BH Meraki UAB

FINANCIAL STATEMENTS OF THE COMPANY
AS OF 31 DECEMBER 2023
PREPARED IN ACCORDANCE WITH
LITHUANIAN FINANCIAL REPORTING STANDARDS

CONTENTS

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Independent Auditor's Report

To the Shareholders of BH Meraki UAB

Opinion

We have audited the financial statements of BH Meraki UAB ("the Company"). The Company's financial statements comprise:

- the balance sheet as at 31 December 2023,
- the income statement for the year then ended,
- the statement of changes in equity for the year then ended,
- the cash flow statement for the year then ended, and
- the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Lithuanian Financial Reporting Standards.

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 Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and 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.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Lithuanian Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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.

Company code: 111494971
VAT code: LT114949716

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 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

On behalf of KPMG Baltics, UAB

Monika Saulienė
Certified Auditor

Vilnius, the Republic of Lithuania
30 April 2024

The electronic auditor's signature applies only to the Independent Auditor's Report on pages 3 to 4 of this document.

BALANCE SHEET

		Notes	31.12.2023	31.12.2022
	ASSETS			
A.	**NON-CURRENT ASSETS**		**17.279.159**	**17.896.653**
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**		**16.344.236**	**17.330.000**
2.1.	Land		-	-
2.2.	Buildings and structures		-	-
2.3.	Machinery and plant		-	-
2.4.	Vehicles		-	-
2.5.	Other fixtures, fittings and tools		4.235	-
2.6.	**Investments property**		**16.340.000**	**17.330.000**
2.6.1.	Land		-	-
2.6.2.	Buildings	3	16.340.000	17.330.000
2.7.	Advance payments and tangible assets under construction (production)	3	-	-
3.	**FINANCIAL ASSETS**		74.823	-
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		74.823	-
4.	**OTHER NON-CURRENT ASSETS**		**860.101**	**566.653**
4.1.	Deferred tax asset	17	840.472	566.653
4.2.	Biological assets		-	-
4.3.	Other assets		19.628	-
B.	**CURRENT ASSETS**		**399.285**	**205.935**
1.	**INVENTORY**		**9.639**	**93**
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		**9.639**	**93**
2.	**AMOUNTS RECEIVABLE WITHIN ONE YEAR**		**116.190**	**150.456**
2.1.	Trade debtors		76.487	71.019
2.2.	Amounts receivable from group entities		-	-
2.3.	Amounts receivable from associates entities		-	-
2.4.	Other amounts receivable	4	39.703	79.437
3.	**SHORT-TERM INVESTMENTS**		**-**	**-**
3.1.	Shares in group entities		**-**	**-**
3.2.	Other financial assets		**-**	**-**
4.	**CASH AND CASH EQUIVALENTS**	5	**273.456**	**55.386**
C.	**DEFERRED COSTS AND ACCRUED INCOME**	6	**31.314**	**14.137**
	TOTAL ASSETS		**17.709.758**	**18.116.725**

(continued on the next page)

BALANCE SHEET (continued)

		Notes	31.12.2023	31.12.2022
	EQUITY AND LIABILITIES			
D.	**EQUITY**		**2.690.411**	**4.242.062**
1.	**CAPITAL**		**2.000.001**	**2.000.001**
1.1.	Authorised (subscribed) or primary capital	7	2.000.001	2.000.001
1.2.	Subscribed capital unpaid (–)		-	-
1.3.	Own shares (–)		-	-
2.	**SHARE PREMIUM ACCOUNT**	**7**	**5.499.999**	**5.499.999**
3.	**REVALUATION RESERVE**		-	-
4.	**RESERVES**		-	-
4.1.	Compulsory reserve or emergency (reserve) capital		-	-
4.2.	Reserve for acquiring own shares		-	-
4.3.	Other reserves		(41.545)	-
5.	**RETAINED EARNINGS (LOSS)**		**(4.768.044)**	**(3.257.938)**
5.1.	Profit (loss) for the reporting year		(1.510.106)	(2.593.867)
5.2.	Profit (loss) brought forward		(3.257.938)	(664.071)
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**		**15.013.611**	**13.853.214**
1.	**AMOUNTS PAYABLE AFTER ONE YEAR AND OTHER LONG-TERM LIABILITIES**		**14.218.704**	**12.083.524**
1.1.	Debt obligations		-	-
1.2.	Amounts payable to credit institutions		-	-
1.3.	Advances received	8	103.198	68.018
1.4.	Trade creditors		-	-
1.5.	Amounts payable under the bills and checks		-	-
1.6.	Amounts payable to the group entities	9	14.115.506	12.015.506
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**		**794.907**	**1.769.690**
2.1.	Debt obligations		-	-
2.2.	Amounts payable to credit institutions		-	-
2.3.	Advances received		200.000	-
2.4.	Trade creditors	10	78.382	51.923
2.5.	Amounts payable under the bills and checks		-	-
2.6.	Amounts payable to the group entities	10	498.171	21.561
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		18.354	1.696.206
H.	**ACCRUED COSTS AND DEFERRED INCOME**	11	**5.737**	**21.449**
	TOTAL EQUITY AND LIABILITIES		**17.709.758**	**18.116.725**

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

General manager	Tarmo Karotam	30 April 2024
Authorised person of the accounting company	Silvija Ignuotienė	30 April 2024

INCOME STATEMENT

		Notes	2023	2022
1.	Sales	12	486.145	120.160
2.	Cost of sales	13	(401.279)	(195.845)
3.	Changes in fair value of biological assets		-	-
4.	**GROSS PROFIT (LOSS)**		**84.866**	**(75.685)**
5.	Selling expenses	14	(21.549)	(91.300)
6.	General and administrative expenses	15	(36.011)	(150.272)
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	16	(1.803.902)	(2.727.669)
13.	**PROFIT (LOSS) BEFORE TAXATION**		**(1.776.595)**	**(3.044.926)**
14.	Corporate income tax	17	266.489	451.059
15.	**NET PROFIT (LOSS)**		**(1.510.106)**	**(2.593.867)**

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

General manager	Tarmo Karotam	30 April 2024
Authorised person of the accounting company	Silvija Ignuotienė	30 April 2024

STATEMENT OF CHANGES IN EQUITY

					Revaluation reserve		Legal reserves		Other reserves	Retained earnings (loss)	Total
		Paid up authorised or primary capital	Share premium account	Own shares (-)	Non-current tangible assets	Financial assets	Compulsory reserve or emergency (reserve) capital	For acquiring own shares			
1.	**Balance as at 31 December 2021**	**2.000.000**	-	-	-	-	-	-	-	**(664.071)**	**1.335.929**
2.	Result of changes in accounting policies	-	-	-	-	-	-	-	-	-	-
3.	Result of correcting material errors	-	-	-	-	-	-	-	-	-	-
4.	**Recalculated balance at 31 December 2021**	**2.000.000**	-	-	-	-	-	-	-	**(664.071)**	**1.335.929**
5.	Increase (decrease) in the value of n 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	-	-	-	-	-	-	-	-	(2.593.867)	**(2.593.867)**
10.	Dividends	-	-	-	-	-	-	-	-	-	-
11.	Other payments	-	-	-	-	-	-	-	-	-	-
12.	Formed reserves	-	-	-	-	-	-	-	-	-	-
13.	Used reserves	-	-	-	-	-	-	-	-	-	-
14.	Increase (decrease) of authorised capital or shareholders' contributions (shares' repayment)	1	5.499.999	-	-	-	-	-	-	-	**5.500.000**
15.	Increase (decrease) of other authorised or primary capital	-	-	-	-	-	-	-	-	-	-
16.	Contributions to cover losses	-	-	-	-	-	-	-	-	-	-
17.	**Balance as at 31 December 2022**	**2.000.001**	**5.499.999**	-	-	-	-	-	-	**(3.257.938)**	**4.242.062**

STATEMENT OF CHANGES IN EQUITY (continued)

		Paid up authorised or primary capital	Share premium account	Own shares (-)	Revaluation reserve: Non-current tangible assets	Revaluation reserve: Financial assets	Legal reserves: Compulsory reserve or emergency (reserve) capital	Legal reserves: For acquiring own shares	Other reserves	Retained earnings (loss)	Total
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	-	-	-	-	-	-	-	-	(1.510.106)	(1.510.106)
23.	Dividends	-	-	-	-	-	-	-	-	-	-
24.	Other payments	-	-	-	-	-	-	-	-	-	-
25.	Formed reserves	-	-	-	-	-	-	-	(41.545)	-	(41.545)
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 December 2023**	**2.000.001**	**5.499.999**	**-**	**-**	**-**	**-**	**-**	**(41.545)**	**(4.768.044)**	**2.690.411**

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

General Director	Tarmo Karotam	30 April 2024
Authorised person of the accounting company	Silvija Ignuotienė	30 April 2024

CASH FLOW STATEMENT

		Notes	2023	2022
1.	**Cash flows from operating activities**			
1.1.	Cash inflows of the reporting period		849.242	157.094
1.1.1.	Cash received from sale of financial and investment assets		19.965	-
1.1.2.	Interest received		101.408	-
1.1.3.	Dividends received		-	-
1.1.4.	Rental fees received (inclusive of VAT)		527.869	155.455
1.1.5.	Inflows from other activities	10	200.000	1.639
1.2.	Cash outflows for the reporting period		(2.731.172)	(7.069.687)
1.2.1.	Payments for the acquisition of financial and investment assets and fulfilled obligations		(2.366.642)	(6.721.516)
1.2.2.	Benefits related to general and administrative purposes		(364.530)	(348.171)
1.2.3.	Other benefits		-	-
	Net cash flows from operating activities		**(1.881.930)**	**(6.912.593)**
2.	**Cash flows from financial activities**			
2.1.	Sale of company shares, receipt of contributions		-	-
2.2.	Redemption of company shares, return of contributions		-	-
2.3.	Payments from profit		-	-
2.4.	Loans received	9	2.100.000	10.725.504
2.5.	Loans returned		-	(99.979)
2.6.	Interest paid		-	(4.099.979)
2.7.	Cash flows related to other sources of financing		-	--
2.8.	Other increase in cash flow from financial activities		-	
2.9.	Other decrease in cash flow from financial activities		-	(8.282)
	Net cash flows from financial activities		**2.100.000**	**6.517.264**
3.	**Effect of change in foreign exchange rates on cash balance**			
4.	**Net increase (decrease) in cash flow**		**218.070**	**(395.330)**
5.	**Cash at the beginning of the period**		**55.386**	**450.716**
6.	**Cash at end of the period**		**273.456**	**55.386**

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

General Director	Tarmo Karotam	30 April 2024
Authorised person of the accounting company	Silvija Ignuotienė	30 April 2024

1 General information

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

The Company is located at Eitminių str. 3-102, 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 December 2023 and 31 December 2022, the sole shareholder of the Company was Baltic Horizon Fund, represented by Northern Horizon Capital AS, registered address Hobujaama 5, 10151 Tallinn, Estonia. As at 31 December 2023 and 31 December 2022, the share capital of the Company comprised 2.000.001 ordinary share 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 December 2023 and 31 December 2022. The Company has not acquired any own shares.

As at 31 December 2023 and 31 December 2022, the Company did not have any subsidiaries.

As at 31 December 2023 and 31 December 2022, the Company had 1 employee.

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

These financial statements have been approved by the Management Board of the Company on 30 April 2024. The sole shareholder of the Company has a right to approve these financial statements of not to approve and request a new set of the financial statements to be prepared.

As at 31 December 2023 and 31 December 2022, 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: Hobujaama 5, 10151 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 Financial Accounting valid as at 31 December 2023, the Law on Financial Reporting by Undertakings of the Republic of Lithuania and the valid Lithuanian Financial Reporting Standards (LFRS or BAS) that comprise standards and methodological recommendations, prepared and approved by the Authority of Audit, Accounting, Property Valuation and Insolvency Management.

Based on the data as at 31 December 2023, the Company is classified as a small company. In addition, it was chosen to prepare a statement of changes in equity and a statement of cash flows.

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

2 Accounting principles (continued)

2.3. Tangible non-current assets (continued)

an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised as costs in the income statement.

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 kn owledgeable, independent parties about future rental income in the light of current market conditions.

Investment property

The Company's investment property consists of investments in buildings that are held to earn rental income or to increase capital value, and not for the production, supply of goods and services neither for the administrative purposes, or in the ordinary course of the business.

According to BAS 12 "Fixed tangible assets", investment properties are recorded at cost of acquisition, including transaction costs, at the time of initial recognition. All investment properties are subsequently recorded at fair value, which reflects, among other things, short-term rental income and reasonable assumptions, which reflect the market's view of what knowledgeable independent parties would expect of future rental income based on the current market conditions.

Transfers to and from investment properties are made when and only when there is a clear change in th e purpose of the property.

The effect of the change in fair value during the year is included in the income statement as other interest and similar income or interest and other similar expenses.

Repair costs of investment properties presented in the financial statements at fair value are recognized as expenses in the period in which they are incurred.

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

2 Accounting principles (continued)

2.7. Operating lease (continued)

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. Hedge 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.

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 2023 and 2022, 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.

2 Accounting principles (continued)

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.

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 Accounting principles (continued)

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

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.

2.15. Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed in the financial statements, except when the probability that the resources yielding economic benefits will be lost is extremely low.

Contingent assets are not recognized in the financial statements, but they are disclosed in the financial statements when it is probable that income or economic benefits will be received.

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.

2.18 Cash flow statement

The cash flow statement is prepared using the direct method, showing aggregated cash inflows and cash outflows over the reporting period. Data on cash inflows and outflows is obtained from the accounting records.

3 Investment property

The book values of the Company's buildings and changes in values in 2023 and 2022 were as follows:

Investment property	
Book value as at 31 December 2022	**17.330.000**
Investment property disposals	(16.500)
Investment property improvement	344.630
Investment property valuation	(1.318.130)
Book value as at 31 December 2023	**16.340.000**

As at 31 December 2023, the Company's investment property included business centre MERAKI, located at Eitminų str. 3, in Vilnius. In October 2019, a building permit was obtained and the construction of the business centre was started. MERAKI business centre was registered with 100% completion on 25th of September, 2022.

As at 31 December 2023 and 31 December 2022 the investment property is accounted for at fair value, which is determined based on the valuations provided by the independent property appraiser Colliers International Advisors, SIA. As at 31 December 2023 the fair value of the property, amounted to 16,340 thousand euros based on the valuation report provided on 29 December 2023. Independent appraisal has been performed in accordance with the Practice Statements and Relevant Guidance Notes of the RICS Valuation – Professional Standards approved by both the International Valuation Standards Committee (IVSC) and the European Group of Valuers' Associations (TEGoVA). The market value was estimated under the special assumption, that the administrative building will be constructed in accordance with the constructed and equipped according to prepared technical design, issued construction permit, accepted for use and leased out to the tenants.

The fair value of the business centre was calculated using the income approach which is applied through the discounted cash flow method. The discount rate set by property appraisers is equal to 9.90%, and the capitalization rate is 7.25%. Cash flows are projected for a period of 10 years based on future income and planned investments for building completion. Revenue Adjusted Growth Rate 1.86% - 86.25%. The cost-adjusted growth rate is 2.4-2.9% in different years. An average occupancy rate of 95% is expected during the forecast period.

The following sensitivity analysis shows the fluctuations in the fair value of investment assets that depend on changes in capitalization and the discount rate:

		Discount rate (WACC)				
		9,40%	*9,65%*	***9,90%***	*10,15%*	*10,40%*
Capitalization rate	*6,75%*	18 400	17 900	17 410	16 930	16 460
	7,00%	17 820	17 330	16 850	16 390	15 930
	7,25%	17 280	16 800	**16 340**	15 880	15 440
	7,50%	16 770	16 310	15 850	15 410	14 980
	7,75%	16 300	15 840	15 400	14 970	14 550

4 Other accounts receivable

As at 31 December 2023 and 31 December 2022, the amounts receivable by the Company included the following:

	31 December 2023	**31 December 2022**
Interest receivable	23.337	-
Taxes receivable	16.366	79.437
Total:	**39.703**	**79.437**

5 Cash and cash equivalents

As at 31 December 2023 and 31 December 2022, the Company's cash and cash equivalents comprised the following:

	31 December 2023	**31 December 2022**
Cash at bank	273.456	55.386
Total:	**273.456**	**55.386**

6 Deferred costs and accrued income

As at 31 December 2023 and 31 December 2022, the deferred costs and accrued income of the Company included the following:

	31 December 2023	31 December 2022
Deferred costs	31.314	14.137
Total:	**31.314**	**14.137**

7 Authorised capital

As at 31 December 2023 and 31 December 2022, the authorised capital of the Company comprised of 2.000.001 shares at a nominal value of 1 EUR.

Share premium (excess of nominal value) is a part of the Company's equity equal to the difference between the share issue price and the nominal value. Share premium can be used to increase the authorized capital of the Company and to cover losses.

As at 31 December 2023 and 31 December 2022, all the shares were fully paid in, the Company did not hold any own shares.

As at 31 December 2023 and 31 December 2022, the Company's sole shareholder was Baltic Horizon Fund, represented by Northern Horizon Capital AS (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 December 2023 and 31 December 2022, the Company complied with this capital requirement.

<u>Legal reserve</u>

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 December 2023 and 31 December 2022, the legal reserve was not formed.

8 Advances received

As at 31 December 2023 and 31 December 2022, the Company's received advances comprised of the following:

	31 December 2023	31 December 2022
Received deposits from tenants	103.198	68.018
Total:	**103.198**	**68.018**

As at 31 December 2023 long-term advances received consisted of amounts received from tenants as a guarantee for the fulfillment of their obligations. These amounts will be offset against the final payments under the lease agreements, the latest of which mature in 2033.

9 Loans

On 21 August 2018, the Company was granted a loan by the shareholder. On 17 May 2022 an amendment to the loan was signed, which reduced the interest rate from 3.65% to 3.40%. On 18 November 2022 the maximum loan amount was increased to EUR 17 million. The loan repayment term is 1 January 2027.

Creditor	Loan currency	Agreed repayment term	31 December 2023	31 December 2022
Shareholder	EUR	2027.01.01	14.115.506	12.015.506
Total:			**14.115.506**	**12.015.506**

During 2023 the shareholder provided the Company with an additional disbursement of loan of 2.100.000 euros (in 2022 – 10.690.000 euros, part of which in the amount of 4.776.000 euros was capitalized, covering the counterparty's obligations of the Company and the shareholder).

10 Amounts payable within one year

As at 31 December 2023 and 31 December 2022, the amounts payable by the Company within one year included the following:

	31 December 2023	31 December 2022
Real estate tax payable	18.354	1.696.206
Advance received	200.000	-
Other payables	78.382	51.923
Loan interest payable	498.171	21.561
Total:	**794.907**	**1.769.690**

As at 31 December 2023 advance received comprised advance received from the buyer for the potential disposal transaction. As transaction was terminated, the advance was returned in 2024.

11 Accrued expenses and deferred revenues

	31 December 2023	31 December 2022
Accrued bank fees	-	11.609
Accrued audit expenses	4.900	8.240
Accrued other expenses	837	1.600
Total:	**5.737**	**21.449**

12 Sales

	2023	2022
Rental income	293.057	41.594
Recharge of utilities	37.346	22.919
Other recharges	155.742	55.647
Total:	**486.145**	**120.160**

13 Cost of sales

	2023	2022
Utilities	(121.461)	(65.216)
Other recharges	(60.284)	(55.647)
Repairs and facility management	(63.040)	(31.414)
Real estate taxes	(97.794)	(27.876)
Property management expenses	(51.837)	(8.400)
Insurance	(6.573)	(847)
Other	(290)	(6.445)
Total:	**(401.279)**	**(195.845)**

14 Selling expenses

	2023	2022
Brokerage fees	(4.558)	(84.309)
Marketing and tenant relations expenses	(16.991)	(6.991)
Total:	**(21.549)**	**(91.300)**

15 General and administrative expenses

	2023	2022
Legal services	(13.451)	(74.363)
Support provided	-	(44.540)
Bank services	(261)	(11.815)
Audit services	(9.800)	(8.240)
Accounting services	-	(7.604)
Valuation services	(3.700)	(2.700)
Staff costs	(897)	(733)
Other	(7.902)	(277)
Total:	**(36.011)**	**(150.272)**

16 Interest and other similar expenses

	2023	2022
Change in investment property value (Note 3)	(1.318.130)	(2.113.926)
Interest expense on loans	(476.610)	(356.623)
Other financial costs	(9.162)	-
Interest expense on bonds	-	(177.222)
Bonds administration costs	-	(79.898)
Total:	**(1.803.902)**	**(2.727.669)**

17 Corporate income tax

Calculation of the income tax for the year 2023 and 2022, applying the applicable income tax rate of 15% is presented as follows:

	2023	2022
Profit (loss) before tax	**(1.776.595)**	**(3.044.926)**
Changes in temporary differences	369.119	1.961.825
Changes in permanent differences	1.286	1.235
Tax result for the period	**(1.406.190)**	**(1.081.866)**
Components of income tax expense (income)		
Income tax expense for the current period	**-**	**-**
Deferred tax income (expense)	266.489	456.553
Adjustment of income tax for prior periods	-	(5.494)
Income tax income (expense), recognised in the income statement	**266.489**	**451.059**

Deferred tax asset as at 31 December 2023 and 31 December 2022 included the following:

	2023	2022
Deferred tax asset		
Deferred tax asset from tax losses	343.177	274.407
Difference between the values of non-current assets	489.965	292.246
Deferred tax asset from derivative financial instruments	7.331	-
Total:	**840.473**	**566.653**

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.

18 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 December 2023, 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 0,5 (31 December 2022 – 0,12). More detailed information about the Company's liquidity is presented in Note 22.

Interest rate risk

The Company is not exposed to interest rate risk as the loans have fixed interest rates. The change in interest rates would not have a negative impact on the Company's financial results.

19 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 tables below present the Company's transactions with related parties during 2023 and 2022, and the balances as at 31 December 2023 and 31 December 2022:

2023	**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	14.613.677	-	-	476.610	-	-
BH Domus PRO UAB	-	-	-	-	16.500	-
BH Northstar UAB	-	-	-	-	-	-
Total:	**14.613.677**	**-**	**-**	**476.610**	**16.500**	**-**

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	12.037.067	-	-	356.623	-	-
BH Domus PRO UAB	-	-	2.317	-	-	-
BH Northstar UAB	-	-	964	-	-	-
Total:	**12.037.067**	**-**	**3.281**	**356.623**	**-**	**-**

Remuneration to management and other benefits

Remuneration calculated to the management of the Company for 2023 amounted to 885 EUR (2022 - 753 EUR). In 2023 and 2022, the management was not granted any loans, guarantees, and there were no any other calculated or paid amounts or assets transferred to management.

20 Subsequent events

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.

21 Uncertainties

In February 2022 the military conflict in Ukraine started and is currently continuing, which affected not only the economy of Ukraine and Russia, but also Europe and the whole world. As of the date of these financial statements, the situation in Ukraine is highly volatile and largely uncertain. It is currently difficult to assess the extent of the impact on the Company's operations, but given the fact that the Company had no significant sales, purchases or other transactions related to Ukrainian, Belarusian and Russian Federation companies in 2023, the management believes that this conflict should not have a significant impact on the Company's business continuity.

22 Going concern

As at 31 December 2023 Company's short term liabilities exceeded its short term assets in the amount of EUR 0,4 million (31 December 2022 - EUR 1,6 million). On 24 April 2024 the Company received a support letter from its parent company Baltic Horizon Fund, represented by Northern Horizon Capital AS, confirming that the parent company will provide financial and other support to the Company.

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; therefore, these financial statements have been prepared on a going concern basis.

General Director	Tarmo Karotam	30 April 2024
Authorised person of the accounting company	Silvija Ignuotienė	30 April 2024