and its subsidiaries is implemented at the following levels:

- exercising INVEGA's rights as the sole shareholder of all shares;
- exercising INVEGA's rights as a shareholder in the subsidiaries, as the owner of all shares;
- INVEGA's supervisory and management bodies and structural units in the direct exercise of their functions vis-ą-vis INVEGA and its subsidiaries;
- establishing corporate governance principles and adopting corporate governance documents applicable to INVEGA and its subsidiaries.

The corporate governance structure consists of:

- INVEGA bodies
- governing bodies of subsidiaries;
- Structural units of INVEGA or employees in their respective positions who, in accordance with the procedure established in INVEGA's internal documents, perform centralized functions in the scope of INVEGA and its subsidiaries (financial and accounting management; internal audit; personal data protection; Performing the functions of maintenance of IT systems, etc.).

Fig. 2. *Corporate governance model*



The corporate documents used in the group of companies, as defined in the Corporate Governance Policy, are presented in the table below.

Table 2. Corporate documents defined in the Corporate Governance Policy

	Level	Document type	Explanations	Adopting authority
INVEGA GROUP OF COMPANIES LEVEL		Activity planning documents	Letter of Expectations; Decisions on the application of the requirements of the Ownership Guidelines and the Transparency Guidelines.	INVEGA general meeting of shareholders
			INVEGA Group strategy.	INVEGA Supervisory Board
			Annual income and expenditure plan of INVEGA or INVEGA Group (budget).	INVEGA board
			Annual plan of income and expenses of subsidiaries (budget)	Subsidiary's Management Board, with the approval of INVEGA's CEO / INVEGA's CEO in the absence of the subsidiary's Management Board
			Approval of the annual objectives of the subsidiaries	INVEGA manager
	Level I	Policy	• Defines the main goals, objectives and principles of the regulated area; • Does not detail specific measures, does not regulate in detail the implementation procedures, procedures, etc.	INVEGA board[1], (In the cases provided for in INVEGA's Articles of Association, INVEGA's Management Board, with the approval of the Supervisory Board[2]) In exceptional cases, INVEGA's Supervisory Board, where the scope of the Supervisory Board's activities or responsibilities is regulated[3]
	Level II	Procedure/ Description/Methodology/ Regulations approved by INVEGA collegiate body	• Regulates the relevant area of activity in detail; • They are adopted in cases provided for by law or in exceptional circumstances to avoid conflicts of interest.	INVEGA's Supervisory Board[4] within its competence or INVEGA's Management Board[5] within its competence

[1] *E.g.: Dividend Policy, Formation of Provisions Policy, Instrument Preparation (Exchange) Policy, Manager Remuneration Policy, Employee Remuneration Policy, etc.*

[2] *E.g.: Corporate governance policy.*

[3] *E.g.:* Interest management policy.

[4] *E.g.: Remuneration of the members of the Management Board, the Internal Audit Service Regulations, the description of the procedure for reporting by the management bodies to the Supervisory Board, the Code of Ethics, etc.*

[5] *E.g.: Staff Regulations of the Director General of INVEGA, Rules of Procedure of the Management Board, etc.*

	Level	Document type	Explanations	Adopting authority
INVEGA LEVEL	Level II	Procedures/ Descriptions/ Rules/ Manual of Procedures approved by the INVEGA CEO	• Regulates specific rules, procedures; • These documents are adopted for the practical implementation of the Level I adopted documents, when it is necessary to further regulate their implementation or to specifically regulate the activities for which Level I documents have not been adopted; • Applicable only INVEGAE, adapting the appropriate measures or procedures to the needs of the company and the specifics of its activities[6].	INVEGA manager
SUBSIDIARY LEVEL	Level II	Policy / Procedure / Description / Rules / Manual of Procedures approved by the subsidiary, the Management Board or the manager	• Regulates specific rules, procedures; • These documents are adopted to give practical effect to the documents adopted at Level I, where additional regulations are necessary to govern their implementation; • To specifically regulate activities for which there are no adopted Level I documents; • Applicable only in the company by adapting the relevant measures or procedures to the needs of the company and the specifics of its activities[7].	The bodies of the subsidiary, acting within the limits of their powers and responsibilities

[6] *E.g.: Internal working rules, personal data processing documents, manuals of procedures for relevant financial instruments, etc.*

[7] *E.g.: The internal working rules of the Subsidiary, personal data processing documents, heads of procedures for the implementation of the relevant financial instruments, etc.*

The Corporate Governance Policy stipulates that INVEGA's bodies apply various forms of cooperation and instruments as appropriate to ensure consistent corporate governance:

- joint working sessions (e.g. strategy session);
- periodic joint meetings of different bodies, meetings (e.g. meetings of the shareholder and members of the Supervisory Board, joint meetings of the Supervisory Board and the Management Board);
- prior to the adoption of the relevant document, obtaining its approval/approval from a higher body;
- periodically informing the higher body of any foreseeable material changes or material circumstances that may have a material impact on the operations of INVEGA and its subsidiaries;
- Providing recommendations, clarifications and opinions to subordinate or supervisory bodies, on its own initiative or at their request.

During the reporting period, several meetings took place between the authorised representatives of INVEGA's sole shareholder and the members of INVEGA's collegiate bodies. During the meeting between the shareholder's representatives and the members of the Supervisory Board, the shareholder's expectations for the newly elected Supervisory Board and the management of the company were discussed, the issues relevant to the competence of the Supervisory Board and the shareholder's expectations for the company in the short term were discussed.

The Corporate Governance Policy specifies which decisions are within the competence of the General Meeting of Shareholders of subsidiaries:

- INVEGA Supervisory Board;
- INVEGA's Management Board with the approval of INVEGA's Supervisory Board;
- by the INVEGA CEO with the approval of the INVEGA Management Board;
- INVEGA managers.

The Corporate Governance Policy is approved and amended by a decision of the INVEGA Management Board, subject to the approval of the INVEGA Supervisory Board. The policy is reviewed at least every 3 years.

As part of the corporate governance policy, Coinvest Capital and VIVA executives regularly participate in the weekly meetings of INVEGA's business unit managers to discuss current business issues, participate in the development and review of the Group's overall business strategy, and periodically present to the INVEGA Management Board the subsidiary's and the Managed Fund's financial and operational reports, the performance of strategic performance indicators, information on investments made, and other key issues. During the reporting period, the subsidiaries also presented their activities, annual and interim results to INVEGA's Supervisory Board and Management Board. The Management Board of INVEGA considered and approved the annual financial statements for 2022 of Coinvest Capital, VIPA, ŽŪPGF and VIVA, approved the annual reports of the subsidiaries, and made decisions on the allocation of profit (loss) for 2022.

During the reporting period, INVEGA's CEO, acting in its capacity as the General Meeting of Shareholders of the subsidiaries Coinvest Capital, VIPA, ŽŪPGF and VIVA, adopted more than 40 decisions (on abolition of the supervisory boards of the subsidiaries, on amendments to the Articles of Association, on approval of the financial statements and distribution of profit/loss, on application of mandatory corporate policies, on the amount of and calculation of the remuneration to be paid to members of the Management Board, on approval of the funding of intermediate companies in the form of loans, etc).

2.2. Rights of shareholders and general meetings

In accordance with point 24 of INVEGA's Articles of Association, the competence of the general meeting of shareholders and the rights and obligations of shareholders are not different from those laid down in the Law on Companies, except for the additional competence provided for in the Articles of Association.

Point 26 of INVEGA's Articles of Association provides that the general meeting of shareholders has the following additional competence:

- establishing the procedure for determining the remuneration of the members of the Supervisory Board for their activities on the Supervisory Board;
- establishing the procedure for determining the remuneration of the members of the Management Board in the temporary absence of the Supervisory Board;
- taking decisions on the conclusion of contracts with the members of the Supervisory Board and the setting of their terms, including the amount of the maximum remuneration for the members of the Supervisory Board and the Chairperson;
- taking decisions on the conclusion of contracts with the members of the Management Board and their terms and conditions, including the maximum remuneration of the members of the Management Board and the Chairman in the temporary absence of the Supervisory Board;
- setting out the objectives of the Supervisory Board and the procedure for reporting on its activities to the General Meeting of Shareholders;
- taking decisions on the remuneration of the members of the Audit and Risk Management Committee.

The voting rights, property rights and moral rights conferred by the Law on Companies and INVEGA's Articles of Association on INVEGA shares are not transferred or otherwise separated from the holding of shares.

The rights of the general meeting of shareholders are exercised by the Ministry of Finance of the Republic of Lithuania, which is the manager of all INVEGA shares. On 13 April 2022 by Resolution No. 354 of the Government of the Republic of Lithuania, INVEGA's shares were transferred to the management of the MoF RL (previously the manager of the shares was the MEI RL), and as of 15 April 2022, the functions of the general meeting of shareholders is exercised by the MoF RL.

During the reporting period, the general meeting of shareholders considered and adopted decisions on the approval of the set of financial statements for 2022 and the distribution of profit (loss), on the amounts of remuneration for the members of the Management Board, on the conclusion of the Supervisory Board and the conclusion of agreements with the members of the Supervisory Board and the determination of their conditions, on the initiation of the reorganisation, approval of the new version of the Articles of Association of INVEGA.

2.3. Supervisory Board and its activities

INVEGA's Supervisory Board is composed of 7 members elected for a 4-year term.

Pursuant to points 28 and 29 of INVEGA's Articles of Association, the procedure for the election and dismissal of the Supervisory Board and its individual members, the competence and decision-making procedures of the Supervisory Board and its individual members do not differ from those laid down in the Law on Companies, with the exception of the additional competences laid down in the Articles of Association.

The Supervisory Board is formed, in accordance with Article 231 of the Republic of Lithuania Law on the Management, Use and Disposal of State and Municipal Assets, from 7 members of the Supervisory Board who comply with the general, special and, if applicable, independence requirements laid down in Article 231 of the Law on the Management, Use and Disposal of State and Municipal Assets. The Supervisory Board is composed of one representative of each MoF RL, MEI RL and MoE RL and four independent members.

Members of the Supervisory Board are selected by public tender. The selection of candidates for election to the Supervisory Board is carried out in accordance with Description of the selection of candidates for appointment to a collegiate supervisory or management body of a State or municipal enterprise, a State or municipally-owned company or its subsidiaryApproved by Resolution No. 631 of the Government of the Republic of Lithuania of 17 June 2015. The invitation to participate in the selection process is published on INVEGA's website, the website of the Ministry of Finance of the Republic of Lithuania and the electronic publication of the State Enterprise Centre of Registers. Candidates for the Supervisory Board are evaluated and selected by a selection committee set up by the authority exercising the rights of the owner of all shares (MoF RL). The selection process for the independent members of the Supervisory Board is usually carried out with the participation and assistance of representatives of a recruitment agency providing executive or recruitment services. Once the selection process has been completed, information on the number of applicants and the successful candidates is published on INVEGA's website.

The Supervisory Board is elected by the General Meeting of Shareholders, the functions of which shall be exercised by the Ministry of Finance of the Republic of Lithuania.

Candidates are appointed as members of the Supervisory Board when their candidates are approved by the institution supervising the activities of INVEGA – the Bank of Lithuania, and the information provided by the Special Investigation Service on the candidates for members of the Supervisory Board is familiarised with.

In the event of the resignation of a member of the Supervisory Board or the withdrawal of a member of the Supervisory Board, a is elected until the expiry of the term of office of the existing Supervisory Board, in the same manner as the new Supervisory Board.

During the reporting period, the Supervisory Board, established (elected) by order of the Minister of Finance of 7 April 2023, was in operation.

The list of members of the Supervisory Board, which started its work on 25 April 2023, is shown in Table 3.

Table 3. Members of the Supervisory Board from 2023-04-25

INVEGA Supervisory Board	
Daina Kleponė	President, independent member
Aivaras Čičelis	Vice-President, independent member
Saulius Galatiltis	Independent member
Pascal Lagarde	Independent member
Povilas Kriaučeliūnas	Seconded member representing the MEI RL
Irma Patapienė	Member on secondment, representing the MoF RL
Aurimas Saladžius	Seconded member representing the MoE RL

The competences, education and professional experience of the members of the Supervisory Board are shown in Table 4.

Table 4. Information on members of the Supervisory Board

 **Daina Kleponė** Chair of the Supervisory Board, independent member Holds office since 7 April 2023	**Education** • Vilnius Gediminas Technical University – Doctoral studies in economics; • Baltic Management Institute – Master's certificate in Business Management from Oslo Business School, Copenhagen Business School, HEC Paris and University of Louvain; • Vytautas Magnus University – Master's degree in Business Management; • Vilnius University – Bachelor of Chemistry. **Main workplace and position title** • Vilnius Gediminas Technical University, Legal entity code 111950243, Saulėtekio al. 11, LT-10223 Vilnius, lecturer and researcher.	**Competence and professional experience** • More than 20 years of successful management experience in leading positions in large Lithuanian and foreign business; • More than 5 years of successful management of the export, entrepreneurship and start-up promotion agency Enterprise Lithuania; • More than 6 years of experience in business development in foreign countries: Scandinavia, UK, Austria, Ireland, Belgium, Netherlands, India, Italy.
 **Aivaras Čičelis** Vice-President, independent member Holds office since 7 April 2023	**Education** • Vilnius University – Master's degree in Finance and Banking; • Vilnius University – Bachelor of Economics. **Main workplace and position title** • Management Board member of various companies.	**Competence and professional experience** • 25 years' experience in financial strategy and operational bank management; • 20 years' experience as a senior executive; • More than 13 years of experience as a Management Board member. **Participation in the activities of other companies and organisations** • Baltic Management Institute (BMI), Legal entity code 195005151, Member of the Board; • UAB Švaros broliai, Legal entity code 122538045, Member of the Board; • UAB PRO BRO Car Wash Systems, legal entity code 305736009, Member of the Board; • UAB PRO BRO Group, Legal entity code 305723296, Member of the Board; • AB HISK, Legal entity code 147710353, Member of the Board.
 **Saulius Galatiltis** Independent member Holds office since 7 April 2023	**Education** • Vytautas Magnus University – Master of Economics (banking and finance) • Vytautas Magnus University – Bachelor of Business and Administration (macroeconomics). **Main workplace and position title** • UAB Foxpay (legal entity code 302455836, Savanorių pr. 5, LT-03116 Vilnius), Executive Director (COO); • UAB Bifinity, Legal entity code 305595206, Lvivo g. 25-104, LT-09320 Vilnius, Director (until October 2023) and chairman of the Management Board (until October 2023).	**Competence and professional experience** • Investment expert with 10 years of experience, responsible for the asset management of the Bank of Lithuania's financial assets; • More than 9 years' experience as a senior executive. **Participation in the activities of other companies and organisations** • MB Algorithmic Edge, Legal entity code 303365249, Member; • UAB Bifinity, Legal entity code 305595206, member of the board (until October 2023).

Povilas Kriaučeliūnas
Delegate member, representing the Ministry of Economy and Innovation of the Republic of Lithuania
Holds office since 7 April 2023

Education

- Vilnius Gediminas Technical University – Master's degree in Business Management;
- Vilnius Gediminas Technical University – Bachelor of Economics.

Main workplace and position title

- Ministry of Economy and Innovation of the Republic of Lithuania, Legal entity code 188621919, Gedimino pr. 38, LT-01104 Vilnius, Principal Specialist, EU Investment Coordination Department.

Competence and professional experience

- More than 7 years of experience in strategic planning, economic and investment promotion, EU structural assistance administration, management and control.

Participation in the activities of other companies and organisations

- Member of the Supervisory Committee of the INVEGA Foundation.

Pascal Lagarde
Independent member
Holds office since 7 April 2023

Education

- Ecole Polytechnique (X 82); Ecole Nationale Supérieure des Techniques Avancées.

Main workplace and position title

- Bpifrance, legal entity 320 252 48, France, Executive Director for International Affairs, Strategy, Studies and Development.

Competence and professional experience

- More than 20 years of experience in financial institutions and venture capital management firms in various management positions.

Participation in the activities of other companies and organisations

- Member of the Management Board of the European Investment Fund.

Irma Pratapienė
Delegated member,
represents the Ministry of Finance
Holds office since 7 April 2023

Education

- Kaunas University of Technology – Master's degree in Business Administration and Management (European Studies);
- Kaunas University of Technology – Bachelor's degree in Business Administration and Management.

Main workplace and position title

- Ministry of Finance of the Republic of Lithuania, Legal entity code 288601650, Lukiškių g. 2, LT-01108 Vilnius, Senior Adviser, Investment Department.

Competence and professional experience

- 19 years of experience in strategic planning and management, EU project administration;
- 14 years of experience in managing a structural unit.

Aurimas Saladžius
Delegate member, representing the Ministry of Economy and Innovation of the Republic of Lithuania
Holds office since 7 April 2023

Education

- Vilnius University – Master's degree in Public Policy and Administration;
- Vilnius University – Bachelor of Arts in Political Science.

Main workplace and position title

- Ministry of the Environment of the Republic of Lithuania, Legal entity code 188602370, Address: A. Jakšto g. 4, LT-01105 Vilnius, Head of the Sustainable Development and Strategic Change Group.

Competence and professional experience

- More than 7 years of experience in sustainability, implementing various environmental initiatives and projects;
- He has extensive experience in collegiate management or supervisory bodies, corporate governance and strategy development.

Participation in the activities of other companies and organisations

- State Forest Enterprise, Legal entity code 132340880, Member of the Board.
- From 2021, he chairs the UN Aarhus Convention Bureau.

The Supervisory Board has all the functions provided for in the Law on Companies for the Supervisory Board. The Articles of Association of INVEGA and the decision of the General Shareholders' Meeting of INVEGA establish additional competence for the Supervisory Board:

- Establishing the procedures for the remuneration and payment of INVEGA's independent members of the Management Board for their activities on the Management Board;
- Deciding on the conclusion of contracts with members of the Management Board and their terms and conditions, including the maximum level of remuneration for the members of the Management Board and the Chairperson;
- Establishing the procedure for INVEGA's management bodies to be accountable to the Supervisory Board for their activities;
- Monitoring the effectiveness of internal control, risk management and internal audit systems;
- Monitoring the selection process of the external audit firm;
- Deciding on the establishment of an Audit and Risk Management Committee;
- Deciding on the conclusion of contracts with members of the Audit and Risk Management Committee who are not members of the Supervisory Board and the determination of their terms and conditions, within the limits of the remuneration levels set by the General Meeting of Shareholders;
- Considering and deciding on proposals submitted by the Audit and Risk Management Committee on matters within the competence of the Supervisory Board;
- Approving the annual internal audit plan, its implementation reports, to consider the internal audit recommendations and identified shortcomings, to approve the action plan for the implementation of the internal audit recommendations and elimination of the identified shortcomings;
- Establishing tasks, assignments to the audit service performing internal audit functions, the procedure for accountability to the Supervisory Board;
- Approving the regulations of the internal audit service and the staff regulations of the head of the internal audit service;
- Submitting a proposal to the Management Board regarding the possible nomination of the head of INVEGA;
- Approving the corporate governance policy approved by the Management Board;
- Approving the decision of the Management Board to establish a new legal entity or become its member (prior approval of the Supervisory Board is not required when the establishment of a new legal entity or becoming its member is provided for in the INVEGA operational strategy, resolution of the General Meeting of Shareholders or in the description or scheme of the implementation of the relevant financial instrument)to submit to the General Meeting of Shareholders or the Management Body the opinion and/or proposals of the Supervisory Board on key issues of INVEGA's activities on its own initiative or at the request of the Management Bodies.

The Supervisory Board organises its activities at the beginning of each year by drawing up an annual plan of the Supervisory Board's activities, which includes the dates of the Supervisory Board's pre-scheduled meetings as well as the main issues to be discussed. Pre-planned meetings of the Supervisory Board are normally held several times a quarter.

During the reporting period, 17 meetings of the Supervisory Board took place, as well as several meetings with the shareholder's representatives. Members of the Supervisory Board actively participated in the meetings. Details are given in Table 5.

Table 5. Statistics of the meetings of the Supervisory Board since 2023-04-25

Members of the Supervisory Board	Meetings of the Supervisory Board in 2023		
	Live and remote, No.	**Written procdeure,** No.	**TOTAL,** No.
Daina Kleponė *(chairman, independent member)*	11	6	17
Aivaras Čičelis *(vice- chairman, independent member)*	11	6	17
Saulius Galatiltis *(independent member)*	11	6	17
Pascal Lagarde *(independent member)*	11	6	17
Povilas Kriaučeliūnas *(alternate delegate, representing the Ministry of Economy and Innovation)*	11	6	17
Irma Patapienė *(delegated member, representing the Ministry of Finance of the Republic of Lithuania)*	11	6	17
Aurimas Saladžius *(delegated member, representing the Ministry of the Environment)*	11	6	17

During the reporting period, the main focus areas and topics of the Supervisory Board were discussed. 96 questions were examined at the meetings of the Supervisory Board. The Supervisory Board considered the issues planned at the beginning of the term of office as well as additional issues.

At the beginning of the Supervisory Board's activities, the members of the Supervisory Board met with a representative of the shareholder (MoF RL). Regular meetings of the Supervisory Board with shareholder representatives continued thereafter. They discussed issues related to the strategic objectives of the business, the operational objectives and expectations of the ŽFI, and the need for an Audit and Risk Management Committee.

Familiarised with the activities of INVEGA and other consolidated NDIs and its features. Active participation in the selection and appointment processes of INVEGA Management Board members: defining the procedure for the selection of candidates, the list of competencies of future members of the Management Board and the areas of activity assigned to them, conducting interviews with potential candidates, evaluations of candidates, their competencies and advantages, negotiations with the successful candidates on the terms of employment and the conditions of their activities in the position of a member of the Management Board. Proposals and insights have been provided regarding the concept of the ŽFI and the requirements for the candidate to hold the position of the head of the ŽFI. Proposals have been made regarding the corporate structure of NDIs, a new brand. Internal control, the organisation of internal audit activities and the strengthening of risk management functions have been systematically addressed, and a decision has been taken to set up an Audit and Risk Management Committee. The selection of the Head of the Internal Audit Service is carried out. In 2023, members of the Supervisory Board visited the French national investment bank Bpifrance for a best practice visit. Discussions and proposals on the strategic directions, goals and indicators of the INVEGA strategic action plan were presented. The INVEGA Consolidated Interest Management Policy has been approved.

The Supervisory Board annually performs self-assessment of its activities and approves the annual activity plan and annual report on activities for the previous year, as well as gets acquainted with the self-assessment report on the activities of the Management Board, the annual activity plan and the annual report on activities for the previous year. Relevant actions were not taken during the reporting period as the Supervisory Board commenced its activities on 25 April 2023, when the Supervisory Board met for the first time. The evaluation of the Supervisory Board's performance and the report on its activities were carried out and approved on 13 February 2024 (Minutes No. 004). The Supervisory Board's annual work plan and improvement plan are expected to be adopted by the end of Q1 2024.

Independent members of the Supervisory Board are paid a monthly fee for their work on the Supervisory Board. Details of the remuneration are provided in Table 18.

Coinvest Capital does not have a Supervisory Board.

The Supervisory Boards of VIPA, ŽŪPGF, VIVA were in place until the amendment to the Articles of Association of the respective subsidiary was registered in the Register of Legal Entities (i.e. until February/March 2023). Prior to the removal of the members of the Supervisory Boards of the subsidiaries, the Supervisory Boards discussed and took decisions on matters falling within the competence of the Supervisory Board under the Law on Companies.

2.4. INVEGA's Management Board and its activities

The Management Board is composed of 5 members, who are elected by INVEGA's Supervisory Board for a 4-year term.

Pursuant to points 33 and 36 of INVEGA's Articles of Association, the procedure for the election and dismissal of the INVEGA Management Board and its individual members, the competence and decision-making procedures do not differ from those laid down in the Law on Companies, with the exception of the additional competence provided for in the INVEGA Articles of Association.

Until the amendment of INVEGA's Articles of Association at the end of 2022, the Supervisory Board elected INVEGA's Management Board from independent members and delegated members. The independent members of the Management Board were selected by public tender. The call for applications is published on INVEGA's website and other information sources. The selection of the independent members of the Management Board was based on the independence criteria and other criteria set out in the description of the selection of candidates to the Management Board of a state-owned or municipally-owned company and candidates to the collegial supervisory or management body elected by the general meeting of shareholders of a state-owned or municipally-owned company, approved by the Resolution of the Lithuanian Government No 631 of 17 June 2015. Following the change in the Articles of Association, it was decided to set up an INVEGA Management Board of 5 members, who would work permanently for the company. A public call for candidates for the new Management Board was organised. The Supervisory Board evaluated the candidates for the Management Board and selected the most suitable candidates. The Supervisory Board assessed the candidates for the Management Board on the basis of the competences required to serve on the Management Board. Representatives of a recruitment agency providing executive or recruitment services were present and assisted in the selection of candidates for the Management Board. Once the selection process was completed, information on the number of applicants and the successful candidates was published on INVEGA's website.

Candidates are appointed as members of the Management Board upon approval of their nominations by the Bank of Lithuania, and the information provided by the Special Investigation Service on the candidates for members of the Management Board, as stipulated by the legal acts, is examined.

In the event of the resignation or removal of a Management Board member, a new Management Board member is elected for the remainder of the term of office of the current Management Board, in the same manner as for the new Management Board.

During the year under review, INVEGA had 2 Management Boards. The composition of the two Management Boards is shown in Tables 6 and 8.

Table 6. Membership of INVEGA's Management Board until 2023-09-10

INVEGA Management Board members	
Alditas Saulius	Chairman of the Management Board, independent member of the Management Board (until 2023-09-10)
Vytenis Labanauskas	independent Member of the Management Board(until 2023-09-10)
Viktorija Trimbel	independent Member of the Management Board (until 2023-01-04, reappointment starts on 2023-04-25, until 2023-09-10)
Irma Patapienė	delegated member of the Management Board (until 2023-04-05)
Tomas Urban	delegated board member(until 2023-09-10)
Aušra Vičkačkienė	delegated member of the Management Board (appointment starts on 2023-05-30, until 2023-09-10)

The Management Board organises its activities at the beginning of each year by drawing up an annual plan of activities of the Management Board, which provides for dates of pre-planned meetings of the Management Board, as well as the most important issues to be considered. The implementation of the Management Board's action plan and the plan itself are reviewed at least once a year and revised as necessary. Meetings are held 2-3 times a month, according to a pre-arranged schedule. Extraordinary meetings of the Management Board is organised by written procedure for individual urgent matters. A total of 23 such meetings took place until 10 September 2023, during which 39 issues were examined, 18 of which related to the granting of individual guarantees or direct loans or changes in their terms and conditions, 13 issues related to the consolidation process.

A total of 188 issues were considered by the Management Board during the reporting period, of which 149 in regular meetings (i.e. not in written order). The Management Board's activity plan for Q1 to Q3 2023 has been largely implemented, with an increased focus on the exercise of the functions and issues falling within the Management Board's competence under the Law on Companies and on the consolidation of the NDIs.

Table 7. Statistics of Management Board meetings until 2023-09-10

Board members	Meetings of the Management Board 2023		
	Live and remote, sk.	Written procedure, sk.	TOTAL, sk.
Alditas Saulius *(chairman of the Management Board, independent member of the Management Board)*	Live – 12 Remote – 2 **Total** – 14	21	35 (absent from 2 written meetings due to self-recusal)
Vytenis Labanauskas *(independent board member)*	Live – 12 Remote – 2 **Total** – 14	23	37
Viktorija Trimbel *(independent management board member)*	Live – 4 Remote – 3 **Total** – 7	16	23 (1 sitting absent due to self-recusal)
Irma Patapienė *(delegated member of the Management Board)*	Live – 6	7	13
Tomas Urban *(delegated member of the Management Board)*	Live – 12 Remote – 2 **Total** – 14	23	37
Aušra Vičkačkienė *(delegated member of the Management Board)*	Live – 5 Remote – 2 **Total** – 7	12	19

The Management Board carried out a full evaluation of its performance in September 2023.

On 5 September 2023, the Supervisory Board decided to elect a new INVEGA Management Board for a new 4-year term of office from 11 September 2023, which was originally composed of 4 members. On 21 September 2023, A fifth member was added to the Management Board by a decision of the Supervisory Board, with effect from 25 October 2023.

Table 8. New composition of INVEGA's Management Board from 2023-09-11

INVEGA Management Board members	
Dainius Vilčinskas	Chairman of the Management Board, CEO of INVEGA (appointment starts on 2023-09-11)
Lina Stragauskienė	Member of the Board (appointment starts on 2023-09-11)
Jonas Kanapeckas	member of the board (appointment starts on 2023-09-11)
Inga Beiliūnienė	Member of the Board (appointment starts on 2023-09-11)
Giedrė Gečiauskienė	Member of the Board (appointment starts on 2023-10-25)

The competences, educational background and professional experience of the newly elected Management Board members are shown in Table 9.

Table 9. Information on INVEGA Management Board members

Dainius Vilčinskas
Chairman of the board,
Holds office since 11 September 2023

Education

- Oxford University Business School – Private Markets Investment Programme;
- Institute of Corporate Governance in the Baltic States – Management Board member certificate;
- Vilnius Gediminas Technical University – Master of Business Administration; Vilnius Gediminas Technical University – Bachelor of Business Administration.

Main workplace and position title

- UAB Investicijų ir verslo garantijos, Legal entity code 110084026, Konstitucijos pr. 7, 22 aukštas, LT-09308, Vilnius, chairman of the board, director general

Competence and professional experience

- More than 14 years of management experience at Swedbank: Head of the Business Customer Segment, Head of Corporate Banking, Financing and Cash Management;
- Member of Swedbank's Baltic Management Board team, Member of the Supervisory Board of Swedbank Latvia, Member of the Management Board of Swedbank Lithuania;
- In 2020, participation in the establishment and management of the State Investment Management Agency (VIVA), a consolidated institution based on INVEGA, whose purpose was to invest in medium and large enterprises affected by COVID-19;
- Experience in strategic business and financial management, corporate governance, capital markets, sustainable business development.

Participation in the activities of other companies and organisations

- MB Spontis invest, Legal entity code 306273083, member.

Lina Stragauskienė
Member of the Management Board,
Head of Finance and Administration
Holds office since 11 September 2023

Education

- Vilnius University – Master's degree in Finance and Banking;
- Vilnius University – Bachelor of Economics.

Main workplace and position title

- UAB Investicijų ir verslo garantijos, Legal entity code 110084026, Konstitucijos pr. 7, 22 aukštas, LT-09308, Vilnius, Member of the Management Board, Head of Finance and Administration.

Competence and professional experience

- More than 16 years of experience in Danske Bank's Lithuanian branch, where he was in charge of various areas related to corporate finance;
- For the past 5 years, has been a member of the company's management team, actively involved in the implementation of the company's strategic decisions, complex systems and business transformation projects.

Jonas Kanapeckas
member of the Management Board,
Head of Risk Management and Compliance
Holds office since 11 September 2023

Education

- Vilnius University – Master of Mathematics

Main workplace and position title

- UAB Investicijų ir verslo garantijos, Legal entity code 110084026, Konstitucijos pr. 7, 22 aukštas, LT-09308, Vilnius, Member of the Management Board, Head of Risk Management and Compliance.

Competence and professional experience

- More than 20 years' experience as an expert and in senior positions at the Bank of Lithuania;
- Long-standing member of the Investment Committee of the Bank of Lithuania, the Eurosystem Market Operations and Risk Management Committees;
- Extensive experience in investment, monetary policy operations and risk management.

Participation in the activities of other companies and organisations

- Limited Partnership Verslo angelų fondas II, a closed-end investment company for informed investors, Legal entity code 304869519, Member of the Advisory Committee.

Inga Beiliūnienė
Board member,
Head of Operational Development
Holds office since 11 September 2023

Education

- Vilnius University – Master of Business Administration;
- Vilnius University – BA in International Economics;

Main workplace and position title

- UAB Investicijų ir verslo garantijos, Legal entity code 110084026, Konstitucijos pr. 7, 22 aukštas, LT-09308, Vilnius, Member of the Management Board, Head of Operational Development.

Competence and professional experience

- 11 years of work experience UAB Investicijų ir verslo garantijos, where she held the position of Deputy Director and Director of Business Development;
- 13 years of experience in national and international financial institutions;
- Extensive experience in the design and implementation of a wide range of financial instruments for businesses of all sizes, experience in business development, strategic product planning, corporate product development and management.

Participation in the activities of other companies and organisations

- Deputy Member of the Management Board of the European Association of Guarantee Institutions.
- Member of the Advisory Committee of KŪB Verslo angelų fondas II, a closed-end investment company limited by shares for informed investors, legal entity code 304869519.
- Member of the Advisory Committee of Practica Venture Capital II, a closed-end investment company for informed investors.
- Member of the Advisory Committee of the NATO Innovation Fund.
- Member of the Advisory Committee of the venture capital fund Wise Guys Pre-seed Fund I.
- Member of the Advisory Committee of the venture capital fund 70 Ventures Accel.
- Member of the Baltic Innovation Fund Advisory Committee.
- Member of the Baltic Innovation Fund II Advisory Committee.
- Closed-end investment company for informed investors Member of the Advisory Committee of Opportunity Fund Limited Partnership.

Giedrė Gečiauskienė
Member of the Management Board, Head of Customer and Financing Solutions
The post has been held since 25 October 2023.

Education

- Baltic Management Institute, EMBA degree;
- Chartered Financial Analyst (CFA) designation;
- Vilnius University – Master in Economics;
- Vilnius University – Bachelor of Economics.

Main workplace and position title

- UAB Investicijų ir verslo garantijos, Legal entity code 110084026, Konstitucijos pr. 7, 22 aukštas, LT-09308, Vilnius, Member of the Management Board, Head of Customer and Financing Solutions.

Competence and professional experience

- More than 20 years of experience in the financial sector, in financial asset and operations management;
- For the past 6 years, she has contributed to the development of Danske Bank's organisation in Lithuania, building and leading large international teams, responsible for risk management, optimisation and digitalisation of operational processes, and for delivering the highest quality of financial services to large corporate and institutional customers worldwide.

Participation in the activities of other companies and organisations

- UAB Būsto paskolų draudimas, Legal entity code 110076079, member of the Management Board.

In accordance with point 36 of INVEGA's Articles of Association, the competence and decision-making procedures of the Management Board do not differ from those laid down in the Law on Companies, save for the exceptions and the additional competence provided for in INVEGA's Articles of Association. Management Board meetings are convened and decisions are taken in accordance with the Law on Companies and the rules of procedure of the Management Board.

There is no provision for a member of the Management Board to take decisions on behalf of INVEGA on a sole basis (other than in a collegial Management Board meeting).

INVEGA's Management Board performs the functions set out in the Law on Companies and has the following additional competences:

- Considers and approves the corporate governance policy, in agreement with the Supervisory Board;
- Considers and approves the investment policy for temporarily unrestricted funds;
- considers and approves policies on the organisation of the internal control system, provisions and other policies;
- Decides on the transfer of shares, contribution or participation in the capital of another legal entity;
- Decides on investments in the capital of a subsidiary;
- Decides on the conclusion of transactions related to the acquisition or performance of goods, services or works the value of which exceeds EUR 50,000 excluding VAT;
- Decides on the establishment and functions of the Credit Committee(s) and other committees under the authority of the Management Board;
- Determines the competence of the head of INVEGA, the Credit Committee (credit committees), authorised responsible persons to take decisions related to guarantees, directly provided loans or lending in another form;
- Approves the credit risk assessment methodology;
- Considers and approves additional conditions or requirements to manage the risks associated with the provision of guarantees, which are applicable to the provision of INVEGA guarantees in accordance with the relevant guarantee regulations or rules;
- Decides on the participation of subsidiaries in associations or any other form of association of legal persons;
- In the light of the deficiencies and recommendations identified during the internal audit or external audit, together with the head of INVEGA, prepares and submits to the Supervisory Board an action

plan for the implementation of the internal audit recommendations and elimination of the identified deficiencies;
- Approves the rates of remuneration and the procedure for calculating remuneration for INVEGA guarantees provided in accordance with the relevant guarantee regulations or rules;
- Considers and takes decisions in accordance with the relevant orders and/or decisions of the general meeting of shareholders or the Supervisory Board.

Whereas the new Management Board started its term of office at the end of Q3 2023, meeting dates and key issues have been discussed during the reporting period on an as-needed basis at meetings. Meetings are held once a week. Statistics on meetings are shown in Table 10. Extraordinary meetings of the Management Board is organised by written procedure for individual urgent matters. There were 8 such meetings, during which 19 issues were discussed, 15 of which concerned the granting or modification of individual guarantees or direct loans.

Table 10. Management Board meeting statistics from 2023-09-11

Board members[8]	Meetings of the Management Board 2023		
	Live and remote, No.	Written procedure, No.	Total, No.
Dainius Vilčinskas (*chairman of the Management Board)*	12	8	20
Lina Stragauskienė (*member of the Management Board)*	13	8	21
Jonas Kanapeckas (*member of the Management Board)*	13	8	21
Inga Beiliūnienė (*member of the Management Board)*	12	7	19
Giedrė Gečiauskienė (*member of the Management Board)*	7	5	12

During the reporting period, the newly constituted Management Board considered 103 issues, of which 84 were discussed at regular meetings (i.e. not by written procedure). The main focus was on the performance of the functions and consideration of issues attributable to the competence of the Management Board under the Law on Companies, with particular attention paid to the new corporate structure and the management of the related human resources (active participation in the processes of selection of department heads), the development of a new Company brand, and the Company's lines of business. The concept of Decision Making and Transaction Competences has also been revised, a new Description of Financing Decision Making and Transaction Competence Limits has been approved, and new Regulations of Credit Committees have been approved. In early 2024, a decision was made by the Management Board to establish 3 credit committees to examine issues and make decisions within the limits of their competence.

During the reporting period, active cooperation with the Supervisory Board, regular meetings with representatives of the shareholder (the Ministry of Finance of the Republic of Lithuania), and reports on the consolidation of the NDA were provided.

Members of the Management Board are paid a monthly remuneration for their activities on the Management Board. Details of the remuneration are provided in Table 18.

2.5. Credit Committee and its activities

The Credit Committee is a collegiate body acting on a regular basis, considering, proposing and deciding on applications for individual guarantees, direct loans or other forms of lending, within the limits of the competence laid down by the Management Board.

[8] Data from the date of appointment.

The Chairperson and members of the Committee are appointed and dismissed by the INVEGA Management Board on the proposal of the CEO. INVEGA employees are appointed members of the Committee. The chairman of the Committee may not be the head of INVEGA.

The composition of the Committee that operated during the reporting period (until 19 December 2023) is presented below.

Table 11. Composition of the Credit Committee until 2023-12-19

Status of Committee members	Committee members	Responsibilities of Committee members
Permanent member and chair of the committee	Pavel Krupenič	Head of Financial Risk Management
Permanent member	Sigita Rutkauskaitė	Head of Indirect Debt Products
Permanent member	Aistė Stonkienė	Director of the Compliance Department
Permanent member	Eglė Toliūnaitė	Chief Legal Officer of the Product Law Division
Permanent member	Aistė Čepulė	Director of Risk Management Department
Alternate member	Remigijus Znutas	Director of the Legal Department
Alternate member	Laimis Kindurys	Director of Product Administration Department

The Committee examines requests for the granting of guarantees and directly provided loans, changes in the conditions of granting, payment of the guarantee compensation and makes decisions or submits proposals to the INVEGA Management Board regarding the granting of the INVEGA guarantees or loans, modifying the terms and conditions of granting, and paying (not) paying the guarantee premium, within the competence of the Credit Committee established by the Management Board and its limits, as well as has the right to submit proposals for the improvement of the procedures for the granting, administration and monitoring of guarantees.

During the reporting period, the Management Board of INVEGA had delegated to the Credit Committee the right to take decisions on an individual guarantee, direct loan or other form of lending, where the applicant's total credit risk limit is between EUR 0.1 million and EUR 1 million, and to decide on whether or not to pay a guarantee compensation where the balance of the guarantee is between EUR 0.02 million and EUR 0.1 million. (except for financing decisions in the agriculture and fisheries sectors and for public infrastructure and multi-family housing modernisation projects, in which case the Credit Committee made proposals to the Management Board and the INVEGA Manager regarding the establishment of financing conditions).

On 14 December 2023, INVEGA's Management Board decided to establish 3 new credit committees and to approve the new credit committee statutes and the terms of reference of each credit committee.

2.6. Corporate governance of subsidiaries

By decision of the INVEGA Management Board of 2023-01-05 (minutes of the meeting No. 001), a new version of the Corporate Governance Policy has been approved, which further regulated the functions of INVEGA's management bodies in resolving issues falling within the competence of the general meeting of shareholders of subsidiaries.

The rights of the General Meeting of Shareholders in the Subsidiaries are exercised by INVEGA as the owner of all shares in the respective Subsidiary.

The Articles of Association of all subsidiaries provide that the powers of the General Meeting of Shareholders and the rights and obligations of shareholders are no different from those laid down in the Law on Companies. If necessary, i.e. depending on whether the subsidiary forms and operates a

Management Board or not, the articles of association of the subsidiaries additionally regulate the additional competence of the general meeting of shareholders.

2.7. VIVA management

VIVA is a private limited liability company established by the State and controlled by INVEGA.

All VIVA shares are owned by INVEGA, which performs the functions of VIVA's general meeting of shareholders, supervises its activities and exercises the rights of the owner of all shares.

VIVA's share capital consists of 10,000 ordinary registered shares with a nominal value of EUR 100 each. Amount of VIVA's paid-up share capital – EUR 1,000,000. All VIVA shares are fully paid up. VIVA shares are not subject to any restrictions or limitations.

VIVA bodies:

- General meeting of shareholders;
- Management Board – the company's collegiate management body;
- Company's chief executive officer – the CEO – the company's sole governing body.
- VIVA does not have a Supervisory Board. INVEGA performs the supervisory functions of the Company.

Decisions on matters within the competence of the General Meeting of Shareholders of VIVA are taken by the Supervisory Board of INVEGA, the Management Board or the CEO of INVEGA, as appropriate. The competences of INVEGA's bodies with regard to matters falling within the competence of the VIVA General Meeting of Shareholders are regulated in INVEGA's Corporate Governance Policy.

VIVA's Articles of Association provide that the General Meeting of Shareholders has this additional competence:

- Approves the signing, amendment and termination of the Fund's contracts;
- Approves the Company becoming a founder or participant of other legal entities;
- Approves the decisions set out in Article 34(4)(3), (4), (5) and (6) of the Law on Companies, where the value of the transaction exceeds EUR 50,000;
- Considers and approves the Company's annual income and expenditure plan (annual budget);
- Considers and approves the possible maximum number of employees (number of posts) of the Company;
- Sets the Company's annual targets;
- Determines the principles of remuneration (remuneration policy) for the members of the Management Board and the Chief Executive Officer of the Company and the remuneration of the members of the Management Board;
- Adopts policies and other documents governing the Company's and INVEGA Group's general activities.

VIVA's Management Board is composed of 5 members elected by the shareholders' meeting for a 4-year term of office. Members of the Management Board must be independent of the company's shareholders, i.e. they must not be employees or members of the governing bodies of the company's shareholder or of persons related to it. The CEO of the company may not be a member of the Management Board.

VIVA's Management Board performs the functions set out in the Law on Companies and has the following additional competences:

- With the approval of the shareholders' meeting, adopt decisions on the signing, amendment or termination of the Fund agreements;
- May perform such other functions as may be set out in the Fund's contracts;

- Consider and approve the Company's internal procedures and policies governing matters not covered by the policies and other documents adopted by the Parent Company and applicable to the INVEGA Group;
- Approves the Company's annual revenue and expenditure plan (annual budget);
- Decides on the conclusion of transactions involving the acquisition of goods, services or works valued at more than EUR 50,000 excluding value added tax;
- Deliberates and takes decisions in response to relevant instructions and/or decisions of the General Meeting of Shareholders.

During the period under review, the General Meeting of Shareholders of VIVA considered and adopted resolutions on the amendment of the Company's Articles of Association by removing the Supervisory Board, on the dismissal of the members of the Supervisory Board, on the approval of the Company's budget for 2023, on the formation of the Integration Project Team, on the application of the Facilities Development (Amendment) Policy, the Corporate Governance Policy and the Policy on the Calculation of Expected Credit Losses, and on the approval of the reorganisation or merger of the relevant subsidiary. The fulfilment of the functions required by the General Meeting of Shareholders of the subsidiaries is detailed in the subsidiaries' interim and annual reports.

The VIVA Management Board also performs the functions of the Investment Committee of the BAF managed by VIVA. VIVA Management Board – the Fund's Investment Committee – is composed of independent members and financial market professionals. The Investment Committee takes all investment and investment management decisions of the Fund independently, which are implemented by the VIVA Manager. INVEGA and INVEGA employees do not participate in the Fund's investment and investment management decisions. INVEGA and its employees provide, on the basis of a service contract, the administration of the Fund's investment portfolio, the evaluation of applications received, the processing of data submitted, the preparation of the Fund's activity and financial reports, and the implementation of decisions taken by the VIVA Management Board – the Fund's Investment Committee.

2.8. Management of Coinvest Capital

Coinvest Capital is a private limited company established and controlled by INVEGA.

All Coinvest Capital shares are owned by INVEGA, which performs the functions of Coinvest Capital's general meeting of shareholders, supervises its operations and exercises the rights of the owner of all shares.

Coinvest Capital's share capital consists of 5,000 ordinary registered shares with a nominal value of EUR 10 each. Amount of paid-up share capital of Coinvest Capital – EUR 50,000. All Coinvest Capital shares are fully paid up and are not subject to any restrictions or limitations.

Bodies of the Company:

- General meeting of shareholders;
- The manager of the company – the director – is a sole management body of the company;
- The Company does not have a supervisory board or a management board. Decisions on matters within the competence of the general meeting of shareholders of Coinvest Capital are taken by the Supervisory Board of INVEGA, the Management Board or the Chief Executive Officer of INVEGA, as appropriate. The competences of INVEGA's bodies with regard to matters within the competence of the general meeting of shareholders of Coinvest Capital are regulated in INVEGA's Corporate Governance Policy.

According to the Articles of Association of Coinvest Capital, the general meeting of shareholders has the following additional competence:

- To make decisions on Coinvest Capital's operational matters which, in accordance with the Law on Companies, other laws and the Articles of Association, do not fall within the competence of Coinvest Capital's CEO;
- To consider and approve Coinvest Capital's business strategy, and to analyse and evaluate information on the implementation of Coinvest Capital's business strategy;
- To take decisions on Coinvest Capital becoming a founder or participant of another legal entity;
- To take decisions, including on matters within the competence of the Coinvest Capital Manager, which cannot be taken by the Coinvest Capital Manager due to a potential conflict of interest or personal interest of the Coinvest Capital Manager;
- To decide on the approval of a transaction proposed by the CEO of Coinvest Capital, where the value of the transaction exceeds 1/20 of the share capital of Coinvest Capital, unless the resolution of the General Meeting of Shareholders on the conclusion of the relevant transactions provides otherwise.

The Coinvest Capital Venture Capital Fund, managed by Coinvest Capital, is managed by an Investment Committee composed of three independent members and financial market professionals. The Investment Committee makes all investment and investment management decisions for the venture capital fund independently, which are implemented by the Coinvest Capital manager and his team of specialists. INVEGA and INVEGA employees do not participate in the investment and investment management decisions of the venture capital fund Coinvest Capital.

During the period under review, Coinvest Capital's General Meeting of Shareholders considered and adopted resolutions on the approval of the 2022 financial statements and the allocation of profit (loss), on the promotion of the independent members of the Investment Committee of Coinvest Capital for the 2022 results, on the election of a new Coinvest Capital CEO, and on the approval of Coinvest Capital's annual budget for 2023.

2.9. TIPS management

As part of the consolidation of the NIB, INVEGA took over all rights, obligations and responsibilities of VIPA and became (instead of VIPA) a full member of TIPS. To manage risk and to stimulate energy efficiency and renewable energy investments in public and private sector entities on a larger scale, this limited partnership was set up by VIPA together with eeef.

TIPS is an affiliate of INVEGA as INVEGA is a full member of TIPS and the financial data of TIPS are not consolidated with the data of the INVEGA Group.

The functions of a TIPS Full Member are defined in the TIPS Operational Agreement and the TIPS Participants Agreement. TIPS has no governing bodies and no permanent staff and its activities are carried out by INVEGA staff authorised by the CEO of INVEGA as required. As a loan-granting investment fund, the investment and investment management decisions of TIPS are taken by the TIPS Investment Committee, which is composed of representatives delegated by the Full Member (INVEGA) and the Limited Partner Member eeef.

3. INVEGA's structure and operating model

3.1. INVEGA governance structure

Pursuant to point 22 of the version of INVEGA's Articles of Association dated 11 December 2023 (hereinafter referred to as INVEGA's Articles of Association), INVEGA's organs are:

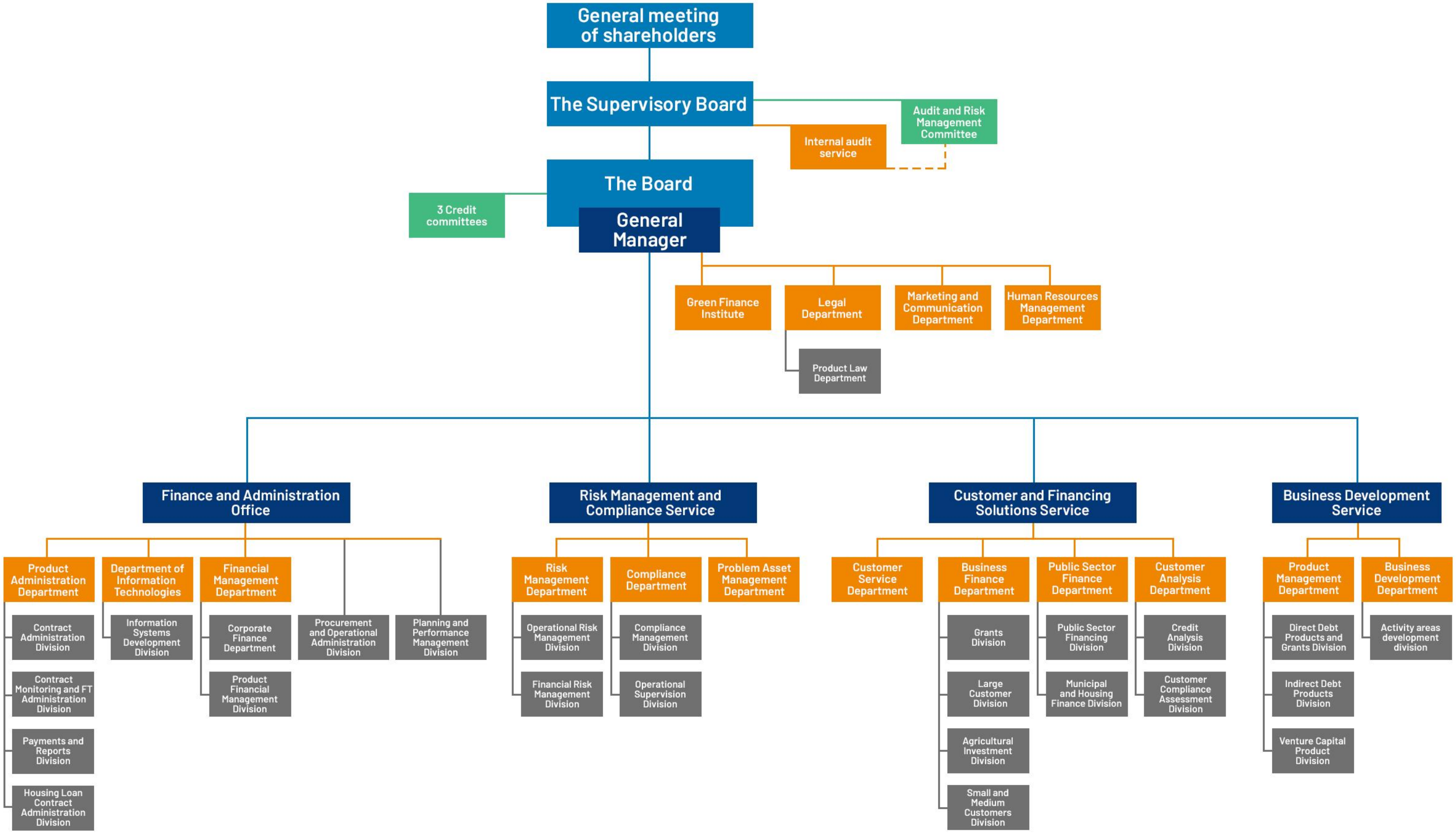
- general meeting of shareholders;
- Supervisory Board;

- board;
- Head – General Manager;
- Credit Committee(s).

In implementing the recommendations of good governance, independent members are included in the composition of the collegial body elected by the General Meeting of Shareholders. Independent members are selected by means of a competition in accordance with the requirements of transparency, and independent specialists of the personnel selection agencies conducting the search and selection of top-level managers are used for the objective evaluation of candidates. Independent members make up the majority of INVEGA's collegiate bodies. The Supervisory Board has 4 out of 7 independent members, while the Management Board (until 11 September 2023) had 3 out of 5 independent members. As of 11 September 2023, the Management Board is constituted as executive board, consisting of members who are also INVEGA's executive officers.

INVEGA's internal corporate structure, effective from 19 December 2023:

Fig. 3. INVEGA's corporate structure as of 19 December 2023



3.2. INVEGA authorised capital

INVEGA is a private limited liability company established and controlled by the State.

All INVEGA shares are owned by the State and held in trust by the Ministry of Finance of the Republic of Lithuania as of 15 April 2022. Before the transfer of control, the shares were held by MEI RL. The Ministry of Finance of the Republic of Lithuania performs the functions of INVEGA's General Shareholders' Meeting, supervises its activities and exercises the rights of the owner of all shares.

INVEGA's authorised capital consists of 184,511 ordinary registered shares with a nominal value of EUR 289.62 each.

INVEGA has not issued any equity or debt securities other than ordinary registered shares of INVEGA, the nominal value of which corresponds to the size of INVEGA's authorised capital. Amount of INVEGA's paid-up share capital – EUR 53,438,075.82.

All INVEGA's shares are fully paid up. INVEGA's shares are not subject to any restrictions or limitations.

3.3. Main activities

The nature of INVEGA's main activities (objects of activity) is specified in the Resolution of the GRL No 887 of 11 July 2001 "On the activities of the private limited liability company Investicijų ir verslo garantijos", which regulates the areas and nature of INVEGA's activities and sets out the essential requirements and limitations for the activities carried out. This Resolution has been updated in 2023 to reflect the activities carried out and newly entrusted by the merged subsidiaries.

INVEGA's main activities:

- individual and portfolio guarantees;
- granting or lending loans in any other form, either directly or through financial intermediaries;
- implementing venture capital investment instruments directly or through intermediaries;
- management of holding funds, funds of funds, special funds and implementation of financial incentive measures; provision of grants, including conditional grants, and/or subsidies, including reimbursable subsidies, when linked to a financial instrument, financial service or incentive financial instrument;
- performance the functions of an intermediate body in the field of the management and control system for the 2014-2020 EU Structural Funds;
- implementation of promotional financial instruments, projects and programmes in the field of development cooperation;
- implementation of social impact investment promotion measures that meet social needs, expecting not so much a financial return as a social benefit;
- conducting assessments and reviews of the need for incentive funding;
- grants for projects co-financed by the EU Structural Funds under the 2014-2020 Operational Programme for Investment in EU Funds, approved by the EC Implementing Decision of 8 September 2014, approving certain elements of the "Operational Programme for the Investment of European Union Funds 2014-2020", that the initiative would provide support to Lithuania the objective of investing in growth and jobs, the European Regional Development Fund, the Cohesion Fund, the European Social Fund and the specific allocation for Youth Employment (the EC notified the above decision by document C(2014) 6397), the provision of grants to municipalities for the financing of their own contribution, in accordance with the procedure laid down by the Minister of Finance for the allocation and reimbursement of grants to municipalities;
- Performing the functions of the National Development Authority as set out in Article 6(1) of the Law on National Development.

INVEGA, which started its activities in 2001 with the provision of individual guarantees, is already able to offer a wide range of financial instruments today. More information on the proposed financial instruments can be found at the following link: https://invega.lt/verslui/visos-priemones/25.

Notably, on by GRL Resolution No 90 of 15 February 2023 of the GRL, INVEGA was entrusted with the task of carrying out the activities of the NDI in the fields of entrepreneurship, innovation, development of urbanised or urbanisable areas, housing and public or public-interest infrastructure, agriculture, fisheries and aquaculture. The Resolution provides that incentive financial instruments implemented by INVEGA subsidiaries prior to the entry into force of this Resolution must continue to be implemented through the subsidiaries. The subsidiaries provided financing under existing financial instruments on a stand-alone basis until the merger (until end-July 2023). From August 2023, the relevant activities are continued and financed by INVEGA.

By monitoring the changes in the financial market, taking into account the needs of business, agricultural entities and public entities and the shortcomings of the financing market of these entities, INVEGA attempts to actively contribute to their financing by developing new, alternative measures that facilitate access to financing sources, modifying the implemented measures, optimally adapting them to the specific market situation. Particular attention is paid to the development of direct lending instruments, the attraction of alternative financiers and financial intermediaries, and the promotion of the Lithuanian capital market. Financial instruments may also be combined with a partial grant where such a model can contribute to achieving the objectives of the financial instruments.

3.4. Compliance with transparency requirements

INVEGA Group complies with the transparency requirements set out in the Guidelines for Transparency in the Activities of State-Owned Enterprises and the recommendations of the Corporate Governance Code for NASDAQ Vilnius-listed companies.

3.5. Income model

The facilities and activities implemented by INVEGA are financed using funds from the state budget and funds returned to the Financing Instruments managed by INVEGA, private attracted funds and EU structural funds as well as funds from the Economic Recovery and Resilience Plan.

INVEGA does not receive any income (management fees) from the administration of the global grant instruments and the compensatory measures financed from the national budget.

INVEGA's management of the Funds and the implementation of the financial instruments is subject to the reimbursement of management costs or the payment of a management fee, as appropriate.

INVEGA provides individual guarantees with a guarantee fee for the provision of individual guarantees. If the regulations for the provision of individual guarantees do not specify specific pricing, it is determined by the INVEGA Management Board by approving the percentage of the guarantee compensation and the rules for its application.

3.6. Target audience

The experience of all INVEGA customers depends to a large extent on the match between the needs and expectations of the target groups and the services provided. The consolidation of the NDIs has increased the target audience of INVEGA's partners and customers. INVEGA aims to work closely with target audience groups, to delve into the expectations and suggestions of customers and partners, to ensure transparency and accessibility of information about INVEGA's activities to all target audience groups.

Table 12. Target audience groups

Target audience group	Group composition

EXTERNAL	• Potential INVEGA customers:
	  ○ business companies;
	  ○ public sector bodies;
	  ○ agribusiness operators;
	  ○ residents;
	• INVEGA customers;
	• Financial intermediaries through which funds of the facilities reach the final beneficiaries;
	• Companies or institutions operating on the market that are directly affected by INVEGA's activities (for example, construction companies);
	• Government authorities that regulate and supervise INVEGA's activities;
	• State institutions that shape the environment of business, public sector activities, regulate the activities of sectoral institutions;
	• EU institutions creating the legal environment in which INVEGA operates;
	• International financial institutions, participants of the Lithuanian financial market;
	• Media;
	• General public.

INTERNAL	• INVEGA's Supervisory Board, Management Board, subsidiary and divisional managers; • INVEGA employees.

4. Mission, vision, strategy, goals and their implementation

4.1. INVEGA's mission and vision

The INVEGA strategy is based on the need to promote the creation of Lithuanian business, its growth and competitiveness by implementing and administering financial and other facilities for business (economic operators), thus enabling it to have easier access to various forms of financing sources.

INVEGA's mission – Promote the growth and competitiveness of Lithuanian business by being an active partner in business financing. We are actively involved in the design and implementation of business finance instruments to help you start and grow your business.

INVEGA's vision – the most advanced and effective organisation whose business promotion decisions create significant value for the country's economy.

- We are innovative, responsive to the changes and needs of the environment, applying the best management practices, creating the most advanced and efficient organisation;
- We continuously accumulate and pool knowledge, adopt best practices from other countries, them and effectively use them to promote growing business.
- Achieving our mission, vision and all our activities are based on our values: professionalism, cooperation, responsibility and creativity.

Fig. 4. INVEGA's mission, vision and values

INVEGA values:

- Professionalism – we value competence, we have a lot of knowledge and want to share it, we know our own and respect the work of others, we do it qualitatively; our qualifications and abilities, continuous learning allow us to quickly offer the most business-friendly solution and respond to the needs of the market, constantly changing environment.
- Cooperation – we believe in what we do and trust our colleagues, exchange information with each other and with external partners in good faith; we value feedback to help us improve and enhance our services. We maintain active contacts with financial market participants and the business community.
- Liability – We want to do the job to the best of our ability, taking full responsibility for our actions, decisions, words and consequences; we value reputation and transparency, we justify our decisions, and we give clear reasons.
- Creativity – we are proactive in generating ideas, bold in proposing them and not afraid to be wrong. We take initiative and encourage innovation.

4.2. INVEGA's strategic objectives

INVEGA's Strategic Plan 2023-2025 was prepared in the context of the consolidation of the NDIs, and therefore the activities, functions and strategic objectives of VIPA, VIVA and the ŽŪPGF are presented in the Strategic Plan 2023-2025 insofar as they are relevant to the consolidation process.

Due to the ongoing consolidation processes of the national development institutions, the orientations of INVEGA's Strategic Activity plan and the main objectives have remained largely unchanged, but INVEGA's Strategic Activity plan 2022-2025 has been updated for the period 2023-2025 and was approved by a decision of INVEGA's Management Board on 5 January 2023. The Strategic Plan 2023-2025 reflects the consolidation processes of NDI at the time of drawing up the Strategic Plan to the extent that this was known at the time of drawing up the Plan.

INVEGA Strategic Plan 2023-2025 can be found at:
https://www.invega.lt/doclib/itewjfz4affbnku7xcn8f68tyxqcccsv.

The INVEGA strategy is based on the need to promote the growth and competitiveness of Lithuanian business by implementing and administering financial and other facilities for business by INVEGA, thus allowing easier access to various forms of financing sources.

The main strategic directions of INVEGA in 2023–2025 are presented in Table 12. The aim is to ensure the continuity of the activities provided for in the Strategic Plan 2023-2025, but in the event of significant changes in activities (NDI consolidation stages, decisions, results) – the objectives, tasks and their indicators are modified in the 2024 Strategic Plan and will be thoroughly reviewed during 2024, taking into account the assignment of consolidated activities, functions and responsibilities.

The fundamental and overarching objective for 2023 is to ensure business continuity and to successfully and efficiently carry out and complete the NDI consolidation processes.

Table 13. INVEGA's strategic orientations, goals and objectives for 2023-2025

Strategic direction and objectives	Tasks
1. MAINTAINING FINANCIAL STABILITY	
1.1. Non-loss-making INVEGA activities (sustainable growth)	1.1.1 Control of individual guarantee risk costs; 1.1.2 Payment of dividends to the shareholder (the State).
2. INCREASING ACCESS TO BUSINESS FINANCE	
2.1. Development of business finance instruments	2.1.1 Development of the alternative business finance market; 2.1.2 Improvement of debt financing with direct INVEGA involvement; 2.1.3 Development of other business finance instruments.
2.2. Raising private finance	2.2.1 Raising funds at Company level to finance facilities; 2.2.2 Raising funds at the level of financial instruments;
2.3. Implementation of funds allocated to facilities	2.3.1 Use of funds allocated for the Loan facilities; 2.3.2 Use of the funds allocated for the provision of guarantees; 2.3.3 Use of funds for venture capital instruments; 2.3.4 Implementation of the Global Grant facilities.
3. IMPROVING THE CUSTOMER EXPERIENCE	
3.1. Quality customer service	3.1.1 Maintaining a high rate of business customers recommending INVEGA'S services; 3.1.2 Increasing the answer rate of incoming calls.
3.2. Enhancing INVEGA's reputation as an organisation of excellence	3.2.1 Raising public awareness that INVEGA is a national business development organisation that employs public money efficiently.
3.3. Raising awareness of INVEGA activities and administered facilities	3.3.1 Clear and targeted publicity of INVEGA-managed instruments and their benefits in a way that is convenient and understandable for the target groups.
4. IMPROVING OPERATIONAL EFFICIENCY	
○ Process optimisation	4.1.1 Reducing electricity costs.
5. DEVELOPING A CULTURE OF SUSTAINABILITY IN THE ENTERPRISE	
5.1. Sustainability principles	5.1.1 (E) Development of the concept of environmental protection; 5.1.2 (S) Stable or positive growth in the employee engagement index; 5.1.3 (G) High good governance index.

During the reporting period, INVEGA's activities were not aimed at maximising profits, but rather at the proper performance of the functions delegated to the company, i.e. the provision of financing to businesses and the operation of the NDI. Following the consolidation of the NDI, INVEGA's operational objectives have been clarified and currently INVEGA's Articles of Association provide that INVEGA's operational objectives are to carry out incentive financing activities, provide financial services, implement and administer financial instruments and other financial support instruments, ensuring non-loss-making activities in the long term.

Before INVEGA became a wholly-owned subsidiary, the subsidiaries VIVA, VIPA and ŽŪPGF were subject to return on capital targets alongside other strategic performance indicators.

The purpose of the Strategic Plan 2023-2025 is to establish the strategic directions of INVEGA (without subsidiaries) for 2023–2025, to define the goals, objectives and actions to be achieved, to formulate measurement indicators that measure the achievement of goals and operational efficiency. Detailed indicators for increasing the availability of business financing are presented in the tutorial section of this annual report on the progress of the implementation of the measures and their results.

In order to properly implement the goals and objectives set out in the strategic plan, annual activity plans are prepared for each year of implementation of the strategic plan, the implementation of which is supervised by the INVEGA Management Board after each reporting quarter. Continuous monitoring of the implementation of the strategic plan is carried out at the level of implementation of the facilities of the annual plan, taking into account the established deadlines for the implementation of the measures and the targets. Activity plan 2023 and results of its implementation are shown in Table 14.

Table 14. Assessment of the indicators for the Strategic Plan 2023-2025 targets for 2023

Strategic directions	Strategic objectives	Indicators[9]	2022 actual indicator[10]	2023 target indicator	2023 actual indicator
1. Maintaining financial stability	1.1. INVEGA's unprofitable performance (sustainable growth)	1.1.1. Control of individual guarantee risk costs;	-	<6.8	-1.54
		1.1.2. Payment of dividends to the shareholder (state);	-	≥ 75–85% of distributable profit	75% of distributable profit
2. Increasing access to business finance	2.2. Raising private finance	2.2.2. Fundraising at the level of financial instruments, EUR million;	272	181	220
	2.3. Implementation of funds allocated to facilities	2.3.1. Use of funds allocated to loan facilities, EUR million;	98	76	84
		2.3.2. Use of the funds allocated to the provision of guarantees, expressed as the amount of the guarantees granted to the final beneficiaries, EUR million;	129	122	173
		2.3.3. Use of funds allocated to venture capital instruments, EUR million;	19	14	14.6
		2.3.4. Use of funds from the global grant for measures, EUR million;	25	10	16
3. Improvement of customer experience	3.1. Quality customer service	Customer satisfaction index, score;	9.18	>9	9.23
		3.1.1. Maintaining a high intensity rate of business customers who would recommend INVEGA services;	83.07	80	84.11
		3.1.2. Increasing the response rate of incoming calls, %;	85%	85%	90%
	3.2. Enhancing INVEGA's reputation as an organisation of excellence	INVEGA reputation index, score;	+30	+32	+31
		3.2.1. Part of a business that realizes that INVEGA is a national investor that employs public money efficiently, %;	-	55%	56%
	3.3. Raising awareness of INVEGA activities and administered facilities	Familiarity of INVEGA services and activities among businesses, %;	88%	>= 80%	90%
		3.3.1. Share of business representatives who are satisfied with the available information, %;	-	70%	69%
4. Improvement of operational efficiency	4.1. Process optimisation	Relationship between the cost of implementing the facilities and the funds under management;	1.281%	<=2%	2%
		4.1.1. Reduction of electricity costs, %;	-	-10%	-23%
5. Development of a culture based on sustainability practices within the company	5.1. Sustainability (ESG) principles apply	5.1.2. (S) Employee engagement level, %;	81%	≥71%	-[11]

[9] *Only assessments of the strategic orientations, objectives and their indicators are provided for which a quantification of the achievement of indicators has been established;*

[10] *Due to the ongoing consolidation processes of national development institutions, INVEGA's Strategic Business Plan 2022-2025 has been updated for the period 2023-2025, leaving INVEGA's strategic orientations and objectives largely unchanged, but the list of indicators has been adjusted, so that not all indicators are reported with their actual values in 2022.*

[11] *Due to the lengthy consolidation process, it was decided not to measure the employee engagement index in 2023. In 2024, it is planned to start measuring the employee engagement index with the help of external experts, using a standardised and statistically reliable methodology for the study, broadly operating in the market and having information at their disposal to compare the aspects assessed in the study with other organisations.*

INVEGA in a new composition began operations on 1 August 2023. As of today, VIPA, VIVA and ŽŪPGF services for business, public and agricultural, fisheries and aquaculture sectors are provided on a one-stop-shop basis – through INVEGA, ensuring continuity in the performance of assigned activities and functions. After the completion of the reorganisation of the companies, the work related to the consolidation process continues – the consolidation of the unified corporate structure, the review of the principles of operation, the harmonisation of internal processes and procedures. As part of the company's consistent internal consolidation efforts, a long-term Strategic Plan will be developed in the course of 2024, which is why the Strategic Plan has now been prepared and will be launched in January 2024. Only the 2024 Strategic Plan has been approved by the Supervisory Board.

INVEGA's activities in 2024 will be focused on the strategic directions outlined in Table 15. As part of the major operational changes, one of the objectives for 2024 is to successfully complete the internal consolidation of the company and to develop a long-term strategy for the consolidated company. These actions will take into account best practices in strategic planning and the recommendations of the VKC, as well as integrating the experiences of the consolidated companies in order to ensure the continuity of the NDI.

In order to implement the new functions entrusted to the NDI in the field of green (sustainable) finance as foreseen in the Law on the National Development Institution of the Republic of Lithuania, the Strategic Plan foresees the establishment of the ŽFI as a centre of excellence within INVEGA and the achievement of the strategic objectives related to its targeted activities.

Table 15. INVEGA's strategic directions, goals and objectives for 2024

Strategic directions	Purposes	Tasks
1. Increasing access to finance	1.1. Development of financing instruments	1.1.1. Increasing the availability of INVEGA financing to the market/economy
	1.2. Fundraising	1.2.1. Raising funds at the level of financing instruments
	1.3. Implementation of the funds allocated to the financing facilities	1.3.1. Use of funds of loan facilities
		1.3.2. Use of guarantee funds
		1.3.3. Use of funds for venture capital facilities
2. Sound financial management of NDI	2.1. Non-loss-making INVEGA activities (sustainable growth)	2.1.1. Maintaining a positive ROE
	2.2. Financial stability	2.2.1. Payment of dividends to the shareholder (state)
		2.2.2. Adequacy ratio of provisions for guarantees provided directly
3. Developing a culture based on sustainability practices	3.1. Sustainability principles	3.1.1. Developing INVEGA's sustainability strategy
		3.1.2. (S) Assessment of the level of employee involvement in the selection of the methodology applied in the market
		3.1.3. (G) High good governance index
4. Development of the green finance institute	4.1. Establishment of the green finance competence centre	4.1.1. Developing green finance institute strategy
	4.2. Green finance ecosystem development (expansion)	4.2.1. Establishment of a permanent platform (involving the public and private sectors)
5. Improvement of business processes	5.1. Strategic development and coordination of activities	5.1.1. Harmonisation of essential processes completed
		5.1.2. A long-term strategy for INVEGA has been developed
	5.2. Automation of business processes	5.2.1. Preparation of the strategy for the development of the customer service information system
	5.3. Managing INVEGA acceptable risk levels	5.3.1. Identifying risk appetites
6. Building a customer-centric organisation	6.1. High customer satisfaction with INVEGA services	6.1.1. Maintain a high level of customer referrals (Net Promoter Score, NPS)
	6.2. Raising awareness of INVEGA activities and the administered financing instruments	6.2.1. Maintain a high level of awareness among businesses of the financial instruments administered by INVEGA and their benefits

4.3. Targets for the consolidated NDI in 2023

During the reporting period, all NDI prior to full consolidation were operating in accordance with the latest approved strategies for 2022-2024 or 2023-2025 and were ensuring that the goals, objectives and performance indicators set out in these strategies were met during the transition period.

The objectives and targets of the consolidated companies are presented in the strategic documents approved by them:

VIPA – Strategic Activity plan 2022-2024:
https://invega.lt/doclib/2dpe6lktohkbtjqkbp43n7ua43qx4uq2;
ŽŪPGF – Strategic Activity plan 2022-2024:
https://invega.lt/doclib/wanekyw7jk0d5yjhj51m8r2xfyn2s5er;

Ongoing monitoring of the implementation of the strategic plan of consolidated enterprises is carried out at the level of the implementation of the facilities of the annual plan, taking into account the established deadlines for the implementation of the facilities and the targets. The activity plans of the reorganised VIPA and ŽŪPGF for 2023 and the results of the implementation of these plans are presented in Tables 16 and 17.

Meeting VIPA's objectives in 2023

Table 16. Assessment of the indicators for the objectives of the VIPA Strategic Plan 2022-2024 for 2023

Strategic objective	Indicator	Indicator values 2022 fact	2023 plan	2023 fact
Development of incentive-based financial instruments in areas where there is a market failure	Pooled funds, EUR million	765.7	850	1.854
	Measures are implemented to finance projects in public infrastructure and the public interest, unit	≥18	≥19	19
	Additional funds raised (at project or financial instrument/fund level), EUR million	442.67	490	440.6
Development of incentive-based financial instruments in areas where there is a market failure	Disbursements to final beneficiaries (KPF, SPF, VF, ENEF), EUR million	21.56	26	24.27
Implementing sustainability processes in corporate and financing processes	Embedding sustainability in your company and its operations	Updating the company's environmental and social policy	VIPA project evaluation procedures and processes revised and adapted	-*
Financial stability and reliability of the company	Capital adequacy ratio, %	94.24	≥20	-*
	Earnings before interest, tax, depreciation and amortisation (EBITDA), EUR million	1.31	≥1.1	-*
	Implementing and maintaining ISO 27001, the IT governance standard	Assessment was carried out to determine compliance with the purchased standard	Certificate was issued	-*
Optimisation and efficiency of the company's internal processes according to the requirements of the selected assessment	A nationally recognised rating has been given	A	A	A+
Strengthening the company's human capital	Voluntary employee turnover after the probationary period, %	5.44	≤17	-*
Partner orientation	Employee satisfaction, %	85%	Higher than the Lithuanian average but at least 75	-*
	Partner satisfaction, %	93%	80%	92%
	VIPA's visibility among priority target groups, %	96%	82%	-*
Partner orientation Customer-centric	Number of contracts signed with partners, unit	40	43	-*
	Proportion of completed projects achieving the objectives of the programme/financial instruments/facilities, %	100%	95%	98.5%
	Customer satisfaction with the quality of VIPA services, %	91%	85%	82%

** – The achievement of the indicator is not assessed due to the consolidation that has taken place*

Meeting ŽŪPGF's objectives in 2023

Table 17. Assessment of the indicators for the objectives of the ŽŪPGF Strategic Plan 2022-2024 for 2023

Strategic objective	Tasks	Indicator, units of measurement	Target indicator value		
			2022 fact	plan 2023	fact 2023
Facilitate borrowing conditions through innovative and efficient financing models and instruments	To increase the scope of guarantee provision within the limits of the guarantee limit set by the State	Amount of guarantees, EUR million.	40	60.3	60.7
	Contributing to the preservation and creation of jobs in rural areas	Number of jobs created and safeguarded for rural people, unit	3000	3030	3825
	Making borrowing more attractive by reducing the cost of borrowing for economic operators by offsetting part of the margin	Number of operators who have received a partial reimbursement of the guarantee premium, unit	150	200	602
	Increasing the attractiveness of borrowing, reducing the cost of borrowing for economic operators by offsetting part of the interest paid by economic operators	Number of economic entities that have received partial reimbursement of credit interest, unit	1600	1500	1874
Promoting the activities of economic operators, increasing the competitiveness and development of farms	Expanding financial support services	Developing new financial instruments, units	1	1	2
	Implementing financial measures for operators active in agriculture, food, alternative activities and fisheries	Number of beneficiaries of soft loans	1700	1400	2280
Manage the risks you take	To carry out the monitoring of the guarantees provided, taking into account the risk of guarantees and possible losses of the Company due to the non-fulfilment of warranty obligations	Ratio of guarantee obligations discharged to financial institutions and guarantees provided, %	5	4.5	1.32**
	Aim and monitor the adequacy of provisions for guarantee liabilities	Indicator of provisions available for guarantee liabilities and risk exposure under guarantees, %	102	>100	-*
Optimise the process of providing guarantees and the quality of services provided	To achieve the fastest possible decision-making on the provision of individual guarantees	Decision-making on the granting of a guarantee, average in days (from receipt of documents from financial institutions to the Company's decision)	5	5	4.9
	Increase economic operators' satisfaction with the services provided	Quality of services, % (positive feedback/all feedback	75	80	-*
Creating an organisational culture based on the Company's values	Enhancing the professionalism and competence of our staff in order to improve the efficiency of the Company's business processes	Organisation of refresher seminars, training courses, number unit	2	2	6
	Maintaining the Company's good staffing levels and low staff turnover	Ratio of the number of employees who worked the full accounting year to the average number of employees on the list, %	90	90	88***
Ensuring the Company's non-profitable operations	Pursue profitable activities	Net profitability on an increasing basis (net profit/sales from operating activities), %	15.6	23	-*
		Return on equity, % (net profit / equity)	6.4	14	-*
	Achieving efficient use of the Company's assets	Operating income to assets ratio, %	6.5	11	-*
Implementing coherent and strategic financial planning	Ensuring investment returns by reducing investment risk	The share of investments in a single credit institution in the total investment portfolio, %	≤10	≤10	5.1

** – the indicator is not evaluated due to the consolidation that has occurred*

*** – the indicator does not exceed the planned/forecast ratio, i.e. lower than the forecast.*

**** – after the consolidation 22 employees were transferred (at the beginning of the year there were 25), who worked at the end of the year,*

4.4. Mission, vision, strategic goals of subsidiaries

Coinvest Capital's mission, vision and strategic objectives

INVEGA has established a subsidiary, Coinvest Capital, in order to efficiently implement venture capital instruments and to ensure proper execution and management of venture capital investments. Coinvest Capital is a venture capital fund management company. The company's principal activities are to establish and manage venture capital funds, to invest venture capital and to provide investment and financial advisory services.

In 2017, INVEGA and Coinvest Capital established an umbrella co-financing venture capital fund, which invests capital in start-ups and private Lithuanian companies that are expanding their businesses together with private investors. The Fund operates as a limited partnership, with INVEGA as the limited partner and principal investor and Coinvest Capital as the general partner and investment manager. During the period under review, the Limited Partnership Koinvesticinis fondas made 8 investments in target companies.

The operating principles and values of Coinvest Capital are the same as those of INVEGA, and the objectives and indicators are set in accordance with the objectives set for INVEGA and apply as far as the financial instruments entrusted to Coinvest Capital for implementation are concerned.

VIVA's mission, vision, strategic objectives

VIVA's operational vision is not so much focused on a specific financing transaction and the financing of a specific business, but on the wider impact of this transaction on participants in the value chain and other operating parties experiencing negative social consequences.

VIVA's activities are focused on the implementation of incentive financial facilities through the management of the BAF, the aim of which is to help medium-sized and large companies operating in Lithuania facing the challenges posed by COVID-19 and to prepare for the economic recovery period after the end of the COVID-19 pandemic. VIVA shall act as a full limited partner with a contribution of EUR 1. VIVA receives all its income from the BAF management fee.

The investment period of the BAF expired on 1 July 2022 and the current regulatory framework does not allow for the replenishment of the BAF with new investments. During the reporting period, VIVA implemented only the monitoring of the formed portfolio, the collection of investments, the proper management of emerging risks and continues the judicial recovery of debt from the problematic borrower and pledged assets.

During the consolidation, the absolute majority of employees were transferred to INVEGA, where, acting as INVEGA employees, they provide BAF management services to VIVA. VIVA, as a full member of the BAF, continues to operate as a separate legal entity (INVEGA subsidiary) due to legal regulation requirements, acting as a full member until all obligations related to the concluded BAF transactions are fulfilled. The aim is to meet the needs of BAF customers related to the fulfilment of existing obligations, adjustment to the changes in the customer's activities, the need for additional financing.

In the event of changes in the financial markets (in the event of a drop in the profitability of new bonds and other newly issued debt securities), it is planned to realise part of the investments of the BAF in the secondary market or otherwise exit the investments early.

The VIVA Strategic Activity plan 2023-2025 was prepared in the context of the consolidation of national development institutions. In 2023, the objectives of VIVA, the Management Board and the CEO are the same.

After the consolidation process has been carried out accordingly, the VIVA strategic activity plan is not prepared, and the INVEGA 2024 strategic activity plan also included aspects related to VIVA (e.g. objectives, indicators, etc.).

5. Specific obligations

Special obligations are understood as functions of a state-controlled enterprise that it is obliged to perform by law or by the resolutions of the GRL in order to ensure the implementation of specific social, strategic and political objectives of the state. Special obligations are functions performed by the enterprise or relevant activities for the performance of which state budget appropriations are allocated or the performance of which is financed by the EU and/or other funds, or when the costs of performance are covered by income from other activities performed by the enterprise; or the performance of the function in question is a public administrative function.

Notably, INVEGA and its group of companies are largely engaged in the fulfilment of their specific obligations, while their commercial activities are insignificant. INVEGA's commercial activities during the reporting period were insignificant, whereas in previous periods INVEGA's activities were all about the fulfilment of its special obligations, and the separation of the accounting and reporting of the special obligations in the company's balance sheet and profit and loss account is not relevant.

The implementation of INVEGAI activities is entrusted by Resolution No. 887 of the GRL of 11 July 2001 "On the activities of the private limited liability company Investicijų ir verslo garantijos and other legal acts". All INVEGA's activities are financed from the state budget and EU and other funds.

<u>INVEGA's specific obligations include:</u>

- Guarantee activities of a guarantee institution set up by the State;
- Administration activities of the Implementing Authority and/or global grant manager, compensation measures;
- Functions of the manager of holding funds, funds of funds, Innovation Promotion Fund and/or individual financial engineering, incentive financial instruments and financial facilities (activities of the implementation of these instruments).

Since INVEGA became the owner of all the shares of the subsidiaries before the these companies joined INVEGA, the subsidiaries have complied with the following special obligations:

VIVA:

provision of liquidity to medium and large enterprises through the implementation of the Promotional Financial Instrument "Business Aid Fund". After the consolidation, VIVA continues to implement this obligation as a subsidiary of INVEGA;

VIPA:

- creation and implementation of incentive financial instruments and implementation of related activities;

ŽŪPGF:

- administration of financial instruments; administration
- administration of the licensed warehouse compensation fund (activities not transferred to INVEGA);
- administration of compensation of part of the interest and part of the guarantee premium.

In view of the consolidation of the Lithuanian National Development Institutions implemented on 1 August 2023, whereby VIPA and the Agricultural Development Fund were merged into INVEGA and INVEGA was appointed as the parent company of VIVA, INVEGA has submitted to the VKC its proposals on the post-consolidation special obligations of INVEGA:

- guarantee activities of a guarantee institution set up by the State;
- provision of grants, including conditional grants, and/or subsidies, including reimbursable subsidies, where they relate to a financial instrument, financial service or incentive financial

instrument, and the performance of the functions of an intermediate body in the field of the administration of the management and control system for the 2014-2020 EU Structural Funds;
- management of holding funds, funds of funds, special funds and implementation of individual financial engineering, incentive financial instruments and financial facilities;
- Activities of the Green Finance Institute.

It is planned that after considering the submitted proposals, the VKC will initiate an amendment to the Order of the Ministry of Economy and Innovation of the Republic of Lithuania of 16 March 2021 No. 4-193 "On the Approval of the List of Special Obligations to be Carried Out by the State-Owned Undertakings and their Subsidiaries", accordingly.

5.1. Guarantee activities of a guarantee institution established by the State

The guarantee function of the guarantee institution set up by the State includes the provision of individual guarantees, except for those provided under guarantee instruments implemented by holding funds or funds of funds: provision of loan guarantees, leasing guarantees, export credit guarantees, guarantees for the performance of obligations of tour operators. The provision of guarantees under guarantee instruments implemented by holding funds or funds of funds falls under the activities of holding funds, funds of funds, management of special funds and implementation of individual financial engineering, incentive financial instruments and financial facilities. In order for individual guarantees to be provided on preferential terms and have an incentive character, the state budget appropriations must compensate or finance a part of the guarantee payments paid for the fulfilment of INVEGA's obligations under the guarantees provided (the compensated part amount to between 90 and 100%). In the case of individual guarantees to promote investments in the agricultural sector, borrowers are subsidised from the state budget for a part of the guarantee compensation payable.

Legislation entrusting INVEGA with the implementation of this special obligation is Resolution of the GRL of 11 July 2001 No. 887 "On the Activities of the Private Limited Liability Company Investments and Business Guarantees" with subsequent amendments.

Legislation laying down the conditions for the implementation of this specific obligation:

1. RL Law on State Debt;
2. Resolution No 887 of 11 July 2001 of the Government of the Republic of Lithuania "On the Activities of the Private Limited Liability Company "Investment and Business Guarantees", as amended;
3. Regulations on the Provision of Individual Loan Guarantees, approved by Order No 4-896 of the Minister of Economy and Innovation of the Republic of Lithuania of 11 August 2021, as amended;
4. Regulations on the Provision of Guarantees for Financial Lease (Leasing), approved by Order No 4-617 of the Minister of Economy and Innovation of the Republic of Lithuania of 30 October 2019, as amended;
5. Regulations on the Provision of Performance Guarantees for Travel Organisers, approved by Order of the Minister of Economy and Innovation of the Republic of Lithuania No. 4-557 of 10 July 2020, as amended;
6. Regulations on the Provision of Export Credit Guarantees, approved by Order of the Minister of Economy and Innovation of the Republic of Lithuania No 4-620 of 30 October 2019, as amended;
7. State aid scheme for financial engineering facility "Guarantees for start-ups", approved by Order of the Minister of Social Security and Labour of the Republic of Lithuania No A1-557 of 11 October 2016, as amended;
8. Regulations on Individual guarantees to financial institutions for the provision of loans and leasing services to economic entities whose activities are related to agriculture, production and processing

of agricultural products, forestry, rural development, aquaculture and fisheries, approved by Order of the Minister of Agriculture of the Republic of Lithuania No 3D-624 of 14 November 2019, as amended.

Authorities and legislation governing pricing:

1. The MEI RL may, by adopting the relevant regulations or rules and regulations on the provision of guarantees, establish specific pricing (e.g. the regulations on the provision of guarantees for the fulfilment of the obligations of tour operators stipulate that these guarantees are non-remunerated);
2. Rules on the compensation of the partial guarantee for the fisheries sector, approved by Order No 3D-412 of the Minister of Agriculture of the Republic of Lithuania of 14 September 2007, as amended;
3. Rules for the compensation of the guarantee for borrowers engaged in primary production, processing, marketing and/or other activities related to agriculture, approved by Order No 3D-161 of the Minister of Agriculture of the Republic of Lithuania of 12 April 2007, as amended;
4. Where the guarantee regulations do not specify specific pricing, it is determined by the INVEGA Management Board by approving the percentage(s) of the guarantee remuneration and the rules for its application. The amount of the guarantee remuneration takes into account the amount of the guarantee payment compensation applied in the implementation of Resolution of the GRL No 887 of 11 July 2001 "On the Activities of the Private Limited Liability Company Investicijų ir verslo garantijos", with subsequent amendments, to the projected respective guarantee volumes, their riskiness, loss, guarantee administration costs.

5.2. Functions of the implementing authority and/or global grants manager, administration of reimbursement measures

The function involves the provision of financial support in the form of grants or subsidies to SMBs, other entities operating in state-supported sectors or beneficiaries meeting the established criteria. The function covers the entire process of providing and administering funding, including, but not limited to, the evaluation of applications, decision-making, calculation of the amount of compensation or other funding, disbursement of funds to final beneficiaries, monitoring of indicators, sample checks and other functions of the implementing authority and/or global grants manager.

Legislation entrusting INVEGA with this specific obligation:

1. Resolution No 887 of 11 July 2001 of the Government of the Republic of Lithuania "On the Activities of the Private Limited Liability Company "Investment and Business Guarantees", as amended;
2. Resolution of the Government of the Republic of Lithuania of 4 June 2014 No. 528 "On the allocation of responsibilities and functions among institutions in implementing the 2014–2020 Action programme for European Union Structural Funds Investments and preparing for the implementation of the 2021–2027 Investment Programme for European Union Funds."

Legislation laying down the conditions for the implementation of this specific obligation:

1. Description of the terms and conditions of the facility "Compensation of interest to small and medium-sized enterprises", approved by Order No 4-306 of 13 May 2020 of the Minister of the MEI RL, as amended;
2. Rules on the facility for the reimbursement of interest paid on loans and leasing services to finance guaranteed investments, approved by Order No 3D-877 of the Minister of the MoA RL of 20 November 2014, as amended;
3. Rules on the compensation of interest paid by operators engaged in primary agricultural production and/or processing of agricultural products and affected in 2023 by heavy winds, heavy storms and/or very large hailstones on loans granted, approved by Order No 3D-711 of 30 October 2023 of the Minister of the MoA RL ;

4. Scheme of the State aid facility "Interest and guarantee reimbursement to the fisheries sector during the outbreak of COVID-19", approved by Order No 3D-601 of 14 August 2020 of the Minister of MoA RL, as amended;
5. Rules for the reimbursement of interest paid by operators engaged in the primary production, processing and/or marketing of agricultural products for loans for the purpose of replenishing working capital and/or acquiring biological assets and for the purpose of replenishing working capital under factoring agreements with an individual guarantee, approved by Order No 3D-691 of the Minister of the MoA RL of 16 September 2015, as amended;
6. Description of the procedure for awarding and repaying grants to municipalities, approved by Order No 1K-213 of the MoF RL of 26 May 2016, as amended;
7. Description of the procedure for the payment of compensatory payments under the Climate Change Programme for the renovation of municipal public buildings, approved by Order No D1-828 of the Minister of the MoE RL of 28 December 2020;
8. Description of the procedure for allocating additional funding from the Climate Change Programme for public buildings in central government, approved by Order of the Minister of Energy of the Republic of Lithuania No 1-270 of 14 September 2022, as amended;
9. Description of the Terms and Conditions for Financing of Wastewater Collection Network Development Projects, approved by Order No D1-189 of the Minister of the MoE RL of 29 March 2019, as subsequently amended;
10. Rules for partial reimbursement of interest on loans and financial lease (leasing) services provided to the fisheries sector, approved by Order No 3D-41 of 14 September 2007 of the Minister of the MoA RL , as amended;
11. Description of the conditions of the facility "Promotion of the listing of securities on the stock exchange", approved by Order of the Minister of MEI RL No 4-808 of 20 July 2021, as amended;
12. Description of the terms and conditions for financing projects under Priority 7 "Promoting quality employment and participation in the labour market" of the facility No 07.3.3-IVG-T-428 "Subsidies for business start-ups" of the action programme for Investment of European Union Funds 2014-2020,, approved by Order No A1-390 of the Minister of the MSSL RL of 17 July 2017, as amended.

<u>Authorities and legislation governing pricing:</u>

The amounts and rates for the provision of financing are regulated in the descriptions of the relevant facilities. In the case of a global grant, INVEGA provides the respective services to the applicants free of charge. The costs incurred by INVEGA for the implementation, publicity and administration of the facility are reimbursed from the state budget and/or the 2014-2020 EU Technical Assistance Programme. Operating costs do not include the company's return on capital or profit margin or the portion of the remuneration not based on eligible costs.

5.3. Functions of the manager of holding funds, funds of funds, Innovation Promotion Fund and/or individual financial engineering, incentive financial instruments and financial facilities (activities of the implementation of these instruments)

The function includes the establishment and management of holding funds, funds of funds, the Innovation Incentive Fund (hereafter referred to in this chapter as the Funds or the Fund), and the performance of the functions of the Manager of the Funds under management.

The manager of the relevant Fund performs the following functions:

- performs the actions of the Foundation's establishment and regulation of its activities;

- develops the instruments financed by the Fund and ensures their implementation in accordance with the Fund's investment strategy and plan;
- review the Fund's investment strategy and plan;
- selecting, negotiating and signing contracts with managers of facility (financial intermediaries) financed by the Fund;
- manages the portfolio of facility financed by the Fund;
- performs monitoring and control of the activities of the managers (financial intermediaries) of the measures financed by the Fund.

The functions of the manager of a financial engineering instrument, incentive financial instrument or financial facility (hereinafter referred to in this chapter as the Facility or the Facility) are:

- Implement the facility in accordance with the facility's agreed investment strategy;
- Review the facility's investment strategy;
- Assess applications submitted by the final beneficiaries (final beneficiaries) of the facility, and takes decisions on their eligibility and funding;
- Monitoring the implementation of projects financed by the facility, monitoring the expected results and collecting information;
- Perform portfolio management of projects financed by the facility.

Legislation entrusting INVEGA with this specific obligation:

1. Resolution No 887 of 11 July 2001 of the Government of the Republic of Lithuania "On the Activities of the Private Limited Liability Company "Investment and Business Guarantees", as amended;
2. Resolution No. 910 of the GRL of 12 September 2018 On the Implementation of the Law on National Development Institutions of the Republic of Lithuania and the Law on the Innovation Promotion Fund of the Republic of Lithuania
3. Resolution of the GRL of 17 October 2018 No. 1046 "On the assignment to carry out the activities of the national development body" as amended;
4. Resolution of the GRL of 5 August 2015 No. 814 "On amending Resolution No 1367 of the Government of the Republic of Lithuania of 4 November 2003" "On the Implementation of the Law on Investments of the Republic of Lithuania";
5. Agreements on the establishment and financing of the funds, signed between the founders of the respective Funds (MEI RL, MoF RL, MoE RL, MoA RL, MoE RL, MoC RL, LR Ministry of Education, Science and Sports, MSSL RL, MTC RL and other appropriation managers), whose funds finance the activities and management of the respective Fund.

Legislation laying down the conditions for the implementation of this specific obligation:

1. Rules for the implementation of incentive financial instruments financed from the budget of the GRL, approved by the Resolution No 910 of the GRL of 12 September 2018 (wording of Resolution No 59 of the GRL of 22 January 2020);
2. Rules for implementing financial instruments, approved by Order No 1K-326 of the MoF RL of 16 October 2014;
3. Order No 1K-237 of the Minister of the MoF RL of 22 June 2022 "On the implementation of the European Union Funds Investment Programme 2021-2027 and the Economic Recovery and Resilience Plan "Next Generation Lithuania";"
4. Conditions, descriptions and aid schemes for financing specific financial engineering facilities and financial instruments.

Authorities and legislation governing pricing:

The responsible ministries (MEI RL, MoF RL, MoE RL, MoA RL, MoE RL, MoC RL, LR Ministry of Education, Science and Sports, MSSL RL, MTC RL and others), acting as the founder of the respective fund, determine in the agreements on the setting up and financing of the fund, the remuneration to be paid to INVEGA for the management of the respective fund and the implementation of the measures financed by the fund, and/or the compensation of the fund's management and operating expenses.

Performance of the Group's special obligations

As INVEGA's performance on the specific obligations is largely focused on the commercial activities, and the commercial activities are insignificant, the indicators used to measure progress on the performance of the specific obligations are in line with the company's overall performance indicators and their target values. Assessment indicators and target needs are set for specific areas of activity and/or specific implementation measures.

As of 1 January 2016, holding funds, funds of funds, the Innovation Incentive Fund and/or separate financial engineering, incentive financial instruments, where a fund of funds is not established, are treated as separate public sector entities, all economic transactions and events are recorded in the respective entity's accounting records, and the annual financial statements and notes are prepared in accordance with the requirements of the Public Sector Accounting and Financial Reporting Standards and published on the INVEGA webpage.

In accordance with the provisions of the IFRS, the assets and liabilities of holding funds and funds of funds are not assets and liabilities of the Group and are therefore disclosed for disclosure purposes and include only the Group's assets and liabilities, income and expenses as manager.

Table 18. Performance of the Group specific obligations

Specific obligation		Purpose of the specific obligation	Source of financing for the specific obligation	Balance of the amount of funding allocated to the specific commitment 2023-12-31 ((3) in the case of a specific obligation) and/or the amount of funding committed in 2023 (2)) in the case of a Specific obligation), EUR million	Amount of funds managed by the Specific obligation* 2023-12-31, EUR million	Balance sheet assets of the Specific obligation as at 2023-12-31, EUR million	Revenue of the Specific obligation 2023 are reflected in the financial statements of the respective Fund of Funds, EUR million	*Revenue of the Specific obligation Groups shown in 2023 2023-12-31 In the financial statements*	Costs of carrying out the specific obligation** 2023-12-31, EUR million	*The cost of the special obligation is reflected in the Group's Financial Statements as at 2023-12-31*	Note
1. Guarantee activities of a guarantee institution established by the State		Provision of financial services for business, provision of individual guarantees by the State-guaranteed guarantee institution	Guarantee compensation paid by economic entities, state budget funds of the Republic of Lithuania, INVEGA Fund, Entrepreneurship Promotion Fund	***	-		-	*1.130*	-	*(0.071)*	-
		Provision of financial services for agriculture, provision of individual guarantees by the State-guaranteed guarantee institution	Remuneration of the guarantee paid by economic entities, funds of the state budget of the Republic of Lithuania	1.953	148.249		-	*1.559*	-	*(0,345)*	
	TOTAL			***1.953***	***148.249***		***-***	***2.689***	***-***	***(0,416)***	
2. Administrative activities of the implementing body and/or global grant manager, compensation measures	Project No. 11.0.1-CPVA-V-201-01-01 UAB Investicijų ir verslo garantijos – Administration of the Action Programme	To perform the functions assigned to UAB Investicijų ir verslo garantijos for the administration of EU fund investments	EU Funds and co-financing funds	0.159	-			0.159		*(0,166)*	-
	Compensation facility "Partial reimbursement of rents for the enterprises most affected by COVID-19""	Partial reimbursement of rents for businesses affected by the COVID-19 outbreak	State budget funds of the Republic of Lithuania	-	-		-	-	-	*(0.001)*	-
	Compensation facility "Interest compensation for small and medium-sized enterprises"	Partial reimbursement and management of interest (via INVEGA)	State budget funds of the Republic of Lithuania	0.828	15.653	91.090	-	0.828	-	*(0,956)*	-
	Interest compensation for operators in the agricultural sector	Partial reimbursement and management of interest (Agriculture sector: Covid-19, for short-term/biological assets, investment and credit loans, fisheries)	State budget funds of the Republic of Lithuania	0.088	6.860		-	0.088	-	*(0.091)*	-
	Reimbursement of guarantee premiums for operators in the agricultural sector	Reimbursement of guarantee premiums for operators in the agricultural sector (leasing or investing)	State budget funds of the Republic of Lithuania	0.088	1.791		-	0.088	-	(0.092)	-
	Grants for municipal buildings	Allocation of grants to municipalities to ensure own contribution	State budget funds of the Republic of Lithuania	-	0.019		-	-	-	*(0,152)*	-
	Climate change refund subsidy	Provision of a repayable grant to budgetary bodies implementing public building renovation projects without the right to borrow	State budget funds of the Republic of Lithuania	0.225	2.283		-	0.225	-	*(0,246)*	-
	Reimbursement facility "COVID-19 research compensation for small and medium-sized businesses"	Provision of subsidies to businesses and self-employed persons, reimbursing the market fee to traders, helping businesses maintain liquidity and to stimulate traders' activities	State budget funds of the Republic of Lithuania	-	-		-	-	-	*(0.004)*	-
	TOTAL			***1.387***	***26.606***	***91.09***	***-***	***4.076***	***-***	***(1,708)***	***-***

Specific obligation		Purpose of the specific obligation	Source of financing for the specific obligation	Balance of the amount of funding allocated to the specific commitment 2023-12-31 ((3) in the case of a specific obligation) and/or the amount of funding committed in 2023 (2)) in the case of a Specific obligation), EUR million	Amount of funds managed by the Specific obligation* 2023-12-31, EUR million	Balance sheet assets of the Specific obligation as at 2023-12-31, EUR million	Revenue of the Specific obligation 2023 are reflected in the financial statements of the respective Fund of Funds, EUR million	*Revenue of the Specific obligation Groups shown in 2023 2023-12-31 In the financial statements*	Costs of carrying out the specific obligation** 2023-12-31, EUR million	*The cost of the special obligation is reflected in the Group's Financial Statements as at 2023-12-31*	Note
3. Functions of the manager of holding funds, funds of funds, Innovation Promotion Fund and/or individual financial engineering, incentive financial instruments and financial facilities (activities of the implementation of these instruments)	INVEGA fund	To encourage the supply of credit to SMBs, to reduce the financial burden on SMBs due to lending in the short term and to promote the development of SMBs and the establishment of new SMBs in the long term. The Fund was financed by the Action programme for Economic Growth 2007-2013 (the AP) under Objective 3 "Improve SMEs' access to finance" of its Priority 2 "Improving business productivity and the business environment", and is being used for the same purposes once the funds have been returned. To achieve these objectives, the Fund finances loan funds providing loans to SMEs, guarantee funds guaranteeing loans and leasing transactions to business entities and export transactions, venture capital funds that invest in corporate capital, thus promoting the development of capital markets in Lithuania and helping micro, small or medium-sized enterprises to attract financing necessary for development. Incentive financial measures are implemented with the funds of the state budget of the Republic of Lithuania, the aim of which is to facilitate access to financing for businesses affected by the coronavirus (COVID-19) pandemic and thus preserve business continuity.	Repayments and/or repayments, funds of the State Budget of the Republic of Lithuania	786.660	464.997	827.488	(14.677)	3.182	15.260	*(3,182)*	More: https://invega.lt/veikla/veiklos-ataskaitos/invegos-fondas/68
3. Functions of the manager of holding funds, funds of funds, Innovation Promotion Fund and/or individual financial engineering, incentive financial instruments and financial facilities (activities of the implementation of these instruments)	Business financing fund financed by the European Regional Development Fund	Increase the country's entrepreneurial spirit, reduce unemployment and contribute to its economic growth. As part of the implementation of the Fund, Financial Instruments are being developed to encourage companies to invest in the acquisition and installation of new production technology lines, upgrading of existing production technology lines, installation of the company's internal utility networks, which are necessary for the installation of new production technological lines or upgrading of existing ones, introduction of modern and efficient technologies in the service sectors, as well as ensuring the functioning of these production and service delivery capacities, also, Financial instruments to facilitate access to sources of funding for companies	European Union structural funds, returned and returning funds	169.510	142.384	193.260	1.638	1.376	(1,635)	*(1,376)*	More: https://invega.lt/veikla/veiklos-ataskaitos/verslo-finansavimo-fondas/69

Specific obligation		Purpose of the specific obligation	Source of financing for the specific obligation	Balance of the amount of funding allocated to the specific commitment 2023-12-31 ((3) in the case of a specific obligation) and/or the amount of funding committed in 2023 (2)) in the case of a Specific obligation), EUR million	Amount of funds managed by the Specific obligation* 2023-12-31, EUR million	Balance sheet assets of the Specific obligation as at 2023-12-31, EUR million	Revenue of the Specific obligation 2023 are reflected in the financial statements of the respective Fund of Funds, EUR million	*Revenue of the Specific obligation Groups shown in 2023 2023-12-31 In the financial statements*	Costs of carrying out the specific obligation** 2023-12-31, EUR million	*The cost of the special obligation is reflected in the Group's Financial Statements as at 2023-12-31*	Note
		carrying out or intending to carry out research and experimental development and innovation activities, support for financing models that meet the needs of SMEs is also being implemented, which would allow ensuring the availability of financial sources for business, with a special focus on new business.									
	Entrepreneurship Promotion Fund 2014-2020, financed by the European Social Fund	The activities of the Facility aim to promote entrepreneurship and self-employment. The Facility enables micro and small enterprises and individuals to start their own businesses, thereby facilitating SMEs' access to funding sources and providing resources necessary for business start-ups in the form of a preferential loan, helping to implement the business plan. Start-up finance is provided, which encourages people to explore and implement business ideas. The facility directly implements Objective 7.3.3 of Priority 7 of the Action programme Promoting quality employment and participation in the labour market – Increase labour demand by promoting entrepreneurship among the population, especially those facing difficulties in the labour market.	European Union structural funds, returned and returning funds	31.762	7.281	32.492	0.218	0.362	(0,218)	*(0,362)*	More: https://invega.lt/veikla/veiklos-ataskaitos/verslumo-skatinimo-fondas-2014-2020/70
	Financial facility "Co-investment fund for communication"	The activities of the Financial facility are aimed at implementing a pilot venture capital financial instrument, the aim of which is to encourage the emergence of SMEs developing mobility services and products, intelligent transport systems (its) and innovative transport technologies that reduce CO2 emissions from transport. The financial instrument directly implements Objective 4.5.1 "Promote sustainable mobility and develop environmentally friendly transport to reduce carbon dioxide emissions" of Priority 4 of the Action programme "Promoting energy efficiency and the production and use of energy from renewable sources".	European Union structural funds, returned and returning funds	0.630	0.600	0.756	0.370	0.023	(0,370)	*(0.023)*	More: https://invega.lt/veikla/veiklos-ataskaitos/ko-investicinis-fondas-susisiekimui/73
	Innovation Promotion Fund	Encourage investment in basic and/or applied research and/or experimental development and/or innovative activities and create the long-term preconditions for securing incentive funding in these areas	RL state budget funds, EU Economic Recovery and Resilience Facility funds	116.670	7.219	117.310	3.820	0.645	3.820	*(0,526)*	More: https://invega.lt/veikla/veiklos-ataskaitos/inovaciju-skatinimo-fondas/72

Specific obligation		Purpose of the specific obligation	Source of financing for the specific obligation	Balance of the amount of funding allocated to the specific commitment 2023-12-31 ((3) in the case of a specific obligation) and/or the amount of funding committed in 2023 (2)) in the case of a Specific obligation), EUR million	Amount of funds managed by the Specific obligation* 2023-12-31, EUR million	Balance sheet assets of the Specific obligation as at 2023-12-31, EUR million	Revenue of the Specific obligation 2023 are reflected in the financial statements of the respective Fund of Funds, EUR million	*Revenue of the Specific obligation Groups shown in 2023 2023-12-31 In the financial statements*	Costs of carrying out the specific obligation** 2023-12-31, EUR million	*The cost of the special obligation is reflected in the Group's Financial Statements as at 2023-12-31*	Note
	Defence Innovation Fund	The aim of the Fund is to promote experimental development and innovative activities in the field of defence and security in Lithuania. The mission of the Fund is to provide state support by assuming primary risk by investing in emerging and promising micro, small and medium-sized enterprises in the field of defence and security.	State budget funds of the Republic of Lithuania	13.797	-	13.947	1.034	0.051	(1,034)	*(0.051)*	More: https://invega.lt/veikla/veiklos-ataskaitos/gynybos-investiciju-fondas/74
	Rural Development Financial Instruments Fund	The aim of the Fund is to increase the accessibility of financial services to economic operators active in the fields of agriculture, production and processing of agricultural products and rural development and to contribute to the objectives of the Lithuanian Rural Development Programme 2014-2020, financed by the European Agricultural Fund for Rural Development and the state budget to achieve this, the possibility of using financial instruments to provide support was envisaged. The investments are intended to contribute to the second and third priorities of the EU's rural development policy by investing in improving the competitiveness of agriculture and food, by providing financial support for the modernisation of the production/processing of agricultural products, for innovation, introduction of new technologies, for increasing labour productivity and for improving resource efficiency.	Structural Funds of the European Union, State budget funds of the Republic of Lithuania	20.185	1.559	21.273	0.176	0.039	(0,150)	*(0.039)*	More: https://www.invega.lt/veikla/veiklos-ataskaitos/kaimo-pletros-programos-finansiniu-priemoniu-fondas/355#c-68/t-194
	Loan fund	The aim of the Fund is to increase the competitiveness of the agricultural and rural business sector, to accelerate the absorption of funds under the Lithuanian Rural Development Programme for 2007-2013 and to create more favourable financing opportunities for business development.	European Union structural funds, returned and returning funds	6.060	2.733	6.110	0.122	0.018	(0,122)	(0.018)	More: https://www.invega.lt/veikla/veiklos-ataskaitos/paskolu-fondas/353#c-66/t-192
	Fund of Funds "Agriculture Fund"	The aim of the Fund is to increase the availability of financial services to economic entities operating in the fields of agricultural activities, production of agricultural products, processing and rural development through the implementation of financial instruments, thus promoting economic development of the agricultural sector, increasing the competitiveness of the	State budget funds of the Republic of Lithuania	136.436	124.044	138.312	19.916	0.653	(19,916)	(0,653)	More: https://www.invega.lt/veikla/veiklos-ataskaitos/zemes-ukio-fondas/354#c-67/t-193

Specific obligation	Purpose of the specific obligation	Source of financing for the specific obligation	Balance of the amount of funding allocated to the specific commitment 2023-12-31 ((3) in the case of a specific obligation) and/or the amount of funding committed in 2023 (2)) in the case of a Specific obligation), EUR million	Amount of funds managed by the Specific obligation* 2023-12-31, EUR million	Balance sheet assets of the Specific obligation as at 2023-12-31, EUR million	Revenue of the Specific obligation 2023 are reflected in the financial statements of the respective Fund of Funds, EUR million	*Revenue of the Specific obligation Groups shown in 2023 2023-12-31 In the financial statements*	Costs of carrying out the specific obligation** 2023-12-31, EUR million	*The cost of the special obligation is reflected in the Group's Financial Statements as at 2023-12-31*	Note
	agricultural and food sector, creating as favourable credit conditions as possible for economic entities facing a temporary shortage of funds, reducing the financial risk of the activities of economic entities.									
Multi-apartment building modernisation fund	The main objective of the financial instrument is to promote energy efficiency improvement by investing in the modernisation of multi-apartment buildings	European Union Structural Funds, repaid and repayable funds, funds raised	120.649	241.056	376.596	0.623	4.074	(7,197)	(2,277)	More: https://www.invega.lt/veikla/veiklos-ataskaitos/daugiabuciu-namu-modernizavimo-fondas/293#c-58/t-145
Energy Efficiency Fund	The objective of the Fund of Funds is to improve energy efficiency by investing in the public sector.	European Union structural funds	20.607	17.522	20.940	1.278	0.278	(1,278)	(0,559)	More: https://www.invega.lt/veikla/veiklos-ataskaitos/energijos-efektyvumo-fondas/294#c-59/t-153
Cultural Heritage Foundation	The main objective of the Foundation is to promote investments in cultural heritage objects in order to adapt them to the needs of the society, to preserve and reveal the valuable features of heritage objects, to adapt them to various uses, to increase the interest of the Lithuanian population in the cultural heritage, as well as to improve Lithuania's image as an attractive country for tourism in the markets of both Lithuania and abroad.	European Union structural funds	2.475	1.970	2.589	0.287	0.028	0.287	(0,109)	More: https://www.invega.lt/veikla/veiklos-ataskaitos/kulturos-paveldo-fondas/295#c-60/t-161
Municipal Building Fund	The main objective of the Fund is to promote the improvement of energy efficiency by investing in the modernisation of municipal public buildings.	Structural Funds of the European Union, State budget funds of the Republic of Lithuania	13.346	8.454	13.499	0.781	0.124	(0,718)	(0.068)	More: https://www.invega.lt/veikla/veiklos-ataskaitos/savivaldybiu-pastatu-fondas/296#c-61/t-168

Specific obligation		Purpose of the specific obligation	Source of financing for the specific obligation	Balance of the amount of funding allocated to the specific commitment 2023-12-31 ((3) in the case of a specific obligation) and/or the amount of funding committed in 2023 (2)) in the case of a Specific obligation), EUR million	Amount of funds managed by the Specific obligation* 2023-12-31, EUR million	Balance sheet assets of the Specific obligation as at 2023-12-31, EUR million	Revenue of the Specific obligation 2023 are reflected in the financial statements of the respective Fund of Funds, EUR million	*Revenue of the Specific obligation Groups shown in 2023 2023-12-31 In the financial statements*	Costs of carrying out the specific obligation** 2023-12-31, EUR million	*The cost of the special obligation is reflected in the Group's Financial Statements as at 2023-12-31*	Note
	Water Management Fund	The objectives of the Fund are to contribute to the development of drinking water supply and wastewater collection networks; contribute to increasing the number of users of drinking water supply and wastewater collection networks; contribute to the rehabilitation of dilapidated drinking water supply and wastewater collection networks; to seek to satisfy as much as possible the need for funds necessary for the development and reconstruction of drinking water supply and wastewater collection networks by attracting additional funding from various funding sources and other possible ways of ensuring the financing of the VF renewal programme.	Structural Funds of the European Union, State budget funds of the Republic of Lithuania	31.364	28.376	32.042	0.552	0.252	(0,552)	(0,303)	More: https://www.invega.lt/veikla/veiklos-ataskaitos/vandentvarkos-fondas/297#c-62/t-175
	Financial instrument Installation of buildings for typical production purposes in free economic zones, industrial parks and other industrial areas (FEZ)	The objective of the financial facility is to accelerate high value-added investments that will contribute to the economic, social and regional development of the country.	State budget funds of the Republic of Lithuania	29.719	4.819	30.073	0.891	0.414	(0,891)	(0,136)	More: https://www.invega.lt/veikla/veiklos-ataskaitos/finansiniu-priemoniu-veiklos-ataskaitos/298#c-63/t-180
	Managing the business aid fund	The aim is to help medium and large companies operating in Lithuania facing the challenges posed by COVID-19 and to prepare for the economic recovery period after the COVID-19 pandemic.	****	****	****	1.646	1.742	1.742	(2,256)	(0,519)	More: https://www.invega.lt/veikla/veiklos-ataskaitos/finansiniu-priemoniu-veiklos-ataskaitos/298#c-63/t-180
	JESSICA Holding Fund	The aim is to renovate (modernise) dormitories built in accordance with the construction technical standards in force before 1993 in order to rational use of energy resources, improve the living conditions of students and pupils in dormitories.	Fund Manager EIB, funds are provided under the European Commission's JESSICA initiative		16.733	18.788	0.528	0.352	(0,152)	(0,157)	
	TOTAL			***1.499,869***	***1.220,307***	***1.847,122***	***19.296***	***13.614***	***(16,955)***	***(10.360)***	
TOTAL SPECIAL LIABILITIES (1+2+3)				**1.503,209**	**1.395,162**	**1.938,212**	**19.296**	**20.380**	**(16,955)**	***(12.484)***	

**an amount of managed funds equal to the amount of loan, guarantee, venture capital instrument balances at the end of the reporting period and the value of positive decisions under compensatory instruments for the period*

***income from the special commitment is not earned, management costs incurred are compensated*

**** Partial reimbursement of 90 to 95% of the guarantee payments from the INVEGA Fund and the Entrepreneurship Promotion Fund 2014-2020, financed by measures implemented by the European Social Fund, the allocations for these measures being shown under the relevant fund INVEGA and its subsidiary jointly manage the Business Assistance Fund. The Business Assistance Fund is a separate legal entity within the limited partnership and is accounted for separately. It is not consolidated by the Group or accounted for as a public sector accounting entity.*

6. Directors and activities of INVEGA and its subsidiaries

6.1. INVEGA's CEO and his activities

Before the change in INVEGA's governance model, the head of INVEGA – the General Director – was elected and dismissed by the INVEGA Management Board. INVEGA's CEO is elected for a five-year term. After the entry into force of the amendments to the Articles of Association of INVEGA, in the presence of the Management Board, the Head of INVEGA is the Chairman of the Management Board, he is elected from among the members of the Management Board, taking into account the proposal of the Supervisory Board. Currently, the Management Board is collegially responsible for INVEGA management, development, organisation of activities, implementation of activity priorities and planned results, operation of the internal control system, risk management in other areas. The Head of INVEGA and the Chairman of the Management Board are responsible for the general corporate governance of the company, transformation, development and digitisation of the organisation, organisation of the activities of its subordinate units, the Head of INVEGA is entrusted to perform all the functions assigned to the Head of the Company by the Law on Companies and other laws.

The CEO of INVEGA acts alone on behalf of INVEGA, accepts liabilities on behalf of INVEGA, enters into transactions related to INVEGA's activities, the purchase of goods, services or works, the provision of financial services, the investment of temporarily free funds, as well as transactions regarding the management, use and disposal of INVEGA's assets. Decisions to grant the INVEGA guarantee, directly provided loan or decisions on lending in another form are made by the Management Board or within the competence established by the Management Board, the head of INVEGA, the Credit Committee, authorised responsible persons. During the reporting period, within the limits of the competence established by the Management Board, the head of INVEGA was granted the right to take decisions on granting, extending the term, changing the terms and conditions of INVEGA's individual guarantees and directly provided loans, taking into account the proposals of the Credit Committee, as well as taking decisions on the investment of temporarily free own funds in accordance with the *Temporarily Available Own Funds (TAFF) Investment Policy* adopted by the Management Board of INVEGA. The CEO of INVEGA may, if necessary, delegate certain functions established by law or the adoption of certain decisions to his deputy, heads of responsible departments or other authorised employees of INVEGA.

In accordance with the decision of the INVEGA Management Board on the establishment of the decision-making limits of the management bodies, decisions on goods or services with a value of less than EUR 50,000 excluding VAT have been assigned to the competence of the head of INVEGA when the specified amount is exceeded – the respective decisions is adopted only with the approval of the Management Board; setting up and/or becoming a member of another legal entity; membership of guarantee or financial institution organisations or other organisations may only be adopted with the approval of INVEGA's Management Board.

From 5 February 2018 to 8 September 2023 Kęstutis Motiejūnas served as the General Manager of INVEGA. His term of office ended without his election to the new term of the Management Board and Chairman of the Management Board.

Dainius Vilčinskas will take over as INVEGA's Chief Executive Officer from 11 September 2023.

6.2. Directors of subsidiaries and their activities

Coinvest Capital

The head (director) of Coinvest Capital is elected and withdrawn by the General Meeting of Shareholders.

From 30 November 2018 to 2 January 2023 Viktorija Vaitkevičienė was the director of Coinvest Capital. The Director of Coinvest Capital was elected for a five-year term. Following the resignation of Director Viktorija Vaitkevičienė, a public recruitment for the position of director of Coinvest Capital has been announced.

Viktorija Trimbel has been elected as a Director of Coinvest Capital for a five-year term, effective 21 February 2023.

The director of Coinvest Capital is responsible for organising the company's day-to-day operations, concluding transactions on behalf of the company and performing other functions assigned to the company's CEO by the Law on Companies and other laws. The director of Coinvest Capital also implements the decisions taken by the Investment Committee of the venture capital fund managed by the company, Coinvest Capital, regarding the execution, management and realisation of the fund's investments.

The Director of Coinvest Capital also serves as a director of the intermediary companies UAB Pirmasis koinvestavimo fondas, UAB Antrasis koinvestavimo fondas and UAB Trečiasis koinvestavimo fondas established to finance and account for the investments of the venture capital fund managed by the company Coinvest Capital.

VIVA

The director-general of VIVA is elected by the VIVA Management Board.

Dainius Vilčinskas served as the General Manager of VIVA from 19 August 2020 to 14 April 2023.

Liudas Sinkevičius has been acting director general since 15 April 2023.

The director general of VIVA is the company's sole governing body and acts on behalf of the company and the Aid Business Fund managed by the company.

The director general of VIVA is responsible for organising the day-to-day operations of the company, concluding transactions on behalf of the company and the fund it manages, and performing other functions assigned to the company's chief executive officer by the Law on Companies and other laws. The director general of VIVA also implements or organises and ensures the implementation of the decisions taken by the Investment Committee of the Company's managed Business Assistance Fund regarding the management and disposal of the Fund's investments.

Other subsidiaries

According to the law and the Articles of Association, the manager of VIPA and ŽŪPGF (director general or director) was to be elected and dismissed by the Management Board of the respective company. In the case of VIPA and ŽŪPGF, the functions and powers of the manager were in line with the functions and powers conferred on the manager of the company by the Law on Companies and other laws.

The mandate and term of office of the heads of VIPA and the ŽŪPGF will expire upon the reorganisation of the NDI (i.e. on 2023-07-31).

6.3. Payment to members of collegiate bodies, members of the Credit Committee and senior management

During the reporting period, the members of the Supervisory Board were paid remuneration for their activities on the INVEGA Supervisory Board in accordance with the remuneration payment procedure established by the INVEGA General Meeting of Shareholders.

Members of the Supervisory Board are paid a monthly remuneration. The monthly remuneration to be paid to an independent member of the Supervisory Board and to a member who is another person selected by the entity initiating the selection is 1/4 of the average monthly salary of the CEO of the Company in 2022;

the monthly remuneration of a civil servant serving as a member of the Supervisory Board is 1/8 of the average monthly salary of the Chief Executive Officer of the Company in 2022; and the monthly remuneration of the Chairman of the Supervisory Board is 1/3 of the average monthly salary of the Company's CEO in 2022.

A similar remuneration system is in place for the members of the Management Board, except that in the case of the members of the Management Board, the amount of the remuneration is linked to the average monthly salary of the CEO of the Company in 2021.

The amounts calculated for independent members of collegiate bodies and other benefits during the reporting period are presented in Table 19.

Table 19. Remuneration of members of collegiate bodies for their activities in INVEGA

Members of collegiate bodies	Duties/activities of the members of the collegiate bodies	ST member's remuneration before tax, EUR	Remuneration of the Management Board member before tax, EUR	Information on the application of additional benefits	Recalculation for 2022*
Daina Kleponė	ST President, indepen-dent ST member	29.944,47	-	None	-
Aivaras Čičelis	*Vice-Chairman of the ST, independent member of the ST*	22.458,33	-	None	-
Saulius Galatiltis	*independent member of the ST*	22.458,33	-	None	-
Pascal Lagarde	*independent member of the ST*	refused remuneration	-	Applicable – reimbursement of expenses for attending meetings (EUR 1750)	-
Povilas Kriaučeliūnas	*delegated member of the ST, civil servant*	11.229,17	-	None	-
Irma Patapienė	*delegated member of the ST, civil servant*	11.229,17	3,958.30 **	None	9.999,92 **
Aurimas Saladžius	*delegated member of the ST, civil servant*	11.229,17	-	None	-
Alditas Saulius**	Chairman of the Management Board, independent member of the Management Board	-	27.777,58	Covered – reimbursement of expenses for travel to meetings and participation in the Baltic Institute of Corporate Governance (BICG) meeting (EUR 394,09)	6.494,51
Viktorija Trimbel**	Board member	-	11.491,93	None	4.870,92
Vytenis Labanauskas**	*independent Member of the Management Board*	-	20.833,25	Applicable – reimbursement of expenses for attending meetings – (EUR 105.76)	4.870,92
Tomas Urban**	*delegated board member*	-	20.833,25	None	10.887,02
Aušra Vičkačkienė**	*delegated member of the Management Board, civil servant*	-	4.166,63	None	-
Dainius Vilčinskas	*chairman of the board*	-	9.166,67	None	
Jonas Kanapeckas	*Board member*	-	7.058,33	None	
Lina Stragauskienė	*Board member*	-	7.058,33	None	

Members of collegiate bodies	Duties/activities of the members of the collegiate bodies	ST member's remuneration before tax, EUR	Remuneration of the Management Board member before tax, EUR	Information on the application of additional benefits	Recalculation for 2022*
Giedrė Gečiauskienė	*Board member*	-	4.657,26	None	
Inga Beiliūnienė	*Board member*	-	7.058,33	None	
	TOTAL	**108.548,64**	**124.059,86**	**2.249,85**	**37.123,29**

** in accordance with Order No 1K-84 of the Minister of Finance of 13 March 2023 On amending Order No 1K-424 of the Minister of Finance of 28 December 2022 On determining the remuneration of the members of the Management Board of the private limited liability company Investicijų ir verslo garantijos, remuneration for 2022 was recalculated and paid during the reporting period.*
*** the Management Board members were paid their remuneration on 2023-09-08*

The members of the Credit Committee were remunerated for their work on the Credit Committee at the rate of EUR 65 (inclusive of tax) per meeting, up to a maximum of 1 meeting per week. From 2024, no remuneration is paid to members of the Credit Committees.

Amounts charged to credit committee members and other benefits during the reporting period are presented in the table below.

Table 20. Amounts charged to Credit Committee members

Independent members	Activities of an independent member	Number of meetings attended and voted during the reporting period	Members' remuneration including taxes, EUR	Information on the application of additional benefits
Pavel Krupenič	Permanent member and chair of the committee	50	3.250	Not applied
Sigita Rutkauskaitė	Permanent member	48	3.120	Not applied
Aistė Stonkienė	Permanent member	48	3.120	Not applied
Eglė Toliūnaitė	Permanent member	50	3.250	Not applied
Aistė Čepulė	Permanent member	46	2.990	Not applied
Remigijus Znutas	Alternate member	5	325	Not applied
Laimis Kindurys	Alternate member	12	780	Not applied
	TOTAL:	**259**	**16.835**	

The director-general is remunerated on the basis of an employment contract for work in INVEGA. As of 1 January 2023, the CEO of INVEGA receives a basic salary (gross) of EUR 10,000 per month (fixed remuneration) and as of 11 September 2023 the CEO of INVEGA receives a basic salary (gross) of EUR 11,800 per month (fixed remuneration).

6.4. Remuneration of the Coinvest Capital manager and the members of the Investment Committee of the KŪB Koinvesticinis fondas

In 2023, the CEO of Coinvest was subject to a basic salary (gross) of EUR 6,000 per month (fixed part of the remuneration).

The independent members of the Investment Committee of the Coinvest Capital-managed venture capital fund Koinvesticinis fondas are paid for their activities on the Investment Committee. An independent member of the Committee is paid a fixed monthly remuneration of EUR 1,176.47, including all taxes. During the reporting period, 3 members of the Investment Committee were paid EUR 42,353 for their activities on the Investment Committee (including taxes) In order to motivate the members of the Investment Committee to ensure the success of the investments of KŪB Koinvesticinis fondas (i.e., that the companies in which the KŪB Koinvesticinis fondas has invested attract additional private investment at least equal to the amount invested by the KŪB Koinvesticinis fondas, or that the KŪB Koinvesticinis fondas realises the profitability of the investments it has made in the past), an incentive system is provided for an annual incentive to be paid for the achievement of KŪB Koinvesticinis fondas objectives. The annual incentive must not exceed 30% of the annual remuneration and must only be paid to independent members of the Investment Committee who have served on the Investment Committee for at least 2 years. At the time of reporting, no decision had been taken on the annual incentive for the independent members of the Investment Committee for the 2023 results.

6.5. Remuneration for the head of VIVA, members of the Management Board – members of the BAF Investment Committee

The director general of VIVA was paid a basic salary (gross) of EUR 8,000 per month (fixed remuneration) until 2023-04-14, and as from 2023-04-17, the acting director general was paid a basic salary (gross) of EUR 1,550 per month (fixed remuneration) for a post of 0.25.

Members of the VIVA Management Board also serve as members of the Investment Committee of the BAF managed by VIVA.

Members of the VIVA Management Board are remunerated for their activities on the VIVA Management Board and the BAF Investment Committee.

The remuneration of Management Board members is set and paid in accordance with the VIVA Management Board Member and Manager Remuneration Policy. VIVA Management Board members are paid a fixed monthly remuneration and a variable remuneration for their performance on the Management Board and on the BAF Investment Committee, depending on the achievement of annual targets/performance indicators. The variable component is proportional to the level of the indicators achieved and in all cases does not exceed 30% of the annual fixed remuneration.

During the period under review, 5 members of the Management Board were remunerated with EUR 114,600 for their activities on the VIVA Management Board and on the BAF Investment Committee (including taxes) For the implementation of the indicators set for 2022, a variable component of 21.90% of the annual fixed remuneration has been approved for the members of the Management Board. At the time of the report, no decision had been taken by the VIVA shareholder to set a variable remuneration for the members of the VIVA Management Board for the achievement of the 2023 targets.

7. Internal control system, risk management and other information

7.1. Internal control system

INVEGA's internal control is designed and implemented in accordance with the principles of internal control and internal control elements established in the Policy for the Formation of the Internal Control System approved by Decision of the Management Board No. 033 of 25 August 2022 (hereinafter referred to as the Internal Control Policy). Subject to the provisions of the Internal Control Policy, INVEGA's internal controls are designed to identify and manage the highest risks faced by INVEGA in its operations and to ensure that the following internal control objectives are achieved: INVEGA's activities comply with the applicable laws, assets, information and other resources would be protected from loss, activities are implemented in accordance with the principle of sound financial management, financial operations are carried out and properly recorded, information about INVEGA's financial and other activities is provided in a timely manner and are reliable, employees have the opportunity to identify, assess, monitor and control the risks that INVEGA faces in the course of its activities.

INVEGA, with the approval of the EC, carried out an audit of the EU pillar assessment and on 29 August 2023 received confirmation from the EC that INVEGA meets the requirements of the Financial Regulation applicable to the general budget of the Union and has the right to cooperate directly with the EC and manage EU budget funds, that is, to become an implementing partner under any EU programme.

Compliance with the Pillar Assessment is first and foremost an assessment of INVEGA's activities at the highest level, confirming that the team's experience and organisation meet the highest international quality standards and we are reliable partners capable of managing EU budget funds independently in Lithuania. Also, compliance with the EC requirements opens up access to funding sources that have not been available until now, investment in riskier projects and sectors, thus opening up new opportunities for business, attracting private capital to implement EU policy priorities.

INVEGA Pillar Assessment was performed by UAB Ernst & Young Baltic in accordance with the terms of reference approved by the EC, which sets out the requirements for auditors, provides guidelines for the preparation of the assessment and audit report. During the audit, the company's internal control, accounting organisation, independent external audit, financing processes, publication of information on recipients, ensuring the protection of personal data, administration of grants and financial instruments and organisation of public procurement were assessed. After 2 years of procedures, INVEGA received positive evaluations in all nine areas and became the first financial institution in Lithuania that can directly manage EU investments.

The opening of additional financing opportunities is particularly important in the context of the development of consolidated NDIs. Strengthening the administration and competitiveness of INVEGA will help to mobilise various sources of financing for important areas of the Lithuanian economy.

At the end of 2023, an internal control assessment was carried out with the aim of assessing the state of INVEGA's internal control system, identifying areas for improvement and providing opportunities for improvement. For the purposes of this assessment, only INVEGA's internal control system was assessed, which was in place until 15 December 2023. The partial assessment period of 2023 was chosen due to the ongoing consolidation processes, i.e. as of 15 December 2023, all consolidated companies started to operate within a single corporate structure, and active harmonisation of the processes and the documents that governed them began. The assessment was carried out by the staff responsible for the different areas of INVEGA's activities, who have sufficient competencies to assess the aspects under assessment. The evaluation assessed all five elements of internal control: control environment, risk management and assessment, control activities, information and communication, and monitoring. Summarising the results of the assessment, it was found that the state of the internal control system established in INVEGA is very good.

Certain weaknesses have been identified only in the control activities and risk management processes, but they also have no significant impact on the effectiveness of INVEGA's internal control. An activity plan will be drawn up to eliminate the identified shortcomings, providing for appropriate remedial measures, setting specific deadlines for carrying out the actions and determining the persons responsible.

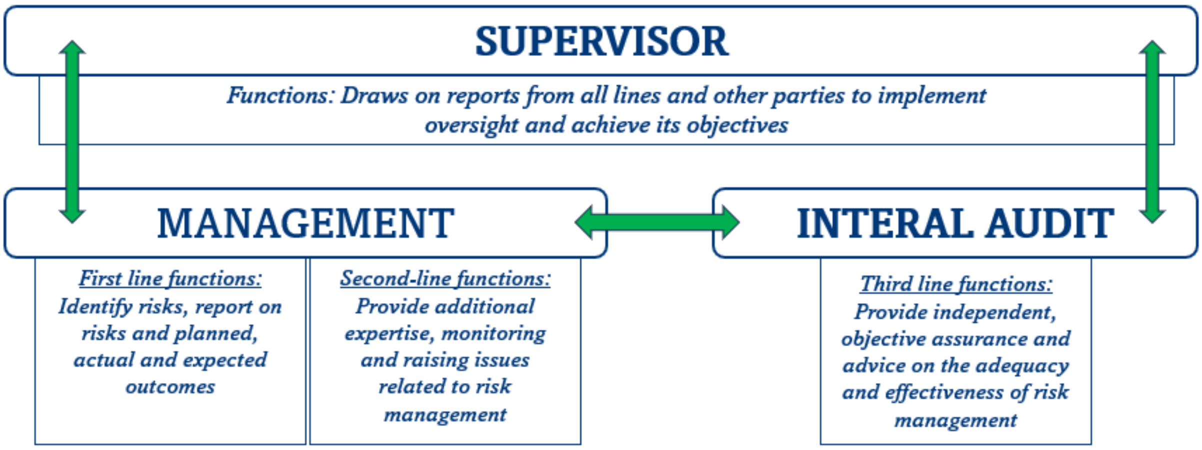
7.2. Description of main types of risk, extent of risk

Risk management is an integral part of INVEGA's business and is managed with the following objectives:

- Avoid or reduce to an acceptable level the negative impact of potential threats on the achievement of INVEGA's long-term objectives, taking into account the risk appetite and indicators set out in the company's long-term business strategy;
- Identify and provide information on potential risks in a timely manner in order to analyse and develop appropriate response measures that help to minimise the negative impact on the achievement of the company's goals;
- Reduce the sensitivity of INVEGA's activities and dependence on possible negative future changes or events, minimising the potential costs and losses associated with unexpected situations for which no preparations have been made;
- To continuously monitor changes in risk factors and their potential impact both internally and externally to INVEGA and to inform INVEGA's governing bodies in a timely and regular manner;
- Ensure that risk management is an integral part of all business processes and INVEGA's culture.

INVEGA operates an internal risk management and control system based on a 3-line model. This is detailed in the Risk Management Policy approved by the Management Board. This policy covers the principles of risk management, the process, the actors involved and their responsibilities in risk management, the steps in the risk management process, the groups of material risks, and the main risks.

Fig. 5. Risk management



The Supervisory Board, the Management Board, the CEO, the Internal Audit Service and the risk owners are directly involved in risk management. All INVEGA employees are encouraged to participate in the risk management process. In order to determine when INVEGA needs to be cautious in order to achieve its objectives and when it can take on more risk in order to take advantage of opportunities, the Management Board of the Company determines and reviews annually the risk appetite. A separate risk appetite is assigned to each risk category, taking into account factors such as the field of activity, the company's culture, the nature of the objectives to be achieved, and its financial strength. The main steps in the risk management process are illustrated in the figure below. In order to ensure that the risk management process is properly followed, INVEGA's internal auditor reviews and assesses the effectiveness of the internal control system at a frequency determined by the Supervisory Board in accordance with an approved plan, and provides written reports to the Company's management at least once a year.

Fig. 6. INVEGA's risk management process

The aim is that the risk management process covers all significant areas of INVEGA's activities and identifies and helps to manage the expected risk factors that may adversely affect INVEGA's operations, as well as provide sufficient assurance that both long-term and short-term operational goals will be achieved and the functions and other contractual obligations assigned by legislation will be properly implemented.

INVEGA'S risk management process includes the management of the following key risks:

Strategic risks –material uncertainties related to changes in the operating environment and INVEGA's ability to take advantage of these changes or prepare for them in order to achieve the goals set out in the strategy of the shareholder and the management company. The following most significant strategic risks have been identified and managed: dependence on the performance of financial intermediaries, mismatch between instruments and market needs, risk of personnel turnover.

Financial risk – this is a risk that includes credit, liquidity, foreign exchange and interest rate risks. The material risks of this group that have a significant impact on INVEGA's operations and financial performance are:

- Credit risk – the probability of incurring financial losses due to the inability of the incurring counterparty to fulfil its obligations under the terms of the transaction. Credit risk is managed by setting the credit risk cost ratio of individual guarantees at 6.8%, which indicates the maximum tolerable credit risk limit of INVEGA, as well as monitoring the quality of the guaranteed loan portfolio and changes in the probability of insolvency on a quarterly basis, as well as announcements by the Bank of Lithuania on checks of credit risk assessment processes of financial intermediaries and responding accordingly when the Bank of Lithuania declares that the processes implemented by the financial intermediary are insufficient to ensure a comprehensive and reliable credit risk assessment.
- Liquidity risk – the likelihood that INVEGA will not have, or will not be able to obtain, the financial resources necessary to meet its financial commitments in due time. In order to manage INVEGA's liquidity, cash flow forecasting is carried out at intervals determined by the management, the Management Board and/or the appropriation managers (including upon individual request), covering expected cash inflows and outflows, broken down by the most important financial instruments.

- Foreign exchange risk – the Company is not exposed to foreign currency risk as all of the Company's assets and liabilities are denominated in euro and temporarily unrestricted funds are also invested only in euro-denominated instruments, and the Company does not use any derivative financial instruments to manage its foreign currency risk.
- Interest rate risk – the company has no assets or material liabilities on which variable interest would be paid. The Company does not use borrowed funds for its activities and seeks to properly coordinate the expected cash inflows and disbursements, therefore investments in GRL securities are held until redemption. The Company is not exposed to significant interest rate risk and therefore does not use derivatives to manage interest rate risk.

Operational risk – the likelihood of incurring losses as a result of the Company's employees, systems, inadequate or failed internal processes, or as a result of the influence of external events and factors, including legal manifestations. This risk is managed through an adequate system of internal control, organised in accordance with INVEGA's policy on the design of the internal control system approved by the Management Board.

Compliance risk is understood as the potential for events or circumstances that could cause the Company's operations to fail to comply with the requirements of law or best practice, which could result in damage to the Company. This risk became more relevant in 2020 due to the launch of direct business loans by INVEGA, and increased significantly in 2022 due to Russia's war in Ukraine and the resulting sanctions. Compliance risk is managed by regularly monitoring the compliance risk of all services and activities provided by INVEGA and implementing measures to mitigate this risk.

Reputational risk is defined as a factor or circumstance that could have a significant adverse effect on the Company's reputation or image in the market. Reputational risks may arise from misconduct of employees, loss of financial instruments, inappropriate choice of financial intermediaries in administering the instruments, poor data security and privacy, corruption, inefficient use of funds and other factors. Effective reputation risk management is essential to maintain positive relationships with customers, partners, preserve the value of INVEGA and enable the achievement of strategic goals. Damage to the Company's reputation may lead to a decrease in public confidence in INVEGA, which would create significant challenges in achieving the strategic objectives of the company's activities. In accordance with the procedure established by INVEGA's internal legislation, transparency and impartiality of decisions taken by INVEGA are ensured and the likelihood of possible manifestations of corruption is reduced. INVEGA's day-to-day activities focus on: implementation of corruption prevention and interest management policies.

Possible ways of managing the risks identified by INVEGA:

- Elimination of risk when risk prevention is carried out by making a certain business process more efficient, relinquishing or transferring part of the functions, establishing appropriate internal control measures, otherwise reducing the possible impact of risk factors;
- Reduction of risk when the likelihood and impact of a risk factor are limited by strengthening internal control procedures, establishing additional control measures, changing business processes, implementing other organisational, managerial, technical or legal measures;
- Transfer of risk when the risk is transferred by delegating the functions and related responsibilities to a third party and determining the appropriate reallocation of duties and responsibilities;
- Risk-taking where the risk factors are known, but due to INVEGA's assessment of the limited capacity to manage the risk, or where risk management requires unreasonable resources, the risk is tolerated. Such risks are monitored on an ongoing basis and, in the event of material adverse changes, the risk owner makes proposals for reacting to the increased risk;
- Risk avoidance, where the risk is avoided by not initiating or not continuing the risk-causing action.

From 2020 onwards, business in Lithuania is increasingly exposed to the negative consequences of global events: In 2020, the COVID-19 pandemic and the resulting business restrictions and disrupted supply chains have had a particularly negative impact, while from 2021 onwards, relations with China have deteriorated and trade restrictions have been in place, and from 2022 onwards, the Russian war in Ukraine has started. INVEGA has made a very significant contribution to reducing the threats to business caused by these events, and in a very short period of time, many new initiatives have been implemented, existing ones modified and new measures for business developed and implemented. In order to increase the availability of finance for businesses, the range of potential financial intermediaries has been substantially expanded, and the criteria for their selection, assessment and supervision processes have been established. When acting in conditions of extreme urgency, it was necessary to pay more attention not only to strategic decisions, but also to operational risk management, therefore, every time significant risk-increasing circumstances occurred, a review of the risk register was initiated, existing risks were overestimated, new risk management measures were identified and identified. In 2023, the updated INVEGA risk register contains 78 risks. INVEGA's Management Board monitors compliance with the approved plan on a quarterly basis, changes in the materiality of the identified risks and, if necessary, introduces additional measures to manage the risks.

7.3. Avoidance of conflicts of interest

Members of the Supervisory Board, members of the Management Board and the CEO of INVEGA have declared their private interests in accordance with the procedure laid down by law, by submitting declarations of private interests to the Chief Official Ethics Commission (COEC) as provided for and required by the legislation of the Republic of Lithuania.

Before each meeting of the Supervisory Board, the Management Board or any other collegial body, the chairman of the collegial body ask the members of the collegial body and the secretary of the meeting records in the minutes that no member of the collegial body has a personal interest in the matter to be discussed at that day's meeting and that no conflict of interest circumstances have arisen which would require a member of the collegial body to recuse himself or herself from the item under discussion.

INVEGA's Articles of Association stipulate that the CEO of INVEGA cannot be appointed Chairman of the Credit Committee.

When the Credit Committee takes decisions on a proposal to grant a guarantee or loan from INVEGA, a member of the Committee additionally informs the Credit Committee of the potential conflict of interest, if any, and recuses himself/herself from the drafting, evaluation or adoption of the relevant decision.

INVEGA employees who conduct or participate in public procurement procedures or engage in activities where, in the performance of their duties, a conflict of interest may arise, have signed an undertaking to be objective, impartial, to protect and not to disclose confidential information, and to avoid potential conflicts of interest. The list of persons required to declare private interests has been approved by Order No B-12 of the INVEGA Director General of 2022-01-14 (to be adjusted in line with the long-term corporate structure approved by the INVEGA Management Board by its decision of 2023-10-09 (minutes No 044)). The persons holding the positions specified in this List declare private interests by submitting declarations of private interests to the COEC through the PINREG system. In accordance with INVEGA's Interest Management Policy, in the event of a conflict of interest or circumstances that may give rise to a conflict of interest, members of collegial bodies and employees must immediately inform the relevant collegial body of INVEGA, single-person management body or persons authorised by the single-person management body, other persons who jointly perform official duties and the employee responsible for the performance of compliance functions of such situation in writing about their withdrawal and not to participate in any form in the consideration or adoption of the decision that caused the conflict of interest.

Information on the resignation or removal of members of the Company's collegial bodies and the CEO is submitted to the COEC in accordance with the procedure established by the COEC.

Information on the recusal of all Stakeholders was published on the INVEGA website (according to the new relevant version of the Interest Management Policy approved by the decision of the Supervisory Board of 13 November 2023 (minutes of the meeting No. 014)), information on the recusal of the CEO of INVEGA must be published on the INVEGA website https://invega.lt/korupcijos-prevencija/234#c-53)

Once a year, the INVEGA employee responsible for compliance functions provides statistical information on declarations made by subordinates to the Company's CEO and heads of structural units with statistical information on declarations submitted by persons subordinate to them, as well as information on cases of removal is provided to the INVEGA Management Board and the Supervisory Board.

7.4. Related parties and transactions with them

During the reporting period, the following persons and entities were considered to be related to INVEGA:

- Coinvest Capital – a subsidiary of INVEGA, all of whose shares are held by INVEGA;
- KŪB Koinvesticinis fondas – a company affiliated with INVEGA, in which INVEGA acts as a limited partner. This limited partnership is a joint venture with Coinvest Capital and is the vehicle for making and managing INVEGA's venture capital investments in target companies under INVEGA's venture capital instruments;
- KŪB Tvarių investicijų plėtros skatinimas – a company affiliated with INVEGA in which INVEGA acts as a full member. This limited partnership is established by VIPA together with its limited partner member, the European Energy Efficiency Fund (EEEF);
- VIVA is a subsidiary of INVEGA, wholly owned by INVEGA;
- KŪB Pagalbos verslui fondas– a company affiliated with INVEGA, in which INVEGA subsidiary VIVA acts as a full member;
- UAB Pirmasis koinvestavimo fondas – an intermediary company established and fully managed to carry out and account for the investments of the Fund financial instruments Co-investment Fund I;
- UAB Antrasis koinvestavimo fondas – an intermediary company established and fully managed to carry out and account for the investments of the Fund using the Co-investment Fund II financial instrument;
- UAB Trečiasis koinvestavimo fondas – an intermediary company established and fully managed to carry out and account for the investments of the Fund when the financial instrument Co-investment Fund for Transport is used for investments;
- Closed-end investment company for informed investors KŪB Verslo angelų fondas II – a company affiliated with INVEGA, in which INVEGA acts as a limited partner. This limited partnership was set up together with private investors and a management company selected through a bidding process, and is a tool for making and managing INVEGA's venture capital investments in target companies under the venture capital instruments implemented by INVEGA;
- Closed-end investment company for informed investors KŪB Geležinio vilko kapitalo fondas– a company affiliated with INVEGA, in which INVEGA acts as a limited partner. This limited partnership was set up together with private investors and a management company selected through a bidding process, and is a tool for making and managing INVEGA's venture capital investments in target companies under the venture capital instruments implemented by INVEGA;
- Closed-end investment company for informed investors KŪB LcX Opportunity Fund – a company affiliated with INVEGA, in which INVEGA acts as a limited partner. This limited partnership was set up together with private investors and a management company selected through a bidding process, and is a tool for making and managing INVEGA's venture capital investments in target companies under the venture capital instruments implemented by INVEGA;
- Closed-end investment company for informed investors KŪB Practica Venture Capital II– a company affiliated with INVEGA, in which INVEGA acts as a limited partner. This limited partnership was set up together with private investors and a management company selected through a bidding process,

and is a tool for making and managing INVEGA's venture capital investments in target companies under the venture capital instruments implemented by INVEGA;

- KŪB Open Circle Capital LLP– a company affiliated with INVEGA, in which INVEGA acts as a limited partner. This limited partnership was set up together with private investors and a management company selected through a bidding process, and is a tool for making and managing INVEGA's venture capital investments in target companies under the venture capital instruments implemented by INVEGA;
- Closed-end investment company for informed investors KŪB Wise Guys Pre-Seed Fund I– a company affiliated with INVEGA, in which INVEGA acts as a limited partner. This limited partnership was set up together with private investors and a management company selected through a bidding process, and is a tool for making and managing INVEGA's venture capital investments in target companies under the venture capital instruments implemented by INVEGA;
- Closed-end investment company for informed investors KŪB Wise Guys Seed Fund I– a company affiliated with INVEGA, in which INVEGA acts as a limited partner. This limited partnership was set up together with private investors and a management company selected through a bidding process, and is a tool for making and managing INVEGA's venture capital investments in target companies under the venture capital instruments implemented by INVEGA;
- Closed-end investment company for informed investors KŪB 70 Ventures Accel– a company affiliated with INVEGA, in which INVEGA acts as a limited partner. This limited partnership was set up together with private investors and a management company selected through a bidding process, and is a tool for making and managing INVEGA's venture capital investments in target companies under the venture capital instruments implemented by INVEGA;
- Closed-end investment company for informed investors KŪB 70 Ventures Seed– a company affiliated with INVEGA, in which INVEGA acts as a limited partner. This limited partnership was set up together with private investors and a management company selected through a bidding process, and is a tool for making and managing INVEGA's venture capital investments in target companies under the venture capital instruments implemented by INVEGA;
- Closed-end investment company for informed investors KŪB Firstpick Accel Fund– a company affiliated with INVEGA, in which INVEGA acts as a limited partner. This limited partnership was set up together with private investors and a management company selected through a bidding process, and is a tool for making and managing INVEGA's venture capital investments in target companies under the venture capital instruments implemented by INVEGA;
- Closed-end investment company for informed investors KŪB Firstpick Seed Fund– a company affiliated with INVEGA, in which INVEGA acts as a limited partner. This limited partnership was set up together with private investors and a management company selected through a bidding process, and is a tool for making and managing INVEGA's venture capital investments in target companies under the venture capital instruments implemented by INVEGA;
- Closed-end investment company for informed investors KŪB Baltic Sandbox Pre-seed Fund I – a company affiliated with INVEGA, in which INVEGA acts as a limited partner. This limited partnership was set up together with private investors and a management company selected through a bidding process, and is a tool for making and managing INVEGA's venture capital investments in target companies under the venture capital instruments implemented by INVEGA;
- Closed-end investment company for informed investors KŪB Baltic Sandbox Seed Fund II – a company affiliated with INVEGA, in which INVEGA acts as a limited partner. This limited partnership was set up together with private investors and a management company selected through a bidding process, and is a tool for making and managing INVEGA's venture capital investments in target companies under the venture capital instruments implemented by INVEGA;
- Closed-end investment company for informed investors KŪB Scale Wolf Accelerator – a company affiliated with INVEGA, in which INVEGA acts as a limited partner. This limited partnership was set up together with private investors and a management company selected through a bidding process,

and is a tool for making and managing INVEGA's venture capital investments in target companies under the venture capital instruments implemented by INVEGA;

- Closed-end investment company for informed investors KŪB Scale Wolf VC – a company affiliated with INVEGA, in which INVEGA acts as a limited partner. This limited partnership was set up together with private investors and a management company selected through a bidding process, and is a tool for making and managing INVEGA's venture capital investments in target companies under the venture capital instruments implemented by INVEGA;
- Closed-end investment company for informed investors KŪB Practica Venture Capital III– a company affiliated with INVEGA, in which INVEGA acts as a limited partner. The limited partnership is set up together with private investors and a selected management company and is the vehicle for making and managing INVEGA's venture capital investments in target companies under the venture capital instruments implemented by INVEGA;
- MEI RL – The institution performing the functions of the intermediate institution in the area of EU structural assistance administration, which has entrusted INVEGA with the performance of certain functions of the implementing institution;
- MoF RL – the holder of the state-owned shares of INVEGA (100% of all shares), performing the functions of operational supervision and general meeting of shareholders;
- MSSL RL – The institution performing the functions of the intermediate institution in the area of EU structural assistance administration, which has entrusted INVEGA with the performance of certain functions of the implementing institution;
- MTC RL – The institution performing the functions of the intermediate institution in the area of EU structural assistance administration, which has entrusted INVEGA with the performance of certain functions of the implementing institution;
- MoA RL – a state institution entrusted to INVEGA to provide individual guarantees in the agricultural, fisheries and aquaculture sectors, as well as to perform certain functions of the implementing institution in these sectors;
- MoE RL is the institution performing the functions of the intermediate institution in the area of EU structural assistance administration, which has entrusted INVEGA with the performance of certain functions of the implementing institution;
- Ministry of Education, Science and Sports of the Republic of Lithuania is an institution performing the functions of an intermediate institution in the field of EU structural assistance administration, which has entrusted INVEGA with the performance of certain functions of the implementing institution;
- MoC RL is the institution performing the functions of the intermediate institution in the area of EU structural assistance administration, which has entrusted INVEGA with the performance of certain functions of the implementing institution;
- MoE RL is the institution performing the functions of the intermediate institution in the area of EU structural assistance administration, which has entrusted INVEGA with the performance of certain functions of the implementing institution;
- Daina Kleponė – independent member of the Supervisory Board of INVEGA, Chairperson of the Supervisory Board;
- Aivaras Čičelis – independent member of the Supervisory Board of INVEGA, Deputy Chairperson of the Supervisory Board;
- Saulius Galatiltis – independent member of INVEGA Supervisory Board;
- Pascal Lagarde – independent member of INVEGA Supervisory Board;
- Povilas Kriaučeliūnas – Member of the Supervisory Board of INVEGA;
- Aurimas Saladžius – Member of the Supervisory Board of INVEGA;
- Irma Patapienė – Member of the Supervisory Board of INVEGA;
- Alditas Saulius – independent member of INVEGA's Management Board, chairman of the board (until 2023-09-10);

- Viktorija Trimbel – Member of the Management Board of INVEGA (until 2023-09-10), Director of Coinvest Capital;
- Vytenis Labanauskas – independent member of INVEGA's Management Board (until 2023-09-10);
- Aušra Vičkačkienė – Member of the Management Board of INVEGA (until 2023-09-10);
- Tomas Urban, Member of the Management Board of INVEGA (until 2023-09-10);
- Kęstutis Motiejūnas – INVEGA CEO (until 2023-09-10);
- Dainius Vilčinskas – CEO of INVEGA;
- Jonas Kanapeckas – Member of the Management Board of INVEGA;
- Lina Stragauskienė – Member of INVEGA's Management Board;
- Giedrė Gečiauskienė – Member of INVEGA's Management Board;
- Inga Beiliūnienė – Member of INVEGA's Management Board;
- Liudas Sinkevičius – Director General of VIVA.

This list does not include state-owned or controlled enterprises, institutions and bodies in which INVEGA's authorised representative, the MoF RL, performs the functions of the owner, stakeholder and/or founder of the shares of the respective economic entities.

This list also does not include entities that are considered to be related parties through members of INVEGA's Supervisory Board, members of the Management Board, INVEGA's CEO or Coinvest Capital's CEO and/or their close family members. Information about the relevant entities will be additionally disclosed in the next section transactions concluded by INVEGA with related persons, if such transactions with the relevant entities would have been concluded during the reporting period.

Persons additionally related to Coinvest Capital and the venture capital fund managed by it are members of the Investment Committee of KŪB Koinvesticinis fondas:

- Andrius Barštys – Chairman of the Investment Committee of KŪB Koinvesticinis fondas;
- Giedrius Martusevičius – Member of the Investment Committee of KŪB Koinvesticinis fondas;
- Edvinas Vosylius – Member of the Investment Committee of KŪB Koinvesticinis fondas.

Additional persons associated with VIVA and the fund it manages – KŪB Pagalbos verslui fondas – are members of the KŪB Pagalbos verslui fondas:

- Normantas Marius Dvareckas – Chairman of the Management Board of VIVA and Chairman of the Investment Committee of the KŪB Pagalbos verslui fondas;
- Agnė Daukšienė – Member of the Management Board of VIVA and member of the Investment Committee of the KŪB Pagalbos verslui fondas;
- Andrius Sokolovskis – Member of the Management Board of VIVA and member of the Investment Committee of the KŪB Pagalbos verslui fondas;
- Tomas Tumėnas – Member of the Management Board of VIVA and member of the Investment Committee of the KŪB Pagalbos verslui fondas;
- Virginijus Doveika –Member of the Management Board of VIVA and member of the Investment Committee of the KŪB Pagalbos verslui fondas.

Additional persons associated with TIPS are a member of the TIPS Investment Committee – Rahul Pratap Singh.

INVEGA does not collect data on the family members of the members of the Supervisory Board, members of the Management Board, managers and INVEGA employees, their close relatives, the private interests of these persons and the transactions concluded by them. INVEGA is informed of a potential conflict of interest (directly or through close persons), if necessary, by a member of the Supervisory Board or the Management Board, or by an INVEGA employee, and withdraws from the preparation, consideration and adoption of the relevant issue.

During the reporting period, no atypical transactions or transactions under exceptional conditions were concluded between INVEGA and its affiliates.

During the reporting period, contracts were executed for the financing and administration of the measures administered or implemented by INVEGA and, if objectively necessary, new or amended contracts were concluded for the implementation and financing of financial or global grant measures.

Contracts for the purchase of goods, services and works are concluded in compliance with the requirements of the Law on Public Procurement and in accordance with the Small Value Procurement Procedure approved by Order No 1S-97 of the Director of the Public Procurement Service of 28 June 2017 and the Procedures for the Organisation of the Conduct of Public Procurement and the Administration of Contracts approved by Order No B-275 of the Director General of INVEGA of 21 November 2023.

7.5. INVEGA Affiliates and Membership in Organisations

INVEGA had no branches or representative offices during the reporting period.

INVEGA is a member of the European Association of Guarantee Institutions (AECM), the European Venture Capital Fund Investors Network (EVFIN) and the European Network of Financial Institutions for Micro, Small and Medium-sized Enterprises (NEFI), an associate member of the Lithuanian Venture Capital and Private Equity Association (LTVCA), the Lithuanian Business Angel Network (LitBAN), the European Long-Term Investors Association (ELTIA), and a national financial institution partner of the EIF-NPI Venture Capital Equity Platform. In the field of energy efficiency, INVEGA has appointed its employees to participate in the Energy Economists Expert Group coordinated by the European Commission. In 2024, INVEGA plans to join the European Energy Efficiency Financing Coalition, a trilateral cooperation group.

7.6. Information on the audit of the annual financial statements

The audit firm commissioned to audit the consolidated financial statements of INVEGA and the INVEGA Group is selected by public tender in accordance with the public procurement procedures, and in accordance with the Law on Companies, INVEGA's audit firm is appointed by the authority exercising the functions of INVEGA's General Meeting of Shareholders – the MoF RL.

By decision of the Minister of the MoF RL, the representative of the owner of all INVEGA shares, of 8 January 2024, the joint venture group of UAB ROSK Consulting and UAB Mazars Lithuania Audit, have been selected as the audit firm to carry out the audit of the INVEGA Group's annual financial statements for 2023 and 2024. Over two years, the cost of the services provided by the audit firm for the audits of the INVEGA Group's financial statements will amount to EUR EUR 29,000 excluding VAT.

This group of audit companies will also carry out audits of the financial statements of the subsidiary Coinvest Capital and the venture capital fund managed by it – KŪB Koinvesticinis fondas, as well as verification of the management expenses of the fund, audits of the financial statements of TIPS, as well as audits of the financial statements of all funds managed by INVEGA and funds, as well as verification of the management expenses of the funds.

UAB Deloitte Lietuva, an audit firm, was selected to audit the sets of financial statements of VIVA for 2021, 2022 and 2023. It has been established that the annual fee for the audit of the set of financial statements is a maximum of EUR 8,000, excluding VAT, and a total fee of EUR 24,000, excluding VAT, for a 36-month period in accordance with the results of an open call for tenders.

The values of the services provided by audit firms are detailed in Table 20

Table 21. Audit cost values of 2023

Name of the audit firm's services	Amount excluding VAT costs, EUR
Audit of INVEGOS financial statements	14.500
Audit of the funds of funds and the financial statements of funds managed by INVEGA	117.100
Verification of eligibility of funds managed by INVEGA and management expenditure of funds managed by INVEGA	34.900
Audit of the use of State budget resources allocated to INVEGA funds	59.100
Audit of the financial statements of Coinvest Capital	6.100
Audit of the financial statements of KŪB Koinvesticinis fondas	9.500
Verification of the eligibility of the management costs of KŪB Koinvesticinis fondas	12.000
Audit of TIPS financial statements	5.000
Audit of VIVA financial statements	9.096
Audit of BAF financial statements	45.480
Cost of other services*	5.000
TOTAL	**317.776**

**-Other audit services include a review of the balances of the subsidiaries VIPA and ŽŪPGF as at the date of the merger with INVEGA, i.e. 1 August 2023.*

The increase in the volume of audit services in 2023 compared to 2022 (costs amounted to EUR 111,900 excluding VAT) is due to the expansion of the INVEGA Group, with the addition of VIPA and the ŽŪPGF, and to the management of an additional 10 funds taken over from the subsidiaries.

7.7. Procedure for amending the Articles of Association

In accordance with point 66 of INVEGA's Articles of Association, the procedure for amending INVEGA's Articles of Association does not differ from the procedure established in the Law on Companies. The General Meeting of Shareholders, the Supervisory Board, the Management Board and the shareholders have the right of initiative to amend and supplement INVEGA's Articles of Association. The amended Articles of Association are approved by the General Meeting of Shareholders. The amended Articles of Association enter into force upon their registration in the Register of Legal Entities.

7.8. Prevention of corruption

INVEGA adheres to high legal, ethical and moral standards and does not tolerate any form of corruption in its activities, or the acceptance, provision, offer, promise or demand of any improper benefit through the abuse of office.

INVEGA has a continuous and targeted anti-corruption policy that aims to achieve the following objectives:

- Reduce the likelihood of corruption;
- Identify and address the causes of potential non-transparent activities of INVEGA employees;
- Increase staff responsibility and accountability of employees;
- Improve the organisation of the application of corruption prevention measures;
- Increase intolerance for corruption and fraud;
- Increase the availability of information about INVEGA's activities;
- Strengthen INVEGA's commitment to the principles of publicity and transparency;
- Increase the confidence of INVEGA customers, stakeholders and the public in the activities carried out by INVEGA.

Corruption prevention at INVEGA is carried out in accordance with:

- INVEGA's Anti-Corruption Policy, approved by a decision of the Management Board of INVEGA on 16 December 2021, sets out the principles and requirements for the prevention of corruption and the guidelines for ensuring their implementation. The policy aimed to ensure that INVEGA's activities and behaviour meet the highest standards of trustworthiness, integrity, transparency and business ethics acceptable to society. On 19 January 2024, INVEGA's Management Board approved an updated Anti-Corruption Policy;
- In order to properly implement the provisions of the Republic of Lithuania Law on the Prevention of Corruption and INVEGA's Anti-Corruption Policy, the Activity plan for the Prevention of Corruption in INVEGA for 2022-2024 was approved by Order No. 35 of 17 February 2022, the aim of which is to ensure the effective, targeted and consistent functioning of the system of prevention and control of corruption in INVEGA by improving the existing and introducing new measures for the prevention of corruption and thus increasing the openness and transparency of the activities of INVEGA, the transparency of the procedures performed, and the resistance to corruption of the people working in INVEGA;
- The Code of Ethics approved by the INVEGA Management Board on 6 May 2019 sets out the requirements for value-based and rule-based behaviour (ethics) to define the norms and rules of behaviour of employees, to inform and educate employees, to develop their responsibility, to protect them from conflict situations and unethical behaviour, to identify cases of intolerable behaviour, and to define the boundaries between appropriate and inappropriate behaviour;
- The INVEGA Supervisory Board adopted the Interest Management Policy by decision of the Supervisory Board on 13 May 2022 (minutes of meeting No. 009) (the Supervisory Board adopted the new current version of the Policy by decision of the Supervisory Board on 13 November 2023 (minutes of meeting No. 014)). The aim of the Policy is to ensure the proper functioning of the system for the prevention of conflicts of interest in INVEGA and its managed companies by ensuring that public interests are given priority in INVEGA's decision-making process and to prevent conflicts of interest and corruption from occurring. The Policy sets out the requirements for INVEGA's declaration of interests system and the principles for managing interests and resolving potential conflicts of interest at INVEGA.

It should also be noted that in order to assess the changes and expand the available information on the possible manifestations of corruption in the opinion of INVEGA's customers and employees, surveys of its customers and employees were conducted in the areas of the Company's activities.

A customer survey on the likelihood of corruption manifestations in INVEGA for 2022 was conducted from 2 February to 17 February 2023. The results of the survey show that the probability of corruption occurring in INVEGA is low, as the vast majority of respondents have never heard of or encountered corruption in INVEGA. Also, although 3.1% of customers said that giving a bribe would help to make a decision faster and would affect the decision itself, no one has offered INVEGA to compensate the employee[12].

The employee survey on the likelihood of corruption manifestations in INVEGA for 2022 was conducted on January 17–31, 2023. To summarise the results of the survey, the likelihood of corruption occurring at INVEGA was assessed as low, since the vast majority of employees have not heard or encountered real corruption cases in INVEGA[13].

On 6 April 2023, a statement of assessment of the results of the Company's employee and customer surveys on the probability of corruption manifestations in INVEGA in 2022 was prepared. All employees were informed of the information and conclusions collected during the surveys.

[12] https://invega.lt/doclib/wyr6iynlrn51253pvvcqvmanaqza1xjt

[13] https://invega.lt/doclib/wyr6iynlrn51253pvvcqvmanaqza1xjt

In order to form a strong ethical culture of INVEGA employees, increase their awareness and promote a better understanding of the importance of corruption prevention, during the reporting period, INVEGA collegiate body members and employees were regularly provided with information on the creation of a corruption-resistant environment and the management of interests in INVEGA (e.g. on how to declare private interests, how to identify and properly remove potential conflicts of interest, how to distinguish between a bribe and a gift, etc.). Also, the INVEGA intranet website periodically provided relevant information on anti-corruption (ethical) behaviour issues, presented national sociological studies conducted in the field of resilience to corruption, emphasising information relevant to INVEGA. INVEGA employees were provided with information by e-mail about the Lithuanian Map of Corruption 2022/2023 investigation, emphasising information relevant to INVEGA.

Violations of legal provisions and standards of conduct by managers and employees of INVEGA and the companies it manages, violations of business operations and accounting, bribery, influence peddling, abuse, conflicts of interest, patronage of family members, relatives, friends, or any other form of trade in influence, violations of the requirements of transparency, equality, non-discrimination, proportionality and fairness of the procurement process, as well as violations of the requirements of transparency, equity, non-discrimination, proportionality, and fairness, are invited to be reported through the internal reporting channel available on the Company's website at https://invega.lt/korupcijos-prevencija/6, also report directly to the Lithuanian Special Investigation Service (hereinafter referred to as the SIS). Reports may be anonymous. The Internal Audit Service is responsible for receiving and evaluating the information in the reports, under the authority of the INVEGA Supervisory Board. The reports are dealt with in accordance with the procedures and deadlines set out in the Procedure for the Examination of Reports and the Reporting of the Results of Investigations, approved by Order No B-156 of the Director General of INVEGA of 28 September 2020. During the reporting period, three reports were registered and no corrupt activities were detected. In one case, the whistleblower failed to provide additional information and the investigation was not opened. In the second case, the investigation was carried out and a reply sent to the whistleblower. In the third case, it was identified that the information provided was not relevant to INVEGA's activities. There are opportunities to report possible non-transparent use of EU structural assistance on the website https://esinvesticijos.lt/.

In order to inform the public about INVEGA's anti-corruption activities and to encourage the public to participate in the process, the INVEGA website's "Corruption Prevention" section publishes all the documents related to the implementation of the Anti-Corruption Policy, as well as any other relevant information on the issues related to the creation of an environment resistant to corruption.

8. Most significant acquisitions and investments

Pursuant to the Republic of Lithuania Law on Public Procurement No I-1491 of 13 August 1996 INVEGA is a contracting authority.

INVEGA carries out procurement of goods and services in accordance with the Law on Public Procurement, the Small Value Procurement Procedures approved by Order No 1S-97 of the Director of the Public Procurement Service of 28 June 2017, other legal acts, methodologies and guidelines governing public procurement and INVEGA's own internal procedures governing public procurement and contract administration.

INVEGA carried out public procurements in 2023:

10 simplified and international procurement procedures resulting in signed contracts for the amount of EUR 1,764,308.79 excluding VAT;

- 57 low-value purchases resulting in contracts for the amount of EUR 977,499.67 excluding VAT;

- 61 purchases for an amount of EUR 324,895.78 thousand excluding VAT from the central contracting authority CPO.LT catalogue;
- 281 low-value purchases resulting in oral contracts for the amount of EUR 213,698.25 excluding VAT.

INVEGA carried out publicly advertised simplified and international public procurement procedures and signed contracts during the reporting period:

- Contract for audit services on the eligibility of funds allocated to IF and ISF facilities and spent in 2022 for the amount of EUR 45,280.04 excluding VAT;
- Contract for services to assess the need for commodity credit insurance and export finance instruments in the Lithuanian market for the amount of EUR 78,000 excluding VAT;
- INVEGA website development and maintenance services contract for the amount of EUR 50,000 excluding VAT;
- A service contract for the development and maintenance of a business management system for the amount of EUR 400,000 excluding VAT;
- Service contract for the development and maintenance of the application management system for financial instruments for the amount of EUR 250,000 excluding VAT;
- Contract for the organisation of representative events for the amount of EUR 121,000 excluding VAT;
- Service contract for the maintenance and development of a document management system for the amount of EUR 125,000 excluding VAT;
- Additional licence agreement for Microsoft Dynamics NAV business management system for the amount of EUR 95,028.75 excluding VAT;
- Voluntary Occupational Health Insurance Service Agreement for the amount of EUR 400,000 excluding VAT;
- Legal Services Agreement for the amount of EUR 200,000 excluding VAT.

Major acquisitions planned for 2024:

Up to 1.000.000 EUR excl. VAT (inclusive):

- Document and process management technical platform development services for a period of 12 months;
- Consultancy services for the development of a treasury management tool for a period of 12 months;
- Recruitment services for a period of 24 months;
- Vehicle lease for a period of 60 months;
- Laptops for a period of 24 months;
- CRM solution development and support services for a period of 24 months;
- Screening services for policy holders and international sanctions for a period of 36 months;
- Microsoft Office 365 licence rental for a period of 36 months;
- Incentive financing market research (ex-ante assessments) services for a period of 12 months;
- DNMF IS development services with external customer portal and integrations for a period of 36 months;
- SIB (social impact bond) fund manager services for a period of 72 months;
- Security incident detection and management licences for a period of 36 months;
- Data warehouse and development services for a period of 24 months;
- Staff travel arrangement for a period of 36 months;
- Development and support services for the application management system for financial instruments for a period of 36 months;
- Long-term strategy development services for a period of 9 months;
- Cloud hosting for a period of 36 months;
- IT infrastructure maintenance services for a period of 36 months;
- Advisory services in connection with the organisation of a securities issue for a period of 12 months;
- Legal services for a period of 48 months;

- Services for setting up and maintaining the application and evaluation system over a 36-month period.

From 1. EUR 000.000 excl. VAT:

- Voluntary occupational health insurance services for a period of 24 months;
- Business Management System (BMS) development and maintenance services for a period of 36 months;
- Integrated communication services for a period of 36 months;
- Event organisation services for a period of 36 months;
- Consultancy services for the preparation and implementation of renewable energy community projects for a period of 36 months.

9. Overview of the main activities and development opportunities

9.1. Financial instruments managed and/or implemented by INVEGA

INVEGA's main activities are aimed at improving access to finance for businesses, in particular small and medium-sized enterprises, public entities, agricultural entities, and residents of apartment buildings. INVEGA implements these activities through various financial instruments – guarantees, loans, venture capital investments, etc. For a more detailed description of the financial instruments see: https://invega.lt/paslaugos/25.

Measures can be implemented through funds of funds (holding funds), i.e. packages of financial instruments, or without the establishment of such funds. The need for financial instruments is determined during the ex-ante (incentive funding needs) assessment.

INVEGA implements the financial instruments:
through financial intermediaries – e.g. banks, credit unions, leasing companies, factoring companies, crowdfunding platforms, venture capital funds, other alternative financiers;
directly – by providing loans, business guarantees or venture capital investments in companies.

During the reporting period, INVEGA managed the Funds financed by the EU Structural Funds 2014-2020, EU Funds 2021-2027, the Economic Recovery and Resilience Facility funds, state budget funds and funds of business and other entities that have returned and/or will return to the Funds (hereinafter the returned funds).

Following the consolidation of the four NDI, INVEGA manages 16 funds established to promote the access to finance in different areas and also participates in the Three Seas Investment Fund. The financial instruments implemented and/or administered through the Funds, as well as the separate financial instruments (without the establishment of Funds), are listed in the table below.

Table 22. Financial engineering and financial instruments implemented management

Type	Financial instrument	Fund of funds	Status of the financing instrument 1 January 2024
Guarantees	Portfolio guarantees (FLPG)	IF	administered
	Guarantee fund 2 (GIF2)	IF	administered
	Guarantee fund 3 (GIF3)	IF	implementing
	Export credit guarantees (EKG)	IF	implementing

Type	Financial instrument	Fund of funds	Status of the financing instrument 1 January 2024
	Portfolio guarantees for factoring transactions (PGF)	IF	administered
	Portfolio guarantees for factoring transactions (PGF2)	IF	administered
	Guarantees for start-ups (GPV)	VSF2	implementing
	Portfolio guarantees for leasing transactions (PGL)	VFF	administered
	Portfolio guarantees for loans (PGP)	VFF	administered
	Portfolio guarantees 3 (PG3)	IF	implementing
	Individual guarantees (agriculture) (IGŽŪ)	continuing facility	implementing
	Street lighting guarantees (ENEF guarantees)	ENEF	administered
	Enforcement of aid guarantee payments (agriculture)	ŽŪF	implementing
Loans	Shared risk loans (FRSP)	IF	administered
	Open-end credit fund 2 (AKF2)	IF	administered
	Start	VFF / ISF	facility under implementation/ development (addition)
	Debt funds	IF	facility under preparation
	Perspective	ISF	facility under implementation/ development (addition)
	Change	ISF	facility under preparation
	Promoting entrepreneurship 2014–2020 (VSF2)	VSF2	administered
	Shared risk loans (PRP)	VFF	administered
	Lending through crowdfunding platforms (Avietė Crowdfunding Loans)	IF	implementing
	Alternative	IF	implementing
	Open-end credit fund 3 (AKF3)	IF	implementing
	Promoting entrepreneurship 3 (VSF3)	VSF2	facility under preparation
	Facility for the granting of loans for the purchase of agricultural machinery and equipment (loans for agricultural machinery)	Loan fund	administered
	Loans to primary production operators (Primary production)	Loan fund	administered
	Loans to victims of adverse climatic events (NKR)	Agricultural fund	administered
	Shared risk loans (KPP)	Rural Development Financial Instruments Fund	implementing
	Loans for the establishment of young farmers	Rural Development Financial Instruments Fund	facility under preparation
	Loans for investment (including sustainable investment) in agricultural holdings	Rural Development Financial Instruments Fund	facility under preparation
	Loans for investment in the processing of agricultural products	Rural Development Financial Instruments Fund	facility under preparation
	(JESSICA) Multi-apartment building renovation projects (JESSICA apartment blocks)	Acts as FT	administered
	(JESSICA) Dormitories renovation projects (JESSICA dormitories)	Acts as FT	administered
	Multi-apartment building modernisation fund (DNMF)	separate facility	implementing
	Loans for the renovation of public buildings in central government (ENEF public buildings)	ENEF	Facility managed/ under preparation
	Increasing the use of EE and RES in the district heating and cooling (CHP) sector	ENEF	facility under preparation
	Renewable Energy Communities and Citizens' Energy Communities (RES loans)	ENEF	facility under preparation
	RES development in legal entities (producing consumers)	ENEF	facility under preparation
	Municipal Building Fund (SPF)	SPF	administered

Type	Financial instrument	Fund of funds	Status of the financing instrument 1 January 2024
	Cultural Heritage Fund (Heritage) (KPF)	KPF	Facility managed/ under preparation
	Water Management Fund (WF)	VF	administered
	Installation of typical production buildings in free economic zones, industrial parks and other industrial areas (FEZ)	Separate facility	implementing
	Business Assistance Fund (BAF)	Separate facility	administered
	Loans for the renovation and expansion of higher education and vocational training infrastructure (buildings)	Separate facility	administered
	Direct loans for renewable energy sources (AEI)	IF	implementing
	Promotion of the development of sustainable resources (Tvarių išteklių plėtros skatinimas) (loans for the implementation of green projects of companies, installation of solar power plants, minor renovations, street lighting EE projects, EE public building projects (ineligible for SPF and ENEF funds)		implementing
Risk capital	Baltic Innovation Fund (BIF)	IF	implementing
	Early Stage and Development Fund I (ASIPF I)	IF	administered
	Co-investment Fund I (KO I)	IF, ISF	facility under implementation/ development (addition)
	Co-investment Fund II (KO II)	VFF	administered
	Early Stage and Development Fund II (ASIPF II)	VFF	implementing
	Development Fund I (PF I)	VFF	implementing
	Development Fund II (PF II)	VFF	implementing
	Co-investing with business angels (VAF)	VFF	implementing
	Accelerator 2	ISF	implementing
	MILInvest	GIF	implementing
	Accelerator Fund	VFF	administered
	Baltic Innovation Fund 2 (BIF2)	IF	implementing
	Co-investment Fund for Transport (KO-Contact)	separate facility	administered
	Participation in the NATO Innovation Fund (NATO)	ISF	implementing
	Development Funds III (PF III)	IF	implementing
	Early Stage and Development Fund III (ASIPF III)	ISF	facility under preparation
	Accelerator 3	ISF	facility under preparation
	Partial reimbursement of interest (joint: Entrepreneurship, Productivity, Efficiency) (DPK)	-	administered
Donation	Start-up grants	-	administered
	Competence voucher	-	administered
	Business consultant	-	administered
	Expo consultant	-	administered
	Eco consultant	-	administered
	Interest reimbursement from the state budget	-	implementing
	Promoting the listing of securities on stock exchanges	-	implementing
	Refund facility CVVP (GS CVVP)	-	administered
	Refund facility VF (GS VF)	-	administered
	Specific grant to municipalities (Grant to municipalities)	-	administered
	Reimbursement of guarantee premium (agriculture)	-	implementing
	Partial reimbursement of interest (agriculture)	-	implementing
	Interest compensation for storm and hail victims	-	implementing
	Climate Change Programme for municipal EE projects (SPF)	-	administered
	Guarantee fund 4 (GIF4)	IF	administered

Type	Financial instrument	Fund of funds	Status of the financing instrument 1 January 2024
Temporary Crisis Response Financing Facility	Portfolio guarantees for loans – 2 (PGP2)	IF	administered
	Direct COVID-19 Loans (working capital and investment capital) (COVID-19 I)	IF	administered
	Payable Invoice Loans (ASAP)	IF	administered
	Direct loans to businesses affected by the actions of third parties (TP II)	IF	administered
	Direct loans to businesses affected by the war (TP I)	IF	administered
	Loans to tourism and catering service providers (TP III)	IF	administered
	Loans to businesses most affected by COVID-19 (COVID-19 II)	IF	administered
	UKR guarantees (agriculture) (UKR ŽŪ)	Separate facility	administered
	COVID-19 guarantees (agriculture) (COVID-19 ŽŪ)	Separate facility	administered
	Loans to ensure the liquidity of undertakings active in the production, processing and marketing of agricultural and fishery products during the outbreak of COVID-19	Agricultural fund	administered
	Loans to provide liquidity to undertakings active in the production, processing and marketing of agricultural and fishery products in response to Russian aggression against Ukraine	Agricultural fund	administered

In 2023, INVEGA continued its successful implementation of incentive finance facilities and looked for ways to quickly and efficiently help businesses facing today's economic challenges. Following the consolidation of the NDIs, INVEGA took over the activities of the merged NDIs and continued to successfully provide financing in the areas of multi-apartment building renovation, public infrastructure, agriculture and other areas.

INVEGA has provided nearly EUR 500 million in financing in 2023. Most of the financing, amounting to more than EUR 230 million, was provided in the form of individual and portfolio guarantees, which resulted in the disbursement of EUR 315 million to of intermediary financing paid out to customers. A further EUR 220 million of funding reached customers through direct lending and financial intermediaries.

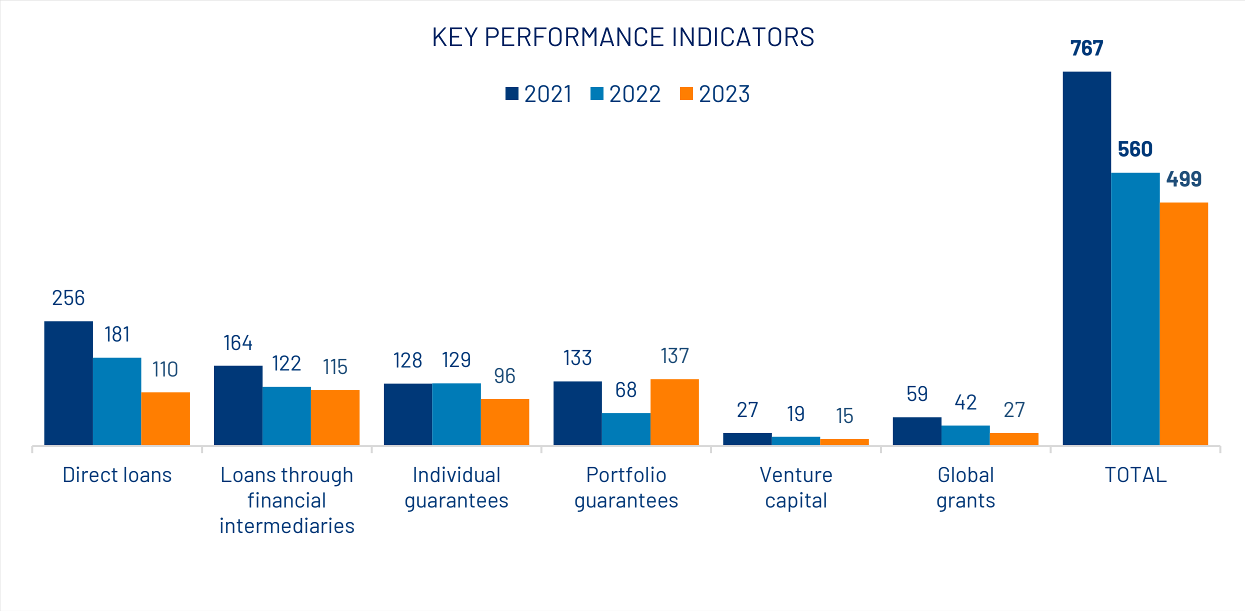
Table 23. Meeting the Company's key performance indicators

Groups of facilities	Funding volumes[14], EUR million		
	2021*	2022*	2023
Direct loans	255.91	181.15	109.86
Loans through financial intermediaries	164.30	121.60	114.56
Individual guarantees	127.67	128.61	96.41
Portfolio guarantees	132.70	67.69	137.09
Risk capital	27.04	18.90	14.57
Global grants	59.29	42.07	26.71
TOTAL	**766.90**	**560.02**	**499.20**

** – Figures for 2021-2022 are based on the volume of facilities implemented by the consolidated companies*

[14] *Loans – the amount of the part of the loans financed by the funds allocated to the instruments; Guarantees – the amount of the portion of transactions guaranteed by the facilities; Venture capital – the amount of investments made by the funds that reach the final beneficiaries;* Global grants – the sum of positive decisions taken.

Fig. 7. *Key performance indicators, MEUR*



9.2. Raising private finance through financial instruments

Not only do financial instruments provide a leverage effect, where funds spent on financial instruments are returned and can be used again to finance new investments and projects, but they also help to attract private finance from a variety of sources (financial institutions, private entities and individuals, etc.), which increases the scale of investment. The amount of private finance raised in 2023 and the results for the previous periods are presented in the table and figures below.

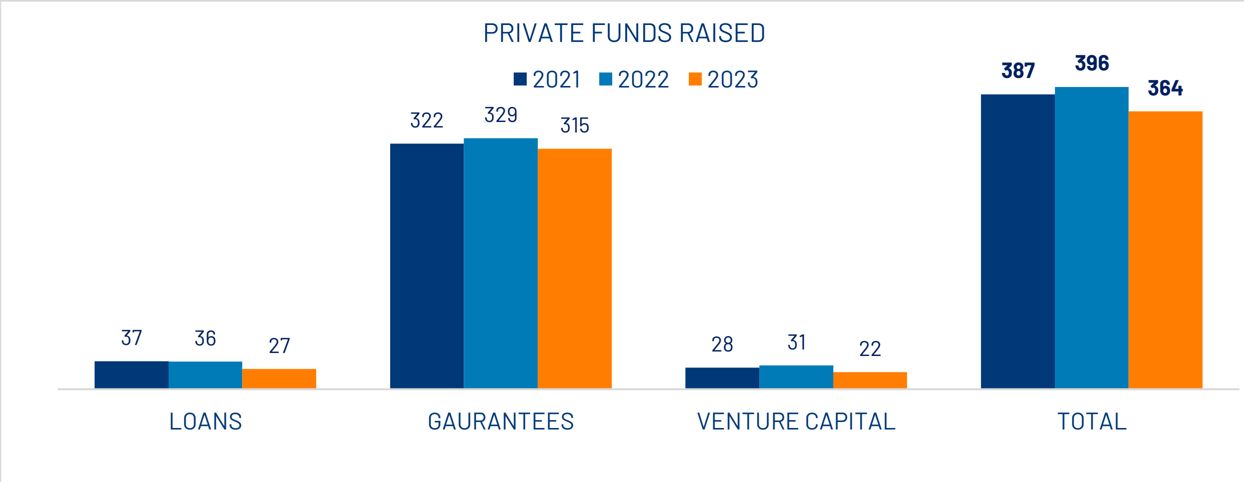
Table 24. Private funds attracted

Private funds attracted	Amount[15], mln. EUR		
	2021*	2022*	2023
LOANS	36.64	36.38	26.56
GUARANTEES	321.76	328.91	315.26
RISK CAPITAL	28.10	31.03	22.32
TOTAL	**386.50**	**396.32**	**364.14**

** - The figures for 2021-2022 are based on the volume of facilities implemented by the consolidated companies*

[15] *Loans – the amount of the portion of transactions financed by intermediaries; Guarantees – the actual disbursement of bank funds to the final beneficiaries; Venture capital – the amount of private investment that reaches the final beneficiaries.*

Fig. 8. Private funds raised, MEUR



9.3. Loan facilities

In 2023, loans to businesses, the public sector and agriculture were issued under the following loan instruments: Open Credit Fund 2 (until 12 June 2023), Open Credit Fund 3 (from 13 June 2023), Risk Sharing Loans, Promoting entrepreneurship 2014-2020 (until 11 November 2023), crowdfunding loans Avietė, Alternatyva, Startuok, Direct loans to businesses affected by the war (until 11 November 2023), Perspektyva, Direct loans for renewable energy projects (from 2 August 2023), Soft loans for Russia's aggression against Ukraine, Risk Shared Loans of the KPP Financial Instruments Fund, Loans for the renovation of municipal public buildings, Direct loans to businesses affected by actions of third parties (until 17 February 2023), Cultural Heritage Fund, Loans for the construction of standard production buildings (FEZ), Water management fund, Multi-apartment Building Modernisation Fund, Loans for central government public buildings, KŪB Tvarių išteklių plėtros skatinimas. The amount of funds allocated for Startuok has been increased to EUR 35.29 million for 2023.

After the end of the investment period of the BAF on 1 July 2022, VIVA only monitors and collects investments from the portfolio formed. There are no plans to further develop the Fund and it is only being used for the proper management of the portfolio of projects it has created.

The results of the implementation of the loan facilities and a comparison with previous periods are presented below.

Table 25. Execution of loan finance instruments, MEUR

Loan financial instruments	**The funds of the Fund reach its final beneficiaries, EUR million**		
	2021	**2022**	**2023**
LOANS THROUGH FINANCIAL INTERMEDIARIES	**164.30**	**121.60**	**114.56**
*Financing instrument **ALTERNATYVA****	75.42	37.62	40.24
*Risk-sharing loans, **PRP***	16.95	9.88	2.59
*Crowdfunding loans to **Avietė***	5.00	5.45	8.39
*Open-end Credit Fund II, **AKF2***	11.56	4.88	2.55
*Open-end Credit Fund III, **AKF3***	-	-	1.94
*Promoting entrepreneurship 2014-2020, **VSF2***	5.53	2.95	0.58
*Municipal Building Fund, **SPF***	1.69	4.30	4.22
*Cultural Heritage Fund, **KPF***	-	0.62	0.12
*Liquidity facility in the period of Russian aggression against Ukraine, **UKR loans***	-	31.00	53.00

Loan financial instruments	The funds of the Fund reach its final beneficiaries, EUR million		
	2021	2022	2023
*Liquidity loan during the outbreak of **COVID-19, ŽŪ COVID-19 loans***	44.68	23.45	-
*Risk-sharing loans, **KPP loans***	-	0.96	0.95
*Loans to primary production operators, **Loans for primary production***	2.74	0.27	-
*Loans for victims of adverse climatic events, **NKR loans***	0.73	0.21	-
*Loans for agricultural machinery and equipment, **Agricultural loans for machinery***	-	-	-
DIRECT LOANS	**255.91**	**181.15**	**109.86**
*Direct loans to businesses affected by the war, **TP I***	-	2.93	13.29
*Direct loans to **Startuolis***	-	6.23	9.13
*Incentive financial instrument **Perspektyva***	-	-	4.01
*Direct loans to businesses affected by the actions of third parties, **TP II***	-	3.22	1.22
*Phase I of the COVID-19 direct loan, **COVID-19 I***	34.63	-	-
*Phase II of the COVID-19 direct loan, **COVID-19 II***	-	24.73	0.45
*Loans to tourism and accommodation providers, **TP III***	3.52	-	-
*Fund for the modernisation of multi-apartment buildings, **DNMF***	94.92	42.06	45.71
Installation of buildings for typical production purposes in free economic zones, industrial parks and other industrial areas, Loans to FEZ	-	-	4.88
*Limited partnership TIPS, **KŪB TIPS***	-	5.16	7.59
*Administration of the Energy Efficiency Fund (Public buildings) **ENEF Public buildings***	1.77	5.20	5.95
Water Management Fund, VF	5,18	8.77	14.70
*INVEGA capital-based loans, **INVEGA capital***	2.58	3.54	2.33
*Pagalbos verslui fondas, **BAF***	113.31	79.29	0.61
TOTAL	**420.21**	**302.75**	**224.42**

** – The amount of contracts awarded under the Fund, EUR million*

Fig. 9. Execution of loan finance instruments, MEUR

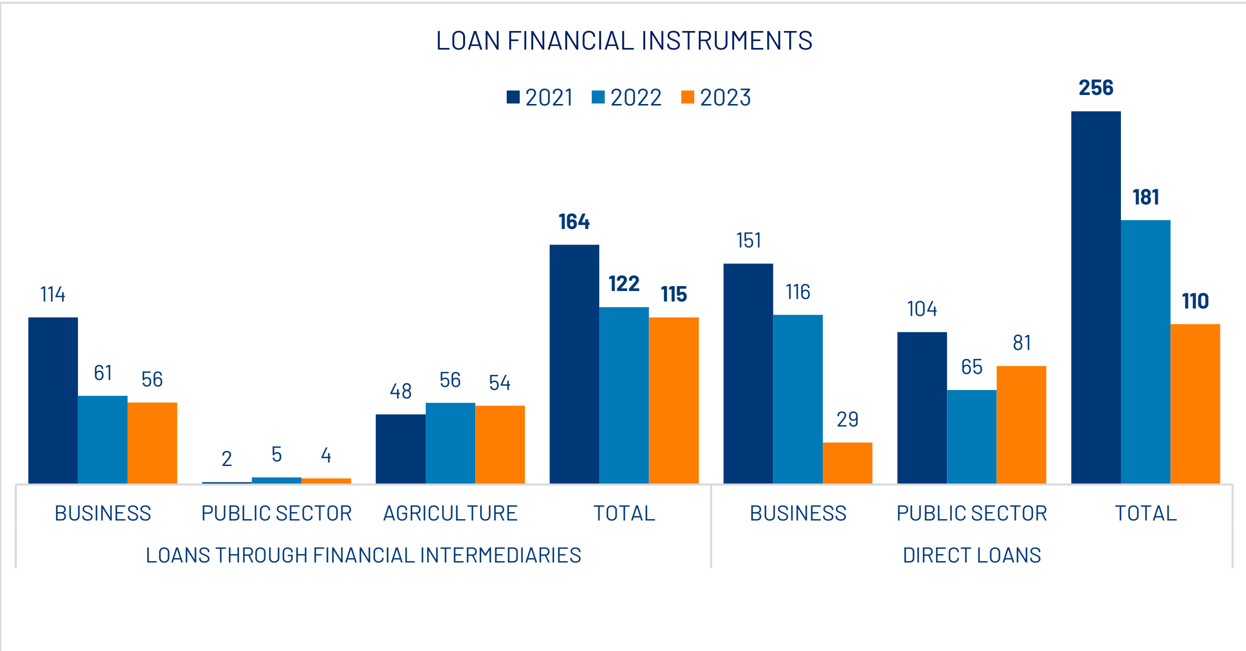


Fig. 10. Implementation of financial instruments for business loans, MEUR

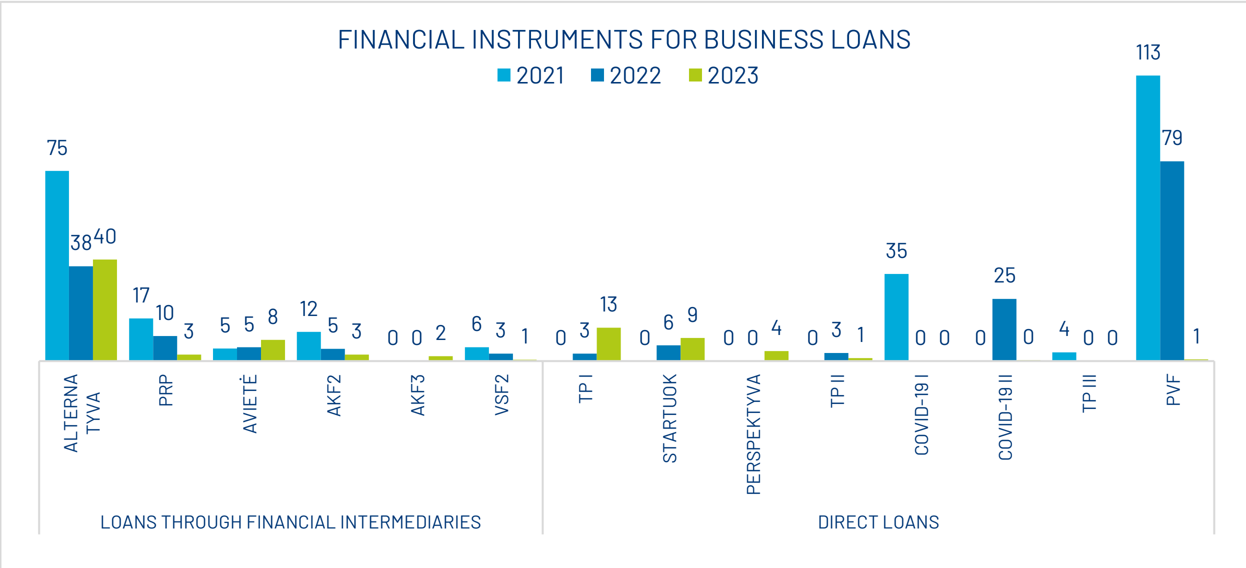


Fig. 11. Implementation of financial instruments for public sector loans, MEUR

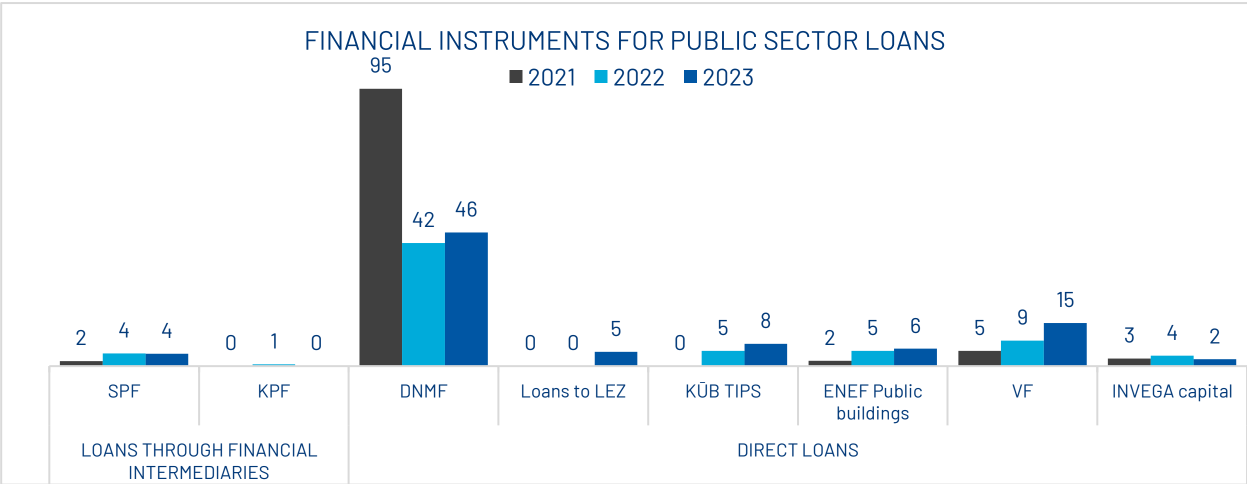
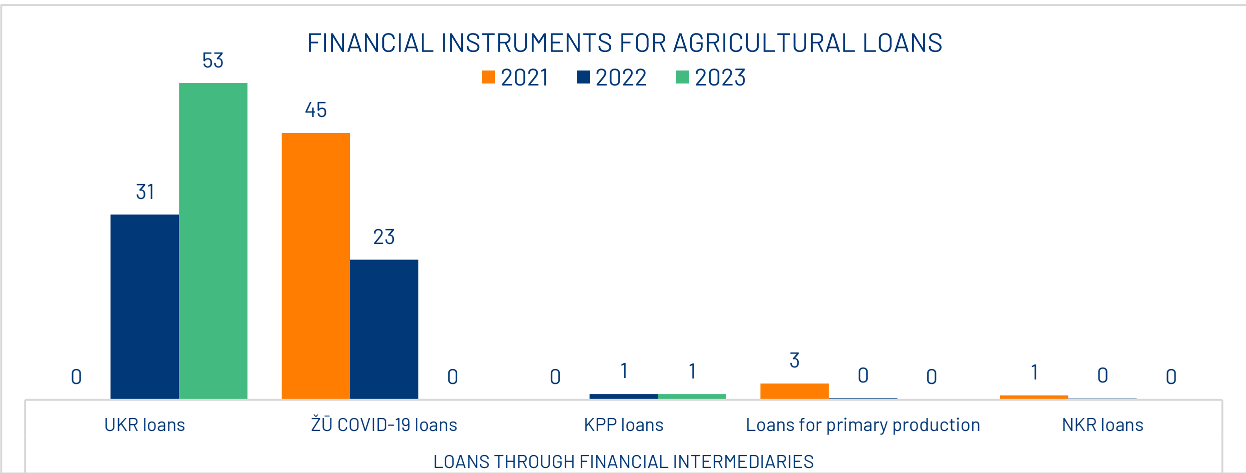


Fig. 12. Implementation of financial instruments for agricultural loans, MEUR



9.4. Guarantee facilities

During the reporting period, individual guarantees for business, the public sector and agriculture, as well as portfolio guarantees for business and agriculture were provided.

A list of the financial instruments under the guarantees, their performance and a comparison with previous periods is presented below.

Table 26. Indicators of the financial instruments implementing guarantees

Guarantee financial instruments	Guarantees granted*, million EUR		
	2021	2022	2023
INDIVIDUAL GUARANTEES	**127.67**	**128.61**	**96.41**
*Guarantees for loans and leases, **GIF3***	72.36	56.97	34.68
*Guarantees for start-ups, **GPV***	1.62	1.26	0.29
*Export credit guarantees, **EKG***	2.24	0.75	0.73
*Performance bonds for tour operators, **KOG***	3.26	0.86	-
Individual guarantees for agriculture	37.65	58.54	59.84
*Individual guarantees during the COVID-19 outbreak (**ŽŪ COVID-19 guarantees**)*	9.33	9.90	-
*Individual guarantees in the period of Russian aggression against Ukraine (**UKR guarantees**)*	-	0.14	0.87
*Administration of the Energy Efficiency Fund (Guarantees) (**ENEF guarantees**)*	1.20	0.19	-
PORTFOLIO GUARANTEES	**132.70**	**67.69**	**137.09**
*Portfolio guarantees for loans and leasing transactions, **PGP/PGL***	116.61	45.85	2.86
*Portfolio guarantees for factoring, **PGF***	1.44	2.33	1.01
*Portfolio guarantees for factoring 2, **PGF**2*	14.65	11.48	9.69
*Portfolio guarantees 3, **PG3***	-	8.03	123.53
TOTAL	**260.37**	**196.31**	**233.50**

**-Amount of the portion of the loans guaranteed by the facilities.*

Fig. 13. Execution of financial guarantee instruments, MEUR

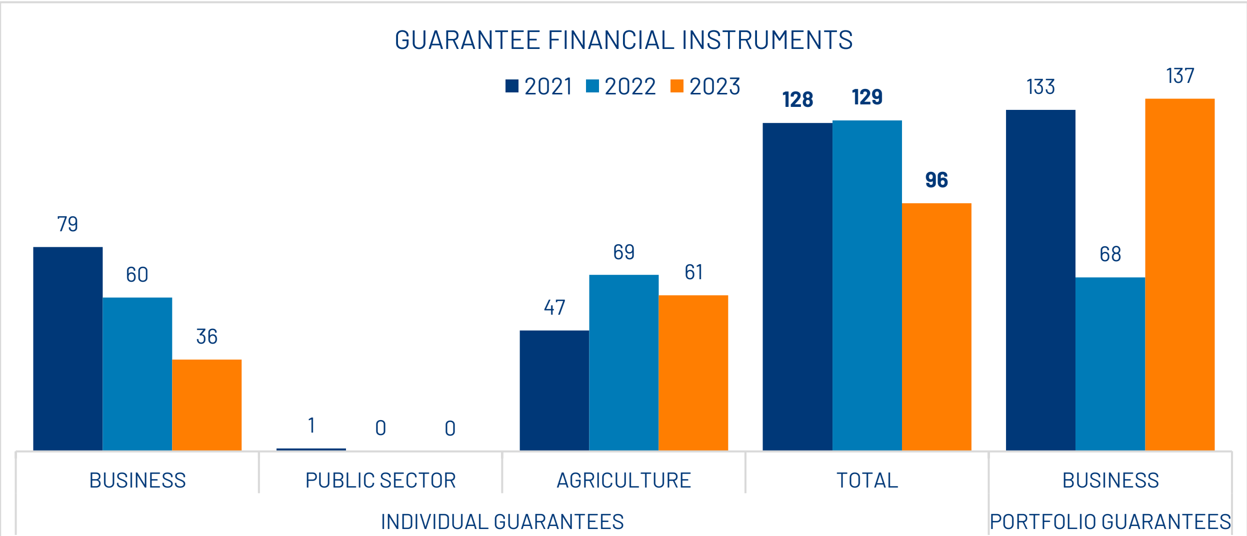


Fig. 14. Execution of business guarantee financial instruments, MEUR

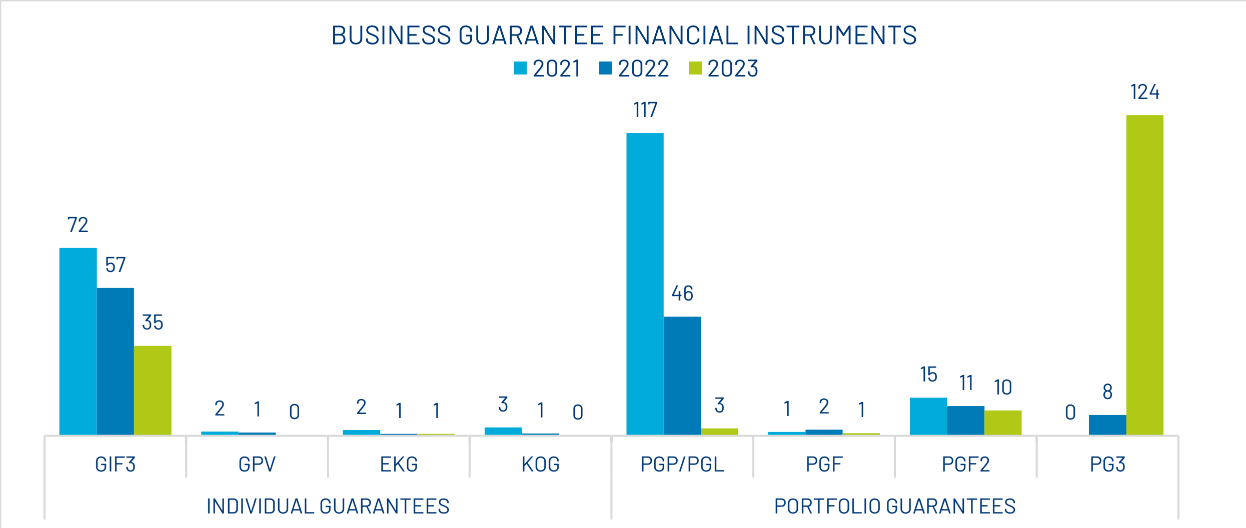
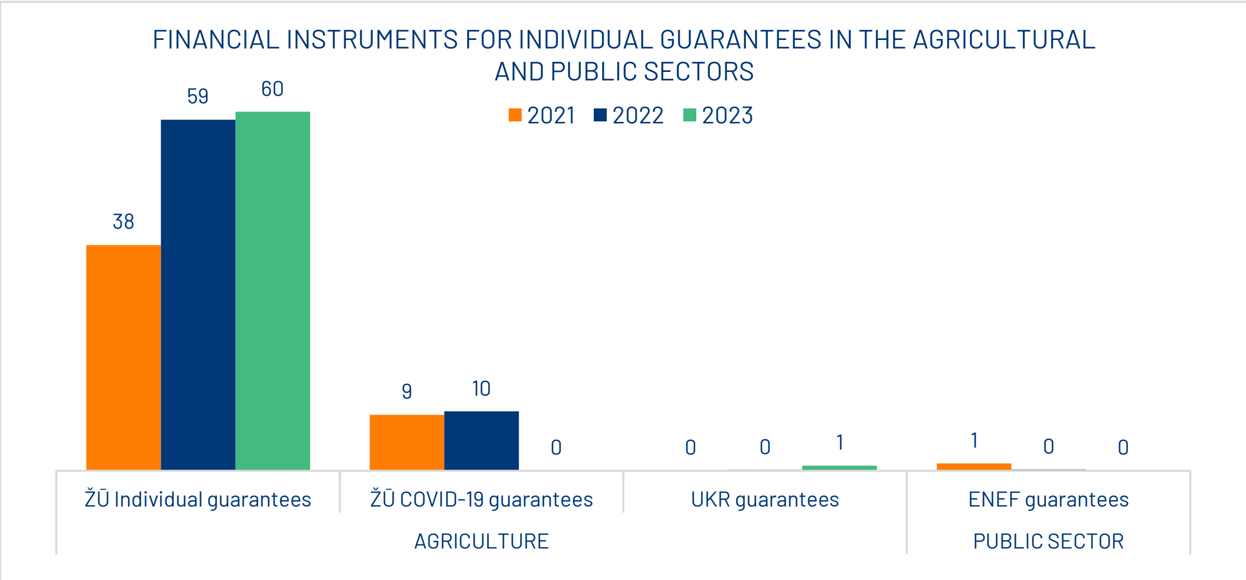


Fig. 15. Implementation of public sector and agricultural guarantee financial instruments, MEUR



9.5. Venture capital instruments

During the reporting period, venture capital instruments were implemented to make investments in companies.

In 2023, two fund managers launched a venture capital facility called Akceleratorius 2 to provide pre-acceleration-, acceleration services and initial venture capital investments. During the reporting period, a contract was signed with a selected fund manager to implement MILInvest, a venture capital facility for the defence and security sector – providing pre-acceleration, acceleration services and initial venture capital investments. The NATO Innovation Fund Agreement was signed in the second half of 2023, launching a venture capital facility that will invest directly and indirectly (through other venture capital funds) in companies developing dual-use products in the defence and security sector. The Development Funds III facility was launched in the second half of 2023, with the signing of the first Practica Venture Capital III fund.

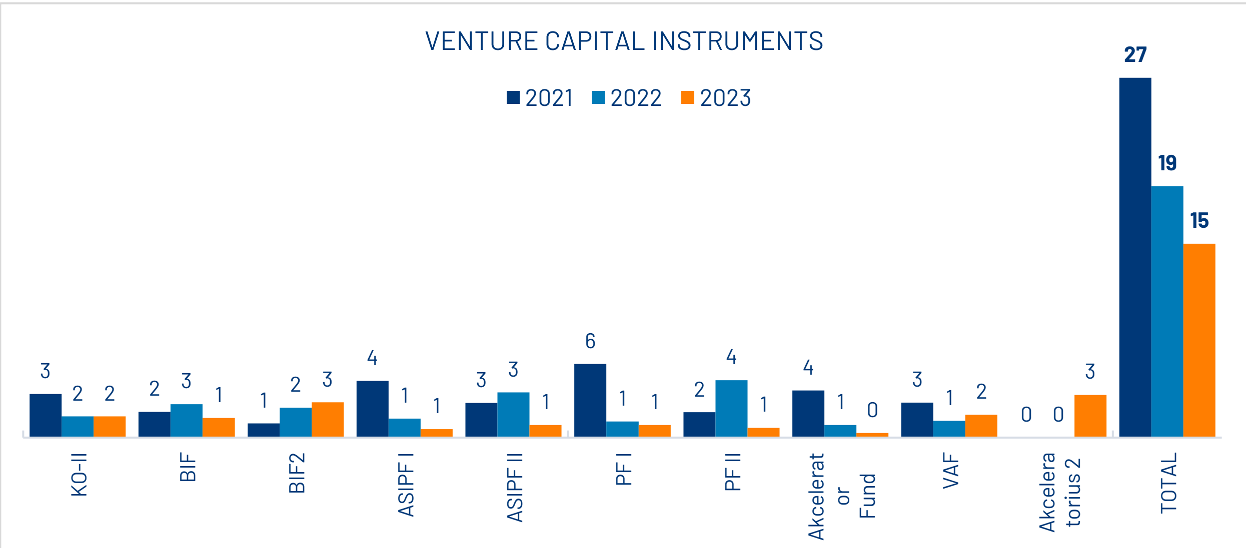
Whereas the venture capital instruments were launched at different times and part of their investment period has ended, the overall investment rate of venture capital instruments in 2023 is lower compared to 2022.

The results of the implementation of venture capital measures and comparison with previous periods are presented below.

Table 27. Indicators of venture capital financial instruments implemented

Venture capital financial instruments	Fund investments reaching the final beneficiaries, EUR million		
	2021	**2022**	**2023**
*Co-investment Fund I, **KO-I***	-	-	0.32
*Co-investment Fund II, **KO-II***	3.27	1.59	1.60
*Co-investment fund for transport, KO**-for communications***	0.28	-	-
*Baltic Innovation Fund, **BIF***	1.94	2.51	1.48
*Baltic Innovation Fund 2, B**IF2***	1.07	2.25	2.64
*Early Stage and Development Fund I, **ASIPF I***	4.25	1.44	0.62
*Early Stage and Development Fund II, **ASIPF II***	2.61	3.39	0.94
*Development Fund I, **PF I***	5.54	1.20	0.94
*Development Fund II, **PF II***	1.90	4.30	0.74
Accelerator Fund	3.53	0.96	0.35
*A fund co-investing with business angels, **VAF***	2.64	1.25	1.72
Accelerator 2	-	-	3.21
TOTAL	**27.04**	**18.90**	**14.57**

Fig. 16. Execution of venture capital financial instruments, MEUR



9.6. Grant instruments

In addition to financial instruments, INVEGA also implements global grants, repayable and non-repayable grants (hereinafter referred to as grants) in the case of non-repayable (or partially refundable) financing, usually in small amounts and under simplified procedures. In this case, applications for funding are submitted directly to INVEGA, INVEGA carries out the assessment of applications, conclusion of contracts or decisions on the granting of funding, payment of funds to project promoters and other necessary actions.

During the reporting period, INVEGA continued to implement these grant instruments:

- Interest compensation for small and medium-sized enterprises (the title of the facility until 13 May 2020 is "Partial Interest Compensation");
- Promoting the listing of securities on the stock exchange;
- Reimbursable subsidy for the development and modernisation of water management;
- Repayable subsidy for the modernisation of central government buildings;
- Climate Change Programme for municipal building renovation projects;
- Climate Change Programme for public building renovation projects;
- Reimbursement of interest on working capital loans and factoring agreements (ŽŪ);
- Reimbursement of interest on loans and leases for investments (ŽŪ);
- Reimbursement of the guarantee premium (ŽŪ);
- Interest compensation for storm and hail victims (ŽŪ);
- Interest compensation for victims of COVID-19 (ŽŪ);
- Grants to municipalities.

On 9 February 2023, the terms and conditions of the measure Interest Compensation for Small and Medium-sized Enterprises were updated. According to the applications submitted from 1 March 2023, up to 50% of the interest paid is compensated for investment loans and financial lease (leasing) transactions.

The results of the implementation of the grant measures and the comparison with the previous periods are presented below.

Table 28. Implementation of the Global Grant financial instruments, MEUR

Grants	Positive decisions / Agreements concluded, EUR million		
	2021	2022	2023
Interest compensation for small and medium-sized enterprises, ***DPK***	28.20	22.59	15.65
Subsidies for business start-ups, ***SVP***	2.32	0.22	-
Promotion of the listing of securities on the stock exchange, ***BIRŽA***	0.05	0.25	0.10
Rent reimbursements for the self-employed, ***NUMOK2***	2.64	-	-
Reimbursement of COVID-19 tests for employees, ***COTEK***	0.74	-	-
Accommodation partial reimbursement of fixed costs or lump sums, ***TURKOM***	-	1.37	-
Subsidies for inbound tour operators, ***TUMOK***	-	0.32	-
Partial reimbursement of rent, ***NUMOK***	0.02	-	-
*Reimbursable subsidy for the Water Management Fund (**VF GS)***	15.28	-	-
*Climate change funds for public buildings (**GS**)*	-	8.54	1.41
Climate change funds for SPF buildings (GS)	-	5.90	0.88
Grants to municipalities (SD)	4.04	0.43	0.02
*Reimbursement of interest paid on investment credits and leases (**Interest compensation INV)***	1.13		6.19
*Interest compensation under the COVID-19 scheme (**Interest compensation COVID-19)***	3.36	-	-
*Reimbursement of guarantee premiums for guarantees granted for investment loans (**GĮ reimbursement to INV)***	0.86	0.88	0.51
*Reimbursement of guarantee premiums for the provision of guarantees for leasing services (**GĮ reimbursement to LIZ)***	0.26	0.70	1.28
*Reimbursement of interest paid on loans to replenish working capital and/or to acquire biological assets and on factoring contracts to replenish working capital (**Interest reimbursement TRT)***	0.39	0.87	0.68
TOTAL	**59.29**	**42.07**	**26.71**

Fig. 17. Implementation of Global Grant facilities, MEUR

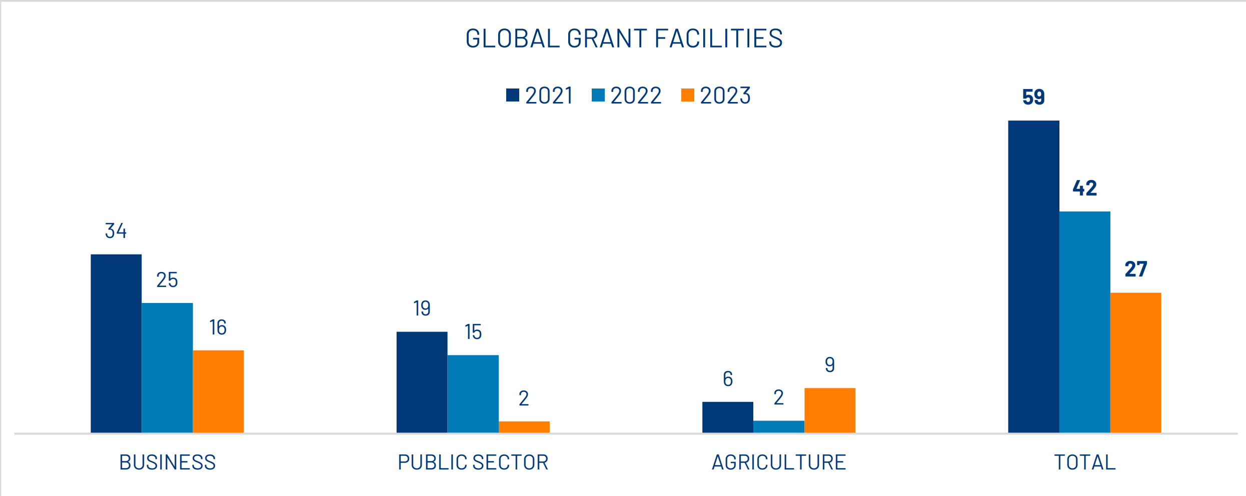


Fig. 18. Implementation of the Global Business Grant facilities, MEUR

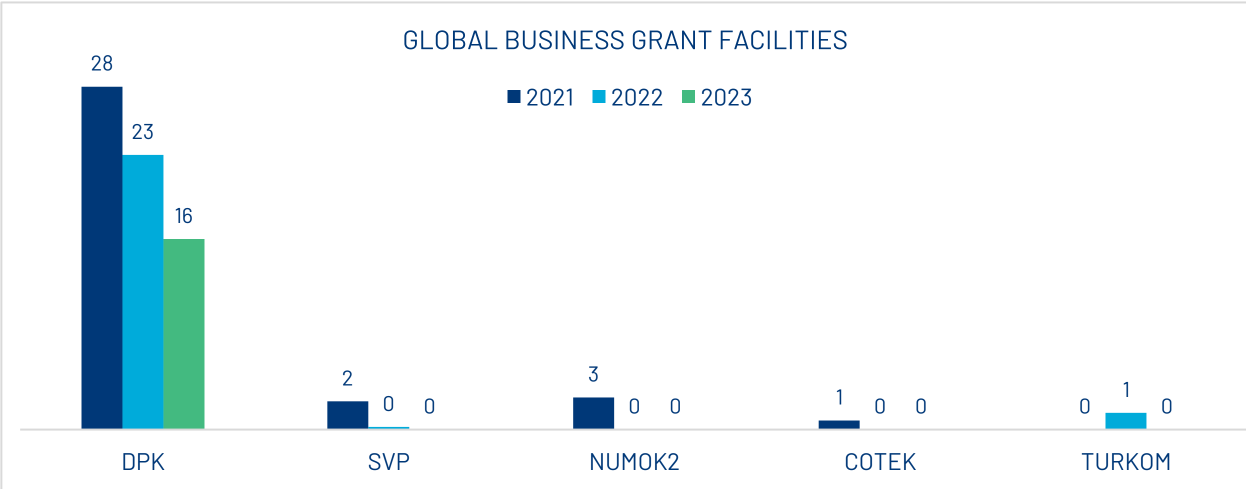


Fig. 19. Implementation of public sector global grant facilities, MEUR

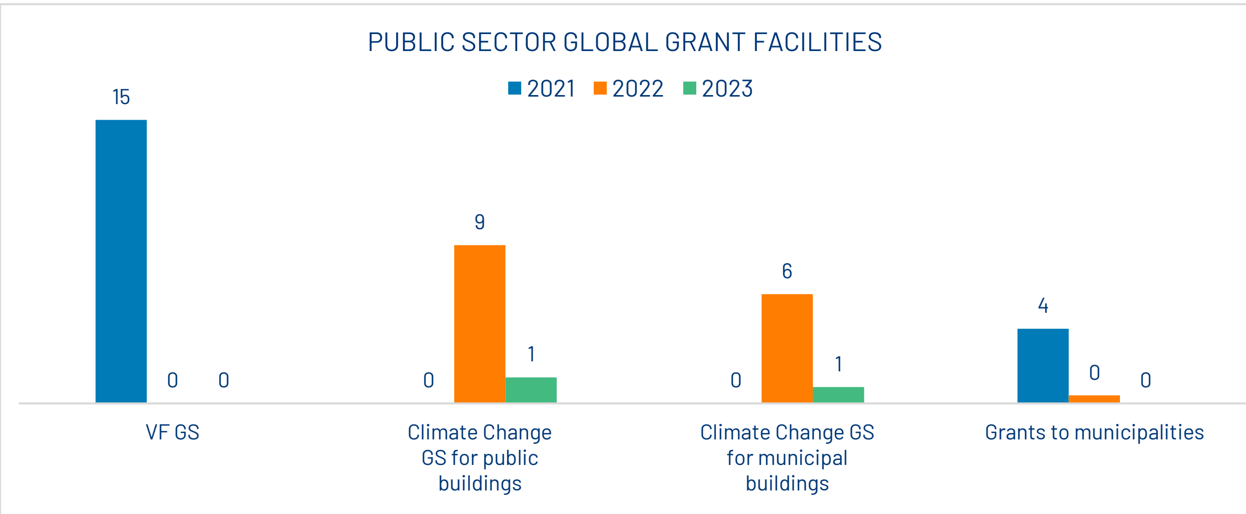
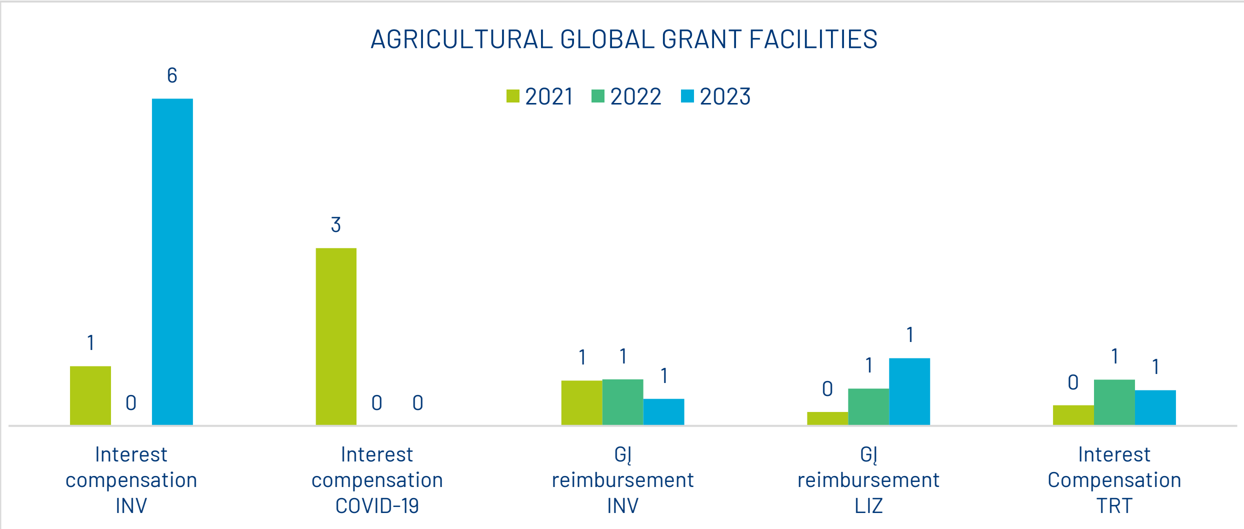


Fig. 20. Implementation of the Global Agricultural Grant facilities, MEUR



10. Analysis of financial and operational performance

10.1. Impact of mergers

In 2023, the Group was consolidated through the reorganisation of VIPA and ŽŪPGF by merger with INVEGA and the transfer of the majority of VIVA's activities to INVEGA. In 2023, the Group consisted of INVEGA (VIPA and ŽŪPGF were merged), VIVA and Coinvest Capital. In the comparative year 2022, the Group consisted of INVEGA and Coinvest Capital, while VIPA, ŽŪPGF and VIVA operated as separate entities in 2022 and their revenues, expenses, assets and liabilities are not reflected in the Group's 2022 financial statements and comparative information. The Group applied the residual value method of accounting for business mergers of jointly controlled entities. The income and expenses of the merged companies VIPA and ŽŪPGF for 2023 are fully reflected in INVEGA's separate accounts.

The loss identified in the business consolidation and recognised in retained earnings between the market price of the shares of the merging companies VIPA, ŽŪPGF and VIVA at the time of the transfer and the net assets of the companies was EUR 7.61 million.

INVEGA has taken over the activities of VIPA, the ŽŪPGF and most of VIVA in 2023: administering and implementing measures for public entities, agricultural entities, residents of multi-apartment buildings and providing management services to the BAF. The business consolidation had a significant impact on the Group's increase in revenue, expenses and assets and liabilities (Note 31 to the Notes to the Financial Statements "Business consolidations of Jointly Controlled Entities").

10.2. Group income

The increase in the Group's revenue in 2023 compared to 2022 is mainly due to the new activities taken over as a result of the merger of the jointly-owned businesses. The Group's revenue increased by 166% (+ EUR 11.68 million) in 2023 compared to 2022, reaching EUR 18.72 million. The main reasons for the change in income:

1. Higher income from guarantee activities (EUR +1.50 million). The increase in income was mainly due to the connected activity of providing individual guarantees to the agricultural sector (impact of EUR

+1.56 million), while the income from guarantee activities for the business sector remained at the same level;

2. Following the mergers in 2023, the INVEGA Group started to receive management fees of the Funds. The merged VIPA applied only the management fee model, while the ŽŪPGF applied it partially, i.e. in one of the Funds it charged a management fee and in the other two Funds it reimbursed the management costs. At the end of the year, INVEGA also introduced a management fee model in place of cost reimbursement in one of its managed funds for the business sector. Total in 2023 INVEGA Group received (+7.42 million EUR) Fund management fees, the Group did not have this type of income in 2022;
3. Higher amounts of cost reimbursement in the management of the Funds of the Funds, when the management is compensated for the costs incurred (EUR +1.63 million). The increase was due to the growth of activity volumes and the implementation of new financial instruments in the respective Funds of the Funds.

The main sources of income of the Group are the management fees of the Funds of the Funds and reimbursement of the management costs of the Funds of the Funds: Management fees and reimbursement of expenses for the management of the Funds of Funds represent 40% and 33% of total revenue respectively.

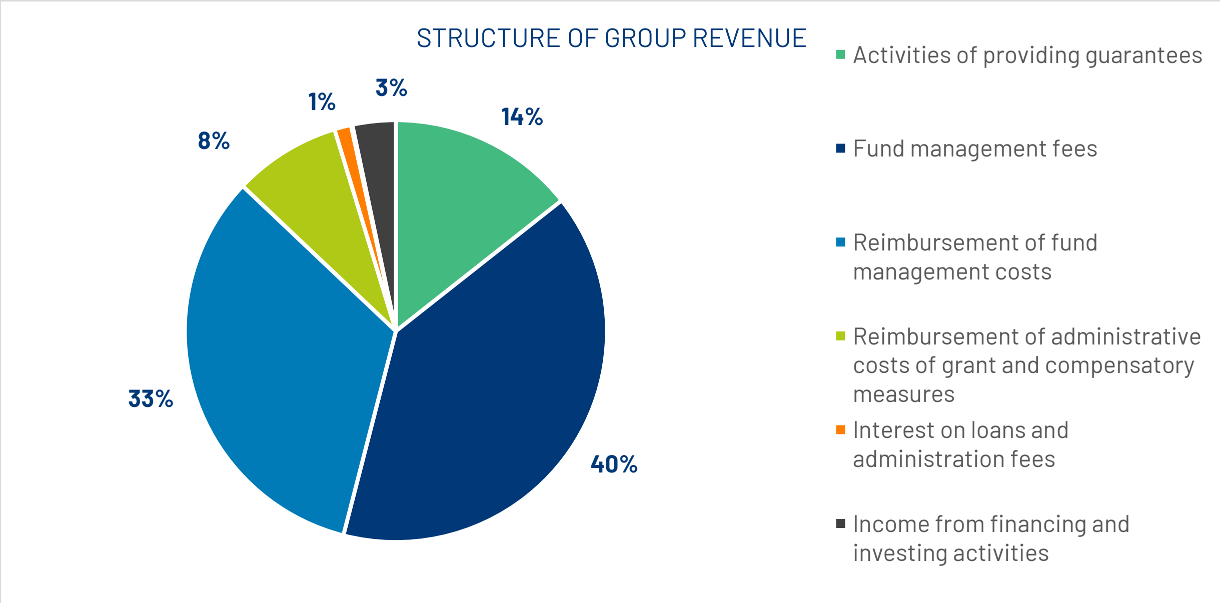
In 2024, the Group plans to phase out the reimbursement of the management costs of the Funds of Funds and move towards the application of management fees. The pricing (financing mechanism) applied by the Group must allow the Group to earn a reasonable return (not only to cover the costs incurred) from which the Group could finance the necessary investments.

Income from financial and investment activities from the investment of temporarily unrestricted own funds. The FM fund investment rules define the investment directions of the temporarily free funds of the INVEGA Group. INVEGA Group invests temporarily available funds according to the interest rate environment and the requirements for the duration of the investments, and, therefore, usually chooses to invest in Lithuanian and EU government securities with a maturity of 2 to 5 years, debt securities of international organisations, commercial banks operating in Lithuania, commercial bank deposits of up to 12 months, and in the balances held with a Bank of Lithuania. The Group earned EUR 0.62 million of investment income on temporarily unrestricted funds in 2023, or EUR +0.56 million compared to the same period in 2022, when low interest rates on securities were still prevailing.

Table 29. Income by type of activity, MEUR

	2023	2022	Δ	Δ,%
Guarantee activities	2.69	1.19	1.50	127%
Fund of funds management fees	7.42	-	7.42	-
Reimbursement of fund management costs	6.19	4.56	1.63	36%
Reimbursement of administrative costs of grant and compensatory measures	1.54	1.23	0.31	25%
Interest on loans and administration fees	0.24	-	0.24	-
Other income	0.02	-	0.02	325%
Income from financing and investing activities	**0.62**	**0.06**	**0.56**	**897%**
TOTAL INCOME	**18.72**	**7.04**	**11.68**	**166%**

Fig. 21. Group revenue structure in 2023



10.3. Group costs

Change in provisions for payment guarantees. In 2023, the Group had a positive change in the cost of the provision for guarantee claims, i.e. a decrease of EUR 6.00 million was recorded in the expense. Key figures and reasons:

- A positive change of EUR 3.63 million due to the methodology applied by INVEGA to the provisioning of ŽŪ. The Group's provisions for individual guarantees at the end of 2022 amounted to EUR 12.31 million and the unguaranteed portion amounted to EUR 1.17 million. The accession of the ŽŪPGF resulted in an increase in provisions of EUR 21.88 million (the full amount is not guaranteed). The application of INVEGA's provisioning methodology for individual guarantees for the ŽŪ resulted in a decrease in provisions of EUR 7.49 million, of which EUR 3.86 million was accounted for as the effect of a change in accounting policy and recognised immediately in equity as retained earnings of prior periods, while the remaining EUR 3.63 million was charged to expense in 2023;
- EUR 1.09 million positive change in the provisioning of the ŽŪ due to the signing of the ŽŪ COVID-19 and UKR guarantee re-guarantee agreements in Q4 2023;
- EUR 1.25 million positive change in the ŽŪ provisions due to a decrease in the guaranteed portfolio risk;
- EUR 0.39 million positive change in provisions for business guarantees. Provisions for business guarantees decreased by EUR 3.68 million over the period, but the change in the non-guaranteed part of the provisions amounted to only EUR 0.39 million;
- EUR 0.05 million positive change in Export credit guarantee provisions decrease.

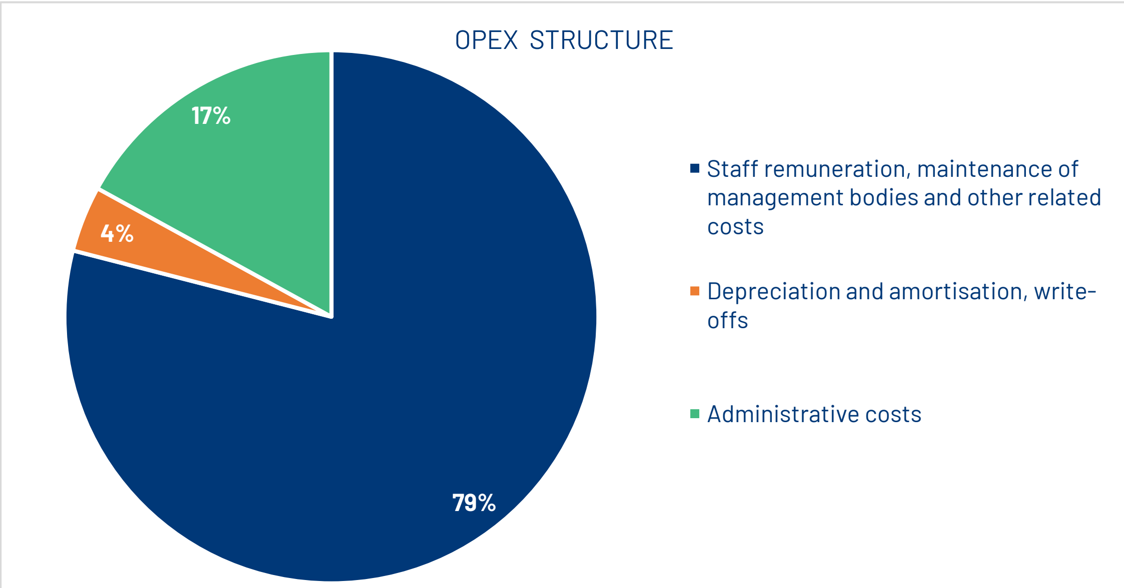
The total decrease in provisions over 2023 amounted to EUR 6.41 million. On the other hand, the Group paid out EUR 0.70 million to financial institutions during 2023 under guaranteed commitments, of which EUR 0.41 million was unguaranteed. This reduced the total cost of providing individual guarantees by EUR 6.00 million.

Operating expenses. In 2023, the Group's OPEX amounted to EUR 15.40 million, i.e. an increase of 153% compared to 2022. The main reasons for the increase in OPEX were the increase in the number of employees from 118 to 259 at the end of the year as a result of the joint subordination business consolidation, which had a direct major impact on the increase in both payroll costs (EUR 7.32 million) and administrative (job maintenance) costs (+ EUR 1.56 million). The latter were also affected by the additional costs incurred as a result of the business merger, such as data migration/relocation and legal advice.

Table 30. Costs, MEUR

	2023	2022	Δ	Δ,%
Change in value of provisions and loans	5.92	0.08	5.84	6869%
Change in provision for guarantee claims	6.00	0.08	5.92	7093%
Change in the value of loans	(0.08)	-	(0.08)	-
OPEX	(15,40)	(6.10)	(9.30)	153%
Staff remuneration, maintenance of management bodies and other related costs	(12,12)	(4.80)	(7.32)	152%
Depreciation and amortisation	(0.71)	(0.29)	(0.42)	143%
Administrative costs	(2.57)	(1.01)	(1.56)	154%
Cost of financing and investing activities	(0.06)	(0.03)	(0.03)	123%
TOTAL COSTS	**(9.54)**	**(6.05)**	**(3.49)**	**58%**

Fig. 22. Structure of operating costs in 2023.



10.4. Net profit

Net profit in 2023 rises to EUR 7.67 million (+ EUR 6.83 million compared to a net profit of EUR 0.84 million in the same period in 2022). The main reasons for the increase are the positive development of the provisioning costs for guarantee claims (+EUR 5.92 million), the increase in income (+EUR 11.70 million, including the positive impact of the management fee of +EUR 7.42 million, the increase in reimbursement of the management costs of the Funds of the Funds due to the increase in activity volumes of +EUR 1.96 million, and the increase in the guarantee income due to the absorption of the agricultural guarantees business of –EUR 1.50 million). On the contrary, net profit was affected by higher OPEX costs (–EUR 9.30 million) and a EUR 1.52 million income tax expense for 2023 (+ EUR -1.36 million).

10.5. Statement of financial position

Assets. As at 31 December 2023, total assets amounted to EUR 91.09 million (+216% growth from 31 December 2022). Fixed assets at 31 December 2023 increased by EUR 36.14 million or 324.42% compared to 31 December 2022. The overall increase in asset positions is due to mergers. EUR 35.50 million or 39% (+124% or EUR 19.66 million growth) of total assets consist of temporary investments of ship funds in EU governments' securities and fixed-term deposits in commercial banks operating in Lithuania, amounting to EUR 16.02 million or 18% - investments in the Maritime Fund 3 (the Group did not have such investments at the end of 2022, the investments were made in VIPA and are reflected in the financial statements at the end of 2023 as a result of the merger), EUR 15.58 million, or 17% (+10% growth) – cash in banks.

Equity. At 31 December 2023, equity amounted to EUR 57.74 million. On 19 October 2022 the GRL adopted a decision to increase the NDI INVEGA's authorised capital by EUR 44.75 million, i.e. from EUR 8.69 million to EUR 53.44 million. The shares are paid for by in-kind contributions in the form of shares in VIPA, VIVA and ŽŪPGF companies. This step was taken as part of the consolidation of the national development institutions VIPA, VIVA and the ŽŪPGF under INVEGA. The change in equity is mainly due to the increase in share capital (+EUR 44.75 million), the net profit for 2023 of +EUR 7.67 million, the change in the revaluation reserve of +EUR 0.60 million (result of a reversal), the decision of the governing bodies to sell revalued assets, the loss on the merger of jointly controlled entities (–EUR 7.50 million).

Liabilities. Total liabilities as at 31 December 2023 amounted to EUR 33.22 million (31 December 2022: EUR 15.96 million). The largest part of the liabilities was made up of provisions for guarantee obligations, which accounted for 65% of the total liabilities or EUR 21.71 million at 31 December 2023 (77% or EUR 12.31 million at 31 December 2022). Comparing the provisions formed at the end of 2023 with the corresponding period of 2022, the change in provisions was mainly influenced by the connection of the ŽŪPGF to INVEGA. Details of the change in provisions and the reasons for it are given in the Group expenses section. The impact on the non-current part of the liabilities was due to the incorporation of the ŽŪPGF and the increase in the non-current part of the contractual guarantee liabilities (deferred guarantee compensation income) recognised over more than one year to EUR 5.10 million from EUR 0.7 million.

Table 31. Financial statements, MEUR

	2023	2022	Δ	Δ,%
Fixed assets	47.28	11.14	36.14	324.42%
Current assets	43.81	17.68	26.13	147.79%
Total assets	**91.09**	**28.82**	**62.27**	**216.07%**
Equity	57.74	12.86	44.88	348.99%
Subsidies	0.13	0	0.13	
Liabilities, total:	33.22	15.96	17.26	108.15%
Long term liabilities	5.41	1.05	4.36	415.24%
Short term obligations	27.81	14.91	12.90	86.52%
TOTAL EQUITY AND LIABILITIES	**91.09**	**28.82**	**62.27**	**216.07%**

11. Three-year summary and key financial indicators

11.1. INVEGA's performance

Table 32. Dynamics of key financial indicators

Main financial indicators	Group			INVEGA		
	2021	2022	2023	2021	2022	2023
Income from guarantees granted, EUR million	1.10	1.19	2.69	1.10	1.19	2.69
Fund management fees and reimbursement of management costs, EUR million	3.33	4.56	13.61	3.13	4.35	12.25
Reimbursement of the costs of compensatory facilities, EUR million	1.62	1.23	1.54	1.62	1.23	1.54
Income from other and financial activities, EUR million	0.03	0.07	0.88	0.04	0.07	0.86
Total income, EUR million	**6.08**	**7.05**	**18.72**	**5.89**	**6.84**	**17.34**
Changes in the value of provisions and loans, EUR million	0.08	0.08	5.92	0.08	0.08	5.92
OPEX, mln. EUR	(5.18)	(6.1)	(15.40)	(4.99)	(5.89)	(14.04)
Operating profit, EUR million	**0.95**	**0.96**	**8.62**	**0.95**	**0.96**	**8.62**
Net profit, EUR million	**0.82**	**0.84**	**7.67**	**0.82**	**0.84**	**7.67**
Operating profit margin********, %	15.70	13,75	47.62	16.24	14.18	51.49
Expenditure-to-income ratio (CIR)*, %	85.20	86.52	82.60	84.72	81.27	83.91
Number of employees	107	118	259	104	115	255
Fixed assets, EUR million	6.71	11.14	47.28	6.76	11.19	48.41
Current assets, EUR million	22.21	17.67	43.81	22.12	17,58	42.53
Total assets, EUR million	**28.92**	**28.81**	**91.09**	**28.88**	**28.77**	**90.94**
Equity, EUR million	12.59	12.86	57.74	12.59	12.86	57.74
Subsidies, EUR million	-	-	0.13	-	-	0.13
Non-current liabilities, EUR million	1.69	1.05	5.41	1.69	1.05	5.41
Current liabilities, EUR million	14.65	14.9	27.81	14.6	14.85	27.65
Total equity and total liabilities, EUR million	**28.92**	**28.81**	**91.09**	**28.88**	**28.77**	**90.94**
Average return on equity (ROE)**, %	6.48	6.61	21.72	6.48	6.61	21.72
Average return on assets (ROA)***, %	2.58	2.91	12.79	3.04	2.92	12.81
Gross liquidity, ratio****	1.52	1.19	1.47	1.52	1.18	1.43
Quick coverage ratio*****	1.52	1.19	1.58	1.52	1.18	1.54
Debt to equity ratio******	1.30	1.19	0.58	1.29	1.18	0.57
Equity to assets ratio*******, %	43.52	44.07	63.39	43.59	44.15	63.50

** The cost-income ratio (CIR) is calculated by adding depreciation and amortisation costs and other expenses to administrative expenses, divided by operating income. CIR is an indicator of operational efficiency.*
*** The return on average equity (ROE) is calculated by dividing the annual net profit for the relevant period by the average equity at the beginning and end of the period. ROE is the rate of return on equity.*
**** Return on average assets (ROA) is calculated by dividing the annual net profit for the relevant period by the average assets at the beginning and end of the period. ROA is a measure of return on assets.*
***** The total liquidity ratio is calculated as current assets divided by current liabilities. It shows the ability of an enterprise to cover its current liabilities with its current assets.*
****** The immediate coverage ratio is calculated as* (Current assets – Inventories) / Current liabilities
******* The debt-equity ratio is calculated as the ratio of total liabilities to total equity*
The Equity ratio compares the amount of equity capital to the assets of the whole company. This ratio shows the extent to which the assets are formed from the company's own funds.
Operating margin is calculated as the ratio of operating profit to revenue.

Overview of results. In 2023, compared to 2022 and 2021, both the operating profit margin and the CIR have improved due to the Group's transition from a cost reimbursement model for the management of the Funds to a management fee model. This transition will enable the Group to earn an appropriate return (not only to cover the costs incurred) from which the Group can finance investment and development. The growth of the margin indicator of operating profit was also significantly affected by the positive change in the provisioning for guarantee payments.

Return on average equity ROE increased significantly to 21.72% due to a profit of EUR 7.67 million in 2023 (average equity of EUR 35.30 million).

The dynamics of the average ROA indicator is also positive, with an increase from 2.58 to 12.79 in 2023 compared to 2021-2022, – an improvement in the value of the indicator reflecting a more efficient use of assets.

As at 31 December 2023, the coefficients of general and emergency coverage remained high, the current assets of the INVEGA Group exceed current liabilities, therefore the Group is able to meet short-term liabilities. The Group's solvency position remained sound. The equity-to-assets ratio increased to 63.39%, driven by the increase in the share of assets formed from own funds.

11.2. Performance of subsidiary Coinvest Capital

INVEGA's subsidiary Coinvest Capital is delegated the management of part of the venture capital instruments. Coinvest Capital's venture capital instrument management services are essentially a component of the fund of funds and financial instrument management services provided by INVEGA. The services provided by Coinvest Capital for the management of venture capital instruments are specific and not every entity can manage this type of venture capital instruments, but only those entities that have been selected by the regulatory framework as a participant in the relevant scheme. Coinvest Capital does not set its own price for the management of the venture capital instrument, but is only reimbursed for the actual costs incurred in managing the venture capital instrument.

Table 33. Dynamics of Coivest Capital's key financial ratios

Main financial indicators	2021	2022	2023
Reimbursable management services, EUR million	0.196	0.209	0.234
Operating costs, EUR million	(0,196)	0.209	0.234
CIR indicator	1.00	1.00	1.00
Net profit, EUR million	(0.00)	(0.00)	(0.00)
Net profit margin, %	(0.00)	(0.00)	(0.00)
Total assets, EUR million	0.097	0.094	0.094
Total equity, EUR million	0.048	0.048	0.048
Average return on equity, ROE, %	(0,545)	(0,116)	(0,208)
Average return on assets, ROA, %	(0,271)	(0.060)	(0,106)
Equity to asset ratio, %	49.60	51.47	51.47

Overview of results. In 2023, there are no significant changes compared to 2021-2022. The operating profit margin should normally be close to 0%, depending on the nature of the company's activities and revenues.

11.3. Performance of the subsidiary VIVA

In 2023, INVEGA's subsidiary VIVA focused on the administration of incentive finance instruments through the management of the BAF. VIVA acts as a full limited partner. VIVA receives all of its revenue from the management fee of the BAF, the amount of which is regulated by the EC Decision on the Fund's instruments and, consequently, by the Fund's Operational Schedule (Order No 4-837/1K-319 of the Minister of Economy and Innovation of the Republic of Lithuania and the Minister of Finance of the Republic of Lithuania "On the adoption of the operational description of the facility Pagalbos verslui fondas").

Table 34. Dynamics of VIVA's key financial indicators

Main financial indicators	2021	2022	2023
Management fee income, EUR million	2.40	2.38	1.74
Income from other and financial activities, EUR million	-	-	0.01
Operating costs, EUR million	(1.97)	(2.00)	(1.74)
CIR indicator	0.82	0.84	0.99
Net profit, EUR million	0.36	0.32	0.00
Net profit margin, %	15.03	13.45	0.21
Total assets, EUR million	1.92	2.03	1.65
Total equity, EUR million	1.37	1.48	1.10
Average return on equity, ROE, %	26.24	21.68	0.33
Average return on assets, ROA, %	18.79	15.79	0.22
Equity to asset ratio, %	71.35	72.91	66.67

Overview of results. The management fee income has been decreasing since the end of the BAF investment period on 30 June 2022. The majority of VIVA' operating costs are the management fee for the management services provided under the management services agreement signed with INVEGA on 22 June 2023 aiming to keep costs within revenues and maintain net profit ≥0 EUR.

11.4. References and explanatory notes to the data in the financial statements

All financial data presented in this Annual Report are calculated in accordance with International Financial Reporting Standards (IFRS) adopted for application in the EU, unless otherwise stated.

11.5. Information on acquisitions and disposals of own shares

The Group did not acquire any of its own shares during the reporting period.

11.6. Information about the Company's branches and representative offices

The Group has no branches and representative offices.

11.7. Dividend policy

On 7 December 2018, INVEGA's Management Board approved the Dividend Policy, which governs the policy for setting, paying and declaring dividends for the entire Group.

In accordance with the Dividend Policy approved by INVEGA's Management Board and GRL Resolution No.665 of 06 June 2012 "On the Approval of the Description of Procedures for the Exercise of State Property and Non-Property Rights in State-Owned Enterprises" (hereinafter referred to as Resolution No. 665), the share of profits allocated to dividends depends on the company's return on equity for the reporting year. The amount of dividends due to the State is transferred to the state budget of the Republic of Lithuania.

The dividend policy is available on INVEGA's website (https://www.invega.lt/veikla/veikla-reglamentuojantys-dokumentai/63#c-5/t-11).

In 2023, INVEGA allocated and paid to the state budget a dividend of EUR 630,965 as part of the distribution of the 2022 result.

12. Human Resource Management

INVEGA's strength lies in its team of professionals with specific competences and unique experience in managing INVEGA-managed instruments throughout their lifecycle and in ensuring smooth back-office processes. Employees are one of the most important factors in the success and image of INVEGA. When forming a team of employees, INVEGA focuses on professionalism, positive thinking, willingness and ability to work effectively, improve, and adhere to high ethical standards. INVEGA's human resource management strategy is focused on strengthening an organisational culture based on shared values, building an attractive work environment that encourages employee engagement and personal commitment to creating an effective company, and developing employee competencies.

The provisions of the human resources management strategy and their implementation are outlined in internal documents establishing the course of implementation of the principles, processes and activities related to personnel management, the distribution of responsibilities and other criteria. The INVEGA Management Board approves the policies defining the main principles applicable in INVEGA for organizing the activities and processes related to personnel management. The measures, activities and processes for the implementation of these principles are detailed in the descriptions of procedures approved by the INVEGA manual.

Internal documents regulate all processes related to personnel management from the selection of employees and the management of activities to the application of additional benefits. The main provisions of the employee selection process and the procedure for organizing employee selection in INVEGA are regulated by the description of the INVEGA employee selection procedure. Employee remuneration is determined in accordance with INVEGA's Employee Remuneration Policy. The duration, course, roles and responsibilities of the Employee Adaptation Programme are determined by the Employee Adaptation Programme Description. The way of managing the activities of employees, which allows to consistently achieve the performance of the company, structural unit (service, department, division) and/or employees, when the activities are managed on the basis of agreed objectives, activity plans and competence requirements, is regulated by the Employee Performance Evaluation Policy and the Employee Performance Evaluation Procedure developed on its basis. Additional obligations to employees in addition to those provided for in the regulatory enactments of the Republic of Lithuania, employee employment contracts, INVEGA Internal Labour Regulations and INVEGA Employee Remuneration Policy are provided for in the Description of the Procedure for Additional Benefits.

12.1. Information about the Group's employees

Table 35. Number of employees, pcs.

Number of INVEGA employees			Number of Group employees		
2021	2022	2023	2021*	2022*	2023
104	115	255	107	118	259

**For the period 2121-2022, the data exclude VIPA, VIVA and ŽŪPGF.*

Table 36. Distribution of employees by groups, pcs.

Employee groups	Number of INVEGA employees			Number of Group employees		
	2021	2022	2023	2021*	2022*	2023
Managing Director	1	1	1	1	1	1
Director	-	-	-	1	1	2
Functional Area Manager**			4	-	-	4
Deputy Director-General, Head of Department	2	1	-	2	1	-
Director of the Department / Head of the Green Finance Institute / Head of Unit***	2	2	12	2	2	12
Head of Unit/Head of Internal Audit Service	11	11	28	11	11	28
Chief /Senior Specialist	52	72	109	54	74	109
Specialist	36	28	71	36	28	73
Junior specialist	-	-	30	-	-	30
TOTAL	**104**	**115**	**255**	**107**	**118**	**259**

For the period 2121-2022, the data exclude VIPA, VIVA and ŽŪPGF.
*** From 2023-12-15, with the new corporate structure, the Head of Service.*
**** The post of Head of Unit has been abolished with effect from 2023-12-15, following the entry into force of the new corporate structure.*

Fig. 23. Distribution of staff by position, unit

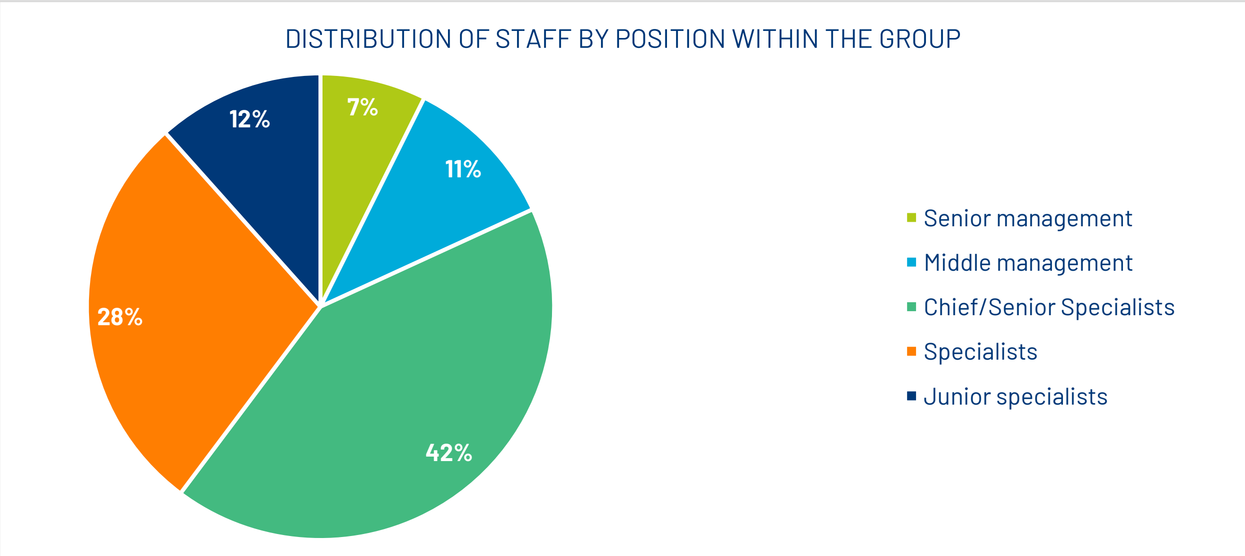


Table 37. Distribution of employees by seniority, unit

Employee groups	Number of INVEGA employees			Number of Group employees		
	2021	2022	2023	2021*	2022*	2023
Up to 1 year	31	22	57	31	23	60
1 – 5 years	49	69	145	52	71	146
6–10 years	11	8	28	11	8	28
11–15 years	7	9	13	7	9	13
More than 15 years	6	7	12	6	7	12
TOTAL	**104**	**115**	**255**	**107**	**118**	**259**

For the period 2121-2022, the data exclude VIPA, VIVA and ŽŪPGF.

Table 38. Distribution of employees by age group, unit

Employee groups	Number of INVEGA employees			Number of Group employees		
	2021	2022	2023	2021*	2022*	2023
Up to 25 years	3	1	10	3	2	11
25 – 29 years	12	9	17	12	9	18
30 – 39 years	38	45	93	41	47	93
40 – 49 years	41	48	92	41	48	93
50 years and more	10	12	43	10	12	44
TOTAL	**104**	**115**	**255**	**107**	**118**	**259**

**For the period 2121-2022, the data exclude VIPA, VIVA and ŽŪPGF.*

12.2. INVEGA employee remuneration policy

The Remuneration Policy (version of the decision of 7 December 2023) was approved by a decision of the Management Board of INVEGA on 21 May 2018 and defines the general and clear principles of the monetary remuneration of INVEGA's employees and the main provisions of the remuneration system. The Remuneration Policy has been approved in order to establish a competitive remuneration system that allows to attract and retain employees, to create conditions for effective management of the wage budget, to establish internal justice provisions within INVEGA so that the differences in the remuneration of employees at the same position level would comply with the limits established in the Remuneration Policy, and at the same time would create motivational incentives for employees to contribute to the implementation of the strategic goals and performance indicators set for INVEGA. The remuneration policy is based on good governance practices and independent remuneration surveys, as well as other expert market information.

The remuneration system is based on INVEGA's job structure, which consists of all positions divided into job levels according to their complexity, weight, value and nature of the work, the qualifications, experience, special knowledge and education required for the position, complexity of the decisions taken by the position, complexity of the problems analysed, and the impact of the tasks performed by the position on the company's performance.

The job grades of the INVEGA CEO and Heads of Service are approved by the INVEGA Supervisory Board, and those of other INVEGA employees by the INVEGA Management Board.

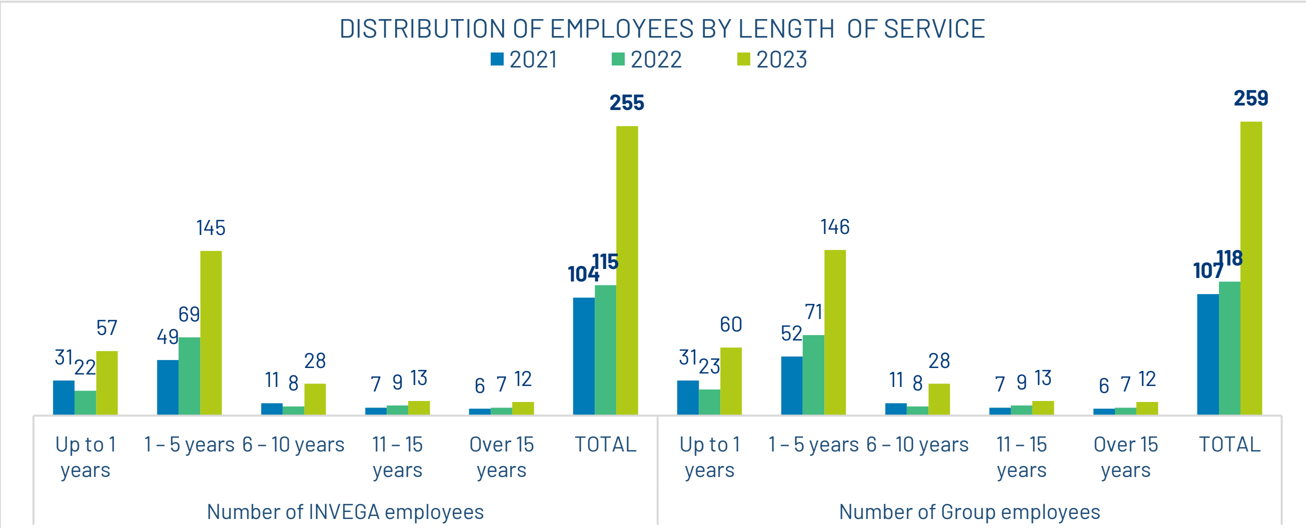
Remuneration limits are set for each position level, within which the level of the fixed part of the remuneration (monthly salary) is decided, depending on the experience, expertise, performance and performance evaluation of the individual employee concerned.

There are two parts to an employee's remuneration: a fixed part and a variable part. The fixed remuneration component (PAD) is the monetary remuneration set out in the employee's contract of employment and paid each month (monthly salary). The variable part of the remuneration is the part of the remuneration applicable in the cases specified in the remuneration policy and depends on the annual assessment of the employee's activities, on the performance of the Company and on the performance of the employee.

The base salary amounts of the companies operating in Lithuania participating in independent salary market research, paid to employees of different levels, are taken as the starting point (benchmark) for determining the salary range limits of each position. The mid-point of the grid is determined by the average value (median) of the basic salary for the grade in question, and the limits of the pay ranges in relation to the mid-point of the grid are set at a range of between 80% and 120%.

Each calendar year, the reference amounts used for determining the PAD are updated (approved) by a decision of INVEGA's Management Board, taking into account the data on the change in the base salary of companies operating in Lithuania participating in independent remuneration market surveys, forecasts and trends in the remuneration market, as well as the forecast of the change in the remuneration publicly published by the Bank of Lithuania and/or the MoF RL.

Fig. 24. Distribution of employees by seniority, unit



The maximum variable remuneration rate for INVEGA employees, expressed as a percentage of the annual monthly salary, is 10%. The variable portion of the remuneration is paid once a year to employees whose performance is evaluated during annual interviews, depending on the result of the achievement of the annual objectives set for the employee, the assessment of the employee's competences and the performance of the Company's performance indicators.

No variable remuneration is paid if the performance criteria do not meet expectations.

During the reporting period, all NDIs prior to full consolidation were governed by the approved remuneration policies.

12.3. INVEGA's remuneration policy for managers

The Remuneration Policy for the CEO of INVEGA was approved by a decision of the Management Board of INVEGA on 6 January 2022 (minutes of meeting No. 002), establishing fair, clear and transparent principles of the monetary remuneration of the CEO of INVEGA, defining the basic provisions of the remuneration system applicable to the CEO of INVEGA. The remuneration policy for the CEO of INVEGA establishes a competitive remuneration system for the CEO of INVEGA, which enables the Company to attract persons with the necessary competences to apply for the position of the CEO of INVEGA, as well as to retain and motivate the appointed CEO of INVEGA, and to meet the shareholder's expectation that the Company's activities be based on the principles of corporate social responsibility by ensuring fair and market-oriented remuneration for all employees of INVEGA, through the use of modern motivation systems. INVEGA's remuneration policy for the CEO is based on *Korn* Ferry's internationally applicable job evaluation methodology and market research, and its provisions are applied in accordance with the requirements of the Republic of Lithuania Law on Companies and/or the Labour Code of the Republic of Lithuania.

The remuneration of INVEGA's CEO consists of two components: a fixed part (PAD) and a variable part (KAD). The PAD is the cash remuneration set out in the CEO of INVEGA's contract of employment and paid monthly. The PAD includes remuneration for copyright works created by the CEO of INVEGA, incentives for innovations to improve INVEGA's performance and measures to use assets or funds efficiently and/or compensation for the performance of other duties of the CEO of INVEGA. The payment of the KAD to the INVEGA CEO is determined by decisions of the INVEGA Management Board, taking into account the annual performance of the INVEGA CEO. KAD may be paid to the CEO of INVEGA once a year for achieving the annual performance indicators and/or strategic objectives set by the Management Board of INVEGA following an evaluation of the CEO of INVEGA's performance and results.

The remuneration and other conditions of the CEO of INVEGA are set out in the CEO of INVEGA's contract of employment, as decided by the INVEGA Management Board. As of 1 January 2023, the CEO of INVEGA was paid a basic salary (gross) of EUR 10,000 per month (fixed remuneration) and as of 11 September 2023, the CEO of INVEGA is paid a basic salary (gross) of EUR 11,800 per month (fixed remuneration).

Information on the remuneration of the CEO in accordance with the applicable requirements and guidelines of the legislation of the Republic of Lithuania is published on the INVEGA's website.

12.4. INVEGA wages and salaries

INVEGA's payroll fund (wages and related taxes, excluding accruals for variable annual remuneration) as at 31 December 2023 was EUR 7,838.64 thousand and the average number of employees on the payroll was 237.96.

The Group's payroll fund (wages and related taxes) as at 31 December 2023 was EUR 8,016.61 thousand and the average number of employees on the payroll was 242.96. The functions of the Chief Financial Officer in a subsidiary are performed by an INVEGA employee under a multi-employer contract where the parent company is the main employer.

Table 39. Average salary of employees

Employee groups	Average salary****, EUR (gross, pre-tax wages per employee)					
	INVEGA employees			Group employees		
	2021-12-31	2022-12-31	31-12-2023	2021-12-31*	2022-12-31*	31-12-2023
General Manager**	9.880	10.644	10.498	9.880	10.644	10.498
Director of Coinvest Capital				3.558	4.324	5.336
Deputy Director-General, Head of Department***/Head of Functional Area	6.007	6.920	9.190	6.007	6.920	9.190
Director of the Department / Head of the Green Finance Institute / Head of Unit			6.847			6.847
Head of Unit/Head of Internal Audit Service	4.438	4.319	5.209	4.438	4.319	5.209
Chief /Senior Specialist	2.796	3.020	3.665	2.828	3.079	3.655
Specialist	1.945	1.857	2.605	1.945	1.871	2.605
Junior specialist			1.972			1.964

**For the period 2121-2022, the data exclude VIPA, VIVA and ŽŪPGF.*
*** In 2023, the CEO was awarded his annual bonus for 2022 performance in March 2023 and the bonus for 2023 performance was paid on 8 September 2023.*
**** From 14 January 2019 to 30 September 2021, the Head of the Facilities Management Unit acted as Deputy Director-General.*
***** The calculation of the average remuneration of staff members includes a lump sum variable remuneration for annual performance, if any.*

12.5. Employee Performance Measurement Policy

In order to consolidate the way of managing the activities of employees, which allows to consistently achieve the results of the activities of the company, the structural unit and/or the employees, when the activities are managed on the basis of the agreed targets, activity plans and competence requirements, on 23 August 2018 the INVEGA Management Board approved the Employee Performance Evaluation Policy, which defines the process of evaluating employee performance, the scope of application of the evaluation results, and employee responsibility. This policy is the basis for the Employee Performance Evaluation Procedure developed and approved by Order of the INVEGA CEO of 4 September 2018 (wording of Order No B-56 of the INVEGA CEO of 21 March 2022), which outlines how the employee performance evaluation process will be organised.

One of the key conditions for performance management and effective leadership is employee performance evaluation, which contributes to the achievement of INVEGA's objectives, the development of a culture of feedback, and the motivation and engagement of employees.

The performance evaluation system is a contributing factor to the implementation of the company's strategy, where CEO of INVEGAs plan the objectives of the business unit based on the company's strategic objectives and annual indicators, and agree with employees on their specific objectives.

An element of the performance evaluation system to ensure that staff members' personal objectives are set in line with INVEGA's objectives is the annual performance evaluation interview, which assesses performance and competencies of the employees over the previous period, agrees on targets for the next period, sets out actions and measures to achieve the agreed targets, agrees on development plans to help employees achieve their objectives and develop their competencies, and discusses career aspirations and expectations.

The results of the assessment of employee performance determine the size of the variable part of the remuneration, the review of the fixed part of the remuneration (monthly salary), may serve as a basis for making decisions on employee development planning and career management.

12.6. Equal opportunities policy

On 28 January 2021 the Management Board of INVEGA approved the INVEGA Equal Opportunities Policy, that applies to the Group's employees and establishes the basic principles of equal opportunities and their implementing measures aimed at preventing discrimination and harassment, creating equal conditions for all existing and potential employees in all areas related to the employment relationship, promoting good relations between employees regardless of their gender, age, disability, nationality and other identity traits, helping employees to integrate more easily into the company and its culture, motivating employees, creating added value resulting from an inclusive, healthy and safe working environment, attracting and retaining new employees, strengthening the company's image and reputation.

In defining INVEGA's basic principles of equal opportunities, it states that INVEGA does not tolerate direct or indirect forms of discrimination, as well as the instruction to discriminate on the basis of gender, race, nationality, language, origin, social status, age, sexual orientation, disability, ethnicity, membership in a political party or association, religion, belief, convictions or views, intention to have a child (children), state of health. INVEGA also does not tolerate harassment, sexual harassment, psychological violence, bullying, stalking or abuse of position in any form. Decisions relating to recruitment, training, competence development, remuneration and benefits, redeployment, leave and conduct at work are taken on the basis of objective criteria and factors and without discrimination. INVEGA provides equal opportunities for persons with disabilities to apply for vacant positions in the company, as well as for employment and career advancement, provided that such measures do not disproportionately burden the employer's obligations.

INVEGA complies with the principles of equal opportunities and non-discrimination in all areas related to employment relations:

- Recruitment of employees;
- Payment of wages for work;
- Providing equal working conditions;
- Providing opportunities for professional development;
- Assessing the performance of employees;
- Deciding on the transfer of employees to other positions;
- Providing additional benefits;
- Balancing work and family commitments;
- Dismissals.

INVEGA provides all current and potential employees with the opportunity to report possible breaches of the principles of equal opportunities, by committing the company to investigate potential violations of the equal opportunities principles, to adhere to the principles of equal opportunities and non-discrimination, and to protect individuals from discrimination and equal opportunities violations.

12.7. Violence and harassment prevention policy

The INVEGA Violence and Harassment Prevention Policy, approved by a decision of the INVEGA Management Board on 17 November 2022, is a document applicable to the Group's employees, which defines the principles and ways of identifying violence and harassment in the company, the possible forms of violence and harassment, the procedure for reporting and handling reports of violence and harassment, the measures for protecting and assisting the reporting parties and the victims, and other information related to the prevention of violence and harassment. The purpose of the policy is to manage the risk of potential violence and harassment at INVEGA by establishing actions to ensure that employees or groups of employees are not subjected to hostile, unethical, aggressive, abusive, insulting, offensive, humiliating, degrading, violating the honour and dignity of an employee or group of employees, or violating their physical or psychological integrity in the workplace.

In defining the basic principles for the prevention of violence and harassment at INVEGA, it is stated that INVEGA does not tolerate any form of violence and harassment or unacceptable behaviour that may manifest itself as violence and harassment in workplaces during working hours, during breaks for rest and refreshments, during work-related outings, trips, trainings, events, or social activities, or during work-related communication, including communication through information and electronic communication technologies.

INVEGA provides any employee who reasonably believes that they or another person is being harassed and/or abused with the opportunity to report possible misconduct, and the company commits itself to basing its investigations of reports on the following basic principles:

- Equal opportunities;
- Expedition;
- Assistance to the victim;
- Objectivity and impartiality;
- Innocence.

The policy states that any harassment or hostile treatment of an INVEGA employee who has made a report of violence and harassment is prohibited and constitutes a serious breach of employment duties.

13. Sustainability

Sustainability is an integral part of INVEGA's day-to-day operations, and the Sustainability Report is an annual overview of INVEGA's performance, the changes it has made and the results it has achieved in each of the three areas of ESG (Environment, Social and Governance). The 2023 Sustainability Report is the first to be produced under the Global Reporting Initiative (GRI) standard and in consultation with external experts. The Sustainability Report does not include the sustainability performance of directly controlled subsidiaries Coinvest Capital, VIVA and limited partnerships. These companies have been entrusted with preparing their own separate sustainability reports.

The information in the Sustainability Report covers the period from 1 January to 31 December 2023, as well as planned future activities. It contains the most relevant data and information collected and available at the time of writing. At present, it is not possible to provide consistent and comparable information on progress and trends, as the consolidation of four NDI took place during the year under review and the sustainability report based on the GRI standard was prepared for the first time.

It is also important to note that in 2023, the focus was on the consolidation process that has taken place, and once this has been completed and the sustainability activities and strategic objectives of 2023 have been evaluated, INVEGA will start in 2024 a detailed process of defining the sustainability strategy of the newly formed group. As part of this process, indicators will be identified and updated to provide comprehensive, consistent and comparable information in subsequent reports.

It is foreseen that sustainability issues will be managed by INVEGA's Chief Sustainability Officer, reporting directly to INVEGA's CEO. He will be responsible for sustainability issues across the INVEGA Group: reviewing existing sustainability objectives and coordinating the establishment and implementation of new strategic objectives, implementation of sustainability performance principles, sustainability practices and indicators into the company's business processes, performance measurement and sustainability reporting.

More information on sustainability policies, targets and results achieved is available in 2023 INVEGA Sustainability Report, on the INVEGA website (https://www.invega.lt/apie-mus/tvarumas/233).

14. Information on compliance with the Transparency and Corporate Governance Code

INVEGA and its subsidiaries comply with Resolution of the Government of the Republic of Lithuania of 14 July 2010 No. 1052 "On the approval of the description of the guidelines for ensuring transparency of activities of state-owned enterprises (hereinafter the Transparency Guidelines).

Details of compliance with the requirements and recommendations set out in the Transparency Guidelines are reported annually in the Annual Report.

Taking into account the Description of Guidelines for Ensuring Transparency of Activities of State-Owned Companies, INVEGA adheres to the Management Code of NASDAQ Vilnius Listed Companies (hereinafter the Management Code) approved by the NASDAQ OMX VILNIUS Stock Exchange in August 2006 (and the new version approved in January 2019). According to the Articles of Association, the General Meeting of Shareholders, the Supervisory Board, the Management Board, the General Director and the Credit Committee are the bodies of INVEGA. Compliance with the provisions of the Code of Governance is declared annually, together with the Annual Report.

Also, taking into account the Description of the Guidelines for Ensuring Transparency of the Activities of State-owned Enterprises, relevant information on the objectives and tasks of the enterprise established by the institution representing the State, financial and other performance results, the current number of employees, the annual wage fund, the monthly salary of the heads of the State-owned enterprise and their deputies, the procurements and investments made, under way and planned during the financial year, is published on INVEGA's website and/or in interim and annual reports and statements and are submitted periodically to the authority exercising the functions of the Coordination Centre for the Governance of State-Owned Enterprises.

15. Improving customer experience and communication

Customer experience

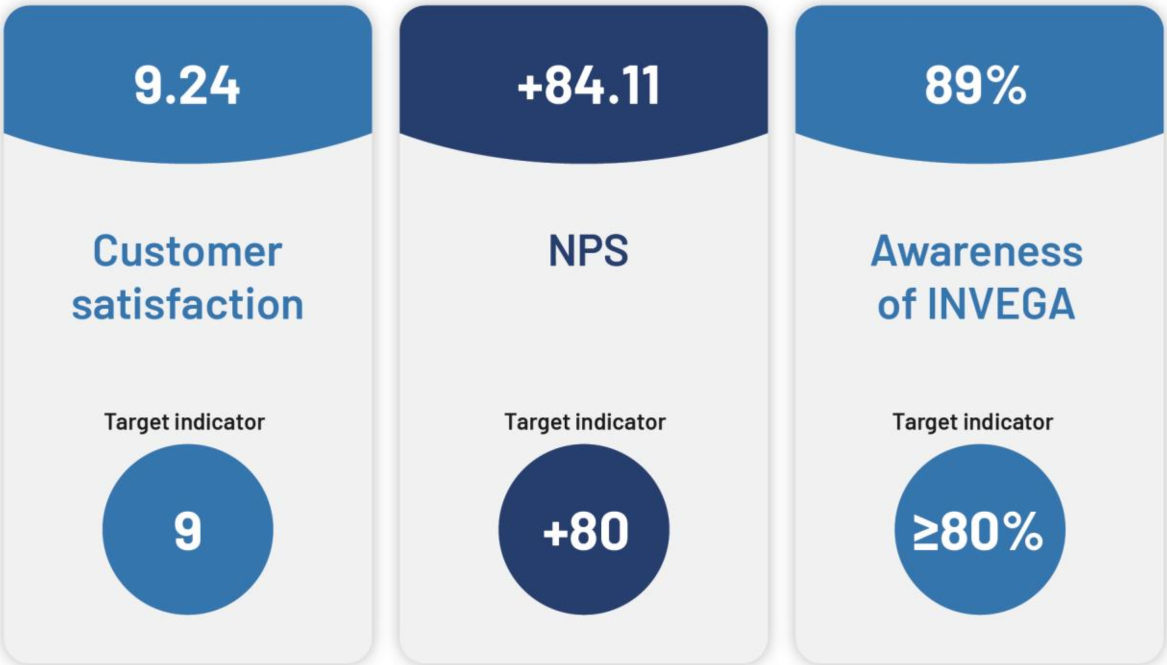
In 2023, a strong focus was placed on managing the challenges of NDI consolidation without compromising the customer experience. INVEGA had to ensure business continuity and uninterrupted customer service for the consolidated companies and introduce a new integrated customer service model. Since August 2023, all INVEGA customers – Lithuanian businesses, representatives of the public sector and agriculture and fisheries sectors – have started to be serviced on a one-stop-shop basis. Efforts are being made to ensure that all customers receive the information they need quickly and in easily accessible ways, which is why customer service processes are constantly being improved.

After installing the Customer Service System, customers have the opportunity to evaluate the service by phone (annual average in 2023 4.95 out of 5) and e-mail (annual average in 2023 9.1 out of 10). A comprehensive monthly customer survey on INVEGA's services, customer service and customer experience when filling in applications allows us to identify areas for improvement and respond promptly.

Each year INVEGA measures the index of customers who would recommend the company's services (the NPS) and the customer satisfaction index. The implementation of a new customer service system and a monthly customer survey, together with continuous process improvements, have led to three consecutive years of strong performance and an NPS of +84.11 in 2023 (target score +80). There were concerns that changes in customer service between the public and the agriculture and fisheries sectors could have led to a significant drop in the NPS index, but through personalised service and targeted communication, it was possible to maintain a high level of NPS.

INVEGA's third annual customer satisfaction survey has shown that monthly customer surveys are effective and useful in improving the quality of customer service. The quick response to the problems faced by customers and their prompt resolution showed that customers appreciate INVEGA's efforts, which was also reflected in the very high results of the survey. INVEGA's customer satisfaction score is 9.24 (target score 9 points). INVEGA's overall awareness among businesses was 89% in 2023 (target result >=80%).

Fig. 25. Customer satisfaction indicators and INVEGA's visibility



Objectives of communication

The long-term strategic objective of INVEGA's communication is to contribute to the implementation of socio-economic change in Lithuania by presenting the instruments administered by INVEGA and their benefits for businesses and the population in a way that is convenient and understandable for each target group. Given that the perception of INVEGA's services as well as its operating principles is important for improving the customer experience, we have identified the following long-term strategic communication objectives in our marketing communications:

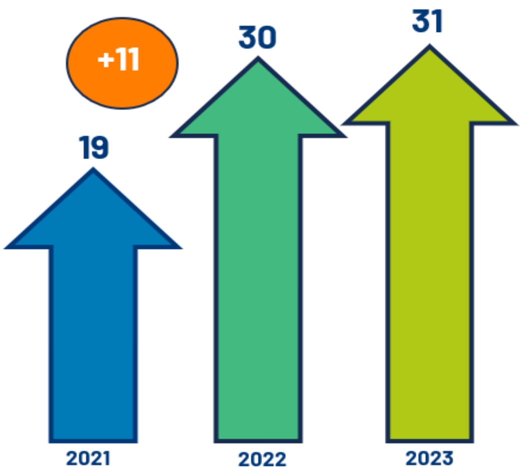
To enhance INVEGA's reputation as a high-performance organisation that creates value for Lithuanian business.
To mobilise and encourage INVEGA and its subsidiaries' employees to pursue the Group's objectives and to disseminate information about the Group's purpose and activities.
To raise the profile of INVEGA's activities and the instruments it manages, and stimulate demand and demand for the instruments among target groups.
In 2023, another important objective was set to provide timely and appropriate information to all existing and potential customers of the consolidated entities, ensuring timely provision of relevant information to reduce the anxiety of the target audience.

INVEGA's reputation

INVEGA's reputation is assessed in the global Reputation Index survey, which since 2016 has been analysing the attitudes of Lithuanian business, opinion leaders and the public towards private and public sector companies and their performance, and assessing the reputation of companies and how it has changed over the year. According to the study, INVEGA's Reputation Index increased by 11 percentage points from +19 to +30 (target score +22) between 2021 and 2022, compared to +25 for the Lithuanian public sector. In 2023, INVEGA's Reputation Index is +31 (target score +32), while the combined Reputation Index of investment and supervisory authorities is also +31.

Also, 54% of businesses also identified INVEGA as an efficient national investor of public money (target 55%).

Fig. 26. INVEGA Reputation Index



Internal communication.

INVEGA's greatest asset and advantage is its domain experts, insightful, innovative, challenge-averse and continuously developing staff, who are able to eliminate or significantly reduce negative and undesirable external environmental factors and manage internal and external communication crises.

In 2023, the dissemination of information on consolidation and integration remained the most relevant issue for the organisation: a consolidation news dissemination platform (intranet) has been created, a newsletter for all employees is published periodically, a question-and-answer box for employees is operational. The Move-in project brought together a group of volunteers and coordinated the process of moving into new shared office space. A campaign to introduce the new Management Board members – a series of interviews, live broadcasts with question-and-answer sessions. "Get to know your colleague", a 2-month initiative for quick colleague get-to-know-you breaks. A dedicated internal channel page has been set up to provide detailed information on the procedures, process and results of the new management selection process.

Continuing the implementation of the internal INVEGA communication strategy developed in 2022, the ambassadorship of employees was promoted and the team spirit was strengthened. Easter employee dinners were held to allow to get to know their colleagues and share your food. Donations were made for food, which the volunteer workers used to buy essential hygiene products for Ukrainian soldiers. At the end of the year, a Cake Day campaign was organised, during which employees ate their own cakes and donated money to good causes – the money raised went to Gelbėkit vaikus organisation.

Continuing INVEGA's annual tradition, the following events were organised:

- A conference inviting all employees to get to know each other again and to learn about the activities and performance of the consolidated companies. It included a workshop where employees wrote cards and assembled parcels for the Ukrainian soldiers, using previously purchased toiletries and other goods;
- Summer team-building event on "Synergy Effect. You and I for one purpose".
- Christmas team-building event INVEGA CONSTRUCTOR. Build Together".

Cooperation and mutual knowledge among staff continued to be promoted through 3 quarterly general meetings. The festive Advent Calendar collected on the initiative of employees – congratulations to colleagues of all kinds.

External communication

Through 7 communication campaigns in 2023, INVEGA has made a concerted effort to ensure that Lithuanian citizens and businesses know what INVEGA does and how it does it, understand INVEGA's instruments and the value they create, and perceive INVEGA's contribution to the well-being of the country as a whole. Much attention has been paid to measures to mitigate the effects of COVID-19 and the geopolitical situation on business, venture capital, loans for business start-ups and innovation, raising the profile of public sector, agriculture and fisheries instruments, and communication of other long-term INVEGA measures. It was also informed about consolidation news, growing the company's reputation and maintaining public relations. Following the consolidation in August 2023, INVEGA's field of activity has expanded: having previously focused on financing the business sector, INVEGA can now be approached by representatives of two more sectors after the consolidation: the public sector and agriculture and fisheries. As new activities emerged, a strong focus was placed on communication on business continuity and the introduction of the one-stop shop for customer service.

According to the annual public and business surveys, the spontaneous responses to the question "Which institutions providing funding for business do you know?" INVEGA is in first place for several years in a row. In 2023, as many as 43% of businesses spontaneously identified INVEGA as an institution that provides funding to businesses from the state budget and EU investment funds, while the overall awareness of INVEGA among businesses was 89% (target result >=80%).

Despite the complexity of its activities and the complexity of the instruments it administers, INVEGA manages a primary source of information and has access to comprehensive, quality information, and is well placed to disseminate quality information about its principles and instruments through a variety of communication channels. There is a constant focus on digital communication channels, where it is possible to react quickly to current issues and reach target audiences. In addition, INVEGA cooperates with other state institutions and partners that promote the growth of entrepreneurship in Lithuania, thus reaching a larger audience through more diverse communication channels. 68% of the surveyed businesses have enough incoming information (the target result is 70%). In 2023, INVEGA initiated a financial literacy education project with 1,700 participants taking the exam.

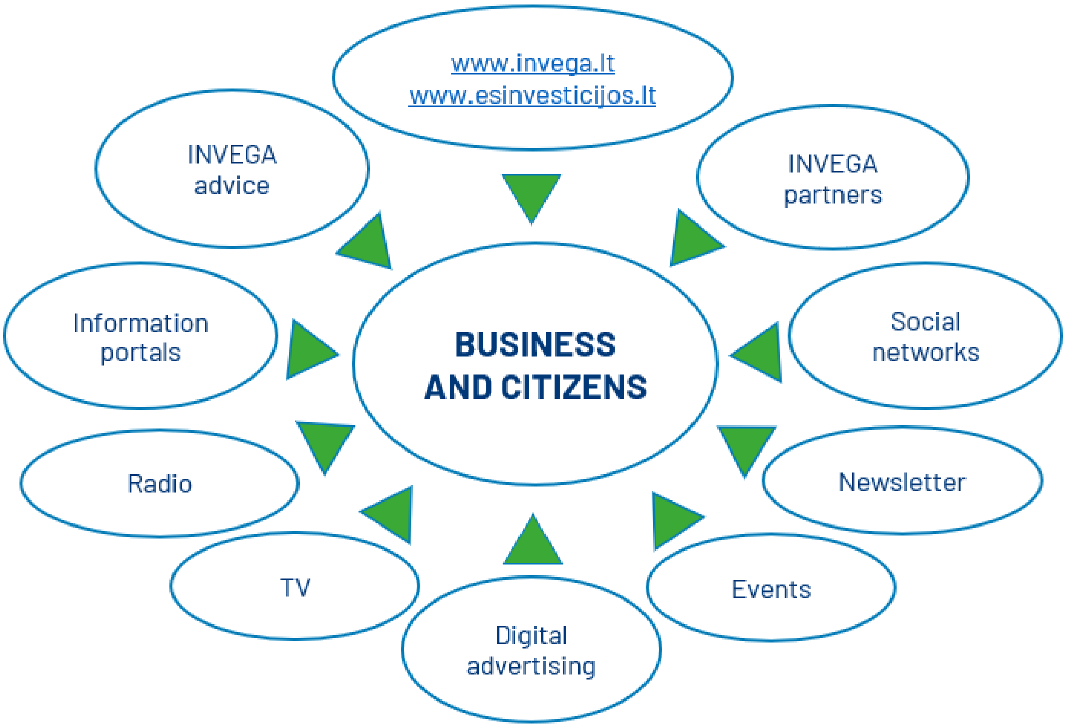
In 2023, information was provided promptly and a variety of dissemination channels and tools were used to improve its accessibility.

In 2023, 115 reports, interviews, and information messages were prepared and distributed. During this period, 23 requests from journalists were answered. The journalists were interested in INVEGA's facilities, Startuok loans, consolidation news, the new management team, new and planned facilities, funding volumes and the impact of INVEGA's activities on the Lithuanian economy. The media analysis shows that INVEGA will have 65.435 million media contacts in 2023. The vast majority of contacts are made through digital channels. INVEGA representatives also participated in 22 events in Lithuania and abroad, where they presented INVEGA's financial instruments and shared their experience. News and current affairs are regularly published and updated on the INVEGA website. In 2023, 72 newsletters were sent to more than 7.7 thousand subscribers and 167,000 users visited the INVEGA website, of which 159,000 were new users.

Communication on INVEGA's social networks Linkedin and Facebook was also successful. INVEGA's Facebook account is followed by 5,000 users and the number of Facebook followers has increased by 10% in 2023. Thanks to targeted advertising, INVEGA's information reached more than 6.7 million unique users on Facebook, Instagram, Google and YouTube in 2023. INVEGA's LinkedIn account is followed by 4.9

thousand followers and the number of LinkedIn followers increased by 38% over the year, which was achieved through targeted communication and attracting additional target audiences.

Fig. 27. Dissemination of information



16. Information on business plans, developments and forecasts

At the end of 2023, amendments to the agreements of the Funds managed by INVEGA were signed, on the basis whereof additional funds from various sources are allocated to the Funds and the range of financial instruments to be implemented is expanded: EUR 900 million allocated for the implementation of financial instruments for the improvement of energy efficiency, EUR 450 million to modernise and digitalise business and production processes, and EUR 192 million to finance projects to modernise multi-apartment buildings.

It is planned to allocate EUR 1 billion over the course of 2024. The EU will invest EUR 1 billion in environmentally friendly technologies, circularity, decarbonisation, the deployment of innovative digital technologies, development of production capacity for high value-added products (including biotechnology), and the defence and security industry. Part of this EUR 1 billion (EUR 150 million) will be used to increase INVEGA's authorised capital, while the remainder will be used as a contribution to one of INVEGA's managed funds, the Innovation Promotion Fund.

New measures are planned to be developed and/or launched in 2024 to:

- diversify and develop alternatives for SMEs and small and innovative mid-caps in the Baltic States to obtain financing in the form of capital,
- promote venture capital investments in SMEs with growth and development potential;
- promote accelerating activities and initial venture capital investments, company product development and development;

- finance entrepreneurs, micro and small enterprises operating for a period not exceeding one year, by granting investment and/or negotiable loans, thus promoting entrepreneurship and self-employment;
- investments in the modernisation of business processes, automation of production processes and introduction of digitalisation technologies, introduction of technologies promoting the production of sustainable products;
- facilitate SMEs to obtain alternative (non-credit institution) financing through loans provided by debt funds to SMEs or purchase of SME bonds;
- investments in the actualisation and/or improvement of objects of cultural heritage;
- facilitate the possibility for the issuer to publicly or privately distribute (sell) a new bond issue intended to finance investments and/or replenish negotiable funds;
- investments in environmentally friendly technologies, increasing circularity, decarbonisation, energy efficiency, introduction of low-waste, advanced, innovative, digital technologies, development of production capacities for high value-added products (including biotechnology), and defence and security industries;
- promote investment in RES-based electricity generation facilities by financing the installation or purchase of solar and/or wind power plants from the fleet;
- community funding aimed at reducing energy poverty for energy and investing in installations for the production of electricity from renewable energy sources;
- upgrading infrastructure for central heating and cooling networks;
- energy-efficient renovation of public buildings;
- establishment of young farmers,
- investments in agricultural holdings (including sustainable ones);
- investments in the processing of agricultural products;
- create additional financial incentives for the borrowers of the Entrepreneurship Promotion Fund 3 in order to facilitate their establishment in the market at the initial stage of self-employment and encourage the creation of new jobs and the maintenance of existing ones.

It is also planned to complement the incentive financial instruments Startuok, Perspektyva and Ko-investicinis fondas with EU Structural Funds in the period 2021-2027.

Raising additional funds remains one of the INVEGA's priorities, which is why in 2024 preparations started for a securitisation project -an important new type of private fundraising - to issue securities based on the multifamily modernisation loan portfolio and raise at least EUR 760 million over the next few years to finance new multifamily modernisation loans.

Part of the new loans issued by INVEGA will be provided in the form of subordinated and syndicated loans, thus involving market-based financiers. Various alternatives to financing large transport infrastructure projects will be assessed.

INVEGA CEO

Dainius Vilčinskas

22 March 2024

17. Annual financial statements for the period ended on 31 December 2023

17.1. Financial statements as at 31 December 2023, EUR

	Assets	Notes	Group		Company	
			31 December 2023	31 December 2022	31 December 2023	31 December 2022
A	**Fixed assets**					
I.	Intangible assets	5	760.901	39.026	744.142	39.026
II.	Long term tangible assets	6	119.500	29.367	117.623	29.366
III.	Assets managed under the right of use	7	520.768	507.152	520.768	507.152
IV.	Investments in securities	8	20.763.096	10.362.365	20.763.095	10.362.364
V.	Loans granted	9	4.635.192	-	4.635.192	-
VI.	Associates shares	10	2.000.002	-	2.000.001	-
VII.	Investments in Maritime fund 3	11	16.018.176	-	16.018.176	-
VIII.	Investments in subsidiaries	12	-	-	1.151.648	48.198
IX.	Deferred tax assets	28	2.460.090	199.295	2.460.087	199.295
	Non-current assets, total		**47.277.725**	**11.137.205**	**48.410.732**	**11.185.401**
B.	**Current assets**					
I.	Inventories		147	78	147	78
II.	Assets held for sale		676.404	-	676.404	-
III.	Prepayments		276.225	107.060	273.083	103.837
IV.	Loans granted	9	180.138	-	180.138	-
V.	Compensation receivables	18	8.888.349	11.131.310	8.888.349	11.131.310
VI.	Other receivables due within one year	13	3.473.297	249.572	3.622.717	207.615
VII.	Prepaid income tax		166.866	40.306	166.866	40.306
VIII.	Other current financial assets	14	14.562.944	5.473.742	14.562.944	5.473.742
IX.	Earmarked funds in banks		4.894	1.183	4.894	1.183
X.	Cash and cash equivalents	15	15.584.156	674.831	14.150.904	626.376
	Current assets, total		**43.813.420**	**17.678.082**	**42.526.446**	**17.584.447**
	TOTAL ASSETS		**91.091.145**	**28.815.287**	**90.937.178**	**28.769.848**

(continued on the next page)

	Ownership and liabilities	Notes	Group		Company	
			31 December 2023	31 December 2022	31 December 2023	31 December 2022
C.	Property					
I.	Share capital	16	53.438.076	8.688.600	53.438.076	8.688.600
II.	Share premium		524	-	524	-
III.	Reserves	17	3.541.047	3.330.726	3.541.047	3.330.726
IV.	Retained earnings		764.307	841.286	764.307	841.286
	Equity, total		**57.743.954**	**12.860.612**	**57.743.954**	**12.860.612**
D.	Subsidies					
I.	Unrecognised part of subsidies		128.203	-	128.203	-
	Total subsidies		**128.203**	**-**	**128 203**	**-**
E.	Long term liabilities					
I.	Contractual guarantee obligations	20	5.097.840	701.003	5.097.840	701.003
II.	Lease obligations		-	246.486	-	246.486
III.	Other long-term payables		314.295	107.028	314.295	107.028
	Long-term liabilities, total		**5.412.135**	**1.054.517**	**5.412.135**	**1.054.517**
F.	Short term obligations					
I.	Provisions	18	21.713.833	12.307.288	21.713.833	12.307.288
II.	Short-term portion of contractual guarantee liabilities	20	1.867.613	896.832.	1.867.613	896.832.
III.	Advances received	19	1.256.855	508.484	1.254.231	501.329
IV.	Trade accounts payable		194.481	72.910	175.061	71.531
V.	Lease obligations		530.888	252.592	530.888	252.592
VI.	Payroll and other related liabilities	21	1.959.843	803.919	1.837.666	772.052
VII.	Accrued charges and other payables	21	283.340	58.133	273.594	53.095
	Short-term liabilities, total		**27.806.853**	**14.900.158**	**27.652.886**	**14.854.719**
	Liabilities, total:		**33.218.988**	**15.954.675**	**33.065.021**	**15.909.236**
	TOTAL EQUITY AND LIABILITIES		**91.091.145**	**28.815.287**	**90.937.178**	**28.769.848**

(the end)

The following explanatory notes are an integral part of these financial statements.

The financial statements were drawn up and signed on 22 March 2024.

Managing Director		Dainius Vilčinskas
Director of Financial Management Department		Jūratė Blėdaitė Katilienė

17.2. Annual Statement of Profit (Loss) and Other Comprehensive Income 31 December 2023, EUR

Item	Note	Group		Company	
		2023	2022	2023	2022
Income from guarantees issued	23	2.689.718	1.185.761	2.689.718	1.185.761
Fund of funds management fees	24	7.421.928	-	6.287.493	-
Reimbursement of fund management costs	25	6.192.175	4.563.331	5.958.230	4.354.803
Reimbursement of the costs of administering compensatory measures and of the costs of projects implemented with TP funds	25	1.544.972	1.227.211	1.544.972	1.227.211
Lending activities		238.501	-	238.501	-
Other income		17.395	3.753	17.116	3.753
Total revenue and other income		**18.104.689**	**6.980.056**	**16.736.030**	**6.771.528**
Change in provision for guarantee claims	18	6.005.459	84.966	6.005.459	84.966
Change in the value of loans		(80.735)	-	(80.735)	-
Total change in provisions and loans		**5.924.724**	**84.966**	**5.924.724**	**84.966**
Payroll, remuneration of governing bodies and related costs	26	(12.122.854)	(4.800.140)	(11.074.239)	(4.624.771)
Depreciation and amortisation	26	(711.402)	(291.558)	(643.554)	(291.459)
Administrative costs	26	(2.572.997)	(1.011.107)	(2.324.778)	(978.047)
Operating expenses, total		**(15.407.253)**	**(6.102.805)**	**(14.042.571)**	**(5.894.277)**
Expenses, total		**(9.482.529)**	**(6.017.839)**	**(8.117.847)**	**(5.809.311)**
Operating profit (loss)		**8.622.160**	**962.217**	**8.618.183**	**962.217**
Financial operating income	27	615.164	61.952	608.154	61.952
Cost of financing activities	27	(54.427)	(25.867)	(53.691)	(25.923)
Financial activities at net value		560.737	36.085	554.463	36.029
Profit (loss) before tax		**9.182.897**	**998.302**	**9.172.646**	**998.246**
Income (expense) from corporation tax	28	(1.515.445)	(157.016)	(1.505.194)	(156.960)
Net profit		**7.667.452**	**841.286**	**7.667.452**	**841.286**
Other general income		249.000	-	249.000	-
GENERAL INCOME, TOTAL		**7.916.452**	**841.286**	**7.916.452**	**841.286**

(the end)

The following notes to financial statements are an integral part of these financial statements.

The financial statements were drawn up and signed on 22 March 2024.

Managing Director		Dainius Vilčinskas
Director of Financial Management Department		Jūratė Blėdaitė Katilienė

17.3. Annual statement of changes in equity 31 December 2023, EUR (GROUP)

Group	Notes	Authorised capital	Share premium	Legal reserve	Special capital reserve	Revaluation reserve	Reserves	Unallocated profit	TOTAL
Balance as at 31 December 2021		**8.688.600**	**-**	**550.075**	**175.733**	**-**	**2.360.250**	**815.556**	**12.590.214**
Assigned to dividends		-	-	-	-	-	-	(570.888)	(570.888)
Transferred to reserves	15	-	-	163.112	81.556	-	-	(244.668)	-
Net profit for the reporting period		-	-	-	-	-	-	841.286	841.286
Other general income		-	-	-	-	-	-	-	-
Balance on 31 December 2022		**8.688.600**	**-**	**713.187**	**257.289**	**-**	**2.360.250**	**841.286**	**12.860.612**
Increase of authorised capital	15	44.749.476	524	-	-	-	-	-	44.750.000
Assigned to dividends		-	-	-	-	-	-	(630.965)	(630.965)
Transferred to reserves	15	-	-	126.192	84.129	-	-	(210.321)	-
Reversal of revaluation reserve		-	-	-	-	(596.134)	-	596.134	-
Result of a business combination and acquisition of a subsidiary	28	-	-	-	-	347.134	-	(7.499.279)	(7.152.145)
Net profit for the reporting period		-	-	-	-	-	-	7.667.452	7.667.452
Other general income		-	-	-	-	249.000	-	-	249.000
Balance on 31 December 2023		**53.438.076**	**524**	**839.379**	**341.418**	**-**	**2.360.250**	**764.307**	**57.743.954**

(the end)

The following explanatory notes are an integral part of these financial statements.

The financial statements were drawn up and signed on 22 March 2024.

Managing Director		Dainius Vilčinskas
Director of Financial Management Department		Jūratė Blėdaitė Katilienė

17.4. Annual statement of changes in equity 31 December 2023, EUR (COMPANY)

Company	Notes	Authorised capital	Share premium	Legal reserve	Special CAPITAL Reserve	Revaluation on reserve	Reserves	Unallocated profit	TOTAL
Balance as at 31 December 2021		**8.688.600**	**-**	**550.075**	**175.733**	**-**	**2.360.250**	**815.556**	**12.590.214**
Assigned to dividends		-	-	-	-	-	-	(570.888)	(570.888)
Transferred to reserves	15	-	-	163.112	81.556	-	-	(244.668)	-
Net profit for the reporting period		-	-	-	-	-	-	841.286	841.286
Other general income		-	-	-	-	-	-	-	-
Balance on 31 December 2022		**8.688.600**	**-**	**713.187**	**257.289**	**-**	**2.360.250**	**841.286**	**12.860.612**
Increase of authorised capital	15	44.749.476	524	-	-	-	-	-	44.750.000
Assigned to dividends		-	-	-	-	-	-	(630.965)	(630.965)
Transferred to reserves	15	-	-	126.192	84.129	-	-	(210.321)	-
Reversal of revaluation reserve		-	-	-	-	(596.134)	-	596.134	-
Result of a business combination and acquisition of a subsidiary	28	-	-	-	-	347.134	-	(7.499.279)	(7.152.145)
Net profit for the reporting period		-	-	-	-	-	-	7.667.452	7.667.452
Other general income		-	-	-	-	249.000	-	-	249.000
Balance on 31 December 2023		**53.438.076**	**524**	**839.379**	**341.418**	**-**	**2.360.250**	**764.307**	**57.743.954**

(the end)

The following explanatory notes are an integral part of these financial statements.

The financial statements were drawn up and signed on 22 March 2024.

Managing Director ______ Dainius Vilčinskas

Director of Financial Management Department ______ Jūratė Blėdaitė Katilienė

17.5. Annual cash flow statement 31 December 2023, EUR

		Notes	Group		Company	
			31 December 2023	31 December 2022	31 December 2023	31 December 2022
I.	Cash flows from operating activities					
I.1	Net profit		7.667.452	841.286	7.667.452	841.286
I.2	Adjustment to profit for the period:					
I.3	Depreciation and amortisation	5.6	711.402	291.557	639.365	291.458
I.4	Interest income		(620.084)	(61.952)	(620.084)	(61.952)
I.5	Interest costs		135.927	9.425	114.847	9.425
I.6	Profit tax expense	28	1.515.445	157.016	1.505.194	156.960
I.7	Other non-cash money flows		(443.851)	-	(443.851)	-
	Total adjustments to operating profit		**1.298.839**	**396.046**	**1.195.471**	**395.891**
	Changes in assets and liabilities:					
I.9	Decrease (increase) in reimbursable expenses receivable	18	2.242.961	(635.708)	2.242.961	(635.708)
I.10	Decrease (increase) in inventories		103	(13)	103	(13)
I.11	Decrease (increase) in receivables		(315.796)	247.504	(239.839)	253.340
I.12	Decrease (increase) in earmarked current assets		(3.711)	296.877	(3.711)	296.877
I.13	Prepayments (increase)		(107.888)	1.891	(107.970)	466
I.14	Increase (decrease) in payables		1.305.434	(260.210)	1.258.317	(256.812)
I.15	Decrease in contractual guarantee liabilities		1.432.644	(160.394)	1.432.644	(160.394)
I.16	Increase (decrease) in provisions for guarantees	18	(9.406.545)	227.839	(9.406.545)	227.839
I.17	Increase (decrease) of changes in value of the loan portfolio		73.636	-	73.636	-
I.18	Increase (decrease) in provisions for changes in the value of securities		10.845	1.631	10.845	1.631
	Total changes in assets and liabilities		**(4.768.317)**	**(280.583)**	**(4.739.559)**	**(272.774)**
I.18	Interest received on investments		-	196.724	-	196.724
I.19	Paid profit tax		(274.416)	(67.675)	(271.376)	(67.412)

(continued on the next page)

		Notes	Group		Company	
			31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
	Net cash provided by operating activities		**3.923.558**	**1.085.798**	**3.851.988**	**1.093.715**
II.	Cash flows from investing activities					
II.1	Acquisitions of fixed tangible and intangible assets allocated to segments	5.6	(170.669)	(37.700)	(153.467)	(37.700)
II.2	Loss (gain) on investment in subsidiary	12	-	-	(3.450)	56
II.3	(Investments) in fixed-term deposits	14	(3.550.000)	(600.000)	(3.550.000)	(600.000)
II.4	Repayment of investments in fixed-term deposits	14	7.700.000	-	7.700.000	-
II.5	(Investments) in Lithuanian Government bonds	8	(2.298.416)	(9.626.672)	(2.298.416)	(9.626.672)
II.6	Redemption of investments in Lithuanian Government bonds	14	8.070.705	4.434.500	8.070.705	4.434.500
II.7	Investments in the 3 Maritime Fund		(5.085.659)	-	(5.085.659)	-
II.8	Interest received on investments		739.455		739.455	
II.9	Loans granted		(2.325.420)	-	(2.325.420)	-
II.10	Loans received		630.408	-	630.408	-
II.11	Proceeds from mergers and acquisition of a subsidiary		8.347.056		6.592.826	
	Net cash flows from investing activities		**12.057.460**	**(5.829.872)**	**10.316.982**	**(5.829.816)**
III.	Cash flows from financing activities:					
III.1	Dividend (payment)		(630.965)	(570.889)	(630.965)	(570.889)
III.2	Dividends		-	-	375.862	-
III.3	Payments of lease liability		(440.728)	(265.806)	(389.328)	(265.806)
	Cash used in financing activities		**(1.071.693)**	**(836.695)**	**(644.431)**	**(836.695)**
IV.	**Increase (decrease) in cash and cash equivalents**		**14.909.325**	**(5.580.769)**	**13.524.539**	**(5.572.807)**
V.	**Cash and cash equivalents at the beginning of the year**		**674.831**	**(6.255.600)**	**626.365**	**6.199.172**
VI.	**Cash and cash equivalents at the end of the reporting period**		**15.584.156**	**674.831**	**14.150.904**	**626.376**

(the end)

The following explanatory notes are an integral part of these financial statements.

The financial statements were drawn up and signed on 22 March 2024.

Managing Director		Dainius Vilčinskas
Director of Financial Management Department		Jūratė Blėdaitė Katilienė

Annual explanatory note

1. General information

INVESTICIJŲ IR VERSLO GARANTIJOS (hereinafter referred to as the Company or INVEGA) is a private limited liability company registered in the Republic of Lithuania. Its registered address is: **Konstitucijos pr. 7, LT-09308, Vilnius, Lithuania.**

The nature of the Company's main activities is detailed in the Resolution of the GRL No 887 of 11 July 2001 "On the Activities of the Private Limited Liability Company Investicijų ir verslo garantijos" (hereinafter referred to as the Resolution of the GRL No 887), which regulates the establishment and activities of the Company. This Decree of the Government of the Republic of Lithuania stipulates that the Company shall carry out the activities of a national development institution, a state-guaranteed guarantee institution and other activities:

1. Individual guarantees provided by a state-guaranteed guarantee institution;
2. Portfolio guarantees from a state-guaranteed guarantee institution;
3. Provide loans or other forms of lending, directly or through financial intermediaries;
4. Implement venture capital investment instruments directly or through financial intermediaries;
5. Manage holding funds, funds of funds, special funds and incentive financial instruments;
6. Provide grants, including conditional grants, and/or subsidies, including reimbursable subsidies, in connection with a financial instrument, financial service or incentive financial instrument;
7. Perform the functions of an intermediate institution in the area of the administration of the system of management and control of the funds of EU Structural Funds for 2014–2020;
8. Implements promotional financial instruments, projects and programmes in the field of development cooperation;
9. Implement social impact investment promotion measures that meet social needs, expecting not so much a financial return as a social benefit;
10. Carry out assessments of the need for incentive finance and review assessments in the cases and/or in the procedures established by the legislation governing the implementation of incentive finance instruments;
11. Provide grants to support Lithuania, to achieve the objective of investing in growth and jobs, from the European Regional Development Fund, the Cohesion Fund, the European Social Fund and the specific allocation for the Youth Employment Initiative projects co-financed by the EU Structural Funds and implemented under the Operational Programme for the Investment of EU Funds 2014-2020, as approved by the EC Implementing Decision of 8 September 2014, approving certain elements of the "Operational Programme for the Investment of European Union Funds 2014-2020", (notified to the EC by document C(2014) 6397), the procedure for awarding and repaying grants to municipalities established by the Minister of Finance;
12. Perform the other functions set out in Article 6(1) of the Law on the National Development Authority.

On 17 October 2018, the Lithuanian Government granted INVEGA the status of an NPI, and on 3 December 2018 INVEGA has been added to the list of NPEs by decision of the Supervisory Authority of the Bank of Lithuania.

The State of Lithuania was the sole shareholder of the Company as at 31 December 2023 and 31 December 2022.

The Company's shares have been entrusted to the MoF RL under the right of entrustment as from 15 April 2022.

On 31 December 2022 the Group consisted of INVEGA and Coinvest Capital. Coinvest Capital's authorised capital is EUR 50,000 (5,000 ordinary registered shares with a nominal value of EUR 10 each), all of which are owned by the Company. The activities of the subsidiary are the establishment and management of venture capital funds, venture capital investing and investment and financial advisory services. During the reporting period, the subsidiary implemented and managed the financial engineering instrument Co-investment Fund financed by the holding fund INVEGOS Fondas, the financial instrument Co-investment Fund II financed by the fund of funds Business Financing Fund financed by the European Regional Development Fund and the financial instrument Co-investment Fund for Transport when no fund of funds is established.

On 19 October 2022 the GRL adopted a decision to increase the authorised capital of the NDI INVEGA by EUR 44.750.000. i.e. from EUR 8,688,600 to EUR 53,438,600. This step was taken as part of the consolidation of VIPA, VIVA, and the ŽŪPGF on the basis of INVEGA. The capital of the new structure is increased by assessing the value of all the undertakings to be absorbed. On 02 January 2023, 100% of the shares in VIPA, VIPA and the ŽŪPGF were transferred to INVEGA and control of these companies passed. In March 2023, the terms of the reorganisation of the ŽŪPGF and VIPA into INVEGA were approved. Following the consolidation of the Lithuanian National Development Institutions on 1 August 2023, VIPA and the ŽŪPGF were merged into INVEGA, and the vast majority of VIPA's staff was transferred to INVEGA. On 31 December 2023, the Group consisted of INVEGA, VIVA and Coinvest Capital.

On 31 December 2023, the Company's share capital consisted of EUR 53,438,075.82 (184,511 ordinary registered shares with a nominal value of EUR 289.62 each) and share premium of EUR 524.18. On 31 December 2022, the Company's share capital consisted of EUR 8,688,600 (30,000 ordinary registered shares with a nominal value of EUR 289.62 each)). All shares have been paid up on 31 December 2023 and 31 December 2022.

As at 31 December 2023 and 31 December 2022 the Company had no treasury shares.

As at 31 December 2023 and 31 December 2022, the Company had no branches or representative offices.

As at 31 December 2023, the Group consisted of INVEGA and its subsidiaries VIVA and Coinvest Capital, and as at 31 December 2022, the Group consisted of INVEGA and its subsidiary Coinvest Capital.

Company	Shares held part of 31 December 2023	Shares held part 2022 December 31	Main activities
UAB Valstybės investicijų valdymo agentūra (VIVA)	100%	-	Management of investment vehicles, establishment and management of investment funds, investing. The Company's objectives are to finance and/or promote sustainable development in areas where market-based financing is insufficient, by implementing and/or managing financial and other support measures to improve the liquidity and access to finance of medium and large enterprises.
Coinvest Capital	100%	100%	Setting up and managing venture capital funds, venture capital investing and investment and financial advice.

Information about subsidiaries is presented in note 10.

Multilateral agreements entrust the Group with the management of holding funds and funds of funds and the assets managed by these funds on 31 December 2023 amounted to EUR 1,845,464,089 EUR (on 31 December 2022: EUR 1,060,123,153 EUR). Information on holding funds and funds of funds is presented in note 20.

The Group had 259 employees as at 31 December 2023 (119 employees on 31 December 2022): INVEGA had 255 employees (10 of whom were on maternity and/or parental leave until the child reaches the age of 3 years)(116 employees at 31 December 2022), Coinvest Capital had 3 employees (3 employees at 31 December 2022) and VIVA had 1 employee (VIVA was not part of the Group at 31 December 2022).

2. Basis of preparation of the financial statements

The basic accounting principles applied in the preparation of the financial statements of the Company and the Group for the period ended 31 December 2023, are:

2.1. Compliance with the established standards

These consolidated and separate financial statements (hereinafter the financial statements) are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The Company's management has approved these financial statements as at 22 March 2024.

2.2. Consolidation principles

The consolidated financial statements of the Group from 1 January 2023 include the Company and its subsidiaries VIVA and Coinvest Capital. The financial statements of the subsidiaries are prepared using the same accounting policies and cover the same reporting period as the Company's financial statements. The ŽŪPGF and VIPA have been merged as of 1 August 2023 and their revenues, expenses during 2023, assets and liabilities on 31 December 2023 are recorded in INVEGA.

Subsidiaries are consolidated from the date when control passes to the Company and are deconsolidated from the date when control ceases. All intercompany transactions, balances and unrealised transaction gains or losses between Group entities are eliminated.

2.3. Business consolidations of jointly controlled entities

The merger in 2023 was a merger of jointly controlled entities. The Group applies the residual value method for this combination. Business consolidations of jointly controlled entities are accounted for using the following procedures:

- Assets and liabilities of the entities which are merged in a business consolidation are recorded at their residual values equal to those shown in the financial statements of the parent undertaking;
- Newly generated goodwill is not recognised in a business consolidation, but the acquirer may recognise an intangible asset that meets the recognition criteria in IAS 38;
- Any difference between the consideration paid and the residual value of the net assets acquired at the acquisition date is recognised immediately in equity as retained earnings.

For further disclosure, see Note 31 to the Notes to the Financial Statements Business consolidations of Jointly Controlled Entities.

2.4. Basis for measurement

The financial statements are prepared on the historical cost basis, except for financial assets and liabilities carried at fair value through profit and loss.

2.5. Currency of financial statements

The Company and the Group maintain their accounts and present all amounts in these financial statements in euro.

2.6. Use of estimates and judgements

In preparing its financial statements in conformity with the IFRS the management must make judgments that affect the selection of accounting principles and the amounts of assets, liabilities, income and expenses reported in the financial statements. The factual results may differ from the accounting estimates made. The accounting estimates and related assumptions are reviewed on a regular basis.

The effect of the changes in estimates is recognised in the period in which the estimate is reviewed, and in the forthcoming periods, if the estimate also affects the future periods. An estimate may need to be reviewed repeatedly in view of a change in the circumstances underlying the estimate, or new information becomes available or more experience is acquired.

The information about the material areas that are related to the uncertainties for the purpose of the application of the accounting policy, and which have an impact upon the amounts in the financial statements are presented in 18 Note:

Details of the accounting estimates and assumptions used in the measurement of warranty provisions are disclosed in note 18.

2.7. Measurement of fair value

Fair value is the price at which the assets would be sold or liabilities transferred on the valuation date under an arm's length transaction between the market participants in the main market, and if it is not present – in the most advantageous market to which the Company and the Group can access at the measurement date. Fair value of liability reflects the risk of default effects. Where appropriate, fair value is determined by reference to a quoted price in an active market using discounted cash flow and option pricing models.

The Group and the Company use observable market data, to the extent practicable, in determining the fair value of assets or liabilities. Fair values are assigned to different levels of the fair value hierarchy based on the variables used in the valuation techniques:

Level 1: prices quoted in active markets of the same assets or liabilities (not adjusted).
Level 2: other variables, except for quoted prices for the asset or liability included in level 1 that are observed directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: variables of assets and liabilities not based on the observable market data (non-observable variables).

Where for the purpose of measuring the fair value of assets or liabilities the variables may be attributed to the different levels of the fair value hierarchy, the hierarchy level of the fair value to which the entire fair value established is attributed shall be established on the basis of the lowest level variable material for the measurement of the entire fair value.

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

The fair values were determined as a result of valuations and disclosures using the following methods. Where appropriate, more information about the assumptions made in determining fair values is disclosed in the notes to the financial statements that disclose information about a particular asset or liability.

The fair values of assets and liabilities in the financial statements as at 31 December 2023 are not significantly different from the carrying amounts of assets and liabilities.

3. Application of new and revised IFRSs

The Company and the Group have consistently applied the accounting policies set out in note 4 for all periods presented in these financial statements.

Application of new and amended IFRSs

- *New and/or amended standards and interpretations applicable from 1 January 2023:*

The following are new standards and/or amendments to standards endorsed by the International Accounting Standards Board (hereinafter the IASB) and adopted for application in the EU in the year ended 31 December 2023. Standards or amendments to standards in force in 2023:

- IFRS 17 Insurance Contracts; including the amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023);
- IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement No 2: Accounting policy disclosures, amendments (effective for annual periods beginning on or after 1 January 2023);
- IAS 8 "Accounting Policies, Changes in Accounting Estimates and Error Corrections": definition of accounting estimates (effective for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 12 "Income taxes": Deferred tax relating to assets and liabilities arising from a single transaction (effective for annual periods beginning on or after 1 January 2023);
- IFRS 17 "Insurance Contracts": Initial application of IFRS 17 and comparative information of IFRS 9 – comparative information (effective for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 12 "Income taxes": International tax reform - Pillar Two model rules (effective for annual periods beginning on 1 January 2023).

The application of these standards, amendments and interpretations did not have a material impact on the financial statements.

Standards, amendments to existing standards and interpretations issued by the IASB, adopted by the EU but not yet in force:

In preparing these financial statements, the Group has not applied new IFRSs, IASs, amendments and interpretations issued by the IASB that have an effective date later than 31 December 2023 and are available for earlier application. The following are new standards and/or amendments to standards that have been issued but have not yet entered into force. The following revised standards are not expected to have a material impact on the financial statements of the Group and the Company in the period of initial application:

•Amendments to IAS 1 "Presentation of Financial Statements": Classification of liabilities into current and non-current; Classification of liabilities as current and non-current – deferral of the effective date; Long-term liabilities with financial ratios (effective for annual periods beginning on 1 January 2024);

•Amendments to 16 IFRS "Lease": Lease liability on sale and leaseback transactions (effective for annual periods beginning on or after 1 January 2024).

Standards, amendments to existing standards and interpretations that have not yet entered into force and have not yet been endorsed by the EU:

Currently, IFRS adopted in the EU are almost identical to standards adopted by the IASB, with the exception of the standards, amendments to standards and interpretations currently in force which have not yet been adopted in the EU (dates of validity apply in full to IFRS). The following standards, amendments and interpretations are set out below:

• Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments": disclosures: supplier's financial arrangements (effective for annual periods beginning on or after 1 January 2024);

• Amendments to IAS 21 "Effects of Changes in Foreign Exchange Rates": conversion deficiency (effective for annual periods beginning on or after 1 January 2025).

The Group and the Company's management does not expect that the application of these standards, their amendments and interpretations will have a significant impact on the Group's consolidated and the Company's separate financial statements during the period of their initial application.

4. Accounting policy

The accounting policy as further described was consistently applied to all periods presented in the present financial statements, unless specified otherwise.

4.1. Intangible assets

At initial recognition, an intangible asset is accounted for at acquisition cost.

Intangible assets are recognised when it is probable that the Group and the Company will generate in the future an economic benefit from the assets and provided that value of the assets may be reliably measured. The Group and the Company apply a minimum value of EUR 1,000 for intangible fixed assets.

After initial recognition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised on a straight-line basis over the best estimate of their useful lives. Intangible assets are amortised over 2-3 years.

Licenses

Amounts paid for licenses are capitalized and amortized over the term of the license.

Software

The cost of acquiring new software is capitalised and recognised as an intangible fixed asset to the extent that the cost is not a component of computer hardware.

Software is amortized over a period no longer than 3 years.

Costs incurred to restore or maintain the potential future economic benefits from the operation of existing software systems is recognized as the costs of the period when the repair and maintenance work was carried out.

4.2. Long term tangible assets

Accounting policies by asset class:

Cost	Revalued amount
Computer hardware and software	Real estate
Office equipment	
Furniture	
Vehicles	

Tangible fixed assets such as computers, office equipment, furniture, cars, etc. are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

When such assets are sold or retired, their acquisition cost and accumulated depreciation in the accounts are eliminated, and profits of sale or losses are recognized in the income (loss) statement.

The initial value of long-term property consists of acquisition costs, including non-refundable acquisition taxes and all directly attributed costs related with the preparation for property exploitation or its transfer to the intended place of use.

Expenditures incurred after the property, plant and equipment have been put into operation, such as repair and maintenance costs, are normally charged to the income statement in the period the costs are incurred.

In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of assets, plant and equipment beyond its originally assessed standard of performance and/or that they have resulted in an increase of the useful life of the asset, the expenditures are capitalised as an additional cost of property, plant and equipment.

The Group and the Company apply a minimum value of tangible fixed assets of EUR 1,000.

Depreciation is computed on a straight-line basis over the following average estimated useful lives:

- Real estate (buildings): 20 years;
- Computer hardware and software 3 years;
- Office equipment: 4–6 years;
- Furniture: 6 years.

The useful service lives are reviewed periodically to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items in assets, plant and equipment.

The increase in the residual value due to the revaluation of fixed tangible assets is recognised in other comprehensive income in the profit and loss statement and other comprehensive profit and loss statement and is accumulated in the revaluation reserve in the equity part. However, the increase is recognised in the profit and loss statement to the extent that it reverses the reduction in the residual value of the same asset due to a revaluation previously recognised in profit or loss. A decrease in the residual value of an asset arising from a revaluation is recognised as profit or loss; impairments that offset previous increases in the value of the same asset are recognised in other comprehensive income and are presented in the form of a reduction in the revaluation reserve. Each year, the difference between depreciation calculated on the basis of the revalued residual value of an asset (when the residual value increases on revaluation) recognised in profit or loss and depreciation calculated on the basis of the original acquisition cost of that asset is transferred from the revaluation reserve to retained earnings, after taking into account the effect of the deferred tax.

4.3. Impairment of intangible and tangible fixed assets

At each balance sheet date, the Group and the Company reviews the carrying value of the assets to determine whether there is any indication/that those assets have suffered an impairment loss. If any such indication exists, the Company assesses the recoverable amount of the asset in order to be able to assess the impairment loss (if any). Where it is impossible to assess the recoverable value of assets, the Company estimates the recoverable amount in the cash-generating group to which the asset belongs. When consistent and reliable allocation basis is established, the assets are distributed to different property units generating income, or the assets are allocated to smaller cash-generating units for which reasonable and consistent allocation basis can be set.

The recoverable amount is the higher of net selling price less selling costs and value in use.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments conditions, time value of money and the risks associated with the assets, which was not taken into account in estimating the future cash flows.

If the estimated recoverable amount of the asset (or cash-generating asset group) is less than its carrying amount of this asset, the carrying amount of the asset is reduced to the recoverable value of this asset (or cash-generating asset group). An impairment loss is recognized immediately in profit (loss) statement, unless the relevant asset as carried at a revalued amount earlier, in which case, the impairment loss is treated as a revaluation decrease.

If after the recognition of impairment loss the value of the asset increases, the carrying amount of the asset (cash-generating asset group) is increased to the newly estimated recoverable amount, but so that the increase does not exceed the carrying value of the asset (cash-generating asset group) if the losses due to value impairment in previous years had not been recognized. Asset impairment loss is recognized immediately in the profit (loss) statement, unless the relevant asset has been carried at a revalued amount earlier, in which case the reversal is accounted for as a revaluation increase.

4.4. Financial instruments

Financial assets and financial liabilities are recognised when the Group and the Company become party to the contractual provisions of the financial instrument.

Under IFRS 9, financial assets are divided into financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit or loss, and financial assets at amortised value.

The basis for classifying financial assets and financial liabilities is the business model of financial asset management and the contractual cash flow characteristics of financial assets. The classification of financial assets is based on the usual business models used by the Group and the Company to manage their financial assets to generate cash flows. In the non-standard case, if cash flows are generated differently than the initial expectations included in the business model, the financial assets are not reclassified, but in the future, past events are taken into account when reviewing business models.

Financial liabilities are divided into financial liabilities accounted for at fair value through profit or loss and other liabilities measured at amortised cost. A financial asset is recognised at fair value at the time of acquisition, plus the directly attributable acquisition costs by including in profit or loss the change in the value of that financial asset that is not carried at fair value.

All ordinary purchases and sales of investments are recognised on the settlement date. The settlement date is the date of receipt of the asset purchased (the asset is recognised in the financial statements) or the date of transfer of the asset sold (the asset is derecognised in the financial statements). All other purchases or sales are recognised as derivative instruments until settlement occurs. When the Group and the Company recognise an asset at the settlement date, any change in the fair value of the asset receivable between the trade date and the settlement date is accounted for in the same way as an acquired asset.

Calculated interest rate method

The imputed interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income and interest expense over the relevant period. The imputed interest rate is the interest rate that exactly discounts future cash payments or receipts through the expected life of the financial instrument or a shorter period to the net carrying amount of the financial asset or liability. The calculation includes all fees paid or received between the parties to the contract, which are a component of the calculated interest rate, transaction cost and any other premiums or discounts.

Financial assets measured at amortised value

Financial assets are measured at amortised value if the following conditions are met: financial assets are held in accordance with a business model whose purpose is to hold financial assets for the purpose of collecting contractual cash flows and the terms of the financial asset contract may, on specified dates, result in cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised value are accounted for at amortised value using the calculated interest rate method less any impairment. This value is calculated by deducting the principal amount repayments from the acquisition cost, plus or minus the cumulative amortization which is calculated using the effective interest method or as a difference between the acquisition cost and the redemption amount. This calculation includes all fees and points paid or received between parties to the contract, that are an integral part of the effective interest, costs and all other premiums and discounts. Gains or losses on investments carried at amortized cost are recognised in profit (loss) statement when the investment is derecognised or their value decreases.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or otherwise determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables) are measured at amortised cost using the imputed interest rate method less any impairment.

Cash and cash equivalents

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

Write-offs

When loans and receivables are not probable of recovery and the collateral is realised, they are written off against the impairment of the loans. The decision to write off loans is made by the Company's management. When loans previously written off are recovered, the income is recognised in profit or loss.

Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if the financial asset is held within a business model that achieves its objective by collecting contractual cash flows and selling the financial asset and the contractual terms of the financial asset are likely to result in cash flows that are solely payments of interest on the principal amount and the principal outstanding at specified dates. Financial assets at fair value through other comprehensive income may be held for an indefinite period of time and may be sold in response to liquidity needs or changes in interest rates, foreign exchange rates or share prices.

After initial recognition, financial assets measured at fair value through other comprehensive income are carried at fair value based on available market prices. The fair value of investments for which there is no active market is determined using valuation techniques. These methods involve valuing at market conditions on the basis of recent transactions in substantially similar instruments or on the basis of a discounted cash flow analysis. For financial assets at fair value through other comprehensive income, revaluation gains or losses are recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified.

For debt securities, the difference between the initial carrying amount and the amortised cost, calculated using the imputed interest rate method, is treated as interest income and recognised in the profit and loss statement. After the sale of such securities, the accumulated fair value revaluation result associated with them, which was previously recognised in other comprehensive income, is reclassified from equity to profit or loss.

For debt financial instruments measured at fair value through comprehensive income, impairment is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset. Impairment losses are recorded in the profit and loss statement.

Financial assets or financial liabilities designated at fair value through profit or loss

Financial assets are carried at fair value through profit or loss unless they are measured at amortised cost or fair value through other comprehensive income. A fair value measurement, the change in which is recognised in profit or loss, is made if it would eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise if the assets or liabilities were measured or their gains and losses recognised on a different basis, or a group of financial assets and financial liabilities is managed and the results of its operations are evaluated and reported at fair value in accordance with an agreed risk management or investment strategy.

Except for interest on interest rate swaps, interest on financial assets at fair value through profit or loss is included in net interest income. Revaluation and trading gains or losses arising from changes in financial assets or financial liabilities at fair value through profit or loss, as well as interest on interest rate swaps, are recognised directly in profit or loss statement as net financial income. Subsequent to initial recognition, such financial assets and liabilities are subsequently measured at fair value using quoted market prices or broker quotations.

Financial liabilities at amortised cost

Financial liabilities that are not accounted for at fair value through profit or loss are classified in this category and are accounted for at amortised cost. Financial liabilities accounted for at amortised cost consist of the change in the value of a loan, trade and other payable that is not accounted for at fair value through profit (loss).

Derecognition of financial assets and liabilities

The recognition of a financial asset in the accounting is terminated when the right to the cash flows of the financial asset expires or when the asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred, and if the risks and rewards of ownership of the asset have not been substantially transferred, the Company determines whether the link with the asset allows the asset to be derecognised. A financial liability is derecognised when it is discharged, cancelled or expires.

Reclassification of financial assets

The Company may reclassify all financial assets only when changing the business model for managing financial assets. Financial assets are reclassified prospectively from the date of reclassification.

Offsetting

Financial assets and liabilities may be offset against each other and presented on a net basis in a separate financial statements if there is a legal possibility to offset the amounts recognised and the intention is to settle on a net basis or sell the asset and settle the debt at the same time.

Impairment of financial assets

The Company and the Group recognise impairment losses for expected credit losses (ECL) on financial assets that are not measured at fair value through profit or loss. The expected credit loss of financial assets a measured as the amount of the impairment loss, equal to:

12-month expected credit losses; it is the probable credit loss that would result from a default on a financial liability that is probable within 12 months of the date of the financial statements; or
all expected credit losses; i.e., all probable credit losses that result from all possible defaults over the life of the financial asset.

A reduction in the value of all expected credit losses on financial assets is calculated if the credit risk to such financial assets has increased significantly since initial recognition. For all other financial assets, expected credit losses are calculated taking into account the 12-month projected credit losses.

Projected credit losses are a probability weighted estimate of the present value of credit losses. They are measured as the difference in current value between the cash flows arising from the Group and the Company's contractual flows and the cash flows that the Group and the Company expects to derive from the numerous future economic events, discounted at the effective interest rate of the financial asset.

Impairment of deposits with banks, securities

The Group and the Company anticipate expected credit losses to reflect changes in credit risk since the initial recognition of debt securities, loans to credit institutions and exposures to central banks. Impairment loss requirements apply to financial assets at amortised cost, but do not apply to financial assets measured at fair value in the profit or loss statement. For financial assets measured at fair value through other comprehensive income, impairment is recognised in other comprehensive income and does not reduce the carrying amount of the asset.

Impairment losses are recognised on the basis of forward-looking information even if no loss event has occurred. The assessment takes into account a wide range of information, but as most of these exposures are rated, it relies heavily on external credit ratings and default rates provided by rating agencies, calculated from historical rating transition matrices. If the exposure does not have an external rating, this may be replaced by an internally calculated credit quality level. It also takes into account insolvency events, any forbearance of payments, debt restructuring and the issuer's individual credit risk analysis. The Bank considers investment-grade exposures to be low credit risk assets. For exposures without an investment grade rating, a downgrade of the external credit rating by more than 3 points since acquisition is treated as a significant increase in credit risk. Expected credit losses are recognised depending on the tier to which the exposure has been allocated at the reporting date. For exposures in Tier 1 where the credit risk has not increased significantly since initial recognition, the 12-month expected credit loss recognition method shall be applied. The lifetime expected credit loss approach is applied to exposures in Tier 2 that have significantly increased in credit risk since initial recognition and to exposures in Tier 3 that are impaired. If an exposure is classified in Tier 3, an in-depth analysis is additionally performed, including a comparison with market valuations of similar exposures, an analysis of the relevant stock market depth, past trading performance, and any other available information.

If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed in profit (loss).

Provisions for expected credit losses on financial guarantees

The Group and the Company estimate expected credit losses to reflect changes in credit risk since the initial recognition of financial guarantees. Provisions are calculated in accordance with the Expected Credit Loss Calculation Policy approved by the Management Board (hereinafter the ECL Policy) and the Expected Credit Loss Calculation Procedure approved by the CEO (hereinafter the ECL Procedure).

Provisions for expected credit losses are recognised on the basis of forward-looking information, even if a loss event has not occurred. The assessment takes into account a wide range of information, and guarantees are grouped according to credit risk characteristics such as the type of guarantee issued, the nature of the business, the duration of the business, the size of the business, delinquency data, and other similar characteristics. The future cash flows of a group of financial assets for which impairment is measured collectively are estimated based on historical loss experience for assets with similar credit risk characteristics. Historical losses are adjusted on the basis of available data that reflect current conditions that were not present at the time the historical data were considered and eliminate the influence of historical conditions that were present at the time of the period under consideration but are no longer present. In order to more accurately reflect the impact of the macroeconomic environment on expected credit losses, macroeconomic indicators (average annual inflation and change in real GDP) have been included for the first time in the provisioning calculation in 2022. In 2023, the model has been improved by the addition of the EURIBOR floating rate. This was important because high floating interest rates make it more difficult for companies to service their existing financial liabilities, especially those with low profitability. Changes in the estimate of expected credit losses are directly related to changes in the corresponding continuously monitored data. The TKN procedure and methodology are regularly reviewed to reduce the differences between the estimated and actual losses.

4.5. Investments in subsidiaries in the Company's financial statements

Investments in the consolidated subsidiary are accounted for using the equity method, at the time of acquisition are recorded at the acquisition cost, and then reconciled with the changes in the net assets of the Company's subsidiary arising after the acquisition. Subsidiary means an entity that is directly or indirectly controlled by the Company.

4.6. Assets and liabilities entrusted to administration

By means of tripartite financing agreements, the Group and the Company are entrusted with the management and administration of holding funds financed from the 2007–2013 EU structural support funds and repaid funds, as well as funds of funds financed from 2014–2020 EU Structural Funds, and other funds, provided that the Republic of Lithuania will be the final economic beneficiary of the funding and will be entitled to the final results of the funding granted.

The respective holding funds and funds of funds are treated as resource funds without legal personality, established for the performance of certain functions assigned by the state, receiving only the income specific to the respective funds, accumulating funds in separate accounts and using the funds in accordance with the established procedure for the implementation of the established tasks.

As of 1 January 2016, holding funds and funds of funds are considered as separate public sector entities, all economic operations and events are recorded in the accounting records of the relevant entity, annual financial statements and explanatory notes are prepared in accordance with the requirements of the Public Sector Accounting and Financial Reporting Standards (the PSAFRS).

Under the provisions of the IFRS, the assets and liabilities of holding funds and funds of funds are not the assets and liabilities of the Company and, therefore, information about the funds is provided for disclosure purposes.

The Group and the Company have no control over holding funds and funds of funds and are therefore not consolidated.

4.7. Lease accounting

By entering into a new contract, the Company determines whether the contract is a lease or a lease. The contract is a lease or includes it if it gives the right to manage the use of the identified property for a certain period of time in exchange for remuneration. The Company uses the definition of a lease in IFRS 16 to assess whether a contract conveys the right to control the use of an identified asset for a specified period of time.

The company as a tenant

When entering into or adjusting an agreement that includes a rental component, the Group and the Company assigns remuneration under the agreement to each rental component on the basis of the relative separate price of the rental component. However, in accounting for leases of immovable property, the

Group and the Company have decided not to separate the non-lease components and to account for the lease and non-lease components as a single lease component.

The Group and the Company recognise a right-of-use asset and a lease liability at the commencement date of the lease. A right-of-use asset is initially measured at cost, which includes the amount of the initial valuation of the lease liability, adjusted by any lease payments on or before the commencement date, any initial direct costs incurred, and an estimate of the costs that the lessee will incur in dismantling and removing the leased property, managing its location, or restoring the leased property to the condition required by the terms of the lease, less any lease incentives received.

Subsequently, the right-of-use assets is depreciated using a straight-line method from the commencement date to the end of the lease term, unless the title to the leased assets is transferred to the Group and the Company under the lease agreement before the end of the lease term or the cost of the right-of-use assets implies that the Group and the Company will exercise the right of option to purchase. In this case, the right-of-use asset will be depreciated over the useful life of the leased property, which is determined on the same basis as the property and equipment. In addition, the value of right-of-use assets is periodically reduced by impairment losses, if any, and adjusted for certain reassessments of the lease liability.

The lease liability is initially measured at the present value of unpaid rents at the commencement date, discounted using the interest rate provided for in the lease agreement or, if that rate cannot be readily determined, the additional borrowing rate of the Group and the Company. Typically, the Group and the Company use their additional borrowing rate as the discount rate.

The Group and the Company determine their additional borrowing rate by obtaining interest rates from various external financing sources and make certain adjustments to reflect the terms of the lease and the nature of the leased assets.

Lease payments included in the measurement of the lease liability include:

fixed rents, including charges equivalent to fixed rents;
variable rents that depend on an index or rate initially measured using an index or rate at the start date;
the amounts that the tenant should pay under the liquidation value guarantees;

The exercise price of the call option if it is reasonably known that the Group and the Company will exercise that option; lease payments during the optional renewal period, if it is reasonably known that the Group and the Company will avail themselves of the option to extend the lease period; penalties for termination of the lease, unless it can be reasonably assumed that the Group and Company will not terminate the lease.

The lease liability is measured at amortised cost using the imputed interest method. It is reassessed when a change in the index or rate results in a change in future rentals or a change in the estimate of the amount that would be payable under a residual value guarantee, if the Group and the Company change their assessment as to whether they will exercise assessment of whether they will exercise the option to purchase, extend or terminate or if a fee equivalent to fixed lease payments is revised.

When a lease liability is remeasured in this way, the residual value of the right-of-use asset is adjusted accordingly, or the adjustment is recognised in profit or loss if the residual value of the right-of-use asset is reduced to zero.

The Group and the Company account for the right-of-use assets that do not meet the definition of investment property in the financial statements under the item of property, plant and equipment and the lease liabilities under the item of loans and arrears.

Short-term rentals and low-value rentals

The Group and the Company have decided not to recognise right-of-use assets and lease liabilities for low-value leases and short-term leases, including IT equipment. The lease payments in connection with such lease are recognised by the Group and the Company as an expense on a straight-line basis during the lease term.

Group and the Company as lessor

The Group and the Company assign remuneration under the lease agreement to each lease component on the date of commencement or amendment of the agreement which includes the lease component according to their relative individual lease prices. When the Group and the Company act as a lessor, it determines at the beginning of the lease whether the lease is a finance lease or an operating lease. The classification of leases includes an overall assessment of whether the lease substantially transfers all the risks and rewards of ownership of the leased property. If this is the case, the lease is a finance lease and if not, an operating lease. This assessment takes into account certain indicators, such as whether the lease covers a larger portion of the asset's economic life.

Where the Group and the Company are an intermediate lessor, it accounts separately for its principal leasing and subletting interests. The Group and the Company classify subleases on the basis of the right-of-use assets specified in the host contract, rather than on the basis of the leased assets. If the main lease is a short-term lease to which the exemption described above applies, then it classifies the sublease as an operating lease. If the agreement includes rental and non-rental components, the Group and the Company applies IFRS 15 to allocate the consideration specified in the agreement.

The Group and the Company applies the derecognition and impairment requirements in IFRS 9 to the amount of the net investment in the lease. The Group and the Company continue to regularly review the estimated unguaranteed residual values used to calculate the amount of the net investment in the lease.

The lease payments received under operating leases are accounted for by the Group and the Company as income on a straight-line basis during the lease term in the other income item. In principle, the accounting policies applied to the Group as lessors during the comparative period did not differ from IFRS 16, except for the classification of subleases entered into during the current period that were classified as finance leases.

4.8. Provisions

In preparing financial statements in conformity with IFRSs, management makes certain assumptions and estimates that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of uncertainties.

Provisions are recognised when and only when because of the event in the past, the Company has a legal obligation or irrevocable liability, and it is likely that it will require resources bringing economic benefit, and the amount of liability can be reliably measured.

The amount recognized as a provision is the best estimate required to cover the current liabilities in the reporting period, taking into account the risks and uncertainties arising from this liability. When a provision is valued using the estimated cash flows to cover a liability, its carrying value is the present value of these cash flows.

Where it is expected that part or all of the economic benefits needed to cover the provision will be recovered from a third party, the amount receivable is covered by the asset if it is certain that the compensation will be received and that the amount receivable can be measured reliably.

The Company establishes provisions for liabilities under the financial guarantees provided (Note 18) and long-term provisions for the employee pension reserve.

Any increase in the liability relating to guarantees is recognised in profit or loss as an impairment charge. The bonus received is recognised in profit (loss) as net commission income in a straight-line manner throughout the warranty period.

Warranties are irrevocable assurances that the Company will settle on behalf of the customer with third parties when he is unable to perform his obligations to third parties. Upon completion of the guarantee, it is accounted for in the financial statements and assessed for the absence of evidence of impairment.

4.9. Income tax

Income tax expense represents the sum of the current year's tax payable plus deferred tax.

Current year's tax

The income tax for the current year is paid on the basis of taxable profit for the year. Taxable profit differs from the presented profit (loss) in the statement because it excludes items of income or expense that are taxed or accounted for in the next year and, in addition, it excludes the items that are never taxed or accounted for. Income tax is calculated by using the effective tax rate applicable before the end of the reporting period. In 2023, the corporate tax rate applied to the Group and the Company is 15%. (15% in 2022).

Deferred income tax

Deferred income tax is recognized on temporary differences between the value of assets and liabilities in the financial statements and their respective tax bases.

Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized only to the extent in which such recognition will probably reduce the available taxable profit through sales of existing temporary differences. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or if at the time of the transaction (other than a business merger) it is recognised as assets or liabilities that influence neither the taxable profit nor the financial profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position 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 by the Group and the Company.

Deferred tax assets and liabilities are measured using the tax rates that will apply in the year in which those temporary differences are expected to be recovered or settled, based on tax rates (and tax laws) that have been or will be approved before the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the reporting period, to recover or to settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are netted when it is legally permitted to offset current year tax assets and liabilities and when they relate to income taxes levied by the same authorities and the Group and the Company intends to offset current year tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognized in the profit (loss) statement, except when it relates to items recognized outside the profit (loss) statement (directly in equity), in which case the tax is also recognized in the profit (loss) statement, or if they appeared in a business merger at initial recognition.

4.10. Recognising revenue

IFRS 15 "Revenue from Contracts with Customers" sets out the principles that an entity must apply when communicating useful information to users of financial statements about the nature, amount, timing and uncertainty of income and cash flows arising from a contract with a customer.

Revenue is recognised at the transaction price when the goods or services are transferred to the customer. Complex goods or services that can be distinguished are recognised separately and any discounts or rebates applied to the contract price must generally be allocated to the individual elements. Where rewards differ for certain reasons, minimum amounts must be recognised if the risk of their being rebuilt is not material. The costs incurred to ensure the conclusion of contracts with customers must be capitalised and amortised over the period of consumption of the contract.

In accordance with IFRS 15, the performance obligation (commitment to transfer goods or services to the customer) in the contract is determined, as well as whether the entity is acting as a principal (supplier of goods and services) or agent (responsible for organising the supply of goods or services) on its own account and whether revenue from licensing should be recognised at a certain point in time or over a certain period.

The Group and the Company recognise revenue at that time and to the extent that the transfer of goods or services to customers would reflect an amount corresponding to the consideration which the Company expects to have in exchange for those goods or services. In applying this Standard, the Group and the Company take into account the terms of the Agreement and all relevant facts and circumstances. Revenue is recognised in the Group and the Company using a 5-step model:

Step 1. Identification of contracts with the customer.

A contract is an agreement between two or more parties (depending on the terms of the purchase/sale) that creates enforceable rights and enforceable obligations (not applicable in the case of a joint venture agreement). A contract to which IFRS 15 applies is recognised only if the following criteria are met:

- the agreement has been approved by the parties (in writing, orally or in accordance with other usual business practices) and has undertaken to perform the obligations provided for in the agreement;
- it is possible to identify the rights of each party in relation to the goods and/or services to be transferred;
- it is possible to identify the payment terms provided for the goods and/or services to be transferred;
- the contract is commercial in nature;
- the likelihood of receiving consideration in exchange for goods and/or services that will be transferred to the customer.

Contracts with a customer can be combined or separated into several contracts, while maintaining the criteria of the previous contracts. Such a combination or separation is considered an amendment to the contract.

Step 2. Identifying performance obligations in contracts.

The contract establishes an obligation to transfer the goods and/or services to the customer. If the goods and/or services can be distinguished, the obligations are recognised separately. Each liability is identified in one of two ways:

- the good and/or service is distinct, or
- a set of individual goods and/or services which are substantially the same and which are transferred to the customer in a uniform pattern.

Step 3. Pricing of transactions.

The Group and the Company take into account the terms and conditions of the transaction and normal business practices. The Transaction Price is the amount of consideration the Group and the Company expect to receive by transferring promised goods and services to the customer, excluding amounts collected on behalf of third parties. The remuneration provided for in the contract with the customer may include fixed amounts, variable amounts or both.

Step 4. Assignment of the transaction price to performance obligations.

The Group and the Company assign a portion of the transaction price to each performance obligation in an amount that reflects the amount of consideration to which the Group and the Company expect to be entitled in exchange for the promised goods or services transferred to the customer. The transaction price is allocated to each performance obligation on the basis of the relative selling prices of the individual goods or services promised in the contract. If the contracts do not specify the price of the service or good separately (e.g. one price for two products), the Group and the Company determine the price. Similar transactions are treated the same.

Step 5. Revenue recognition when the Company (in)meets its performance obligations.

The Group and the Company recognise revenue when the performance obligation to the customer is discharged by transferring the promised good or service to the customer (i.e. the customer obtains control of the asset). Revenue is recognised as an amount equal to the transaction price that has been determined for the related performance obligation. The amount of revenue recognised is the amount of revenue attributable to a settled obligation that can be settled at a specific time or over time.

The income of the Group and the Company consists of the remuneration for the provision of the guarantee, which is distributed on a straight-line basis throughout the period of validity of the guarantee for each guarantee contract separately. The duration of the guarantee (number of days of revenue recognition) is determined at the time of granting the guarantee taking into account the planned repayments of the guaranteed amount of financing under the signed financing agreement covered by the guarantee. The guarantee fee is calculated as a percentage of the guaranteed amount. The Group and the Company also derive income from the provision of management services. Amounts intended to compensate for the costs incurred in the management and administration of the Funds are recognised immediately after the provision of the service (management and administration costs). The management fee for the management of the Funds is calculated in accordance with the conditions laid down in the signed management agreements of the respective Funds.

The Group's and the Company's financial investment activity income comprises accrued interest earned on the investment of temporarily available funds, in accordance with Resolution of the GRL No. 887 of 11 July 2001 "On the Development of Small and Medium-Sized Enterprises", as amended, and the "Recommended Guidelines on Financial Risk Management for State-Owned Enterprises", prepared by the experts of the MoF RL and the EIM of the Republic of Lithuania (available on the website of the MoF RL https://finmin.lrv.lt/uploads/finmin/documents/files/Rizikos_valdymo_gair%C4%97s_2017-10-13_geras.pdf) and the Funding Investment Policy approved by the Management Board of the Company. Income from financial investment activities is recognised in the period during which it is earned (accruing interest, etc.), regardless of the receipt of money.

4.11. Expense recognition

When it is impossible to relate the costs spent during the reporting period with the earning of specific income, and they will not generate income during the subsequent period, such costs are accounted as expenses in the same period when they incurred.

Amount of costs is usually accounted in the amount of paid and payable, excluding VAT. Non-refundable VAT is recognised as an operating expense in the reporting period.

When long period of settlement is provided, and interest is not distinguished, the amount of costs is assessed by discounting the settlement amount at the market interest rate.

4.12. Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of transactions. Gains and losses arising from such transactions and from the revaluation of foreign currency denominated assets and liabilities at the financial statements date are recognised in the profit and loss statement.

Such balances are translated at period-end exchange rates.

4.13. Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources generating economic benefits is small.

A contingent asset is not recognised in the financial statements but is disclosed when an inflow of economic benefits is probable.

4.14. Events after the date of the balance sheet

Post-reporting events that provide additional information about the situation of the Group and the Company at the date of preparation of the statements of financial position (adjusting events) are reflected in the financial statements. Events after the date of the balance sheet that are not corrective events, are described in the notes when they are significant.

5. Intangible fixed assets

On 31 December 2023 and 31 December 2022, the Group's and the Company's intangible fixed assets comprise:

Group	Patents and licenses	Software	Total
Balance as at 31 December 2021	3.748	240.900	244.648
Acquisitions	-	29.802	29.802
Write-offs	-	(5.512)	(5.512)
Balance as at 31 December 2022	3.748	265.190	268.938
Merger of jointly controlled subsidiaries	78.187	1.764.024	1.842.211
Acquisitions	-	125.184	125.184
Write-offs	(53.107)	(5.113)	58.220
Balance as at 31 December 2023	28.828	2.149.285	2.178.113
Balance as at 31 December 2021	3 748	223 291	227 039
Calculated depreciation	0	8 385	8 385
Write-offs	0	-5 512	-5 512
Balance as at 31 December 2022	3 748	226.164	229.912
Merger of jointly controlled subsidiaries	61 466	821 019	882 485
Calculated depreciation	6.190	356.846	363.036
Write-offs	(53.107)	(5.114)	(58.221)
Balance as at 31 December 2023	18.297	1.398.915	1.417.212
Balance as at 31 December 2021	-	17.609	17.609
Balance as at 31 December 2022	-	39.026	39.026
Balance as at 31 December 2023	10.531	750.370	760.901

Company	Patents and licenses	Software	TOTAL
ACQUISITION COST			
Balance as at 31 December 2021	3.748	240.900	244.648
Acquisitions	-	29.802	29.802
Write-offs	-	(5.512)	(5.512)
Balance as at 31 December 2022	3.748	265.190	268.938
Merger of jointly controlled subsidiaries	78.187	1.741.523	1.819.710
Acquisitions	-	110.397	110.397
Write-offs	(53.107)	(5.113)	(58.220)
Balance as at 31 December 2023	28.828	2.111.997	2.140.825
ACCUMULATED AMORTISATION			
Balance as at 31 December 2021	3.748	223.291	227.039
Calculated depreciation	-	8.385	8.385
Write-offs	-	(5.512)	(5.512)
Balance as at 31 December 2022	3.748	226.164	229.912
Merger of jointly controlled subsidiaries	61.466	810.989	872.455
Calculated depreciation	6.190	346.347	352.537
Write-offs	(53.107)	(5.114)	(58.221)
Balance as at 31 December 2023	18.297	1.378.386	1.396.683
RESIDUAL VALUE			
Balance as at 31 December 2021	-	17.609	17.609
Balance as at 31 December 2022	-	39.026	39.026
Balance as at 31 December 2023	10.531	733.611	744.142

Some of the Group's and the Company's intangible fixed assets with an acquisition cost of EUR 673,233 as at 31 December 2023 (as at 31 December 2022: EUR 212,008) have been fully amortised, but are still in use in the operations.

6. Long term tangible assets

On 31 December 2023 and 31 December 2022, the Group's and the Company's property, plant and equipment consisted of:

Group	Real estate	Vehicles	Other equipment	Other equipment, fixtures and tools	TOTAL
ACQUISITION COST					
Balance as at 31 December 2021	-	-	-	185.920	185.920
Acquisitions	-	-	-	7.898	7.898
Write-offs	-	-	-	(24.175)	(24.175)
Balance as at 31 December 2022	-	-	-	169.643	169.643
Merger of jointly controlled subsidiaries	755.048	9.990	-	417.610	1.182.648
Revaluation	249.000	-	-	-	249.000
Acquisitions	-	-	-	45.485	45.485
Reclassification to assets held for sale	(709.000)	-	-	-	(709.000)
Write-offs	(295.048)	-	-	(151.280)	(446.328)
Balance as at 31 December 2023	-	9.990	-	481.458	491.448
ACCUMULATED AMORTISATION					
Balance as at 31 December 2021	-	-	-	135.816	135.816
Calculated depreciation	-	-	-	28.624	28.624
Write-offs	-	-	-	(24.164)	(24.164)
Balance as at 31 December 2022	-	-	-	140.276	140.276
Merger of jointly controlled subsidiaries	302.715	4.578	-	241.644	548.937
Calculated depreciation	24.929	1.005	-	116.945	142.879
Reclassification to assets held for sale	(32.596)	-	-	-	(32.596)
Write-offs	(295.048)	-	-	(132.500)	(427.548)
Balance as at 31 December 2023	-	5.583	-	366.365	371.948
RESIDUAL VALUE					
Balance as at 31 December 2021	-	-	-	50.104	50.104
Balance as at 31 December 2022	-	-	-	29.367	29.367
Balance as at 31 December 2023	-	4.407	-	115.093	119.500

Company	Real estate	Vehicles	Other equipment	Other equipment, fixtures and tools	TOTAL
ACQUISITION COST					
Balance as at 31 December 2021	-	-	-	184.672	184.672
Acquisitions	-	-	-	7.898	7.898
Write-offs	-	-	-	(24.175)	(24.175)
Balance as at 31 December 2022	-	-	-	168.395	168.395
Merger of jointly controlled subsidiaries	755.048	9.990		375.593	1.140.631
Revaluation	249.000	-	-	-	249.000
Acquisitions	-	-	-	43.069	43.069
Reclassification to assets held for sale	(709.000)	-	-	-	(709.000)
Write-offs	295.048			(109.263)	(404.311)
Balance as at 31 December 2023	-	9.990	-	477.794	487.784
ACCUMULATED AMORTISATION					
Balance as at 31 December 2021	-	-	-	134.668	134.668
Calculated depreciation	-	-	-	28.525	28.525
Write-offs	-	-	-	(24.164)	(24.164)
Balance as at 31 December 2022	-	-	-	139.029	139.029
Merger of jointly controlled subsidiaries	302.715	4.578		219.494	526.787
Calculated depreciation	24.930	1.005	-	109.407	135.342
Reclassification to assets held for sale	(32.596)	-	-	-	(32.596)
Write-offs	(295.048)	-	-	(103.352)	(398.400)
Balance as at 31 December 2023	-	5.583	-	364.578	370.161

Company	Real estate	Vehicles	Other equipment	Other equipment, fixtures and tools	TOTAL
RESIDUAL VALUE					
Balance as at 31 December 2021	-	-	-	50.004	50.004
Balance as at 31 December 2022	-	-	-	29.366	29.366
Balance as at 31 December 2023	-	4.407	-	113.216	117.623

Depreciation costs were charged to operating expenses.

Part of the Company's property, plant and equipment with an acquisition value of EUR 173,442 as at 31 December 2023 has been depreciated but is still used in operations (on 31 December 2022: EUR 75,425).

Upon the merger of the ŽŪPGF with the Company, the Company acquired ownership rights to the real estate – the office premises of the ŽŪPGF located at Blindžių g. 17, Vilnius. Following the decision of the Management Board of the Company on 30 November 2023 to sell the office premises (Minutes of the Management Board Meeting No 056), the premises were reclassified as held for sale and carried at revalued amount.

7. Assets managed under the right of use

The Group and the Company have recognised right-of-use assets and additional lease liabilities under office space and car lease transactions. These liabilities are accounted for at the present value of the remaining lease payments, discounted interest rate. The interest rate applied to discount the lease payments at 31 December 2023 and 31 December 2022 was between 1.5% and 3.25%.

In accordance with IFRS 16, the Group and the Company have recognised depreciation and interest expense related to these leases in 2023 and will recognise it in subsequent periods rather than operating lease expense. The Group and the Company will incur depreciation expense of EUR 500,411 during 2023. The Group and the Company will incur depreciation expense of EUR 242,135 in 2022.

Group	Rights to immovable property	Rights to transport	TOTAL
ACQUISITION COST			
Balance as at 31 December 2021	982.536	50.472	1.033.008
Acquisitions	64.563	-	64.563
Write-offs	-	-	-
Balance as at 31 December 2022	1.047.099	50.472	1.097.571
Merger of jointly controlled subsidiaries	530.777	41.879	572.656
Acquisitions	383.693	-	383.693
Write-offs	(1.061.554)	-	(1.061.554)
Balance as at 31 December 2023	900.015	92.351	992.366
ACCUMULATED AMORTISATION			
Balance as at 31 December 2021	320.693	15.188	335.881
Calculated depreciation	242.135	12.403	254.538
Write-offs	-	-	-
Balance as at 31 December 2022	562.828	27.591	590.419
Merger of jointly controlled subsidiaries	401.017	17.556	418.573
Calculated depreciation	500.411	23.749	524.160
Write-offs	(1.061.554)	-	(1.061.554)
Balance as at 31 December 2023	402.702	68.896	471.598
RESIDUAL VALUE			
Balance as at 31 December 2021	661.843	35.284	697.127
Balance as at 31 December 2022	484.271	22.881	507.152
Balance as at 31 December 2023	497.313	23.455	520.768

Company	Rights to immovable property	Rights to transport	TOTAL
ACQUISITION COST			
Balance as at 31 December 2021	982.536	50.472	1.033.008
Acquisitions	645.63	-	64.563
Write-offs	-	-	-
Balance as at 31 December 2022	1.047.099	50.472	1.097.571
Merger of jointly controlled subsidiaries	530.777	41.879	572.656
Acquisitions	383.693	-	383.693
Write-offs	(530.777)	-	(530.777)
Balance as at 31 December 2023	1.430.792	92.351	1.523.143
ACCUMULATED AMORTISATION			
Balance as at 31 December 2021	320.693	15.188	335.881
Calculated depreciation	242.135	12.403	254.538
Write-offs	-	-	-
Balance as at 31 December 2022	562.828	27.591	590.419
Merger of jointly controlled subsidiaries	401.017	17.556	418.573
Calculated depreciation	500.411	23.749	524.160
Write-offs	(530.777)	-	(530.777)
Balance as at 31 December 2023	933.479	68.896	1.002.375
RESIDUAL VALUE			
Balance as at 31 December 2021	661.843	35.284	697.127
Balance as at 31 December 2022	484.271	22.881	507.152
Balance as at 31 December 2023	497.313	23.455	520.768

8. Investments in securities

On 31 December 2023 and 31 December 2022, the Group's and the Company's financial assets consisted of long-term investments in bonds measured at amortised cost.

EU government long-term bonds mature on 12 February 2032. The average interest rate on 31 December 2023 was 1.22% (0.88% in 2022).

On 31 December 2023 and 31 December 2022, the Group's and the Company's long-term bonds consist of:

	Group		Company	
	2023 December 31	2022 December 31	2023 December 31	2022 December 31
ACQUISITION COST				
Balance as at 31 December 2022	10.509.225	5.783.407	10.509.224	5.783.406
Merger of subsidiaries	20.110.540	-	20.110.540	-
Acquired assets	2.298.416	9.543.823	2.298.416	9.543.823
Reclassifications to current assets (comment 12)	(12.139.700)	(4.818.005)	(12.139.700)	(4.818.005)
Balance as at 31 December 2023	20.778.481	10.509.225	20.778.480	10.509.224
ACCRUED INTEREST, DISCOUNT AND AMORTISATION				
Balance as at 31 December 2022	(143.488)	(97.808)	(143.488)	(97.808)
Merger of jointly controlled subsidiaries	72.594	-	72.594	-
Accrued interest, discount, amortisation	65.632	(45.680)	65.632	(45.680)
Balance as at 31 December 2023	(5.262)	(143.488)	(5.262)	(143.488)
Value change	(10.123)	(3.372)	(10.123)	(3.372)
RESIDUAL VALUE				
Balance as at 31 December 2022	10.362.365	5.683.746	10.362.364	5.683.745
Balance as at 31 December 2023	20.763.096	10.362.365	20.763.095	10.362.364

The amount of the long-term provisions for the change (decrease) in the value of government bonds at the time of drawing up the accounts on 31 December 2023 was EUR 10,123 (as of 31 December 2022, it amounted to EUR 3.372).

9. Loans granted

The Group and the Company took over 20 loan agreements from VIPA at the time of the merger. The loans were issued in the framework of the implementation of the measures. Granting of loans for the renovation and development of higher education and vocational training infrastructure (buildings) and to co-finance the loans of the Water Management Fund.

At the end of the reporting period, the balance of loans disbursed but not yet repaid amounted to EUR 4,815,330, of which EUR 4,635,182 is the long-term portion and EUR 180,138 the short-term portion.

The Group and the Company have determined the expected credit loss on the loans granted and made provisions of EUR 84,189 at the end of the reporting period.

Long-term portion of loans granted 31 December 2023:

	Group		Company	
	2023 December 31	2022 December 31	2023 December 31	2022 December 31
Balance as at January 1	-	-	-	-
Merger of subsidiaries	2.672.339	-	2.672.339	-
Loans disbursed	2.169.352	-	2.169.352	-
Loan repayments	-	-	-	-
Reclassifications to current assets	(122.310)	-	(122.310)	-
Impairment	(84.189)	-	(84.189)	-
Balance at the end of the reporting period	4.635.192	-	4.635.192	-

Short-term portion of loans granted 31 December 2023:

	Group		Company	
	2023 December 31	2022 December 31	2023 December 31	2022 December 31
Balance as at January 1	-	-	-	-
Merger of subsidiaries on 2023-08-01	428.442	-	428.442	-
Loans disbursed	152.018	-	152.018	-
Loan repayments	(540.438)	-	(540.438)	-
Reclassifications to current assets	122.310	-	122.310	-
Accrued interest	129.380	-	129.380	-
Interest received	(111.574)	-	(111.574)	-
Balance at the end of the reporting period	180.138	-	180.138	-

10. Shares of associates

Contribution to limited partnership TIPS – EUR 2,000,001.

The Group and the Company assumed, at the time of the merger, the rights and obligations under the articles of incorporation of TIPS signed by VIPA and the European Energy Efficiency Fund, S.A., a SICAV-SIF, a public limited liability company ("*société anonyme*"), a variable capital investment company – specialised investment fund ("*société d'investissement ą capital variable – fonds d'investissement spécialisé*") established under the laws of the Grand Duchy of Luxembourg (the "EEEF") . INVEGA took over the contribution of the VIPA General Member for the amount of EUR 1. TIPS provided long-term loans (up to 10 years) to legal entities developing or planning to develop the market for generating consumers and installing solar power plants for generating consumers (legal and/or natural persons) or investing in remote solar parks, as well as legal entities implementing energy efficiency projects. VIPA has contributed EUR 2,000,000 for the period 2021-2022. A total of EUR 2,000,001 was deposited in TIPS before VIPA was merged with INVEGA.

Contribution to KŪB Pagalbos Verslui Fondas – EUR 1.

The Group's subsidiary VIVA and UAB Valstybės investicinis kapitalas have established a limited partnership Pagalbos Verslui fondas (Business Assistance Fund) by a Participants Agreement signed on 6 October 2020. The main area of activity of the Fund is assistance and investment in medium and large enterprises facing the challenges posed by COVID-19. VIVA acts as a full crew member with a contribution of EUR 1.

11. Investments in Maritime fund 3

At the time of the merger, the Group and the Company took over the rights of VIPA under the order of the GRL to represent the State of Lithuania in the Investment Fund of the Three Seas Initiative (hereinafter the 3J Fund). The 3J Fund is designed to invest in infrastructure development projects that develop transport, energy and digital links between countries in Central and Eastern Europe and reduce the socio-economic disparities between these countries and Western Europe. Countries investing in the 3J Fund become its founding members (Class A members) and have the right to take strategic decisions on its operations. In November 2020 The US House of Representatives passes a resolution in support of the 3J Fund. Lithuania has committed to invest up to EUR 20 million in the acquisition of Class A shares of the 3J Fund and to exercise the State's property and non-property rights and obligations as one of the shareholders of 3J Fund. By 31 December 2023, EUR 16,018,176 had been invested.

12. Investments in subsidiaries

On 31 December 2023, the Company's investments in subsidiaries consisted of investments in VIVA and Coinvest Capital. On 31 December 2022, the Company's investments in subsidiaries consisted solely of investments in its subsidiary Coinvest Capital.

Status of investment in subsidiary at 31 December 2022:

Company	Cost of investment, EUR	Shareholding	Accumulated profit (loss) 31 December 2022	Profit (loss) for the reporting period	Equity
Coinvest Capital	50.000	100%	(1.802)	-	48.198

Status of investments in subsidiaries as at 31 December 2023:

Company	Cost of investment, EUR	Shareholding	Accumulated profit (loss) 31 December 2022	Profit (loss) for the reporting period	Equity
Coinvest Capital	50.000	100%	(1.802)	(100)	48.098
VIVA	1.100.000	100%	-	3.550	1.103.550

Coinvest Capital was established on 18 July 2016. Since incorporation on 18 July 2016, the Company owns 100% of the shares of this subsidiary. The activities of the subsidiary are the establishment and management of venture capital funds, venture capital investing and investment and financial advisory services. The subsidiary implements and manages the financial engineering instrument Co-investment Fund financed by the holding fund INVEGA Fund, the financial instrument Co-investment Fund II financed by the fund of funds Enterprise Finance Fund financed by the European Regional Development Fund and the separate financial instrument Co-investment Fund for Transport.

On 2 January 2023, 100% of the shares in VIPA, VIPA and the ŽŪPGF were transferred to INVEGA and control of these companies was transferred.

In implementing Clause 222.4 of the Eighteenth Programme of the GRL, the GRL approved the consolidation model of four NDIs – INVEGA, VIPA, VIVA and ŽŪPGF by the protocol decision dated 13 April 2022. It was decided to consolidate the national development institutions on the basis of INVEGA. The consolidation is being carried out by reorganising VIPA and the ŽŪPGF through a merger with INVEGA and transferring most of the activities of VIVA to INVEGA. The merger of VIPA and the ŽŪPGF was completed on 01 August 2023, with VIPA and the ŽŪPGF merged into INVEGA and the majority of the activities of VIVA transferred. The long-term structure of the organisation entered into force on 15 December 2023 and the consolidation process was fully completed.

13. Other receivables due within one year

On 31 December 2023 and 31 December 2022, other receivables in one year amounted to:

	Group		Company	
	2023 December 31	2022 December 31	2023 December 31	2022 December 31
Receivable Reimbursement of Compensatory and Global Grant Facilities, Fund management and related costs	2.225.057	132.810	2.225.057	121.403
Compensation to be received for costs related to the consolidation of NDIs	1.099.305	-	994.342	-
Payment to be received from VIVA for the management services of the Business Assistance Fund	-	-	435.110	-
Amounts receivable from project promoters under the measures "Partial reimbursement of interest on loans", "Support for the first job", NUMOK	41.299	35.175	41.299	35.175
Amount receivable from KŪB Koinvesticinis fondas for fund management	27.984	30.206	-	-
Reimbursement to be received for the international CROWFUNDMACH project	18.948	27.909	18.948	27.909
Deferred charges	4.852	-	-	-
Orgwe receivables	183.945	76.934	36.054	76.590
Depreciation of receivables from the State budget in the context of compensatory measures	(128.093)	(53.462)	(128.093)	(53.462)
TOTAL	**3.473.297**	**249.572**	**3.622.717**	**207.615**

On 31 December 2022 the Company estimates that an impairment of receivables from the State budget in the amount of EUR 53,406 has been created as a result of the implementation of the compensatory measures: "Partial reimbursement of rent for the enterprises most affected by COVID-19" (EUR 18,557), "Reimbursement of part of the fixed costs of rent for self-employed persons" (EUR 34,249), "Reimbursement of the COVID-19 studies for small and medium-sized enterprises" (EUR 600), and "Implementation of tourism revitalisation measures" (EUR 56). At the end of 2023, the requested funding was granted by LR EIM and the full amount of EUR 53.406 was transferred on 28 December 2023, thus reversing the depreciation.

At the end of 2023, an impairment of receivables for administrative costs incurred from the State budget amounting to EUR 128,037 has been established for the implementation of the compensatory measure: "Partial reimbursement of interest from the state budget". The Company sees the likelihood of obtaining financing as highly uncertain and it is more likely than not that financing will not be provided, and has therefore provided for a full impairment of the receivable under this facility. An impairment of EUR 56 for

"Implementation of tourism revitalisation measures" has been made in 2022. A total of EUR 128,093 of impairment of receivables has been made as at 31 December 2023.

On 31 December 2023, the Company has established a receivable of EUR 994,342 (Group: EUR 1,099,305) to reimburse the costs of the merger of NDIs. On 28 February 2024, a financing agreement was signed with the MoF RL for the reimbursement of the costs of the merger of the NDIs. The Group and the Company assess this receivable as fully compliant with the requirements of the financing agreement and as probable of collection.

In 2023, the Company established a new division, the ŽFĮ. The objective of the ŽFĮ is to promote the development of green finance in Lithuania, encompassing both public and private finance, to create a favourable ecosystem for green investments and thus contribute to the wider green transformation of the Lithuanian economy. In accordance with paragraphs 1.1.11. and 1.3.2 of Resolution No. 887 of the GRL the costs of running a ŽFĮ could be reimbursed. The Company incurred such costs in the amount of EUR 66,813 during 2023. As at the reporting date, no contract and/or funding has been signed and/or committed to reimburse these costs and, due to the high level of uncertainty, the Company has not established a receivable to reimburse the operating costs of the HFE.

14. Other current financial assets

On 31 December 2023 and 31 December 2022, the Group's and the Company's short-term financial assets consisted of GRL bonds and short-term fixed-term deposits measured at amortised cost.

The GRL short-term bonds have maturities until 06 November 2024. The average interest rate at 31 December 2023 was 0.47%. (0.69% at 31 December 2022).

On 31 December 2023 and 31 December 2022, the Group's and the Company's investments in short-term fixed-term deposits comprised:

	Group		Company	
	2023 December 31	2022 December 31	2023 December 31	2022 December 31
Short-term deposits with an Aa3-rated bank	-	600.000	-	600.000
Short-term deposits with an A3-rated bank	1.535.721	-	1.535.721	-
Short-term deposits with a Baa2-rated bank	450.000	-	450.000	-
TOTAL	**1.985.721**	**600.000**	**1.985.721**	**600.000**

On 31 December 2023 and 31 December 2022, investments in short-term bonds consisted of:

	Group		Company	
	2023 December 31	2022 December 31	2023 December 31	2022 December 31
ACQUISITION COST				
Balance as at 31 December 2022	4.818.005	4.752.097	4.818.005	4.752.097
Acquisitions and mergers of jointly controlled subsidiaries	3.702.931	-	3.702.931	-
Acquired assets	-	-	-	-
Reclassifications out of non-current investments held to maturity (Note 8)	12.139.700	4.818.005	12.139.700	4.818.005
Assets redeemed	(8.070.705)	(4.752.097)	(8.070.705)	(4.752.097)
Balance as at 31 December 2023	12.589.931	4.818.005	12.589.931	4.818.005
ACCRUED INTEREST, DISCOUNT AND AMORTISATION				
Balance as at 31 December 2022	57.304	(254.049)	57.304	(254.049)

	Group		Company	
	2023 December 31	2022 December 31	2023 December 31	2022 December 31
Acquisitions and mergers of jointly controlled subsidiaries	82.217	-	82.217	-
Accrued interest, amortisation	(146.568)	311.353	(146.568)	311.353
Balance as at 31 December 2023	(7.047)	57.304	(7.047)	57.304
Impairment	(5.661)	(1.567)	(5.661)	(1.567)
RESIDUAL VALUE				
Balance as at 31 December 2022	4.872.542	3.735.445	4.872.542	3.735.445
Balance as at 31 December 2023	12.577.223	4.873.742	12.577.223	4.873.742

The amount of the provision for changes in the value of short-term government bonds (impairment) was EUR 5,661 (31 December 2022: EUR 1,567).

15. Cash and cash equivalents

On 31 December 2023 and 31 December 2022, the Group's and the Company's cash and cash equivalents comprised:

	Group		Company	
	2023 December 31	2022 December 31	2023 December 31	2022 December 31
Cash at an A3 rated bank	3.497.575	674.831	2.064.323	626.376
Cash at an Aa3 rated bank	740.318	-	740.318	-
Cash at an Aa2 rated bank	653.439	-	653.439	-
Cash at an Baa2 rated bank	96.060	-	96.060	-
Cash in the Bank of Lithuania	10.596.764	-	10.596.764	-
TOTAL	**15.584.156**	**674.831**	**14.150.904**	**626.376**

16. Share capital

31 December 2023. The Company's authorised capital amounted to EUR 53,438,600 as at 31 December 2022. The Company's authorised capital consisted of EUR 8,688,600 (30,000 ordinary registered shares with a nominal value of EUR 289.62 each). On 19 October 2022, the GRL adopted a decision to increase INVEGA's authorised capital by EUR 44,750,000, i.e. from EUR 8,688,600 to EUR 53,438,600. All shares were fully paid up at 31 December 2023 and 31 December 2022.

On 31 December 2023 and 31 December 2022, the Company had no treasury shares.

The sole shareholder of the Company is the Lithuanian State. The MoF RL is entrusted with the management of the Company's shares under the right of entrustment.

According to the Law on Companies, a company's equity capital may not be less than ½ of its share capital, as specified in its articles of association. On 31 December 2023 and 31 December 2022, the Company has complied with this requirement.

17. Reserves

On 31 December 2023 and 31 December 2022, the Group's and the Company's reserves consist of:

	Group		Company	
	2023 December 31	2022 December 31	2023 December 31	2022 December 31
Legal reserve	839.379	713.187	839.379	713.187
Special CAPITAL Reserve	341.418	257.289	341.418	257.289
Reserves for investments in the Company's operations	2.360.250	2.360.250	2.360.250	2.360.250
TOTAL	**3.541.047**	**3.330.726**	**3.541.047**	**3.330.726**

Legal reserve

The statutory reserve is mandatory under Lithuanian law. It is compulsory to transfer at least 5% of annual net profit to it, until the reserve reaches 10% of the authorised capital. The reserve can only be used to cover losses of the Company. On 31 December 2023, the Company had built up a statutory reserve of EUR 839,379, representing 1.57% of the share capital.

Special CAPITAL Reserve

The Special Capital Reserve is mandatory according to the Law on National Development Institutions of the Republic of Lithuania (5 June 2018, No XIII-1257). On 17 October 2018, the Lithuanian Government granted INVEGA the status of an NPI, and on 3 December 2018 INVEGA has been added to the list of NPEs by decision of the Supervisory Authority of the Bank of Lithuania. The Law on National Development Institutions of the Republic of Lithuania stipulates the obligation for NDIs to form a special capital reserve. The Special Capital Reserve must be built up on an accrual basis, with the amount of the Special Capital Reserve to be set each year at a minimum of 10% of the distributed profits for that year, until the level of the Reserve is reached at a specified level of at least 5% of the amount of the authorised capital of the NDI. The special capital reserve may be used to cover the losses of the NDI by a decision of the general meeting of shareholders of the NDI. On 31 December 2023, the Company had formed a special capital reserve of EUR 341,418, which accounted for 0.64% of the authorised capital.

Reserves for investments in the Company's operations

Distributable reserves are established in accordance with the resolution of the annual general meeting of shareholders on the distribution of profits and are provided in the Company's Articles of Association. These reserves can only be used for the purposes approved the general meeting of shareholders.

Pursuant to Resolution of the Government of the Republic of Lithuania No.665 of 6 June 2012 "On the Approval of the Description of the Procedures for the Exercise of the State's Property Rights and Non-Property Rights in State-Owned Enterprises" ("Resolution No. 665"), point 15^1.1.6 of the Resolution provides that the share of profit allocated to the dividend must be "at least 60% of the distributable profit of the state-owned company, if the return on equity of that company is greater than 15% of the return on equity in the year of the report". The Company's return on equity is 21.72% in 2023. The indicator was calculated in accordance with paragraph 3 of Resolution No. 665 by dividing the net profit (loss) of the reporting year by the average equity at the beginning and end of this period.

Resolution of the Government of the Republic of Lithuania No 509 of 18 May 2022 "On approval of key financial performance indicators to be targeted by state-owned enterprises for the period 2022-2024" sets the dividend ratio for the period 2022-2024 for the Company at ≥ 75-85% of distributable profit. In view of the dividend regulation presented, the Company proposes to allocate 75% of its distributable profits to dividends for 2023.

Taking into account the above mentioned provisions of the Resolution of the Government of the Republic of Lithuania No 509 and the Law on National Development Institutions of the Republic of Lithuania, it is proposed to allocate the Company's profit for 2023 as follows:

Profit distribution draft

		Amount, EUR
1.	Undistributed profit (loss) of the previous financial year at the end of the financial year	-
2.	Net profit of the financial year	7.667.452
3.	Result of a business combination and acquisition of a subsidiary	(7.499.279)
4.	Reversal of revaluation reserve	596.134
5.	Shareholders' contributions against the Company's losses	-
6.	Total distributable profit	764.307
7.	Share of profits allocated to the statutory reserve (5+10%)	114.646
8.	Share of profits allocated to the Special Capital Reserve (10%)	76.431
9.	Share of profits allocated to the reserve for the acquisition of own shares	-
10.	Share of profits earmarked for payment of dividends (75%)	573.230
11.	Share of profits allocated to annual payments (tantjems)	-
12.	Retained earnings at the end of the reporting financial year, carried forward to the next financial year (6-7-8-9-10-11)	-

18. Provision and reimbursement receivables

Provisions

INVEGA provided and administered the following individual guarantees, for which provision is being made for expected benefits:

1. For loans taken out by SMEs and large companies;
2. For SME lessees under the Financial Lease Guarantee Regulations;
3. For export credit guarantees. The export credit guarantee is provided only for the export of goods of Lithuanian origin to countries where there is a high risk of settlement fails and allows Lithuanian exporters to sell goods with a deferred payment option, covering up to 90% of the losses incurred due to the insolvency of the buyer;
4. Loans and leasing transactions taken by ZŪ entities;
5. For loans from ŽŪ entities to address liquidity problems caused by COVID-19 (administered only);
6. For loans granted to agricultural entities in response to Russia's aggression against Ukraine (only administered from 2023-07-01).

Provisions at INVEGA are calculated in accordance with the TKN policy approved by the Management Board and the TKN procedure approved by the CEO. The provisioning rates for each guarantee are determined by reference to the purpose of the loan, the size of the company, the duration of the company's activities or the type of activities, the status of the borrower and the ratio of the balance of the guarantee to the loan granted, the remaining validity of the guarantee in years and whether a claim for payment has been submitted. In order to reflect more accurately the impact of the macroeconomic environment on expected credit losses, the TKN regime has been adjusted for 2023: unified the methodology for calculating individual guarantees for the agricultural sector and other sectors, incorporating a vector autoregression model with the 12-month EURIBOR interest rate and real GDP change variables into the calculation of provisioning rates. It is estimated that with the application of the new methodology have reduced the provisions for the ŽŪPGF by around EUR 3.86 million in 2022, with an impact on equity, and by an additional amount of EUR 3.63 million in 2023, with an impact on the reduction in costs. The decrease in provisions was mainly due not to changes in the credit risk of the financial portfolio, but to the fact that the formation of provisions in 2022 was overly conservative in estimating the large negative impact of high inflation, since the monetary policy stimulus and more responsible lending of the financial sector in the past, compared to 2008, are likely to have absorbed the possible negative consequences of high interest rates.

In 2023, financial markets were adversely affected by still rising prices, the ongoing war against Ukraine, and a decline in exports of goods and services. Tight monetary policy has had a negative impact on the activity of property markets, but it has also led to a decline and stabilisation of inflation. On the other hand, continued high interest rates may make it increasingly difficult for businesses to service their existing financial obligations over time. A similar macroeconomic situation, with central banks raising interest rates significantly to contain inflation, was last recorded in 2008, and there is reason to believe that 2024 could be a challenging year for businesses. In order to properly assess these aspects of the financial market, an updated methodology has been used for the assessment of provisions in 2023. Based on historical data, the vector autoregression model included the impact of the EURIBOR interest rate and the change in GDP on insolvency.

When comparing the provisions made at the end of 2023 with the end of 2022, the change in provisions is mainly due to the accession of the ŽŪPGF to INVEGA. Provisions for individual guarantees for agriculture amounted to EUR 21.88 million at the end of 2022. Following the harmonisation of the calculation of expected credit losses, the provisioning of ŽŪ for the end of 2022 was recalculated using a new methodology, which resulted in a drop in provisions of around EUR 3.86 million (to EUR 18.02 million). The application of the updated methodology resulted in a further decrease of EUR 3.63 million in the calculated provisions from 31 December 2022 to 31 December 2023, a decrease of EUR 1.25 million due to the improvement in the quality of the portfolio and an additional amount of EUR 1.09 million due to the receipt of the counter-guarantee of the guarantees of the RU COVID-19 and UKR.

Changes in individual guarantee provisions for ŽŪ

Risk group	balance as at 2023-12-31	balance as at 2022-12-31	Change of balance	provisions as at 2023-12-31	Provisions* 2022-12-31	Change of provisions	Of which due to metho-dology 2022	Of them, for the method-logy 2023	Of them, for risk 2023
RG1	122.273.604	98.883.900	23.389.704	2.190.741	1.756.983	433.758	378.495	(363.803)	419.067
RG2	25.862.616	31.722.526	(5.859.910)	6.369.140	15.195.556	(8.826.416)	(4.242.119)	(3.141.186)	(1.443.110)
RG3	4.917.229	3.684.167	1.233.061	1.344.331	988.551	355.780	-	18.671	337.109
RG4	6.417.299	7.537.074	(1.119.775)	3.231.179	3.939.943	(708.764)	-	(144.945)	(563.819)
TOTAL	**159.470.747**	**141.827.668**	**17.643.079**	**13.135.392**	**21.881.034**	**(8.745.642)**	**(3.863.625)**	**(3.631.264)**	**(1.250.753)**

Changes in individual guarantee provisions for ŽŪ after counter-guarantee

Risk group	balance as at 2023-12-31	balance as at 2022-12-31	Change of balance	provisions as at 2023-12-31	Provisions* 2022-12-31	Change of provisions	Of which due to method-logy 2022	Of them, for the method-logy 2023	Of them, for risk 2023
RG1	122.273.604	98.883.900	23.389.704	2.190.741	1.756.983	433.758	378.495	(363.803)	419.067
RG2	25.862.616	31.722.526	(5.859.910)	6.369.140	15.195.556	(8.826.416)	(4.242.119)	(3.141.186)	(1.443.110)
RG3	4.917.229	3.684.167	1.233.061	1.344.331	988.551	355.780	-	18.671	337.109
RG4	6.417.299	7.537.074	(1.119.775)	2.140.707	3.939.943	(1.799.236)	-	(144.945)	(1.654.291)
TOTAL	**159.470.747**	**141.827.668**	**17.643.079**	**12.044.920**	**21.881.034**	**(9.836.114)**	**(3.863.625)**	**(3.631.264)**	**(2.341.225)**

* – *On 2022-12-31, the provisions formed by the ŽŪPGF were not accounted for in INVEGA on 2022-12-31, and the amount recalculated during the merger in accordance with the new methodology was transferred to INVEGA, i.e. EUR 18.0 million*

For business guarantees, provisions for guarantees amounted to EUR 8.53 million as at 31 December 2023 (31% decrease). The decrease in provisions is mainly due to the decline in inflation from 18.9% to 1.6% during 2023, which resulted in the standardised provisioning rates for credit risk exposures at 31 December 2023 being twice as low as at 31 December 2022, resulting in a decrease in provisions of EUR 3.58 million. In order to avoid such fluctuations in the future, the macroeconomic model includes a new indicator, the EURIBOR floating rate, which was set at 3.9% on 31 December 2023. The remaining credit risk factors led to only a small decrease in provisions (EUR -0.10 million, unchanged in the non-counter-guaranteed part), but the structure of the portfolio deteriorated as fewer new individual guarantees were issued to business: The share of exposures in the portfolio attributed to standardised credit risk (STAGE 1) declined the fastest (from EUR 93.09 million to EUR 68.18 million, or -27%), while provisions for this part of the portfolio due to credit risk decreased by EUR 0.61 million (EUR -0.05 million non-counter-guaranteed share). Meanwhile, the remaining portfolio remained virtually unchanged in terms of size (down from EUR 22.6 million to EUR 22.5 million), but its quality deteriorated due to the migration of exposures from higher risk (STAGE 2) to default risk (STAGE 3), resulting in an additional provision of EUR 0.51 million (+EUR 0.06 million non-counter-guaranteed portion) for this part of the portfolio.

	balance as at 2023-12-31	balance as at 2022-12-31	Change of balance	provisions as at 2023-12-31	provisions as at 2022-12-31	Change of provisions	Of them, for the method-logy 2023	Of them, for risk 2023
RG1	68.180.344	93.091.356	(24.911.012)	1.666.083	5.506.784	(3.840.701)	(3.231.965)	(608.736)
RG2	19.908.963	21.342.435	(1.433.472)	5.112.705	5.929.795	(817.090)	(448.968)	(368.122)
RG3	962.080	217.723	744.356	503.510	106.117	(397.393)	7.830	389.563
RG4	1.718.268	1.051.117	667.151	1.251.389	670.587	(580.802)	94.926	485.876
TOTAL	**90.769.654**	**115.702.631**	**(24.932.977)**	**8.533.687**	**12.213.283**	**(3.679.596)**	**(3.578.178)**	**(101.418)**

Changes in the provisioning of business guarantees, after taking into account the counter-guarantees:

	balance as at 2023-12-31	balance as at 2022-12-31	Change of balance	provisions as at 2023-12-31	provisions as at 2022-12-31	Change of provisions	Of them, for the method-logy 2023	Of them, for risk
RG1	68.180.344	93.091.356	(24.911.012)	142.518	497.565	(355.046)	(302.975)	(52.072)
RG2	19.908.963	21.342.435	(1.433.472)	452.680	548.751	(96.071)	(63477)	(32.594)
RG3	962.080	217.723	744.356	50.374	11.794	38.580	(394)	38.974
RG4	1.718.268	1.051.117	667.151	130.520	108.472	22.048	(28.629)	50.677
TOTAL	**90.769.654**	**115.702.631**	**(24.932.977)**	**776.093**	**1.166.582**	**(390.489)**	**(395.475)**	**4.986**

Change in provisions by sector:

Sector	Committed balances 2022-12-31	Committed balances 2023-12-31	Provisions as at 2022-12-31	Provisions included after the accession of the ŽŪPGF as at 2022-12-31*	Provisions as at 2023-12-31	Change over 2023
Individual guarantees for business	115.702.631	90.769.654	12.213.283	-	8.533.687	3.679.596
Individual guarantees for agriculture		159.470.747		18.017.409	13.135.392	4.882.017
Individual guarantees for business – the counter-guaranteed part	115.702.631	90.769.654	11.046.701	-	7.757.595	3.289.106
Individual guarantee for agriculture – counter-guaranteed part		159.470.747	-	-	1.090.472	(1.090.472)
Total excluding rebooking	**115.702.631**	**250.240.40**	**12.213.283**	**18.017.409**	**21.669.079**	**8.561.613**
Total after counter-guarantee	**115.702.631**	**250.240.40**	**1.166.582**	**18.017.409**	**12.821.013**	**6.362.978**

** – As at 2022-12-31, the balances and provisions for the guarantees of the ŽŪPGF were not recorded in INVEGA's financial statements, but the amount recalculated in the merger according to the new methodology was transferred to INVEGA, i.e. EUR 18.0 million.*

Sector	Balances of liabilities as of 2022-12-31	Committed balances 2023-12-31	Provisions as at 2022-12-31	Provisions at 2022-12-31 after the change of methodology	Provisions as at 2023-12-31	Change	Change after change in methodology
EKG guarantees	2.739.800	1.102.570	94.005	-	44.754	49251	4.9251
VIPA capital	3.100.780	4.881.714	3.454	-	84.189	(80.735)	(80.735)
Re-guaranteed part of the ECG guarantee	2.739.800	1.102.570	84.604	-	40.278	44.326	44.326
Re-guaranteed part of the VIPA capital	3.100.780	4.881.714	-	-	-	-	-
Total excluding rebooking	**5.840.580**	**5.984.284**	**97.459**	**-**	**128.943**	**(31.484)**	**(31.484)**
Total after counter-guarantee	**5.840.580**	**5.984.284**	**12.854**	**-**	**88.664**	**(75.810)**	**(75.810)**

The purchasing power of the population is expected to increase in 2024, driven by falling inflation and faster-than-average wage growth. Central banks' actions to raise interest rates have stopped inflation, but have led to higher borrowing costs and higher loan servicing costs. Although the ECB is expected to start gradually reducing interest rates this year, the negative impact on both consumption and investment is still expected to remain significant this year, and more businesses could be expected to face insolvency problems in 2024 than in previous years. In accordance with the above-mentioned TKN procedure, which classifies the Company's guarantee portfolio into the following risk groups for the purpose of assessing the risk of the guarantee portfolio and determining the expected funding requirements and provisions:

- Standardised credit risk group (RG1);
- Increased credit risk group (RG2);
- Defaulted credit risk group (RG3); or
- Credit risk group of terminated liabilities (RG4).

Loan and leasing guarantees are grouped taking into account the information provided by the financial institutions that granted the loans on the delay in the repayment of the loan (or part thereof) and/or payment of interest, the financial position of the beneficiary of the financing and other facts about its activities and the implementation of the financed project, which may have a significant negative impact on the solvency of the beneficiary of the financing. At the time of initial acceptance of the guarantee, all guarantees are assigned to the standard credit risk class. In the standard credit risk group, only those guarantees are accounted for, where the borrower or lessee fulfils the obligations to the financial institution in a timely manner, tolerating delays of up to 30 days, and there are no other known adverse circumstances that increase the probability of insolvency. If the delays exceed 30 days but do not exceed 90 days, the guarantee is classified as enhanced (2) risk. This group also includes guarantees and loans where, although the obligations are being met on time, there is official negative information about the deterioration of the loan or lessee's condition or other circumstances that could have a material adverse effect on the solvency of the loan or lessee. In the case of arrears exceeding 90 days, the guarantee is transferred to the default group (3) credit risk. The credit risk group of terminated liabilities (4) includes those guarantees where financial institutions have already terminated their credit agreements with the borrowers or are in restructuring or bankruptcy proceedings. For the purposes of IFRS 9, risk group 1 is the standard risk group for which 12-month expected credit losses are calculated; Risk group 2 is a higher risk group and is subject to expected credit losses for the entire remaining life of the loan; Risk groups 3 and 4 are loss-making and the guarantees in these groups are subject to an additional risk assessment taking into account the individual values of the selected criteria.

Export Credit Guarantees (ECGs) at initial recognition may be assigned to Standard (RG1) or Increased Credit Risk Group (RG2), depending on the risk of the exporter buyer and the country in which the buyer is registered. In the event of delay by the buyer in discharging its financial obligations to the exporter, or in the event of other material negative information on the buyer, such as its restructuring or bankruptcy, the export credit guarantee are assigned to the credit risk class of defaulted liabilities (RG3).

Under the Guarantee Fund Facility 3 (GIF3), GIF3 funds are counter-guaranteed at a rate of 95% of liabilities under guarantees for liabilities of enterprises under 3 years of age and at a rate of 90% for enterprises whose liabilities are guaranteed for 3 years or more. The balance of commitments under the guarantees included in the GIF3 portfolio amounted to EUR 87.4 million at 31 December 2023. Provisions of EUR 7.8 million have been set up to cover guarantee claims likely to be paid under the guarantees issued and included in the GIF3 portfolio at 31 December 2023.

The portfolio of individual guarantees is grouped together for more accurate risk measurement and provisioning. The portfolios of guarantees within a group are structured in such a way that the guarantees in the portfolio share common credit risk characteristics (e.g. similar probability of default, similar guarantee payment arrangements, etc.).

On 31 December 2023, the Company's and Group's provisions (excluding any counter-guarantees) were:

Risk groups for loan and lease guarantees	Balance of commitments for which 90% of the credit risk of the guarantees is reimbursed by the State	Liabilities for which 100% of the credit risk of the guarantees is offset by Žemės ūkio paskolų garantijų fondas balance*	Balance of liabilities for which INVEGA reimburses 100% of the risk (GIF, IG ŽŪ)	Remaining commitments. Portfolio of counter-guaranteed loans with 80% of the risk compensated by GIF2, 90 or 95% compensated by GIF3, 80 or 95% compensated by the GPV and ECG with 90% compensated by INVEGA	Liability balances	Total liabilities as% of the guarantee portfolio	Provisions
Individual guarantees RG1	-	7.751.764	114.521.840	68.180.344	190.453.948	76.1	3.856.825
Individual guarantees RG2	69.721	1.949.832	23.912.784	19.839.242	45.771.579	18.3	11.481.845
Individual guarantees RG3	14.863	289.600	4.627.629	947.217	5.879.309	2.3	1.847.841
Individual guarantees RG4(1)	231.286	1.230.792	5.193.195	1.480.293	8.135.566	3.3	4.482.568
Individual guarantees RG4(2)	-	-	-	-	-	-	-
TOTAL	**315.870**	**11.221.988**	**148.255.448**	**90.447.096**	**250.240.402**	**100**	**21.669.079**

*- 100% reimbursement will only take effect after EUR 128,491 of INVEGA's accumulated funds have been used to meet the obligations under the guarantees granted.

(1) - The guarantee is assigned to RG4, but the claim has not yet been received.
(2)- a claim for the benefit has been received.

Export Credit Guarantee Risk Groups	Remaining commitments. portfolio of counter-guaranteed loans, 90% of which is covered by the ECG	Total liabilities as% of the guarantee portfolio	Provisions
Export credit guarantees RG1	221.000	20	5.083
Export credit guarantees RG2	881.570	80	39.671
TOTAL	**1.102.570**	**100**	**44.754**

On 31 December 2022, the Company's and Group's provisions (excluding any counter-guarantees) were:

Risk groups for loan and lease guarantees	Balance of liabilities for which 90% of the credit risk of guarantees is compensated by the State	Balance of liabilities for which the INVEGA FUND reimburses 100% of the credit risk of the guarantees	Balance of GIF liabilities for which INVEGA reimburses 100% of the risk	Remaining commitments. Portfolio of counter-guaranteed loans with 80% of the risk compensated by GIF2, 90 or 95% compensated by GIF3, 80 or 95% compensated by the GPV and ECG with 90% compensated by INVEGA	Liability balances	Total liabilities as a share of the (guarantee) portfolio,%.	Provisions
Individual guarantees RG1	-	-	-	93.091.356	93.091.356	80.4	5.506.784
Individual guarantees RG2	1.074.755	-	16.392	20.251.287	21.342.434	18.4	5.929.795
Individual guarantees RG3	16.997	-	-	200.726	217.723	0.2	106.117
Individual guarantees RG4(1)	232.230	-	27.958	790.929	1.051.117	1	670.587
Individual guarantees RG4(2)	-	-	-	-	-	-	-
TOTAL	**1.323.982**	**-**	**44.350**	**114.334.298**	**115.702.630**	**100**	**12.213.283**

(1) – The guarantee is assigned to RG4, but the claim has not yet been received;
(2) – a request for a payout has been received.

Export Credit Guarantee Risk Groups	Remaining commitments. portfolio of counter-guaranteed loans, 90% of which is covered by the ECG	Total liabilities as% of the guarantee portfolio	Provisions
Export credit guarantees RG1	1.331.185	49	30.617
Export credit guarantees RG2	1.408.615	51	63.388
TOTAL	**2.739.800**	**100**	**94.005**

Business guarantees

In order to assess the sensitivity of the provisioning amount to changes in insolvency, provisioning amounts were modelled assuming a 25% increase or decrease in the probability of insolvency of the beneficiary, on which the provisioning rates themselves depend:

Risk group	Purpose	Size	Company age, years	P(D)12	P(D)12 (increased by 25%)	P(D)12 (reduced by 25%)
1	Investment	Very small and small	0-2	15.87%	19.84%	11.90%
			≥3	7,18%	8.97%	5.38%
		Medium	all	2.76%	3.45%	2.07%
	Turnover	Very small and small	0-2	14.68%	18.35%	11.01%
			≥3	2,64%	3.30%	1,98%
		Medium	all	2.52%	3.15%	1,89%
2	All	All	All	24.16%	30.20%	18.12%
3	All	All	All	100%	100%	100%
4	All	All	All	100%	100%	100%

For the calculation of provisions at 31 December 2023, assuming a 25% increase in the probability of insolvency of the beneficiaries of the financing, the amount of the provisions (excluding any counter-guarantees) would increase by EUR 1.3 million or the cost of the change in the provisions for guarantees would increase by EUR 116.5 thousand after taking into account the counter-guarantees, and assuming a 25% decrease in the probability of insolvency. - a decrease of EUR 1.4 million or a decrease of EUR 127.9 thousand in the cost of the change in the provision for guarantee claims, after taking into account counter-guarantees.

Guarantees for agriculture

In order to assess the sensitivity of the provisioning amount, the probabilities of insolvency were modelled taking into account the sector of activity and assuming that the probability of the beneficiary's insolvency, on which the provisioning rates themselves depend, would increase or decrease by 25%:

Risk group	Activity	P(D)12		P(D)12 (increased by 25%)		P(D)12 (reduced by 25%)	
		Physical	Legal	Physical	Legal	Physical	Legal
1	Alternative agricultural activities	19.05%	17.25%	23.81%	21.56%	14.29%	12.94%
	Crop production	4.83%	2.88%	6.04%	3.60%	3.62%	2.16%
	Livestock farming	12.14%	7.20%	15.18%	9.00%	9.11%	5.40%
	Urban food production	17.01%	17.01%	21.26%	21.26%	12.76%	12.76%
	Mixed economy	3.22%	2,80%	4.02%	3.49%	2.41%	2.10%
	Services for agriculture	8.08%	4.33%	10.10%	5.41%	6.06%	3.25%
	Fisheries	16.31%	16.77%	20.39%	20.96%	12.23%	12.58%
2	All	22.51%	44.35%	28.14%	55.44%	16.88%	33.26%
3	All	100%	100%	100%	100%	100%	100%
4	All	100%	100%	100%	100%	100%	100%

For the calculation of provisions at 31 December 2023, assuming a 25% increase in the probability of insolvency of the beneficiaries of the financing, the amount of provisions would increase by EUR 1.3 million, while assuming a 25% decrease in the probability of insolvency – decrease by EUR 1.4 million.

Compensatory amount

Compensation receivable at 31 December 2023 and 31 December 2022 in respect of loan guarantees issued:

	Group		Company	
	2023 December 31	2022 December 31	2023 December 31	2022 December 31
Reimbursement receivable (100% and 90%) of payments under guarantees granted, which are compensated by the Government of the Republic of Lithuania	201.857	284.675	201.857	284.675
Reimbursement receivable (80%) of payments under guarantees granted which are reimbursed from GIF 2 funds	183.223	693.626	183.223	693.626
Reimbursement receivable (90% and 95%) on payments under guarantees granted, which are reimbursed from GIF 3 funds	7.076.839	9.464.878	7.076.839	9.464.878
Reimbursement receivable (80% and 95%) of payments under guarantees granted, which are reimbursed from the GPV funds	295.675	603.522	295.675	603.522
Reimbursement receivable (90%) of payments under guarantees granted which are reimbursed from the ECG funds	40.284	84.609	40.284	84.609
Amounts received for the reimbursement of the guarantees of the COVID-19 and UKR of the MA COVID-19 and UKR, which are reimbursed by the Agricultural Fund of Funds from the returned and reverting funds	1.090.472	-	1.090.472	-
Total compensatory amounts at the end of the reporting period (2)	8.888.350	11.131.310	8.888.350	11.131.310
Provisions for guarantees granted for SME finance and multifamily, large enterprises (1)	8.533.687	12.213.283	8.533.687	12.213.283
Provisions for EKG guarantees (1)	44.753	94.005	44.753	94.005
Provisions for ŽŪ guarantees (1)	13.135.392	-	13.135.392	-
Total provisions (1)	21.713.833	12.307.288	21.713.833	12.307.288
NON-REIMBURSABLE PART OF THE PROVISIONS (1-2)	**12.825.483**	**1.175.978**	**12.825.483**	**1.175.978**

The Company is substantially certain that the compensatory amounts will be received. Reimbursement of 80% of the part of the guarantee payments if the guarantee is included in the GIF2 or the GPV portfolio (in the case of GPV loans – for loans included in the portfolio before 1 January 2020), 90-95% if the guarantee is included in the GIF3, and 95% for loans included in the GPV portfolio after 1 January 2020, shall be transferred to the Company within 5 days after the fact of the payment of the payment, in accordance with the signed financing agreements. Reimbursement of COVID-19 and Ukrainian guarantees is 100%.

Table of changes in provisions related to individual guarantee business.

	Group		Company	
	2023 December 31	2022 December 31	2023 December 31	2022 December 31
Change (increase)/decrease in provision for guarantee claims	6.369.203	407.864	6.369.203	407.864
Benefits paid	(363.744)	(322.898)	(363.744)	(322.898)
Cost of changing the provision for guarantee payments to the statement of profit (loss) and other comprehensive income	6.005.459	84.966	6.005.459	84.966

19. Advances received

On 31 December 2023 and 31 December 2022, advances received by the Group and the Company comprised:

	Group		Company	
	2023 December 31	2022 December 31	2023 December 31	2022 December 31
Unused balance of advances received to reimburse the management and administration costs of holding funds, funds of funds	1.103.166	402.256	1.100.542	395.101
Advance payments received for the provision of a guarantee	78.813	42.926	78.813	42.926
Advance payments received under global grant management agreements for the implementation of measures	74.876	49.968	74.876	49.968
Advance payment received for the administrative costs of the measure "Partial reimbursement of rent" financed by the State budget	-	12.151	-	12.151
Advance payments received for compensation measures	-	1.183	-	1.183
Balance at the end of the reporting period	1.256.855	508.484	1.254.231	501.329

20. Contractual guarantee obligations

Guarantee salary earnings table of the next period:

	Group		Company	
	2023 December 31	2022 December 31	2023 December 31	2022 December 31
Within one year	1.867.613	896.832.	1.867.613	896.832.
After one year but not later than within five years	4.934.630	684.720	4.934.630	684.720
After five years	163.210	16.283	163.210	16.283
BALANCE AT THE END OF THE REPORTING PERIOD	**6.965.453**	**1.597.835**	**6.965.453**	**1.597.835**

21. Payroll and other related liabilities. Accrued charges and other payables

On 31 December 2023 and 31 December 2022, the Group's and the Company's payroll and other related liabilities and accrued expenses and other payables were as follows:

	Group		Company	
	2023 December 31	2022 December 31	2023 December 31	2022 December 31
Accruals for staff and management bonuses	1.006.710	415.756	885.341	402.144
Leave pay accruals	836.384	380.308	835.576	364.632
Other payroll-related liabilities	116.749	-	116.749	-
Total payroll and other related liabilities	1.959.843	796.064	1.837.666	766.776
Amounts payable to the Funds of the Funds, amounts to be reimbursed under the reimbursement measure "Partial reimbursement of interest"	147.626	-	147.626	-
Accrued audit and other service costs	26.640	21.292	26.640	21.292
Taxes withheld	-	7.855	-	5.276
Other payable amounts	109.074	36.841	99.328	31.803
Total accrued charges and other payables	283.340	65.988	273.594	58.371
CLOSING BALANCE AT THE END OF THE REPORTING PERIOD	**2.243.183**	**862.052**	**2.111.260**	**825.147**

22. Assets entrusted to administration

On 31 December 2023 and 31 December 2022, the Group and the Company were the manager of financial instruments of holding funds.

	Group		Company	
	2023 December 31	2022 December 31	2023 December 31	2022 December 31
ASSETS ENTRUSTED TO ADMINISTRATION				
Assets entrusted to INVEGA Fund	827.488.291	800.346.372	827.488.291	800.346.372
Assets entrusted to the Entrepreneurship Promotion Fund	-	10.024.861	-	10.024.861
Assets entrusted with the management of the Fund of Funds "Entrepreneurship Promotion Fund 2014-2020, financed by the European Social Fund"	32.492.686	22.499.104	32.492.686	22.499.104
Assets entrusted to the administration of the Fund of Funds "Business Financing Fund financed by the European Regional Development Fund"	193.233.563	186.360.536	193.233.562	186.360.536
Assets entrusted to the management of the financial instrument "Co-investment Fund for Transport"	756.413	721.035	756.413	721.035
Assets entrusted to the administration of the fund of funds "Defence Investment Fund (DIF)"	13.947.168	14.760.398	13.947.168	14.760.398
Assets entrusted to the management of the Fund of Funds "Innovation Promotion Fund"	117.311.048	25.410.847	117.311.048	25.410.847
Assets entrusted with the management of Energy Efficiency Fund	20.940.445	-	20.940.445	-
Assets entrusted with the management of the Cultural Heritage Fund of Funds	2.588.558	-	2.588.558	-
Assets entrusted with the management of the fund of funds "Municipal Buildings Fund"	13.499.017	-	13.499.017	-
Entrusted with the administration Assets of the Water Management Fund	32.041.941	-	32.041.941	-
Assets entrusted with the management of the financial instrument "Installation of typical production buildings in free economic zones, industrial parks and other industrial areas"	30.073.206	-	30.073.206	-
Assets entrusted with the management of the Multi-apartment Building Modernisation Fund	376.595.547	-	376.595.547	-
Assets entrusted with the management of JESSICA Holding Fund	18.788.266	-	18.788.266	-
Assets entrusted with the management of the Loan Fund of Funds	6.122.906	-	6.122.906	-
Assets entrusted with the management of the fund of funds "Agricultural Fund"	138.312.343	-	138.312.344	-
Assets entrusted with the management of the financial instrument "RDP Financial Instruments Fund"	21.272.691	-	21.272.691	-
TOTAL ASSETS UNDER ADMINISTRATION	**1.845.464.089**	**1.060.123.153**	**1.845.464.089**	**1.060.123.153**

The above entrusted assets do not constitute assets of the Group or of the Company.

Each of the above Holding Funds and Funds of Funds is treated as a separate public sector entity whose financial statements and notes is prepared in accordance with the requirements of the Public Sector Accounting and Financial Reporting Standards and are publicly available on the Group's website http://invega.lt/lt/veiklos-ataskaitos/invegos-veikla/.

23. Income from guarantees issued

During 2023 and 2022, the Company's income from guarantees issued consisted of:

	Group		Company	
	2023	2022	2023	2022
PROCEEDS FROM GUARANTEES ISSUED				
Proceeds from guarantees granted to the agricultural sector	1.559.178	-	1.559.178	-
Proceeds from guarantees granted to the business sector	1.033.244	1.069.957	1.033.244	1.069.957
Proceeds from guarantees granted to large enterprises	74.201	55.545	74.201	55.545
Proceeds from guarantees granted under the Export Promotion Programme	23.095	60.241	23.095	60.241
Proceeds from guarantees granted under the Housing Modernisation Programme	-	18	-	18
TOTAL proceeds FROM GUARANTEES ISSUED	**2.689.718**	**1.185.761**	**2.689.718**	**1.185.761**

24. Fund management fees

During 2023 and 2022, the Group's and the Company's Fund of Funds management fees were:

	Group		Company	
	2023	2022	2023	2022
Fund management fees for the Multi-apartment Housing Modernisation Fund	4.074.423	-	4.074.423	-
Management Fees for the Business Support Fund"	1.741.535	-	607.100	-
Fund management fees for the financial instrument "Installation of typical production buildings in free economic zones, industrial parks and other industrial areas"	414.000	-	414.000	-
Fund management fees to JESSICA Holding Fund	351.782	-	351.782	-
Fund management fees to Energy Efficiency Fund	278.105	-	278.105	-
Fund management fees to Water Management Fund	251.512	-	251.512	-
Fund management fees to Municipal Building Fund	124.163	-	124.163	-
Fund management fees to ISF EU 2021-2027	118.954	-	118.954	-
Fund management fees to " RDP Financial Instruments Fund	39.446	-	39.446	-
Fund management fees to Cultural Heritage Fund	28.008	-	28.008	-
TOTAL FUND OF FUNDS ADMINISTARTION SERVICE	**7.421.928**	**-**	**6.287.493**	**-**

25. Reimbursement of the costs of administering fund of funds management and reimbursement arrangements

During 2023 and 2022, the amounts of reimbursement of the costs of managing and reimbursing the management of the Funds of the Funds and the financial instruments and the corresponding management fees received were:

	Group		Company	
	2023	2022	2023	2022
Reimbursement of management costs incurred by the holding fund INVEGA Fund	3.182.267	2.717.781	3.099.031	2.648.330
Reimbursement of management costs incurred by the Fund of Funds "Business Finance Fund financed by the European Regional Development Fund"	1.375.593	1.027.282	1.226.876	897.615
Reimbursement of management costs incurred by the Agricultural Fund in carrying out its functions as Fund Manager	653.452	-	653.452	-
Reimbursement of management costs incurred by the Innovation Promotion Fund of Funds	525.851	314.031	525.851	314.031
Reimbursement of management costs incurred by the "Entrepreneurship Promotion Fund 2014-2020 financed by the European Social Fund"	289.398	199.617	289.398	199.617
Reimbursement of management costs incurred by the holding fund "Entrepreneurship Promotion Fund"	73.043	184.686	73.043	184.686
Reimbursement of management costs incurred by the fund of funds "Defence Investment Fund"	51.326	75.561	51.326	75.561
Direct management costs incurred during the financial year by the financial instrument Co-investment Fund for Transport	23.358	44.373	21.366	34.963
Reimbursement of management costs incurred by the Loan Fund in carrying out its functions as the Fund Manager	17.887	-	17.887	-
Total reimbursement of fund management costs	6.192.175	4.563.331	5.958.230	4.354.803
Management costs incurred by the reimbursement facility "Partial reimbursement of interest" financed by the State budget	955.652	775.119	955.652	775.119
Reimbursement of costs of measures implemented by VIPA	313.143		313.143	
Administration of State aid and ensuring the development of activities of the ŽŪPGF	182.639	-	182.639	-
Management costs (depreciation) incurred by the reimbursement facility "Partial reimbursement of interest" financed by the State budget	(128.037)	-	(128.037)	-
Reimbursement of implementation/ administration costs incurred for the Global Grant Facility (covers the implementation of Global Grant Facilities financed by EU SF 2014-2020)	159.284	260.026	159.284	260.026
Reimbursement of management costs incurred from the State budget for compensatory measures to promote inbound tourism	4.453	145.061	4.453	145.061
Reimbursement of publicity costs incurred by global grant actions	-	47.005	-	47.005
Reimbursement of administrative costs incurred for compensatory measures	57.838	-	57.838	-
Total reimbursement of the costs of the administration of compensatory measures and the costs of projects implemented with the TP funds	1.544.972	1.227.211	1.544.972	1.227.211
TOTAL	**7.737.147**	**5.790.542**	**7.503.202**	**5.582.014**

26. Operating expenses

The merged company VIPA had received a grant of EUR 388 358 from the European Investment Bank (EIB) to partially reimburse the costs of a capitalised pricing project. The grant was awarded under a Financing Agreement between VIPA and the EIB and financed by the European Union. The amortisation costs of the pricing project, calculated at EUR 283,113, were reimbursed over 2023.

During 2023 and 2022, the operating costs of the Group and the Company consisted of:

	Group		Company	
	2023 December 31	2022 December 31	2023 December 31	2022 December 31
Employee remuneration, remuneration of members of the Supervisory Board and Management Board and other related costs, of which	(12.122.854)	(4.800.140)	(11.074.239)	(4.624.771)
Salaries and related taxes and provisions, incentive measures	(11.621.947)	(4.732.175)	(10.749.783)	(4.556.806)
Costs of maintaining the management bodies (remuneration of members of the Management Board and Supervisory Board)	(500.907)	(67.965)	(324.456)	(67.965)
Depreciation and amortisation, write-offs	(711.402)	(291.558)	(643.554)	(291.459)
Administrative costs, of which	(2.572.997)	(1.011.107)	(2.324.778)	(978.047)
Maintenance and development of computer programs, server rental	(596.929)	(266.600)	(554.947)	(258.342)
Advertising, publicity, media monitoring services and representation costs	(379.192)	(161.685)	(371.732)	(161.685)
Costs of utilities, parking and communication services for premises	(284.420)	(114.526)	(252.682)	(106.593)
Cost of operating charges (excluding VAT)	(245.406)	(119.696)	(245.406)	(119.696)
Consultancy and external services other than audits of financial statements	(237.168)		(169.308)	
Stationery, office supplies and archiving costs	(185.328)	(83.025)	(172.662)	(82.393)
Other	(165.757)	(38.966)	(132.541)	(34.250)
Database access	(85.308)	(47.602)	(85.308)	(47.602)
Business travel costs	(102.771)	(34.751)	(87.027)	(31.747)
Qualification refresher costs	(65.390)	(47.489)	(51.427)	(44.769)
Legal, notarial, litigation, bailiff costs	(44.449)		(44.449)	
Financial statement auditing services	(36.901)	(16.979)	(19.795)	(11.979)
Mail costs	(43.308)	-	(43.308)	-
Public liability insurance for company management	(26.148)	(10.040)	19.664	(10.040)
Recruitment and selection of staff and governing bodies	(16.781)	(19.856)	(16.781)	(19.856)
Cost of advising customers	(16.742)	(12.743)	(16.742)	(12.743)
Cost of fees for membership of associations and organisations	(15.965)	(17.174)	(15.965)	(17.174)
Vehicle operation	(9.815)	(3.309)	(9.815)	(2.512)
Website development and maintenance	(8.866)	(14.866)	(8.866)	(14.866)
Translation services	(4.553)	-	(4.553)	-
Maintenance fee to the Bank of Lithuania	(1.800)	(1.800)	(1.800)	(1.800)
NDI consolidation project costs*	1.099.305		994.342	
NDI consolidation project costs (-)	(1.099.305)		(994.342)	
TOTAL OPERATING COSTS	**(15.407.253)**	**(6.102.805)**	**(14.042.571)**	**(5.894.277)**

*Details are provided in the table below

The Group and the Company are participating in the "Consolidation of National Development Institutions" project (the "Project"), which aims to consolidate NDIs and pool knowledge and competencies in one strong national development institution, to unify and optimise the operational practices of the national development institution and fund management, creating preconditions for attracting institutional investors, strengthening public-private partnerships, and sustainably increasing the supply of financial instruments to finance financially viable projects. On 28 February 2024, a financing agreement was signed with the MoF RL for the reimbursement of the costs of the merger of the NDIs. The cost of the NDI merger is not a typical OPEX expense of the Group and the Company and is therefore presented in a separate expense line "NDI consolidation project costs". A breakdown by cost group is given below.

Cost breakdown of the NDI consolidation project

	Group	Company
Costs related to the employment relationship	653.698	550.272
Costs of information technology systems	183.079	183.079
Legal services (attorney services)	9.741	9.741
Search and selection of members of the management bodies	30.189	30.189
Consulting Services	64.494	64.494
Staff training session	8.738	7.201
Costs of harmonising remuneration policies	26.650	26.650
Fees (withdrawal from EBRD, contract change)	58.333	58.333
Website costs	7.260	7.260
Compensation for damages	57.123	57.123
	1.099.305	**994.342**

27. Financing activities

During 2023, the Group's and the Company's financial and investment performance increased significantly due to the increase in the interest rates on the securities of the GRL, the increase in the interest rates on bank deposits and the commencement of the receipt of interest on the balances with the Bank of Lithuania and the commercial banks operating in the Republic of Lithuania.

In 2023 and 2022, financial activity consisted of:

	Group		Company	
	2023 December 31	2022 December 31	2023 December 31	2022 December 31
INCOME FROM FINANCING AND INVESTMENT ACTIVITIES				
Interest income on government securities	302.241	60.425	292.635	60.425
Interest income on fixed-term deposits	171.960	1.527	171.006	1.527
Interest income on account balances	133.402	-	133.402	-
Interest on bank bonds	4.454	-	4.454	-
Other income	3.107	-	3.107	-
Income from subsidiaries	-	-	3.550	-
	615.164	61.952	608.154	61.952
COSTS OF FINANCING AND INVESTMENT ACTIVITIES				
Interest expense related to leases	(20.412)	(9.425)	(19.670)	(9.425)

	Group		Company	
	2023 December 31	2022 December 31	2023 December 31	2022 December 31
Expense of other financing and investing activities	(17.015)	(4.270)	(17.015)	(4.270)
Change in the value of investments in government securities	(10.845)	(1.631)	(10.845)	(1.631)
Securities custody costs	(6.155)	(3.222)	(6.061)	(3.222)
Negative interest expense	-	(7.319)	-	(7.319)
Losses from subsidiaries	-	-	(100)	(56)
	(54.427)	(25.867)	(53.691)	(25.923)
NET RESULT ON FINANCIAL AND INVESTMENT ACTIVITIES	**560.737**	**36.085**	**554.463**	**36.029**

28. Income tax

VIVA and the ŽŪPGF were merged into the Company as of 01 August 2023. For the period from 01 January 2023 to 31 July 2023 VIVA and ŽŪPGF have submitted their corporate tax returns to the tax authorities and paid corporate tax. The Company calculates corporate income tax and corporate income tax costs for the period after the merger together with the merged companies, and for the period until 31 July 2023 only for the activities carried out by the Company. Therefore, the change in deferred income tax assets will not coincide in this Note with that presented in the financial statements.

In 2023 and 2022, corporate income tax amounted to:

	Group		Company	
	2023 December 31	2022 December 31	2023 December 31	2022 December 31
Profit before tax	**9.182.897**	**998.246**	**9.172.646**	**998.246**
Profit before tax from a business consolidation	(3.793.630)	-	(3.793.630)	-
Non-tax deductible costs	430.486	55.104	380.608	55.104
Non-taxable income	(533.392)	-	(533.392)	-
Additional allowable deductions (change in provisions)	(3.485.970)	(419.223)	(3.745.937)	(419.223)
Tax loss from Group companies	(506.734)	-	(506.734)	-
Taxable profit	**1.293.657**	**634.127**	**1.243.561**	**634.127**
Profit tax for reporting year	(194.048)	(95.119)	(186.534)	(95.119)
Income tax accrued in the merged entity	(104.976)	-	(104.976)	-
Adjustment of last year's corporation tax	(3.801)	798	(2.264)	798
Change in deferred profit tax assets	(1.212.620)	(62.639)	(1.211.420)	(62.639)
Current year profit	**7.667.452**	**841.286**	**7.667.452**	**841.286**
Profit before tax*	5.392.717	998.246	5.379.016	998.246
15% income tax*	(808.390)	(149.737)	(806.852)	(149.737)
15% of the PM charged at the time of the merger	(104.976)	-	(104.976)	-
Tax influence	-	-	-	-
Non-tax deductible costs	(64.573)	(8.266)	(57.091)	(8.266)
Tax-free income and tax benefits	80.009	-	80.009	-
Additional allowable deductions (reducing/increasing losses)	522.897	62.883	521.391	62.883
Tax loss carryforwards from Group companies	76.010	-	76.010	-
Adjustment of last year's corporation tax	(3.801)	798	(2.264)	798
Temporary differences due to differences in tax and financial accounting	(1.212.620)	(62.639)	(1.211.420)	(62.639)
Income tax expense for the current year, recognised in accounting	**(1.515.445)**	**(156.960)**	**(1.505.194)**	**(156.960)**

	Group		Company	
	2023 December 31	2022 December 31	2023 December 31	2022 December 31
Components of deferred tax assets				
1. Provisions for guarantees (only the uncompensated part)	1.923.823	176.397	1.923.823	176.397
2. Accrued costs	47.147	16.054	47.144	16.054
3. Change in the value of investments in GRL securities	2.368	741	2.368	741
4.Provisions for depreciation of investments (interest)	6.103	6.103	6.103	6.103
5. Deferred income from ŽŪPGF	480.649	-	480.649	-
DEFERRED PROFIT TAX ASSETS	**2.460.090**	**199.295**	**2.460.087**	**199.295**

*In addition to VIVA and ŽŪPGF for the period from 01 January 2023 to 31 July 2023. For this period, VIVA and the ŽŪPGF filed corporate tax returns with the tax authorities and paid corporate tax.

On 31 December 2023 and 31 December 2022, the management of the Group and the Company has recognised deferred income tax assets as it believes that these assets can be realised in the future.

29. Financial assets and liabilities and risk management

Credit risk

The Company's exposure to credit risk arises from the provision of guarantees. The Company assumes part of the credit risk of the loan or the lessee that it would incur if the loan or the lessee failed to repay the loan or financing granted under the granted leasing transaction. By granting a guarantee, the Company assumes the risk of potential loss (hereinafter referred to as "guarantee risk") that the borrower (or lessee), for whose repayment of the loan (or lease amount) the Company has assumed obligations towards the beneficiary of the guarantee (financial institution), will not be able to repay the full amount in due time, and the Company will be required to pay the guarantee payment to the financial institution. Further in the text, the terms "loan" include also the lease, and "borrower" includes the lessee.

This risk and its manifestation depends directly on the terms and conditions of the guarantee, the portfolio of guarantees provided, its diversification, the general economic situation in Lithuania, the economic situation of individual sectors of the economy, the internal policies of financial institutions when borrowers face financial difficulties, etc.

In order to manage the guarantee risk, the Company uses various measures to mitigate the following risks:

1. The aim is to minimise some of the potential risks of guarantees by approving specific guarantee schemes. First of all, the guarantees are provided not as irrevocable first demand guarantees, but as conditional guarantees, i.e. the Company's obligations under the guarantees provided arise and are binding on the Company, provided that the conditions for granting the guarantee have been complied with on the part of the beneficiary of the guarantee and appropriate supporting documents have been submitted. The conditions for the provision of a material guarantee are laid down in the Regulations for the provision of relevant guarantees approved by a resolution of the GRL or by an order of the MEI RL. These Regulations set out the material limitations limiting the warranty risk assumed (maximum warranty liability limit, etc.). The Regulations provide for the possibility for the Management Board of the Company to establish additional requirements and conditions in order to manage the risks assumed under the guarantees provided. In exercising this right, the Management Board of INVEGA has established additional conditions applicable to the respective cases of guarantee provision. These terms and conditions are reviewed periodically and revised as necessary, taking into account the quality of the guarantee portfolio and individual risk exposure practices;

2. Various measures to diversify the guarantee portfolio as much as possible. The company provides guarantees in all sectors of the economy, except for those that are not supported under the rules established by the GRL and the EU *de minimis* aid regulation. Guarantees are provided in all Lithuanian regional territories, to all financial institutions that have entered into cooperation agreements with the Company for the provision of guarantees, which operate in Lithuania and finance projects carried out by small and medium-sized enterprises;
3. In order to manage the risk of provision of guarantees related to the beneficiary of the guarantee, the financial institution whose set of annual financial statements has been audited for the last financial year establish the requirements: the beneficiary of the guarantee must comply with certain minimum eligibility requirements approved by the Company before signing a cooperation agreement on the provision of guarantees with the Company. The Company a priori assesses the readiness of the beneficiary of the guarantee to carry out financing of borrowers and lessees and to manage the related credit risks; there is a limit to the maximum amount that can be guaranteed per economic operator. The maximum guarantee for small and medium-sized enterprises, per borrower, may not exceed EUR 5 million, and the sum of the balances of several guarantees may not exceed EUR 10 million. The maximum guarantee per borrower, which according to the SME declaration is a large company, may not exceed EUR 1.5 million. The Company limits the risk of guarantees by providing a guarantee for part of the loan (guarantees the repayment of the first part of the loan). The maximum share is up to 80% of the loan amount. The remaining risk of non-repayment of the loan are borne by the financial institution granting the loan; sets out mandatory minimum requirements for the borrower and the acceptable terms and conditions of the guarantees. It requires that the tangible fixed assets acquired or created with the guaranteed loan be pledged as collateral for the repayment of the guaranteed loan, and that the borrower's participation in the financed project be in the form of cash or collateral, and that its participation rate be at least 20%.;
4. The risk of guarantees is mitigating by organisational measures. In all cases, an assessment of the borrower's creditworthiness and the risk of non-repayment of the loan granted are carried out. Depending on the degree of risk, the conditions for granting the guarantee may be diversified. In case of high risk, guarantees are usually provided with additional conditions, which must partially reduce the possible risks (reduction of the amount of the guaranteed loan and increase the share of the borrower's participation in the financing of the investment project, reduction of the amount of the guarantee, application of additional conditions related to the improvement of the collateral, subordination of shareholder loans, restriction of the payment of dividends, etc. Decisions on the granting of guarantees in 2023 were considered and taken at 3 levels: decisions on guarantees up to a total credit risk limit of EUR 100,000 were taken by a representative authorised by the Managing Director, decisions up to EUR 1 million were taken by the Credit Committee, and decisions above EUR 1 million were taken by the Management Board. The Total Credit Risk Limit (TCRL) is the amount expressed in euro that represents the maximum total amount of credit risk related to the applicant's financing assumed by INVEGA, the funds of funds managed by it and the holding funds. In 2023, the Credit Committee consisted of 5 employees of the Company. The members of the Credit Committee are independent in making decisions relating to the establishment of the conditions for granting guarantees. The remuneration of the members of the Credit Committee is not related to the volume of the guarantee portfolio, therefore, the members of the Credit Committee have no personal interest in assuming unreasonably high risk of guarantees. The majority of the members of the Credit Committee are members who are not directly involved in the activities of the project assessors who carry out the risk assessment of the granting of the guarantee and the preparation of the decisions to grant the guarantees. The composition of the Credit Committee is set out in the Annual Report. As of 2024, INVEGA has changed its decision-making matrix, whereby financing decisions up to EUR 100,000 are taken by the Authorised Person, up to EUR 1 million by the Credit Committee L2 and above EUR 1 million by the Credit Committee L1. The Credit Committee periodically considers the issues of granting guarantees, at least 4 times a month;

5. The guarantee risk borne by the Company are reduced by transferring part of the assumed risk to the State and other guarantee institutions. Part of the Company's loan guarantee portfolio is counter-guaranteed by financial instruments "Guarantee Fund 2", "Guarantee Fund 3" and "Start-up Guarantees", to which 80 – 95% of the potential risk of guarantees included in the counter-guaranteed loan guarantee portfolio has been transferred. In the case of guarantees provided by the Company that are not included in the portfolios of the counter-guarantee instruments, part of the risk of the guarantees is transferred to the State. The State reimburses part of the guarantee payments and also provides a State guarantee for the Company's portfolio up to a maximum liability limit. Guarantees that were previously counter-guaranteed under the Guarantee Fund financial instrument are not counter-guaranteed at the end of the Guarantee Fund and the full credit risk of these guarantees is borne by INVEGA;
6. The Company pursues a proactive strategy to manage guarantee risk: Quarterly analysis of the portfolio of guarantees issued, grouping it by credit risk groups, reporting and preventive monitoring of the fulfilment of the conditions for granting guarantees (monitoring the implementation of guarantees and guaranteed projects). A strategic risk indicator (applicable to loan and lease guarantees) is also established when approving and reviewing the business strategy, i.e. the maximum tolerable loss ratio of guarantees, expressed as the average annual losses in relation to the average size of the guarantee portfolio;
7. Provisions are made in accordance with the Company's Provisioning Policy approved by the Management Board and the Provisioning Procedures approved by the CEO in order to build up a sufficient reserve to cover potential losses under the obligations assumed. In 2023, financial markets were adversely affected by still rising prices, the ongoing war against Ukraine, and a decline in exports of goods and services. Tight monetary policy has had a negative impact on the activity of property markets, but it has also led to a decline and stabilisation of inflation. On the other hand, continued high interest rates may make it increasingly difficult for businesses to service their existing financial obligations over time. However, INVEGA's provisions have been decreasing in 2024. This has been driven less by the improvement in the macroeconomic situation than by the shift to a new methodology that better reflects both historical data and the expected performance of the guarantee business.
8. For 2023, the 2022 methodology was used to estimate the provisions, using a statistical regression model incorporating average annual inflation and GDP change. The 2023 challenges such as: significant inflation, declining state aid to businesses affected by COVID-19, which was generously distributed during the pandemic, the war in Ukraine, the political situation in Russia and Belarus, and the deterioration of diplomatic relations with China make us cautious in our assessment of the situation, and the likelihood of a recession going forward will depend on the direction in which both economic and political events take.

	2023 December 31	2022 December 31
MAXIMUM CREDIT RISK:		
Guarantees granted, of which		
Individual guarantees from the Žemės ūkio paskolų garantijų fondas	155.072.317	-
SME loan guarantees	101.036.716	109.135.949
Special guarantees under individual decisions	-	-
Guarantees for loans for the modernisation of multi-apartment buildings	-	-
SME leasing guarantees	451.299	646.310
Guarantees for loans taken out by large companies	7.212.496	5.920.372
Export credit guarantees	1.842.315	2.739.800
TOTAL:	**265.615.143**	**118.442.431**
CREDIT RISK ON GUARANTEES IS TRANSFERRED:		
For the State	627.886	1.191.584

	2023 December 31	2022 December 31
For the Financial Engineering Facility "Guarantee Fund"	-	-
For the Financial Engineering Facility "Guarantee Fund 2"	2.311.882	3.586.104
For the Financial Engineering Facility "Guarantee Fund 3"	93.290.883	97.191.386
For the Financial Engineering Facility "Start-up Guarantees"	2.063.255	2.428.515
For the Financial Engineering Facility "Invega Fund"	1.658.084	2.465.820
For other guarantee institutions	6.688	44.351
TOTAL:	**99.958.678**	**101.899.257**
RESIDUAL OPEN RISK ON GUARANTEES ISSUED	**165.656.465**	**11.760.621**

	2023 December 31	2022 December 31
BREAKDOWN OF THE BALANCE OF GUARANTEES GRANTED BY ECONOMIC SECTOR:		
Production	34.365.190	36.113.208
Services	23.049.936	25.344.391
Trade	45.115.000	49.927.245
Trade and services	8.012.700	7.057.588
Alternative agricultural activities	21.333.666	-
Crop production	86.641.293	-
Livestock farming	27.864.336	-
Urban food production	3.070.506	-
Mixed economy	3.471.756	-
Services for agriculture	10.593.766	-
Fisheries	2.096.994	-
TOTAL:	**265.615.143**	**118.442.431**

Liquidity risk

Liquidity (cash flow/funding) risk is defined as the risk of not being able to meet current obligations. Financing risk in the Company is controlled by proper planning of cash flow needs, which are controlled by setting limits on cash flow shortfalls and diversifying them.

Funds in highly rated banks and GRL securities	2023 December 31	2022 December 31
Cash in the Bank of Lithuania	10.593.764	600.000
Cash at an A3* rated bank	3.500.575	49.266
Cash at an Aa2, Aa3* rated banks	1.393.757	90
Cash at a Baa2* rated bank	96.060	-
Short-term deposits at Aa3* rated banks	-	345.148
Short-term deposits with an A3* rated bank	1.535.721	-
Short-term deposits at a Baa2* rated bank	450.000	280.327
Government securities held to maturity A-, A2	33.376.040	15.236.107
TOTAL:	**50.945.917**	**16.510.938**

** Bank ratings (assessment of ability to meet debt obligations) issued by the credit rating agencies Moody's, Standard & Poor's and Fitch Ratings, which are made publicly available on the banks' websites or in their financial statements*

Group Undiscounted cash flows	Up to 1 month	1..3 months	3..12 months	1. 2 years	3.5. year	5 years	Total
Assets							
Securities	156.345	-	12.426.538	10.198.566	10.574.652	-	33.356.101
Fixed-term deposit agreements	509.310	1.476.411	-	-	-	-	1.985.721
Compensation receivables	-	-	8.888.349	-	-	-	8.888.349
Cash and cash equivalents	14.155.798	-	-	-	-	-	14.155.798
ORGWE receivables	-	470.730	3.151.987	-	-	-	3.622.717
TOTAL:	**14.821.453**	**1.947.141**	**24.466.874**	**10.198.566**	**10.574.652**		**62.008.686**
Liabilities							
Provisions for guarantees	-	-	(21.713.833)	-	-	-	(21.713.833)
Lease liabilities	(43.121)	(88.087)	(397.567)	(2.113)	-	-	(530.888)
Other long-term payables	-	-	-	-	-	(314.295)	(314.295)
Other payable amounts	(126.630)	(20.060)	(105.148)	-	-	-	(251.838)
TOTAL:	**(169.751)**	**(108.147)**	**(22.216.548)**	**(2.113)**	**-**	**(314.295)**	**(22.810.855)**

The Company's liquidity is ensured by implementing the requirements set out in the Resolution of the GRL of 11 July 2001 No. 887 "On the Activities of the Private Limited Liability Company Investicijų ir verslo garantijos" regarding the investment of the Company's available funds and the assumption of liabilities, as well as by complying with the instructions of the Management Board of the Company regarding investments.

The company's liquidity risk is eliminated because:

- The Company's funds are invested only in liquid and risk-free financial instruments, such as debt securities of EU governments, international organisations, commercial banks operating in Lithuania and term deposits in commercial banks;
- Once the Company's losses reach 25% of the share capital, the Management Board no longer grants new guarantees (i.e. the Company does not assume new liabilities);
- The GRL sets limits on the Company's guarantee commitments each year, which the Company cannot exceed.

Interest rate risk

On 31 December 2023 and 31 December 2022, the Company did not have any derivatives to manage interest rate risk. The Company does not have any assets or material liabilities that bear variable interest. Investments in GRL securities are held to maturity. In the opinion of the management, the Company is not exposed to significant interest rate risk.

Operational risk

Operational risk is defined as the risk of direct and indirect losses resulting from faulty internal processes, personnel actions, Company systems and external events.

Operational risks can arise in any of the Company's business units and can be faced by any of the Company's employees, which makes it necessary to identify and manage risks in the Company's operations in a timely manner. To this end, the Company has established an Operational Event Register to record the risks that have arisen. The employee who identifies the event must notify the Risk Management Division. Upon receipt of information about an event, the Risk Management Division records it in the Operational Event Register. IT risks are recorded by the IT service company. On a quarterly basis, the Risk Management Division analyses IT risks and feeds them into the Operational Event Register according to the level of occurrence, impact and recurrence of the event. 2 times a year, the Risk Management Division analyses the Operational Event Register and adds significant risks to the list of risks to be managed. The Risk Management Unit analyses the causes of the event and identifies possible preventive or control measures, and accordingly, in the event of significant events, the Management Board of the Company is informed of the potential risks and their management. Operational risk is managed and mitigated by separating the functions performed by staff. The Company's internal control system measures are used to manage operational risk. The Company continuously improves operational risk management in order to ensure the security of the Company's systems and processes. Insurance is an important tool for preventing operational risk management. Insurance helps to minimise the potential losses due to external factors resulting from the loss of tangible assets.

The end of the COVID-19 pandemic has reduced the Company's operational risk as of 1 May 2022. Lithuania ceased to be in a state-level emergency situation.

Foreign currency risk

The Company is not exposed to foreign currency risk as all of the Company's assets and liabilities are denominated in euro. The Company does not use any financial instruments to manage foreign currency risk.

Fair values of financial assets and liabilities

The Company's principal financial assets and liabilities not reflected at fair value are trade and other receivables, trade and other payables, long-term and short-term debt, and long-term and short-term government bonds held to maturity.

Fair value is 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. Fair value of financial assets and financial liabilities are valued based on quoted market prices, discounted cash flow models or option pricing models, depending on the circumstances.

The following methods and assumptions are used to evaluate each class of financial assets and liabilities:

- Carrying amount of short-term trade receivables, short-term deposits, short-term trade payables and short-term debt approximate their fair value;
- Carrying value of long term trade receivables is determined on the basis of the same or comparable quoted market price or interest rate, which is applied at the time for the same maturity profile debts. The fair value of long-term debts subject to variable interest rates approximates their carrying value. The Company's long-term deposits bear interest at rates that approximate market interest rates and therefore their fair value approximates their carrying amount;
- Fair value of government and bank bonds held to maturity is determined on the basis of quoted market prices or the interest rate on the same or a similar bond applied to bonds with the same maturity at that time. The calculations are presented in the table below.

The fair value of government bonds held to maturity is based on market prices, using broker or dealer quotes. If such information is not available, the fair value is estimated based on market prices, market prices for similar securities with similar credit, maturity and income characteristics and market prices.

	Reflected value	**Fair value**
	2023-12-31	**2023-12-31**
Financial assets not carried at fair value		
Long-term government bonds	20.763.096	18.914.759
Short-term government bonds	12.577.221	12.311.604
Financial assets not at fair value, total	**33.340.317**	**31.226.363**

Short-term and long-term deposits, government and bank bonds held to maturity are classified within Level 1 of the fair value hierarchy and all other financial assets and liabilities of the Company are classified within Level 3 of the fair value hierarchy. The Company purchases government bonds with the intention of holding them to maturity.

30. The Company's contingent liabilities and commitments for future periods

Legal proceedings

During the reporting period, 323 court cases were pending in which INVEGA was a party to the proceedings. Of them: 298 civil cases and 25 administrative cases.

The majority of civil cases are initiated by INVEGA for the award of debts under outstanding loans. During the reporting period, there were 251 relevant cases that were initiated and/or participated in their proceedings. Of these, 172 cases have already been solved by 2023, and 79 are still pending in court. In the majority of cases (147) INVEGA's claim was granted in full, 9 cases were settled by amicable agreement, and 14 cases were closed because the borrower settled the debt. At the end of the reporting period, INVEGA was involved in 79 pending civil cases and 5 pending administrative cases.

INVEGA has also participated in other litigation in which the company is involved as a third party not making independent claims. Most of them are proceedings for the opening of insolvency proceedings against natural and legal persons. During the reporting period, INVEGA provided credit claims in 140 cases of corporate bankruptcy and restructuring.

During the reporting period, several administrative cases were pending against INVEGA's decisions not to grant direct loans. In these proceedings, the applicants seek annulment of the decision taken by INVEGA and an order that INVEGA should reconsider the loan application. These proceedings are of a non-pecuniary nature and will have no financial impact on INVEGA's liabilities. If the court awards the litigation costs, the respective amounts would be covered from the funds of funds managed by INVEGA, which finance the relevant loan instruments.

During the reporting period, there were several important events (court judgements) related to legal proceedings:

- The Court of Appeals of Lithuania (CAL) has heard a civil case on the appeal of UAB Druskininkų ranga and has adopted a decision to uphold the appeal of UAB Druskininkų ranga. Although both the courts of first instance and appeal found that the customer (UAB Druskininkų ranga) had not complied with its obligations to pay the instalments properly and on time throughout the loan agreement (i.e. had not paid a single instalment according to the schedule), the CAL judgment only awarded INVEGA the debt of EUR 73,485.25 and interest at the rate of 5% per annum. The court assessed part of the amounts paid as interest and late payment interest as the principal amount – repayment of the loan. The main motives of the CAL to annul the decisions of the lower courts and to adopt a new decision were the clarification provided by the court that the calculation of late payment interest after the termination of the loan agreement from the total amount of the outstanding loan is unjustified, the late payment interest should be calculated only from the overdue payments, as well as the distribution of the amounts paid after the filing of the claim should be annulled. For these reasons, the CAL upheld the appellant's complaint and confirmed the amount of the debt undisputed by the debtor, without verifying the correctness of its calculation. In the light of the facts, a decision was taken not to appeal the unjustified decision of the LAP in cassation, but to submit the judgment as quickly as possible for execution. The debtor has now lodged additional appeals in the enforcement proceedings, which have been rejected by the Court of First Instance and are pending before the Court of Appeal.

- The EU legal framework stipulates that in cases of unlawful State aid, the full amount of the unlawful aid must be recovered as quickly as possible, with interest, and that there is no possibility of postponing or deferring recovery. Although all the cases initiated by INVEGA for the recognition and recovery of unlawful State aid have been resolved in INVEGA's favour, there are cases where the courts have taken the initiative and, in the case of difficult financial situations of the defendants, have postponed the execution of the judgments (the payment of the amounts ordered) in instalments of several months to several years.

- There were 4 civil cases during the reporting period where the borrower challenged the unilateral termination of the loan agreement due to the borrower's non-performance of the loan agreement. In 3 civil cases, the debtors' respective requests have not been granted, and in one case the court has not yet heard the case.

Taking into account that some of the legal disputes at the end of the reporting period were pending at first instance or had not yet been finally decided by final and binding court judgments and that the duration and outcome of the legal disputes are uncertain, the ongoing legal disputes at the date of the reporting period do not have a material impact on INVEGA's financial liabilities (i.e. INVEGA's financial liabilities are not adjusted for any possible court judgments that may be unfavourable to INVEGA).

31. Business combinations with joint ownership

By the protocol decision of 13 April 2022, the GRL approved the consolidation model of the four NDIs – INVEGA, VIPA, VIVA and the ŽŪPGF. On 02 January 2023, 100% of the shares in VIPA, VIPA and the ŽŪPGF were transferred to INVEGA and control of these companies passed. In March 2023, the terms of the reorganisation of the ŽŪPGF and VIPA into INVEGA were approved. Following the consolidation of the Lithuanian National Development Institutions on 1 August 2023, VIPA and the ŽŪPGF were merged into INVEGA.

An assessment of the financial impact of this event:

The company's management has considered all the circumstances surrounding the reorganisation, i.e..: IFRS 3 2.c specifies that the requirements of the standard do not apply to combinations of jointly controlled entities or businesses. Paragraph B1 of the Standard clarifies that the Standard does not apply to entities under common control or to business consolidations. A jointly controlled entity or business consolidation is a business consolidation in which all of the combining entities or businesses are controlled by the same party or parties, both before and after the business consolidation, and that control is not transitory. Before and after the merger, INVEGA was the main shareholder of VIPA and ŽŪPGF, and therefore the merger of these companies qualifies as a "Combination of entities or businesses under common control" within the meaning of Article B1 of IFRS 3.

The merger transaction did not involve any cash payment or borrowing from third parties.

Based on the above considerations, the Company has decided to apply the IFRS 3 exemption in paragraph 2.c for accounting for business consolidations: To account for the merger between VIPA and the ŽŪPGF and the Company (1 August 2023), apply the pooling of carrying amounts method, whereby the assets and liabilities of the merging entities are recorded in the Company's financial statements at their carrying amounts at the date of the merger. The difference between the share capital granted to shareholders on 2 January 2023 for the acquired business and the net assets acquired in the business consolidation is accounted for as an adjustment to retained earnings in the statement of changes in equity, and no goodwill is recognised.

The loss identified in the business consolidation between the market price of the shares of the merging companies VIPA, ŽŪPGF and VIVA at the time of the transfer of shares and the net assets of the companies – EUR 7 499 279 – is accounted for as an adjustment in the statement of changes in equity in the retained earnings.

Result of business consolidation (merger)

Company	Transfer of shares at market value, EUR	Net assets at the date of transfer 02 January 2023, EUR	Dividends paid as part of the distribution of the 2022 result, EUR	Result of merger, EUR	Net assets as at the date of connection 01 August 2023 *, EUR
VIVA	3.250.000	1.475.862	(375.862)	(1.774.138)	1.100.000
VIPA	35.700.000	32.431.256	(982.460)	(3.268.744)	31.448.796
ŽŪPGF	5.800.000	3.343.603	(1.045.547)	(2.456.397)	2.298.056
TOTAL	**44.750.000**	**37.250.721**	**(2.403.869)**	**(7.499.279)**	**34.846.852**

** – VIVA remained a subsidiary of INVEGA Group after the consolidation, while VIPA and ŽŪPGF were merged.*

The assets and liabilities of the undertakings to be merged have been merged in the Company's financial statements at their carrying amounts as at 1 August 2023.

The assets and liabilities taken over from VIPA and the ŽŪPGF at the time of the merger on 1 August 2023 are presented below.

Items	2023 01 August	Adjustments in 2023 for 2022	After corrections
ASSETS			
Fixed assets			
Intangible assets	889.073		889.073
Long term tangible assets	763.757		763.757
Rights to leased property	17.774		17.774
Investments in securities	10.074.206		10.074.206
Loans granted	2.774.293		2.774.293
Associates shares	2.000.001		2.000.001
Investments in Maritime fund 3	11.794.493		11.794.493
Deferred income tax assets	3.489.563	(563.268)	2.926.295
Non-current assets, total	**31.803.160**	**(563.268)**	**31.239.892**
Current assets			
Prepayments	4.686		4.686
Trade debtors	240		240
Associates debts	-		-
Loans granted	119.566		119.566
Investments in securities	644.813		644.813
ORGWE receivables	1.988.666		1.988.666
Prepaid income tax	-		-
Current investments	13.673.995		13.673.995
Cash and cash equivalents	11.538.090		11.538.090
Deferred charges	38.262		38.262
Current assets, total	28.008.318		28.008.318
TOTAL ASSETS	**59.811.478**		**59.248.210**
EQUITY AND LIABILITIES			
Equity			

Items	2023 01 August	Adjustments in 2023 for 2022	After corrections
Equity (authorised capital)	33.491.861		33.491.861
Legal reserve or emergency (reserve) capital	698.841		698.841
Tangible fixed assets revaluation reserve	582.769		582.769
Other reserves (special capital reserve)	-		-
Retained earnings (losses) for the period	3.141.356		
Retained earnings (losses) of previous period	(3.744.207)	3.300.356	(443.851)
Net profit not recognised in the profit and loss statement	13.364		13.364
Equity, total	**34.183.984**	**3.300.356**	**37.484.341**
Grants and subsidies	229.046		229.046
Long term liabilities			
Provisions for pensions and similar obligations	87.609		87.609
Other long term liabilities	6.548		6.548
Deferred income (non-current)	4.390.395		4.390.395
Total long-term liabilities	**4.484.552**		**4.484.552**
Short term obligations			
Provisions for guarantees	19.062.703	(3.863.624)	15.199.078
Debts to suppliers	73.516		73.516
Advances received	15.915		15.915
Payroll related liabilities	254.929		254.929
Other amounts payable and current liabilities	241.572		241.572
Deferred income (current)	1.013.430		1.013.430
Income tax liabilities	7.684		7.684
Accrued expenses, deferred income	244.147		244.147
Total short-term liabilities	**20.913.896**	**(3.863.624)**	**17.050.271**
TOTAL EQUITY AND LIABILITIES:	**59.811.478**	**(563.268)**	**59.248.210**

The Company has accounted for and combined the revenues and expenses of the merged entities VIPA and ŽŪPGF for the full year 2023 in order to improve comparability between current and future periods.

The profit and loss statement of the VIPA and the ŽŪPGF for the period from 1 January 2023 to 1 August 2023 is presented for information

Items	01 January 2023 – 01 August 2023
Income from guarantees issued	833.685
Fund management fees	3.066.874
Reimbursement of fund management costs	377.659
Loan origination activities (interest income and origination fee)	110.472
Other income	1.700
Other income (reimbursed costs from international funds, TA ADM EU2014-2020, etc.)	313.143
Total revenue and other income	4.703.533
Change in provision for guarantee claims	2.510.545
Change in the value of loans	(7.099)

Items	01 January 2023 – 01 August 2023
Total change in provisions and loans	2.503.446
Staff remuneration, remuneration of members of the Supervisory Board and Management Board and other related costs	(2.827.330)
Depreciation and amortisation, write-offs	(86.953)
Administrative costs	(609.131)
Operating expenses, total	(3.523.414)
Sale expenses	(22.628)
Sales cost, total	(22.628)
Financial operating income	240.111
Cost of financing activities	(107.418)
Financial activities at net value	132.693
Income (expense) from corporation tax	(652.274)
Result in total:	**3.141.356**

32. Related party transactions

The parties are considered to be related if one party can control the other party or has significant influence over the other party in making financial or operational decisions.

The majority of the parties to the transaction are also related to the state and are therefore considered to be related parties by economic entities operating in an environment where state control is extensive. IAS 24 permits a reporting entity to reduce the amount of disclosures about transactions and balances, including commitments with:

- A government that controls, jointly controls or significantly influences the reporting entity; and
- Another entity that is a related party because the same government controls, jointly controls or exercises significant influence over both the reporting entity and the other entity.

For the above reasons, the Group and the Company do not disclose transactions with the GRL and other entities controlled by the GRL.

Management's salary and other benefits

	Group		Company	
	2023 December 31	2022 December 31	2023 December 31	2022 December 31
Employment-related benefits	645.121	285.787	314.242	285.787
Including: redundancy compensations	95.601	-	40.000	-
Remuneration of a member of the Management Board	34.999	-	34.999	-
Number of managers (average annual)	5.1	3	1.7	3

The Group's managing directors and deputy managing directors are considered to be the management.

During the reporting period, the management of the Group and the Company was not granted any loans, guarantees, any other disbursed or accrued amounts or disposal of assets.

The transactions executed and concluded by the Group and the Company with related parties are disclosed in the section "Transactions concluded by the Group and the Company with related persons" of the annual report.

33. Events after the date of the balance sheet

As of the date of these financial statements, there have been no significant events after the reporting period.

UAB Investicijų ir verslo garantijos
Konstitucijos pr. 7, 09308 Vilnius
Code of the legal entity 110084026

ANNEX NO. 1. INFORMATION ON COMPLIANCE WITH THE NASDAQ VILNIUS CODE OF GOVERNANCE FOR LISTED COMPANIES

In accordance with the Guidelines for Transparency in the Activities of State-Owned Enterprises, approved by Resolution No 1052 of the Government of the Republic of Lithuania of 14 July 2010, INVEGA discloses in this announcement its compliance with the provisions of the Code of Corporate Governance for Regulated Companies approved by NASDAQ OMX Vilnius AB during 2022.

The following is the Code of Corporate Governance for NASDAQ Vilnius listed companies, as approved by the Management Board of NASDAQ Vilnius AB on 15 January 2019. (Protocol No. 19-63), and information regarding their (non-)compliance with INVEGA activities

If there is a failure to comply with this Code or with some of its provisions, it is stated which provisions are not complied with and for what reasons. If the relevant provisions are complied with, no further explanation or justification shall be given unless there have been material changes or significant circumstances during the reporting period

The implementation of the recommendations of the Corporate Governance Code for companies listed on NASDAQ Vilnius is ensured by INVEGA through the information disclosed in the Annual Report.

PRINCIPLES/RECOMMENDATIONS	Yes/No/ Not relevant	Explanations
1. PRINCIPLE: GENERAL MEETING, EQUITABLE TREATMENT OF SHAREHOLDERS AND RIGHTS OF SHAREHOLDERS		
The corporate governance system should ensure fair treatment of all shareholders. The corporate governance system should protect shareholders' rights.		
1.1. All shareholders should have equal access to the information and/or documents provided for by law and should be able to participate in decisions of importance to the company.	YES	Not relevant at the moment, as all shares are owned by one shareholder – the State of the Republic of Lithuania.
1.2. It is recommended that a company's capital should consist only of shares that give their holders equal voting, ownership, dividend and other rights.	YES	
1.3. It is recommended that investors should be given the opportunity to familiarise themselves with the rights attached to new or existing shares in advance, i.e. before purchasing them.	NOT RELEVANT	1. Explanation to p. 1.1; 2. No new share placement to new shareholders/investors in progress or planned
1.4. Exceptional transactions of major importance, such as the disposal of all or substantially all of the company's assets, which would effectively amount to a disposal of the company, should be subject to the approval of the General Meeting of Shareholders.	YES	
1.5. The procedures for the organisation of and participation in the general meeting of shareholders should provide equal opportunities for shareholders to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The choice of the place, date and time of the General Meeting should not preclude the active participation of shareholders in the General Meeting. In the notice of the convening of the general meeting of shareholders, the company should indicate the last day on which the proposed draft resolution can be submitted at the latest.	YES	1. Explanation to p. 1.1 2. The exceptions provided for in the Law on Companies (hereinafter the Law on Companies) apply – provisions that may apply when all the shares are owned by a single entity.
1.6. In order to ensure the right of access to information for shareholders residing abroad, it is recommended that, where possible, documents prepared for the general meeting of shareholders be made public in advance not only in Lithuanian, but also in English and/or other	NOT RELEVANT	1. Explanation to p. 1.1

PRINCIPLES/RECOMMENDATIONS	Yes/No/ Not relevant	Explanations
foreign languages. It is also recommended that the minutes of the general meeting of shareholders after its signing and/or the adopted decisions be made public not only in Lithuanian but also in English and/or other foreign languages. It is recommended that this information be published on the company's website. Not all documents may be made publicly available if their public disclosure would be prejudicial to the company or would disclose the company's business secrets.		
1.7. Shareholders entitled to vote should be able to vote at the shareholders' meeting in person, either present or without participation. Shareholders should not be prevented from voting in advance in writing by completing a single ballot paper.	YES	1. Explanation to p. 1.1 2. The provisions of the Law on Companies apply, which may apply where all the shares are held by one entity.
1.8. In order to increase shareholders' ability to participate in general meetings of shareholders, it is recommended that companies should make greater use of modern technology to enable shareholders to participate and vote in general meetings of shareholders by electronic means. In such cases, the security of the information transmitted should be guaranteed and the identity of the person who participated and voted should be identifiable.	YES	1. Explanation to p. 1.1 2. The provisions of the Law on Companies apply, which may apply where all the shares are held by one entity.
1.9. It is recommended to disclose in the notice of the draft decisions of the convened general meeting the new nominations of the members of the collegial body, the remuneration proposed for them, the proposed appointment of the audit firm, if these issues are included in the agenda of the general meeting of shareholders. When proposing to elect a new member of the collegial body, it is recommended that the member's educational background, work experience and other management positions held (or proposed to be held) be disclosed.	NOT RELEVANT	1. Explanation to p. 1.1 2. The provisions of the Law on Companies apply, which may apply where all the shares are held by one entity.
1.10 Members of the company's collegial body, chief executives or other competent persons associated with the company who can provide information relating to the agenda of the general meeting of shareholders should attend the general meeting of shareholders. Proposed candidates for the membership of the collegial body should also participate in the general meeting of shareholders if the election of new members is included in the agenda of the general meeting of shareholders.	YES	1. Explanation to p. 1.1 2. The provisions of the Law on Companies apply, which may apply where all the shares are held by one entity.
2. PRINCIPLE: SUPERVISORY BOARD		
2.1. FUNCTIONS AND RESPONSIBILITIES OF THE SUPERVISORY BOARD *The Supervisory Board of the Company should ensure the representation of the interests of the Company and its shareholders, the accountability of this body to the shareholders and the objective and impartial supervision of the activities of the Company and its management bodies, as well as to regularly make recommendations to the management bodies of the Company.* *The Supervisory Board should ensure the integrity and transparency of the company's financial accounting and control system.*		
2.1.1. Members of the Supervisory Board should act in good faith, diligently and responsibly for the benefit of the company and shareholders and represent their interests, taking into account the interests of employees and the public welfare.	YES	
2.1.2. Where the Supervisory Board's decisions may affect the interests of the company's shareholders differently, the Supervisory Board should treat all shareholders impartially. It should ensure that shareholders are adequately informed about the company's strategy, risk management and control, and the management of conflicts of interest.	YES	The Supervisory Board is composed of 4 independent Supervisory Board members and 3 delegated members. The elected delegate members are 1 representative of the Ministry of Finance of the Republic of Lithuania, 1 representative of the Ministry of the Environment of the Republic of Lithuania and 1 representative of the Ministry of Economy and Innovation of the Republic of Lithuania.

PRINCIPLES/RECOMMENDATIONS	Yes/No/ Not relevant	Explanations
2.1.3. The Supervisory Board should be impartial in making decisions relevant to the company's operations and strategy. The work and decisions of the members of the Supervisory Board should not be influenced by those who elected them.	YES	Decisions of the Supervisory Board shall be taken by majority vote. The majority of the members of the Supervisory Board shall be independent members of the Supervisory Board. The Supervisory Board (both independent and delegated members) is elected by order of the Minister of Finance of the Republic of Lithuania. Members of the Supervisory Board are not obliged to coordinate the Supervisory Board's decision-making with the management of the Ministry of Finance of the Republic of Lithuania. The Articles of Association of INVEGA or other internal documents of INVEGA do not impose an obligation on the delegated members of the Supervisory Board – representatives of the respective ministries – to coordinate their voting at the meetings of the Supervisory Board with the management of the respective ministries or to vote only with the power of attorney granted by the management of the ministry. All members of the Supervisory Committee have an obligation to act in good faith and responsibly and to be impartial to those who elected them.
2.1.4. Members of the Supervisory Board should make their objection clear in case they consider that the decision of the Supervisory Board may harm the company. Independent members of the Supervisory Board should: a) remain independent in their analysis and decision-making; (b) not seek or accept any undue preference which might cast doubt on the independence of the members of the Supervisory Board.	YES	
2.1.5. The Supervisory Board should oversee that the company's tax planning strategies are designed and implemented in accordance with the law, to avoid flawed practices that are not in the long-term interests of the company and its shareholders, which could give rise to reputational, legal or other risks.	YES	
2.1.6. The Company should ensure that the Supervisory Board is provided with sufficient resources (including financial resources) to perform its duties, including the right to obtain all necessary information and the right to seek independent professional advice from outside legal, accounting or other professionals on matters within the competence of the Supervisory Board and its committees.	YES	The relevant provisions are laid down in the agreements between the members of the Supervisory Board regarding their activities in the Supervisory Board.
2.2. FORMATION OF THE SUPERVISORY BOARD *The procedure for the composition of the Supervisory Board should ensure that conflicts of interest are properly managed and that the company is governed efficiently and fairly.*		
2.2.1. The members of the Supervisory Board elected by the General Meeting of Shareholders should collectively ensure a diversity of qualifications, professional experience and competences, as well as a gender balance. In order to maintain an appropriate balance between the qualifications of the members of the Supervisory Board, it should be ensured that the members of the Supervisory Board as a whole have a broad range of knowledge, views and experience to perform their tasks properly.	YES	

PRINCIPLES/RECOMMENDATIONS	Yes/No/ Not relevant	Explanations
2.2.2. Members of the Supervisory Board should be appointed for a fixed term, with the possibility of individual re-election for a new term, in order to ensure the necessary growth in professional experience.	YES	Members of the Supervisory Board are elected for a 4-year term. At the end of their term of office, they may be re-elected for a new term of office
2.2.3. The chairperson of the Supervisory Board should be a person whose current or former position would not be an obstacle to the impartial exercise of his/her functions. The former manager or director of the company should not immediately be appointed to the position of Chairman of the Supervisory Board. When the company decides not to follow these recommendations, information should be provided on the measures taken to ensure the impartiality of operations.	YES	An independent member of the Supervisory Board is elected as a member of the Supervisory Board
2.2.4. Each member should devote sufficient time and attention to his or her duties as a member of the Supervisory Board. Each member of the Supervisory Board should undertake to limit their other professional commitments (in particular management positions in other companies) in such a way that they do not interfere with the proper performance of his/her duties as a member of the Supervisory Board. If a member of the Supervisory Board attended less than half of the Supervisory Board meetings during the company's financial year, the company's shareholders should be informed.	YES	
2.2.5. Where the appointment of a member of the Supervisory Board is proposed, it should be disclosed which members of the Supervisory Board are considered independent. The Supervisory Board may decide that a particular member, although fulfilling the criteria for independence, may not be considered to be independent on account of particular personal or company-related circumstances.	YES	
2.2.6. The amount of remuneration for members of the Supervisory Board should be approved by the company's General Meeting of Shareholders for their activities and participation in the meetings of the Supervisory Board.	YES	
2.2.7. The Supervisory Board should carry out an evaluation of its own performance each year. It should include an assessment of the structure, work organisation and ability of the Supervisory Board to act as a group, as well as an assessment of the competence and work efficiency of each member of the Supervisory Board and an assessment of whether the Supervisory Board has achieved the established operational objectives. The Supervisory Board should publish relevant information on its internal structure and operational procedures at least once a year.	YES	The performance evaluation shall be carried out in accordance with the guidelines adopted by the Governance Coordination Centre and using the recommended forms (questionnaires)
3. PRINCIPLE: BOARD		
3.1. FUNCTIONS AND RESPONSIBILITIES OF THE MANAGEMENT BOARD *The Management Board should ensure the implementation of the company's strategy, as well as good corporate governance, taking into account the interests of shareholders, employees and other stakeholders.*		
3.1.1. The Management Board should ensure the implementation of the company's strategy, as approved by the Supervisory Board, if one is established. In cases where the Supervisory Board is not formed, the Management Board is also responsible for approving the company's strategy.	YES	
3.1.2. The Management Board, as a collegial management body of the company, performs the functions assigned to it by the Law and the Articles of Association of the company, and in cases where the Supervisory Board is not formed in the company, among other things, performs the supervisory functions established by the Law. In performing the functions assigned to it, the Management Board should take into account the needs of the company, shareholders, employees and other interest groups, with a view to building a sustainable business accordingly.	YES	

PRINCIPLES/RECOMMENDATIONS	Yes/No/ Not relevant	Explanations
3.1.3. The Management Board should ensure compliance with the laws and internal policies of the company applicable to the company or group of companies to which the company belongs. It should also put in place appropriate risk management and control measures to ensure regular and direct accountability of managers.	YES	The Management Board has adopted a Corporate Governance Policy that applies to the whole Group. It requires, among other provisions, a periodic review of internal policies. Internal legislation also sets out the material risks and the controls to manage them
3.1.4. The Management Board should also ensure that the company has in place the measures included in the OECD Good Practice Recommendations on Internal Control, Ethics and Compliance to ensure compliance with applicable laws, regulations and standards.	YES	
3.1.5. In appointing the company's CEO, the Management Board should take into account the appropriate balance of qualifications, experience and competence of the candidate.	NO	The Articles of Association of the Company provide that the Chairman of the Management Board of the Company is also the manager of the Company. The Company has a permanent Management Board, all of whom are the heads of the relevant business units of the Company – the Company's senior executives. In order to avoid potential bias, which objectively arises when subordinates elect their direct manager from among themselves, and given that the newly elected members of the Management Board did not participate in the selection of other members of the Management Board, in the assessment of their qualifications, experience and competence (which was carried out by the Supervisory Board in the public selection of the members of the Management Board), INVEGA's Articles of Association stipulate that the Management Board of Management shall elect the CEO from among the Management Board members on the basis of a proposal by the Supervisory Board. This ensures that the most suitable person from among the members of the Management Board is selected as the Company's CEO, whose competence and qualifications to be the Company's CEO and the Chairman of the Management Board have been fully assessed during the selection process, which has been carried out impartially by the Company's Supervisory Board, in consultation with consultants from a top executive search agency
3.2. COMPOSITION OF THE BOARD		
3.2.1. The members of the Management Board elected by the Supervisory Board or by the General Meeting of Shareholders if no Supervisory Board is established should collectively ensure a diversity of qualifications, professional experience and competences, and strive for gender balance. In order to maintain an appropriate balance between the qualifications of the members of the Management Board, it should be ensured that the members of the Management Board as a	YES	

PRINCIPLES/RECOMMENDATIONS	Yes/No/ Not relevant	Explanations
whole have a wide range of knowledge, views and experience to perform their tasks adequately.		
3.2.2. The names of the candidates for election to the Management Board, their education, qualifications, professional experience, positions held, other relevant professional commitments and potential conflicts of interest should be disclosed, without prejudice to the requirements of the legislation governing the processing of personal data, at the meeting of the Supervisory Board at which the Management Board or its individual members will be elected. If the Supervisory Board is not established, the information set out in this point should be submitted to the general meeting of shareholders. The board should compile the data on its members referred to in this point each year and report it in the company's annual report.	YES	
3.2.3. All new board members should be briefed on their duties, the company's structure and its activities.	YES	
3.2.4. Members of the Management Board should be appointed for a specified period, with the possibility of being individually re-elected for a new term, in order to ensure the necessary growth in professional experience and a sufficiently frequent re-validation of their status.	YES	Members of the Management Board are elected for a 4-year term of office. At the end of their term of office, members may be re-elected for a new term of office.
3.2.5. The chairperson of the Management Board should be a person whose current or former position would not be an obstacle to the impartial conduct of business. When the Supervisory Board is not set up, the former CEO should not be immediately appointed as a chairman of the Management Board. When the company decides not to follow these recommendations, information should be provided on the measures taken to ensure the impartiality of operations.	YES	
3.2.6. Each member should devote sufficient time and attention to his or her duties as a member of the Management Board. If a member of the Management Board has attended less than half of the meetings of the Management Board during the company's financial year, the company's Supervisory Board should be informed, or, if there is no Supervisory Board, the general meeting of shareholders.	YES	The relevant provisions are set out in the board member's contract with the company for his or her service on the board.
3.2.7. If, in the cases provided for in the Law, some of the members of the Management Board will be independent when the Management Board is elected without a Supervisory Board, the members of the Management Board deemed to be independent should be disclosed. The Management Board may decide that a particular member of the Management Board, although fulfilling all the criteria for independence set out in the Act, may not be considered independent because of special personal or company-related circumstances.	Not relevant	The company's articles of association provide that the company shall have the executive board where all the members of the board are the heads of the relevant business units – the company's senior executives.
3.2.8. The amount of remuneration to be paid to members of the Management Board for their activities and participation in Management Board meetings should be approved by the company's general meeting of shareholders.	NO	The General Meeting of Shareholders has delegated this function to the Supervisory Board by the Articles of Association.
3.2.9. Management Board members should act in good faith, diligently and responsibly in the best interests of the company and its shareholders and represent their interests, taking into account other interest holders. They should not pursue personal interests in their decision-making, should be subject to non-competition agreements, and should not, to the detriment of the company's interests, take advantage of business information and opportunities that are relevant to the company's activities.	YES	The relevant provisions are set out in the board member's contract with the company for his or her service on the Management Board
3.2.10. Each year, the Management Board should carry out an evaluation of its performance. It should include an assessment of the structure, organisation and ability to act as a group, as well as an assessment of the competence and effectiveness of each member of the Management	YES	Performance self-assessment shall be carried out in accordance with the recommendations and recommended

PRINCIPLES/RECOMMENDATIONS	Yes/No/ Not relevant	Explanations
Board and whether the Management Board has achieved its stated performance objectives. The Management Board should make publicly available relevant information on its internal structure and operational procedures at least once a year, without prejudice to the requirements of the legislation governing the processing of personal data.		forms (questionnaires) adopted by the Management Coordination Centre
4. PRINCIPLE: RULES OF PROCEDURE OF THE COMPANY'S SUPERVISORY BOARD AND MANAGEMENT BOARD		
The company's rules of procedure of the Supervisory Board, if established, and the Management Board should ensure the effective work and decision-making of these bodies and promote active cooperation between the company's bodies.		
4.1. The Management Board and the Supervisory Board, if established, should work closely together for the benefit of both the company and its shareholders. Good corporate governance requires an open discussion between the Management Board and the Supervisory Board. The Management Board should regularly and, if necessary, promptly inform the Supervisory Board of all matters of importance to the company in relation to planning, business development, risk management and control, and compliance with the company's obligations. The Management Board should inform the Supervisory Board of actual deviations of the business development from the previously formulated plans and objectives, stating the reasons for this.	YES	
4.2. It is recommended that meetings of the Company's collegial bodies be held at appropriate intervals in accordance with a pre-approved schedule. It is up to each company to decide at what periodicity to convene the meetings of the collegiate bodies, but it is recommended that they be held at such periodicity as to ensure uninterrupted resolution of the essential issues of the management of the company. Meetings of the Company's collegiate bodies should be convened at least once a quarter of the year.	YES	
4.3. The members of the collegial body should be informed in advance of the convening of the meeting in order to allow sufficient time for adequate preparation of the issues to be discussed at the meeting and for the discussion leading to the adoption of decisions. The members of the collegial body should be provided with all relevant material relating to the agenda of the meeting together with the notice of the meeting. The agenda should not be changed or supplemented during the meeting, unless all members of the collegial body are present at the meeting and they agree to such amendment or addition to the agenda or there is an urgent need to address matters of importance to the company.	YES	
4.4. In order to coordinate the work of the company's collegial bodies and to ensure an efficient decision-making process, the chairpersons of the company's collegial supervisory and management bodies should coordinate with each other the dates of the meetings convened, their agendas, and closely cooperate in resolving other issues related to the management of the company. Meetings of the company's Supervisory Board should be open to the members of the company's Management Board, in particular where the meeting deals with matters relating to the removal of members of the Management Board, their liability and the determination of remuneration.	YES	
5. PRINCIPLE: APPOINTMENT, REMUNERATION AND AUDIT COMMITTEES		
5.1. PURPOSE AND COMPOSITION OF COMMITTEES		
The committees established within the company should enhance the effectiveness of the Supervisory Board and, in the absence of a Supervisory Board, of the Management Board in its supervisory role, by ensuring that decisions are taken after due deliberation and by helping to organise the work in such a way as to ensure that decisions are not affected by material conflicts of interest. *The Committees should act independently and in a principled manner and make recommendations in relation to the decision of the collegial body, but the final decision rests with the collegial body itself.*		

PRINCIPLES/RECOMMENDATIONS	Yes/No/ Not relevant	Explanations
5.1.1. Depending on the specific circumstances of the company and the governance structure chosen, the company's Supervisory Board and, in the absence of a Supervisory Board, the Management Board, which performs the supervisory functions, form committees. It is recommended that the collegial body form nomination, remuneration and audit committees.	NO	By the decision of the General Meeting of Shareholders of the Company on the legal regulation (regarding the selection of candidates for the members of collegial bodies, the regulation of the remuneration of the members of collegial bodies, etc.), no committees subordinate to the Supervisory Board were formed in the company. During the reporting period, the Supervisory Board directly performed the functions of the Audit and Nomination Committees. The newly approved Articles of Association of the company provide for the formation of an Audit and Risk Management Committee, which would be formed and accountable to the Supervisory Board. In early 2024, an Audit and Risk Management Committee of 4 members will be set up to carry out the functions delegated to it in the areas of auditing and risk management and to provide information and proposals to the Supervisory Board for taking the necessary decisions.
5.1.2. Companies may decide to have fewer than three committees. In this case, companies should provide an explanation as to why they have chosen the alternative approach and how the chosen approach meets the objectives set by the three separate committees.	NO	The newly approved Articles of Association of the company provide only for the formation of the Audit and Risk Management Committee, the functions of other committees are performed by the Supervisory Board. In the event of a change in the supervisory model of the company as a national development institution, proposals will be submitted to the general meeting of shareholders regarding the formation of additional committees subordinate to the supervisory board.
5.1.3. The functions assigned to the committees formed in the companies may be performed by the collegial body itself in the cases provided for by legal acts. In such a case, the provisions of this Code relating to committees (in particular as regards their role, functioning and transparency) should, where appropriate, apply to the collegiate body as a whole.	YES	
5.1.4. Committees set up by a collegiate body should normally have at least three members. Depending on the requirements of the legislation, committees may consist of only two members. The members of each committee should be selected primarily on the basis of their expertise, with a preference for independent members of the collegiate body. The Chairman of the Management Board should not be the Chairman of the Committees.	YES	The Audit and Risk Management Committee will be composed of 4 independent members. Independent members of the Supervisory Board may also be elected to this committee. The Articles of Association provide for the Management Board to establish one or more credit committees to consider matters relating to the assessment of the credit risk of projects and the provision of financing to customers. During the reporting period, the Credit Committee consisted of 5 members. It was tasked

PRINCIPLES/RECOMMENDATIONS	Yes/No/ Not relevant	Explanations
		with assessing the credit risk of project finance and making proposals for financing, as well as deciding on the terms and conditions of customer financing within the scope of its mandate.
5.1.5. The terms of reference of each committee formed should be determined by the collegiate body itself. The committees should carry out their duties in accordance with the established mandate and regularly inform the collegiate body of their activities and their results. The mandate of each committee, which defines its role and specifies its rights and obligations, should be published at least once a year (as part of the information published annually by the company on its governance structure and practices). The companies should also publish annually in their annual report, without prejudice to the requirements of the legal acts regulating the processing of personal data, the reports of the existing committees on their composition, the number of meetings and the attendance of members at meetings during the previous year, as well as on the main directions of their activities and results of their activities.	Yes	
5.1.6. In order to ensure the independence and objectivity of committees, members of the collegiate body who are not members of the committee should normally be entitled to attend committee meetings only at the invitation of the committee. The Committee may invite or require certain employees or experts of the company to attend the meeting. The chairman of each committee should be able to communicate directly with the shareholders. The cases in which this should be done should be specified in the rules governing the operation of the Committee.	Yes	
5.2. NOMINATION COMMITTEE		
5.2.1. The main functions of the Nomination Committee should be: (1) to select candidates for vacancies in the Supervisory, Governing Body and Executive Management positions and to recommend them to the collegial body for consideration. The Nomination Committee should assess the balance of skills, knowledge and experience within the governing body, develop a description of the functions and skills required for the specific position and assess the time required to complete the assignment; (2) regularly assess the structure, size, composition, skills, knowledge and performance of the supervisory and management bodies, and make recommendations to the collegiate body on how to bring about the necessary changes; 4) give due attention to succession planning.	NOT RELEVANT	All the above functions are carried out by the relevant collegiate body (the Supervisory Board or the Management Board, depending on the position for which the competition is organised). Independent providers of relevant services, experts (e.g. top management selection agencies, etc.) are also used to perform relevant functions as required.
5.2.2. When dealing with the members of the collegiate body who have an employment relationship with the company and the heads of administration, the head of the company should be consulted, giving him the right to submit proposals to the Nomination Committee.	Yes	When dealing with issues related to the members of the collegial body who have an employment relationship with the company, the manager of the company shall participate in this process.
5.3. REMUNERATION COMMITTEE		
5.3.1. The main functions of the Remuneration Committee should be: 1) submitting proposals to the collegiate body for consideration regarding the remuneration policy applicable to members of the supervisory and management bodies and heads of administration. Such policies should cover all forms of remuneration, including fixed remuneration, performance-based remuneration, incentive schemes in financial instruments, pension schemes, severance payments, as well as conditions that would allow the company to recover amounts or	NOT RELEVANT	The functions of the Remuneration Committee shall be performed by the Management Board. The issues of remuneration of the members of the Management Board and the members of the Supervisory Board, as well as the issues of remuneration of the members of the

PRINCIPLES/RECOMMENDATIONS	Yes/No/ Not relevant	Explanations
suspend payments, specifying the circumstances that would make this appropriate. 2) to submit proposals to the collegial body regarding individual remuneration for members of collegial bodies and heads of administration in order to ensure that they comply with the company's remuneration policy and assessment of the activities of these persons; 3) review the remuneration policy and its implementation on a regular basis.		Audit and Risk Management Committee planned to be formed, are resolved by decisions of the general meeting of shareholders and the Supervisory Board
5.4. AUDIT COMMITTEE		
5.4.1. The main functions of the audit committee are defined in the legal acts regulating the activities of the audit committee.	NOT RELEVANT	During the reporting period, the functions of the audit committee were performed by the supervisory board. This was regulated by the Articles of Association of the company. The new version of the company's Articles of Association provides for the establishment of an Audit and Risk Management Committee under the Supervisory Board. This committee will be set up in Q1 2024.
5.4.2. All members of the Committee should be provided with detailed information relating to the specific accounting, financial and operational features of the company. The audit committee should be informed by the company's senior management of the accounting treatment of significant and unusual transactions, which may be accounted for in different ways.	NOT RELEVANT	See explanation to p. 5.4.1.
5.4.3. The Audit Committee should decide whether (and if so, when) the chairman of the board, the manager of the company, the chief financial officer (or senior employees responsible for finance and accounting), the internal auditor and the external auditor are to attend its meetings. The Committee should be able to meet the persons concerned, if necessary, without the presence of members of the management bodies.	NOT RELEVANT	See explanation to p. 5.4.1.
5.4.4. The Audit Committee should be informed of the work programme of the internal auditors and receive internal audit reports or a periodic summary. The Audit Committee should also be informed of the work programme of the external auditors and should receive a report from the audit firm describing any relationship between the independent audit firm and the company and its group.	NOT RELEVANT	See explanation to p. 5.4.1. Relevant information was provided directly to the Supervisory Board.
5.4.5. The Audit Committee should review the company's compliance with the provisions in place governing the possibility for employees to complain or report anonymously allegations of wrongdoing within the company and should ensure that there are procedures in place for a proportionate and independent investigation of such matters and for the appropriate follow-up action.	NOT RELEVANT	See explanation to p. 5.4.1. The relevant function shall be performed and ensured by the Supervisory Board.
5.4.6. The Audit Committee should report to the Supervisory Board, or if no Supervisory Board is formed, to the Management Board, at least once every six months, at the time of the approval of the annual and half-yearly reports.	NOT RELEVANT	See explanation to p. 5.4.1. Relevant information was provided directly to the Supervisory Board.
6. PRINCIPLE: AVOIDANCE AND DISCLOSURE OF CONFLICTS OF INTEREST *The corporate governance framework should encourage members of the supervisory and management bodies of the company to avoid conflicts of interest and ensure a transparent and effective mechanism for disclosure of conflicts of interest by members of the supervisory and management bodies of the company.*		
A member of the supervisory and management body of the company should avoid a situation where his personal interests conflict or may	YES	

PRINCIPLES/RECOMMENDATIONS	Yes/No/ Not relevant	Explanations
conflict with the interests of the company. If such a situation does arise, a member of the supervisory or management body of the company should, within a reasonable period of time, inform the other members of the same body, or the body of the company that elected him or her, or the shareholders of the company of the existence of such a conflict of interests, indicating the nature of the interests and, where possible, the value.		
7. PRINCIPLE: COMPANY REMUNERATION POLICY *The company's remuneration policy and the procedures for its review and disclosure should prevent potential conflicts of interest and abuse in determining the remuneration of members of the collegiate bodies and the CEOs, as well as ensuring the openness and transparency of the company's remuneration policy, including the company's long-term strategy.*		
7.1. The company should adopt and publish on the company's website a remuneration policy, which should be regularly reviewed and be in line with the company's long-term strategy.	YES	The remuneration policy applicable to the Company's employees shall be published on the Company's website. The independent members of the collegiate bodies are not covered by this remuneration policy. Independent members of collegial bodies shall be paid the remuneration determined by a higher collegial body for their activities in the collegial body. During the reporting period, a fixed monthly fee was applied to the members of the Supervisory Board and to the members of the Management Board composed of independent and delegated members until 10 September 2023. The fixed rate is not dependent on the achievement of indicators or the performance of the company. No other forms of remuneration (incentive schemes, pension schemes, severance payments, etc.) are applied to members of these collegiate bodies. The remuneration of the permanent Management Board, consisting of the senior managers, the Heads of Service and the CEO, in place since 2023-09-10, is regulated by a decision of the Supervisory Board. It provides that a member of the Management Board shall be paid: - the remuneration of a member of the Management Board in accordance with the contract for activities on the board; - salary under an employment contract; - variable remuneration component, the payment and amount of which depends on the performance of the company and the employee. The following additional benefits may also apply to board members: - employee health insurance; - directors' liability insurance; - the provision of a delegated official car with the possibility of using it for personal purposes or the hire of a private car.

PRINCIPLES/RECOMMENDATIONS	Yes/No/ Not relevant	Explanations
7.2. The remuneration policy should cover all forms of remuneration, including fixed remuneration, performance-related remuneration, incentive schemes with financial instruments, pension schemes, severance payments, as well as clauses providing for cases where the company may recover amounts paid or suspend payments.	YES	See the explanation to page 7.1.
7.3. In order to avoid potential conflicts of interest, the remuneration policy should provide that the members of the collegiate bodies exercising supervisory functions should not receive remuneration that is linked to the performance of the company.	YES	See explanation to page 7.1.
7.4. The remuneration policy should provide sufficient detail on the severance pay policy. Termination payments should not exceed a fixed amount or a fixed number of annual salaries and should generally not exceed a fixed part of two years' remuneration or its equivalent. Termination payments should not be made if the contract is terminated due to poor performance.	YES	See explanation to page 7.1.
7.5. If the company is subject to a financial instruments incentive scheme, the remuneration policy should contain sufficiently detailed information on the retention of shares after vesting. In the event that the consideration is based on the allotment of shares, the right to the shares should not be granted for at least three years after their allotment. After the vesting, the members of the collegiate bodies and the heads of administration should retain a certain number of shares until the end of their term of office, depending on the need to cover any expenses related to the acquisition of shares.	NO	The Company does not provide for incentives in the form of shares or other financial instruments.
7.6. The company should publish on the company's website information on the implementation of the remuneration policy, which should focus on the remuneration policy of the collegiate bodies and of the executive management for the next and, where appropriate, the following financial year. It should also provide an overview of how the remuneration policy was implemented in the previous financial year. Such information should not contain commercially valuable information. Particular attention should be paid to material changes in the company's remuneration policy compared to the previous financial year.	YES	The remuneration policy is disclosed in detail in the annual notice, which is the listing on the INVEGA website. The wages of employees by type of position are published on the INVEGA website on a quarterly basis.
7.7. It is recommended that the remuneration policy or any material change in the remuneration policy should be included in the agenda of the General Meeting of Shareholders. Schemes under which the members and employees of the collegiate body are remunerated in shares or stock options should be approved by the general meeting of shareholders.	NOT RELEVANT	See Explanatory Notes to pp. 1.1, 1.3, 7.1, 7.5.
8. PRINCIPLE: THE ROLE OF INTEREST HOLDERS IN THE MANAGEMENT OF THE COMPANY		
The corporate governance framework should recognise the rights of the holders of interests enshrined in laws or mutual agreements and promote active cooperation between the company and the holders of interests in the creation of welfare, jobs and financial stability of the company. In the context of this principle, the concept of holders of interests includes investors, employees, creditors, suppliers, customers, the local community and other persons with interests in a particular company.		
8.1. The corporate governance framework should ensure that the rights and legitimate interests of the holders of interests are respected.	YES	
8.2. The management system of the Company should enable the holders of interests to participate in the management of the Company in accordance with the procedure established by law. Examples of the participation of interest-holders in the governance of the company could include the participation of employees or their representatives in important decisions of the company, consultation of employees or their representatives on corporate governance and other important issues, participation of employees in the share capital of the company, the involvement of creditors in the governance of the company in the event of the insolvency of the company, and others.	NO	The participation of holders of interests – employees or their representatives in the management of the company shall take place only at the level of the employer's representative (manager of the company) and the works council. Employee representatives and other holders of interests shall not participate in the governance carried

PRINCIPLES/RECOMMENDATIONS	Yes/No/ Not relevant	Explanations
		out by collegial bodies or the general meeting of shareholders.
8.3. Where interest-holders are involved in the governance of the company, they should be given access to the relevant information.	YES	See Explanation to p. 8.2.
8.4. Interest holders should be able to confidentially report illegal or unethical practices to the collegiate body exercising the supervisory function.	YES	
9. PRINCIPLE: DISCLOSURE OF INFORMATION *The corporate governance framework should ensure that timely and accurate disclosures are made on all material matters of the company, including its financial situation, performance and corporate governance.*		
9.1. Without prejudice to the company's regime for confidential information and trade secrets, as well as to the requirements of legislation governing the processing of personal data, the company's public disclosures should include, but not be limited to: 9.1.1. company's operations and financial performance; 9.1.2. company's business objectives and non-financial information; 9.1.3. persons owning or controlling a shareholding in the company, directly and/or indirectly and/or jointly with related persons, as well as the structure of the group of companies and their interrelationships, indicating the ultimate beneficial owner; 9.1.4. the members of the supervisory and management bodies of the company, which of them are considered to be independent, the chief executive of the company, their shareholdings or votes in the company and their involvement in the management of other companies, their competence, remuneration; 9.1.5. reports of existing committees on their composition, number of meetings and attendance of members at meetings during the previous year, as well as on the main directions of their activities and results of their activities; 9.1.6. foreseeable material risk factors, the company's risk management and supervision policy; 9.1.7. transactions of the Company with related parties; 9.1.8. key issues relating to employees and other holders of interests (such as human resources policy, employee participation in company governance, promotion of company shares or stock options, relations with creditors, suppliers, local community, etc.); 9.1.9. company's governance structure and strategy; 9.1.10. Initiatives and measures for the implementation of the Sustainability Policy, major investment projects underway or planned. This list is to be considered a minimum and companies are encouraged not to limit themselves to the disclosure of information contained in this list. This principle of the Code does not exempt the company from the obligation to disclose information provided for in legal acts.	YES	Disclosures shall be made in annual and interim reports and on the company's website
9.2. When disclosing the information referred to in paragraph 9.1.1 of recommendation 9.1, it is recommended that a company that is a parent in relation to other companies disclose information about the consolidated results of the entire group of companies.	YES	
9.3. When disclosing the information referred to in paragraph 9.1.4 of recommendation 9.1, it is recommended to provide information on the professional experience, qualifications and potential conflicts of interest of the members of the company's supervisory and management bodies, the manager of the company that could affect	YES	

PRINCIPLES/RECOMMENDATIONS	Yes/No/ Not relevant	Explanations
their decisions. It is also recommended to disclose the remuneration or other income received by the members of the supervisory and management bodies of the company and by the company's manager from the company, as detailed in Principle 7.		
9.4. Disclosure should be made in such a way that no shareholders or investors are discriminated against in terms of the manner and extent to which they receive information. Disclosure should be made to all and at the same time.	YES	
10. PRINCIPLE: SELECTION OF THE COMPANY'S AUDIT FIRM *The mechanism for selecting the company's audit firm should ensure the independence of the audit firm's report and opinion.*		
10.1 In order to obtain an objective opinion on the financial position and financial performance of the company, the verification of the set of annual financial statements of the company and the financial information provided in the annual report should be carried out by an independent audit firm.	YES	
10.2 It is recommended that the candidacy of the audit firm for the General Meeting of Shareholders be proposed by the Supervisory Board of the company or, if it is not formed in the company, by the Management Board of the company.	YES	The Law on Public Procurement requires that audit services be procured through public procurement procedures. In accordance with the procurement procedures, the potential supplier who submitted the best tender is proposed to be appointed as an audit firm. The Supervisory Board is involved in the consideration of the qualification requirements to be applied for the selection of the audit firm through the procurement process.
10.3 If the audit firm has received payment from the company for the non-audit services provided, the company should disclose this publicly. This information should also be at the disposal of the Supervisory Board of the company or, if it is not formed in the company, the Management Board of the company, when considering which candidate of the audit firm to propose to the General Meeting of Shareholders.	YES	The procurement of audit services shall include checks on the appropriateness of management expenses as well as other audit services. This information shall be submitted together with the proposal for the appointment of the relevant audit firm.

ANNEX NO. 2. INFORMATION ON THE COMPLIANCE WITH THE TRANSPARENCY GUIDELINES

The Group complies with the Resolution of the Government of the Republic of Lithuania of 14 July 2010 No. 1052 "On the approval of the description of the guidelines for ensuring transparency of activities of state-owned enterprises" (the Transparency Guidelines) and the requirements approved by its amendments. INVEGA applies the provisions of the Transparency Guidelines in accordance with the "comply or explain" principle. The implementation of the transparency guidelines in INVEGA is mainly ensured through the information disclosed in the annual report and the disclosure of information on the INVEGA website.

Information ON the implementation OF the transparency guidelines in INVEGA:

PRINCIPLES/RECOMMENDATIONS	Explanations
GENERAL REQUIREMENTS	
Information on all material matters concerning the company, including its financial position, performance and corporate governance, must be disclosed in a timely and accurate manner	Disclosures must be disclosed within the time limits prescribed by law.
Disclosure should be made in such a way that no shareholders or investors are discriminated against in terms of the manner and extent to which they receive information. Disclosures should be made to all and at the same time	Implemented, except for those provisions that are not relevant as INVEGA is the sole shareholder of the subsidiaries and INVEGA's entire shareholding is held by the State, represented by the MoF RL.
It is recommended that announcements of material events be published before or after the trading session of the Vilnius Stock Exchange so that all shareholders and investors of the company have equal access to information and to make appropriate investment decisions.	Not relevant as the shares of the Group companies are not publicly traded
It is recommended that the Company's annual report, the set of financial statements and other periodic reports prepared by the Company be published on the Company's website, and that the Company's announcements of material events and the price movements of the Company's shares on the stock exchange be posted on the website.	Ongoing, except as regards listed companies only.
The methods of disseminating information should ensure impartial, timely and inexpensive access to information for users and, in the cases provided for by law, gratuitous access to information. It is recommended that information technology be used to a greater extent for dissemination of information, for example by publishing information on the company's website. It is recommended that information be published and placed on the company's website not only in Lithuanian, but also in English and, if possible and necessary, in other languages.	Performing: Detailed information should be published in Lithuanian and information relevant to the foreign target audience should be published in English.
If the audit firm has received payment from the company for the non-audit services provided, the company should disclose this to the shareholders. This information should also be made available to the company's supervisory board or, if the company does not have a supervisory board, to the company's management board when considering which audit firm to propose to the general meeting of shareholders.	Performing.
SPECIFIC REQUIREMENTS FOR DISCLOSURES	
Disclosure of the company's operations and financial results.	Performing
The parent company discloses consolidated results.	Performing
Disclosure of persons owning or controlling a shareholding in the company.	Performing

PRINCIPLES/RECOMMENDATIONS	Explanations
Disclosure of the members of the supervisory and management bodies of the company, the CEO of the company and their remuneration. It is recommended to provide information on the professional experience and qualifications of the members of the supervisory and management bodies of the company and the company's CEO, and on potential conflicts of interest that could influence their decisions. It is also recommended to disclose the remuneration or other income received from the company by the members of the company's supervisory and management bodies and the company's manager.	Performing
Disclosure of potential material foreseeable risk factors.	Performing
Transactions between the company and related parties shall be disclosed, as well as transactions entered into outside the ordinary course of the company's business.	Performing
Key issues relating to employees and other stakeholders are disclosed. Disclosure of the relationship between the company and stakeholders such as employees, creditors, suppliers, the local community, including the company's human resources policy, employee shareholding programmes, etc., is recommended.	Performing
The management structure and strategy of the company are disclosed.	Performing
Essential information about the management procedures in force in the Company, for example, it could include information about: • general governance scheme, • internal control and risk management systems, • shareholders' rights, • management and supervisory bodies and their committees, • administration or other important matters related to the management of the Company.	Performing
The powers of each committee, defining its role and specifying its rights and obligations;	Performing
The published minutes of the general meeting of shareholders (in English and Lithuanian and/or other foreign languages). Not all documents may be made publicly available on the Company's website if their public disclosure would be prejudicial to the Company or would disclose the Company's business secrets.	Not applicable as INVEGA has a sole shareholder who is aware of its decisions.
Remuneration policy statement (remuneration and other benefits received from the company by the members of the collegiate bodies and the manager) is published.	Performing. This information is published in the Annual Report.
A report on the company's compliance with the Corporate Governance Code for companies listed on NASDAQ OMX Vilnius	Performing
THE TRANSPARENCY GUIDELINES REQUIRE INFORMATION TO BE PUBLISHED ON THE INTERNET	
The objectives and tasks of the company established by the MoF RL	Performing
financial results;	Performing
performance;	Performing
current number of employees;	Performing
annual payroll fund;	Performing
monthly salary of managers and their deputies;	Performing
purchases and investments carried out, carried out and planned during the financial year.	Performing
ANNUAL REPORT AND FINANCIAL STATEMENTS	

PRINCIPLES/RECOMMENDATIONS	Explanations
The accounts are prepared in accordance with International Financial Accounting Standards.	Performing
The annual set of financial statements shall be audited in accordance with international auditing standards.	Performing
The annual report is published on the website by 30 April.	Performing
THE ANNUAL REPORT SHALL CONTAIN:	
operational strategy and objectives (financial and non-financial), provided that they are not a business secret of the State-owned enterprise (if the operational strategy and objectives of the State-owned enterprise contain information considered to be a business secret, an abridged version of the operational strategy and objectives shall be indicated/presented without this information);	Performing
consistency of the performance achieved with the state-owned enterprise's objectives;	Performing
main events of material significance to the SOE's activities that occurred during the reporting period;	Performing
information on the market for the services provided or the products manufactured, provided that it is not a commercial secret;	Performing
main customers and their main groups, if this is a trade secret. Where state owned enterprises disclose segment information, the main customers shall be reported on a segment-by-segment basis;	Not relevant
investments during the reporting period, major investment projects under way or planned;	Performing
total annual payroll, average monthly pay according to the position held and/or divisions;	Performing
social, environmental, governance initiatives and policies in place;	Performing
information on compliance with the Transparency Guidelines: how they are being implemented, which provisions are not being complied with and why;	Performing
key financial indicators (profitability, liquidity, efficiency of asset utilisation) describing performance and their evolution over a 3-year period;	Performing
management bodies;	Performing
information on the audit of the annual financial statements (entity carrying out the audit, audit fee); any other relevant information that has come to light before the date of publication of the annual report and which has an impact on the activities of the State-owned enterprise;	Performing
information and statements that listed companies are required to disclose in their annual report in accordance with the Republic of Lithuania Law on Financial Statements and the NASDAQ OMX Vilnius Code of Corporate Governance for Listed Companies;	Performing
dividend policy;	Performing
information on the implementation of the business strategy and objectives (financial and non-financial).	Performing
Information on the implementation of the special obligation, the independent auditor's report on the annual financial statements shall be published on the website by 30 April.	Performing
IN ADDITION TO THE ANNUAL NOTIFICATION, THE FOLLOWING IS SUBMITTED TO THE MOF RL:	

PRINCIPLES/RECOMMENDATIONS	Explanations
information on the remuneration of their managers in the previous year,	Performing
the performance indicators used to determine the variable part of the monthly salary of the managers, implementation of these indicators, the variable part of the monthly salary set for the managers (in euro and as a percentage of the fixed part of the monthly salary set for the managers) and the variable part of the monthly salary paid (in euro and as a percentage of the fixed part of the monthly salary set for the managers).	Performing
INTERIM REPORT	
Category I or II state-owned companies shall prepare a 6-monthly interim report to be published on the website by 31 August. The interim report briefly provides key information about the indicators describing the activities of the state-owned company and their changes compared to previous periods.	Performing
A set of 6-monthly interim financial statements is prepared and published on the internet by 31 August.	Performing