CLOSED-END INVESTMENT COMPANY FOR INFORMED INVESTORS

UAB ATSINAUJINANČIOS ENERGETIKOS INVESTICIJOS

Audited Consolidated Financial Statements
as at 31 December 2021

Contents

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Independent Auditor's Report

To the Shareholders of closed-end investment company intended for informed investors
UAB Atsinaujinančios energetikos investicijos

Opinion

We have audited the consolidated financial statements of closed-end investment company intended for informed investors UAB Atsinaujinančios energetikos investicijos and its subsidiaries ("the Group"). The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021,
- the consolidated statement of profit or loss and other comprehensive income for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated statement of cash flows for the year then ended, and
- the notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

Our opinion on the 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.

In connection with our audit of the 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 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.

Company code: 111494971
VAT code: LT114949716

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

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

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

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the 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 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 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 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the 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 KPMG Baltics, UAB

Toma Jensen
Partner pp
Certified Auditor

Vilnius, the Republic of Lithuania
29 April 2022

The electronic auditor's signature applies only to the Independent Auditor's Report on pages 3 to 5 of this document.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2021	31 December 2020	1 January 2020
Assets				
Non-current assets				
Investment assets at fair value through profit or loss	3	66 680 802	28 218 696	42 852 415
Other non-current receivables at fair value through profit or loss	4	2 082 835	2 725 625	-
Prepayments	5	150 000	25 000	-
Deferred tax assets	21	20	3	-
Total non-current assets		**68 913 657**	**30 969 324**	**42 852 415**
Current assets				
Other receivables at fair value through profit or loss	6	850 000	800 000	-
Other receivables	6	12 682	2 151	
Financial assets for sale	7	-	-	2
Accrued income	8	-	8 000	119 496
Cash and cash equivalents	9	26 463 917	416 640	34 845
Total current assets		**27 326 599**	**1 226 791**	**154 343**
Total assets		**96 240 256**	**32 196 115**	**43 006 758**
Equity & liabilities				
Equity				
Issued capital	10	40 062 726	20 823 623	2 500
Share premium	11	10 789 768	1 153 873	-
Legal reserve	12	124 308	250	250
Retained earnings		14 036 373	8 505 583	3 206 035
Total equity		**65 013 175**	**30 483 329**	**3 208 785**
Non-current liabilities				
Bonds issued	13	24 917 419	1 381 401	18 449 682
Loans received	14	111 116	278 092	567 977
Total non-current liabilities		**25 028 535**	**1 659 493**	**19 017 659**
Current liabilities				
Bonds issued	13	5 148 639	-	20 569 287
Loans received	14	-	-	201 167
Trade and other payables	15	1 041 587	49 518	1 975
Payables to employees	16	7 519	3 672	7 885
Current tax liabilities		801	103	-
Total current liabilities		**6 198 546**	**53 293**	**20 780 314**
Total liabilities		**31 227 081**	**1 712 786**	**39 797 973**
Total equity & liabilities		**96 240 256**	**32 196 115**	**43 006 758**

Financial statements signed by electronic signature:

Managing director	*Vilma Tvaronavičienė*
Company's manager	*Tomas Milašauskas*
Company representative in charge of accounting	*Virginija Skirmantė*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Income	**Notes**	**2021**	**2020**
Net gain on financial assets at fair value through profit or loss	17	7 847 172	7 863 835
Interest income	17	-	11 667
Net gain on sale of investments	17	-	10 112
Dividend income	17	204 000	390 000
Other income	17	1 737	40 831
Gain from bargain purchase	17	-	99
Total net income		**8 052 909**	**8 316 544**
Expenses			
Administrative expenses	18	(2 104 474)	(182 669)
Total expenses		**(2 104 474)**	**(182 669)**
Operating profit		**5 948 435**	**8 133 875**
Finance costs			
Interest expenses	19	(292 465)	(2 834 046)
Foreign exchange loss	19	(349)	(9)
Total finance costs		**(292 814)**	**(2 834 055)**
Profit before tax		**5 655 621**	**5 299 820**
Income tax	20	(773)	(272)
Profit after tax		**5 654 848**	**5 299 548**
Other comprehensive income (loss)			
Items that may be reclassified to profit or loss		-	-
Items that will not be reclassified to profit or loss		-	-
Total comprehensive income (loss)		**5 654 848**	**5 299 548**

Financial statements signed by electronic signature:

Managing director *Vilma Tvaronavičienė*

Company's manager *Tomas Milašauskas*

Company representative in charge of accounting *Virginija Skirmantė*

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2021	2020
Profit before tax		**5 654 848**	**5 299 548**
Adjustments for:			
Interest income	17	-	(11 667)
Net gain on financial assets at fair value through profit or loss	17	(7 847 172)	(7 863 835)
Net gain on sale of investments	17	-	(10 112)
Net finance costs	19	292 465	2 834 046
Income tax expenses (income)	20	773	272
Working capital adjustments			
Decrease (increase) in trade and other receivables	6	(10 532)	(67 198)
Decrease (increase) in contract assets	8	8 000	24 046
Increase (decrease) in trade and other payables	15, 16	995 916	43 330
Dividends received	17	(204 000)	(390 000)
Net cash flows from activities		**(1 109 702)**	**(141 570)**
Income taxes paid		(93)	-
Dividends received		33 000	90 000
Net cash flows from operating activities		**(1 076 795)**	**(51 570)**
Loans granted	3	(6 090 000)	(12 337 550)
Repayment of loans granted	3	-	500 000
Payment of interest on loans granted	3	538 982	11 667
Bonds acquired	3	(25 218 000)	-
Acquisition of subsidiary and associate	3	(128 125)	(26 150)
Acquisition of receivable amount from third party	4, 6	-	(1 050 000)
Received amount from third party	4, 6	750 000	-
Net cash flows from investing activities		**(30 147 143)**	**(12 902 033)**
Proceeds from issue of share capital	10	19 239 103	2 476 217
Proceeds from share premium	11	9 635 895	1 153 873
Loans received	14	-	1 740 000
Repayment of loans received	14	-	(1 940 000)
Repayment of interest on loans received	14	-	(15 977)
Bonds issued	13	30 000 000	13 318 000
Transaction costs related to bonds issue	13	(360 031)	-
Repayment of bonds principal	13	(1 208 408)	(3 348 598)
Repayment of bonds interest	13	(35 345)	(48 117)
Net cash flows from financing activities		**57 271 215**	**13 335 398**
Net change in cash and cash equivalents		**26 047 277**	**381 795**
Cash and cash equivalents at the beginning of the year		**416 640**	**34 845**
Effects of foreign exchange rate changes		-	-
Cash and cash equivalents at the end of the year		**26 463 917**	**416 640**

Financial statements signed by electronic signature:

Managing director *Vilma Tvaronavičienė*

Company's manager *Tomas Milašauskas*

Company representative in charge of accounting *Virginija Skirmantė*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital	Share premium	Legal reserve	Retained earning	Total
Balance as at 1 January 2020	**2 500**	**-**	**250**	**3 206 035**	**3 208 785**
Contributions and redemptions by holders of redeemable shares:					
- Issue of redeemable shares	20 821 123	1 153 873	-	-	**21 974 996**
- Redemption of redeemable shares	-	-	-	-	**-**
Total contributions and redemptions by holders of redeemable shares	**20 821 123**	**1 153 873**	-	-	**21 974 996**
Profit for the period	-	-	-	5 299 548	**5 299 548**
Other comprehensive income for the period	-	-	-	-	**-**
Balance as at 31 December 2020	**20 823 623**	**1 153 873**	**250**	**8 505 583**	**30 483 329**
Contributions and redemptions by holders of redeemable shares:					
- Issue of redeemable shares	19 239 103	9 635 895	-	-	**28 874 998**
- Redemption of redeemable shares	-	-	-	-	**-**
Total contributions and redemptions by holders of redeemable shares	**19 239 103**	**9 635 895**	**-**	**-**	**28 874 998**
Profit for the period	-	-	-	5 654 848	**5 654 848**
Other comprehensive income for the period	-	-	-	-	**-**
Transfers to legal reserve	-	-	124 058	(124 058)	**-**
Balance as at December 2021	**40 062 726**	**10 789 768**	**124 308**	**14 036 373**	**65 013 175**

Financial statements signed by electronic signature:

Managing director *Vilma Tvaronavičienė*

Company's manager *Tomas Milašauskas*

Company representative in charge of accounting *Virginija Skirmantė*

EXPLANATORY NOTE

I. GENERAL

These consolidated financial statements of UAB Atsinaujinančios energetikos investicijos (hereinafter – the Company) and its subsidiary as at and for the year ended on 31 December 2021 were authorised for issue by the chief executive officer / member of the management board.

UAB Atsinaujinančios energetikos investicijos was registered in the Register of Companies at Lvivo g. 25, Vilnius on 15 March 2016. The Company has its registered office at Jogailos g. 4, Vilnius. The company specializes in renewable energy infrastructure objects and related assets such as development of new renewable energy production sources. As investments to the renewables sector have shown an extensive growth potential the decision was made to transform the Company into a separate closed-end collective investment entity to provide investors an instrument to invest directly into renewable energy sector. Based on the decision of the Supervision Service of the Bank of Lithuania dated 14 December 2020, the Company was reorganised into UAB Atsinaujinančios energetikos investicijos, a closed-end investment company for informed investors (hereinafter – AEI), after the Supervision Service of the Bank of Lithuania had approved the Articles of Association of the Company. The Company started to operate as a closed-end investment company on 16 December 2020. The Company's data are accumulated and stored at the state enterprise Centre of Registers. The Company shall operate until 5 February 2026 with a possibility of extending the operation period for additional 2 years, upon which, the Company shall redeem the shares issues from its investors.

AEI is a limited liability private legal person having its economic and commercial, financial and organisational independence. The Company is held liable for its liabilities only to the extent of its assets.

The objective of the AEI is, by offering its shares, to collectively invest the collected funds in renewable energy infrastructure objects and related assets such as renewable energy sources, energy efficiency projects, energy resources distribution and transmission networks and their storage facilities, etc. and seek to earn profit for its Shareholders. The redemption of the Company's shares shall be restricted up until the end of the Company's investment activities on 5 February 2026 or 5 February 2028 if the operation period shall be extended for an additional 2 years.

As at 31 December 2021, the authorised capital of the AEI amounted to EUR 40 062 726 (as at 31 December 2020 – EUR 20 823 623). As at 31 December 2021, the authorised capital was divided into 40 062 726 ordinary registered shares (as at 31 December 2020 – 21 164 687) with the par value of EUR 1 each. As at 31 December 2021, the AEI share capital is fully paid and share premium made up EUR 10 789 768, whereas as at 31 December 2020, subscribed but unpaid share capital amounted to EUR 341 064 and share premium made up EUR 1 153 873. AEI does not have its own shares.

These consolidated financial statements includes two consolidating entities of the group AEI and UAB JTPG. The financial statements of UAB JTPG do not have material impact on the consolidated statements, since the investment activities are performed by AEI and UAB JTPG is limited to the provision of management and consulting services. For this reason, in these consolidated financial statement the Company's and Group's definitions both are used to refer to the consolidated group activities and financial data, jointly AEI and UAB JTPG .

As at 31 December 2021, 31 December 2020, and 1 January 2020 the Company controlled the following subsidiaries:

Subsidiary	Date of acquisition	Ownership, %
Energy Solar Projekty Sp. z. o. o.	2018-11-09	100%
PV Energy Sp. z. o. o.	2020-09-01	100%
UAB JTPG	2020-12-23	100%
UAB Ekoelektra	2021-04-21	100%

I. GENERAL (Continued)

As at 31 December 2021, 31 December 2020, and 1 January 2020 the fair value of the Company subsidiaries shares was:

Subsidiary	As at 31 December 2021		As at 31 December 2020		As at 1 January 2020	
	Number of shares	Fair value of shares	Number of shares	Fair value of shares	Number of shares	Fair value of shares
Energy Solar Projekty Sp. z. o.o.	100	8 858 672	100	8 567 406	100	5 735 108
PV Energy Sp. z. o.o.	2 500	5 990 793	2 500	1	-	-
UAB Ekoelektra	100	1	-	-	-	-

The subsidiary JTPG, UAB provides management and consulting services to the Company, therefore its' financial results are consolidated in these financial statements (refer to Note 2). The controlled number of shares of JTPG, UAB are provided below:

Subsidiary	As at 31 December 2021		As at 31 December 2020		As at 1 January 2020	
	Number of shares	Value of shares	Number of shares	Value of shares	Number of shares	Value of shares
UAB JTPG	2 500	2 500	2 500	2 500	-	-

The principal place of business of the subsidiaries Energy Solar Projekty Sp. z. o. o. and PV Energy Sp. z. o. o. are in Poland, where the companies specialize in the production of energy from renewable energy resources.

UAB JTPG and UAB Ekoelektra operate in Lithuania, with later being the newly established entity, which shall also specialize in the production of the renewable energy resources in Lithuania, whereas UAB JTPG provides management services for the Company.

As at 31 December 2021, 31 December 2020, and 01 January 2020 the Company had the following associates:

Associate	Date of acquisition	Ownership, %
UAB Saulės energijos projektai	2016-06-15	30%
UAB Žaliosios Investicijos	2021-09-16	25%

As at 31 December 2021, 31 December 2020, and 01 January 2020 the fair value of the Company associate's shares was:

Associate	As at 31 December 2021		As at 31 December 2020		As at 1 January 2020	
	Number of shares	Fair value of shares	Number of shares	Fair value of shares	Number of shares	Fair value of shares
UAB Saulės energijos projektai	9 180	998 019	9 180	1 315 618	9 180	1 485 000
UAB Žaliosios investicijos	625	1	-	-	-	-

UAB Saulės energijos projektai and UAB Žaliosios investicijos operates in Lithuania and specializes in the production of energy from renewable energy resources in Lithuania.

The Company's financial year coincides with the calendar year.

The Company is managed by UAB LORDS LB Asset Management (hereinafter – the Management Company), set up and registered on 8 September 2008, company code 301849625, having its registered office at: Jogailos g. 4, Vilnius, Lithuania. Data on the Management Company are accumulated and stored in the Register of Legal Entities of the Republic of Lithuania.

I. GENERAL (Continued)

By the decision of the Securities Commission of the Republic of Lithuania of 23 December 2008, UAB LORDS LB Asset Management was issued Licence No. VĮK – 016 to engage in the activities of management companies operating under the Law on Collective Investment Undertakings of the Republic of Lithuania. By Decision No. 03-201 of the Board of the Bank of Lithuania dated 5 December 2013 the management company's Licence No. VĮK – 016 was expanded and it was granted the right to manage collective investment undertakings established under the Law on Collective Investment Undertakings Intended for Informed Investors of the Republic of Lithuania. On 23 June 2015, the Management Company was issued Licence No. 1 to engage in the activities of the management company operating under the Law on Management Companies of Collective Investment Undertakings Intended for Qualified Investors.

As at 31 December 2021 JTPG, UAB which provides management and consulting services to the Company had 6 employees (as at 31 December 2020 – 3 employees).

The Depository of the Company is AB SEB bankas, company code 112021238, registered office address: Konstitucijos pr. 24, Vilnius, Lithuania.

The audit company of the Company is UAB KPMG Baltics, legal entity code 111494971, registered office address: Lvivo g. 101, Vilnius, Lithuania.

Investments of the Company

The objective of the Company is to earn a return for the Company's investors on investment in renewable energy infrastructure objects and related assets. Renewable energy infrastructure objects and related assets include renewable energy powerplants, energy efficiency projects, energy resource distribution and transmission networks and their storage facilities, etc.

By investing in infrastructure objects and related assets, the Company acquires equity and non-equity securities, which may also include convertible bonds, movable and immovable properties.

The Company's temporarily available funds may be invested into: (1) EU government bonds with a maturity not exceeding 3 years, liquid and with an investment rating (by S&P or alternative certified rating agency), (2) deposits held in EU credit institutions with a maturity not exceeding 1 year.

The Company may conclude derivative financial instrument transactions only for the purposes of risk management, thus seeking to hedge the Company's portfolio against potential adverse market changes.

II. ACCOUNTING POLICY

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. Investment entity and principles of preparation of financial statements

Investment entity

Investors of the Company hold equity securities issued by the Company which are ordinary registered shares. The Company's management concludes that the Company is an investment entity, regardless of its legal status, i.e., a limited liability company up until 16 December 2020 or closed-end company since 16 December 2020 up until the date of these financial statements, as it has three main components of the definition of an investment entity:

- Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services (investment services condition);
- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both (business purpose condition);
- Measures and evaluates the performance of substantially all its investments on a fair value basis (fair value condition).

Management has assessed that it complies with investment services condition as the Company's solely goal is to collect pool of funds from different investors and to provide returns from capital appreciation.

Subsidiaries

The Company has two types of subsidiaries. One type of subsidiary is a controlled subsidiary (hereinafter referred to as unconsolidated subsidiary). Unconsolidated subsidiaries are measured at fair value through profit or loss and are not consolidated in accordance with IFRS 10. Change of fair value of investment in a controlled subsidiary is recognized in statement of profit or loss, the value is determined consistently with the fair value measurement principles as described in the accounting policy paragraph 12.

Second type of subsidiaries provide investment related services (investment advisory services, investment management services) to investors and third parties (hereinafter referred to as consolidated subsidiary). They themselves are not investment subjects. In assessing whether it meets the definition of an investment entity, the Company assesses whether the provision of services to third parties is a secondary activity in relation to its main investment activity. Subsidiaries that provide services related to the Company's investment activities are consolidated.

Associates

Associates are described as entities in which the Company has significant influence, but not control or joint control. Investments in associates that are part of the Company's investment portfolio are measured at fair value through profit or loss, regardless of the Company having a significant influence on such entities.

Principles of preparation of financial statements

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU). These financial statements of the Company have been prepared in accordance with all effective requirements of IFRS as at 31 December 2021.

For all the periods up to the period ended 31 December 2021, the Company prepared its financial statements in accordance with Business Accounting Standards (BAS) of the Republic of Lithuania. These financial statements for the period ended 31 December 2021 are the first the Company has prepared in accordance with IFRS, as adopted by the European Union (EU). Refer to Note 1 for information on how the Company has adopted IFRS.

II. ACCOUNTING POLICY (Continued)

1. Investment entity and principles of preparation of financial statements (Continued)

The Company's financial books and records are maintained separately from those of the Management Company according to the approved chart of accounts. The Company complies with the Law on Collective Investment Undertakings Intended for Informed Investors of the Republic of Lithuania (LCIUII).

The financial statements are prepared based on the going concern principle and the assumption of continued operations in the near future. According to the Company's Prospectus and Articles of Association, the Company will operate until 5 February 2026 with the possibility of extending its activities for another 2 years.

The values of the Company's assets and liabilities, as well as all amounts shown in the financial statements are presented in the national currency of the Republic of Lithuania – euros. Transactions denominated in foreign currencies are translated at the official exchange rate of the Bank of Lithuania valid at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of assets and liabilities denominated in foreign currencies are recognized in the income statement. Such balances are translated at the exchange rate at the end of the reporting period.

2. Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2021 (hereinafter – the Group). The consolidated financial statements only include financial statements of subsidiary that is not an investment entity and whose main purpose and activities are providing services that relate to the investment entity's investment activities. First consolidated financial statements of the Group are prepared for the financial period ended 31 December 2021 with comparatives for the financial year ended 31 December 2020.

The Company is considered to have control when:
- Has the power to manage the investee;
- Is entitled to a variable return on investment; and
- Has the power to affect return on investment.

The Company reassesses whether it controls an investee if the facts and circumstances indicate a change in one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company acquires control of the subsidiary and ends when the Company loses control of the subsidiary. The results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date on which the Company obtains control until the date that the Company ceases to control the subsidiary.

Where necessary, the financial statements of subsidiaries are adjusted to ensure consistency with the policies adopted by the Group.

All the Group's assets and liabilities, equity, income, expenses, and cash flows related to transactions between Group members are eliminated on consolidation.

Changes in the Group's share in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group and minority interests are adjusted to reflect changes in their relative interests in subsidiaries. Any difference between the amount by which the minority interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Group.

When the Group loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between (i) the fair value of the consideration received and the Group's interest in the entity after the transaction and (ii) the previous carrying amount of assets (including goodwill) minus the liabilities of the subsidiary and minority interests. All amounts previously recognized in other comprehensive income relating to a subsidiary are accounted for as if the Group had directly transferred the related asset or liability of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as required / permitted by applicable IFRS). Any investment retained in a former subsidiary after the transfer of ownership of the subsidiary is carried at fair value on initial recognition in accordance with IFRS 9 Financial Instruments, or at cost of an associate.

II. ACCOUNTING POLICY (Continued)

2. Principles of consolidation (Continued)

IFRS 10 sets out principles of consolidation for investment entities. In its consolidated financial statements, an investment entity shall:

- consolidate any subsidiary that is not an investment entity and whose main purpose and activities are providing services that relate to the investment entity's investment activities and apply the requirements of IFRS 3 to the acquisition of any such subsidiary; and
- measure all other investments in a subsidiary at fair value through profit or loss in accordance with IFRS 9.

3. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Assets acquired and arising liabilities at the acquisition date are recognized at fair value, except for:

- Deferred tax assets or liabilities arising from the assets acquired and liabilities assumed in a business combination is measured and recognized in accordance with IAS 12 "Income taxes";
- Liabilities (or assets, if any) related to the acquiree's employee benefit arrangements is measured and recognized in accordance with IAS 19 "Employee benefits";
- Liabilities or equity instruments related to payments for the acquiree's shares or payments for shares made to replace the acquiree's share-based payments are measured in accordance with IFRS 2 "Share-based Payment" at the time of acquisition;
- Assets that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Such assets are measured in accordance with IFRS 5.

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Goodwill is not amortized but it is reviewed for impairment at least annually. For the impairment testing, goodwill is allocated to each cash-generating unit (or group of cash-generating units) of the Company. Cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of a cash-generating unit is less than it carrying amount, the impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the unit and then to other assets in proportion to its carrying amount. Impairment losses on goodwill are not reversed in a subsequent period. When a cash-generating unit is sold, the amount of goodwill allocated is included in determining the gain or loss on sale.

II. ACCOUNTING POLICY (Continued)

3. Business combinations and goodwill (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group presents preliminary amounts for items for which the accounting is incomplete. These provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognized to reflect new information received about facts and circumstances that existed at the acquisition date that would have affected the amounts recognized at the acquisition date.

4. Income recognition

The Group's financial income include interest income and the positive impact of changes of financial assets at fair value through profit or loss.

Interest income is recognized when it is probable that the economic benefits associated with the item will flow to the Group and the amount of the income can be measured reliably. Interest income is accrued over the period, taking into account the outstanding portion and the applicable effective interest rate, which accurately discounts the estimated future cash inflows over the estimated useful life of the financial asset to its net carrying amount

5. Expense recognition

Expenses are decreases in assets, or increases in liabilities, that result in decreases in equity, other than those relating to distributions to holders of equity claims, which are recognized on an accrual principle in the accounting period in which the related revenue is earned, regardless of when the cash is disbursed. The cost is usually estimated by the amount of money paid or payable, excluding VAT. In cases where a long (over 1 year) settlement period and interest are not allocated, the cost is estimated by discounting the settlement amount at the market interest rate.

The Company’s Management Fee, Depository service fees, auditors’ fees, Company’s incorporation (business structuring) costs, investment object acquisition, management and sale costs, costs of financial institutions, remuneration to the Company’s property valuators, Company’s accounting, fees of NAV calculation and share value determination services, currency exchange fees, costs of hedging with currency exchange and interest rate swaps, litigation costs, costs related to loans obtained on behalf of the Company exceeding income from loans granted on behalf of the Company to its SPV, fees for the management of the Company’s securities and other accounts, fees for the safekeeping of the Company’s securities, fees for the management of the Shareholders’ personal securities accounts, costs of execution, registration and deregistration of security instruments, costs of enforced recovery, state and municipal fees and charges, costs of preparation, translation and presentation of information on the Company, costs of preparation and revision of the Articles of Association, the Prospectus and the Key Investor Information Document, consultancy costs, notary fees, costs of registration and legal services, costs of insurance for the persons of the Management Company responsible for the Company’s activities, costs incurred by the Investment Committee in connection with the Company’s activities, and the Company’s presentation costs shall be covered from the Company’s assets.

The Management Fee is the remuneration paid to the Management Company for the management of the Company’s assets, which is calculated under the following procedure:

- from the start of the Company’s activities until the expiry of the Investment Period – 1.5 % on the amount of Commitments given by all the Investors to the Company under the Investment Agreements. The Management Fee shall be paid to the Management Company pro rata to the amount of all the Commitments given to the Company;
- upon the expiry of the Investment Period, the Management Fee is calculated on the actual amount invested by the Shareholders in the Company.

The Articles of Association of the Company provide for the Success Fee to the Management Company which depends on the Company’s net return on investment for the entire life period. When the 8 % hurdle rate is exceeded, the Success Fee is accounted for on the accrual basis.

All deductions to the Management entity and the depository are recognized on accrual basis.

II. ACCOUNTING POLICY (Continued)

6. Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably.

7. Income tax

The calculation of income tax is based on the annual profit, considering the deferred income tax. Income tax is calculated in accordance with the requirements of the tax laws of the Republic of Lithuania.

The corporate income tax rate applicable to companies of the Republic of Lithuania is 15%.

Tax losses may be carried forward for an indefinite period, except for losses arising from the transfer of securities and / or derivatives. Such a transfer is terminated if the Company ceases to carry on the activities that caused the loss unless the Company ceases to carry on the activities for reasons beyond its control. Losses from the transfer of securities and / or derivatives can be carried forward for 5 years and covered only from the profit of the same type of transactions. The amount of deductible tax losses carried forward may not exceed 70% of the amount of taxable profit for the reporting year.

Deferred tax is provided using the balance sheet liability method. Deferred tax reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax assets are recognized in the statement of financial position to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. If it is probable that part of the deferred tax will not be realized, this part of the deferred tax is not recognized in the financial statements.

Based on the provisions of the Law on Corporate Income Tax of the Republic of Lithuania, income of collective investment undertakings is non-taxable, and expenses are non-deductible accordingly.

8. Issued capital

The Company classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

Some financial instruments include a contractual obligation for the issuing entity to deliver to another entity a pro rata share of its net assets only on liquidation based on the IAS 32. The obligation arises because liquidation either is certain to occur and outside the control of the entity (for example, a limited life entity) or is uncertain to occur but is at the option of the instrument holder. As an exception to the definition of a financial liability, an instrument that includes such an obligation is classified as an equity instrument if it has all the following features:

a) It entitles the holder to a pro rata share of the entity's net assets in the event of the entity's liquidation. The entity's net assets are those assets that remain after deducting all other claims on its assets. A pro rata share is determined by:
    - dividing the net assets of the entity on liquidation into units of equal amount; and
    - multiplying that amount by the number of the units held by the financial instrument holder.
b) The instrument is in the class of instruments that is subordinate to all other classes of instruments. To be in such a class the instrument:
    - has no priority over other claims to the assets of the entity on liquidation, and
    - does not need to be converted into another instrument before it is in the class of instruments that is subordinate to all other classes of instruments.

II. ACCOUNTING POLICY (Continued)

8. Issued capital (Continued)

c) All financial instruments in the class of instruments that is subordinate to all other classes of instruments must have an identical contractual obligation for the issuing entity to deliver a pro rata share of its net assets on liquidation.

Respectively, the Company's operating period is until 5 February 2026 which may be prolonged for additional 2 years. Upon liquidation of the Company, firstly payments by the obligations to the Company's creditors are made, and after deductions are made, the net assets are distributed to the Shareholders. Net assets are distributed equally and by the same conditions to all Shareholders by redeeming the Company's issued shares. The Company's net assets are divided proportionately, by multiplying by the number of shares held by the Shareholder, to the shareholding of each investor.

Further, for an instrument to be classified as an equity instrument, in addition to the instrument having all the above features, the issuer must have no other financial instrument or contract that has:

a) total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the entity (excluding any effects of such instrument or contract) and
b) the effect of substantially restricting or fixing the residual return to the instrument holders.

For the purposes of applying this condition, the Company shall not consider non-financial contracts with a holder of an instrument described in paragraphs above that have contractual terms and conditions that are like the contractual terms and conditions of an equivalent contract that might occur between a non-instrument holder and the issuing entity. If the entity cannot determine that this condition is met, it shall not classify the instrument as an equity instrument.

Respectively, the Company does not hold any other instruments that would meet the criteria described above, as the Company only issued equal shares which shall be redeemed upon the liquidation. Redemption of the shares does not have any restrictions as all the remaining funds shall be distributed to the Shareholders by principles applied in the paragraphs above. Finally, no other side contracts, beside the share purchase agreements exist between the Company and the Shareholders.

The Company's shares meet the conditions listed above and all the shares are classified as equity, since all amount of the equity is subject to repurchase that entity will make in the future – carrying amount attributable to single class of owners.

The redemption of the Company's shares is restricted. During the period of operation of the Company, the shares of the Company are held by the Shareholders and will not be redeemed on demand. The shares will be redeemable at the Company's general meeting of Shareholders by the decision of the meeting in proportion to all Shareholders. The Company's shares are also redeemed during the Company's liquidation procedure.

The Company's shares may be redeemed during the Company's operations if:

- The Company has free funds that it does not intend to invest in.
- The decision of the General Meeting of Shareholders to reduce the issued capital of the Company and to pay out funds to the Shareholders or the Company to acquire its own shares.

Upon payment of the Company's funds to the Shareholders, the Company's funds are paid to the Shareholders in accordance with the procedure for reduction of the issued. After the reduction of issued capital Shareholders are paid an amount proportional to the par value of their shares.

When the liquidation of the Company is carried out, the shares shall be redeemed by distribution during the liquidation procedure Company's assets remaining after settlement with the Company's creditors to the Shareholders. The distribution of assets is performed by liquidator of the Company, who may be appointed as the management Company.

II. ACCOUNTING POLICY (Continued)

8. Issued capital (Continued)

In order to pay free funds to the Shareholders during the period of operation of the Company, in accordance with the relevant resolution of the General Meeting of Shareholders, in accordance with the procedure, the Company may arrange and carry out the acquisition of its own shares from the Shareholders.

The total nominal value of the acquired shares together with the nominal value of shares already held may not be greater than 1/10 of the issued capital. The Company ensures equal opportunities for all Shareholders to transfer to the Company of shares. The maximum and minimum purchase price of the shares, considering the last calculated NAV is determined by the General Meeting of Shareholders. The term within which the Company may acquire own Shares may not exceed 12 months. Resolution of the General Meeting of Shareholders regarding the acquisition of shares may be cancelled by another decision of the General Meeting of Shareholders, if the market special circumstances arise, such as the economic crisis, the deterioration of the Company's operating conditions, geopolitical shocks etc.

Current amount of equity represents fair value of the financial instruments which would be considered as expected cash outflow on redemption or repurchase of financial instruments. The value of the financial instruments is determined by incorporation of fair value of investment instruments where discounted cash flow valuation techniques are used.

9. Financial assets

Initial recognition and measurement

Financial assets are recognized into accounting records when the Company grants or acquires the right to receive cash or other financial assets. Planned transactions, guarantees and warranties obtained are not recognised as the Company's assets until they comply with the definition of financial assets. The Company initially recognises regular-way transactions in financial assets at FVTPL on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. Other financial assets are recognised on the date on which they are originated.

Financial assets are classified into the following specified categories: financial asset at amortised cost, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss.

After initial recognition, financial assets are classified into the afore-mentioned categories based on the business model the Company applies when managing its financial assets. The business model applied to the group of financial assets is determined at a level that reflects how all groups of financial assets are managed together to achieve a particular business objective of the Company The intentions of the Company's management regarding separate instruments have no effect on the applied business model. The Group may apply more than one business model to manage its financial assets.

The business model for managing financial assets is a matter of fact and not merely an assertion. It is typically observable through the activities that the Company undertakes to achieve the objective of the business model. In determining the business model applicable for managing financial assets, the Company justifies its decision not by a single factor or activity, but in view of all relevant evidence that is available at the date of the assessment.

The Company recognises a financial asset in its statement of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument. The purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting.

At initial recognition, the Company measures financial assets at fair value, except for trade receivables that do not have a significant financing component. At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

II. ACCOUNTING POLICY (Continued)

9. Financial assets (Continued)

Transaction costs comprise all charges and commission that the Company would not have paid if it had not entered into an agreement on the financial instrument. If the fair value of the financial asset at initial recognition differs from the transaction price, the difference is recognised in profit or loss.

Subsequent measurement

For the purpose of financial measurement financial assets are classified into the following categories:
- financial assets at amortised cost;
- financial assets at fair value through profit or loss;
- financial assets at fair value through comprehensive income.

<u>Financial assets measured at amortised cost</u>

The Company measures financial assets at amortised cost if both of the following conditions are met:
a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

As the business model for the Company‘s other financial assets (except investments assets measured at fair value through profit and loss (next section)) is held to collect contractual cash flows and they are solely payments of principal and interest, other financial assets are measured at amortised cost. They comprised trade and other receivables, cash, and cash equivalents.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is calculated using the effective interest rate method and presented as “other income” in the statement of comprehensive income. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the statement of comprehensive income.

<u>Financial assets measured at fair value through profit and loss</u>

The Company has three main components of the definition of an investment entity, therefore is an investment entity since it was established and according to the IFRS 10 measures and evaluates the performance of substantially all its investments on a fair value basis (fair value condition).

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. The mandatory classification includes:
- financial assets that are held in a business model other than held to collect contractual cash flows, including those, that are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term;
- financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

II. ACCOUNTING POLICY (Continued)

9. Financial assets (Continued)

The Company's solely goal is to collect pool of funds from different investors and to provide returns from capital appreciation. The business model of the Company is to manage investment into subsidiaries together with loans granted to subsidiaries as one portfolio and evaluate their performance on a combined fair value basis. Therefore, the portfolio is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. Consequently, such portfolio of financial assets is measured at fair value through profit or loss.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

IFRS 13 sets out a list of valuation approaches and techniques that can be used in order to determine fair value of a financial instrument. Valuation approaches include market approach, income approach and combinations of approaches. Market approaches include valuations techniques like transaction price paid for an identical or a similar instrument of an investee and comparable company valuation multiples technique. Income approach includes valuation techniques like discounted cash flows method, dividend discount model, capitalisation model. An example of combination of approaches is adjusted net asset method.

As at 31 December 2021 and 31 December 2020, the Company has investments in equity and debt instruments of subsidiaries and associated that are recognized and subsequently measured at fair value. The fair value of investments is determined based on valuation reports prepared by independent assessor that uses income and asset approaches. As at 31 December 2021 and 31 December 2020, the Company also has other receivables that are measured at fair value which is determined using income approach and discounted cash flow valuation method.

Loans and receivables are classified as current assets unless they have a maturity of more than 12 months after the statement of financial position date. In the latter case, they are classified as non-current assets.

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. The term of such investments does not exceed three months and the risk of changes in value is very small. The carrying amount of this asset approximates its fair value.

Derecognition of financial assets

Financial assets are derecognised when:

- the rights to cash flows of the asset have expired;
- the Company has retained the right to the cash flows but has undertaken to pay the full amount to a third party under the assignment agreement within a short period of time;
- the Company has transferred its right to receive cash inflows from the assets or has transferred substantially all the risks and rewards of ownership of the financial assets or has neither transferred nor retained substantially all the risks and rewards of ownership but has transferred control of the assets.
-

When the Company transfers rights to the cash flows of an asset but neither transfers nor retains the risks and rewards of ownership of the asset and does not transfer control of the asset, the asset is recognized to the extent that the Company is still a party to the asset.

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit loss associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

II. ACCOUNTING POLICY (Continued)

Trade and other receivables are classified either to Stage 2 or Stage 3. The Company's cash and cash equivalents are held with well-established credit institutions with a low credit risk profile and classified in stage 1.

10. Financial liabilities

The Company recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract. All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at fair value through profit or loss) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost using the effective interest method. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The Company initially recognises regular-way transactions in financial liabilities at FVTPL on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. Other financial liabilities are recognised on the date on which they are originated.

The Company's financial liabilities include trade and other payables, bonds, loans, and other payables.

<u>Trade payables</u>

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Financial liabilities included in trade payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest-bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

<u>Borrowings</u>

Borrowings are recognised initially at fair value less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation is discharged or cancelled or expires. When one existing financial liability is replaced by another liability to the same lender but on different terms, or when the terms of an existing liability are substantially changed, such a change is treated as a termination of the original liability and the creation of a new liability. The difference between the respective carrying amounts is recognized in the income statement.

11. Methods and assumptions of asset and liability estimates, periodicity of investment revaluation

The financial statements include the fair value of the Company's assets at the end of the reporting period.

The fair value hierarchy based on IFRS 13 is used to determine fair value in a more consistent and comparable manner. All assets and liabilities whose fair value is determined or disclosed in the financial statements are classified according to a fair value hierarchy based on the significant lowest level data used to determine fair value:

- Level 1 – the same assets or liabilities quoted (unadjusted prices in active markets);
- Level 2 – valuation techniques that directly or indirectly monitor the lowest level inputs that are significant in determining fair value;
- Level 3 – valuation techniques that do not observe the lowest level inputs that are significant in determining fair value.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

II. ACCOUNTING POLICY (Continued)

11. Methods and assumptions of asset and liability estimates, periodicity of investment revaluation (continued)

As at 31 December 2021 and 31 December 2020 the carrying amount of the Company's assets and liabilities is close to their fair value – Level 3 valuation methodology.

Investments in equity and debt instruments that are not traded on trading venues are valued based on the valuation carried out by an independent business valuator entitled to practice this activity. Equity and debt instruments that are not traded on trading venues are valued at least once per year provided that no material economic changes that require a new valuation have occurred.

The fair value of cash and cash equivalents in credit institutions is equal to their nominal value.

Methods, process, and inputs for valuation of financial assets

Fair value of the Company's financial assets is determined based on the valuation reports submitted by the independent business assessor who has the right to carry out a valuation and meets the criteria laid down in the Company’s incorporation documents.

The fair value of the Company's investments in equity and debts instruments is measured by an aggregated basis. Fair value measurement when an investment entity holds both debt and equity shares in investee – the Company is an investment entity as defined in IFRS 10. Among other investments, it holds both a controlling interest in equity shares and a debt instrument issued by the subsidiaries. From a business strategy perspective, and in a manner consistent with standard practice in its industry, The Company evaluates the performance of its investments in subsidiaries and makes acquisition and disposal decisions on an aggregate basis rather than by considering the shares and debt separately. When it holds both a controlling interest in the shares of a subsidiary and debt issued by that subsidiary, the Company rarely, if ever, disposes of one instrument without also disposing of the other as this ensures that its return on investment is maximised. Neither the debt nor the equity shares are traded in an active market.

In the specific circumstances described above (subsidiary interest and debt), measuring the interest in shares and debt as a single unit of measurement would be appropriate. Such a transaction might involve Companying assets in a way in which market participants would enter a transaction, if the unit of account in other IFRS does not prohibit that Companying. Because IFRS 9 does not specifically prohibit measurement of the instruments on an aggregate basis, it is appropriate to consider how fair value would be maximised. In the circumstances described, this may be through disposal of all the Company's interests in subsidiaries if this is how market participants would transact.

Since the Company measures the fair value of its investments in a subsidiary on an aggregated basis, aggregated fair value is allocated to the individual financial instruments. The allocation of the aggregated fair value of the subsidiary is allocated to the entity's investments in equity and debt instruments issued by the subsidiary in the following manner:

- Independent assessors that prepare valuation reports based on which fair value of investments is determined calculate market value of the business. Methods that are used to determine market value of subsidiaries and associates of the Company are as follows:
  - Income Approach;
  - Asset-Based Approach.

Valuation method of income approach means determining the value of a company, or any part thereof, or a security, applying one or more ways, under which the value is determined considering the future assets or future financial flows.

- As at 31 December 2021, valuation method of income-based approach is used in order to determine market value of associate UAB Saulės energijos projektai, and valuation method of asset-based approach is used in order to determine market value of subsidiaries Energy Solar Projekty Sp. z. o. o. and PV Energy Sp. z. o. o. Valuation assumptions and sensitivity analysis for investments of the Company is further disclosed in the Note 3 of the Notes to Consolidated Interim Financial Statements.
- The Company's subsidiaries Energy Solar Projekty Sp. z. o. o. and PV Energy Sp. z. o. o. are both holding companies that have subsidiaries themselves, therefore key components of the value of the Company's subsidiaries are assets. In order to determine fair value of the Company‘s investments in subsidiaries combination of asset approaches are used, as the value of a business derives from its assets rather than its operations.

II. ACCOUNTING POLICY (Continued)

11. Methods and assumptions of asset and liability estimates, periodicity of investment revaluation (continued)

- The Company's associate UAB Saulės energijos projektai generates the cash flows from its main activities, therefore the independent assessor performs the valuation using income-based approach and Discounted Cash Flow (DCF) method. DCF method is based on present value calculations of expected cash flows projected over a specific period and including terminal value (residual value). Independent assessor determines the type of cash flow, a time horizon, assumptions for the projections and an appropriate discount rate.

Input information that is used to determine fair value of the Company‘s investments in subsidiaries and associate include financial data and financial statements of the companies, budget of associate UAB Saulės energijos projektai for year 2021, financial models of subsidiaries Energy Solar Projekty Sp. z. o. o. and PV Energy Sp. z. o. o. and other information.

12. Significant accounting estimates and judgments

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make certain assumptions and estimates that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of uncertainties. Future events may change the assumptions used in making the estimates. The effect of changes in such estimates will be recognized in the financial statements when determined.

Management has assessed that the Company has three main components of the definition of an investment entity, therefore is an investment entity since it was established, regardless of its legal status. Based on the Management's judgement, the Company:

- Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services (investment services condition);
- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both (business purpose condition);
- Measures and evaluates the performance of substantially all its investments on a fair value basis (fair value condition).

Management has assessed that it complies with investment services condition as the Company’s solely goal is to collect pool of funds from different investors and to provide returns from capital appreciation.

Management has assessed that it complies with business purpose condition as the Company's solely goal is to collect pool of funds from different investors and to provide returns from capital appreciation. Before the Company became a closed-end investment entity, investors invested in the Company through the Company's sole Shareholder, which then provided collected funds to the Company via share capital or lending commitments. As mentioned in the General part I, as investments to the renewables sector have shown an extensive growth potential the decision was made to transform the Company into a separate closed-end collective investment entity to provide investors an instrument to invest directly into renewable energy sector. As a closed-end investment entity, the Company has a prospectus which provides details about shares (most important aspect – net asset value per share) offering to the public. In addition, investment company distributes annual and quarterly reports to its investors, which contains information such as:

- Investment company data (net asset value, net asset value per share, net internal rate of return calculated from the start of fund, number of investors, etc.);
- Key events of the period – mainly containing activities such as new investments, possible investing opportunities;
- Company‘s investments;
- Other information.

Management has assessed that it complies with fair value condition since the Company was established, regardless of its legal status, as the fair value of the Company's investments is assessed twice a year by reputable external business appraiser and the Company also provides annual and quarterly reports to its investors and to the Bank of Lithuania which contains fair value information of all investments made by the Company.

II. ACCOUNTING POLICY (Continued)

12. Significant accounting estimates and judgments (Continued)

Additionally, The Company's net assets are calculated in accordance with the NAV calculation methodology approved by the Bank of Lithuania and the Management Company's NAV calculation procedures. The Company's Articles of Association stipulate that the fair value of assets and liabilities is determined based on market-monitored transactions or market information. In the absence of observable market transactions and market information related to assets and liabilities, fair value is determined using valuation techniques.

The determination of fair value in all cases pursues the same objective, which is to calculate the amount for which a counterparty may sell assets or services or transfer a liability to each other under normal market conditions at the measurement date.

Term of operation of the Company is specified in the prospectus as 5 years with the possibility of extension for 2 additional years. Before maturity all investments will be disposed as the Company will seize to exist. Therefore, this confirms that the Company does not plan to hold its investments indefinitely.

Assumptions that were used to measure the Company's investments in subsidiaries and associates at fair value are presented in Note 3. The fair value of the Company's investments was determined based on valuation reports prepared by an independent appraiser.

It is an accounting estimate made based on significant judgement by the Management of the Company. The Company carefully monitors the market interest rates, therefore fixed interest rates that are determined in the bond and loan agreements the Company has concluded with its subsidiaries, associates or external / third parties are set considering the interests rates that are applicable in the market at the time of undertaking the liability.

Assumptions regarding application requirements of IFRS 16 were made. The Company has assessed contracts in accordance with requirements of IFRS 16 and concluded that contracts are not and does not contain lease, therefore has not recognized right-of-use assets and lease liabilities. The Company has a contract on reimbursement of costs signed with the management company based on which it compensates office maintenance costs in order to have available workspaces for its employees in the office of the management company. The Company compensates such costs as rent, electricity, cleaning and other utility costs incurred in relation to maintaining workplaces in the office. As the contract does not specify granting the right to control use of the asset and does not specify period, the Company concludes that contract does not comply to definition of a lease. Reimbursable costs are recognized as office maintenance expenses in statement of profit or loss.

13. Application of new and revised International Financial Reporting Standards

Standards issued but not yet effective and not early adopted

The following standards, amendments and interpretations are not yet applied for the reporting periods ending in of 31st of December 2021 and are not relevant to the preparation of these financial statements. The following are standards that may be relevant to the Company. The Company does not plan in advance to apply the amendments and clarifications to the standards listed below.

The following amendments are not expected to have a significant impact on the Company's financial statements.

<u>IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)</u>

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted. However, in response to the Covid-19 pandemic, the IASB has deferred the effective date by one year, i.e., 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current.

II. ACCOUNTING POLICY (Continued)

13. Application of new and revised International Financial Reporting Standards (Continued)

The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income, or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These Amendments have not yet been endorsed by the EU.

Management has estimated that the amendments will not affect the Company.

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

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

- IFRS 3 Business Combinations (Amendments) update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16 Property, Plant and Equipment (Amendments) prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
- Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

Management has estimated that the amendments will not affect the Company.

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

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

Management has estimated that the amendments will not affect the Company.

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It considers market interest rates, and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

II. ACCOUNTING POLICY (Continued)

13. Application of new and revised International Financial Reporting Standards (Continued)

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application. Management has assessed that the amendment will not have impact to the Company.

Management has estimated that the amendments will not affect the Company.

III. NOTES

1. First-time adoption of IFRS

These consolidated financial statements, for the financial period ended 31 December 2021, are the first the Company has prepared in accordance with IFRS. For the financial periods up to and including the financial year ended 31 December 2020, the Company prepared its financial statements in accordance with the Law on Accounting of the Republic of Lithuania, the Law on Financial Reporting by Undertakings of the Republic of Lithuania, and Business Accounting Standards of the Republic of Lithuania (Local GAAP).

Accordingly, the Company has prepared consolidated financial statements that comply with IFRS applicable as at 31 December 2021, together with the comparative period data for the financial year ended 31 December 2020. In preparing the consolidated financial statements, the Company's opening statement of financial position was prepared as at 1 January 2020, the Company's date of transition to IFRS. This note explains the principal adjustments made by the Company in restating its Local GAAP financial statements, including the statement of financial position as at 1 January 2020 and the financial statements as of, and for, the financial year ended 31 December 2020.

Reconciliation of financial position as at 1 January 2020 (date of transition to IFRS)

	Local GAAP	Adoption adjustments	IFRS
Assets			
Non-current assets			
Investment assets at fair value through profit or loss	37 118 504	5 733 911	42 852 415
Total non-current assets	**37 118 504**	**5 733 911**	**42 852 415**
Current assets			
Financial assets for sale	2	-	2
Contract assets	119 496	-	119 496
Cash and cash equivalents	34 845	-	34 845
Total current assets	**154 343**	**-**	**154 343**
Total assets	**37 272 847**	**5 733 911**	**43 006 758**
Equity and liabilities			
Equity			
Issued capital	2 500	-	2 500
Legal reserve	250	-	250
Retained earnings	(2 527 876)	5 733 911	3 206 035
Total equity	**(2 525 126)**	**5 733 911**	**3 208 785**
Non-current liabilities			
Loans received	567 977	-	567 977
Bonds issued	18 449 682	-	18 449 682
Total non-current liabilities	**19 017 659**	**-**	**19 017 659**
Current liabilities			
Bonds issued	20 569 288	-	20 569 288
Loans received	201 167	-	201 167
Trade and other payables	1 975	-	1 975
Payables to employees	7 885	-	7 885
Total current liabilities	**20 780 314**	**-**	**20 780 314**
Total liabilities	**39 797 973**	**-**	**39 797 973**
Total equity and liabilities	**37 272 847**	**5 733 911**	**43 006 758**

III. NOTES (Continued)

1. First-time adoption of IFRS (Continued)

Reconciliation of financial position as at 31 December 2020

	Local GAAP	Adoption adjustments	IFRS
Assets			
Non-current assets			
Investment assets at fair value through profit or loss	19 666 963	8 551 733	28 218 696
Other non-current receivables through profit and loss	2 725 625	-	2 725 625
Prepayments	25 000	-	25 000
Deferred tax assets	3	-	3
Total non-current assets	**22 417 591**	**8 551 733**	**30 969 324**
Current assets			
Other receivables	802 151	-	802 151
Contract assets	8 000	-	8 000
Cash and cash equivalents	416 640	-	416 640
Total current assets	**1 226 791**	**-**	**1 226 791**
Total assets	**23 644 382**	**8 551 733**	**32 196 115**
Equity and liabilities			
Equity			
Issued capital	20 823 623	-	20 823 623
Share premium	1 153 873	-	1 153 873
Legal reserve	250	-	250
Retained earnings	(46 150)	8 551 733	8 505 583
Total equity	**21 931 596**	**8 551 733**	**30 483 329**
Non-current liabilities			
Bonds issued	1 381 401	-	1 381 401
Loans received	278 092	-	278 092
Total non-current liabilities	**1 659 493**	**-**	**1 659 493**
Current liabilities			
Trade and other payables	49 518	-	49 518
Payables to employees	3 672	-	3 672
Current tax liabilities	103	-	103
Total current liabilities	**53 293**	**-**	**53 293**
Total liabilities	**1 712 786**	**-**	**1 712 786**
Total equity and liabilities	**23 644 382**	**8 551 733**	**32 196 115**

IFRS adoption adjustment in amount of EUR 5 733 911 in the reconciliation of financial position as at 1 January 2020 and in amount of EUR 8 551 733 in the reconciliation of financial position as at 31 December 2021 present the change in the fair value of the Company's investments in subsidiaries and associate and reflects the impact on the value of the Company's investments of going from measuring investments at 'acquisition cost', which is allowed by Local GAAP, to measuring investments at 'fair value through profit or loss', which is required by IFRS.

III. NOTES (Continued)

1. First-time adoption of IFRS (Continued)

Reconciliation of profit or loss and comprehensive income as at 31 December 2020

	Local GAAP	Adoption adjustments	IFRS
Income			
Net gain on financial assets at fair value through profit or loss	5 046 013	2 817 822	7 863 835
Interest income	11 667	-	11 667
Net gain from sale of investments	10 112	-	10 112
Other income	40 831	-	40 831
Dividend income	390 000	-	390 000
Gain from bargain purchase	99	-	99
Total net income	**5 498 722**	**2 817 822**	**8 316 544**
Expenses			
Administrative expenses	(182 669)	-	(182 669)
Total expenses	**(182 669)**	**-**	**(182 669)**
Operating profit	**5 316 053**	**2 817 822**	**8 133 875**
Finance costs			
Interest expenses	(2 834 046)	-	(2 834 046)
Foreign exchange loss	(9)	-	(9)
Total finance costs	**(2 834 055)**	**-**	**(2 834 055)**
Profit before tax	**2 481 998**	**2 817 822**	**5 299 820**
Income tax	(272)		(272)
Profit after tax	**2 481 726**	**2 817 822**	**5 299 548**
Other comprehensive income (loss)			
Items that may be reclassified to profit or loss	-	-	-
Items that will not be reclassified to profit or loss	-	-	-
Total comprehensive income (loss)	**2 481 726**	**2 817 822**	**5 299 548**

IFRS adoption adjustment in amount of EUR 2 817 822 in the reconciliation of profit or loss and comprehensive income for period ended 31 December 2020 present the change in the fair value of the Company's investments in subsidiaries and associate and reflects the impact on the value of the Company's investments of going from measuring investments at 'acquisition cost', which is allowed by Local GAAP, to measuring investments at 'fair value through profit or loss', which is required by IFRS.

2. Business combinations

On 23 of December 2020, the Company acquired 100% of the shares of JTPG, UAB from the previous owner. The sole purpose of the company acquired is to provide management and consulting services to the Company. The fair value of the net assets of the acquired companies at the acquisition date is given below:

	Fair value as at 23 December 2020
Cash consideration	2 500
Fair value of net assets	**2 599**
Gain from a bargain purchase	**(99)**

The acquisition price for the company acquired was lower than net asset value as at acquisition date, therefore it had resulted in an investment income.

III. NOTES (Continued)

2. Business combinations (continued)

Due to the fact that the amount of the cash consideration transferred was lower than the fair value of the net identifiable assets of the subsidiaries acquired the difference was recognised directly in profit or loss as a bargain purchase. The consolidated financial statements are prepared for the first time for the year 2020, therefore bargain purchase that had resulted in EUR 99 is recognized to consolidated statement of profit and loss for the financial year ended 31 December 2020.

The fair values of the assets of JTPG, UAB as at the date of acquisition were:

	Fair value as at 23 December 2020
Cash at bank	2 427
Deferred tax assets	172
Total	**2 599**

The assets acquired by the Company consist of cash and cash equivalents and deferred tax assets. The Company acquired had no commitments.

Profit or loss statement

The profit or loss of JTPG, UAB since the acquisition date until the year end of 2020, the profit or loss of JTPG, UAB for the full reporting year of 2020 and the combined profit or loss of JTPG, UAB and the Company for the full year of 2020 are presented in the table below:

	Combined entity*	JTPG, UAB standalone	
	Year 2020	Year 2020	Acquisition date to 31 December 2020
Total net income	8 323 226	6 682	3 341
Total expenses	(182 676)	(2 612)	(2 605)
Operating profit	**8 140 550**	**4 070**	**736**
Total finance costs	(2 834 055)	-	-
Profit before tax	**5 306 495**	**4 070**	**736**
Income tax	(110)	(110)	(272)
Profit after tax	**5 310 809**	**4 424**	**464**
Total comprehensive income (loss)	**5 315 697**	**4 888**	**464**

* the revenue and profit or loss of the combined entity for the current reporting period as though the acquisition date for business combination that occurred during the year had been as at the beginning of the annual reporting period.

III. NOTES (Continued)

3. Investment assets at fair value through profit or loss

The Company meets the definition of an investment entity, therefore it does not consolidate its subsidiaries and associates but recognises them as investments at fair value through profit or loss. Further, the Company holds both controlling interest in equity shares and debt instrument issued by the subsidiaries and associates. From a business strategy perspective, the Company rarely, if ever, would enter a transaction to sell one financial asset, e.g., equity shares, without the other, e.g., debt instrument. In addition, neither the debt nor the equity shares are traded in an active market. In addition, the Company's investments in loans granted is not a Company's separate substantial operating activity but are granted for the sole purpose of capital appreciation purposes in accordance with IFRS 10. Therefore, the Company aggregates its investments in subsidiaries and associates as a one financial asset in order to best present the fair value of the investment as a whole. The Company's aggregated financial assets at a fair value are presented in the table below:

	31 December 2021	31 December 2020	1 January 2020
Initial investment in shares of Energy Solar Projekty Sp. z. o. o.	1 197	1 197	1 197
Long term loan granted to Energy Solar Projekty Sp. z. o. o.	14 950 000	14 950 000	34 300 000
Interest on loan granted to Energy Solar Projekty Sp. z. o. o.	2 860 089	2 110 671	1 332 307
Fair value adjustment on investments in shares of Energy Solar Projekty Sp. z. o. o.	8 857 475	8 566 209	5 733 911
Total investment in equity and debt instrument of Energy Solar Projekty Sp. z. o. o.	**26 668 761**	**25 628 077**	**41 367 415**
Initial investment in shares of PV Energy Sp. z. o. o.	1 151	1 151	-
Long term loan granted to PV Energy Sp. z. o. o.	7 365 000	1 275 000	-
Interest on loan granted to PV Energy Sp. z. o. o.	419 772	13 325	-
Fair value adjustment on investments in PV Energy Sp. z. o. o.	5 989 642	(14 475)	-
Total investment in equity and debt instrument of PV Energy Sp. z. o. o.	**13 775 565**	**1 275 001**	**-**
Initial investment in shares of UAB Ekoelektra	2 500	-	-
Bonds principal acquired	593 000	-	-
Bonds interest accrued	32 455	-	-
Fair value adjustments on investment in UAB Ekoelektra	(117 457)	-	-
Total investment in equity and debt instrument of UAB Ekoelektra	**510 498**	**-**	**-**
Total investment in Subsidiaries	**40 954 824**	**26 903 078**	**41 367 415**
Initial investment in shares of UAB Saulės energijos projektai	1 504 349	1 504 348	1 504 349
Fair value adjustment on investments in shares of UAB Saulės energijos projektai	(506 330)	(188 730)	(19 349)
Total investment in equity and debt instrument of UAB Saulės energijos projektai	**998 019**	**1 315 618**	**1 485 000**
Initial investment in shares of Žaliosios investicijos, UAB	625	-	-
Bonds principal acquired	24 625 000	-	-
Bonds interest accrued	136 446	-	-
Fair value adjustments on investment of Žaliosios investicijos, UAB	(34 112)	-	-
Total investment in equity and debt instrument of Žaliosios investicijos, UAB	**24 727 959**	**-**	**-**
Total investment in Associates	**25 725 978**	**1 315 618**	**1 485 000**
Total investment assets at fair value through profit or loss	**66 680 802**	**28 218 696**	**42 852 415**

III. NOTES (Continued)

3. Investment assets at fair value through profit or loss (Continued)

Movements in the fair value of the Company's investments in equity and debt instruments of subsidiaries and associate for the financial period ended 31 December 2021 are presented in the tables below.

	Fair value as at 1 January 2021	Acquisition of asset (+) / Sale of asset (-)	Interest paid	Increase (decrease) in fair value of assets	Fair value as at 31 December 2021
Investments in equity and debt instruments of subsidiaries:					
Energy Solar Projekty Sp. z. o.o.	**25 628 077**	-	538 982	1 040 684	**26 668 761**
PV Energy Sp. z. o.o.	**1 275 001**	6 090 000	-	6 410 564	**13 775 565**
UAB Ekoelektra	**-**	595 500	-	(85 002)	**510 498**
Total	**26 903 078**	**6 685 500**	**538 982**	**7 366 246**	**40 954 824**
Investments in equity and debt instruments of associates:					
UAB Saulės energijos projektai	**1 315 618**	-	-	(317 599)	**998 019**
Žaliosios investicijos, UAB		24 625 625	-	102 334	**24 727 959**
Total	**1 315 618**	**24 625 625**	**-**	**(215 265)**	**25 725 978**

Movements in the fair value of the Company's investments in equity and debts instruments of subsidiaries and associates for the comparative financial period ended 31 December 2020 is presented in the table below:

	Fair value as at 1 January 2020	Acquisition of asset (+) / Sale of asset (-)	Interest paid	Increase (decrease) in fair value of assets	Fair value as at 31 December 2020
Investments in equity and debt instruments of subsidiaries:					
Energy Solar Projekty Sp. z. o.o.	**41 367 415**	(21 308 192)	-	5 568 854	**25 628 077**
PV Energy Sp. z. o.o.	**-**	1 276 151	-	(1 150)	**1 275 001**
Agro Lestene AS	**1**	(1)	-	-	**-**
Zalas Zemes Energija AS	**1**	(1)	-	-	**-**
Total	**41 367 417**	**(20 032 043)**	-	**5 567 704**	**26 903 078**
Investments in equity and debt instruments of associates:					
UAB Saulės energijos projektai	**1 485 000**	-	-	(169 382)	**1 315 618**
Total	**1 485 000**	**-**	-	**(169 382)**	**1 315 618**

As at 31 December 2021, fair value of the investments in equity and debt instruments of Energy Solar Projekty Sp. z. o. o., PV Energy Sp. z. o.o., UAB Saulės energijos projektai of the Company is accounted for based on the valuation reports of an independent appraiser (dated 18 February 2022, with the valuation of assets as of 31 October 2021). Respectively, as at 31 December 2020, fair value of the investments in equity and debt instruments of subsidiaries and associates of the Company is accounted for based on the valuation reports of an independent appraiser (dated 7 December 2020, with the valuation of assets as of 30 September 2020). Fair value of investments in equity and debt instruments of subsidiaries and associates depends on the assessment of the assets that are managed by the entities themselves. As required by IFRS 13, the fair value of the investment shall represent the most accurate fair value of an investment to the reporting date.

The management concluded that from the date of valuation of investment (31 October 2021) until the end of reporting period (31 December 2021) there were no circumstances or events which could have significant impact on the fair value of investment. Therefore fair value of the investments in equity and debt instruments of Energy Solar Projekty Sp. z. o. o., PV Energy Sp. z. o. o., UAB Saulės energijos projektai of the Company as of 31 December 2021 is accounted at the values from the reports of an independent appraiser.

III. NOTES (Continued)

3. Investment assets at fair value through profit or loss (continued)

During 2020, the subsidiary Energy Solar Projekty Sp. z. o.o. launched most of its solar power plants in Poland, resulting in bigger increase in fair value of the investment when compared to valuation reports carried out in 2021 which were mostly influenced by the increase in electricity prices in Poland and resulting in the lower increase in the fair value. However, as the subsidiary Energy Solar Projekty Sp. z. o. o. finished the construction of the solar power plants and launched them to operation, it repaid most of its loan to the Company, which was granted for the construction of the solar power plants. For the movements in the loans granted, please refer to the tables below "Loans granted".

During 2021, the Company has acquired additional 63.5 megawatts of installed solar power capacity projects in Poland in its PV Energy Projects Sp. z. o. o. group. Increase in fair value of investment compared to valuation reports carried out in 2020 is mostly influenced by the new projects' additions and significant increase in electricity prices in Poland

On 20 January 2020 the Company sold shares of two subsidiaries Agro Lestene AS and Zalas Zemes Energija AS to the third party for their fair value of EUR 1 each respectively. Therefore, the Company did not recognized gain from the sale of these shares.

The valuation of assets owned by companies was based on the following valuation assumptions as at 31 December 2021:
- UAB Saulės energijos projektai valuation method – income approach; discount rate – 5.86%. Capitalization rate – 5.86% (as at 30 September 2020 – valuation method – income approach; discount rate – 5.56%; Capitalization rate – 5.56%)
- Energy Solar Projekty Sp. z. o. o. valuation method – asset approach. When assessing the companies managed by the company, income approach methods were used, discount rates – 3.91% – 6.09% (as at 30 September 2020 – valuation method – asset approach, when assessing the companies managed by the valuated company, the discount rates used – 3.90% – 7.03%)
- PV Energy Projects Sp. z. o. o. valuation method – asset approach. When assessing the companies managed by the company, income approach methods were used, discount rates – 6.09%

Valuation sensitivity analysis of investments as at 31 December 2021 are as follows:

	Base	-10% WACC	+10% WACC	-10% Electricity Market Price	+10% Electricity Market Price	-10% Terminal Value	+10% Terminal Value
Energy Solar Projekty Sp. z. o. o. Shares Value – Asset Approach (EUR)	9 085 248	11 910 083	6 504 093	7 071 527	11 372 298	N/A	N/A
PV Energy Projects Sp. z. o. o. Shares Value – Asset Approach (EUR)	6 244 989	9 950 408	2 948 806	2 485 034	9 996 937	N/A	N/A
UAB Saulės energijos projektai Shares Value – Income approach (EUR)	1 050 000	1 115 000	995 000	917 000	1 129 000	1 087 000	1 019 000

Based on the Company's asset valuation report, shares of UAB Ekoelektra, Žaliosios Investicijos, UAB were devalued to EUR 1 each, accordingly, as companies did not have any real estate, shares or any other marketable asset. Additionally, in the same appraiser's report the value of UAB Ekoelektra bonds acquired and accrued interest were reduced by EUR 85 002 and EUR 29 956 accordingly. UAB Žaliosios investicijos bonds were not included in the valuation reports as they were issued and purchased in November 2022. The Bonds of Žaliosios Investicijos UAB are accounted at fair value which Management estimates to be equal to the acquisition cost, and the interest value is reduced by the Company's share of the subsidiary's capital. Management of the Company has not identified any circumstances from the date of acquisition of investment until the reporting date that would have a material impact on the fair value of the acquired bonds.

III. NOTES (Continued)

3. Investment assets at fair value through profit or loss (continued)

Valuation sensitivity analysis of investments as at 31 December 2020 are as follows:

	Base	-10% WACC	+10% WACC	-10% Electricity Market Price	+10% Electricity Market Price	-10% Terminal Value	+10% Terminal Value
Energy Solar Projekty Sp. z. o.o. investment Value – Asset Approach (EUR)	9 023 430	11 916 851	6 398 447	7 195 749	10 851 090	N/A	N/A
UAB Saulės energijos projektai investment Value – Income Approach (EUR)	1 377 871	1 440 324	1 323 646	1 301 896	1 453 846	1 406 598	1 354 367

One of the subsidiaries have a loan with certain restrictions that need to be met before transferring funds to the Investment entity for Historic Average debt service coverage ratio (ADSCR), Prospective ADSCR, Loan Life Coverage Ratio (LLCR), full repayment of Debt Service due, the amount standing to the credit of the Debt Service Reserve account and of the Maintenance Reserve Account.

During the reporting period ended on the 31 December 2021 and year ended 31 December 2020, the Company did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

Bonds acquired

On 3 May, 2021 the Company signed bond agreement with UAB Ekoelektra and acquired a total amount of 593 000 bonds with the issue price of EUR 1 each during reporting year. Bonds acquired are issued with interest rate of 8,5% and maturity date of 5 January 2028. The Company subscribed to a total amount of 6 000 000 bonds and based on the agreement has the right to acquire the rest of the bonds until 31 July 2024.

In November 2021 the Company signed the bond subscription agreement with Žaliosios investicijos, UAB under which the Company agreed to subscribe and purchase an amount of 25 000 000 units of non-convertible bonds with nominal value of EUR 1 per each. As at 31 December 2021 the Company has purchased 24 625 000 units of the subscribed bonds with the total value of EUR 24 625 000. According to the agreement the bonds may be subordinated with regards to the bank when Žaliosios investicijos, UAB enters into financing agreement. In this case the Company shall provide the consent in writing for such subordination and the redemption of the bonds or payment of interest shall only be permitted with prior consent from the bank or when all obligations to the bank had been fully fulfilled. The redemption date of the bond shall be 31 December 2052.

The carrying amount and accrued interests of bonds acquired as at 31 December 2021:

Borrower	Loan date	Contractual interest rate	Maturity date	Carrying amount and accrued interests	Fair value of bonds and interest accrued
UAB Ekoelektra	2021-05-03	8.50%	2028-01-05	625 454	510 496
Žaliosios investicijos, UAB	2021-11-23	6.00%	2052-12-31	24 761 447	24 727 959

III. NOTES (Continued)

3. Investment assets at fair value through profit or loss (Continued)

	31 December 2021	31 December 2020	1 January 2020
Bonds principal acquired of Žaliosios investicijos, UAB	24 625 000	-	-
Bonds interest accrued of Žaliosios investicijos, UAB	136 446	-	-
Fair value adjustments on bonds acquired of Žaliosios investicijos, UAB	(34 112)	-	-
Bonds principal acquired of UAB Ekoelektra	593 000	-	-
Bonds interest accrued of UAB Ekoelektra	32 455	-	-
Fair value adjustments on bonds acquired of UAB Ekoelektra	(114 958)	-	-
Total bonds and interest acquired	**25 237 831**	**-**	**-**

Loans granted

Table below presents the principal loan amounts provided to the Subsidiaries and accrued interest at certain reporting dates:

Borrower	31 December 2021	31 December 2020	1 January 2020
Long term loan granted to Energy Solar Projekty Sp. z. o.o.	14 950 000	14 950 000	34 300 000
Long term loan granted to PV Energy Sp. z. o.o.	7 365 000	1 275 000	-
Interest on loan granted to Energy Solar Projekty Sp. z. o.o.	2 860 089	2 110 671	1 332 307
Interest on loan granted to PV Energy Sp. z. o. o.	419 772	13 325	-
Total loans granted	**25 594 861**	**18 348 996**	**35 632 307**

The carrying amounts and accrued interests of the loans granted as at 31 December 2021:

Borrower	Loan date	Contractual interest rate	Maturity date	Carrying amount and accrued interests
Energy Solar Projekty Sp. z. o.o.	2019-05-31	8.50%	2026-01-05	17 810 089
PV Energy Sp. z. o.o. (1)	2020-10-01	8.50%	2026-01-05	1 500 629
PV Energy Sp. z. o.o. (2)	2021-03-18	8.50%	2026-01-05	4 700 698
PV Energy Sp. z. o.o. (3)	2021-06-02	8.50%	2026-01-05	1 583 445

The Company granted to two loans to PV Energy Sp. z. o. o. (2 and 3) during 2021, the balance of which as at 31 of December, 2021 amounted to EUR 6 284 143 (EUR 5 988 177 – principal amount, EUR 295 966 accrued interest amount). The loans granted are subject to a fixed interest rate of 8,5% and a maturity date of 5 January 2026. Based on the terms specified in the loan agreement the Company undertakes obligation to provide an additional loan in a total amount of EUR 1 242 000.

The carrying amounts and accrued interests of the loans granted as at 31 December 2020:

Borrower	Loan date	Contractual interest rate	Maturity date	Carrying amount and accrued interests
Energy Solar Projekty Sp. z. o.o.	2019-05-31	8.50%	2026-01-05	17 060 671
PV Energy Sp. z. o.o. (1)	2020-10-01	8.50%	2026-01-05	1 288 325

III. NOTES (Continued)

4. Other non-current receivables at fair value through profit and loss

	31 December 2021	31 December 2020	1 January 2020
Receivable from a third party	1 997 694	2 797 694	-
Fair value adjustment on the receivable from a third party	85 141	(72 069)	-
Total non-current receivables	**2 082 835**	**2 725 625**	**-**

On 21 January 2020, the Company sold the shares and loans it held in AS Agro Lestene and AS Zala Zemes Energija to a third party, for which the third party will settle by instalments. The receivable amount from a third party was assessed in the valuation reports of an independent appraiser (dated 3 July 2021, with the valuation of assets as at 31 May 2021) for which the fair value was calculated.

As at 31 December 2021, nominal value of non-current share of receivable from third party is EUR 2 550 000 (as at 31 December – EUR 3 200 000). For the financial period ended 31 December 2021, the Company recognized a gain on the receivable in amount of EUR 157 210 (for the financial period ended 31 December 2020 – a loss on the receivable in amount of EUR 474 375) from the change of fair value. As at 31 December receivable amount of EUR 800 000 was reclassified to other current receivables at fair value though profit and loss. Movements in the fair value of the Company's receivable amount from a third party for the financial period ended 31 December 2021 are presented in the table below:

	Fair value as at 1 January 2021	Increase (+) / Decrease (-) of receivable amount	Increase (decrease) in fair value of receivable amount	Fair value as at 31 December 2021
Receivable from a third party	2 725 625	(800 000)	157 210	2 082 835

Movements in the fair value of the Company's receivable from a third party for the comparative financial period ended 31 December 2020 is presented in the table below:

	Fair value as at 1 January 2020	Increase (+) / Decrease (-) of receivable amount	Increase (decrease) in fair value of receivable amount	Fair value as at 31 December 2020
Receivable from a third party	-	2 797 694	(72 069)	2 725 625

5. Prepayments

	31 December 2021	31 December 2020	1 January 2020
Prepayments	150 000	25 000	-
Total prepayments	**150 000**	**25 000**	**-**

As at 31 December 2021 prepayments made by the Company are in amount of EUR 150 000 (as at 31 December 2020 – EUR 25 000) and consist of prepayments for the shares of UAB Raguvėlės vėjas, UAB Pakruojo vėjas and UAB Troškūnų vėjas. During the reporting period, additional instalment of EUR 25 000 was made for the prepayment for the shares of UAB Pakruojo vėjas and instalment of EUR 100 000 for the shares of UAB Troškūnų vėjas.

III. NOTES (Continued)

6. Other non-current receivables at fair value through profit or loss and other current receivables

	31 December 2021	31 December 2020	1 January 2020
Current share of receivable from third party at fair value through profit or loss	850 000	800 000	-
Loans granted	-	-	2 389 500
Interest accrued on loans granted	-	-	142 032
Fair value adjustment on loans granted	-	-	(2 531 532)
Total other current receivables at fair value through profit or loss	**850 000**	**800 000**	**-**
Future period expenses	3 145	1 194	-
Receivable from Energy Solar Projekty Sp. z. o. o.	187	-	-
Tax overpayments	51	6	-
Other receivables	9 299	951	-
Total other current receivables	**122 682**	**2 151**	**-**

As at 31 December 2021 the Company's current share of the receivable from a third party in amount of EUR 850 000 refer to the receivable amount for shares and loans sold previously held in AS Agro Lestene and AS Zala Zemes Energija (refer more to Note 4) (as at 31 December 2020 – EUR 800 000 receivable for shares and loans sold previously held in AS Agro Lestene and AS Zala Zemes Energija).

In January 2020 the Company entered Agreement on Sale and Purchase of Shares and Assignment of Claim Rights (dated 20 January 2020) based on which the Company agreed to sell to the third party the ownership of shares in subsidiaries AS Agro Lestene and AS Zala Zemes Energija and claim of rights of debt that subsidiaries AS Agro Lestene and AS Zala Zemes Energija had to the Company.

As at 1 January 2020, the fair value of loans granted to subsidiaries and interest accrued were EUR 0, based on the valuation reports of independent assessor dated 30 November 2019. On 21 January 2020 loans granted were sold to the third party for their fair value, thus the profit in relation to sale of loans and gain from fair value adjustment were recognized in the Statement of Profit or Loss. Fair value gain adjustment included the amount of EUR 2 531 532 (as at 1 January 2020) and additional amount of EUR 6 050 (fair value adjustment for the period from 1 January 2020 until the sale date), resulting in total adjustment of EUR 2 537 582 (refer to Note 17).

7. Financial assets for sale

	31 December 2021	31 December 2020	1 January 2020
Investments in subsidiaries	-	-	241 706
Fair value adjustment on investments in subsidiaries	-	-	(241 704)
Total financial assets for sale	**-**	**-**	**2**

As at 1 January 2020, the Company had investments in subsidiaries in amount of EUR 241 706, which consists of EUR 35 816 for 100% of shares of AS Agro Lestene and EUR 205 890 for 100% of shares of AS Zala Zemes Energija. Based on sales agreement of shares and loans of AS Agro Lestene and AS Zala Zemes Energija fair value of shares were adjusted to value of EUR 2.

As at 1 January 2020, shares of AS Agro Lestene and AS Zala Zemes Energija are classified as current assets as they were sold on 20 January 2020. The shares were sold for their fair value of EUR 1 each respectively, therefore the Company did not recognise any gain from the sale of these shares.

III. NOTES (Continued)

8. Accrued income

	31 December 2021	31 December 2020	1 January 2020
Accrued income	-	8 000	119 496
Total accrued income	**-**	**8 000**	**119 496**

As at 31 December 2021 the Company had no accrued income. As at 31 December 2020 the Company had income accrued in amount of EUR 8 000 which relates to management services provided to Energy Solar Projekty Sp. z. o. o..

As at 1 January 2020 the Company had accrued income in amount of EUR 119 496, which consisted of EUR 64 877 of commitment fee income in relation to recharge of costs to Energy Solar Projekty Sp. z. o. o. and EUR 54 620 of management fee income in relation to management services provided to Energy Solar Projekty Sp. z. o. o..

9. Cash and cash equivalents

	31 December 2021	31 December 2020	1 January 2020
Cash	26 463 917	416 640	34 845
Total cash and cash equivalents	**26 463 917**	**416 640**	**34 845**

As at 31 December 2021 and 31 December 2020 all cash balances have a low credit risk at the reporting date and the impairment loss determined on 12-month expected credit losses is resulted in an immaterial amount.

As at 31 December 2021 the Company's cash was held at bank accounts:
- AB SEB bankas;
- AB Šiaulių bankas.

The credit risk associated with bank balances is limited as the Company conducts transactions with banks with high long-term debt ratings issued by foreign rating agencies. Bank ratings are given below:

	Moody's	Standard & Poor's
AB SEB bankas	AA3	A+
AB Šiaulių bankas	BAA2	-

Net debt reconciliation for the financial period ended 31 December 2021 is as follows:

	Liabilities from financing activities	Cash and cash equivalents	Total
Net debt as at 1 January 2021	**(1 659 493)**	**416 640**	**(1 242 853)**
Operating and investment cash flows	(292 465)	(31 223 937)	**(31 516 400)**
Proceeds from issue of share capital	-	19 239 103	**19 239 103**
Proceeds from share premium	-	9 635 895	**9 635 895**
Bonds issued	(30 000 000)	30 000 000	**-**
Repayment of bonds principal amount	1 208 408	(1 208 408)	**-**
Transaction costs related to bonds issue	360 031	(360 031)	**-**
Repayment of bonds interest	35 345	(35 345)	**-**
Repayment of loans received	171 000	(171 000)	**-**
Dividends received	-	171 000	**171 000**
Net debt as at 31 December 2021	**(30 177 174)**	**26 463 917**	**(3 713 257)**

III. NOTES (Continued)

10. Issued capital

	31 December 2021	31 December 2020	1 January 2020
Authorised share capital fully paid	40 062 726	21 164 687	2 500
Authorised share capital unpaid	-	(341 064)	-
Total issued capital	**40 062 726**	**20 823 623**	**2 500**

As at 31 December 2021, the Company's authorised share capital amounted to EUR 40 062 726 and was comprised of 40 062 726 ordinary shares of EUR 1 each (as at 31 December 2020 – 21 164 687). During the reporting period, the authorised share capital was increased by the issue of 18 898 039 ordinary shares with the face value of EUR 1 each. As at 31 December 2020, the Company's authorised share capital amounted to EUR 20 823 623, out of which EUR 21 164 687 was subscribed fully paid authorised share capital comprised of 21 164 687 ordinary shares of EUR 1 each and EUR 341 064 was subscribed unpaid share capital.

As at 1 January 2020, the Company's authorised share capital amounted to EUR 2 500 and was comprised of 2 500 ordinary shares of EUR 1 each.

For the financial period ended 31 December 2021, 31 December 2020, and 1 January 2020 reconciliation of the number of shares issued and outstanding is provided in the table below:

	31 December 2021	31 December 2020	1 January 2020
As at period start	**21 164 687**	**2 500**	**2 500**
Issue of ordinary shares	18 898 039	21 162 187	-
As at period end	**40 062 726**	**21 164 687**	**2 500**

11. Share premium

	31 December 2021	31 December 2020	1 January 2020
Share premium	10 789 768	1 153 873	-
Total share premium	**10 789 768**	**1 153 873**	**-**

Share premium is recognized if the issue price of a share exceeds the nominal value of a share. During the financial period ended 31 December 2021, the Company increased its share capital by issue of 18 898 039 of ordinary shares (for the financial year ended 31 December 2020 – 21 162 187). As the issue price of part of the shares was higher than the face value, increase in the share premium was recognized.

12. Legal reserve

The legal reserve is mandatory in accordance with the legal acts of the Republic of Lithuania. It is mandatory to transfer to the legal reserve each year at least 5% of net profit calculated in accordance with the Lithuanian accounting principles until the reserve reaches 10% of the authorised capital. As at 31 December 2021 legal reserve is amounted to EUR 124 058 (as at 31 December 2020 – EUR 250).

III. NOTES (Continued)

13. Bonds issued

	31 December 2021	31 December 2020	1 January 2020
Non-current liabilities			
Bonds principal issued	40 000 000	15 000 000	17 542 847
Bonds principal repaid	(14 827 007)	(13 618 599)	-
Bonds interest accrued	1 964 097	1 927 855	906 835
Bonds interest paid	(1 963 199)	(1 927 854)	-
Amortized costs of bonds issue	(325 913)	-	-
Current liabilities			
Bonds principal issued	5 000 000	-	20 000 000
Bonds interest accrued	218 080	-	569 287
Total bonds issued	**30 066 058**	**1 381 401**	**39 018 969**

On 6 May 2019 the Company issued an emission of bonds in a total value of EUR 33 000 000 which was subscribed by one external lender for a full amount of EUR 33 000 000 during the period from 6 May 2019 to 18 March 2020. In addition, based on the bond emission agreement, the Company accrued commitment fee for the remaining uncalled bond amount. The Company redeemed bonds on 31 August 2020.

On 12 May 2021 the Company issued a new emission of bonds in a total value of EUR 12 000 000 and three new external lenders subscribed to and purchased a total amount of EUR 5 000 000 at annual 5% coupon with redemption date of 12 May, 2022.

The Company made the assessment that contractual interest rates of bonds issued on 12 May, 2021 are in line with the effective interest rate and the nominal value of issued bonds correctly reflects the amortized cost of financial liabilities on bonds issued in May.

On 14 December 2021, the Company issued Eur 25 000 000 of bonds for 4 years at annual 5 % coupon. The proceeds will be invested according to the Green Bond Framework. Within 12 months company committed to list these bonds on Nasdaq Baltic exchange to make it available to all investors looking for green investment opportunities.

The total costs of issue of 25 000 000 bonds consist EUR 365 362 and repayment period of 4 years, therefore the interest expenses are recognized using the effective interest method. Effective interest rate was 5.42% as at 31 December 2021.

As at 31 December 2021 the total Company's bonds issued amount to EUR 30 066 058 (as at 31 December 2020 – EUR 1 381 401, as at 1 January 2020 – EUR 39 018 969), of which EUR 5 218 080 allocated to current liabilities (as at 31 December 2020 – EUR 0, as at 1 January 2020 – EUR 20 569 287) and EUR 24 847 978 allocated to non-current liabilities (as at 31 December 2020 – EUR 1 381 401, as at 1 January 2020 – EUR 18 449 682).

The Company carefully monitors the market interest rates, therefore fixed interest rates that are determined in the bond and loan agreements the Company concluded with its subsidiaries, associates or external / third parties are set considering the interests rates that are applicable in the market at the time of undertaking the liability.

Changes in the amortised cost value of the Company's liabilities from bonds for the financial period ended 31 December 2021 is presented in the table below:

III. NOTES (Continued)

13. Bonds issued (continued)

	As at 1 January 2021	Proceeds from bonds issued	Repayment of bonds issued	Interest accrued	Interest paid	Amortized costs of bonds issue	As at 31 December 2021
Non-current liabilities							
Shareholder (1)	**1 381 401**	-	(1 208 408)	36 242	(35 344)	-	**173 891**
Green bonds	-	25 000 000	-	-	-	(325 913)	**24 674 087**
Total non-current liabilities	**1 381 401**	**25 000 000**	**(1 208 408)**	**36 242**	**(35 344)**	**(325 913)**	**24 847 978**
Current liabilities							
External lender 1	-	3 000 000	-	95 753	-	-	**3 095 753**
External lender 2	-	1 000 000	-	31 918	-	-	**1 031 918**
External lender 3	-	1 000 000	-	31 918	-	-	**1 031 918**
Green bonds	-	-	-	58 491	-	-	**58 491**
Total current liabilities	**-**	**5 000 000**	**-**	**218 080**	**-**	**-**	**5 218 080**

During the financial period ended 31 December 2021, the Company repurchased EUR 1 208 408 bonds from the Shareholder and paid EUR 35 344 of accrued interests as at date of payment (refer to Consolidated statement of cashflows lines 'Repayment of bonds principal' and 'Repayment of bonds interest'. The total amount of accrued interests during reporting year was EUR 36 242 (refer to Note 19).

Changes in the amortised value of the Company's liabilities from the bonds for the comparable financial period ended 31 December 2020 is presented in the table below:

	As at 1 January 2020	Proceeds from bonds issued	Repayment of bonds issued	Interest accrued	Interest paid	As at 31 December 2020
Non-current liabilities						
Shareholder (1)	**14 950 498**	851 500	(13 618 599)	1 125 856	(1 927 854)	**1 381 401**
Shareholder (2)	**695 974**	-	(655 500)	32 171	(72 645)	-
Shareholder (3)	**2 803 210**	-	(2 738 847)	141 964	(206 327)	-
Shareholder (4)	-	1 091 500	(1 091 500)	51 296	(51 296)	-
Shareholder (5)	-	245 000	(245 000)	1 388	(1 388)	-
Shareholder (6)	-	1 230 000	(1 230 000)	2 665	(2 665)	-
Total non-current liabilities	**18 449 682**	**3 418 000**	**(19 579 446)**	**1 355 341**	**(2 262 176)**	**1 381 401**
Current liabilities						
External lender 4	**20 569 288**	10 000 000	(30 000 000)	1 491 260	(2 060 548)	-
Total current liabilities	**20 569 288**	**10 000 000**	**(30 000 000)**	**1 491 260**	**(2 060 548)**	**-**

During the financial period ended 31 December 2020, the Company issued emission of bonds for the nominal value of EUR 3 418 000 which was subscribed by the Shareholder (refer to Consolidated statement of cashflows line 'Bond issued'). By the end of the financial period ended 31 December 2020, the Company repurchased EUR 19 579 446 bonds from the

Shareholder, part of amount was used for capital increase (EUR 16 181 372), another part of the amount (EUR 3 348 599) was paid, and the rest amount of EUR 49 475 was offset with bonds emission (refer to Consolidated statement of cashflows line 'Repayment of bonds principal').

During the period ended 31 December 2020, the total amount of accrued interests was EUR 1 355 341 (refer to Note 19). Total amount of paid interests during financial year 2020 was EUR 2 262 176, part of which was offset with issued Shares (EUR 2 163 534) and new acquired bonds (EUR 50 525) and the rest part paid EUR 48 117 (refer to Consolidated statement of cashflows line 'Repayment of bonds interests').

III. NOTES (Continued)

13. Bonds issued (continued)

The Company, subsidiary and External lender concluded tripartite agreement based on which the External lender fully settled all payment obligations from Company.

Details and outstanding balances of bonds issued based on each of the bond agreement that the Company had as at 31 December 2021, 31 December 2020 and 1 January 2020 are provided below.

Lender	Loan date	Interest rate	Maturity date	Outstanding balance as at 31 December 2021	Outstanding balance as at 31 December 2020	Outstanding balance as at 1 January 2020
Greens Bonds	2021-12-14	5.00%	2025-12-14	24 732 578	-	-
Principal amount:				*25 000 000*	-	-
Interest accrued:				*58 491*	-	-
Amortized costs of bonds issue				*(325 913)*	-	-
External lender 1	2021-05-12	5.00%	2022-05-13	3 095 753	-	-
Principal amount:				*3 000 000*	-	-
Interest accrued:				*95 753*	-	-
External lender 2	2021-05-12	5.00%	2022-05-13	1 031 918	-	-
Principal amount:				*1 000 000*	-	-
Interest accrued:				*31 918*	-	-
External lender 3	2021-05-12	5.00%	2022-05-13	1 031 918	-	-
Principal amount:				*1 000 000*	-	-
Interest accrued:				*31 918*	-	-
Shareholder	2019-06-01	8.50%	2026-01-05	173 891	1 381 401	14 950 498
Principal amount:				*15 000 000*	*15 000 000*	*14 148 500*
Principal repaid:				*(14 827 007)*	*(13 618 599)*	-
Interest accrued:				*1 964 097*	*1 927 855*	*801 998*
Interest repaid:				*(1 963 199)*	*(1 927 854)*	-
Shareholder	2019-07-31	6.00%	2026-01-05	-	-	695 974
Principal amount:				-	-	*655 500*
Interest accrued:				-	-	*40 474*
Shareholder	2019-08-13	6.00%	2026-01-05	-	-	2 803 210
Principal amount:				-	-	*2 738 847*
Interest accrued:				-	-	*64 363*
External lender 4	2019-06-06	8.50%	2020-11-15	-	-	20 569 287
Principal amount:				-	-	*20 000 000*
Interest accrued:				-	-	*569 287*
			Total:	**30 066 058**	**1 381 401**	**39 018 969**

Compliance with Financial covenants

Under the terms of the Green Bonds agreement the Company is obligated to comply with financial covenants as listed below:

- Minimum liquidity requirement of EUR 1 500 000;
- Equity ratio 50% or greater;
- Leverage ratio 75% or lower.

In addition to the financial covenants following conditions are set in the agreement:

- No event of default has occurred as at the end data of reporting period;
- No change of nature of business, disposal of assets, negative pledge, limits on dividends, financial indebtedness restrictions has occurred;

III. NOTES (Continued)

13. Bonds issued (continued)

- Other conditions set in the Green bonds agreement such as publication of audited consolidated annual financial statements, quarterly interim consolidated unaudited financial statements each of direct subsidiary or direct associated companies.

14. Loans received

	31 December 2021	31 December 2020	1 January 2020
Non-current liabilities			
Principal amount	992 478	992 478	992 478
Principal repaid	(980 163)	(809 163)	(509 163)
Interest accrued	98 801	94 777	84 662
Current liabilities			
Principal amount	-	-	500 000
Principal repaid	-	-	(300 000)
Interest accrued	-	-	30 209
Interest repaid	-	-	(29 042)
Total loans granted	**111 116**	**278 092**	**769 144**

The Company made the assessment that contractual interest rates are in line with the effective interest rate and the nominal value of issued bonds and loans correctly reflect the amortized cost of financial liabilities. The Company carefully monitors the market interest rates, therefore fixed interest rates that are determined in the bond and loan agreements the Company concluded with its subsidiaries, associates or external / third parties are set considering the interests rates that are applicable in the market at the time of undertaking the liability.

Changes in the amortised value of the Company's liabilities from loans for the financial period ended 31 December 2021 is presented in the table below:

Lender	As at 1 January 2021	Proceeds from loans received	Repayment of loans received	Interest accrued	Interest paid	As at 31 December 2021
UAB Saulės energijos projektai	**278 092**	-	(171 000)	4 024	-	**111 116**

The Company received dividends from the UAB Saulės energijos projektai for the amount of EUR 204 000, from which, EUR 33 000 were received in cash (refer to Consolidated statement of cash flows, line 'Dividends received' of Cash flows from operating activities) and the remaining EUR 171 000 were offset with the loan received from UAB Saulės energijos projektai.

Changes in the amortised value of the Company's liabilities from loans for the comparable financial period ended 31 December 2020 is presented in the table below:

Lender	As at 1 January 2020	Proceeds from loans received	Repayment of loans received	Interest accrued	Interest paid	As at 31 December 2020
UAB Saulės energijos projektai	**567 977**	-	(300 000)	10 115	-	**278 092**
External lender 5	**201 167**	-	(200 000)	2 945	(4 112)	**-**

III. NOTES (Continued)

14. Loans received (Continued)

The Company received dividends from the UAB Saulės energijos projektai for the amount of EUR 390 000, from which, EUR 90 000 were received in cash (refer to Consolidated statement of cash flows, line 'Dividends received' of Cash flows from operating activities) and the remaining EUR 300 000 were offset with the loan received from UAB Saulės energijos projektai.

Details and outstanding balances of loans received based on each of the loan agreement that the Company had as at 31 December 2021, 31 December 2020 and 1 January 2020 are provided below.

Lender	Loan date	Interest rate	Maturity date	Outstanding balance as at 31 December 2021	Outstanding balance as at 31 December 2020	Outstanding balance as at 1 January 2020
UAB Saulės energijos projektai	2016-06-30	3.00%	2025-06-30	111 116	278 092	567 977
Principal amount:				*992 478*	*992 478*	*992 478*
Principal repaid:				*(980 163)*	*(809 163)*	*(509 163)*
Interest accrued:				*98 801*	*94 777*	*84 662*
External lender 5	2018-12-13	6.00%	2019-09-30	-	-	201 167
Principal amount:				-	-	*500 000*
Principal repaid:				-	-	*(300 000)*
Interest accrued:				-	-	*30 209*
Interest repaid:				-	-	*(29 042)*
			Total	**111 116**	**278 092**	**769 144**

15. Trade and other payables

	31 December 2021	31 December 2020	1 January 2020
Accrued success fee	630 638	-	-
Payable to management company	242 642	13 900	-
Accrued expenses	129 758	10 362	-
Trade payables	16 060	23 598	1 458
Payable to depository	12 673	1 384	517
VAT payable	9 816	-	-
Other payables	-	274	-
Total trade and other payables	**1 041 587**	**49 518**	**1 975**

As at 31 December 2021 the Company accrued expenses in amount of EUR 129 758 (as at 31 December 2020 – EUR 10 362; as at 1 January 2020 – EUR 0), which mainly relates to legal and transactional costs related to issued bonds valuation, accounting services, audit expenses and securities accounting expenses. The Company‘s net return on investment exceeded 8 % hurdle rate in the end of December 2021, therefore success fee was accrued according to the prospectus of Company.

16. Payables to employees

	31 December 2021	31 December 2020	1 January 2020
Unused vacation accruals	7 519	1 248	1 360
Wages payable	-	1 398	-
Wages related taxes payable	-	1 026	806
Bonus accruals	-	-	5 719
Total payables to employees	**7 519**	**3 672**	**7 885**

III. NOTES (Continued)

17. Income

	2021	2020
Net gain on investments in equity and debt instruments at fair value through profit or loss (Note 3)	7 689 962	5 417 697
Dividend income	204 000	390 000
Net gain (loss) on other non-current receivables at fair value through profit or loss (Note 4)	157 210	(85 394)
Net gain on current loans granted (Note 6)	-	2 531 532
Interest income on loans granted to associates	-	11 667
Net gain on sale of investments	-	10 112
Gain from bargain purchase	-	99
Other revenue	1 737	40 831
Total income	**8 052 909**	**8 316 544**

The Company aggregates its financial assets at fair value through profit and loss (refer to Notes 3 and 6) in order to best represent fair value of its financial assets. The Company's gain on investments increased to due significant growth of investments' fair value as described in Note 3.

The amount of net gain on current loans granted EUR 2 531 532 for the year 2020 was related to the shares and loans of AS Agro Lestene and AS Zala Zemes Energija which were sold to a third party for their fair value in January 2020 (refer to Note 6).

18. Expenses

	2021	2020
Management fee	631 229	13 900
Success fee	630 637	-
Employment related costs	214 974	46 923
Legal expenses	175 532	67 423
Consulting services	95 528	24 168
Development and management costs of investment objects	84 830	2 971
Accounting services	59 340	9 559
Valuation services	53 240	-
Depository expenses	42 454	1 385
Due diligence expenses	39 202	-
Audit expenses	32 670	5 445
Office maintenance expenses	19 573	8 108
Bank charges	8 618	143
Car rent & maintenance expenses	6 942	706
Other administrative expenses	9 705	1 938
Total expenses	**2 104 474**	**182 669**

UAB Atsinaujinančios energetikos investicijos started operating as investment entity in December 2020. The launch of investment related activities resulted in the increase of management fee expenses in comparison to the year 2020.

Furthermore, the exceeded hurdle rate of net return on investment led to accrual of success fee expenses in year 2021.

III. NOTES (Continued)

19. Finance costs

	2021	2020
Interest expenses on bonds issued	254 322	2 822 391
Transaction fee	34 119	-
Interest expenses on loans received	4 024	11 655
Foreign exchange loss	349	9
Total finance costs	**292 814**	**2 834 055**

For the financial period ended 31 December 2021 the Company's finance costs were significantly lower compared to the financial period ended 31 December 2020 mainly due to higher interest expenses. Interest expenses for the financial period ended 31 December 2021 are significantly lower than for the financial period ended 31 December 2020 mainly due to the fact that the Company repaid bond liabilities to external lender and some of bond liabilities to shareholder in 2020, therefore accrued interest for the period ended 31 December 2021 is lower. The Company entered few bond agreements in May 2021 and issued Green Bonds in December 2021, therefore interests in relation to these bond agreements are accrued and recognized for relatively short period. Changes in the financing structure as at different reporting period end dates are disclosed in the Notes 13, 14.

20. Income tax

The main components of corporate income tax expenses for the financial period ended 31 December 2021 and 31 December 2020 are as follows:

	2021	2020
Income tax expenses (benefit) for the reporting period	801	103
Deferred tax expenses (benefit)	(17)	169
Previous period income tax adjustment	(11)	-
Total income tax	**773**	**272**

Following the provisions of the Lithuanian Law on Corporate Income Tax, all income of closed-end investment companies operating in accordance with the Lithuanian Law on Collective Investment Undertakings are not subject to taxation. Therefore, the Company had not any taxable temporary differences in 2021 and 2020 and did not recognise any deferred tax assets or liabilities. Corporate income tax expense for the financial period ended 31 December 2020 and 2021 is calculated based on the results of the subsidiary that is consolidated.

Deferred tax provision as at 31 December 2021 and 31 December 2020 is as follows:

	Item amount		Deferred tax provision	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Accrued expenses*	131	22	20	3
Recognised deferred tax asset, net value	**131**	**22**	**20**	**3**

Deferred tax assets were accounted using a rate of 15%. When the Company became an investment undertaking, the taxation of the Company had been changed respectively in accordance with the provisions of the Law on Corporate Income Tax of the Republic of Lithuania. Therefore, deferred corporate income tax assets as at 31 December 2021 and 31 December 2020 are not recognised from tax losses and accumulations because the Company will not have the possibility to realise the accumulated tax losses.

Deferred tax asset recognized for the financial period ended 31 December 2021 is calculated based on the results of the subsidiary that is consolidated.

III. NOTES (Continued)

20. Income tax (Continued)

*Accrued expenses that were taken into consideration when calculating deferred tax assets for the financial period ended 31 December 2020 and 31 December 2021 refers to social security calculated on unused vacation accruals.

21. Related parties

The following income and expenses occurred with related parties:

Related party	Income / Expense type	2021	2020
Shareholder	Interest expenses on bonds issued (Note 13, 14, 19)	36 242	1 352 676
Shareholder	Interest income on loan granted (Note 3, 17)	-	11 667
UAB Saulės energijos projektai	Dividend income (Note 17)	204 000	390 000
UAB Saulės energijos projektai	Interest expenses (Note 13, 14, 19)	4 024	10 115
Energy Solar Projekty Sp. z. o.o.	Interest income on loan granted (Note 3, 17)	1 288 399	2 736 556
PV Energy Sp. z. o.o.	Interest income on loan granted (Note 3, 17)	406 448	13 325
UAB Ekoelektra	Interest income on bonds acquired (Note 3, 17)	32 455	-
UAB Žaliosios investicijos	Interest income on loan granted (Note 3, 17)	136 447	-
AS Agro Lestene	Interest income on loan granted (Note 3, 17)	-	4 926
AS Zala Zemes Energija	Interest income on loan granted (Note 3, 17)	-	1 124

The following outstanding balances are outstanding at the end of the financial period in relation to transaction with related parties:

Related party	Asset / Liability type	31 December 2021	31 December 2020	1 January 2020
Shareholder	Non-redeemed bonds (Note 13)	(173 891)	(1 381 401)	(18 449 682)
UAB Saulės energijos projektai	Payable principal on loan received (Note 14)	(12 315)	(183 315)	655 500
UAB Saulės energijos projektai	Payable interest amount on loan received (Note 14)	(98 801)	(94 777)	(84 662)
AS Agro Lestene	Payable principal on loan received (Note 3)	-	-	(200 000)
AS Zala Zemes Energija	Payable interest amount on loan received (Note 3)	-	-	(1 167)
Energy Solar Projekty Sp. z. o.o.	Receivable principal on loan granted (Note 3)	14 950 000	14 950 000	34 300 000
Energy Solar Projekty Sp. z. o.o.	Receivable interest on loan granted (Note 3)	2 860 089	2 110 671	1 332 307
Energy Solar Projekty Sp. z. o.o.	Receivable for recharged expenses (Note 3)	187	8 000	119 496
PV Energy Sp. z. o.o.	Receivable principal on loan granted (Note 3)	7 365 000	1 275 000	-
PV Energy Sp. z. o.o.	Receivable interest on loan granted (Note 3)	419 772	13 325	-

III. NOTES (Continued)

21. Related parties (continued)

Related party	Asset / Liability type	31 December 2021	31 December 2020	1 January 2020
UAB Ekoelektra	Receivable principal on bonds acquired (Note 3)	593 000	-	-
UAB Ekoelektra	Receivable interest on bonds acquired (Note 3)	32 455	-	-
AS Agro Lestene	Receivable principal on loan granted (Note 3)	-	-	1 904 500
AS Agro Lestene	Receivable interest on loan granted (Note 3)	-	-	116 083
AS Zala Zemes Energija	Receivable principal on loan granted (Note 3)	-	-	485 000
AS Zala Zemes Energija	Receivable interest on loan granted (Note 3)	-	-	25 949
Žaliosios investicijos, UAB	Receivable principal on bonds acquired (Note 3)	24 625 000	-	-
Žaliosios investicijos, UAB	Receivable interest on bonds acquired (Note 3)	136 446	-	-

Transactions with Key Management Body

The following income and expenses occurred with Key Management Body:

Related party	Income / Expense type	2021	2020
Management company	Management fee	631 229	13 900
Management company	Success fee	630 637	-
Management company	Cost reimbursement	20 432	7 847

The following outstanding balances are outstanding at the end of the financial period in relation to transaction with Key Management Body:

Related party	Asset / Liability type	31 December 2021	31 December 2020	1 January 2020
Management company	Accrued success fee	631 229	-	-
Management company	Payable management fee	242 642	13 900	-
Management company	Other payable amount	-	7 847	-
Management company	Other receivable amount	17	-	-

Share purchase and sale transactions with related parties

	2021	2020
Shares distributed (related company)	-	18 347 500
Redeemed shares (related company)	-	-
Shares distributed (related person)	380 894	-
Redeemed shares (related person)	-	-
	380 894	**18 347 500**

As at 31 December 2021, related parties owned 18 728 395 units of the Company's shares amounting to 46.75% of the total amount of shares (as at 31 December 2020 related parties owned 18 347 500 shares or 88,11%).

III. NOTES (Continued)

21. Related parties (continued)

22. Financial risk management

The Company assesses following financial risks related to its activity: liquidity, credit, interest rate, foreign exchange, and operational risks. Objective of financial risk management is to identify, assess and manage the risks that the Company might be exposed to.

22.1. General risk

The value of Company's investments may both go up and down and, therefore, the values of the Company's Shares may fluctuate during the term of the Company's operations. Past performance of the Company cannot guarantee the same future results. In addition, main investments of the Company will be made in infrastructure assets and related properties so there are risks related to investments in such infrastructure assets and properties. This risk may be inherent to the overall market of this type of properties or separate segments of this market and cover, inter alia, global, regional, or national socio-economic conditions, supply of and demand for infrastructure assets and properties targeted by the Company for investment, financial capacity of buyers and sellers, changes in the legal environment and legislation related to infrastructure assets and properties, changes in the tax environment, etc.

22.2. Market risk

There is a risk that due to the deteriorating global, regional, or national situation (e.g., macroeconomic changes, political, legal risks, or actions of investors in a particular region) the value of the property acquired by the Company or income received from it will decrease, maintenance (administration) costs of such property will increase thereby reducing the value of Company's investments.

22.3. Liquidity risk

There is a risk of incurring losses due to a low market liquidity which will prevent the disposal of the infrastructure assets and related properties acquired by the Company at the preferred time and the desired price, or which will prevent the sale of the infrastructure assets and related properties acquired by the Company in general. There is also a risk that due to the deteriorating global, regional, or national economic situation the return demanded by the Investors will increase and the terms of financing from banks will deteriorate, which will make the sale of the Company's investments last longer than expected. To mitigate this risk, the Company will start selling the acquired assets at least 2 to 3 years before the end of the term of the Company's operations so that it can freely regulate the sale process and choose from the offers of buyers.

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Company's objective is to maintain sufficient liquidity resources to maintain operations, meet its financial obligations and liabilities, pay distributions, and provide funds for capital expenditures and investment opportunities. Management seeks to achieve these objectives through:

- Preparation of regular forecast cash flows to understand the application and use of funds; and
- Identification of future funding, including new debt facilities.

III. NOTES (Continued)

22. Financial risk management (continued)

The Company describes management of liquidity risk as conservative which refers to the sufficient ensuring of the amount of cash and cash equivalents. The Company's cash flows are positive, hence the liquidity risk is considered to be low. Due to this reason, the Company's management did not implement any formal procedures to manage the liquidity risk. The Company manages the liquidity risk by signing long-term trading contracts with major buyers.

The following tables present contractual maturities of the Company's financial assets and liabilities based on undiscounted contractual payments as at 31 December 2021 and as at 31 December 2020

	Cash flows as at 31 December 2021				
	Total	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**
Financial assets					
Non-current assets					
Bonds acquired	25 218 000	-	-	-	25 218 000
Loans granted	22 315 000	-	-	22 315 000	-
Other receivables	2 400 000	-	1 600 000	800 000	-
Current assets					-
Other receivables	859 537	859 537	-	-	-
Cash and cash equivalents	26 463 917	26 463 917	-	-	-
Total financial assets	**77 256 454**	**27 323 454**	**1 600 000**	**23 115 000**	**25 218 000**
Financial liabilities					
Non-current liabilities					
Bonds issued	25 290 872	58 491	-	25 173 891	-
Loans received	111 116	-	-	111 116	-
Current liabilities					
Bonds issued	5 159 589	5 159 589	-	-	-
Trade and other payables	271 375	271 375	-	-	-
Total financial liabilities	**30 832 952**	**5 430 964**	**-**	**25 285 007**	**-**

	Cash flows as at 31 December 2020				
	Total	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**
Financial assets					
Non-current assets					
Bonds acquired	-	-	-	-	-
Loans granted	25 363 379	-	-	-	25 363 379
Other receivables	3 200 000	-	2 400 000	800 000	-
Current assets					
Other receivables	800 000	800 000	-	-	-
Cash and cash equivalents	416 640	416 640	-	-	-
Total financial assets	**29 780 019**	**1 216 640**	**2 400 000**	**800 000**	**25 363 379**
Financial liabilities					
Non-current liabilities					
Bonds issued	1 978 608	-	-	-	1 978 608
Loans received	302 832	-	-	302 832	-
Current liabilities					
Trade and other payables	49 518	49 518	-	-	-
Total financial liabilities	**2 320 322**	**38 882**	**-**	**302 832**	**1 978 608**

As at 31 December 2021, current asset and cash of the Company exceeds current liabilities.

III. NOTES (Continued)

22. Financial risk management (continued)

22.4. Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge a contractual obligation or commitment that it has entered with the Company, resulting in a financial loss to the Company. In managing the credit risk, the Company seeks to select only creditworthy counterparties whose reliability is not in doubt.

As at 31 December 2021 and 31 December 2020, credit risk is assessed in regard to other receivables and cash at bank which are not accounted at fair value through profit and loss.

In relation to the agreement with third party regarding the sale of shares and loans previously held at AS Agro Lestene and AS Zala Zemes Energija the Company and a third party entered a pledge agreement. Based on this agreement third party undertakes to register the pledge over the shares and loans sold in favour of the Company and the pledge is released only after full amount of receivable is received. During the full time of pledge, the third party, based on the pledge agreement, may not sell, release, or take possession of the shares sold, collect any proceeds, or exercise all other rights as are conferred by applicable law.

The Company is exposed to limited credit risk in regards to cash held at bank as the bank is a counterparty with a high credit rating issued by foreign rating agencies (please refer to Note 9). Given the high credit ratings of the banks, the Company considers the probability of bank failure to be zero.

Maximum credit risk of financial assets, excluding financial assets measured at fair value through profit or loss, is equal to the accounting value of such financial assets.

As at 31 December 2021 and 31 December 2020, the Company does not hold any collaterals in respect of loans granted and bonds acquired. Loan agreements that the Company concluded have clauses specifying that no additional collateral shall be offered to the Company to secure the performance of obligations under the loan agreements concluded.

On 29 June 2016, the Company concluded agreement with AB SEB bankas, by which the Company has guaranteed that it's associate completes obligations under loan agreement until 27 June 2023. The shares of the associate are pledged under this agreement.

On 26 October 2021, the Company has signed a guarantee agreement with EE Lithuania Emerald ApS, by which it unconditionally guaranteed for the payment for the full and timely fulfilment of the shares purchase agreement payment obligation concerning the entire share capital of UAB EE Emerald Holding. The contingent liability of the Company under this guarantee agreement is limited to EUR 8 965 837.

As at 31 December 2021 and 31 December 2020, the Company had not issued financial guarantees.

As at 31 December 2021 and 31 December 2020, the Company had loans that have not yet been paid out. The Company's commitments in regards to loans granted and not yet paid out are summarized in the table below.

III. NOTES (Continued)

22. Financial risk management (continued

Commitments in regards to loans granted and bonds issued as at 31 December 2021:

Borrower	Type	Debt date	Maturity date	Contractual interest rate	Amount of loan	Commitment amount according to loan agreement
Energy Solar Projekty Sp.	Loan	2019-05-31	2026-01-05	8.50%	44 950 000	48 000 000
PV Energy Sp. z. o.o. (1)	Loan	2020-10-01	2026-01-05	8.50%	1 376 823	2 400 000
PV Energy Sp. z. o.o. (3)	Loan	2021-06-02	2026-01-05	8.50%	1 510 000	2 752 000
PV Energy Sp. z. o.o. (4)	Loan	2021-09-09	2023-04-30	8,50%	-	15 500 000
UAB Žaliosios investicijos	Bonds	2021-11-12	2058-12-31	8,50%	24 625 000	25 000 000

Commitments in regards to loans granted as at 31 December 2020:

Borrower	Loan date	Maturity date	Contractual interest rate	Amount of loan granted	Commitment amount according to loan agreement
Energy Solar Projekty Sp. z. o.o.	2019-05-31	2026-01-05	8.50%	44 950 000	48 000 000
PV Energy Sp. z. o.o. (1)	2020-10-01	2026-01-05	8.50%	1 275 000	2 400 000

23.5. Fair value

All assets for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Quantitative disclosures of the Company's financial assets in the fair value measurement hierarchy as at 31 December 2021:

	Level 1	Level 2	Level 3	Total
Financial assets	**-**	**-**	**69 563 637**	**69 563 637**
Investment assets at fair value through profit or loss	-	-	66 680 802	66 680 802
Other non-current receivables at fair value through profit or loss	-	-	2 082 835	2 082 835
Current receivables at fair value through profit and loss	-	-	800 000	800 000

Quantitative disclosures of the Company's financial assets in the fair value measurement hierarchy as at 31 December 2020:

	Level 1	Level 2	Level 3	Total
Financial assets	**-**	**-**	**31 744 321**	**31 744 321**
Investment assets at fair value through profit or loss	-	-	28 218 696	28 218 696
Other non-current receivables at fair value through profit or loss	-	-	2 725 625	2 725 625
Current receivables at fair value through profit and loss	-	-	800 000	800 000

Division of financial instruments by category

Carrying amounts of financial assets and liabilities per each category as at 31 December 2021 and 31 December 2020:

III. NOTES (Continued)

22. Financial risk management (continued)

	31 December 2021	
	Carrying amount	**Fair value**
Financial assets at fair value through profit or loss		
Investment assets at fair value through profit or loss	66 680 802	66 680 802
Other non-current receivables through profit or loss	2 082 835	2 082 835
Current receivables at fair value through profit and loss	850 000	850 000
Total Financial assets at fair value through profit or loss	**69 613 637**	**69 613 637**
Financial assets at amortised cost		
Prepayments	150 000	150 000
Receivable from Energy Solar Projekty Sp. z. o. o.	187	187
Future period expenses	3 145	3 145
Deferred tax assets	20	20
Other receivables	9 350	9 350
Cash and cash equivalents	26 463 917	26 463 917
Total Financial assets at amortised cost	**26 626 619**	**26 626 619**
Financial liabilities at amortised cost		
Non-current bonds issued	25 173 891	24 917 419
Non-current loans received	111 116	111 116
Current bonds issued	5 218 080	5 148 639
Trade and other payables	1 041 587	1 041 587
Payable to employees	7 519	7 519
Total Financial liabilities at amortised cost	**31 552 193**	**31 226 280**

	31 December 2020	
	Carrying amount	**Fair value**
Financial assets at fair value through profit or loss		
Investment assets at fair value through profit or loss	28 218 696	28 218 696
Other non-current receivables through profit or loss	2 725 625	2 725 625
Current receivables at fair value through profit and loss	800 000	800 000
Total Financial assets at fair value through profit or loss	**31 744 321**	**31 744 321**
Financial assets at amortised cost		
Prepayments	25 000	25 000
Future period expenses	1 194	1 194
Deferred tax assets	3	3
Accrued income	8 000	8 000
Other receivables	957	957
Cash and cash equivalents	416 640	416 640
Total Financial assets at amortised cost	**451 794**	**451 794**
Financial liabilities at amortised cost		
Non-current bonds issued	1 381 401	1 381 401
Non-current loans received	278 092	278 092
Trade and other payables	49 518	49 518
Payable to employees	3 672	3 672
Current tax liabilities	103	103
Total Financial liabilities at amortised cost	**1 712 786**	**1 712 786**

III. NOTES (Continued)

22. Financial risk management (continued)

22.6. Equity price risk

Equity price risk is the risk of unfavourable changes in the fair value of equity instruments.

As at 31 December 2021 and 31 December 2020 the Company holds shares of its subsidiaries and associates, therefore is exposed to equity securities price risk, as prices of such securities in the future are uncertain. Equity securities prices are observed and measured based on market value of subsidiaries and associates determined in the valuation report by the independent assessors, which is prepared at least twice a year. The Company holds both controlling interest in equity shares and debt instrument issued by the subsidiaries and associates, therefore the fair value is determined for the aggregated equity and debt financial instrument as one unit. The Company's aggregated financial assets at a fair value are as follows:

	31 December 2021	31 December 2020
Equity and debt financial instrument	**66 680 802**	**28 218 696**

As equity securities are not publicly traded, it's prices are determined based on valuation reports submitted by independent assessors and benchmark indexes are not used, impact of changes in the fair value cannot be reasonably evaluated.

In order to manage the price risk, the Company's management is obliged to ensure diversification of the investments. The Company's management responsibly selects investment objects, perform a thorough investment analysis and make efforts to ensure to comply with the investment restrictions set out in the Company's prospectus.

The Company invests in renewable energy infrastructure facilities and related assets. Renewable energy infrastructure facilities and related assets include the following facilities: renewable energy production sources, energy efficiency projects, distribution and transmission networks of energy resources and their storage and other similar facilities. The Company invests in renewable energy infrastructure facilities and related assets by acquiring equity securities (not less than 10% of equity securities that grant the voting right, if these securities are not admitted to trading on a trading venue, in other cases – not more than 20% of equity securities that grant the voting rights) and non-equity securities, including convertible bonds, movable property (plant, equipment and other similar property) and real estate.

22.7. Interest rate risk

There is a risk that a rapid recovery of the global economy or higher inflation rate will force central banks to raise interest rates which will entail higher costs of administration of credits related to the Company’s investments, thereby reducing the value of Company’s investments. To mitigate this risk, the Company will hedge against interest rate risks by concluding respective transactions in financial instruments, where necessary.

As at 31 December 2021 and 31 December 2020 the Company only has assets (loans granted, bonds acquired) and liabilities (loans received, bonds issued) that are subject to fixed interest rates, therefore the Company is not exposed to interest rate risk. The Company's assets and liabilities do not use benchmark rates.

The fair value of the Company's investments in equity and debts instruments is measured by an aggregated basis. Among other investments, it holds both a controlling interest in equity shares and a debt instrument issued by the subsidiaries.

From a business strategy perspective, and in a manner consistent with standard practice in its industry, The Company evaluates the performance of its investments in subsidiaries and makes acquisition and disposal decisions on an aggregate basis rather than by considering the shares and debt separately.

When it holds both a controlling interest in the shares of a subsidiary and debt issued by that subsidiary, the Company rarely, if ever, disposes of one instrument without also disposing of the other as this ensures that its return on investment is maximised. Therefore, the risk arising solely from interest is not applicable.

III. NOTES (Continued)

22. Financial risk management (continued)

22.8. Foreign exchange risk

The Company's investments will be mainly made in the Euro; therefore, there is a risk that the euro will depreciate against other currencies, as a result of which the value of the Company's investments can decrease. To mitigate this risk, the Company will hedge against exchange rate risks using derivative financial instruments but neither the Company nor the Management Company can guarantee that these hedges will cover the entire or majority of the investment portfolio.

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

For the financial period ended 31 December 2021 and the financial year ended 31 December 2020 the Company carried out all of its transactions in euro. All of the transactions are carried out in euros, except single cases that might occur, therefore the Company is not exposed to foreign exchange risk. Derivative financial instruments are not used to hedge against the risks associated with foreign currency fluctuations.

22.9. Operational risk

Operational risk refers to mismanagement, error, or fraud in relation to financial risk management resulting in financial loss to the Company. It is managed by maintaining a strict review of the accounts and the financials of the Company, whilst ensuring that suitably experienced and qualified staff implements those reviews, appropriate contractual arrangements are in place with counterparties and compliance with the laws and regulations is maintained.

22.10. Capital risk management

The Company's objective in managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the Company.

The Company performs the following in order to maintain capital structure and ensure effective capital management:
1. Regularly monitor the performance of the Company and adjust distributions the Company pays to Shareholders;
2. Issue new shares in accordance with the constitutional documents of the Company to existing or new Shareholders;
3. Restrict redemption of shares in accordance with the constitutional documents.

22.11. Property development risk

There is a risk that the development projects of the Company will take longer or cost more than expected, thereby reducing the value of the Company's investments. To mitigate this risk, the Company will allocate sufficient resources to control the budget and implementation deadlines of the development projects.

22.12. Limited diversification risk

The limits of investment of the Company's assets are not regulated as tightly as those of other collective investment undertakings so the risk spread is not broad and are there is a risk that even a single unsuccessful investment may have a significant negative effect on the overall result of the Company due to a limited number of investments. To mitigate this risk, the Management Company will choose the investment objects responsibly, analyse the investments in great detail and will make every endeavour to ensure that the investment restrictions laid down in this Prospectus are complied with.

III. NOTES (Continued)

22. Financial risk management (continued)

22.13. Tax risk

There is a risk that a change in the economic climate and political situation in the country may result in new taxes applicable to the Company and investment objects of the Company and/or an increase in the current tax rates, thereby reducing the return on investments of the Company.

22.14. Political and legal risk

A company which invests in one geographic region or economic sector is exposed to higher political and/or legal risks. Political risks are inherent to all the developing countries. They are high in the countries that are not members of the European Union, especially in the developing countries. Political instability in the country may lead to legal, tax, fiscal and regulatory changes such as nationalisation, confiscation, restriction of the free movement of capital and other political decisions which may have an adverse effect on the value of the Company's Share.

22.15. Geopolitical risk

There is a risk that operations of the Company may be affected by geopolitical changes (such as conflicts between countries, internal conflicts of neighbouring countries, uprisings, or wars) resulting in a lower value of the Company's investments or failure to dispose of the investment objects acquired by the Company at the preferred time and the desired price.

22.16. Company's property valuation risk

The assets acquired by the Company will be evaluated according to the main rules laid down in the Prospectus. The valuation of individual items of assets of the Company will be carried out by a property or business valuator but such valuation constitutes only the estimated value of the assets which does not automatically mean an accurate realisable value of the Company's assets which depends on a number of factors, e.g., economic, and other conditions beyond the control of the Management Company and its employees. Therefore, the realisable value of the Company's assets may be either above or below the value of the assets determined by the property or business valuator.

22.17. Fluctuation risk

The value of the Company's investments may significantly increase or decrease within a relatively short period of time and as a result of this the Company's NAV may significantly increase or decrease within a relatively short period of time. A significant increase or decrease in the Company's NAV within a relatively short period of time may cause sudden significant fluctuations (increase or decrease) in the value of the Company's Shares.

23. Subsequent events

On 7th February 2022 the Company made additional payment of EUR 1 700 000 to PV Energy Projects SP.z.o.o according to loan agreement signed on 9th September 2021.

During February 2022, The Company acquired two new subsidiary companies measured at fair value through profit and loss, that operates in Lithuania and Poland, with purchase value of EUR 5 504 .

On 14th February 2022, the Company sold 50 % of UAB Ekoelektra shares for price value of EUR 1 250.

On 17th February 2022, the Company purchased 321 000 bonds from the new issue of Ekoelektra and in total the Company subscribed for 3 000 000 units.

On 18th February 2022, UAB Ekolektra redeemed the bonds and paid accrued interests the Company based on agreement dated 3 May, 2021.

III. NOTES (Continued)

23. Subsequent events

During March, 2022, The Company established new subsidiary in Lithuania with share capital of EUR 2 500, and acquired new associate in Latvia in value of EUR 1 400, both measured at fair value through profit and loss.

On 4th March 2022, the Company granted a loan of EUR 10 000 000 for BartinIles Investments SP. Z O.O., the Company is obligated to grant loan of EUR 19 000 000.

On 11th April 2022, the Company purchased 1 750 000 bonds from KNT Holding, UAB issue and subscribed for 40 000 000 units.

Management Company of Investment Company adopted the decision to increase the authorised capital of Company by EUR 15 000 000 on 14th April 2022. Authorised capital is increased by issuing 9 155 832 units of ordinary shares with price EUR 1,6383 per unit.

Due to the war in Ukraine started by Russia on 24 February 2022, changes in the business environment of the Company are possible. The impact of the war on the operations of the Company may be felt due to changes possible shortage of construction materials or labour and changes in economic conditions in the future, but the impact of war on these factors in preparing the 2021 financial statements cannot yet be objectively assessed. The Management of the Company considers this event to be a post-balance sheet event that should not result in an adjustment to the 2021 financial statements. The impact of the war on economic conditions and prospects will be assessed in determining the fair value of the assets managed by the Company in 2022.

CONSOLIDATED ANNUAL MANAGEMENT REPORT FOR 2021

1. The company's situation, review of performance and development, main risks and uncertainties faced by the company

UAB Atsinaujinančios energetikos investicijos, company identification number: 304213372, address Jogailos str. 4, Vilnius, Lithuania registered on 15 March 2016, the Company's data is stored and accumulated by the State Enterprise Centre of Registers (VĮ Registrų centras).

After receival of the approval of Company's Articles of Association by the Supervision Service of the Bank of Lithuania on the 14th December 2020, the company was transformed into a closed-end investment company for informed investors UAB Atsinaujinančios energetikos investicijos (hereinafter – the Company). The Company was granted the code – I121.

The Company is managed by UAB Lords LB Asset Management, company identification number – 301849625 (hereinafter – Management Company)

The Company's area of activity: collecting and investing shareholder funds in order to earn a return on investments made in renewable energy infrastructure projects and associated assets. Renewable energy infrastructure objects and related assets include the following objects: renewable energy production sources, energy efficiency projects, energy resources distribution and transmission networks and their protection, and etc.

The Company's s shareholders who have more than 25% of shares

ENERGY AND INFRASTRUCTURE SME FUND, a closed-end investment fund for informed investors (holds 45.80% of shares as at 31 December 2021).

Shares

As at 31 December 2021, the Company's authorised share capital amounted to EUR 40 062 726 (as at 31 December 2020 – EUR 20 823 623). As at 31 December 2021 authorized share capital comprised of 40 062 726 ordinary shares (as at 31 December 2020 – 21 164 687) of EUR 1 each. As at 31 December 2021 the Company's authorised share capital was fully paid and total share premium was EUR 10 789 768, as at 31 December 2020 the Company's subscribed unpaid share capital was EUR 341 064, total share premium – EUR 1 153 873. The Company had not acquired its own shares.

The Company's manager

Tomas Milašauskas

Review of performance and development

The Company invests in the development solar power plants in Poland and plans further portfolio extension of such assets. The Company currently invests into 71.6MW development solar power plant project in Poland, which is planned to be completed in 2023. In Lithuania investments are made into 185.5MW wind power park project in Lithuania, which is planned to be completed until the end of 2022. The Company also invests in other wind power park and solar power plant development projects in the Baltic countries and Poland, therefore the Company is actively participating in new solar and wind power plant projects' acquisitions processes.

The Company currently manages an operating a 66MW solar power plant portfolio in Poland and 2.6MW operating solar power plant investment in Lithuania.

Risks and uncertainties

Irrespective of the pandemic cause by the Covid-19 virus, the countries' governments continue to be strongly committed to maintaining the Green Deal. In the recent times, in the Company's investment region, the government announced heightened investments goals into renewable energy and infrastructure fields. Similar trends prevail throughout the world, from America to Australia. This creates better investment environment, but also brings about certain risk, such as the risk of rise in raw materials prices and longer supply time. In the wind energy sector, the main challenge is posed by the delivery of wind turbines.

As of today, the average delivery time of wind turbine parts is one calendar year. This means that a smooth construction process should be planned in advance very precisely. In the solar energy sector, the module ordering price is strongly affected by the desired delivery term: if the term is up to three months, the price will much higher than for delivery after three months. Also, with rapid paces of development, the capacity of electricity networks should be increased. And this depends on state-controlled electricity network enterprises. It is only one of the limitations affecting faster development of renewable energy.

In February 2022, the Russian Federation invaded Ukraine. The military actions affect not only the economy in Ukraine, Russia and Belarus, but also the European Union and global economy. As at the date these financial statements were authorised for issue, the situation in Ukraine is extremely volatile and inherently uncertain. In the management's opinion, considering the ongoing and dynamic nature of the situation, a reliable estimate of the financial impact cannot be presently made.

2. Analysis of financial and non-financial operating results; environment and personnel-related information

The Company's objective is to earn return for the Company's investors from investments in facilities of the renewable energy infrastructure and related assets.

The company controls 100% of the shares of the Polish company Energy Solar Projekty Sp. z. o. o. (hereinafter – ESP). ESP constructs and develops solar farms in Poland. In 2021, significant electricity market price growth in Poland was one of the reasons for ESP shares value increase in the Company's balance from 8 567 406 EUR to 8 858 672 EUR. ESP does not plan the construction of new power plants.

In January 2020, the Company sold shares of the Latvian companies Agro Lestene and Zalas Zemes Energija. The buyer will settle for the shares of the biogas power plant managing companies during the period 2021–2025. The discounted amount receivable for shares sold is equal to 2 082 835 EUR as at 31 December 2021. The amount receivable was equal to 2 725 625 EUR as at 31 December 2020.

The Company owns 30% of shares of UAB Saulės energijos projektai, a company controlling a solar power plant in Lithuania. The value of shares in the Company's balance has decreased from 1 315 618 EUR to 998 019 EUR. The share value has been going down every year because the end of payment of the auction tariff is approaching, due to which the future cash flow is decreasing. During 2021, UAB Saulės energijos projektai paid the Company 204 000 EUR in dividends, in 2020 - 390 000 EUR.

In 2020, the Company established PV Energy Projects, an enterprise for the development of new power plants in Poland. At the end of 2021, the Polish entity has 73.5MW of development solar power plant projects acquired. The construction start of this project is scheduled to start in first quarter of 2022, while construction is expected to be completed in second half of 2023. As at 31 December 2021 PV Energy Projects shares value in the Company's balance was equal to 5 989 642 EUR. Shares value increase was determined by significant electricity market price growth and additional project acquisitions in 2021.

The Company owns 25% of shares of UAB Žaliosios investicijos. The entity was established in 2021 and manages 185.5 MW of construction stage wind power park projects in Lithuania. The projects are currently in construction stage, which is scheduled to be completed by the end of 2022.

The Company owns 100% of shares of UAB Ekoelektra. The entity was established in 2021 and during 2022 it is planned that the entity will acquire 110 MW of development stage wind power park projects in Lithuania.

In 2020, the Company was transformed into an investment company. All employees and related costs have been transferred to the newly acquired company UAB JTPG. The main activities of UAB JTPG: management of the Company's project.

The objective of the Company is not sustainable investments as defined in Regulation (EU) 2019/2088 of 27 November 2019 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector, however the Company promotes environmental characteristics by investing into renewable energy infrastructure objects and related assets. The "do no significant harm" principle applies only to those investments of the Company that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

3. References and additional explanations about the data provided in the annual financial statements.

In drawing up the complete financial statements, the Company was guided by the provisions of the Law on Financial Reporting of the Republic of Lithuania and the International Financial Reporting Standards.

4. The number of all shares acquired and held by the company and their face value and the portion of the authorised capital constituted by those shares.

No.

5. The number of all shares acquired during the reporting period and held by the company and their face value and the portion of the authorised capital constituted by those shares.

No.

6. Information about payment for own shares if they are acquired or transferred for consideration.

No.

7. Reason for the acquisition of own shares by the company during the reporting period.

No.

8. Information on the company's branches and representative offices

The company does not have any representative offices or branches.

9. Information about significant events that took place after the end of the financial year.

After the end of the financial year, there were no significant events except for those disclosed in the financial statements.

10. The company's operational plans and forecasts for 2021.

In 2022, the Company will continue the two main strategic operating directions: investment in the development of solar and wind power plants. Investments in solar power plants will be mostly concentrated in Poland. In 2022, the construction of the development solar power plant projects in Poland is scheduled. The development of this project will require considerable funds, which will be acquired through share capital and bonds issuances. The primary development of wind power park projects will be done in Lithuania. The construction end of the development of wind power park project in Lithuania is scheduled in fourth quarter of 2022. The further development of this project will not require considerable additional investments from the Company.

11. Information on the company's research and development activities.

No.

12. Objectives of the company's financial risk management, security instruments used for the main groups of envisaged transactions, which are subject to hedge accounting, and scopes of the company's price risk, credit risk, liquidity risk, and cash flow risk.

In exercise of its activities, the Company encounters various financial risks: the market risk (including the exchange rate risk, fair value interest rate risk, cash flow interest rate risk, and price risk), credit risk, and liquidity risk. The Company's general risk management programme is mainly focused on the unpredictability of financial markets and seeks to mitigate potential adverse effects.

Currency risk

The Company does not assume a significant currency risk because it constantly reconciles the overall currency position of receivable and payable amounts in currency.

The Company performs settlements with its major suppliers in euros. The Company manages currency (PLN) exchange rate fluctuations by periodical review of debts.

Sales debt risk

The Company controls the sales debt risk by establishing limits for each buyer or group of buyers. This risk is constantly monitored by performing regular reviews of buyers' debts.

Interest rate risk

The annual interest rates of financial loans are variable and depend on fluctuations in EURIBOR and EURLIBOR. The interest rates of leasing contracts are also variable and depend on EURIBOR fluctuations. The Company constantly monitors interest rate changes and accordingly plans its cash flows as well as examines alternatives ways of financing.

The objectives of the Company's **capital management** are to ensure the Company's business continuity, return to shareholders, and benefit to other interested parties. The Company has not established any parameters for the evaluation of the optimal capital composition, so the capital management policy is fully controlled by and depends on the decisions of the Management Company.

The conservative management of the **liquidity risk** means the sufficient ensuring of the amount of cash and cash equivalents. The Company's cash flows are positive and its current assets mostly exceed current liabilities, so the liquidity risk is very low. For this reason, the Company's management has not implemented any formal procedures to manage the liquidity risk.

Liquidity risk

The Company manages the liquidity risk by signing long-term trading contracts with major buyers. The description of the sales debt risk management is presented above.

Cash flow risk

The Company controls this risk by properly planning needs for cash flows, which can be controlled by setting limits for cash flow shortages and by diversification.

13. Information about other managerial positions held by the manager, board members, and supervisory board members of the public limited liability company and private limited liability company (manager of the legal entity (legal form, name, identification number, registered office address), member of a management body or supervisory body of the legal entity (legal form, name, identification number, registered office address)) and most important information about their main working place (position, legal entity's legal form, name, registered office address).

Board of Directors: As at 31 December 2021, the board of directors comprised of 5 board members:

- Jan Ake Gustaf Litborn;
- Mindaugas Marcinkevičius;
- Andrius Stonkus;
- Antanas Vainauskas;
- Giedrius Bernotas.

Data on the participation of board members in activities and capital of other undertakings, institutions and organisations:

No.	Member of the Board	Name of company, body or organisation	Position held	Percentage share of capital and votes held
1.	Antanas Vainauskas	UAB Serenus	Shareholder	100%
		UAB INVESTI LT	Manager	50% of shares are owned by UAB Serenus
		Law firm Vainauskas and partners	Lawyer	100%
		UAB LL Investicijos	Member of the Board	0%
		UAB TAN Oil	Member of the Board	0%
		UAB Diseta	Member of the Board	0%
2.	Mindaugas Marcinkevičius	UAB Glera	Shareholder, Manager	100%
		UAB Taikos projektas	Shareholder, Manager	100%
		UAB Biruliškių projektas	Shareholder, Manager	100%
		OÜ Attexo	Shareholder, Member of the Board	100%
		UAB Ordeta	Member of the Board	0%
		AS PN Project	Member of the Supervisory Board	0%
3.	Andrius Stonkus	UAB Aemulus	Shareholder	100%
		Starlynx investment OU	Member of the Board	100%
		UAB Goindex	Shareholder	3%
		UAB Parkdema	Member of the Board	0%
		UAB Cogito Invest	Head, board member	0%
		UAB Humitas	50% of the shares are owned by Starlynx investment OÜ, where Andrius Stonkus is a shareholder	0%
		AB Sparta	Member of the Supervisory Board	0%
4.	Jan Ake Gustaf Litborn	Law Firm PK Advokat AB	Managing partner	36%
		Varakani AB	Shareholder	100%
		Donap Advokat AB	Shareholder	100%
		Atlant Ocean Racing AB	Shareholder	19%
		Backastad AB	Shareholder	15%
5.	Giedrius Bernotas	UAB Airport Business Park	Shareholder	10%
		AS PN Project	Member of the Board	0%
		SIA Management	Member of the Board	0%

This consolidated annual management report has been signed electronically by the
Manager of UAB Atsinaujinančios energetikos investicijos, a closed-end investment company for informed investors

Tomas Milašauskas