



Grant Thornton

# UAB HEAVY FINANCE

Audit report regarding the 2023 financial  
statements

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## UAB HEAVY FINANCE

Report on the audit of financial statements for the year ended 31 December 2023

### 1. INTRODUCTION

UAB HEAVY FINANCE (hereinafter “the Company”) was established on 18 June 2020. The Company is a limited liability legal entity, the issued capital of which is divided into ordinary registered shares.

The Company's main business activity is crowdfunding platform operator. The Company has been granted Crowdfunding Service Provider Licence No. 1 by decision of the Financial Market Supervision Committee on 14 July 2023, which entitles it to provide these services:

- Facilitation of granting of loans;
- Operating a bulletin board;
- Suggestion of the price and / or the interest rate of crowdfunding offers;
- the application of credit scores to crowdfunding projects.

As at 31 December 2023, the Company share capital amounted to TEUR 149 (31 December 2022: TEUR 139). The issued capital is divided into 148 721 units of ordinary registered shares with the nominal value of EUR 1 each. The amount of capital outstanding at the end of 2023 is EUR 960.

The company's shares were owned by:

Shareholder	As at 31 December 2023		As at 31 December 2022	
	Number of shares held	Ownership interest, %	Number of shares held	Ownership interest, %
LAIMONAS NOREIKA	63 201	42,5%	60 818	46,1%
Closed-end investment company for informed investors Practica Venture Capital III KŪB	25 792	17,3%	-	-
UAB "Magnum iter NT"	9 106	6,1%	11 079	8,4%
RYTIS DARGINAVIČIUS	6 683	4,5%	25 810	19,6%
DARIUS VERSECKAS	5 998	4,0%	5 998	4,5%
BP VC GPI SPOLKA Z OGRANICZONA	5 486	3,7%	5 486	4,2%
ODPOWIEDZIALNOSCIA VC II SPOLKA KOMANDYTOWA ASI				
BVALUE STARTER SPOLKA Z OGRANICZONA	5 486	3,7%	5 486	4,2%
ODPOWIEDZIALNOSCIA ALTERNATYWNA SPOLKA INWESTYCYJNA SPOLKA KOMANDYTOWO-AKCYJNA				
Other persons with less than 4% each	26 969	18,1%	17 186	13%

As at December 31, 2023 the Company had 12 employees (11 employees in 2022).

We have audited the financial statements of UAB HEAVY FINANCE for the year ended 31 December 2023, which consists of short balance sheet, a short profit (loss) report and explanatory note including a summary of significant accounting policies, an audit of the financial statements prepared in accordance with the Lithuanian Financial Reporting Standards and other legislation in force in the Republic of Lithuania governing accounting and financial reporting.

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Key financial information for the year ended at 2023 December 31 according to the Company's financial statements is as follows:

Elements, TEUR	2023-12-31	2022-12-31
Profit (loss)	374 927	(1 106 571)
Assest in total	5 741 665	559 549
Equity	1 732 908	57 981

## 2. INDEPENDENCE

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' International 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.

## 3. AUDIT SCOPE

The report on audit contains only the significant matters which came to our attention during the audit and discusses the matters identified during the audit that are important for the Company's governance or management. Planning and performing an audit of financial statements is not intended to identify all matters relevant to the Company's governance or management, therefore, all such matters are not usually identified during the audit.

## 4. RESTRICTIONS ON THE USE OF THE AUDIT REPORT

This report on audit is intended solely for the information of the Bank of Lithuania and the use of the Company and cannot be used for other purposes. This report should not be distributed to any third party without the prior written consent of Grant Thornton Baltic UAB, unless the laws of the Republic of Lithuania require distribution of the auditor's report and the report on audit.

## 5. AUDIT METHODOLOGY, EXTENT AND TIMING

The Company's financial year coincides with the calendar year. The financial statements for 2023 cover the period from 1 January 2023 to 31 December 2023 (inclusive). The financial statements contain FY2023 information and comparative information for FY2022. The Company prepares a short balance sheet and short income statement.

We conducted our audit in accordance with the Law on Audit of Financial Statements, International Standards on Audit, other applicable regulations effective in the Republic of Lithuania during the audit, firm's expertise and auditor's professional knowledge, and audit procedures selected by the auditor at his discretion.

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement, whether due to fraud or error. Misstatements 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.

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Report on the audit of financial statements for the year ended 31 December 2023

Based on our professional judgment, we have established certain quantitative thresholds for the level of materiality, including the overall level of materiality of the Company for the financial statements as a whole:

Materiality for financial statements as a whole	TEUR 86
Materiality base – Total assets	1,5%

These quantitative limits, together with qualitative aspects, helped us to define the scope of the audit and the nature, timing and extent of the audit procedures, as well as to assess the impact of each misstatement, individually and collectively, on the financial statements as a whole.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism 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.
- 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.

## 6. DESCRIPTION OF REASONS FOR MODIFYING AUDITOR'S REPORT

Based on our audit in 2024 June 05 we have submitted an unmodified auditor's opinion on the Company's 2023 financial statements.

## 7. FINANCIAL STATEMENTS AND SUGGESTIONS FOR THEIR IMPROVEMENT

There were no disagreements with the Company's management during the audit of the financial statements for the year 2023. The Company granted access to its accounting policy providing for principles, methods and rules for keeping the Company's accounting records.

## UAB HEAVY FINANCE

Report on the audit of financial statements for the year ended 31 December 2023

The Company's financial statements for the year 2023 are prepared on a going concern basis. During the audit, below provided adjustments to the financial statements were suggested. Management accepted these suggestions for corrections and corrected the financial statements.

Prior to the audit of the financial statements for the year 2023, we assessed the Company's business risk factors, inherent risk factors, internal control risk factors that may have impact on the evaluation of the financial statements.

Audit observations on uncorrected differences:

Description of the difference	Financial statement line item	Increase(Decrease), EUR			
		Assets	Liabilities	Equity	Net profit
No impairment assessment for receivables >365 days overdue.	Amounts receivable within one year/ General and administrative expenses	-34 217		-34 217	-34 217
Revenue from projects LT0001867 and LT0001868 recognised in the wrong period	Receivables/ Sales revenue within one year	-2 500		-2 500	-2 500
Unused leave reserve for branch staff not established	Amounts payable within one year and other short-term liabilities/ General and administrative expenses		1500	-1500	-1500

## 8. INTERNAL CONTROL

The Company's management is responsible for effectiveness of internal control, and identification of errors and fraud. The ability of management to properly organize the activities of the Company creates an internal control system, contributes to its effectiveness, and mitigates the risk of potential errors.

Pursuant to Article 23 of the Law on Financial Institutions, the internal control of the activities of a financial institution shall be ensured in the financial institution by a sound and adequate internal control system and by an independent and adequate internal audit, which may be made up of one or several persons. The internal control system of the activities of a financial institution shall be made up of:

- 1) adequate organizational structure enabling to ensure vertical and horizontal relationships;
- 2) adequate internal information system;
- 3) the personnel responsibility and remit specified in internal regulatory documents;
- 4) double internal control of operating procedures;
- 5) top management information system permitting timely decision-making;
- 6) risk control and risk management.

The objectives of the internal audit service shall be as follows:

- 1) to assess compliance with the requirements of laws of the Republic of Lithuania and internal rules;
- 2) to examine and evaluate the relevance and effectiveness of the financial institution's internal control;
- 3) to assess whether the sets of financial statements of the financial institution present a fair position;
- 4) to assist the financial institution's board in identifying course of action and measures for their implementation;
- 5) to determine the effectiveness of the financial institution's operations, validity of operating policies, and operational efficiency of measures selected;
- 6) to provide the financial institution's board with analysis and assessment documentation, and recommendations on the matters of the financial institution's governance, operational organization and efficiency of the audited departments.

**Observation. Absence of an internal audit function**

The Company does not have an internal audit service, on the basis of which the effectiveness of the Company's internal control system would be assessed, as stipulated in the Law on Financial Institutions of the Republic of Lithuania (LRFIL). According to the Company, the main functions provided for in Article 23(3) of the LRFIL are implemented in the Company by the Legal Department, which is entrusted with the functions of managing risks (including compliance, etc.). The head of the legal department is accountable to the head of the company for a day-to-day and legal matters (as depicted in the graphic diagram of the Company's organizational structure). In addition, the Head of the Legal Department is also responsible for the Company's compliance and internal control - these functions are directly accountable to the Board. We did not receive reports that would correspond to the reports of the internal audit function and which would assess compliance with the requirements of the legal acts and internal regulations of the Republic of Lithuania as well as assessment of the adequacy and effectiveness of the internal control system.

**Recommendation**

We recommend considering strengthening the internal control system by introducing an internal audit function to ensure that internal system controls are in place and operating effectively within the Company. The internal audit function should be independent of the Company's management.

**9. ADHERENCE TO SPECIFIC REQUIREMENTS LAID DOWN IN INDIVIDUAL LEGAL ACTS**

During our audit we have not identified any deficiencies as to whether the Company:

- 1) have accurately and in a qualified manner valued the assets in compliance with the legal acts currently in force in the Republic of Lithuania;
- 2) has made mandatory adjustments of the value of the assets and performed write-offs;
- 3) has formed mandatory and required capitals, reserves and provisions to reduce the operational risk.

As at 31 December 2023, the legal reserve was not formed (in 2022: EUR 0). This reserve is appropriated out of distributable profit. It should make at least 1/10 of the issued capital and can be used only to cover the accumulated losses of the Company. If the mandatory reserve is less than 1/10 of the authorized capital, deductions to this reserve are mandatory and cannot be less than 1/20 of the net profit of the reporting financial year, until the amount of the mandatory reserve established by the Law on Joint Stock Companies of the Republic of Lithuania is reached.

- 4) complies with capital requirements set by legal acts of the Republic of Lithuania;

The amount of the Company's equity capital as at 31 December 2023 complies with the provisions of Article 11(1) of Regulation (EU) 2020/1503 of the European Parliament and of the Council on "Prudential rules".

- 5) meets the requirements set by legal acts of the Republic of Lithuania for the efficient and sound management of assets and for safe and sound activities;

- 6) has adequate internal control and information systems.

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### 10. OTHER IMPORTANT GOVERNANCE MATTERS

There were no other matters in the audit engagement letter that an auditor should consider during the audit of financial statements.

Grant Thornton Baltic UAB

Audit firm certificate No. 001513

Jonavos str. 60C, Kaunas

Certified auditor

Arvydas Ziziliauskas<sup>1</sup>

Auditor's certificate No. 000467

06 June, 2024

*This is a free translation into English of the Statutory Auditor's report issued in Lithuanian language. The financial statements of UAB HEAVY FINANCE originally issued in Lithuanian language have been audited.*

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<sup>1</sup> An electronic document is signed with an electronic signature, has the same legal validity as those signed with pen and paper, and is regarded as admissible evidence.