UAB LORDS LB ASSET MANAGEMENT

AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED
31 DECEMBER 2022,
PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING
STANDARDS AS ADOPTED BY THE EUROPEAN UNION
AND ANNUAL REPORT

Content

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Independent Auditor's Report

To the Shareholders of Lords LB Asset Management UAB

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Lords LB Asset Management and its subsidiary ("the Group"). The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022,
- 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 2022, 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 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Company code: 111494971
VAT code: LT114949716

Management revenue

See Note 2.20 for revenue accounting policy and Note 3.13 to the financial statements for financial disclosures.

The key audit matter	How the matter was addressed in our audit
In 2022, the Group's revenue amounted to EUR 9,044 thousand (2021 – EUR 9,493 thousand), and mainly comprised revenue from the funds' and closed-end investment companies' management and success fee. Success fee revenue is recognised at a point in time. Revenue from management of funds and closed-end investment companies is recognised over time as the services are being provided and the performance obligations satisfied. Management fees are earned from the funds and closed-end investment companies under the Group's management and are calculated by applying the fee rates as set out in respective managed fund's and closed-end investment companies' rules/prospectus to either the net assets value (NAV) of the managed fund or closed-end investment company or to the amount of the investors' commitment to invest. Success fees are earned from the funds and closed-end investment companies upon the realization of their investments and subsequent profit distribution to the investors. Success fees are calculated according to the profit distribution rules as set out in respective managed fund's or closed-end investment company's rules/prospectus. We focused on this area due to the magnitude of the amounts involved, and also due to our increased attention required to satisfy ourselves regarding the completeness and accuracy of the data underlying the calculations of revenue from funds' and closed-end investment companies' management fee. Accordingly, we have identified this area as a key audit matter.	To address this risk our procedures, performed included, among others: • We obtained an understanding of the Group's revenue recognition process, and tested the design and implementation of the selected key internal controls therein; • We assessed the Group's revenue recognition policy for compliance with relevant provisions of the financial reporting standards; • We assessed the accuracy of NAV used in management fees estimation by tracing NAV to audited financial statements of the fund or closed-end investment company or by verifying reasonableness of assets and liabilities that NAV is derived from (where the audit was not finalised). • We evaluated the existence and accuracy of the management fee revenue recognised by tracing the fee rates used to those prescribed in the funds' and closed-end investment company's rules/prospectus, and independently estimated annual management fee revenue by applying those fee rates to the net asset values of respective months or to the amounts of the investors' commitment to invest into the fund or closed-end investment company, as considered appropriate; • We evaluated the existence and accuracy of the success fee revenue by assessing the appropriateness of the success fee calculation with reference to the funds' or closed-end investment companies' rules/prospectus; • We traced management fee revenue, including success fee revenue, to the payments received from managed funds and closed-end investment companies; • We examined whether the Group's revenue recognition-related disclosures appropriately include and describe the relevant quantitative and qualitative information required by the applicable financial reporting framework.

Investments to funds' units and shares of closed-end investment companies measured at fair value

See Note 2.13 for investment accounting policy and Note 3.2 to the financial statements for financial disclosures.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2022, the value of the Group's investment portfolio amounted to EUR 2,176 thousand (31 December 2021: EUR 1,489 thousand). The Group's investment portfolio comprises units of investment funds and shares of closed-end investment companies measured at fair value. The fair value of the funds' investment units and closed-end investment companies' shares equals the net asset value (NAV) of the respective fund or closed-end investment company. The NAV calculation methodology is determined by the legislation applicable to the respective fund or closed-end investment company, the fund's and closed-end investment company's rules/prospectus and NAV calculation methodology approved by the board of directors of the Management Company. The main element of NAV is represented by the fair value of the funds and closed-end investment companies investments. The fair value is determined based on valuation models, which often require unobservable inputs and significant management judgment. Investments in bonds and loans are carried at fair value or amortised cost depending on the chosen accounting policies. Due to the magnitude of related amounts and materiality of judgments to be made in respect of fair value of investments, we considered this area to be associated with a significant risk of a material misstatement and a key audit matter.	To address this risk our procedures performed included, among others: • Evaluating the design and implementation of selected internal controls of respective funds and closed-end investment companies over valuation of funds' and closed-end investment companies' investments; • For investments in the funds where audit is not finalized, testing the relevance and reliability of key data and verifying reasonableness of assets and liabilities that NAV is derived from; • Challenging the appropriateness of the valuation methods and models applied in measuring the fair value of the funds' and closed-end investment companies' investments against relevant regulatory and financial reporting requirements; • Independently obtaining a confirmation from the custodian of respective funds and closed-end investment companies in respect of NAV as at 31 December 2022; • Evaluating the accuracy and completeness of the financial statements disclosures relating to the fair value determination of the investments against the relevant requirements of the financial reporting standards.

Other Information

The other information comprises the information included in the 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.

In addition, our responsibility is to consider whether information included in the 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 the consolidated financial statements, in our opinion, in all material respects:

- The information given in the 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 consolidated annual management report has been prepared in accordance with the requirements of the Law on Consolidated Financial Reporting by Groups of Undertakings of the Republic of Lithuania.

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.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on the agreement signed under decision of the shareholders, we were appointed on 17 November 2022 for the first time to audit the Group's consolidated financial statements. Our appointment to audit the Group's consolidated financial statements is renewed every three years, and the total uninterrupted period of engagement is 1 year.

We confirm that our audit opinion expressed in the Opinion section of our report is consistent with the additional report which we have submitted to the to the Group and its Audit Committee.

We confirm that in light of our knowledge and belief, services provided to the Group are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

In the course of audit, we have not provided any other services except for audit of the consolidated financial statements.

On behalf of KPMG Baltics, UAB

Toma Jensen
Partner pp
Certified Auditor

TOMA JENSEN
Digitally signed by TOMA JENSEN
Date: 2023.03.29 22:46:05 +03'00'

Vilnius, the Republic of Lithuania
29 March 2023

The electronic auditor's signature applies only to the Independent Auditor's Report on pages 3 to 8 of this document.

(all amounts presented in EUR unless otherwise indicated)

Consolidated statement of Financial Position

	Notes	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	3.1.	2 176 374	1 489 136
Property and equipment	3.2.	108 793	90 321
Intangible assets	3.2.	33 436	28 683
Deposits paid	3.2.	59 367	-
Total non-current assets		**2 377 970**	**1 608 140**
Current assets			
Cash and cash equivalents	3.4.	2 465 173	639 154
Trade receivables	3.5.	1 098 260	290 216
Assets from contracts	3.6.	1 616 841	4 441 122
Other receivables	3.6.	104 367	2 953 711
Prepayments	3.7.	89 706	97 113
Loans granted	3.8.	203 778	-
Total current assets		**5 578 125**	**8 421 316**
TOTAL ASSETS		**7 956 095**	**10 029 456**
EQUITY AND LIABILITIES			
Equity			
Share capital	3.9.	318 560	318 560
Reserves	3.9.	31 858	31 858
Retained earnings (losses)	3.9.	6 551 183	7 788 050
Total equity		**6 901 601**	**8 138 468**
Current liabilities			
Trade and other payables	3.10.	954 850	1 017 833
Lease liabilities	3.11.	70 513	77 732
Amounts payable to shareholders	3.12.	-	388 252
Income tax liabilities	3.16.	29 131	407 171
Total current liabilities		**1 054 494**	**1 890 988**
TOTAL LIABILITIES		**1 054 494**	**1 890 988**
TOTAL EQUITY AND LIABILITIES		**7 956 095**	**10 029 456**

Explanatory notes form an integral part of these financial statements.

These reports have been electronically signed by:

Managing director	Vilma Tvaronavičienė
Company representative in charge of accounting	Tadas Pranckevičius

(all amounts presented in EUR unless otherwise indicated)

Consolidated statement of Profit or Loss and Other Comprehensive Income

	Notes	31 December 2022	31 December 2021
Revenue			
Fund management income	3.13.	9 044 432	9 492 727
Fund consulting income	3.13.	60 237	-
Other operating income		-	65
Total revenue		**9 104 669**	**9 492 792**
Costs			
Distribution costs of fund units		(371 735)	(959 335)
Wages and related expenses	3.14.	(2 526 804)	(2 018 126)
Other operating expenses	3.15.	(1 277 073)	(846 023)
Total costs		**(4 175 612)**	**(3 823 484)**
Operating profit		**4 929 057**	**5 669 308**
Financial income	3.17.	4 710	4 363
Gain (loss) on financial assets at fair value through profit or loss	3.17.	(415 328)	150 622
Profit before tax		**4 518 439**	**5 824 293**
Income tax	3.16.	(755 306)	(861 475)
Net profit attributable to the Group's shareholders		**3 763 133**	**4 962 818**
Other comprehensive income		-	-
Total comprehensive income attributable to the Group's shareholders		**3 763 133**	**4 962 818**

Explanatory notes form an integral part of these financial statements.

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Managing director	Vilma Tvaronavičienė
Company representative in charge of accounting	Tadas Pranckevičius

(all amounts presented in EUR unless otherwise indicated)

Consolidated statement of Changes in Equity

	Share capital	Share premium	Reserves	Retained earnings (losses)	Total
Balance as at 31 December 2020	**318 560**	**-**	**31 858**	**5 825 232**	**6 175 650**
Net profit (loss)	-	-	-	4 962 818	4 962 818
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**4 962 818**	**4 962 818**
Dividends	-	-	-	(3 000 000)	(3 000 000)
Total transactions with the owners, recognised directly in equity	**-**	**-**	**-**	**(3 000 000)**	**(3 000 000)**
Balance as at 31 December 2021	**318 560**	**-**	**31 858**	**7 788 050**	**8 138 468**
Balance as at 1 January 2022	**318 560**	**-**	**31 858**	**7 788 050**	**8 138 468**
Net profit (loss)	-	-	-	3 763 133	3 763 133
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**3 763 133**	**3 763 133**
Dividends	-	-	-	(5 000 000)	(5 000 000)
Total transactions with the owners, recognised directly in equity	**-**	**-**	**-**	**(5 000 000)**	**(5 000 000)**
Balance at the end of the reporting period	**318 560**	**-**	**31 858**	**6 551 183**	**6 901 601**

Explanatory notes form an integral part of these financial statements.

These reports have been electronically signed by:

Managing director	Vilma Tvaronavičienė
Company representative in charge of accounting	Tadas Pranckevičius

(all amounts presented in EUR unless otherwise indicated)

Consolidated Statement of Cash Flows

	Notes	31 December 2022	31 December 2021
Cash flows from operating activities			
Cash inflows from fund management	3.13.	11 116 293	7 338 227
Cash flows from fund consulting	3.13.	14 813	-
Amounts paid for services		(1 379 260)	(2 040 704)
Payments for employees	3.14.	(1 438 771)	(1 155 023)
Taxes paid		(1 026 866)	(1 389 090)
Income tax paid		(1 133 346)	(151 787)
Commission paid		(2 363)	(1 500)
Other operating cash outflows		(316 152)	(48 539)
Total cash flows from operating activities		**5 834 348**	**2 551 584**
Cash flows from investing activities			
Lease payments	3.11.	(120 312)	(119 036)
Sale of securities	3.17.	852 604	896 197
Acquisition of securities	3.17.	(1 955 171)	(308 744)
Interest received	3.8., 3.17.	932	6 039
Bonds purchased		(200 000)	-
Bonds sold		200 000	-
Loans granted	3.8., 3.17.	(250 000)	-
Granted loans repayments	3.8., 3.17.	50 000	110 347
Total cash flows from investment activities		**(1 421 947)**	**584 803**
Cash flows from financing activities			
Dividends paid	3.9.	(2 198 130)	(3 000 000)
Cash inflows from other financial activities	3.12.	-	388 252
Payments to Group's shareholders	3.6., 3.12.	(388 252)	(2 800 000)
Total cash flows from financing activities		**(2 586 382)**	**(5 411 748)**
Net increase (decrease) in cash flows		**1 826 019**	**(2 275 361)**
Cash and cash equivalents at the beginning of the period		**639 154**	**2 914 515**
Cash and cash equivalents at the end of the period		**2 465 173**	**639 154**

Explanatory notes form an integral part of these financial statements.

These reports have been electronically signed by:

Managing director	Vilma Tvaronavičienė
Company representative in charge of accounting	Tadas Pranckevičius

(all amounts presented in EUR unless otherwise indicated)

Notes to the Financial Statements

1. General information

UAB LORDS LB ASSET MANAGEMENT (hereinafter referred to as "Management Company" or "Company") was registered in the Republic of Lithuania on 8 September 2008, registration number 301849625. Registration Certificate No. 123906. The registration address and registered office of the management company is Jogailos str. 4, Vilnius. Data is stored and collected by the Centre of Registers.

Shareholders of the Management Company as at 31 December 2022 and 2021:

		2022		2021
	Number of shares held	Ownership share	Number of shares held	Ownership share
UAB GLERA	5 170	47,00%	5 170	47,00%
UAB Aemulus	2 860	26,00%	2 860	26,00%
UAB Petralis	1 089	9,90%	1 089	9,90%
UAB Serenus	990	9,00%	990	9,00%
Private person (1)	880	8,00%	880	8,00%
Private person (2)	11	0,10%	11	0,10%
	11 000	**100,00%**	**11 000**	**100,00%**

As at 31 December 2022 the authorised capital of the Management Company was divided into 11,000 units of ordinary intangible shares (2021 - 11,000 units), each with a nominal value of EUR 28.96 (in 2021 - EUR 28.96). None of the shareholders of the Management Company has a controlling share.

The main activity of the Management Company is the establishment and management of real estate collective investment undertakings. On 23 December 2008, by Decision No. 2K-580 of the Securities Commission of the Republic of Lithuania, a license was obtained to manage real estate collective investment undertakings. License number CBD-016. On 23 June 2015, the Company received license No. 1 for operating under the Law on Management Companies for Collective Investment Undertakings for Professional Investors.

As at 31 December 2022, the Management Company controlled the following subsidiaries:

Subsidiary	Acquisition date	Ownership share	Number of shares	Nominal value
Lords LB European Property GP SARL	2022-06-30	100%	12 000	1.00
Lords LB Baltic Residential GP SARL	2022-05-20	100%	12 000	1.00

In 2022 the Management Company established companies Lords LB Baltic Residential GP SARL and Lords LB European Property GP SARL in the Grand Duchy of Luxembourg and invested EUR 12,000 in each of their 100 % authorized capital.

These companies are General Partners of reserved alternative investment funds Lords LB Baltic Residential Fund (EUR) SCA SICAV-RAIF and Lords LB European Property Fund SCA SICAV-RAIF established in the Grand Duchy of Luxembourg.

Funds established in Luxembourg are managed by a company operating in Luxembourg appointed by the Management Company. Meanwhile, the Management Company provides consulting services to funds established in Luxembourg, for which it receives Consulting income (see note 3.13).

Therefore, based on the above, the Management Company has assessed the control of subsidiaries and prepared consolidated financial statements to present the assets, liabilities, equity, expenses and cash flows of the Management Company and its subsidiaries as a single economic unit (the Group).

As at 31 December 2022 the Group manages the following collective investment undertakings:

1. Closed-end real estate investment fund LORDS LB BALTIC FUND IV for informed investors;
2. Closed-end real estate investment fund LORDS LB BALTIC SMALL CAP FUND for informed investors;

3. Closed-end real estate investment fund LORDS LB SPECIAL FUND I SUBFUND A for informed investors;
4. Closed-end real estate investment fund Lords LB SPECIAL FUND III for informed investors;
5. Closed-end real estate investment fund Lords LB SPECIAL FUND IV for informed investors;
6. Closed-end real estate investment fund Lords LB SPECIAL FUND V for informed investors;
7. Closed-end real estate investment fund Lords LB BALTIC GREEN FUND (V) for informed investors;
8. Closed-end private equity investment fund LORDS LB PRIVATE EQUITY FUND I;
9. Closed-end real estate investment fund Central Development Fund for informed investors;
10. Closed-end investment fund Energy and INFRASTUCTURE SME FUND for informed investors;
11. Closed-end investment fund BGFV Inter Cap Fund for informed investors;
12. Closed-end investment company UAB Atsinaujinančios energetikos investicijos for informed investors;
13. Special closed-end real estate investment company AB Tewox;
14. Closed-end real estate investment fund RIGHT BANK DEVELOPMENT FUND for informed investors;

Information on assets and net assets of managed funds is disclosed in note 3.18. The financial statements of the funds managed by the Group shall be presented as separate documents and shall not be included in those financial statements.

As at 31 December 2022 average number of employees in the Group was 30 (25 employees as at 31 December 2021).

The financial year of the Group coincides with the calendar year.

According to the laws of the Republic of Lithuania, the Group has prepared annual consolidated financial statements and it was approved at the general meeting of shareholders.

2. Accounting policy

The following are the key accounting principles that the Group has followed in preparing these financial statements.

2.1. Basis for preparation

The Group's financial statements for year 2022 are prepared in accordance with international financial reporting standards (IFRS) adopted for use in the European Union (EU). The accounting principles and calculation methods applied are consistent with those used in preparing the Group's annual financial statements for the year ended 31 December 2022. Except for the changes described below, the Group has consistently applied accounting principles for all periods presented in these statements.

The Group, when performing accounting and preparing financial statements, follows the Law on Financial Accounting of the Republic of Lithuania, the Law on Financial Institutions of the Republic of Lithuania, the general accounting principles established in international financial accounting standards (IFRS) as adopted in European Union, which were in force on 31 December 2022 and other legal acts.

These financial statements are prepared on the basis of the historical cost of acquisition, adjusted for the revaluation of financial assets at fair value through profit or loss.

The Group keeps accounts and all amounts in these financial statements are accounted for and presented in euro (Eur) currency.

The financial statements are prepared on a going concern basis and on the assumption that the Group will be able to continue its activities in the near future.

2.2. Application of accounting estimates

In preparing these financial statements, management has made decisions, estimates and assumptions that influence the application of accounting principles and the reported amounts of assets, liabilities, income and expenses.

Valuations and assumptions related are based on historical experience and other factors that are consistent with the current conditions and on the basis of the results of which a conclusion is drawn on the residual values of assets and liabilities that cannot be judged from other sources. While estimates are based on management's best estimate and facts, actual results may differ from estimates.

The assessments and the assumptions underlying are under constant review. Changes in accounting estimates shall be recognised in the year in which the estimate is revised, if the change affects only that year, or in subsequent years if the change affects both the current and subsequent years.

The following are the key assumptions that affect the uncertainty of the future and other measurement areas that may lead to a significant adjustment in the carrying amount of assets and liabilities in the following financial year.

Fair value measurement of financial assets and financial liabilities

Where the fair values of financial assets and liabilities cannot be determined on the basis of active market data, they are determined using valuation methods. For more detailed information on valuations, see note 3.21.

Recognition of the success fee for managed funds

The Group recognises as income the success fee, which is accrued in funds managed by the Group, when the conditions for the payment of the success fee to the Group are met, as the Group considers that until the conditions for disbursement are met, there is significant uncertainty about the amount of the potential success fee and the maturity of the payment.

2.3. Principles of consolidation

The consolidated financial statements include the financial statements of the Company and its controlled entities (subsidiaries) as of 31 December of each year. The Company is considered to have control when:

- Has the power to manage an 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 investment entity if the facts and circumstances indicate a change in one or more of the three elements of control listed above.

Where the Company holds less than a majority of the investor's voting rights, it shall be deemed to have power over the investment entity when the voting rights are sufficient to unilaterally influence the relevant activities of the investment entity. The Company shall consider all relevant facts and circumstances when assessing whether the Company's voting rights in an investment entity are sufficient to empower it, including:

- The size of the voting rights held by the Company in relation to the size and distribution of shares held by other shareholders;
- Possible voting rights held by the Company, other holders of votes or other parties;
- Rights arising from other contracts; and
- Any additional facts and circumstances that indicate that the Company currently has or does not have the ability to direct the relevant activities at a time when decisions need to be made, including voting patterns at previous shareholders meetings.

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.

Profit or loss and each component of other comprehensive income are attributed to the Company's owners and minority interests.

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.

Minority interests in subsidiaries are accounted for separately from the Group's equity. Minority interests that entitle their holders to a proportionate share of the net assets on liquidation may initially be measured at fair value or a proportionate share of the minority interest in the net assets of the acquiree. Accounting is selected for each acquisition separately. Other minority interests are initially measured at fair value. After acquisition, the carrying amount of minority shares is the portion of those shares at initial recognition plus the minority interest in subsequent changes in equity. All gross income is attributed to minority interests, even if this results in a deficit for minority interests.

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 Company.

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 Company'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.

2.4. Business combinations

Business acquisitions are accounted for using the acquisition method. Remuneration transferred in a business combination is measured at fair value, which is calculated as the sum of the Group's transferred assets, the Group's liabilities to the former owners of the acquiree and the fair value of the Group's equity interest issued in exchange for control of the acquiree. Costs that are related to acquisition are recognized in profit or loss as incurred.

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

- Deferred tax assets or liabilities, assets or liabilities related to employee benefit agreements are recognized and measured in accordance with IAS 12 " Income taxes", and 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; and
- 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.

Goodwill is measured as the excess of the amount of consideration transferred over the fair value of any minority interest in the acquiree and the acquirer's previously held equity interest (if any) over the identifiable assets acquired and arising liabilities. If, after reassessment, the net value of the identifiable assets acquired and liabilities assumed exceeds the amount of consideration transferred, the excess of the acquiree's minority interest and the acquirer's fair value of the acquiree's previously held shares in the acquiree (if any) is recognized immediately in profit or loss.

When the consideration transferred by the Group on the acquisition of a business includes a contingent consideration arrangement, the contingent consideration is measured at fair value. Changes in the fair value of contingent consideration, which may be treated as an adjustment to the measurement period, are adjusted retrospectively by adjusting goodwill accordingly. Valuation adjustments are adjustments arising from additional information received during the measurement period (which may not exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Subsequent accounting for changes in the fair value of contingent consideration that are not treated as adjustments to the measurement period depends on how the contingent consideration is classified. Contingent consideration classified as equity is not measured at subsequent reporting dates and its subsequent settlement is recognized in equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates and changes in fair value are recognized in profit or loss.

When a business combination is achieved in stages, the previously acquired shares of the Group are measured at fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from shares in the acquiree held before the acquisition date that were previously recognized in other comprehensive income are reclassified to profit or loss when such treatment would be appropriate if those shares were disposed of.

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.

2.5. Goodwill

Goodwill is initially recognized and measured as described above.

Goodwill is not amortized but it is reviewed for impairment at least annually. For impairment testing, goodwill is allocated to each cash-generating unit (or group of cash-generating units) of the group. 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 its 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.

2.6. Significant decisions affecting financial statements

Control of funds

The Group takes a decision when assessing whether it controls the funds it manages. The main aspects assessed by the Group are the volatility of the general economic interest and the rights held by investors restricting the rights of the manager, including the right to change the manager. The Group assessed the volatility of the economic interest of all the funds it manages and the rights held by investors and, taking into account the results obtained, decided that the Group does not control any of the managed funds.

Measurement of trade and other receivables

For receivables from related parties, the expected credit loss is calculated by an individual assessment of the expected credit risk. For details, see notes 3.5 and 3.6.

Recognition and measurement of the lease liability and right of use assets

The Group rents premises in Vilnius. In calculating the lease obligation and the right of use assets, the Group applied the market interest rates published by the Bank of Lithuania to calculate the value of the lease liabilities related to the rental of premises (see notes 3.2 and 3.10 for more details).

2.7. Changes in accounting policies

The following amendments are effective from 1 January 2022:

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

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

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.

- IFRS 3 Business Combinations (Amendments) update a reference in IFRS 3 to the previous version of the IASB's Conceptual Framework for Financial Reporting to the current version issued in 2018 without significantly changing the accounting requirements for business combinations.
- IAS 16 Property, Plant and Equipment (Amendments) prohibit a Group from deducting from the cost of property, plant and equipment any proceeds from the sale of items produced while bringing the asset to the location and condition necessary for it be capable of operating in the manner intended by management. Instead, a Group recognizes such sales proceeds and related cost in profit or loss.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specify which costs a Group includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous. The amendments clarify, the costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to the contract activities.
- Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples acGrouping IFRS 16 Leases.

These amendments had no impact on the financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

The Amendment applies to annual reporting periods beginning on or after 1 April 2021, with earlier application permitted, including in financial statements not yet authorized for issue at the date the amendment is issued. In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The Group has not received rent relief related to Covid-19 but intends to use the practical expedients in future periods if it becomes applicable.

2.8. New and revised IFRS Standards in issue but not yet effective

The standards provided below are adopted, but not yet in force and have not been applied. In preparing these financial statements, the Group decided not to apply the new standards or amendments in advance. It is considered that the following revised standards and interpretations will not have a material impact on the financial statements of the enterprise.

- IFRS 17 Insurance Contracts (including the June amendments to IFRS 17) – effective for annual periods beginning on or after 1 January 2023.
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – effective date of the amendments has yet to be set by the Board, however, earlier application is permitted. Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- Amendments to IAS 1 Presentation of Financial Statements – effective for annual periods beginning on or after 1 January 2023, with early application permitted. Classification of Liabilities as Current or Non-current.
- Amendments to IAS 16 Property, Plant and Equipment – effective for annual periods beginning on or after 1 January 2022, with early application permitted. Property, Plant and Equipment – Proceeds before Intended Use.
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – effective for annual periods beginning on or after 1 January 2023, with early application permitted. Disclosure of Accounting Policies.
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – effective for annual periods beginning on or after 1 January 2023, with early application permitted. Definition of Accounting Estimates.
- Amendments to IAS 12 Income Taxes – effective for annual periods beginning on or after 1 January 2023, with early application permitted. Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

2.9. Intangible assets

An intangible asset is initially recognised at cost. An intangible asset is recognised if it is probable that the Group will receive future economic benefits from the asset and if the value of the asset can be measured reliably. After initial recognition, an intangible asset is carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is calculated directly on a proportional (linear) method. Liquidation value is EUR 1. In the statement of comprehensive income, amortisation expenses are shown under "Other operating expenses".

The following groups of intangible assets and the useful life of the asset have been determined:

Asset group	**Useful life**
Software	4 years
Other intangible assets	4 years

The residual value, useful life and amortisation methods of the asset shall be reviewed and, if necessary, adjusted at the end of each financial year to reflect the expected economic benefits of the intangible asset.

2.10. Property and equipment

Property and equipment is initially recognised at cost. These assets are recognised if it is probable that the Group will receive the future economic benefits associated with the asset and if the value of the asset can be measured reliably. After initial recognition, property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated on the basis of a straight-line method, taking into account the established rates of use of the asset and starting from the month following that in which the asset is ready for use, i.e. when the asset is on site and in a condition that it can be used for its intended purpose at the time of acquisition.

The following groups of items of property and equipment and the useful life of the asset are defined:

Asset group	**Useful life**
Furniture	6 years
Computer equipment	3 years

An asset is classified as property and equipment if its life is more than one year and the cost of acquisition is not less than EUR 5,000.

The residual value, useful life and depreciation methods of the asset are reviewed and, if necessary, adjusted at the end of each financial year to reflect the expected economic benefits of the tangible asset.

2.11. Leases

The Group determines whether the arrangement is a lease or includes a lease, taking into account the substance of the transaction at the date of conclusion of the agreement, where the fulfilment of the agreement depends on the use of the specific asset or the arrangement grants the right to use the asset.

Lease – Group as a lessee

For leases where the Group is recognised as a lessee, the right of use assets and the corresponding lease liability are recognized from the moment the leased asset becomes available for use by the Group.

A right of use asset is measured at acquisition cost, which includes an initial estimate of the lease liability, lease payments made before or after starting the lease of the asset (less the lease incentives received), initial direct costs incurred by the Group. Lease liabilities are valued at net present value of lease payments.

Lease payments are discounted at the interest rate provided for in the lease agreement. If interest rate could not be easily determined, the borrowing rate may be used. This is the interest rate that the lessee would have to pay for the debt obligations necessary for the acquisition of right of use assets in a similar economic environment and under similar conditions and guarantees as provided for in the lease agreement.

The Group incurs a potential future increase in variable lease payments related to an index in a lease agreement that is not included in the value of the lease liability until it enters into force. When a correction of lease payments due to a change in the index occurs, the lease liability is recalculated and adjusted, as well as the value of the right-of-use asset.

Lease payments are allocated between the cost of covering the lease liability and the interest expense. Interest expense is recognised in profit/loss over the lease term at a constant interest rate for the remaining amount of the lease liability in each period.

Right of use assets are depreciated over the lease term of the asset.

2.12. Impairment of non-financial assets

Assets that are amortised/depreciated are evaluated for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is the difference between carrying amounts and recoverable amounts. Recoverable amount is the higher value of: the fair value of the asset reduced by the cost of sale or the value in use. For the purposes of assessing the extent to which a decrease in value could be made, the asset is allocated to the revenue-generating unit.

2.13. Financial instruments

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

Recognition and derecognition in the statement of financial position

The Group recognises a financial asset or financial liability in its statement of financial position when, and only when, it becomes a party to the contractual terms of the instrument.

The Group recognises or terminates the purchase or sale of financial assets at the date of transaction. The Group shall derecognise a financial asset in the statement of financial position when, and only when:

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

The Group ceases to recognise a financial liability (or part of a financial liability) in the statement of financial position when, and only when, that liability is executed, i.e. when the contractual obligation:

- fulfilled; or
- withdrawn; or
- it expires.

The Group divides financial assets into one of the following categories:

- financial assets measured at amortised cost;
- financial assets measured at fair value through other comprehensive income;
- financial assets measured at fair value through profit or loss;
- hedging financial instruments.

The Group classifies a debt financial asset to an appropriate category, depending on the business model of the financial asset management and the contractual features of the cash flows to the relevant financial asset.

The Group classifies trade receivables, loans granted, other financial assets and cash and cash equivalents to assets measured at amortised cost.

The Group divides financial liabilities into one of the following categories:

- financial liabilities measured at amortised cost;
- financial liabilities measured at fair value through profit or loss;
- hedging financial instruments.

The Group assigns trade payables and loans to financial liabilities measured at amortised cost.

Measurement of financial assets at amortised cost

The Group uses the calculated interest rate method to estimate financial assets at amortised cost.

Trade receivables after initial recognition are measured at amortised cost using the calculated interest rate method, including impairment losses, while trade receivables with a maturity of less than 12 months from the date of recognition (i.e. without a financing element) that are not factoring are not discounted and are measured at nominal value less impairment.

Measurement of financial assets at fair value through profit or loss

Gains or losses on financial assets measured at fair value through profit or loss are recognised in profit or loss in the period in which they occur.

Gains or losses on the measurement of assets at fair value through profit or loss also include interest and dividend income.

Impairment of financial assets

IFRS 9 introduces a new model to calculate impairment on financial assets measured at amortised cost or fair value through other comprehensive income. The impairment model is based on the expected credit loss.

The Group uses the following models to determine impairment losses:

- general model (basic);
- simplified model.

The general model is applied by the Group to financial assets measured at amortised cost, excluding trade receivables and assets measured at fair value in other comprehensive income.

In a general model, the Group monitors changes in the level of credit risk associated with the relevant financial asset and classifies the financial asset into one of three stages to determine impairment losses on the basis of changes in the level of credit risk after initial recognition of the instrument.

Depending on the classification of the individual stages, the impairment is determined for a period of 12 months (stage 1) or during the life-time period (stages 2 and 3).

On each last day of the reporting period, the Group analyses the attributes that characterise financial assets in separate stages for the determination of impairment losses. Features may include changes in the debtor's creditworthiness, serious financial problems of the debtor, significant adverse changes in the debtor's economic, legal or market environment.

In order to determine expected credit losses, the Group shall apply default probability levels implied by market prices quoted from credit derivatives to entities with a credit rating and from the relevant sector.

The Group shall include future information in the valuation parameters used in the expected credit loss measurement model when calculating the probability of insolvency parameters based on quoted market prices.

The Group applies simplified model to trade receivables.

In the simplified model, the Group shall not monitor changes in the level of credit risk during the life of the instrument and shall determine the expected credit losses before the end of the expected life of the instrument.

In order to estimate expected credit losses, the Group uses a provisions matrix calculated while taking into account the historical level of repayment and recovery of receivables from customers.

The Group shall include information about future periods in the parameters used in the expected credit loss model to adjust the key parameters for the probability of insolvency.

In order to calculate expected credit losses, the Group shall determine the probability of default of receivables calculated by a historical analysis of the number of unpaid accounts and the default probability parameters calculated on the basis of a historical analysis of the value of unpaid invoices.

Expected credit losses are calculated when the receivable is recognised in the statement of financial position and is updated on each last day of the subsequent reporting period, depending on the number of days of overdue receivables.

2.14. Financial liabilities

Interest-bearing loans and debts

Debts are initially recognised at the fair value of the funds received less transaction costs. Subsequently, they are recorded at amortised cost and the difference between the funds received and the amount to be paid over the maturity of the debt is recognized in the statement of comprehensive income for the period, except for capitalised borrowing costs as described below.

Borrowing costs directly attributable to the acquisition of assets that require time to prepare for their intended use or sale, construction or production are capitalised as part of the cost of the asset in question. All other borrowing costs are recognised as an expense when incurred. Debts shall be classified as non-current if the financing agreement concluded before the reporting date demonstrates that the maturity of the commitment is longer than 12 months.

Trade payables

Trade payables are non-derivative financial commitments with fixed payments or determined in the agreed way payments that are not traded on an active market. Such liabilities are recorded at amortised cost using the calculated interest rate method. Gains and losses are recognised in the statement of comprehensive income when trade payables are written off or amortised.

2.15. Netting

Financial assets and liabilities may be offset and presented on a net basis in the statement of financial position, provided that there is a legal possibility to offset recognised amounts and that it is intended to be settled on a net basis or to sell the asset and settle the debt at the same time.

2.16. Foreign currencies

All currency items in the statement of financial position are valued in euro at the exchange rate at the reporting date. Assets measured at cost which are purchased in foreign currencies are valued in euro at the exchange rate at the time of acquisition. Assets measured at fair value for which fair value is determined in a foreign currency are valued in euro at the exchange rate at the date of fair value measurement. Transactions in foreign currency are valued in euro at the exchange rate of the day of the transaction. Differences resulting from the payment of amounts recorded under currency items at a different exchange rate are recognised as income or expense in the period.

2.17. Share capital

The share capital is included in the statement of financial position at the nominal value.

2.18. Income tax and deferred income tax

Income tax is calculated on the basis of profit or loss for the current year and also includes deferred taxes. Income tax is calculated in accordance with the requirements of the Income Tax law of the Republic of Lithuania. Since 1 January 2010, the standard corporate tax rate for enterprises of the Republic of Lithuania is 15%.

Tax losses may be carried forward indefinitely by reducing taxable profits for future periods, excluding losses on sales of securities and/or derivatives that may be carried forward for 5 years. Losses on the sale of securities and/or the sale of derivatives may reduce only taxable income of the same nature.

Deferred tax is accounted for using the liability method. Deferred income tax reflects temporary tax differences between the Assets and Liabilities of the Group as presented in the financial statements and the assets and liabilities shown in the tax statements. Deferred tax assets (liabilities) are valued at the corporate tax rate that will be effective when the said temporary tax differences are realised.

Deferred tax assets are accounted for in the statement of financial position when management expects to generate planned tax gain in the near future that it is sufficient to realise the asset. If it is probable that part of the deferred tax asset will not be realised, that portion of deferred tax is not recognised in the financial statements.

2.19. Cash and cash equivalents

Cash, bank accounts and short-term deposits with a maturity of up to 3 months are treated as cash and cash equivalents in the statement of cash flows. In the statement of cash flows, interest income is allocated to investment activities and interest expense to financial activities.

2.20. Income and expenses

The Group's income is recognised in accordance with the provisions of IFRS 15, i.e. the Group recognises the income at the time and to the extent that the transfer of goods or services to customers reflects an amount that corresponds to the remuneration that the Group expects to have in exchange for those goods or services. For the purposes of this Standard, the Group shall take into account the terms of the contract and all relevant facts and circumstances. Income in the Group is recognised using the 5-step model:

Step 1 – Identify contracts with customers.

A contract is an agreement between two or more parties (depending on the terms of a purchase or sale) that creates enforceable rights and enforceable obligations and to which the customer is a party. The customer is a party to a contract with the Group to receive goods or services for consideration. A contract with a customer to which IFRS 15 applies is accounted for when the following criteria are met:

- the parties have approved the contract (in writing, orally or in accordance with other normal business practices) and are committed to their respective obligations;;
- it is possible to identify the rights of each party with regard to the goods and/or services to be transferred;
- it is possible to identify the payment terms provided for the goods and/or services to be transferred;
- the contract is of a commercial nature;
- the Group will receive a consideration, the right to which it will acquire in exchange for goods or services that will be transferred to the customer.

Contracts with a customer can be merged or separated into several contracts, while maintaining the criteria for past contracts. Such a merger or separation shall be considered as a modification of the contract.

Step 2 – Identify operational commitments.

The contract contains an obligation to transfer goods and/or services to the customer. Where goods and/or services can be distinguished, the liabilities are recognised separately. Each commitment shall be identified in one of two ways:

- the good and/or service is separate, or
- a set of separate services that are essentially the same and delivered to the customer according to the same model.

Step 3 – Set the transaction price.

In determining the transaction price, the Group takes into account the terms of the agreement, the legislation of the Republic of Lithuania and its usual business practices. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for the promised goods or services delivered to the customer, excluding amounts collected on behalf of third parties (such as certain sales taxes). The consideration promised in the contract with the client may include fixed amounts, variable amounts or both..

Step 4 – Assigning the transaction price to operational obligations.

The Group assigns a portion of the transaction price to each operating obligation by an amount that reflects the amount of remuneration to which the Group expects to be entitled in exchange for the promised goods or services transferred to the customer. The transaction price shall be allocated to each operating obligation on the basis of the relative individual selling prices of the good or service promised in the contract. If contracts do not specify separately the price of a service or item (for example, one price for two products), the Group determines it. Similar transactions are treated in the same way.

Step 5 – Recognition of income when the Group fulfils operational obligations.

An enterprise recognises income when the Group fulfils its operating obligation by transferring the promised good or service to the customer (i.e. the customer acquires control of the asset). Income is recognised as amounts equal to the transaction price that has been determined for the operating obligation in question. The amount of income that is allocated to an outstanding liability that can be effected at a specific time or time is recognised.

2.21. Revenue recognition

Revenue is recognised when the amount of income can be measured reliably and when the economic benefits associated with the transaction are likely to be received by the Group and when specific criteria have been met for each type of income. The Group relies on historical results, taking into account the type of client, the type of transaction and the terms of each agreement.

Fund management fee

The fund management fee shall be calculated in accordance with the principles laid down in the Fund Rules and shall be between 0,2% and 1,5% of the net assets value or of the commitments subscribed by investors or actual payments made by the Investors of the Fund.

Success fee

A Group earns variable remuneration – a success fee when the return of certain funds exceeds the expected return threshold. Depending on the fund's rules, the Group is entitled to a success fee as soon as the fund's return has exceeded the expected return threshold, or only at the end of the fund's life when the fund's assets are distributed. The success fee is recognised as income by the Group when it acquires the right to receive the estimated success fee, but only to the extent that it is highly likely that the recognised amount of success tax income will not decrease significantly when the uncertainty associated with variable remuneration is subsequently eliminated.

Fund distribution fee revenue

The Group earns a distribution fee from clients for the distribution of certain funds. The distribution fee may be received either in full for the amount invested in the fund at once or from the amounts invested in the fund within the agreed period. The Group assesses whether the distribution of a particular fund is a separate service (fulfilment obligation) provided to the client. If the distribution of the fund is a separate service provided to the customer, its income is recognised when the distribution of the fund is carried out. If the distribution of the fund is not a separate service provided to the client but part of the asset management service, the recognition of distribution fee revenue is deferred and recognised over the average period of the client's contract.

Interest income

Interest income is recognised on an accrual basis using the calculated interest rate method.

Fund consulting fee income

The fund consulting fee shall be calculated in accordance with the principles laid down in the Fund established in Luxembourg Rules.

2.22. Expense recognition

Expenses are recognized on an accrual and matching principles in the accounting period in which the related revenue is earned, regardless of when the cash is disbursed. Where expenses incurred during the reporting period cannot be directly related to the earning of specific revenue and will not generate revenue in future periods, these expenses are recognized as an expense in the same period in which they were incurred. The cost is usually estimated by the amount of money paid or payable, including VAT. In cases where a long settlement period and interest are not allocated, the cost is estimated by discounting the settlement amount at the market interest rate.

2.23. Employee benefits

Social security contributions

The Group pays social insurance contributions to the State Social Insurance Fund (hereinafter referred to as Sodra) for its employees according to the established contribution plan, in accordance with local legal requirements.

Post-employment benefits

Severance payments to employees shall be paid after the Group has terminated its employment relationship with the employee before the date of his normal retirement or the employee has taken a voluntary decision to leave in exchange for such benefits. A Group recognises severance payments when it is manifestly obliged to terminate an employment relationship with existing employees under a detailed formal plan for the termination of the employment relationship without the possibility of abandoning it or obliged to pay severance payments after they have been offered voluntarily for retirement. If severance payments become payable later than 12 months, they must be discounted to their present value.

Bonus plans

The Group recognises a liability and bonus expense when it has a contractual obligation or a practice which was applied in the past that has created a constructive obligation.

2.24. Contingent liabilities and contingent assets

Contingent liabilities are not recognised in the financial statements and are reported in the notes.

The assets and liabilities of investment funds and companies managed by the Group shall also be recorded as off-balance-sheet assets and liabilities.

Contingent assets are not shown in the financial statements until it is clear whether they will generate economic benefits for the Group. If economic benefits are probable, information about contingent assets is disclosed in the notes.

2.25. Provisions

Provisions shall be accounted for when, as a result of an event in the past, the Group has a legal obligation or irrevocable commitment and it is probable that an economic benefit resource will be required to meet it, and the amount of the liability can be measured reliably. When the Group expects part or all of the provision to be offset, for example on the basis of an insurance contract, the amount reimbursed is recognised as a separate asset, but only when the compensation is guaranteed. Expenditure relating to provisions is recorded in the statement of comprehensive income on a net basis, taking into account the amounts reimbursed. If the time value of the money is material, the provision is discounted using the pre-tax interest rate for that period, taking into account, where appropriate, the specific risk to the obligation. When discounting is used, the increase in the provision reflecting the elapsing period is accounted for as financial expense.

2.26. Distribution of dividends

Distribution of dividends to the shareholders of the Group is recognised as a liability in the financial statements of the Group during the period when the dividends are approved by the shareholders.

2.27. Taxes

The tax office has not carried out a tax due diligence in the Group. The tax office may at any time, during the three consecutive accounting years following the accounting year, examine the books and records and calculate additional taxes and penalties. The management of the Group is not aware of any circumstances that could lead to a potential significant commitment in this respect.

2.28. Fair value of financial assets and liabilities

Many accounting principles and disclosures of the Group require fair value to be determined for both financial and non-financial assets and liabilities. Fair value is the price at which assets would be sold or a liability transferred at the valuation date in accordance with an orderly transaction between unrelated market participants on the main market or, in the absence thereof, in the most favourable market that the Group may enter on the valuation date. The fair value of a liability reflects the effect of its default risk. Fair values are determined on the basis of quoted market prices, discounted cash flow analyses and option price models as appropriate.

In determining the fair value of assets or liabilities, the Group shall use available market data as far as possible. Fair values are presented at the following three levels of the fair value hierarchy, based on the variables used in measurement methods:

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

Level 2: variables other than level 1 quoted prices of assets or liabilities that are monitored either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: Variables of assets or liabilities not based on observable market data (untracked variables).

If the variables used to determine the fair value of an asset or liability can be assigned to different levels of the fair value hierarchy, the level of the fair value hierarchy to which all fair value is assigned should be determined on the basis of the lowest level variable relevant to the determination of the total fair value.

The Group recognises amounts transferred between levels in the fair value hierarchy at the end of the reporting period in which the change occurred.

Fair values determined for measurement and/or disclosure purposes are calculated in accordance with the methods set out below. Where applicable, more detailed information on the assumptions used to determine fair values is disclosed in a note relating to a particular asset or liability.

3. Notes

3.1. Business combinations

Acquisition of companies in 2022

On 20 May 2022, the Group paid up the authorised capital of LLB Baltic Residential GP SARL amounting to EUR 12,000 by acquiring 12,000 units of ordinary registered intangible shares.

On 30 June 2022, the Group paid up the authorised capital of LLB European Property GP SARL amounting to EUR 12,000 by acquiring 12,000 units of ordinary registered intangible shares.

These companies are General Partners of reserved alternative investment funds Lords LB Baltic Residential Fund (EUR) SCA SICAV-RAIF and Lords LB European Property Fund SCA SICAV-RAIF established in the Grand Duchy of Luxembourg.

The fair value of the net assets of the acquired companies as of the date of acquisition is presented below:

	Lords LB Baltic Residential GP SARL	Lords LB European Property GP SARL	Total
Assets			
Cash and cash equivalent	12 000	12 000	24 000
Total net assets at fair value	**12 000**	**12 000**	**24 000**
Purchase price	**12 000**	**12 000**	**24 000**

Assets acquired by companies consist of cash and cash equivalents. The companies had no obligations.

The purchase price is equal to the fair value of the companies' net assets.

3.2. Financial assets at fair value through profit or loss

The financial assets recorded at fair value through the profit and loss consist of the investment units (in euro) of Lords LB Baltic Green Fund (V) (LLBBGF(V)), Energy and Infrastructure SME Fund (EISMEF), Lords LB Special Fund V (LLBSFV), Lords LB European Property Fund SCA SICAF-RAIF (LLBEPF) and Right Bank Development Fund (RBDF) and shares of investment company SUT NT IB AB Tewox (Tewox).

The fair value of shares and investment units held as at 31 December 2022 and 31 December 2021 by the Group are provided in the table below:

	2022 m.	2021 m.
LLBBGF(V) units	1 018 619	907 922
EISMEF units	843 614	-
LLBSFV units	233 820	435 109
LLBEPF units	34 933	-
AB Tewox shares	32 827	145 168
RBDF units	12 561	-
LLBBFIII units	-	937
	2 176 374	**1 489 136**

Collective investment undertakings established in Lithuania by a Group (funds and investment companies, hereinafter referred to as CIU) are supervised by the Bank of Lithuania and account for their assets at fair value in accordance with the Methodology for Calculating the Net Assets Value (hereinafter referred to as NAV) approved by the Bank of Lithuania. At the end of each month, or at least as often as determined in the CIU rules, the CIU shall publish investment units fair values. The fair value of units/shares of CIU purchased by management companies shall be determined by multiplying the investment unit(s) price of the CIU by the number of CIU units/shares acquired by the Group.

Meanwhile, CIU established in Luxemburg by a Group are supervised by the Luxembourg authorities and account for their assets at fair value in accordance with the Fund Rules. At the end of each month, or at least as often as determined in the CIU rules, the CIU shall publish investment units fair values. The fair value of units/shares of CIU purchased by management companies shall be determined by multiplying the investment unit(s) price of the CIU by the number of CIU units/shares acquired by the Group

(all amounts presented in EUR unless otherwise indicated)

On 28 February 2022 and 21 April 2022, BFIII fund has redeemed 139,7389 and 169,1855 units from the Group, for EUR 427,14 and EUR 544,05 respectively, thus redeeming all its units and ending fund' activities.

On 28 April 2022, the Group has purchased 717,285.4379 EISMEF units for EUR 1,141,918.42 in an over-the-counter transaction.

On 28 April 2022, the Group has sold 401,442.7697 EISMEF units for EUR 476,633.00 in an over-the-counter transaction.

On 2 May 2022, the Group has sold 210,561.7788 EISMEF units for EUR 250,000.00 in an over-the-counter transaction.

On 12 May 2022, the Group has sold 125,000.00 Tewox shares for EUR 125,000.00 in an over-the-counter transaction.

On 25 May 2022, the Group paid up the authorized capital of investment fund established in Luxemburg Lords LB Baltic Residential Fund SCA SICAF-RAIF amounting to EUR 29 000 by acquiring 29,000 units of ordinary registered intangible shares.

On 30 June 2022, the Group has purchased 134,625.7406 EISMEF units for EUR 163,502.96 in an over-the-counter transaction.

On 30 June 2022, the Group paid up the authorized capital of investment fund established in Luxemburg Lords LB European Property Fund SCA SICAF-RAIF amounting to EUR 29 000 by acquiring 29,000 units of ordinary registered intangible shares.

On 14 July 2022, the Group has purchased 201,938.6106 EISMEF units for EUR 246,062.19 in an over-the-counter transaction.

On 17 September 2022, the Group paid EUR 5,000 according to LLBEPF investment call, for which the Group has received 5,000 ordinary registered intangible shares of the LLBEPF fund.

On 30 September 2022, the Group has purchased 201,938.6106 EISMEF units for EUR 253,655.10 in an over-the-counter transaction.

On 18 October 2022, Group paid EUR 12,600 according to RBDF investment call, which on 31 October 2022 were converted into 12,488.8492 units of the fund.

On 20 December 2022, Group paid EUR 72,434 according to LLBBGF(V) investment call, which on 31 December 2022 were converted into 73,344.6577 units of the fund.

On 6 April 2021 the Group paid up the authorised capital of investment company Tewox amounting to EUR 160 000 by acquiring 160,000 units of ordinary registered intangible shares. On 18 June 2021 the Group took the decision to increase the Authorised Capital of the Company by issuing 20 million new shares. The Group did not exercise its right to acquire the newly issued shares of Tewox, so the newly issued shares were acquired by new shareholders. Tewox share capital was increased again by a general meeting on 24 November 2021. The Group did not exercise its right to acquire newly issued shares in Tewox. Considering the purpose for which the shares were acquired, these shares were recognised as financial assets at fair value through profit or loss at the time of acquisition.

The amount of shares and investment units held as at 31 December 2022 and 31 December 2021 by the Group are provided in the table below:

		2021		2020
	Investment units/shares	Share held	Investment units/shares	Share held
LLBBGF(V) units	1 045 488	1,600%	971 143	1,622%
EISMEF units	643 784	1,038%	-	0,000%
LLBSFV units	193 961	0,498%	193 961	0,543%
AB Tewox shares	35 000	0,111%	160 000	0,682%
LLB EPF units	34 999	0,147%	-	0,000%
RBDF units	12 489	0,083%	-	0,000%
LLBBFIII units	-	0,000%	309	0,003%

For more information on the acquisition and sale on shares and investment units see note 3.17.

The value of units/shares in a CIU shall be determined by dividing NAV by the total number of units/shares in the CIU in circulation. NAV is calculated by subtracting the long-term and current financial liabilities of the CIU from the value of the assets constituting the CIU. The value of the assets and the value of liabilities of the CIU shall be calculated separately for the calculation of NAV. The calculation of assets and liabilities is based on their fair value. Equity securities that are not traded on regulated markets shall be valued on the basis of an independent business appraiser's valuation. Debt securities and money market instruments which are not dealt in on regulated markets shall be measured at amortized costs.

(all amounts presented in EUR unless otherwise indicated)

See notes 3.17 and 3.21 for more information on the changes and the revaluation results.

3.3. Fixed assets

The table below shows the movement of tangible and intangible fixed assets during 2022 and 2022:

	Right to use property	Software	Other tangile assets	Installation costs	Total
Balance as at 31 December 2020	**168 190**	**-**	**-**	**-**	**168 190**
Acquisitions	-	28 683	10 164	-	**38 847**
Depreciation	(87 751)	-	(282)	-	**(88 033)**
Balance as at 31 December 2021	**80 439**	**28 683**	**9 882**	**-**	**119 004**
Acquisitions	85 659	13 310	5 808	25 000	**129 777**
Depreciation	(95 494)	(8 557)	(2 501)	-	**(106 552)**
Balance as at 31 December 2022	**70 604**	**33 436**	**13 189**	**25 000**	**142 229**

In its activities, a Group uses leased real estate, office space, which is accounted for in accordance with IFRS 16. The lease agreement for premises were valid until 1 November 2022 and was extended for a year until 1 October 2023. Accordingly, the Group additionally accounted EUR 85,659 of the right to use property. For more details, see note 3.11.

On 27 January 2022, the Group signed a new lease agreement for office premises, under which the Group will move into the newly leased premises on 1 September 2023. Respectfully, the Group incurred expenses related to the installation of new office premises, which were accounted as fixed assets and will be depreciated after the Group moves into the new premises, during the period of the lease agreement - 5 years. According to the signed lease agreement, the Group also paid rent deposit equal to rent amount of 3 months as presented in the table below:

	2022	2021
Deposits paid	59 367	-
	59 367	**-**

3.4. Cash and cash equivalents

	2022	2021
Cash in bank accounts (EUR)	2 465 173	639 154
	2 465 173	**639 154**

All cash of the Group is held in banks with a high creditworthiness rating, therefore, due to immateriality, the impairment was not recognized. The table below shows the credit ratings of the banks where the Group holds cash:

	Moody's	Standard & Poor's
AB SEB bankas	AA3	A+
AB Swedbank	AA3	A+
AB Šiaulių Bankas	BAA2	-
European Depositary Bank SA	-	-

3.5. Trade receivables

	2022	2021
Receivables from funds for management fee	1 085 835	286 970
Receivables for recharged costs	131 216	3 246
Receivables impairment	(118 791)	-
	1 098 260	**290 216**

(all amounts presented in EUR unless otherwise indicated)

The Group has recognized EUR 118 791 of doubtful debts of Lords LB Baltic Residential Fund SCA SICAF-RAIF, since the fund is expected to be liquidated in 2023 and the Group does not expect to recover these debts. The information on the impairment is presented in the table below:

	Impairment
Residual value 2020.12.31	**(219 419)**
Recognized impairment	-
Written off impairment	219 419
Residual value 2021.12.31	**-**
Recognized impairment	(118 791)
Written off impairment	-
Residual value 2022.12.31	**(118 791)**

The ageing of receivables is listed below:

	2022	2021
Not overdue	36 274	2 540
Receivables that are overdue but not impaired	1 180 777	287 676
Overdue 1 - 30 days	38	195
Overdue 30 - 60 days	2 602	-
Overdue 60 - 90 days	357 518	135 185
Overdue 90 - 180 days	199 470	-
Overdue 180 - 360 days	333 640	152 271
Overdue 360 days and more	287 509	25
Receivable’s impairment	(118 791)	-
	1 098 260	**290 216**

For receivables from related parties, the expected credit loss is calculated by an individual assessment of the expected credit risk. The assessment of doubtful receivables shall be carried out annually by checking the financial situation of the party concerned. As the Group's receivables are mainly derived from receivables from funds managed by the Group, the credit quality of these receivables is therefore controlled. Receivables by related parties for which impairment has not been recognised are expected to be covered in cash.

3.6. Other receivables

	2022	2021
Assets from contracts with customers	1 616 841	4 441 122
Accrued management fee	*1 568 916*	1 756 897
Accrued consulting fee	*45 425*	
Accrued distribution fee	*2 500*	12 425
Accrued success fee	-	2 671 800
Costs to be recharged	62 896	20 209
Receivables from accountable persons	40 868	133 502
Other receivables	603	-
Receivables from Shareholders	-	2 800 000
	1 721 208	**7 394 833**

On 24 September 2021 the shareholders of the Group approved the interim financial statements of the Group and allocated EUR 2,800,000 for the payment of dividends from retained earnings. On 1 December 2021 the shareholders of the Group declared the distribution of dividends invalid and appointed to repay the dividends paid by the Group.

Receivables from shareholders consist of repayable dividends for the amount of EUR 2,686,600, as well as repayable taxes on dividends of EUR 113,400. Total receivable is EUR 2,800,000.

On 4 April 2022, the shareholders of the Group approved the Group’s financial statements and appointed the amount of EUR 5,000,000 of retained earnings to be paid out as dividends. of which EUR 2,800,000 was set off with the shareholders' obligation to return cancelled dividends on 2021 to the Group.

(all amounts presented in EUR unless otherwise indicated)

Assets from contracts with customers consist of the accrued fund management fee for Q4 2022 for EUR 1,568,916, accrued fund consulting fee for Q4 2022 for EUR 45 425 and EUR 2,500 accrued distribution fee. The calculated expected credit loss was not material, therefore not recognized in these financial statements.

3.7. Prepayments

	2022	2021
Future period expenses	69 752	93 697
Other prepayments	19 954	3 416
	89 706	**97 113**

3.8. Loans granted

	2022	2021
Loans granted	200 000	-
Accrued interest on loans granted	3 778	-
	203 778	**-**

On 25 October 2022, the Group signed the loan agreement with Related party for the amount of EUR 50,000. Interest rest is fixed. The loan repayment is due to 25 November 2022. On 17 November 2022 the related person repaid the loan of EUR 50,000 loan and EUR 56 of accrued interest.

On 14 November 2022, the Group signed the loan agreement with Related party for the amount of EUR 200,000. Interest rest is fixed. The loan repayment is due to 30 April 2023. During the 2022, the amount of EUR 3,778 of interests were calculated.

In total, during the 2022, the amount of EUR 4,710 of interests were calculated to the Group from the Related Party (for more details, see Note 3.17).

Information on the loan granted as at 31 December 2022 is presented in the table below:

Debtor	Date	Interest rate	Term	Receivable nominal value	Accrued interests
Related party	2022-11-14	10%	2023-03-31	200 000	3 778
Total financial assets:				**200 000**	**3 778**

3.9. Equity

	2022	2021
Paid-up authorised capital	318 560	318 560
Authorised capital	**318 560**	**318 560**

According to the Articles of Association of the Management Company, the authorised capital is EUR 318,560 (31 December 2021 - EUR 318,560). The authorised capital of the Management Company is divided into 11,000 ordinary intangible nominal shares (31 December 2021 - 11,000). The nominal value of one share is EUR 28.96 (EUR 28.96 as at 31 December 2021). All shares issued by the Management Company are fully paid in.

The laws of the Republic of Lithuania require the formation of a compulsory reserve. The Management Company should transfer annually 5% of the distributable profit calculated in accordance with the requirements of the legal acts regulating accounting in the Republic of Lithuania until the compulsory reserve reaches 10% of the amount of the authorised capital. The compulsory reserve in the Company is fully formed.

During 2021 the Group paid out EUR 3,000,000 in dividends (amount before tax), i.e. EUR 273 dividends per share.

During 2022 the Group paid out EUR 5,000,000 in dividends (amount before tax, of which EUR 2 800 000 was offset with receivables from Shareholders, see Note 3.6.), i.e. EUR 455 dividends per share.

As at the date of these financial statements preparation, the profit distribution for 2022 has not yet been prepared.

(all amounts presented in EUR unless otherwise indicated)

3.10. Trade and other payables

	2022	2021
Employment related payables	570 511	409 654
Accrued expenses and other payables	287 356	480 829
Trade payables	93 392	123 622
Payable VAT	3 474	3 728
Advances received	117	-
	954 850	**1 017 833**

3.11. Lease liabilities

	Lease liabilities
Balance as at 31 December 2020	**168 246**
Payments	(94 222)
Interest accrued	3 708
Balance as at 31 December 2021	**77 732**
Liabilities recognized	85 659
Payments	(94 328)
Interest accrued	1 450
Balance as at 31 December 2022	**70 513**

In its activities, a Group uses leased real estate, office space, which is accounted for in accordance with IFRS 16. These liabilities are recorded at the present value of the lease payments at a discounted interest rate. The interest rate applied to discounted rental payments at 31 December 2020 and 31 December 2021 was 2,92 %.

The contract for the Group's office premises was valid until 1 November 2022 and was extended for a year until 1 October 2023. Accordingly, the Group recognized additional rent liability of EUR 85,659. These liabilities were calculated as the present value of the remaining rental payments, at a discounted interest rate. The interest rate applied to discount the rental payments was 3.08%.

3.12. Amounts payable to shareholders

	2022	2021
Amounts payable to the Group's shareholders	-	388 252
	-	**388 252**

The advances received consist of contributions from shareholders in accordance with the General Meeting of Shareholders on 1 October 2021, during which it was decided to increase the authorised capital. As at 31 December 2021 the Company's newly increased authorised capital has not yet been registered.

In accordance with the General Meeting of Shareholders on 10 March 2022, the shareholders of the Group decided that the decision of 1 October 2021 to be invalid. Respectfully, on 10 March 2022, the Group has returned the contributions received to the shareholders.

3.13. Fund management income

	2022	2021
Management fee	6 455 531	5 981 845
Success fee	2 565 575	3 479 657
Consulting fee	60 238	-
Distribution fee	23 325	31 225
	9 104 669	**9 492 727**

Management fee and consulting fee are recognized over time in the Group's income, whereas the success fee and distribution fee are recognized at point of time in the Group's income.

(all amounts presented in EUR unless otherwise indicated)

3.14. Wages and related expenses

	2022	2021
Wage costs	2 491 899	1 990 597
Social security costs	34 905	27 529
	2 526 804	**2 018 126**

3.15. Other operating expenses

	2022	2021 (regrouped)
Insurance costs	191 501	157 153
Legal and tax consultancy	169 094	66 959
Car rental, operation, and maintenance costs	168 090	142 566
Impairment of bad debts	118 792	(18 074)
Depreciation of leased premises	95 494	87 752
Business trip expenses	85 231	42 907
Representation expenses	78 844	77 436
Audit and accounting services	75 963	87 471
Seminars, conferences, and trainings	69 909	21 916
IT services	54 349	67 337
Premises maintenance	52 295	42 999
Donations	34 032	300
Other costs	83 479	69 301
	1 277 073	**846 023**

3.16. Income tax

Income tax expense in the profit or loss and other comprehensive income statement consists of:

	2022	2021
Income tax expense	755 306	861 475
	755 306	**861 475**

The following table shows the reconciliation of income tax using theoretical tax rate:

	2022	2021
Profit before tax	**4 518 439**	**5 824 293**
Theoretical tax at 15% rate	677 766	873 643
Non-deductible expenses	101 837	(10 741)
Non-taxable income	-	(227)
Additional allowable deductions	(8 302)	-
Donations	(10 200)	(90)
Previous periods adjustments	(5 795)	(1 110)
Income tax using the effective income tax rate	**755 306**	**861 475**

The Group does not recognize deferred tax assets/liabilities as the only taxable temporary differences are social security contributions from unused vacation reserve which is immaterial.

3.17. Related party transactions

Management's remuneration and other benefits

Management's remuneration includes only short-term benefits. In 2022 the remuneration, including bonuses, paid to the management of the Group totalled EUR 207,856 (EUR 169,104 in 2021).

The Parties shall be deemed to be related when one party has the ability to control the other or has significant influence over the other party's financial and operational decisions. The Group's income from related parties consists of management fee income.

(all amounts presented in EUR unless otherwise indicated)

The Group's transactions with related parties in 2022 and related balances as at 31 December 2022:

	2022	2021
Sales	**9 104 671**	**9 492 728**
Management fee	6 455 532	5 981 845
Distribution fee	23 325	31 225
Success fee	2 565 576	3 479 658
Consulting fee	60 238	-
Annual change in recharged costs	**63**	**(1 747)**
Annual change in recharged costs	63	(1 747)
Annual change in loans and interest granted	**204 710**	**114 710**
Amount of loans granted to related parties (Note 3.7)	250 000	-
* of which were returned	(50 000)	110 347
Amount of interest charged for services rendered	4 710	4 363
Purchases	**(46 420)**	
Services from related persons	(46 420)	(326 363)
Amounts payable at year-end	**(942)**	**(928)**
Amounts payable to related persons	(942)	(928)
Receivables and other assets at year-end	**5 145 661**	**6 237 437**
Management fee accrued from the Funds	1 616 841	4 441 122
Funds investment units	2 176 374	1 489 136
Funds debt for management fee	1 085 835	286 970
Loans granted to related persons and interest	203 778	-
Costs recharged by the Group to related persons	62 833	20 209

The movement of investment units and shares acquired by the Group is shown in the table below:

	LLBBGF (V) units	LLBBFIII units	LLBSFV units	EISMEF units
Residual value 2020.12.31	**844 727**	**1 624**	**198 040**	**894 593**
Acquisition	50 779	-	97 965	-
Sale	(15 000)	(970)	-	(893 245)
Changes in fair value	27 416	283	139 104	(1 348)
Residual value 2021.12.31	**907 922**	**937**	**435 109**	**-**
Acquisition	72 434	-	-	1 805 139
Sale	-	(971)	-	(726 633)
Changes in fair value	38 263	34	(201 289)	(234 892)
Residual value 2022.12.31	**1 018 619**	**-**	**233 820**	**843 614**

	Tewox shares	RBDF units	LLB EPF units	LLB BRF units	Total
Residual value 2020.12.31	**-**	**-**	**-**	**-**	**1 938 984**
Acquisition	160 000	-	-	-	308 744
Sale	-	-	-	-	(909 215)
Changes in fair value	(14 832)	-	-	-	150 623
Residual value 2021.12.31	**145 168**	**-**	**-**	**-**	**1 489 136**
Acquisition		12 600	34 999	29 999	1 955 171
Sale	(125 000)	-	-		(852 604)
Changes in fair value	12 659	(39)	(66)	(29 999)	(415 329)
Residual value 2022.12.31	**32 827**	**12 561**	**34 933**	**-**	**2 176 374**

Year-end balances are uninsured, interest-free (excluding loans), and settlements are made in cash. No guarantees were given or received for any receivable or payable from a related party. Transactions with related parties shall be carried out in order to maintain the same conditions as would be the case with unrelated parties.

(all amounts presented in EUR unless otherwise indicated)

3.18. Rights and obligations not recognized in the balance sheet

Managed Funds

Non-audited information about managed* funds as at 31 December 2022 is provided below.

CIU type	Number of participants	Value of net assets	Managed assets
CIU	2	31 818 553	69 109 563
CIU for informed investors	12	469 091 984	734 282 951
	14	**500 910 537**	**803 392 514**

* The management of the funds LORDS LB EUROPEAN PROPERTY FUND SCA SICAV-RAIF and LORDS LB BALTIC PROPERTY FUND SCA SICAV-RAIF is transferred to a Group located in Luxembourg.

Non-audited information about managed funds as at 31 December 2021 is provided below.

CIU type	Number of participants	Value of net assets	Managed assets
CIU	3	65 458 350	102 773 399
CIU for informed investors	13	413 938 790	628 510 106
	16	**479 397 140**	**731 283 505**

Contingent success fee

Information about the success fee accrued by the funds managed by the Group and not recognized as income is presented in the table below:

	2022	2021
UAB Atsinaujinančios energetikos investicijos	2 503 816	630 637
Lords LB Special Fund I Subfund B	-	2 127 552
	2 503 816	**2 758 189**

The success fee accrued by Lords LB Special Fund I Subfund B has been recognised as Group's income in 2022 and was paid out to the Group in 2022, after the fund's termination (see note 3.13).

3.19. Financial risk management

In its daily operations, the Group faces a variety of risks. The main risks covered are credit, liquidity, market (which consists of interest rate risk, foreign exchange risk and securities price risk) and operational risk. The main objective of financial risk management is to identify, monitor and adequately manage each type of risk. Operational and legal risk management aims to ensure the proper functioning of internal controls in order to reduce operational and legal risks. The Board shall be responsible for the risk management of the Group. There were no significant changes in risk management policies in 2021 and 2020.

Credit risk

Credit risk is the risk that a counterparty will not be able to meet its obligations to the Group properly and in a timely manner. In managing these risks, the Group seeks to select only customers whose reliability is beyond doubt as a counterparty and the amount of the transaction should not exceed the limits on credit risk. Liquid funds of the Group may be invested in securities with an issuer credit rating not lower than the rating of long-term borrowing abroad of the Republic of Lithuania at the time of the investment. The Group does not provide guarantees for the obligations of other parties.

For financial assets other than financial assets at fair value through profit or loss, the maximum credit risk corresponds to the carrying amount of the financial asset.

There is a significant concentration of credit risk in the Group, since all receivables related to the main activity are receivables and accrued income from managed Funds.

(all amounts presented in EUR unless otherwise indicated)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations in a timely manner. To that end, the Group shall maintain a sufficient cash buffer on an ongoing basis to ensure full and timely assurance of its liabilities at any time during its operations.

Liquidity risk management shall be carried out in the context of an internal control function, by determining business continuity plans and procedures limiting possible contingencies, evaluating the acceptability or inadmissibility of the services provided by the Group, performing functions of costing of products and services and the reallocation of internal resources, analysing processes and procedures within the Group, identifying risk points and the adequacy of their control.

The table below summarises the repayment terms of the financial assets and financial liabilities of the Group on the basis of non-discounted contractual payments.

31 December 2022

	Total	Up to 1 year	Cash flow During 1 – 2 years	During 2 -5 years	After 5 years
Assets					
Financial assets at fair value through profit or loss	2 176 374	-	-	-	2 176 374
Cash and cash equivalents	2 465 173	2 465 173	-	-	-
Trade receivables	1 098 260	1 098 260	-	-	-
Assets from contracts	1 616 841	1 616 841	-	-	-
Loans granted	203 778	203 778	-	-	-
Other receivables	104 367	104 367	-	-	-
Total	**7 664 793**	**5 488 419**	**-**	**-**	**2 176 374**
Liabilities					
Trade payables	(954 850)	(954 850)	-	-	-
Total	**(954 850)**	**(954 850)**	**-**	**-**	**-**
Available cash flows	**6 709 943**	**4 533 569**	**-**	**-**	**2 176 374**

31 December 2021

	Total	Up to 1 year	Cash flow During 1 – 2 years	During 2 -5 years	After 5 years
Assets					
Financial assets at fair value through profit or loss	1 489 136	937	-	-	1 488 199
Cash and cash equivalents	639 154	639 154	-	-	-
Trade receivables	290 216	290 216	-	-	-
Assets from contracts	4 441 122	4 441 122	-	-	-
Other receivables	2 953 711	2 953 711	-	-	-
Total	**9 813 339**	**8 325 140**	**-**	**-**	**1 488 199**
Liabilities					
Trade payables	(1 017 833)	(1 017 833)	-	-	-
Total	**(1 017 833)**	**(1 017 833)**	**-**	**-**	**-**
Available cash flows	**8 795 506**	**7 307 307**	**-**	**-**	**1 488 199**

(all amounts presented in EUR unless otherwise indicated)

Market risk

Market risk is the possibility to incur losses due to changes in the price of equity securities, changes in the interest rate, changes in exchange rates.

Liquid funds of a Group may not be invested in equity securities other than those of funds or investment companies which it has set up. In managing interest rate risk, the Group aims to enter into lending (deposit) transactions or purchase debt securities for a maximum duration of 3 years.

Risk of changes in exchange rates

The Group does not incur significant exchange rate risk because the Group only enters into transactions in local currency euro. One-off payments in a currency other than the Euro are insignificant.

Interest rate risk

As at 31 December 2022 the Group’s loans granted were with fixed interest rate and represented an insignificant part of the total financial assets, so that the interest rate risk that may arise from the changes in interest rate is negligible. Accordingly, the Group did not have any financial instruments to manage the risk of interest rate fluctuations.

Securities price risk

The Group is exposed to the risk of fluctuations in the price of securities when investing in fund units. This risk is mitigated by the Group by assessing the riskiness of the fund and its ability to experience a significant drop in the price of securities for the Group.

Operational risk

Operational risk means the risk of direct and/or indirect losses due to inadequate or unenforceable internal control procedures, insufficiently secure information technologies or their malfunctioning, misconduct by personnel or external causes. These risks are avoided by introducing new information technologies related to data security, by adopting appropriate staff instructions and internal control processes and procedures for their implementation.

3.20. Capital management

The management of the Group, while managing the capital, constantly follows that the amount of equity does not become less than 1/2 of the amount of the authorised capital of the Group, as required by the Law on Companies of the Republic of Lithuania. On 31 December 2022 and 2021, the Group met the requirement.

The Group also calculates and tracks the capital adequacy ratio on a monthly basis and submits a quarterly capital adequacy report to the Bank of Lithuania. According to the capital adequacy requirements of management companies approved by the Bank of Lithuania, the capital adequacy ratio must be at least 1. As at 31 December 2022 and 31 December 2021, the Group complied with the following indicator:

	2022 (non-audited)	2021 (non-audited)
Minimum amount of initial capital	213 266	203 861
Sum of capital requirements	884 767	641 324
Required cost amount	577 717	461 482
Maximum number of rows 1, 2 or 3	**884 767**	**641 324**
Liquid equity	3 037 505	5 072 231
Capital adequacy ratio	**3,43**	**7,91**

3.21. Fair value of financial instruments

Fair value is defined as the amount by which an instrument can be exchanged in a current transaction between knowledgeable and voluntarily performing parties under market conditions, except in cases of forced sale or liquidation. Since trading in the Group's financial assets and liabilities is not active, assumptions are made in determining their fair value based on current economic conditions and instrument-specific risks. In determining the fair value of financial instruments, a Group uses the following methods and assumptions:

(all amounts presented in EUR unless otherwise indicated)

Cash and cash equivalents. This is cash with a fair value equal to its nominal value. The fair values of cash and cash equivalents are assigned to Level 1.

Financial assets at fair value through profit or loss. These investments have been measured at fair value measured by measurement methods and therefore have a fair value equal to their carrying amount. The fair value of a financial asset at fair value through a profit or loss item is to be classified as Level 3.

Receivables and loans granted. The carrying amount of receivables and loans with a maturity of less than 6 months is close to fair value due to the relatively short maturity of the financial instrument. The fair value of receivables and loans is determined by discounting future expected cash flows using interest rates of appropriate duration at the end of the reporting period (based on interest rates on new loans published by the Bank of Lithuania). The fair values of trade and other receivables, loans granted and trade and other payables are classified as Level 3.

Payables. The carrying amount of payables with a maturity of less than 6 months is close to fair value due to the relatively short maturity of this financial instrument. The fair value of payables is determined by discounting future expected cash flows using interest rates at the end of the reporting period for the relevant duration (based on interest rates on new loans published by the Bank of Lithuania).

The value of the investment units/shares of the fund (investment company) is determined by dividing NAV by the total number of units/shares of the Fund (investment company) in circulation. NAV is calculated by subtracting from the value of the assets constituting the Fund (investment company) the long-term and short-term financial liabilities of the Fund (investment company). The value of the assets and liabilities of the Fund (investment company) shall be calculated separately for the calculation of NAV. The calculation of assets and liabilities is based on their fair value. Debt securities and money market instruments which are not dealt in on regulated markets shall be measured at amortized cost. Equity securities that are not traded on regulated markets shall be valued on the basis of an independent business appraiser's valuation. The value of equity securities is influenced by the valuation reports of the assets managed by the SPVs themselves.

The method of net assets is used to measure fair value of shares of SPVs, whereas the method of income is used to measure fair value of assets belonging to SPVs. The main assumptions are as follows:

- In the SFV fund, the discount rate is 18%, the capitalization rate ranges from 5.70% to 7.00%.
- In the BGFV fund, the discount rate ranges from 8.40% to 18.00%, with the capitalization rate ranging from 5.75% to 7.50%.
- In the EISMEF fund, the discount rate ranges from 4.19% to 9.34%, the capitalization rate is 6.11%, whereas in AEI investment company, in which EISMEF is invested, the discount rate ranges from 9.39% to 11.72%.
- In the Tewox investment company, the discount rate ranges from 6.80% to 11.30%, with the capitalization rate ranging from 6.80% to 8.50%. Some of the assets of SPVs have been valued on a comparative basis and SPV which do not have assets – corrected financial statements method.
- In RBDF fund, the discount rate is 18.00%, the capitalization rate is 5.25%.
- In LLBEPF fund, the discount rate is 7.80%, the capitalization rate is 5.50%.

Management has prepared a sensitivity analysis of how the fair value of investments would change as key assumptions change:

Lords LB Special Fund V Class A and B units

	Unit price EUR		Value of units, EUR		Value change, EUR	
	SFV A	SFV B	SFV A	SFV B	SFV A	SFV B
Quantity 2022.12.31	68 961	125 000	-	-	-	-
Price 2022.12.31	1,2055	1,2055	83 132	150 688	-	-
Price + capitalization rate of 0.5	0,7386	0,7386	50 935	92 325	(32 198)	(58 363)
Price - capitalization rate 0.5	1,6976	4,6052	117 068	575 650	33 936	424 963
Price + 10% discount rate	1,1467	1,1467	79 078	143 338	(4 055)	(7 350)
Price - 10% discount rate	1,2680	1,2680	87 442	158 500	4 310	7 813

(all amounts presented in EUR unless otherwise indicated)

Lords LB Baltic Green Fund (V) and Energy and Infrastructure SME Fund

	Unit price, EUR		Value of units, EUR		Value change, EUR	
	BGFV	EISMEF	BGFV	EISMEF	BGFV	EISMEF
Quantity 2022.12.31	1 045 488	643 784	-	-	-	-
Price 2022.12.31	0,9743	1,3104	1 018 619	843 614	-	-
Price + capitalization rate of 0.5	0,8359	1,2504	873 937	805 017	(144 681)	(38 597)
Price - capitalization rate 0.5	1,1397	1,3788	1 191 561	887 618	172 942	44 004
Price + 10% discount rate	0,8749	1,1195	914 740	720 717	(103 878)	(122 898)
Price - 10% discount rate	1,0842	1,5526	1 133 476	999 513	114 858	155 899

SUT NT IB AB Tewox and Right Bank Development Fund

	Unit and share price, EUR		Value of shares and units, EUR		Value change, EUR	
	Tewox	RBDF	Tewox	RBDF	Tewox	RBDF
Quantity 2022.12.31	35 000	12 489	-	-	-	-
Price 2022.12.31	0,9379	1,0058	32 827	12 561	-	-
Price + capitalization rate of 0.5	0,8549	0,7300	29 920	9 116	(2 907)	(3 445)
Price - capitalization rate 0.5	1,0353	1,3396	36 234	16 730	3 407	4 169
Price + 10% discount rate	0,8377	0,9652	29 319	12 054	(3 508)	(507)
Price - 10% discount rate	1,0473	1,0485	36 657	13 094	3 831	533

Lords LB European Property Fund

	Share price, EUR	Value of shares, EUR	Value change, EUR
	EPF	EPF	EPF
Quantity 2022.12.31	34 999	-	-
Price 2022.12.31	0,9981	34 933	-
Price + capitalization rate of 0.5	0,8709	30 481	(4 452)
Price - capitalization rate 0.5	1,1506	40 270	5 337
Price + 10% discount rate	0,8157	28 549	(6 384)
Price - 10% discount rate	1,1982	41 936	7 003

Changes in financial assets at fair value through profit or loss for 2022 and 2021 are presented in note 3.17

3.22. Subsequent events

On 31 January 2023, an agreement has been signed with Related party for the extension of the loan repayment term until 30 April 2023.

There were no other significant subsequent events after 31 December 2022 prior to the preparation of these reports.

These reports have been electronically signed by:

Managing director	Vilma Tvaronavičienė
Company representative in charge of accounting	Tadas Pranckevičius

General information about the Company

UAB Lords LB Asset Management (hereinafter referred to as the Company or Management Company) is a licensed investment management company that has been providing services to institutional and private investors since 2008. The main activity of the Company is the establishment and management of collective investment undertakings (hereinafter referred to as CIU). The Company's activities are licensed and supervised by the Bank of Lithuania. The Management Company has the right to manage real estate and private equity collective investment undertakings (licence), collective investment undertakings established in accordance with the Law on Collective Investment Undertakings for Informed Investors (license) (hereinafter referred to as CIUFII), collective investment undertakings for professional investors (licence dated 23 June 2015).

As at 31 December 2022 UAB Lords LB Asset Management managed the following collective investment undertakings:

Type of CIU	CIU Type*	Name
CIUFII	RE	Lords LB Baltic Fund IV
CIUFII	RE	Lords LB Baltic Green Fund (V)
CIUFII	RE	Lords LB Baltic Small Cap Fund
CIUFII	RE	BGFV Inter Cap Fund
CIU	RE	UTIB AB „Tewox“
CIUFII	RE	Central Development Fund
CIUFII	RE	Right Bank Development Fund
CIUFII	RE	Lords LB Special Fund I**
CIUFII	RE	Lords LB Special Fund I Subfund A**
CIUFII	RE	Lords LB Special Fund III
CIUFII	RE	Lords LB Special Fund IV
CIUFII	RE	Lords LB Special Fund V
CIU	RE	Lords LB Private Equity Fund I
CIUFII	INFRA	Energy and Infrastructure SME Fund
CIUFII	INFRA	UTIB UAB Atsinaujinančios energetikos investicijos

*RE – real estate CIU, PE – private equity CIU, INFRA – energy and infrastructure CIU;

** Lords LB Special Fund I, which owns two subfunds: Lords LB Special Fund I Subfund A and Lords LB Special Fund I Subfund B.

Assets managed by investment companies of UAB Lords LB Asset Management as at 31 December 2022:

Name	Value of assets under management, in millions Eur
Real Estate CIU*	598
Energy and Infrastructure CIU	266
Private equity CIU	0
TOTAL	**864**

*In that figure, the CIU of real estate indirectly managed through the Luxembourg company - General Partner is equal to 61 million. Eur.

Office address: Jogailos str. 4, Vilnius. The Company has no branches and representative offices.

Shareholders of the Company:
UAB Glera, which owns 47% of the shares;
UAB Aemulus, which owns 26% of the shares;
UAB Patralis, which owns 9.9% of the shares;
UAB Serenus, which owns 9% of the shares;
Natural person 1, who owns 8% of the shares;
Natural person 2, who owns 0.1% of the shares.

Shares: As at 31 December 2022 share capital of the company was EUR 318,560. It is divided into 11,000 units of ordinary registered shares with a nominal value of EUR 28,96.

Head of the Company: Vilma Tvaronavičienė.

The Board of Directors of the Company: As at 31 December 2022 the board consisted of 5 board members:

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

Data about 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 the shares belongs to 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	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 Konversijos projektai	Indirect Shareholder through (UAB Aemulus)	100%
		UAB Parkdema	Member of the Board	0%
		UAB Cogito Invest	Head, board member	0%
		UAB Humitas	Indirect Shareholder (through Starlynx investment OÜ)	50%
		AB Sparta	Member of the Supervisory Board	0%
4.	Jan Ake Gustaf Litborn	Law firm PK Advikat AB	Managing partner	44%
		Born Advokater KB	Managing partner (through PK Advikat AB)	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%
		UAB Matuda	Manager	0%

The most important events of 2022

- The war started by Russia in Ukraine on **24 February 2022** had a slight impact on the business environment of the Management Company and its managed funds. The direct impact of the war on the preparation of the 2022 financial statements was insignificant.
- **In March 2022** in accordance with the General Meeting of Shareholders, the shareholders of the Management Company decided that the decision of 1 October 2021 to be invalid i.e. to cancel the increase of the Company's authorized capital by an additional contributions, and return them to the Company's shareholders within a reasonable period, but no later than by 31 March 2022.
- **In March 2022** VIRITAWA Development Fund was established.
- **In March 2022,** the Management Company established companies Lords LB Baltic Residential GP SARL and Lords LB European Property GP SARL in the Grand Duchy of Luxembourg and invested EUR 12,000 in each of their 100 % authorized capital. These companies are General Partners of reserved alternative investment funds Lords LB Baltic Residential Fund (EUR) SCA SICAV-RAIF and Lords LB European Property Fund SCA SICAV-RAIF established in the Grand Duchy of Luxembourg. Funds established in Luxembourg are managed by a company operating in Luxembourg appointed by the Management Company. Meanwhile, the Management Company provides consulting services to funds established in Luxembourg, for which it receives Consulting income.
- **On 19 July 2022** the issue of green bonds of UTISIIB UAB Atsinaujinancios energetikos investicijos (hereinafter - AEI) has been added to the Nasdaq Baltic Debt securities list. The amount of green bonds issued by AEI at the end of 2022 is EUR 52 million.
- **In August 2022** the Management Company closed Lords LB Baltic Fund III;
- **In September 2022** Lords LB Special Fund I sub fund Lords LB Special Fund I Subfund B successfully sold its managed real estate company and **in October 2022** finished its activities.
- **In September 2022** Lords LB European Property Fund SCA SICAV-RAIF successfully made its first investmebr in Lithuania.
- **In 2022** SUT NT IB AB Tewox successfully continues the development of its investments in real estate in Lithuania and Poland.
- **In 2022** UAB Atsinaujinančios energetikos investicijos successfully continues its investments in wind energy development in Lithuania and solar energy in Poland.

The most important events that occurred after the end of the financial year

- **In March 2023** AB Tewox has started preparations for a public bond distribution for the emission of EUR 50M.

Overview of the performance and development of the Management Company

The main activity of the Management Company is the management of the financial assets entrusted to it through established collective investment undertakings. The net asset value of collective investment undertakings managed by the Company is given in the table below:

Title	2022 12 31 NAV (mln. Eur)	2022 12 31 number of participants	2021 12 31 NAV (mln. Eur)	2021 12 31 number of participants
Flow CIU	199.9	200	215.9	276
Development CIU	113.8	160	144.9	173
Energy and Infrastructure CIU:	150.2	153	109.0	128
Other CIU	2.3	13	9.6	14
TOTAL:	**466.3**	**591**	**479.4**	**591**

Development prospects

One of the main goals of the Management Company is to ensure proper management of the funds entrusted to it. The Company also seeks to increase the number of collective investment undertakings managed by it, while expanding the number of investors.

Analysis of financial and non-financial performance

According to the statistics of the Bank of Lithuania, when the financial markets experienced fluctuations due to the energy crisis, the war in Ukraine and particularly high inflation in the country, the majority of CIU recorded negative returns: the unit value of the debt securities CIU group decreased the most, by 13.98%. A very similar result was obtained by the CIU of the mixed investment group (-13.95%), while the unit value of the CIU of the equity group decreased the least (-3.96%). The total weighted decrease in the unit values of all CIU units amounted to -9.01%.

Market analysis of collective investment undertakings

According to the data of the Bank of Lithuania, the market of CIU operating under the Law on CIU was decreasing, in 2022 both the number of CIU and the assets managed decreased. Two new CIU were established and three were liquidated. Assets managed by CIU decreased by 26.13 percent. (40.43 million EUR). During this period, the number of CIU participants decreased by 0.76 percent. (35 participants). The decrease in CIU assets and the number of participants was determined by the following factors: highly volatile financial markets and the closure of three CIU.

As at 31 December 2022, 6 management companies in Lithuania, under the supervision of the Bank of Lithuania have established 16 CIU, which operate under the Law on CIU (15 investment funds and 1 variable capital company), of which: 6 shares, 5 mixed investment, 1 RE, 1 debt securities, 1 private capital CIU and 2 CIU investing in other CIU. Among these funds, 1 composite CIU can be distinguished, which is classified as a mixed investment fund. This composite fund had 2 debt securities sub-funds.

The values of CIU portfolios decreased. As at 31 December 2022, the total value of CIU investment portfolios amounted to EUR 114.27 million, and the number of CIU participants to 4.58 thousand. When assessing the 2022 results, it can be seen that the assets of CIU decreased, while the number of participants increased during the analysed period. During the period under review, assets decreased by 26.13 percent. (EUR 40.43 million), and the number of participants decreased by 0.76 percent. (35 participants). The closed-end special real estate investment fund LORDS LB BALTIC FUND III liquidated by UAB LORDS LB ASSET MANAGEMENT had the greatest influence on the decrease in the assets of CIU (the CIU managed EUR 34.5 million at the end of 2021). During the reviewed period, the assets of none of the management companies CIU increased.

Fluctuations in the financial markets did not escape CIU investors either. Looking at 2022 CIU market results, it can be seen that they were not successful for most CIU investors. The energy crisis, particularly high inflation and the war in Ukraine have influenced the financial markets to large fluctuations, the growth of uncertainty and the correction to the investors' expectations. Analysing the annual results, it can be seen that the weighted average change in the values of all CIU units was negative (-9%). Of the analysed CIU types, the unit value of the debt securities CIU decreased the most, by 14%. Similarly, the unit value of the mixed investment CIU decreased by 13.9%, and the unit value of the stock CIU decreased by 4% on average.

Market analysis of collective investment undertakings for informed investors

The Bank of Lithuania comments that a similar picture is visible in the CIUFII market. After Law on CIUFII went effective in 2013, management companies started the transformation of their existing CIU funds into CIUFII funds. Since 2015, CIUFII has seen an increase in both the number of these funds and the assets they manage. In 2022, 26 funds were established, the total assets managed by CIUFII increased by 26,15% to EUR 1.867 million. The number of investors increased by 36.02% to 3,482.

According to the data of the Bank of Lithuania, as at 31 December 2022, in Lithuania, 32 management companies under the supervision of the Bank of Lithuania have established 133 CIUFII, which operate under the Lithuanian Law on CIUFII: 85 real estate funds, 16 private capital funds, 8 each of mixed investment and infrastructure, 6 equity, 5 risk, 4 loan and 1 debt securities funds. During the period under review, the number of CIUFII increased by 17, or 14.66%. The growth trend has continued since 2017.

When analysing the number of CIUFII management companies, it can be seen that during the reporting period the number of management companies decreased by one. The number of CIUFII management companies increased the most in 2018, by 10, or 67 percent.

When evaluating the assets of CIUFII and the number of participants, it can be seen that both the assets and the number of participants grew, as at 31 December 2022, CIUFII assets amounted to EUR 1,867 million (26.15% more than at the end of 2021), and there were 3,482 investors (36.02% more than a year ago). The rapidly growing market shows that funds for the informed investors are of interest to investors looking for opportunities to increase their wealth and investment portfolio.

References and additional explanations of the data provided in the annual reports

The main performance indicators of the Company are presented in the table.

Name	2022 12 31, (Eur)	2021 12 31, (Eur)
Assets	7,944,095	10,029,456
Equity	6,889,601	8,138,468
Of which share (subscribed) capital	318,560	318,560
Fund management revenue	9,104,669	9,492,727
Net profit	3,751,133	4,962,818

The data provided in the annual financial statements are sufficiently detailed and do not require individual references or additional explanations.

Company's business plans and forecasts

The Management Company plans to expand investments in real estate collective investment undertakings and to increase focus on the development of investments in renewable energy.

Other required information to disclose

The Management Company does not carry out research and development activities.

The Management Company has not made any commitments to issue and buy back its shares.

This annual report has been signed electronically

General Manager of UAB Lords LB Asset Management

Vilma Tvaronavičienė