To UAB „ Milvas“

2022-03-29
Kaunas

The translation from Lithuanian language to English language of Independent Auditor`s Report, financial statements and Annual report for the year ended 31 December 2021 of UAB “Milvas” is provided on pages 1 - 25. The set of financial statements of UAB “Milvas” for the year ended 31 December 2021 in Lithuanian language was issued on 18 February 2022 and is provided on pages 26 - 28.

Prepared by M-Finance

UAB „MILVAS”

Independent Auditor’s Report,

Financial Statements prepared in accordance with International financial reporting standards as adopted by European Union and Annual Report

For the Year Ended 31 December 2021

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UAB „MILVAS"

Company number: 304955295, address: Konstitucijos Ave. 15-94, Vilnius

STATEMENT OF FINANCIAL CONDITION

18th February 2022

(reporting date)

31st December 2021 (Reporting period)

EUR (Reporting currency)

Article	Notes No.	31/12/2021	31/12/2020
ASSETS			
Cash and cash equivalents	3	56 918	11 922
Trade receivables	4	20 849	8 338
Financial assets		-	-
Loans granted		-	-
Deferred cost and prepayments	5	3 556	2 025
Tangible fixed assets	6	17 650	22 784
Intangible fixed assets		-	-
Total assets:		**98 973**	**45 069**
EQUITY AND LIABILITIES			
Amounts payable and liabilities			
Trade and other payables	7	40 227	42 901
Profit tax liabilities	8	5 785	-
Amounts payable and liabilitiesotal:		**46 012**	**42 901**
Equity			
Share capital	9	22 000	22 000
Reserves		-	-
Retained earnings		30 961	(19 832)
Total equity:		**52 961**	**2 168**
Total equity and liabilities:		**98 973**	**45 069**

These financial statements are electronically signed.

Director		**Igorius Pancerevas**
(title of the head of entity administration)	(signature)	(name, surname)
M-Finance, UAB authorized person		**Agnė Jasinskienė**
(title)	(signature)	(name, surname)

The accompanying explanatory note on pages 11-24 is an integral part of these financial statements.

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UAB „MILVAS”

Company number: 304955295, address: Konstitucijos Ave. 15-94, Vilnius

STATEMENT OF INCOME AND COMPREHENSIVE INCOME

18th February 2022

(reporting date)

31st December 2021
(Reporting period)

EUR
(reporting currency)

Article	Notes no.	31/12/2021	31/12/2020
Asset management income	10	160 976	88 748
Other management income		-	-
Salaries and related expenses	11	(3 8 347)	(3 8 844)
Other operating expenses	12	(6 6 051)	(5 2 599)
Interest income		-	-
Profit (loss) from financial assets which are accounted for as fair value in accordance with a profit (loss) article		-	-
Other operating income		-	29
Profit before tax		**56 578**	**(2 666)**
Tax on profit		(5 785)	-
Net profit		**50 793**	**(2 666)**
Other gross income			-
Gross income		**50 793**	**(2 666)**

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UAB „MILVAS”

Company number: 304955295, address: Konstitucijos Ave. 15-94, Vilnius

STATEMENT OF CHANGES IN EQUITY

18th February 2022

(reporting date)

31st December 2021
(Reporting period)

EUR
(reporting currency)

	Share capital	Share premium	Reserves	Retained earnings (loss)	Total
Balance at 31st December 2019	**22 000**	**-**	**-**	**(17 166)**	**4 834**
Net profit (loss)	-	-	-	(2 666)	(2 666)
Other income	-	-	-	-	-
Total income for the year	-	-	-	**(2 666)**	**(2 666)**
Distribution of dividends	-	-	-	-	-
Increase (decrease) of authorized share capital	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
Balance at 31st December 2020	**22 000**	**-**	**-**	**(19 832)**	**2 168**
Net profit (loss)	-	-	-	50 793	50 793
Other income	-	-	-	-	-
Total income for the year	-	-	-	**50 793**	**50 793**
Distribution of dividends	-	-	-	-	-
Increase (decrease) of authorized share capital	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
Balance at 31st December 2021	**22 000**	**-**	**-**	**30 961**	**52 961**

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M-Finance, UAB authorized person		**Agnė Jasinskienė**
(title)	(signature)	(name, surname)

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UAB „MILVAS”

Company number: 304955295, address: Konstitucijos Ave. 15-94, Vilnius

STATEMENT OF CASH FLOWS

18th February 2022

(Reporting date)

31st December 2021 (Reporting period)

EUR (reporting currency)

Article	Notes No.	31/12/2021	31/12/2020
Cash flows from (to) operating activities			
Cash inflows from asset management		148 466	87 388
Amounts payable for goods and services		(65 641)	(48 080)
Cash payments to employees		(21 278)	(20 390)
Taxes and other charges paid		(16 459)	(15 742)
Paid profit tax		-	-
Paid commissions		(164)	(108)
Amounts receivable for other services		71	-
Cash outflows from other operating activities		-	-
Net cash flow from operating activities		**44 996**	**3 068**
Cash flows from (to) investing activities			
Proceeds from formation of share capital		-	-
Transfer of securities		-	-
Acquisition of securities		-	-
Interest received		-	-
Acquisition of fixed tangible assets		-	-
Loans granted		-	-
Loans recovered		-	-
Net cash flows from (to) investing activities		**-**	**-**
Cash flows from (to) financing activities		-	-
Paid dividends		-	-
Cash inflows to other financial operations		-	-
Cash inflows from other financial operations		-	-
Cash flows from (to) financing activities, Total		-	-
Increase (decrease) of net's cash flows		**44 996**	**3 068**
Cash at the beginning of the period		**11 922**	8 854
Cash at the end of the period		**56 918**	**11 922**

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NOTES TO FINANCIAL STATEMENTS

(all amounts are in euros, unless otherwise specified)

1. GENERAL INFORMATION

"Milvas " UAB, legal entity code 304955295 (hereinafter - Management company) is a private limited liability company registered in Republic of Lithuania Registry center on the 20th November 2018.

Management company's shareholders on the 31st December 2020 and on the 31st December 2021:

25% of shares belongs to Tautvydas Marčiulaitis,

25% of shares belongs to Igorius Pancerevas,

25% of shares belongs to Dinas Petrikas,

25% of shares belongs to Tomas Padroštis.

On the 31st December 2021 and on the 31st December 2020 the amount of authorized capital was 22 000 Eur and it was divided into 22,000 registered ordinary shares with a nominal value of 1 Eur each.

The address of management company is Konstitucijos pr. 15-94, Vilnius, the Republic of Lithuania.

Management company's key operating activity: collective investment fund's (CIF) management; other commercial operations if it does not conflict with Lithuanian legislation.

In 2021 and 2020 management company had no branches and representative offices.

In 31st December 2021 and 31st December 2020 there were two employees in management company.

2. ACCOUNTING PRINCIPLES

The most significant accounting principles, which were used by Management company while preparing these financial statements, are set out below.

Financial statements are prepared in accordance with going concern principle by consistently applying International Financial Reporting Standards (IFRS) which are endorsed by European Union (EU). These financial statements are prepared applying principles and standards which had been effective on 31st December 2021.

Management company is keeping records and all the amounts in these financial statements are accounted for and presented in Lithuanian national currency – euro (EUR).

Changes in accounting policies

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union (further – EU) are effective for the current period and were adopted by the entity:

- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective for annual periods beginning on or after 1 January 2021);
- Amendment to IFRS 16 Leases Covid 19 - Related Rent Concessions (effective for annual periods beginning on or after 1 June 2020);
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

Changes in accounting policies (continuation)

(effective for annual periods beginning on or after 1 January 2021).

The application of these standards, amendments and interpretations had not a material impact on the entity's financial statements.

Covid 19 - Related Rent Concessions

Amendments are being applied from 1st June 2021, IFRS 16 amendments provide a practical mean for accounting tenant discount which is the direct consequence of COVID-19 and fit the criteria listed below:

(a) Due to change in rent, specified pay for rent is basically the same as rent amount before the change or even less before;
(b) Any reduction in rent has an influence only to the tax which had to be payed on 30th June 2021 or earlier than that;

(c) Other rent conditions are basically unaffected and unaltered.

Discounts that fit these criteria can be accounted for considering practical measure. That means that tenant does not consider if rent discounts are in accordance with the amount of change rent definition. Tenants are applying other IFRS 16 requirement for the accounting of rent discounts.

If Management company records discounts as changes in rent it would be mandatory to repeatedly evaluate liability of rent using new interest rate and that recalculated rent liability would accordingly have some impact to the assets which are managed by right of exploitation. When using practical measure Management company is not required to set an updated interest rate and the impact of change in lease liability is reflected in the period, in which the event or condition occurred, in the profit (loss).

Management company did not apply practical measures.

Standards, amendments and interpretations of existing standards that are adopted since 1 January 2021 but are not relevant to the Management company:

Amendments to IAS 1 and IAS 8: Definition of Materiality (effective from 1 January 2023)

The amendments provide a revised definition of "materiality".

Amendments to IFRS References to fundamentals of Conceptual Financial Statements (effective from 1 January 2023)

The amendments include revised definitions of assets and liabilities, as well as new guidance on derecognition, presentation and disclosure for measurement and recognition.

Amendments to IFRS 3: Definition of "Business": (effective from 1 January 2022)

Changes in accounting policies (continuation)

The Management Company shall apply the revised business concept to acquisitions occurring after 1 January 2022 to determine whether the acquisitions have been accounted for in accordance with the provisions of IFRS 3 "Business Combinations". The amendments do not allow the Management Company to reassess whether acquisitions made before 1 January 2022 met the revised definition of "business". The management company did not have any acquisitions before or after 1 January 2022.

Standards, amendments to existing standards and interpretations which are not yet being applied and have not been previously applied by the Management Company:

There are a number of standards, amendments to standards and interpretations issued by the International Accounting Standards Board that will become effective in future periods that the Management Company has previously decided not to apply.

IFRS 17 Insurance Contracts (effective from 1 January 2023)

In January 2020 the International Accounting Standards Board issued amendments to IAS 1 clarifying the requirements for classifying liabilities as short-term or long-term. The amendments clarify that a liability is classified as short-term or long-term depending on whether the enterprise has the right to defer settlement of the liability for at least twelve months at the end of the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services or equity instruments, unless the obligation to transfer equity instruments arises from a conversion feature which is attributed to the equity instruments separately from the liability component of the compound financial instrument.

The amendments were initially applied for annual accounting until 1 January 2022 or later. However, in May 2020 the effective date was postponed until the annual reporting period which begins in 1 January 2023 or later.

The Management Company is currently assessing the impact of these new accounting standards and amendments. The Management Company does not think that the amendments to IAS 1 will have a material impact on the classification of its liabilities as the conversion feature of its convertible debt instruments is classified as equity and therefore does not affect the classification of its convertible debt as long-term liabilities.

The Management Company does not expect that other standards issued by the International Accounting Standards Board, but are not yet effective, will have a material impact on the Management Company.

Tangible fixed assets

Real estate and equipment

Firstly, real estate and equipment is recognized after its acquisition value. This asset is recognized if it is likely that Management company by using this asset will receive economical utility in the future and if the value of this asset can be reliably estimated. After primary recognition, real estate and equipment are accounted for as acquisition value minus accumulated wear and tear and accrued depreciation losses if there are any.

Wear and tear is calculated using the directly proportional (linear) method taking into account normative of the usage of this asset and it is beginning to be calculated by next month right after when the assets are ready to be used, in other words when assets are in the right place and in the right condition so that it could be used according to its intended use.

Tangible fixed assets (continued)

The useful lifespan of real estate, equipment and assets:

Article No.	Asset category	Useful lifespan
1.	Computer hardware	3 years

Assets are attributed to real estate or equipment if its useful lifespan is longer than one year and

IFRS’s 16 "Rent" application

Management company underline if agreement is rent or includes rent, taking into account the point of transaction which was defined on the date of the agreement as the fulfilment of the arrangement depends on the specific asset usage or agreement gives right to use the asset.

Rent – Management company as a lessee

When Management company is a lessee, rent is recognized while recording assets which are managed by the right to use and rent liability respectively from that moment when the leased property become available to use to the Management company.

Assets under management are measured at an acquisition cost, which includes the initial assessment of the lease liability, the lease payments made before or at the inception of the lease (minus any lease incentives received), and the initial direct costs incurred by the Management Company. Lease obligations are measured at the net present value of the lease payments.

Lease payments are discounted using the interest rate specified in the lease contract. If this interest rate cannot be readily determined, the borrowing rate, which is charged by the lessee, may be used. This is the interest rate that the lessee would have to pay for the debt obligations which are required to acquire managed assets in a similar economic environment and under similar conditions and guarantees as stipulated in the lease contract.

The Management Company incurs a potential increase in volatile lease payments in the future which is related to an index specified in the lease contract that is not included in the value of the lease liability until it becomes effective.

Lease payments are apportioned between the lease liability coverage payments and interest costs. Interest costs is recognized in profit or loss over the lease term by keeping the same interest rate to the rest of the amount of lease liability over every period.
Assets held for use are depreciated over the lease term.

Financial instruments

Financial instrument – is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition or Derecognition in the statement of financial position.

Management company recognizes a financial asset or financial liability in its own statement of financial position then and only then when it becomes a party to the contractual provision.

Financial instrument (continuation)

Management company recognizes the purchase or sale of the financial asset or derecognizes it on the date of transaction. Management company derecognizes financial asset in the statement of financial position then and only then, when:

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

Management company ceases to recognize financial liability (or a part of financial liability) in the statement of financial position then and only then when this liability is eliminated, that is when the obligation specified in the contract:

- Is fulfilled; or
- Is canceled; or
- It expires

Management company categorizes financial assets into:

- Measured at amortized cost,
- Measured at fair value as other comprehensive income,
- Measured at fair value in the profit (loss) account,
- Hedging financial instruments.

Management company assigns debt financial asset to the right category depending on business model of management financial asset and conventional cash flow attributes to the corresponding asset.

Trade receivables, granted loans, other amounts receivable from financial assets and cash and cash equivalents are attributed by the Management company to the assets which are to the assets which are valued by the amortized prime costs.

Financial instruments
Management company categorizes financial assets into:

- Measured at amortized cost,
- Measured at fair value in the profit (loss) account,
- Hedging financial instruments.

Management company attributes trade liabilities, amounts lent to the financial liabilities which are amortized at prime cost.

Evaluation of financial assets using amortized prime costs.

During the financial assets evaluation, which are amortized at prime cost, process Management company uses calculated interest rate method.

After primary recognition of trade receivables, it is evaluated using amortized primary costs, including impairment losses. Trade receivables, whose term from the recognition day is shorter than 12 months (in other words, it does not have a financing element) and which are not attributed to factoring, are not discounted and are evaluated at nominal value minus value decrease (impairment).

The valuation of the financial assets using fair value in the profit (loss) account.

Profit or loss for financial assets, which are valued at fair value in the profit (loss) account, is recognized at a period when those profit or losses arise in the profit (loss) account.

Interest and dividend income is a part of profit or loss (taking into account assets at a fair value) in the profit (loss) account.

Decrease in value of financial assets

Financial instrument (continuation)

IFRS 9^{th} introduces a new model for calculating the impairment of financial assets at amortized cost or fair value through other comprehensive income.

The Management Company uses the following models to determine impairment losses:
- Main model (basic),
- simplified model.

The Management Company applies the general model to financial assets measured at amortized cost, except for trade receivables and assets measured at fair value through the statement of other comprehensive income.

Under the general model, the Management Company monitors changes in the level of credit risk associated with the relevant financial asset and classifies the financial asset in one of three stages to determine impairment losses based on changes in the level of credit risk since the initial recognition of the instrument.

Depending on the classification of the individual steps, impairment is determined over a period of 12 months (step 1) or over the life of the instrument (steps 2 and 3).

At each last day of the reporting period, the Management Company analyzes the characteristics on the basis of which the financial assets are classified into separate steps while assessing impairment losses. Indications may include changes in the borrower's creditworthiness, serious financial problems of the borrower, significant adverse changes in the borrower's economic, legal or market environment.

In order to determine the expected credit losses, the Management Company applies default probability levels, implied from market prices of credit derivatives, to entities with a given credit rating and from the suitable sector.

The Management Company incorporates future information into the evaluation parameters, used in the expected credit loss estimation model, to calculate the probability of default parameters based on quoted market prices.

The Management Company applies a simplified model to trade receivables.

While applying the simplified model, the Management Company does not monitor changes in the level of credit risk during the life of the instrument and determines the expected credit losses until the end of the expected life of the instrument.

Decrease in value of financial assets (continuation)

In order to estimate expected credit losses, the Management Company uses a provision matrix calculated based on the historical level of repayment and recovery of receivables from customers.

The Management Company includes information about future periods to the parameters used in the expected loss model, while adjusting the key default probability parameters.

In order to calculate the expected credit losses, the Management Company determines the default probability parameters for receivables calculated on the basis of a historical analysis of the number of outstanding accounts and the default probability parameters, which are calculated on the basis of a historical analysis of the value of outstanding accounts.

Financial instrument (continuation)

Expected credit losses are calculated when the amount receivable is recognized in the statement of financial position and is updated at each subsequent day of the reporting period, depending on the overdue days to amount receivable.

Losses (reversal of losses) due to the impairment of financial instruments

Losses (reversal of losses) due to the impairment of financial instruments, in particular, includes losses (reversal of losses that are incurred because of the impairment of traded receivables and losses (loss reversals) due to the impairment of loans granted.

Debts are initially recognized at the fair value of the funds received minus transaction costs. Later they are carried at amortized cost and any difference between amount received and amount, which will have to be paid during the period of debt, is recognized in the statement of comprehensive income for the period, except for capitalized borrowing costs, which are described below.

Borrowing costs that are directly attributable to the acquisition or construction of an asset that takes time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed as incurred. Debts are classified as long-term if the financing agreement made before the reporting date proves that that the liability, at the reporting date, was long-term on nature.

Trade commitments

Trade commitments are non-derivative financial liabilities with fixed or determinable payments that are not traded in an active market. Such liabilities are accounted for as amortized value using calculated interest rate method. Profit and loss and recognized in the statement of comprehensive income when trade liabilities are written off or amortized.

Accrued expenses

Accrued expenses – it is Management’s company’s evenly recognized amounts that were earned in recording period or earlier recording periods for received continual services. Management company is committed to pay these amounts in future periods.

Cash consists of cash in bank account. Cash equivalents are short-term very liquid investments that can be easily converted into known amount. The term of such investments does not exceed 3 months and the risk of change in value is very insignificant.

Share capital

Share capital is accounted for in the statement of financial position as its signed value.

Revenue and costs

Revenue is recognized according to accrual principle. Revenue is recognized when it is likely that Management team will receive economic utility which is related to the transaction and when it is possible to properly evaluate the amount of revenue. Revenue is evaluated at a fair value minus granted discounts. Rebates and other sales taxes and liabilities.

Costs, that incurred during recording period and that cannot be directly linked to earned income and will not provide any income in the future periods, are recognized as costs in that period when they are incurred. Costs are evaluated at a fair value.

Employee benefits

Social security contributions.

Management team pays social security contributions for its workers to the State Social Security fund (Fund) according to defined contribution plan in accordance with local legal requirements.

Profit tax and deferred profit tax

Tax on profit is calculated given profit or loss for the current year (that also includes deferred tax). Profit tax is calculated in accordance with tax requirements of the Republic of Lithuania.

The standard rate of taxation on profit, for companies of the Republic of Lithuania, is 15%.

Tax losses can be transferred indefinitely by lowering taxed profit in the future periods, except for losses from sales of securities and / or losses from derivative financial instruments that can be transferred in 3 years.

Deferred taxes are accounted for using liability method. Deferred profit tax reflects temporary tax differences between the Management’s company’s assets and liabilities which are shown financial statements and temporary tax differences between assets and liabilities submitted in the fee statement. Deferred tax asset (liabilities) are evaluated using profit tax rate which will be valid when temporary tax differences be realized.

Deferred tax asset is recorded in the statement of financial position when management hopes to get so much tax on profit in the near future until that would be enough for the asset to realize. If it is likely that a part of deferred tax asset cannot be realized, this part of deferred tax is not recognized in the financial statements.

Taxes

Tax Inspectorate had not done a thorough tax verification in the Management company. Tax Inspectorate can at any time inspect the books and records during the five consecutive years following the accounting year and calculate additional fees and penalties. The management of Management Company is not aware of any circumstances from which the potential significant liability would, in this regard, occur.

Post-balance sheet events

Post-balance sheet events provide additional information about state of the Management company, on the day when financial condition is formed (adjusting events), and these post-balance sheet events are reflected in the financial statements. Those post-balance sheet events, which are not adjusting events, are described in the notes when it is important.

Use of assessments when preparing financial statements

While preparing financial statements according to International Financial Reporting Standards, certain evaluations and assumptions must be made which has an impact on the revelation of assets, liabilities, income, expenses, and uncertainties. These financial statements did not have areas where evaluations or assessments were used.

3. CASH AND CASH EQUIVALENTS

The title of Article	Financial year	Previous financial year
Cash in bank account	56 918	11 922
Total:	**56 918**	**11 922**

4. OTHER AMOUNTS RECEIVABLE FROM BUYERS

The title of Article	Financial year	Previous financial year
Accrued management fee	17 249	7 963
Accrued distribution fee	3 600	375
Total:	**20 849**	**8 338**

5. DEFFERED COSTS AND PREPAYMENTS

The title of Article	Financial year	Previous financial year
Prepayments	3 435	2 010
Deferred costs	121	15
Total:	**3 556**	**2 025**

6. FIXED TANGIBLE ASSETS

The title of Article	Computer hardware	Total
Depreciated value at the end of the previous financial year	-	-
a) Acquisition prime cost		
Changes during the financial year:		
* acquisition of assets	1 124	1 124
* assets transferred and written-off assets (-)	-	-
* value increase	-	-
* transfers between items +/(-)	-	-
At the end of the financial year	1,124	**1,124**
b) Depreciation		
Changes during the financial year:		
* depreciation during the financial year	(9 4)	(9 4)
* reversals (-)	-	-
* depreciation of assets transferred to other entities and written-off assets (-)	-	-
* transfers between items +/(-)	-	-
c) Depreciated value at the end of the financial year	1,030	**1 030**

6. FIXED TANGIBLE ASSETS (CONTINUE)

IFRS 16 "Rent" application

The title of Article	Financial year	Previous financial year
Right to use assets at the beginning of the year	22 784	28 473
Adjustment for interest recalculation	(1 2 1)	407
Wear and tear costs	(6 043)	(6 096)
Right to use assets at the end of the year	16 620	22 784

The lease agreement of the Management Company is valid until 1 February 2022.

Interest rate applied to discount rent payments on 31st of December 2021 was 2.77% (on 31 December 2020 it was 2.62%).

Management company from 1 February 2022 moved into new premises. The lease agreement is valid until 1 February 2025.

7. TRADE AND OTHER AMOUNTS PAYABLE

The title of Article	Financial year	Previous financial year
Amounts payable after one year	-	17 248
Debenture loans (right to use assets)	-	17 248
Amounts payable within one year	40 227	25 653
Accrued expenses	13 068	10 285
Debenture loans (right to use assets)	17 201	6 108
Employment-related liabilities	7 156	6 469
Liabilities to suppliers	2 798	2 789
Other amounts payable	4	2
Total:	**40 227**	**42 901**

8. TAX ON PROFIT

The calculation of profit tax is based on yearly profit while taking into account deferred profit tax. Profit tax is calculated in accordance with requirements of Lithuanian law of taxes.

In 2021 the profit tax tariff of 15% was used for Lithuanian Management company (In 2020 it was 15%)

The title of Article	Financial year	Previous financial year
Profit tax expenses	5 785	-
Total:	**5 785**	-

Below total tax on profit is presented which is adjusted to the theoretical amount, using profit tax tariff:

The title of Article	Financial year	Previous financial year
Profit before tax	56,577	(2 666)
Costs that do not decrease profit tax	134	67
Revenue exempt from taxation	-	-
Tax loss of the last year	- 18,141	-
Taxes using tariff of 15%	5,785	-

9. CAPITAL

The title of Article	Number of shares	Amount
Structure of authorized capital at the end of the year		
1. By share type	-	-
1.1. Ordinary shares	22 000	22 000
1.2. Preferred shares	-	-
TOTAL:	**22 000**	**22 000**
Shares that a company itself has	-	-
Shares that subsidiaries have	-	-

10. ASSET MANAGEMENT INCOME

The title of Article	Financial year	Previous financial year
CIF’s funds management income	148 951	83 173
CIF’s funds distribution income	12 025	5 575
Total:	**160 976**	**88 748**

11. SALARIES AND RELATED EXPENSES

The title of Article	Financial year	Previous financial year
Salary expenses	38 347	38 844
Total:	**38 347**	**38 844**

12. OTHER OPERATING EXPENSES

The title of Article	Financial year	Previous financial year
Costs related to fund management	29 446	29 433
Rent expenses	7 112	6 720
Accounting costs	5 808	5 808
Amortization (for the right to use assets)	6 043	6 076
Interest expenses (for the right to use assets)	686	685
Business Trip Expenses	3 525	120
Other costs	13 431	3 757
Total:	**66 051**	**52 599**

Accounting and audit costs are covered by Management company.

13. RELATED PARTY TRANSACTIONS

Parties are considered related when one party has a possibility to control another or does a significant influence on other’s party’s financial and operational decisions.

Salary of the Management company’s managers only includes short term payments. In 2021 managers of the Management company accrued EUR19,163 in earnings in total (including bonuses).

The title of Article	Financial year	Previous financial year
A. Transactions during the course of the year	-	-
Fund’s management income	**160 976**	**88 748**
Management fee	148 951	83 173
Distribution tax	12 025	5 575
B. Amounts receivable and other assets at the end of the year	**20 849**	**8 338**
Accrued management fees by funds	17 249	7 963
Accrued distribution fees by funds	3 600	375

Information about managed funds on 31st of December 2021 and 31st of December 2020 is presented below.

Managed fund - Baltic Corporate Bond Fund

The title of Article	Financial year	Previous financial year
I. Value of net assets	15 195 188	7 302 667
I. I. Managed assets	15 274 724	7 339 079
Number of members	43	24

14. FINANCIAL RISK MANAGEMENT

The title of Article	Financial year	Previous financial year
Financial assets		
Cash and cash equivalents	56 918	11 922
Amounts receivable from buyers	20 849	8 338
Loans granted	-	-
Group – loans and amounts receivable, total	**77 767**	**20 260**
Group – financial assets accounted for as fair value through profit (loss) article	-	-
Group – financial assets accounted for as fair value through profit (loss) article (commercial financial assets), Total	-	-
Total:	**77 767**	**20 260**
Financial liabilities		
Commercial and other amounts payable	40 227	42 901
Group – Financial liabilities are accounted for as amortized value	**40 227**	**42 901**
Total:	**40 227**	**42 901**

Management politics of the management company is summarized down below.

Credit risk

Credit risk – it is the risk that the counterparty will not be able to meet its obligations to the Management Company properly and in a timely manner. In managing this risk, the Management Company seeks to select only counterparties whose reliability is not in doubt and the amount of the transaction should not exceed the credit risk limits. The liquid assets of the Management Company may be invested in securities whose issuer's credit rating is not lower than the long-term foreign borrowing rating of the Republic of Lithuania at the time of the investment. Management company does not provide any warrant for the obligations of other countries.

Maximal credit risk of a financial asset, except for financial assets which are accounted for as a fair value through the statement of profit (loss), match the recorded value (mentioned above) of financial assets.

There is a significant credit risk concentration in the Management company because all amounts receivable, which are related with company’s main operations, are amounts receivable and accrued income from the managed Funds.

Operational risk

Operational risk – it is a risk due to inadequate or not accomplished procedures of internal control, insufficiently secure information technologies or its disruptions, inappropriate activities of staff or external reasons of incurring direct and (or) indirect losses. This risk is seeked to be avoided by the installation of new informational technologies, which are related to data safety, by adopting appropriate staff job descriptions and internal control processes or implementation procedures.

14. FINANCIAL RISK MANAGEMENT (CONTINUE)

Market risk

Market risk – it is possibility to incur losses due to changes in the price of the entity's own equity, due to changes in interest rate and due to changes in currency exchange rates. To avoid these risks, Management's company's liquid funds cannot be invested in equity securities, except for funds, which are set up by Management company itself.

Interest rate risk

Interest rate risk – Management company does not have any loans granted, that is why there is no interest rate risk, which may occur due to interest rate readjustments which come from different maturities of assets and liabilities. Accordingly, the Management Company did not have any financial instruments in place to manage the risk of interest rate fluctuations. In order to manage interest rate risk, the Management Company seeks to form lending (deposit) transactions with a term of up to 3 years or to acquire debt securities with a term of up to 3 years.

Risk of currency rate changes

Risk of currency rate changes – the possibility of incurring losses due to adverse changes in exchange rate. The Management company only makes transactions in euros. Management company receives all income in euros. For these reasons, the Management company is not exposed to significant risk of changes in currency exchange rate.

Liquidity risk

Liquidity risk – it is the risk that the lack of funds will result in the sale of the Management Company's assets under adverse conditions to meet its financial obligations. To this end, the Management Company always maintains a sufficient cash reserve to ensure full and timely coverage of its liabilities at all times during its operations.

15. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of financial instruments is calculated in accordance with the requirements of IAS 39 "Financial Instruments: Recognition and Measurement". Fair value is defined as the amount for which an instrument could be exchanged in a current transaction between knowledgeable, willing parties under market conditions, except in cases of forced sale or liquidation. As trading in the financial assets and liabilities of the Management Company is not active, some presumptions are being made, while determining their fair value. These presumptions are based on current economic conditions and the risks inherent in the specific instrument.

The Management Company uses the following methods and assumptions to determine the fair value of financial instruments:

Cash and cash equivalents. These are cash whose fair value is their face value.

Financial assets which are accounted for as a fair value through the article of profit (loss). These investments have been measured at a fair value, that is why their fair value is equal to their book value.

Amounts receivable and loans granted. The book value of receivables and loans with a maturity of less than 6 months approximate their fair values due to the relatively short maturity of this financial instrument. The fair value of amounts receivable and loans is determined by discounting the expected future cash flows using interest rates which were valid at the end of the accounting period according to the duration (according to the interest rates for new loans published by the Bank of Lithuania).

Amounts payable. The book value of payables, whose term is less than 6 months, is close to their fair value due to the relatively short maturity of this financial instrument. The fair value of payables is determined by discounting the expected future cash flows using interest rates for the respective period at the end of the accounting period (according to the interest rates for new loans published by the Bank of Lithuania).

16. GOING CONCERN

UAB "Milvas" manages the Baltic Corporate Bond Fund (hereinafter - the Fund) for informed investors. This is the only undertaking of the company. The company has no financial liabilities. The company's largest liabilities are directly related to the management of the Fund. In order to have problems with the company's going concern, the Fund would have to lose a significant portion (more than 70%) of its net asset value over the long term. This can only happen (i) if all the participants in the fund decide to withdraw the investment or (ii) all the assets held by the fund will lose value (become worthless).

Since the beginning of the Fund's operation Until 18 February 2022, two investors have applied for the withdrawal of investments. Both requests were fully met, each representing less than 1% of the NAV at that time, and were therefore insignificant to the Fund's operations. In the light of these facts, there is no reason to believe that the first risk may materialize.

If the situation worsens and such actions will be needed, the company's shareholders are ready to increase the company's capital. There may also be a sudden and significant reduction in the company's liabilities to key employees, if necessary. It is also possible to reduce or defer company costs. The company's projected cash flows are positive. All the above factors do not give reason to doubt the continuity of the Management Company's operations both in 2022 and in the long term.

The company's projected cash flows are positive. All the above-mentioned factors do not give reason to doubt the going concern of the Management Company's operations both in 2022 and in the long term.

17. SUBSEQUENT EVENTS

The activities of the Management Company are not affected by the crisis caused by the CoViD-19 virus. After the reporting periods, the assets of the fund managed by the company and the income from it are constantly growing, the cash flows are positive. The year 2022 company plans to finish profitably.

There were no significant post-balance sheet events after 31st of December 2021 prior to the preparation of these reports.

These financial statements are electronically signed.

Director		**Igorius Pancerevas**
(title of the head of company)	(signature)	(name, surname)
M-Finance, UAB authorized person		**Agnė Jasinskienė**
(job title)	(signature)	(name, surname)

Annual report of the Management Company for the year of 2021

1. The condition of the company, an overview of the performance and development of the business, a description of the main types of risks and uncertainties faced by the company.

“Milvas “, UAB, legal entity code 304955295 (hereinafter - Management company) is a private limited liability company registered by public undertaking „Registrų centras“ on the20th of November 2018.

Management’s company’s shareholders on the 31st of December 2020:

Tautvydas Marčiulaitis, to whom belongs 25% of shares,
Igorius Pancerevas, to whom belongs 25% of shares,
Dinas Petrikas, to whom belongs 25% of shares,
Tomas Padroštis, to whom belongs 25% of shares.

Shares: on the 31st of December 2021 the amount of the authorized capital was EUR 22,000, which was divided into 22,000 ordinary registered shares with a nominal value of EUR 1.

Company field of activity:

The main activities of the Management Company: management activities of collective investment undertakings for informed investors (hereinafter - CIF); other economic and commercial activities, if these activities do not contradict the legal acts of the Republic of Lithuania.

Performance and development overview:

Investment funds

UAB “Milvas” in 2019 established the “Baltic Corporate Bond Fund” – an open-ended investment fund for informed investors. Supervisory Authority of the Bank of Lithuania on 27 May 2019 approved the rules of this fund. On 31 December 2021 UAB “Milvas” managed one investment fund.

CIF’s TYPE	Title	NAV (in euros)
IISKIS	Baltic Corporate Bond Fund	15 195 188

Management fee

The “Baltic Corporate Bond Fund”, that is managed by Management company is an open-ended investment fund for informed investors, are subject to 0.1165%. monthly asset management fee calculated from the fund's NAV for the respective month.

UAB “Milvas” income from fund distribution and management activities in 2020 amounted to € 160,976.

The management company was profitable:

- In 2021 company earned a profit of € 50,793.
- In 2020 company incurred a loss of € 2,666 Eur.

Operating costs (operating expenses) consisted of:

- € 66,051 in 2021
- € 52,599 in 2020.

Annual report of the Management Company for the year of 2021

Article	2021	2020
Assets, Total:	98 973	45 069
Equity	52 961	2 168
* it includes authorized (subscribed) capital	22 000	22 000
Net profit (loss)	50 793	(2,666)
Fund management income	160 976	88 748

2. Financial and non-financial performance analysis, information related to environment and personnel.

Head of Management company: on 31 December 2021 Director of the Management Company - Igorius Pancerevas.

3. References and additional explanations on the data presented in the annual financial statements.

While preparing full financial statements, company follows the provisions of the Law on financial statements of enterprises of the republic of Lithuania and business accounting standards.

4. The number and nominal value of all shares acquired and held by the company, and the proportion of the authorized capital that these shares form.

None.

5. The number of shares acquired and held by the company during the reporting period, their nominal value, and the proportion of the authorized capital that these shares form.

None.

6. Information about the payment for your own shares if purchased or disposed of for renumeration.

None.

7. The reasons for the acquisition of the company's own shares during the reporting period.

None.

8. Information about company branches and representative offices.

Company does not have any company branches and representative offices.

9. Information on significant events occurring after the end of the financial year.

No significant events occurred after the end of the financial year.

10. Plans and forecasts for the company in 2022.

In 2022, the company plans to:

During 2021, UAB “Milvas” managed the “Baltic Corporate Bond Fund” for informed investors. This was company’s key operating activity. Over the year, the assets managed by the “Baltic Corporate Bond Fund” grew by 109%, attracting € 7.89 million worth of new investments.

Given the growth of the fund under management and the new funds planned to be established, as well as the regulatory environment and trends in it, the company will continue to strengthen its compliance and internal control functions during 2022. A new employee will join the Management Company's team - a junior fund manager.

During 2022, it is planned to continue working purposefully in cooperation with various Lithuanian and European Union institutions in order to develop the debt capital markets of Lithuania and the Baltic States. More efficient local markets ensure the liquidity and diversification of the Baltic Corporate Bond Fund, promote competition between issuers, and ensure the long-term sustainable growth of the fund.

During 2022, for informed investors the company will establish at least one new fund which will be investing in higher risk assets. The new fund is expected to launch in the first quarter of 2022, depending on regulatory decisions. The new fund will complement the range of solutions offered to the company's investors and will allow the company to diversify its income.

11. Information on company research and development activities.

None.

12. The company financial risk management objectives that are used in the hedging instruments of the underlying transactions subject to hedge accounting and the company’s price risk, credit risk, liquidity risk and cash flow risk scale.

During its day-to-day operations, the Management Company is exposed to a variety of risks, the main ones being credit risk, operational risk, market risk (which consists of securities price change risk, interest rate risk and risk of change in currency exchange rate) and liquidity risk.

Credit risk – it is the risk that the counterparty will not be able to meet its obligations to the Management Company properly and in a timely manner. In managing this risk, the Management Company seeks to select only counterparties whose reliability is not in doubt and the amount of the transaction should not exceed the credit risk limits. The liquid assets of the Management Company may be invested in securities whose issuer's credit rating is not lower than the long-term foreign borrowing rating of the Republic of Lithuania at the time of the investment.

Operational risk – it is a risk due to inadequate or not accomplished procedures of internal control, insufficiently secure information technologies or its disruptions, inappropriate activities of staff or external reasons of incurring direct and (or) indirect losses. This risk is seeked to be avoided by the installation of new informational technologies, which are related to data safety, by adopting appropriate staff job descriptions and internal control processes or implementation procedures.

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Interest rate risk - Interest rate risk – Management company does not have any loans granted, that is why there is no interest rate risk, which may occur due to interest rate readjustments which come from different maturities of assets and liabilities. Accordingly, the Management Company did not have any financial instruments in place to manage the risk of interest rate fluctuations. In order to manage interest rate risk, the Management Company seeks to form lending (deposit) transactions with a term of up to 3 years or to acquire debt securities with a term of up to 3 years.

12. The entity's financial risk management objectives are those used in the hedging instruments of the underlying transactions that are subject to hedge accounting and the company's price risk, credit risk, liquidity risk, and cash flow risk. (continuation)

Risk due to changes in currency exchange rate – the possibility of incurring losses due to adverse changes in exchange rate. The Management company only makes transactions in euros. Management company receives all income in euros. For these reasons, the Management company is not exposed to significant risk of changes in currency exchange rate.

Liquidity risk – it is the risk that the lack of funds will result in the sale of the Management Company's assets under adverse conditions to meet its financial obligations. To this end, the Management Company always maintains a sufficient cash reserve to ensure full and timely coverage of its liabilities at all times during its operations.

13. Information on the other managerial positions of the members of the management board, members of the supervisory council, members of the management board and other members of the supervisory council (legal form (legal form, name, code, headquarters (address), legal person (legal form, name, code) a member of the management body or supervisory body) and the most important information about their main employer (position, legal form of legal entity, name, code, office (address).

Management and board members do not hold management positions in other institutions.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of "Milvas", UAB

Report on the audit of the financial statements

Opinion

We have audited the financial statements of "Milvas" UAB (the Company), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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

Other information

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

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

Other information (continued)

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

• The information given in the Company's annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

• The Company's annual report has been prepared in accordance with the requirements of the Law on Financial Reporting by Undertakings of the Republic of Lithuania.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to 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.

Report on Other Legal and Regulatory Requirements

Article 16(6) of the Law on collective investment undertakings of the republic of Lithuania stipulates that a management company that is required to audit its financial statements must submit to the supervising authority an audit report on the financial statements, where the information on violations of this Law and other legal acts must be disclosed and provide information on whether the net asset value has been calculated correctly and whether the assets have been invested in accordance with the collective investment undertaking's founding documents also the effectiveness of the risk management measures and methods approved by the management company in relation to the collective investment undertaking must be assessed and the effectiveness of the managements company's internal control and risk management systems and tools related to the management of the collective investment undertaking must be assessed.

We confirm that our audit opinion expressed in paragraph 'Opinion' is in line with the financial statements audit report that we have submitted to the Company's management and the Bank of Lithuania together with this auditor's opinion.

BDO auditas ir apskaita, AB
Audit company's certificate No.001496

Virginija Sirevičienė /Signature/
Certified auditor of the Republic of Lithuania
Auditor's Certificate No. 000250

Vilnius, the Republic of Lithuania
18 February 2022