

BH Meraki UAB

UNAUDITED FINANCIAL STATEMENTS OF THE COMPANY
AS OF 31 MARCH 2022
PREPARED IN ACCORDANCE WITH
LITHUANIAN BUSINESS ACCOUNTING STANDARDS

CONTENTS

	PAGE
BALANCE SHEET	3 - 4
INCOME STATEMENT	5
STATEMENT OF CHANGES IN EQUITY	6 - 7
CASH FLOW STATEMENT	8
EXPLANATORY NOTE	9 - 17

BALANCE SHEET

	Notes	31.03.2022	31.12.2021
ASSETS			
A. NON-CURRENT ASSETS		15.725.282	13.710.419
1. INTANGIBLE ASSETS		-	-
1.1. Assets arising from development		-	-
1.2. Goodwill		-	-
1.3. Software		-	-
1.4. Concessions, patents, licenses, trademarks and similar rights		-	-
1.5. Other intangible assets		-	-
1.6. Advance payments		-	-
2. TANGIBLE ASSETS		15.588.026	13.594.825
2.1. Land		-	-
2.2. Buildings and structures		-	-
2.3. Machinery and plant		-	-
2.4. Vehicles		-	-
2.5. Other fixtures, fittings and tools		-	-
2.6. Investments property		-	-
2.6.1. Land		-	-
2.6.2. Buildings		-	-
2.7. Advance payments and tangible assets under construction (production)	3	15.588.026	13.594.825
3. FINANCIAL ASSETS		-	-
3.1. Shares in group entities		-	-
3.2. Loans to group entities		-	-
3.3. Amounts receivable from group entities		-	-
3.4. Shares in associated entities		-	-
3.5. Loans to associated entities		-	-
3.6. Amounts receivable from the associated entities		-	-
3.7. Long-term investments		-	-
3.8. Amounts receivable after one year		-	-
3.9. Other financial assets		-	-
4. OTHER NON-CURRENT ASSETS		137.256	115.594
4.1. Deferred tax asset	14	137.256	115.594
4.2. Biological assets		-	-
4.3. Other assets		-	-
B. CURRENT ASSETS		113.113	462.922
1. INVENTORY		-	-
1.1. Raw materials, materials and consumables		-	-
1.2. Production and work in progress		-	-
1.3. Finished goods		-	-
1.4. Goods for resale		-	-
1.5. Biological assets		-	-
1.6. Non-current tangible assets held for sale		-	-
1.7. Advance payments		-	-
2. AMOUNTS RECEIVABLE WITHIN ONE YEAR		33.450	12.206
2.1. Trade debtors		5.964	3.435
2.2. Amounts receivable from group entities		-	-
2.3. Amounts receivable from associates entities		-	-
2.4. Other amounts receivable	4	27.486	8.771
3. SHORT-TERM INVESTMENTS		-	-
3.1. Shares in group entities		-	-
3.2. Other investments		-	-
4. CASH AND CASH EQUIVALENTS	5	79.663	450.716
C. DEFERRED COSTS AND ACCRUED INCOME	6	20.000	20.013
TOTAL ASSETS		15.858.395	14.193.354

(continued on the next page)

BALANCE SHEET (continued)

	Notes	31.03.2022	31.12.2021
EQUITY AND LIABILITIES			
D. EQUITY		1.213.177	1.335.929
1. CAPITAL		2.000.000	2.000.000
1.1. Authorised (subscribed) or primary capital	7	2.000.000	2.000.000
1.2. Subscribed capital unpaid (-)		-	-
1.3. Own shares (-)		-	-
2. SHARE PREMIUM ACCOUNT		-	-
3. REVALUATION RESERVE		-	-
4. RESERVES		-	-
4.1. Compulsory reserve or emergency (reserve) capital		-	-
4.2. Reserve for acquiring own shares		-	-
4.3. Other reserves		-	-
5. RETAINED EARNINGS (LOSS)		(786.823)	(664.071)
5.1. Profit (loss) for the reporting year		(122.752)	(356.862)
5.2. Profit (loss) brought forward		(664.071)	(307.209)
E. GRANTS, SUBSIDIES		-	-
F. PROVISIONS		-	-
1. Provisions for pensions and similar obligations		-	-
2. Provisions related to taxes		-	-
3. Other provisions		-	-
G. AMOUNTS PAYABLE AND OTHER LIABILITIES		14.635.930	12.848.614
1. AMOUNTS PAYABLE AFTER ONE YEAR AND OTHER LONG-TERM LIABILITIES		7.831.194	6.112.309
1.1. Debt obligations		-	-
1.2. Amounts payable to credit institutions		-	-
1.3. Advances received	8	29.688	10.803
1.4. Trade creditors		-	-
1.5. Amounts payable under the bills and checks		-	-
1.6. Amounts payable to the group entities	9	7.801.506	6.101.506
1.7. Amounts payable to the associated entities		-	-
1.8. Other amounts payable and long-term liabilities		-	-
2. AMOUNTS PAYABLE WITHIN ONE YEAR AND OTHER SHORT-TERM LIABILITIES		6.804.736	6.736.305
2.1. Debt obligations	10	4.020.873	3.951.409
2.2. Amounts payable to credit institutions		-	-
2.3. Advances received		-	-
2.4. Trade creditors	11	7.712	7.738
2.5. Amounts payable under the bills and checks		-	-
2.6. Amounts payable to the group entities	11	455.037	388.938
2.7. Amounts payable to the associated entities		-	-
2.8. Corporate income tax liabilities		-	-
2.9. Employment obligations		-	-
2.10. Other amounts payable and short-term liabilities	11	2.321.114	2.388.220
H. ACCRUED COSTS AND DEFERRED INCOME		9.288	8.811
TOTAL EQUITY AND LIABILITIES		15.858.395	14.193.354

The accompanying notes form an integral part of these financial statements.

General Director	Laura Kurtinaitytė	29 April 2022
Authorised person of accounting company	Alina Kairaitytė	29 April 2022

INCOME STATEMENT

	Notes	01.01.2022- 31.03.2022	01.01.2021- 31.03.2021
1. Sales		6.828	-
2. Cost of sales		-	-
3. Changes in fair value of biological assets		-	-
4. GROSS PROFIT (LOSS)		6.828	-
5. Selling expenses		-	-
6. General and administrative expenses	12	(13.429)	(3.588)
7. Other operating results		-	-
8. Income from investments in the shares of parent, subsidiaries and associated entities		-	-
9. Income from other long-term investments and loans		-	-
10. Other interest and similar income		-	-
11. The impairment of the financial assets and short-term investments		-	-
12. Interest and other similar expenses	13	(137.813)	(49.017)
13. PROFIT (LOSS) BEFORE TAXATION		(144.414)	(52.605)
14. Corporate income tax	14	21.662	7.891
15. NET PROFIT (LOSS)		(122.752)	(44.714)

The accompanying notes form an integral part of these financial statements.

General Director	Laura Kurtinaitytė	29 April 2022
Authorised person of accounting company	Alina Kairaitytė	29 April 2022

STATEMENT OF CHANGES IN EQUITY

	Paid up authorised or primary capital	Share premium account	Own shares (-)	Revaluation reserve		Legal reserves			Retained earnings (loss)	Total
				Non-current tangible assets	Financial assets	Compulsory reserve or emergency (reserve) capital	For acquiring own shares	Other reserves		
1. Balance as at 31 December 2020	2.000.000	-	-	-	-	-	-	-	(307.209)	1.692.791
2. Result of changes in accounting policies	-	-	-	-	-	-	-	-	-	-
3. Result of correcting material errors	-	-	-	-	-	-	-	-	-	-
4. Recalculated balance at 31 December 2020	2.000.000	-	-	-	-	-	-	-	(307.209)	1.692.791
5. Increase (decrease) in the value of non-current tangible assets	-	-	-	-	-	-	-	-	-	-
6. Increase (decrease) in the value of effective hedging instruments	-	-	-	-	-	-	-	-	-	-
7. Acquisition (sale) of own shares	-	-	-	-	-	-	-	-	-	-
8. Profit (loss) not recognised in the income statement	-	-	-	-	-	-	-	-	-	-
9. Net profit (loss) of the reporting period	-	-	-	-	-	-	-	-	(356.862)	(356.862)
10. Dividends	-	-	-	-	-	-	-	-	-	-
11. Other payments	-	-	-	-	-	-	-	-	-	-
12. Formed reserves	-	-	-	-	-	-	-	-	-	-
13. Used reserves	-	-	-	-	-	-	-	-	-	-
14. Increase (decrease) of authorised capital or shareholders' contributions (shares' repayment)	-	-	-	-	-	-	-	-	-	-
15. Increase (decrease) of other authorised or primary capital	-	-	-	-	-	-	-	-	-	-
16. Contributions to cover losses	-	-	-	-	-	-	-	-	-	-
17. Balance as at 31 December 2021	2.000.000	-	-	-	-	-	-	-	(664.071)	1.335.929

STATEMENT OF CHANGES IN EQUITY (continued)

	Paid up authorised or primary capital	Share premium account	Own shares (-)	Revaluation reserve		Legal reserves			Retained earnings (loss)	Total
				Non-current tangible assets	Financial assets	Compulsory reserve or emergency (reserve) capital	For acquiring own shares	Other reserves		
18. Increase (decrease) in the value of non-current tangible assets	-	-	-	-	-	-	-	-	-	-
19. Increase (decrease) in the value of effective hedging instruments	-	-	-	-	-	-	-	-	-	-
20. Acquisition (sale) of own shares	-	-	-	-	-	-	-	-	-	-
21. Profit (loss) not recognised in the income statement	-	-	-	-	-	-	-	-	-	-
22. Net profit (loss) of the reporting period	-	-	-	-	-	-	-	-	(122.752)	(122.752)
23. Dividends	-	-	-	-	-	-	-	-	-	-
24. Other payments	-	-	-	-	-	-	-	-	-	-
25. Formed reserves	-	-	-	-	-	-	-	-	-	-
26. Used reserves	-	-	-	-	-	-	-	-	-	-
27. Increase (decrease) of authorised capital or shareholders' contributions (shares' repayment)	-	-	-	-	-	-	-	-	-	-
28. Increase (decrease) of other authorised or primary capital	-	-	-	-	-	-	-	-	-	-
29. Contributions to cover losses	-	-	-	-	-	-	-	-	-	-
30. Balance as at 31 March 2022	2.000.000	-	-	-	-	-	-	-	(786.823)	1.213.177

The accompanying notes form an integral part of these financial statements.

General Director	Laura Kurtinaitytė	29 April 2022
Authorised person of accounting company	Alina Kairaitytė	29 April 2022

CASH FLOW STATEMENT

	Notes	01.01.2022- 31.03.2022	01.01.2021- 31.03.2021
1. Cash flows from operating activities			
1.1. Cash inflows of the reporting period (VAT included)		57.289	8.385
1.1.1. Cash inflows from customers		57.289	8.385
1.1.2. Other inflows		-	-
1.2. Cash outflows of the reporting period		(47.392)	(12.907)
1.2.1. Cash paid to suppliers of raw materials, goods and services (VAT included)		(47.221)	(12.750)
1.2.2. Cash outflows related to employment relations		(171)	(157)
1.2.3. Taxes paid into the budget		-	-
Net cash flows from operating activities		9.897	(4.522)
2. Cash flows from investing activities			
2.1. Acquisition of fixed assets (excluding investments)		(2.078.094)	(1.427.800)
2.2. Disposal of fixed assets (excluding investments)		-	-
2.3. Acquisition of long-term investments		-	-
2.4. Disposal of long-term investments		-	-
2.5. Loans granted		-	-
2.6. Loans recovered		-	-
2.7. Dividends and interest received		-	-
2.8. Other increases in cash flows from investing activities		-	-
2.9. Other decreases in cash flows from investing activities		-	-
Net cash flows from investing activities		(2.078.094)	(1.427.800)
3. Cash flows from financing activities			
3.1. Cash flows related to entity's owners			
3.1.1. Issue of shares		-	-
3.1.2. Owner's contributions to cover losses		-	-
3.1.3. Purchase of own shares		-	-
3.1.4. Dividends paid		-	-
3.2. Cash flows related to other financing sources		1.697.144	1.950.000
3.2.1. Increase in financial debts		1.700.000	1.950.000
3.2.1.1. Loans received	9	1.700.000	1.950.000
3.2.1.2. Issue of bonds		-	-
3.2.2. Decrease in financial debts		-	-
3.2.2.1. Loans returned		-	-
3.2.2.2. Redemption of bonds		-	-
3.2.2.3. Interest paid		-	-
3.2.2.4. Finance leases payments		-	-
3.2.3. Increase in other liabilities of the entity		-	-
3.2.4. Decrease in other liabilities of the entity		-	-
3.2.5. Other increases in cash flows from financing activities		-	-
3.2.6. Other decreases in cash flows from financing activities		(2.856)	-
Net cash flows from financing activities		1.697.144	1.950.000
4. Impact of currency exchange fluctuations on the balance of cash and cash equivalents		-	-
5. Increase (decrease) in net cash flow		(371.053)	517.678
6. Cash and cash equivalents at the beginning of the period		450.716	27.126
7. Cash and cash equivalents at the end of the period		79.663	544.804

The accompanying notes form an integral part of these financial statements.

General Director	Laura Kurtinaitytė	29 April 2022
Authorised person of accounting company	Alina Kairaitytė	29 April 2022

1 Background information

BH Meraki UAB (hereinafter - the Company) is a closed stock company registered in the Republic of Lithuania.

The Company is located at Ukmergės str. 308-1, Vilnius, Lithuania. Data is compiled and stored with the Register of Legal Entities.

The Company was registered on 18 July 2018. The activity of the Company includes management of investment property for capital appreciation and lease purposes.

As at 31 March 2022 and 31 December 2021, the sole shareholder of the Company was Baltic Horizon Fund, Tornimäe 2, 10145, Tallinn, the Republic of Estonia. As at 31 March 2022 and 31 December 2021, the share capital of the Company comprised 2.000.000 ordinary shares at par value of 1 EUR each (Note 7).

All the shares by the nominal value of 1 EUR each are ordinary shares that were fully paid in as at 31 March 2022 and 31 December 2021. The Company has not acquired any own shares.

As at 31 March 2022 and 31 December 2021, the Company did not have any subsidiaries.

As at 31 March 2022 and 31 December 2021, the Company had 1 employee.

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

As at 31 March 2022 and 31 December 2021, the Company belonged to a group of entities. The consolidated financial statements of the smallest group of entities, to which the Company belongs, are prepared by the parent company Baltic Horizon Fund (Closed-ended real estate contractual investment fund), represented by Northern Horizon Capital AS, limited liability company, operating under Estonian legislation, registration No. 11025345, registered at: Tornimäe 2, 10145, Tallinn, Estonia.

2 Accounting principles

The Company has consistently applied the accounting policies set out below for all the periods presented in these financial statements.

The significant accounting principles, applied by the Company for preparation of the financial statements are as follows:

2.1. Basis of preparation of the financial statements

These financial statements have been prepared in accordance with the Lithuanian Law on Accounting valid as at 31 March 2022, the Law on Financial Reporting by Undertakings of the Republic of Lithuania and the valid Business Accounting Standards (BAS) that comprise standards and methodological recommendations, prepared and approved by the Authority of Audit, Accounting, Property Valuation and Insolvency Management.

2.2. Foreign currency

The Company maintains its accounting records and presents all amounts in these financial statements in euros - the national currency of the Republic of Lithuania.

Unless otherwise stated, all values in the financial statements are presented in euros.

Transactions in foreign currencies are translated into euros at the official exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies other than euro are translated into the functional currency at the exchange rate ruling at the balance sheet date.

2.3. Tangible non-current assets

The tangible non-current assets of the Company comprise payments for the construction works of a building on the acquired land, which are carried out to earn future rental income or for capital appreciation rather than for production, supply of goods and services and administrative purposes, or in the ordinary course of business. Advances paid and ongoing construction (production) of tangible non-current assets include also unfinished assembling of tangible non-current assets.

Pursuant to BAS 12 *Tangible Non-current Assets*, construction (production) in progress is initially stated at acquisition cost, including transaction costs less impairment losses, if any. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised as costs in the income statement.

2 Accounting principles (continued)

2.3. Tangible non-current assets (continued)

The building owned by the Company is being developed with the aim of earning rental income or increasing the value of capital. Therefore, upon completion of the construction, the value of the building and the land will be transferred to investment property. Later all the investment property will be stated at fair value, which reflects, inter alia, short-term rental income and reasonable assumptions that reflect the market's view of the assumptions made by knowledgeable, independent parties about future rental income in the light of current market conditions.

2.4. Amounts receivable

Amounts receivable are initially measured at fair value. Later short-term receivables are stated net of impairment losses, and long-term receivables are stated at a discounted value, less impairment losses. Impairment is assessed separately for each lessee at the reporting date.

2.5. Cash and cash equivalents

Cash includes cash on hand and cash at bank. Cash equivalents are short-term liquid investments that are readily convertible to known amounts of cash. The term of such investments does not exceed three months and the risk of changes in value is remote.

2.6. Amounts payable

Borrowings are recognised as costs when incurred.

Amounts payable are initially recognised at the fair value of the consideration received, net of transaction costs incurred. Later they are recognised at amortised cost, and the difference between the proceeds and the redemption value is recognized in profit or loss for the period. Payables are classified as non-current, if the financing agreement entered into before approval of the financial statements proves that at the balance sheet date the liability was long-term in nature.

2.7. Operating lease

Company as a lessee

When a lessor grants to another entity the right to manage and use an asset for an agreed period of time for a consideration and retains most of the risks and rewards incidental to ownership of the asset, the lease is registered in the accounting. Lease is charged to general and administrative expenses and is recorded on a straight-line basis over the lease period.

Rental costs are reduced by discounts and rebates in proportion to the total lease or incentive period.

If the property sold is leased under a leaseback agreement, which is a lease in terms of content and economic meaning, the sales proceeds are recognised using the same accounting policies as for other sales of non-current assets - gains or losses are recognised immediately.

Company as a lessor

If the Company is a lessor of assets, it records these assets in its balance sheet under groups of assets of a similar nature, but at the same time accounts for them in separate accounts in order to collect information related to these activities. Revenue calculated under lease agreements is recognised in the period in which it is earned. In cases where the Company provides additional discounts or reimburses part of the costs to the lessee, these amounts reduce the rental income over the lease or incentive period.

Initial costs associated with entering into a lease to earn rental income are accrued and recognised as an expense over the lease term.

2.8. Hedging accounting

The effectiveness of hedging is assessed by comparing the value of the hedging instrument with the notional amount implied in the terms of the contract for the financial instruments used in the hedging instrument.

For hedge accounting purposes, two categories of hedges are distinguished: (a) fair value hedges, which hedge against changes in the fair value of the accounted asset or liability, and (b) cash flow hedges, which hedge against cash flow fluctuations that are attributable to a particular risk associated with an accounted asset or liability or a forecasted transaction. Category (b) is applicable in the Company.

In the case of a cash flow hedge that qualifies for hedge accounting, the portion of the gain or loss arising on the revaluation of the hedging instrument that is recognised as effective is recognised primarily in equity and the ineffective portion is recognised in profit or loss. Gains or losses on effective cash flow hedges that are initially recognised in equity are transferred to the income statement in the period in which the hedged transaction affects the income statement or included in the initial measurement of the related asset or liability.

2 Accounting principles (continued)

2.8. Hedging accounting (continued)

For hedges that do not qualify for hedge accounting, any gain or loss arising from a change in the fair value of the hedged item is included in the income statement for the period.

Hedge accounting is discontinued when the hedging instrument expires or the instrument is sold, terminated, settled or no longer meets the criteria for hedge accounting. At that time, any accumulated gain or loss on the hedging instrument recognised in equity remains in equity until the forecast transaction occurs. When the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

2.9. Corporate income tax

The income tax estimate is based on the profit for the year net of deferred tax. Corporate income tax is calculated in accordance with the requirements of the Law of the Republic of Lithuania on Corporate Income Tax.

In 2022 and 2021, the standard corporate income tax rate was 15%.

Tax losses may be carried forward for an indefinite period of time, except for losses arising from disposal of securities and/or derivative financial instruments. Such carry-forward shall be terminated if the Company ceases to carry on the activities that caused these losses, unless the Company ceases to carry on the activities for reasons beyond its control. Losses from the disposal of securities and / or derivatives can be carried forward for 5 years and covered only from the profit of the same type of transactions. From 1 January 2014, the tax losses carried forward may cover up to 70% of the taxable profit for the current tax year.

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

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

Deferred tax assets and liabilities are not discounted. They are offset only when the Company intends to settle its current tax assets and liabilities on a net basis.

2.10. Recognition of revenue

Revenue is recognised when it is probable that the Company will receive economic benefits associated with the transaction, and when the revenue amount can be measured reliably. Sales are recorded net of VAT and discounts granted.

Rental income

The main income of the Company will consist of rental income, which the Company will earn by renting its own buildings to customers under contracts. Such income is classified as operating lease.

Rental income reflects the rent paid by customers; rental income is recognised on a straight-line basis over the lease term until the first termination of the lease.

Revenue from the reimbursement of expenses is recognised jointly and included in the income statement when the entity does not act as an intermediary on behalf of a third party and does not receive a commission for the collection of revenue. Otherwise, only commission is recognised as income.

Sale of investment property

Revenue from the sale of investment property is recognised when the risks and rewards of ownership of the investment property have been transferred.

2.11. Recognition of expenses

Expenses are recognised on an accrual and matching basis in the period in which the related revenue is earned, regardless of the time of money release. Where expenses incurred during the reporting period cannot be directly attributed to the earning of specific revenue and will not generate revenue in future periods, they are recognised as costs in the period in which they were incurred.

2 Accounting principles (continued)

2.11. Recognition of expenses (continued)

The amount of expenses is usually estimated by the amount of money paid or payable, excluding VAT. In cases where a long settlement period is envisaged and interest is not excluded, the amount of expenses is estimated by discounting the settlement amount at the market interest rate.

2.12. Foreign currencies

Transactions in foreign currencies are translated into EUR at the official exchange rate valid on the transaction date. Gains and losses resulting from the settlement of such transactions and from the translation of assets and liabilities denominated in foreign currencies at the balance sheet date are recognised in the income statement. Such balances are translated at the exchange rate valid at the end of the reporting period.

2.13. Impairment of assets

Financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date.

When it becomes apparent that the Company will not be able to recover all the loans and receivables according to contracted payment terms, impairment of financial assets at amortised cost or of bad receivables is recognised in the income statement. Reversals of impairment losses recognised in prior periods are recognised when the reversal of the impairment loss can be objectively related to an event occurring after the impairment was recognised. Such reversal is recognised in the income statement. However, the increase in carrying amount is increased only to the extent that it does not exceed the amortized cost that would have been determined had no impairment loss been recognised.

Other assets

Impairment of other assets is assessed when events or circumstances indicate that the value of the asset may not be recoverable. When the carrying amount exceeds the recoverable amount of the asset, the impairment loss is recognised in the income statement. Reversals of impairment losses recognised in prior periods are recognised when there is an indication that the recognised impairment loss may no longer exist or may have decreased significantly. The reversal is recognised in the income statement in the same line item in which the impairment loss was recognised.

2.14. Use of estimates and judgements in preparing the financial statements

The preparation of financial statements in conformity with Business Accounting Standards requires management to make certain assumptions and estimates that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of uncertainties. Significant areas of use in these financial statements include estimates of impairment, estimates of the fair value of investment property and estimates of the fair value of derivatives. Future events may change the assumptions used in making the estimates. The effect of changes in such estimates will be recognised in the financial statements when determined.

2.15. Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised but are disclosed in the financial statements when revenue or economic benefits from them are probable.

2.16. Subsequent events

Subsequent events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes when material.

2.17. Offsetting and comparative amounts

When preparing the financial statements, assets and liabilities as well as income and costs are not set off, except when required by a specific business accounting standard.

Where necessary, comparative figures are adjusted to conform to changes in presentation in the current year. The comparative financial information below is unaudited.

Differences due to rounding, which are based on standard mathematical rules, are possible while preparing the financial statements.

3 Construction in progress

The book values of the Company's buildings and changes in values in 2022 and 2021, and the amounts of the construction in progress included the following:

Book value as at 1 January 2021	6.548.032
Construction of non-current assets	7.100.883
Prepayments for non-current assets	(54.090)
Book value as at 31 December 2021	13.594.825
Construction of non-current assets	1.993.201
Prepayments for non-current assets	-
Book value as at 31 March 2022	15.588.026

As at 31 March 2022, the Company's property included plots of land and a business centre under construction thereon, located at Ukmergės str. 308 and Eitminių str. 3, in Vilnius. In October 2019, a construction permission was obtained and the construction of the business centre was started. Currently, the Company is also actively engaged in the search of tenants. As at 31 March 2022, the acquisition cost of the land plots amounted to 1.681.997 EUR (the amount was included in the balance of the construction in progress in the table above).

As at 31 March 2022, the property was accounted for at acquisition cost, which includes all expenditure related to the construction of the business centre.

As at 31 March 2022, the business centre under development and a plot of land at Eitminių g. 3, Vilnius were pledged, and the Company's shareholder Baltic Horizon Fund issued a surety to secure the bond agreement (Note 10).

As at 31 March 2022, the recoverable amount of the construction in progress was determined based on the property recoverability test performed by the management. The property was evaluated applying the discounted income approach using the discount rate of 9,0% and the capitalisation rate of 7,0%. Cash flows are forecasted for a period of 10 years based on future income and planned investments for completion of buildings. Based on the performed property recoverability test, no impairment of the property was identified.

4 Amounts receivable within one year

As at 31 March 2022 and 31 December 2021, the amounts receivable by the Company included the following:

	31 March 2022	31 December 2021
Receivable value added tax	27.486	8.771
Total:	27.486	8.771

5 Cash and cash equivalents

As at 31 March 2022 and 31 December 2021, the Company's cash and cash equivalents comprised the following:

	31 March 2022	31 December 2021
Cash at bank	79.663	450.716
Total:	79.663	450.716

6 Deferred costs and accrued income

As at 31 March 2022 and 31 December 2021, the deferred costs and accrued income of the Company included the following:

	31 March 2022	31 December 2021
Deferred costs	20.000	20.013
Total:	20.000	20.013

7 Authorised capital

As at 31 March 2022 and 31 December 2021, the authorised capital of the Company comprised of 2.000.000 ordinary shares at a nominal value of 1 EUR.

As at 31 March 2022 and 31 December 2021, all the shares were fully paid in, the Company did not hold any own shares.

As at 31 March 2022 and 31 December 2021, the Company's sole shareholder was Baltic Horizon Fund (Estonia). According to the Companies Law of the Republic of Lithuania, the company's equity cannot be lower than ½ of its authorised capital as stated in the Company's Articles of Association. As at 31 March 2022 and 31 December 2021, the Company complied with this capital requirement.

Legal reserve

Following the legislation, annual allocation to the legal reserve should amount to at least 5 per cent of the net profit until the reserve makes up 10 per cent of the share capital. The reserve cannot be used for dividends and may be distributed only for the purpose of loss coverage. As at 31 March 2022 and 31 December 2021, the legal reserve was not formed.

8 Advances received

As at 31 March 2022 and 31 December 2021, the Company's received advances comprised of the following:

	31 March 2022	31 December 2021
Received deposits from clients	29.688	10.803
Total:	29.688	10.803

9 Loans

On 21 August 2018, the Company was granted a loan by the shareholder. On 1 March 2021, the determined interest rate on the loan was changed from 4,6% to 3,65%, the repayment deadline is settled to 1 January 2027.

Creditor	Loan currency	Agreed repayment term	31 March 2022	31 December 2021
Shareholder	EUR	01-01-2027	7.801.506	6.101.506
Total loans:			7.801.506	6.101.506

In 2022, the shareholder granted an additional loan of 1.700.000 EUR (2021 – 2.520.000 EUR).

10 Bonds

On 19 May 2021, the Company distributed bonds in an amount of 4 million EUR with a fixed interest rate of 5% for the term of 18 months. The nominal value of one bond is 100 EUR. The distribution of the bonds was not public. Interest to investors shall be paid on a semi-annual basis. The bonds are secured by mortgaging the business centre under construction and the land plot at Eitminų str. 3, in Vilnius. The Company's shareholder Baltic Horizon Fund issued a guarantee to secure the bond payment obligations. The proceeds from the bonds emission are used to finance the construction of the business centre.

	31 March 2022	31 December 2021
Bonds	4.000.000	4.000.000
Bonds administration costs	(51.905)	(71.369)
Accrued bond interests	72.778	22.778
Total:	4.020.873	3.951.409

On 15 November 2021, the Bonds were admitted to trading on alternative market First North administered by AB Nasdaq Vilnius.

Until the full redemption of the Bonds, the Company is required to secure certain conditions set out in the bond distribution document. As at 31 March 2022 and 31 December 2021, the Company complied with the these conditions.

11 Amounts payable within one year

As at 31 March 2022 and 31 December 2021, the amounts payable by the Company within one year included the following:

	31 March 2022	31 December 2021
Amounts payable for construction of non-current assets	2.321.114	2.388.220
Other payable to suppliers	7.712	7.738
Interest on loan (Note 9)	455.037	388.938
Total:	2.783.863	2.784.896

12 General and administrative expenses

	01.01.2022- 31.03.2022	01.01.2021- 31.03.2021
Brokerage fees	(4.952)	-
Audit services	(2.211)	-
Accounting services	(2.416)	(1.848)
Legal services	(2.288)	-
Publicity services	-	(860)
Asset valuation services	(738)	(350)
Taxes	(349)	(349)
Staff costs	(183)	(157)
Other	(292)	(24)
Total:	(13.429)	(3.588)

13 Interest and other similar expenses

	01.01.2022- 31.03.2022	01.01.2021- 31.03.2021
Interest expense on loans (Note 9)	(66.099)	(49.017)
Interest expense on bonds (Note 10)	(50.000)	-
Bonds administration costs	(21.714)	-
Total:	(137.813)	(49.017)

14 Corporate income tax

Corporate income tax expense for the period ended 31 March 2022 and 31 December 2021, recognised in profit or loss, comprised the following:

	01.01.2022- 31.03.2022	01.01.2021- 31.03.2021
Current income tax expense	-	-
Deferred tax	21.662	7.891
Transfer of tax losses	-	-
Total:	21.662	7.891

Calculation of the income tax for the period ended 31 March 2022 and 31 December 2021, applying the income tax rate of 15% valid in 2022 and 2021, can be presented as follows:

	01.01.2022- 31.03.2022	01.01.2021- 31.03.2021
Profit before tax	(144.414)	(52.605)
Income tax calculated applying the valid income tax rate	21.662	7.891
Total:	21.662	7.891

Effective income tax rate	15,0%	15,0%
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The deferred tax asset for the period ended 31 March 2022 and 31 December 2021 included the following:

	31 March 2022	31 December 2021
Deferred tax asset		
Deferred tax asset from tax losses	129.405	107.743
Difference between the values of non-current assets	7.851	7.851
Total:	137.256	115.594

The deferred tax liability for the period ended 31 March 2022 and 31 December 2021 included the following:

	31 March 2022	31 December 2021
Deferred tax liability		
Differences in the values of investment property	-	-
Total:	-	-

The deferred tax was calculated on the basis of the rates enforced at the time when the deferred tax is planned to be realised, i.e. at 15%. The deferred tax asset and liability are offset in the balance sheet to the extent that they relate to the same tax authority.

15 Financial assets and liabilities and risk management

Credit risk

Credit risks, or the risk of counter-parties default, are controlled by application of credit monitoring procedures. The Company has procedures in place to ensure that rental services will be provided only to trusted customers and agreements providing for additional guarantees will be signed.

The Company does not guarantee for the obligations of other parties. The carrying amount of each financial asset makes the maximum exposure to credit risk. Therefore, the Company's management believes that the maximum risk is equal to the amount of trade receivables, less any impairment losses recognised at the balance sheet date.

Liquidity risk

The Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities in order to meet the commitments set out in the Company's strategic plans. As at 31 March 2022, the liquidity ratio of the Company (total current assets / total amounts payable and liabilities within one year) and quick ratio (total current assets - inventories) / total amounts payable and liabilities within one year) was 0,02 (2021.12.31 – 0,07). More detailed information about the Company's liquidity is presented in Note 20.

16 Contingent liabilities

As at 31 March 2022, contingent liabilities of the Company included commitments to investment property builders for the current stage of construction. The construction contract with the general contractor covers the construction of all investment property, but the construction work and the commitments to pay for the work are approved in stages. An unrecognised amount in the balance sheet for construction work still to be performed under outstanding commitments at 31 March 2022 amounted to 2,0 million EUR.

17 Transactions with related parties

Parties are considered to be related when one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions..

The following presents the Company's transactions with related parties, with which it had significant relationships during January-March 2022 and 2021, and the balances as at 31 March 2022 and 31 December 2021:

	2022	Payables (incl. received loans and accrued interest)	Receivables (incl. granted loans and accrued interest)	Purchases (incl. interest on the loans received)		Sales (incl. interest on the loans granted)	
				Purchases	Interest	Sales	Interest
Baltic Horizon Fund	8.256.543	-	-	66.099	-	-	-
Total:	8.256.543	-	-	66.099	-	-	-

2021	Payables (incl. received loans and accrued interest)	Receivables (incl. granted loans and accrued interest)	Purchases (incl. interest on the loans received)		Sales (incl. interest on the loans granted)	
			Purchases	Interest	Sales	Interest
Baltic Horizon Fund	6.490.444	-	-	49.017	-	-
Total:	6.490.444	-	-	49.017	-	-

Remuneration to management and other benefits

Remuneration calculated to management of the Company for January-March 2022 in total amounted to 180 EUR (January-March 2021 - 155 EUR). In 2022 and 2021, the management was not granted any loans, guarantees, and there were no any other calculated or paid amounts or assets transferred to management.

18 Subsequent events

During 2022 and until the signing date of the financial statements, the Company additionally received from the shareholder a loan of 550.000 EUR.

After the period end and until approval of the financial statements, there were no other subsequent events that would have effect on or require disclosure in the financial statements.

19 Going concern

As at 31 March 2022, the Company reported a net current liability position of 6,7 million EUR (as at 31 December 2021 – current liabilities exceeded current assets by 6,3 million EUR). On 27 April 2022, the Company received a written confirmation of the shareholder Baltic Horizon Fund confirming that the fund will financially support the Company, if the need arises.

Having assessed the substantial cash flows, generated by the Group to which the Company belongs, the liquidity reserve and the measures implemented to ensure business continuity, the Company's management believes that the Company will be able to ensure business continuity for at least 12 months after the approval date of these financial statements.