

UAB "ORKELA"

INTERIM FINANCIAL STATEMENTS OF THE COMPANY FOR SEPTEMBER 30, 2022,
PREPARED IN ACCORDANCE WITH BUSINESS ACCOUNTING STANDARDS

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UAB "ORKELA"

Company code: 304099538, Jogailos g. 4, Vilnius

The Company's Interim Financial Statements 30 September 2022

(all amounts presented in EUR unless otherwise indicated)

Balance sheet

	Notes	30 September 2022	31 December 2021
ASSETS			
A. NON-CURRENT ASSETS		18 177 730	9 341 090
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 non-current assets		-	-
1.6. Advance payments		-	-
2. TANGIBLE ASSETS	3.1.	18 177 730	9 341 090
2.1. Land		-	-
2.2. Buildings and structures		-	-
2.3. Machinery and plant		-	-
2.4. Vehicles		-	-
2.5. Other equipment, fittings and tools		-	-
2.6. Investment property		3 000 412	3 000 412
2.6.1. Land		3 000 412	3 000 412
2.6.2. Buildings		-	-
2.7. Advance payments and tangible assets under construction		15 177 318	6 340 678
3. FINANCIAL ASSETS		-	-
3.1. Shares in entities of the entities group		-	-
3.2. Loans to entities of the entities group		-	-
3.3. Amounts receivable from entities of the entities group		-	-
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		-	-
4.1. Deferred tax asset		-	-
4.2. Biological assets		-	-
4.3. Other assets		-	-
B. CURRENT ASSETS		370 595	79 175
1. INVENTORIES		-	-
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	3.2.	127 354	48 395
2.1. Trade debtors		-	-
2.2. Amounts owed by entities of the entities group		-	-
2.3. Amounts owed by associates entities		-	-
2.4. Other amounts receivable		127 354	48 395
3. SHORT-TERM INVESTMENTS		-	-
3.1. Shares in entities of the entities group		-	-
3.2. Other investments		-	-
4. CASH AND CASH EQUIVALENTS	3.3.	243 241	30 780
C. DEFERRED COSTS AND ACCRUED INCOME	3.4.	24 622	36 094
TOTAL ASSETS		18 572 947	9 456 359

Balance Sheet (cont'd)

	Notes	30 September 2022	31 December 2021
EQUITY AND LIABILITIES			
D. EQUITY		(407 467)	(6 761 260)
1. CAPITAL		3 000	2 500
1.1. Authorised (subscribed) or primary capital	3.5.	3 000	2 500
1.2. Subscribed capital unpaid (-)		-	-
1.3. Own shares (-)		-	-
2. SHARE PREMIUM ACCOUNT	3.5.	6 999 500	-
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)	3.6.	(7 409 967)	(6 763 760)
5.1. Profit (loss) for the reporting year		(849 934)	(1 327 807)
5.2. Profit (loss) brought forward		(6 560 033)	(5 435 953)
E. GRANTS, SUBSIDIES		-	-
F. PROVISIONS		-	-
1. Provisions for pensions and similar obligations		-	-
2. Provisions for taxation		-	-
3. Other provisions		-	-
G. AMOUNTS PAYABLE AND OTHER LIABILITIES		18 971 304	16 214 019
1. AMOUNTS PAYABLE AFTER ONE YEAR AND OTHER LONG-TERM LIABILITIES	3.8.	18 065 795	15 290 722
1.1. Debt obligations		10 000 000	-
1.2. Amounts owed to credit institutions		-	-
1.3. Advances received		-	-
1.4. Trade creditors		1 016 433	-
1.5. Amounts payable under the bills and checks		-	-
1.6. Amounts payable to the entities of the entities group	3.13.	7 049 362	15 290 722
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	3.8.	905 509	923 297
2.1. Debt obligations		119 022	-
2.2. Amounts owed to credit institutions		-	-
2.3. Advances received		-	-
2.4. Trade creditors		781 609	912 481
2.5. Amounts payable under the bills and checks		-	-
2.6. Amounts payable to the entities of the entities group		-	-
2.7. Amounts payable to the associated entities		-	-
2.8. Corporate income tax liabilities		-	-
2.9. Liabilities related to employment relations		4 879	1 234
2.10. Other amounts payable and short-term liabilities		-	9 582
H. ACCRUALS AND DEFERRED INCOME	3.9.	9 110	3 600
TOTAL EQUITY AND LIABILITIES		18 572 947	9 456 359

Explanatory notes from an integral part of these financial statements.

These financial statements are electronically signed:

Manager
Company representative in charge of accounting

Anastasija Pocienė
Agnė Jasinskienė

Income statement

	Notes	30 September 2022	30 September 2021
1. Sales		-	2 506
2. Cost of sales		-	-
3. Changes in fair value of biological assets		-	-
4. GROSS PROFIT (LOSS)		-	2 506
5. Selling expenses		-	-
6. General and administrative expenses	3.10.	(182 330)	(65 452)
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	3.11.	(667 604)	(359 689)
13. PROFIT (LOSS) BEFORE TAXATION		(849 934)	(422 635)
14. Income tax	3.12.	-	-
15. NET PROFIT (LOSS)		(849 934)	(422 635)

Explanatory notes from an integral part of these financial statements.

These financial statements are electronically signed:

Manager
Company representative in charge of accounting

Anastasija Pocienė
Agnė Jasinskienė

UAB "ORKELA"

Company code: 304099538, Jogailos g. 4, Vilnius

The Company's Interim Financial Statements 30 September 2022

(all amounts presented in EUR unless otherwise indicated)

Statement of Changes in Equity

	Paid up authorised or primary capital	Share premium account	Own shares (-)	Revaluation reserve		Legal reserve			Retained earnings (losses)	Total
				Non-current tangible assets	Financial assets	Compulsory reserve or emergency (reserve) capital	Reserve for acquiring own shares	Other reserves		
1. Balance at the end of the reporting (yearly) period before previous	2 500	-	-	-	-	-	-	-	(5 435 953)	(5 433 453)
2. Result of changes in accounting policies	-	-	-	-	-	-	-	-	-	-
3. Result of correcting material errors	-	-	-	-	-	-	-	-	-	-
4. Recalculated balance at the end of the reporting (yearly) period before previous	2 500	-	-	-	-	-	-	-	(5 435 953)	(5 433 453)
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	-	-	-	-	-	-	-	-	(1 327 807)	(1 327 807)
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 at the end of the previous reporting (yearly) period	2 500	-	-	-	-	-	-	-	(6 763 760)	(6 761 260)

UAB "ORKELA"

Company code: 304099538, Jogailos g. 4, Vilnius

The Company's Interim Financial Statements 30 September 2022

(all amounts presented in EUR unless otherwise indicated)

Statement of Changes in Equity (cont'd)

	Paid up authorised or primary capital	Share premium account	Own shares (-)	Revaluation reserve		Legal reserve			Retained earnings (losses)	Total
				Non-current tangible assets	Financial assets	Compulsory reserve or emergency (reserve) capital	Reserve 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	-	-	-	-	-	-	-	-	(849 934)	(849 934)
23. Dividends	-	-	-	-	-	-	-	-	-	-
24. Other payments	-	-	-	-	-	-	-	-	-	-
25. Formed reserves	-	-	-	-	-	-	-	-	-	-
26. Used reserves	-	-	-	-	-	-	-	-	-	-
27. Increase (decrease) of authorised capital or shareholders' contributions (shares' repayment)	500	6 999 500	-	-	-	-	-	-	-	7 000 000
28. Increase (decrease) of other authorised or primary capital	-	-	-	-	-	-	-	-	-	-
29. Contributions to cover losses	-	-	-	-	-	-	-	-	203 727	203 727
30. Balance at the end of the reporting period	3 000	6 999 500	-	-	-	-	-	-	(7 409 967)	(407 467)

Explanatory notes from an integral part of these financial statements.

These financial statements are electronically signed:

Manager
Company representative in charge of accounting

Anastasija Pocienė
Agnė Jasinskienė

Statement of Cash Flows

	Notes	30 September 2022	30 September 2021
1. Cash flows from operating activities			
1.1. Net profit (loss)		(849 934)	(422 635)
1.2. Depreciation and amortisation expenses		-	-
1.3. Elimination of results of disposals of fixed tangible and intangible assets		-	-
1.4. Elimination of results of financing and investing activities	3.11.	667 604	359 689
1.5. Elimination of results of other non-cash transactions		-	-
1.6. Decrease (increase) in amounts receivable from entities of the entities group and the associated entities		-	-
1.7. Decrease (increase) in other amounts receivable after one year		-	-
1.8. Decrease (increase) in assets of the deferred tax on profit		-	-
1.9. Decrease (increase) in stocks, except advance payments		-	-
1.10. Decrease (increase) in advance payments		-	-
1.11. Decrease (increase) in trade debtors		-	-
1.12. Decrease (increase) in amounts owed by entities of the entities group and associated entities		-	-
1.13. Decrease (increase) in other debtors		22 469	25 771
1.14. Decrease (increase) in short-term investments		-	-
1.15. Decrease (increase) in prepayments and accrued income		11 472	(37 972)
1.16. Increase (decrease) in provisions		-	-
1.17. Increase (decrease) in trade of long-term creditors and prepayments received on account		104 768	-
1.18. Increase (decrease) in amounts payable under the bills and checks after one year		-	-
1.19. Increase (decrease) in long-term amounts payable for entities of the entities group and associated entities		-	-
1.20. Increase (decrease) in trade with short-term creditors and prepayments received on account		(130 871)	47 224
1.21. Increase (decrease) in amounts payable under the bills and checks within one year		-	-
1.22. Increase (decrease) in short-term amounts payable for entities of the entities group and associated entities		-	-
1.23. Increase (decrease) in liabilities of tax on profit		-	-
1.24. Increase (decrease) in liabilities related to employment relations		3 534	508
1.25. Increase (decrease) in other amounts payable and liabilities		(9 582)	(7 102)
1.26. Increase (decrease) in accruals and deferred income		5 510	3 137
Net cash flows from operating activities		(175 031)	(31 380)
2. Cash flows from investing activities			
2.1. Acquisition of fixed assets (excluding investments)		-	-
2.2. Disposal of fixed assets (excluding investments)		-	-
2.3. Acquisition of long-term investments		(8 026 293)	(789 387)
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		(8 026 293)	(789 387)

Statement of Cash Flows (cont'd)

	Notes	30 September 2022	30 September 2021
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		8 413 785	915 000
3.2.1. Increase in financial debts		10 128 455	915 000
3.2.1.1. Loans received		-	-
3.2.1.2. Issue of bonds		10 128 455	915 000
3.2.2. Decrease in financial debts		(1 599 999)	-
3.2.2.1. Loans returned	3.8.	-	-
3.2.2.2. Redemption of bonds		(1 233 285)	-
3.2.2.3. Interest paid		(366 714)	-
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		(114 671)	-
Net cash flows from financing activities		8 413 785	915 000
4. Adjustments due to changes in exchange rates on the balance of cash and cash equivalents		-	-
5. Increase (decrease) of net's cash flows		212 461	94 233
6. Cash and cash equivalents at the beginning of the period		30 780	53 779
7. Cash and cash equivalents at the end of the period		243 241	148 013

Explanatory notes from an integral part of these financial statements.

These financial statements are electronically signed:

Manager
Company representative in charge of accounting

Anastasija Pocienė
Agnė Jasinskienė

Notes to the financial statements

1. General information

UAB Orkela, company code 304099538 (hereinafter referred to as the Company) is a private limited liability company registered with the State Enterprise Centre of Registers on 24 September 2015. Registered as the value-added tax payer since 10 March 2016. The Company's data is collected and stored with the Register of Legal Entities of the Republic of Lithuania.

At as 30 September 2022 m. and 31 December 2021, the shareholder of the Company is closed-end investment fund intended for informed investors Lords LB Special Fund IV, managed by UAB Lords LB Asset Management (company code 301849625, registered address Jogailos g. 4, Vilnius).

	30 September 2022		31 December 2021	
	Number of shares	Share of the stock held	Number of shares	Share of the stock held
Lords LB Special Fund IV	120	100,00%	100	100,00%
Total	120	100,00%	100	100,00%

As at 30 September 2022 the Company's authorised share capital amounted to EUR 3 000 (31 December 2021 – EUR 2 500). As at 30 September 2022 the authorised share capital is divided into 120 (31 December 2021 – 100) ordinary registered shares with the par value of EUR 25 each. As at 30 September 2022 the Company's share capital is fully paid. The Company does not have its own shares.

The Company's registered office address is Jogailos g. 4, Vilnius.

The main activity of the Company is real estate development, construction.

As at 30 September 2022 and 31 December 2021, the Company had no branches or representative offices.

As at 30 September 2022, the average number of employees was 1 (31 December 2021: 1).

2. Accounting principles

The financial statements are prepared in accordance with the legal acts regulating financial accounting and preparation of financial statements in the Republic of Lithuania and Lithuanian Financial Reporting Standards.

The Company's financial year coincides with a calendar year.

The figures in these financial statements are presented in the currency of the Republic of Lithuania - Euro (Eur).

The company complies with the criteria of a public interest company established in the Companies Financial Reporting Law when preparing financial statements.

2.1. Investment property

Investment property is real estate held to earn income and / or capital gains.

Acquired investment property is comprised by the purchase price and any directly attributable costs. Directly attributable costs may include legal fees, property transfer fees and other transaction costs. This accounting principle applies for the whole duration of construction of investment property. Investment property being developed is carried at cost less any impairment losses.

Upon completion of investment property, the Company uses the fair value method to account for investment property. The fair value of investment property is determined based on valuation reports of an independent valuer. The valuation by an independent valuer is performed at least once a year (if there are significant changes that could lead to a significant change in the value of the assets, valuations are performed more frequently).

2.2. Financial assets and financial liabilities

Financial assets include cash and cash equivalents and amounts receivable.

Financial assets are recorded when the Company receives or obtains a contractual right to receive cash or any other financial assets. Amounts receivable are carried at acquisition cost, less impairment loss. Cash and cash equivalents are stated at acquisition cost.

When it is probable that the Company will not be able to recover the amounts receivable, the impairment loss is recognised, which is determined as the difference between the carrying amount of the assets and the present value of future cash flows discounted using the effective interest rate.

Financial liabilities include amounts payable for goods and services received and liabilities under bond agreements issued, loans received.

Financial liabilities are recorded when the Company assumes a commitment to pay cash or any other financial assets. Amounts payable for goods and services are measured at acquisition cost.

Bonds issued are classified as financial liabilities redeemable in one lump sum or in instalments according to a fixed redemption schedule. Bonds issued and loans received are initially recorded at acquisition cost, which is equal to the amount of funds received. Transaction costs are recognised as expenses in financing activities. Subsequently, financial liabilities are measured at amortised cost using the effective interest rate method. The Company has issued non-convertible bonds.

2.3. Effective interest rate method

Effective interest rate method is a method of calculation of amortised cost of financial assets and liabilities and distribution of interest income and expenses over a certain period. Effective interest rate is an interest rate that discounts the estimated future cash flows (including all paid or received taxes that are an integral part of the effective interest rate, transaction costs and other extras or discounts) to the net carrying amount of the initial recognition within the intended period of financial asset and liabilities or (if applicable) within a certain shorter period.

2.4. Foreign currencies

All currency items in the balance sheet are estimated in euros using the exchange rate prevailing at the date of the balance sheet. Assets purchased using foreign currency and accounted for in the balance sheet at the acquisition cost are estimated in euros using the exchange rate prevailing at the acquisition date. Assets whose fair value is measured in a foreign currency are translated into euros in the balance sheet using the exchange rates at the date when the fair value was determined. Foreign currency transactions are stated in euros using the exchange rate prevailing at the date of the transaction. Differences resulting from the settlement of amounts recorded in foreign currencies at different exchange rates are recognised as income or expenses of the reporting period.

2.5. Sales

Revenue is recognised on an accrual basis. Revenue is measured at fair value, net of discounts granted and expected and net of returns and rebates.

When a service transaction is completed in the same period as it is initiated, revenue is recognised in the same period and measured at the amount specified in the contract. When services according to the service transaction are provided for more than one reporting period, revenue is allocated to the periods in which the services are rendered.

The Company's typical operating income consists of rental income. Where the Company operates as an intermediary rather than the main service provider, income and expenses are offset.

2.6. Cost of sales and operating expense

Expenses are recognised on an accrual and comparison basis in the accounting period the income related to the costs is generated. Expenses incurred during the reporting period, which cannot be attributed directly to specific revenue earned and will not generate any revenue in subsequent reporting periods, are recognised as expenses when incurred. Expenses are measured at fair value.

2.7. Borrowing costs

Interest on loans and bond agreements are recognised in the income statement on an accrual basis.

2.8. Income tax

Income tax calculations are based on profit for the year after assessing deferred income tax. Income tax is calculated in accordance with the requirements set forth in the Lithuanian legislation.

In 2022, the corporate income tax rate applied to companies in the Republic of Lithuania was 15% (in 2021 - 15%).

Taxable losses can be carried forward to other reporting periods for unlimited number of periods, except for the losses incurred through transfer of securities and (or) derivative financial instruments. Such carry-forward is cancelled if the Company ceases to carry on the activity giving rise to the loss, unless the Company ceases to carry on the activity for any reasons beyond its control. The losses from disposal of securities and (or) derivative financial instruments can be carried forward for 5 consecutive years and only be reduced by taxable income earned from the transactions of the same nature. With effect from 1 January 2014, tax losses available for carry forward can be used to reduce taxable income of the current tax year by maximum 70%.

Deferred tax is calculated using the balance sheet liability method. Deferred income 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 income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered based on tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax asset is recognised in the balance sheet to the extent the management believes it will be realised in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax asset is not going to be realised, this part of the deferred tax asset is not recognised in the financial statements.

2.9. Impairment

An impairment loss is recognised whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment is recognised in the income statement. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment loss recognised for the asset no longer exists or has decreased. The reversal is accounted for under the same article of the income statement as the impairment loss.

2.10. Recoverable amount

The recoverable amount is the greater of the fair value net of selling expenses and the value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2.11. Offsetting

Offsetting of receivables and payables with the same third party shall take place when there is a sufficient legal basis for doing so.

2.12. Post-balance sheet events

Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

2.13. Contingencies

Contingent liabilities are not recognised in the financial statements. They are described in the financial statements, except those cases when the probability that resources generating economic benefit will be lost is very low.

2.14. Financial risk management

The Company is exposed to a variety of financial risks in the course of its operations. Risk management is performed by management.

The following main financial risk management procedures are applied in the Company's operations:

Credit risk

The Company is subject to significant credit risk concentration. Credit risks or the risks of counterparties defaulting, are controlled by the application of credit terms and monitoring procedures. Credit risk is controlled by the Company itself and, if necessary, assisted by credit risk management companies.

Foreign exchange risk

The Company has no significant concentration of foreign exchange risk, because the major portion of settlements are conducted in the euro (EUR).

Liquidity risk

The Company is a special purpose development company that does not earn income on its own in the short-term. The Company's activities are financed by the shareholder's funds, taking into account the progress of the project and the need for working capital.

The Company's policy is to maintain sufficient cash and cash equivalents or to secure funding from the parent fund and credit institutions to meet the obligations set out in its strategic plans.

Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rate. The Company has no significant interest-bearing assets.

The most significant balance sheet items of the Company sensitive to changes in interest rates are issued bonds and received loans. Liabilities are with fixed interest rates, but the fixed interest rate is calculated on the basis of related party pricing, which is as close as possible to the arm's length principle. The Company does not use any financial instruments to manage interest rate risk.

3.1. Related parties

The following are considered to be related parties: Lords LB Special Fund IV, UAB Orkelos valdymas and related natural person.

3. Notes

3.1. Investment property

	Land	Construction-in-progress	Total
Carrying amount as at the end of the previous financial year (adjusted)	3 000 412	6 340 678	9 341 090
a) Acquisition cost			
At the end of the previous financial year (adjusted)	4 601 561	8 560 310	13 161 871
Financial year changes:			
- acquisitions	-	8 859 171	8 859 171
- disposals and written-off assets (-)	-	-	-
- transfers from one heading to another +/-	-	-	-
At the end of financial year	4 601 561	17 419 481	22 021 042
b) Revaluation			
At the end of the previous financial year	-	-	-
Financial year changes:			
- increase (decrease) in value +/-	-	-	-
- disposed and written off assets (-)	-	-	-
- transfers from one heading to another +/-	-	-	-
At the end of financial year	-	-	-
c) Depreciation			
At the end of the previous financial year	-	-	-
Financial year changes:			
- depreciation in financial year	-	-	-
- written back (-)	-	-	-
- disposed and written off assets (-)	-	-	-
- transfers from one heading to another +/-	-	-	-
At the end of financial year	-	-	-
d) Impairment			
At the end of the previous financial year (adjusted)	(1 601 149)	(2 242 163)	(3 843 312)
Financial year changes:			
- decrease in value in financial year	-	-	-
- written back (-)	-	-	-
- disposed and written off assets (-)	-	-	-
- transfers from one heading to another +/-	-	-	-
At the end of financial year	(1 601 149)	(2 242 163)	(3 843 312)
e) Carrying amount at the end of financial year (a)+(b)-(c)-(d)	3 000 412	15 177 318	18 177 730

As of September 30, 2022, the investment property consists of a plot of land and unfinished buildings located at Vasario 16-osios str 1, Vilnius. The investment property was purchased in March 2016. The company received a construction permit on March 8, 2021, and construction work began in September 2021.

As at the end of 2021, the recoverable amount of investment property (land with buildings under development) was determined based on the property valuation performed by independent appraiser UAB Newsec valuations as at 31 October 2021. The market value of investment property was determined based on discounted cash flows method using a discount rate of 16% (2020: 18%) and capitalisation rate of 6% (2020: 6%). The cash flows are projected over a 4-year period, assuming an average long-term inoccupancy of 2% and average revenue growth of 2.5-2.0%. Based on the report of independent appraiser, the value of investment property determined using the discounted cash flow method amounted to EUR 8 390 000; therefore, during the year ended 31 December 2021, impairment of investment property of EUR 707 913 was recognised; the impairment was allocated to separate groups of investment property in proportion to their carrying amounts.

Sensitivity analysis of the value of investment property

The recoverable amount of the investment property was determined using a yield rate of 6%. An increase in the yield rate of 0.25% would reduce the recoverable amount of the said investment property by EUR 1 560 000 and a decrease in the yield rate of 0.25% would increase the recoverable amount of the investment property by EUR 1 690 000. Other assumptions remain unchanged as the yield rate changes.

3.2. Amounts receivable within one year

	30 September 2022	31 December 2021
Receivable VAT	126 343	47 375
Other amounts receivable	1 011	1 020
Total:	127 354	48 395

3.3. Cash and cash equivalents

	30 September 2022	31 December 2021
Cash in bank accounts	243 241	30 780
Total:	243 241	30 780

3.4. Deferred costs and accrued income

	30 September 2021	31 December 2021
Deferred insurance costs	24 622	36 094
Total:	24 622	36 094

3.5. Structure of the authorised capital

The share capital of the Company as at 30 September 2022 is EUR 3,000 (31 December 2021 – EUR 2 500). On 24 February 2022, the Shareholder decided to increase the Company's share capital by issuing 20 ordinary registered shares with a nominal par value of EUR 25 each. The issue price was EUR 7 000 000. Since the issue price exceeded the nominal price of the shares, share premium has been formed, the value of which as at 30 September 2022 amounted to EUR 6 999 500.

3.6. Project of profit distribution

At the time of approval of these financial statements, the profit (loss) distribution project has not been prepared by the Management.

3.7. Rights and commitments not disclosed in the balance sheet

Legal processes

1) The Vilnius Regional Administrative Court is considering case No. eI3-166-1047/2020 according to the claim of the Company against the defendants Department of Cultural Heritage under the Ministry of Culture and the Republic of Lithuania. The Company is requesting to (i) annul Order No. J-179 dated 07/06/2018 of the Department of Cultural Heritage by which the Department of Cultural Heritage voided the approvals of project proposals of the Vilnius Division of the Department of Cultural Heritage, special requirements for heritage protection (temporary protection regulation) and design conditions for management works issued to the project within the territory of St. Jacob's Hospital; and (ii) represents alternative claims for damages, i. y. requests to award EUR 248 000.00 in favour of the Company and EUR 9 675.76 per day for the period from 07/06/2018 until the date of entry into force of the court decision, if the order is revoked, or to award EUR 1 999 149.96 in favour of the Company if the order is not revoked. Third parties, Vilnius City Municipality and UAB Archinova. The case was suspended until 31/12/2019. The Vilnius Regional Administrative Court referred an administrative case No. eI3-166-1047/2020 to judicial mediation. Lawyer of the Supreme Court of Lithuania was appointed as mediator. On 8 March 2021, a construction permit was obtained, the legal dispute was resolved by an agreement that came into force on 22 April 2021.

2) In the case No. eI-171-821/2020 pending before the Vilnius Regional Administrative Court, according to the Company's claim to the defendants the Department of Cultural Heritage under the Ministry of Culture, Vilnius City Municipality Administration, Vilnius City Municipality and Vilnius Division of the Department of Cultural Heritage under the Ministry of Culture, requesting (i) revocation of objections of Department of Cultural Heritage and Vilnius City Municipality Administration for the construction project of a hotel and administrative buildings within the territory of St. Jacob's Hospital, (ii) to oblige the Vilnius City Municipality Administration to issue a construction permit and (iii) to award EUR 248 000.00 and EUR 9 675.76 per day in favour of the Company for the period from 26/06/2018 to the effective date of the court decision. In addition, the Company requests to: (i) declare unlawful and annul the objection

of the Vilnius City Municipality Administration dated 11/09/2018, (ii) oblige the Vilnius City Municipality Administration to issue a construction permit and (iii) award EUR 248 000.00 and EUR 9 675.76 per day in favour of the Company for the period from 26/06/2018 to the effective date of the court decision. Third parties, UAB Archinova and PLH Arkitekt A/S. After the settlement agreement was signed in the administrative case No. el3-166-1047/2020, case No. el-171-821/2020 was terminated on 3 May 2021.

3) The Vilnius Regional Administrative Court is examining administrative case No. el3-2049-821/2021 according to the claim of the Preachers of the Traditional Religious Community (Dominican) Vilnius St. Apostles Paul and James Monastery requesting the annulment of the defendant's (Department of Cultural Heritage under the Ministry of Culture) response to the letter concerning the possible danger of the planned construction. The Company acts as a third party. On 7 September 2021, the Vilnius Regional Administrative Court issued an order terminating the case regarding the annulment of the letter and the obligation to take action.

4) The Vilnius Regional Administrative Court is examining administrative case No. el3-138-821/2021 according to the Company's claim by which the Company requests to annul the objection of the Department of Cultural Heritage under the Ministry of Culture to the construction project and to compensate the damage. On 21 April 2021, after the settlement agreement was signed in the administrative case No. el3-166-1047/2020, case No. el3-166-1047/2020 was closed following the withdrawal of claims by both parties.

Taxes

The Tax Authorities have not performed a full-scope tax investigation at the Company. The Tax Authorities may inspect accounting, transaction and other documents, accounting records and tax returns for the current and previous 3 calendar years at any time, and where appropriate, for the current and previous 5 or 10 calendar years and impose additional taxes and penalties. Management of the Company is not aware of any circumstances which would cause calculation of additional significant liabilities due to unpaid taxes.

3.8. Other amounts payable and short-term liabilities

	Within one year	After one, but no later than five years	After five years
Financial debts:			
1. Financial debts	119 022	10 000 000	-
2. Intercompany amounts payable (3.13)	-	7 049 362	-
Other debts:			
1. Debts to suppliers	781 609	1 016 433	-
2. Obligations related to labor relations	4 878	-	-
3. Other payables and short-term liabilities	-	-	-
Total:	905 509	18 065 795	-

The Company has signed an agreement with UAB FMJ Orion Securities regarding the distribution of the Company's bonds worth EUR 40 million. On January 19, 2022 and June 22, 2022, the Company issued 5 000 units of secured non-convertible bonds, each with a nominal value of EUR 1 000. The interest rate is fixed, and interest is paid every six months. The maturity date of the bonds is January 19, 2025. On June 22, 2022 the bonds were sold at a price of EUR 1 025,691 per capita.

After one year, but no later than five years, debts to suppliers are retained for amounts to contractors, which will be paid after construction is completed.

3.9. Accruals and deferred income

	30 September 2022	31 December 2021
Audit expenses accrued	5 850	3 000
Accrued land tax	2 810	-
Accrued expenses of securities account keeping	450	600
Total:	9 110	3 600

3.10. General and administrative expenses

	30 September 2022	30 September 2021
Legal services	72 893	14 562
Remuneration and other related expenses	40 321	5 804
Operating taxes	33 648	31 532
Insurance	15 881	5 915
Other	19 587	7 639
Total:	182 330	65 452

3.11. Interest and other similar expenses

	30 September 2022	30 September 2021
Interest on bonds	552 933	359 689
Other expenses from financing and investing activities	114 671	-
Total:	667 604	359 689

3.12. Income tax and deferred income tax

Deferred income tax is calculated at the rate of 15%..

As at 30 September 2022, the Company had EUR 564 953(31 December 2021: EUR 437 000) of unrecognised deferred tax assets from accumulated tax losses and EUR 576 497 (31 December 2021: EUR 576 497) of unrecognised deferred tax assets from impairment of investment property. Deferred tax assets have not been recognised due to future uncertainties related to generation of sufficient taxable profit. Accumulated tax losses are carried forward for an indefinite time.

3.13. Financial relations with the company's management and other related parties

The average number of managers during 2022 is 1. The Company's management is considered to be a director with whom there were no transactions other than salaries in 2022 and 2021.

Transactions with other related parties

The following transactions were made with other related parties and their balance at the end of the year:

Title of article	Revenue from intermutual transactions	Intermutual transaction costs	Amounts receivable	Amounts payable
30 September 2022	-	262 366	-	7 049 362
Related party 1		262 366		7 049 362
31 December 2021	-	487 365	-	15 290 722
Related party 1		487 365		15 290 722

In 2022 the Company capitalized EUR 5 980 933 and redeemed bonds for EUR 1 233 285. On 30 September 2022 the balance of unredeemed bonds was EUR 6 225 722 (31 December 2021 – EUR 13 440 000) and accrued interest payable was EUR 823 640 (31 December 2021 – EUR 1 850 722). The interest rate is fixed, the maturity date of the bonds is 21 April 2024.

3.14. Subsequent events

In October 2022 the Company issued additional 235 units of secured non-convertible bonds, with a par value of EUR 1 000. The bonds were sold at a price of EUR 1 017,446 per capita.

There were no other subsequent events after reporting period.

UAB "ORKELA"

Company code: 304099538, Jogailos g. 4, Vilnius

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(all amounts presented in EUR unless otherwise indicated)

3.15. Going concern

As of 31 December 2021, and 2020, the Company's equity was negative and did not meet the requirement set out in the Law on Companies of the Republic of Lithuania (requiring that equity shall not be lower than ½ of the authorised capital specified in the Articles of Association). The Company is a special purpose development company that does not earn income on its own in the short-term. The Company's activities are financed by the shareholder's funds, taking into account the progress of the project and the need for working capital. In addition, the Company entered into an agreement with UAB FMĮ Orion Securities regarding the distribution of the Company's bonds amounting to EUR 40 million and distributed bonds for the value of EUR 5 million each, during January and June 2022. In addition, the Company plans attracting additional external financing by issuing bonds. The Company's shareholder Lords LB Special Fund IV has long-term plans for the Company and has confirmed its intention to maintain its solvency; therefore, the financial statements have been prepared on the assumption that the Company will be able to continue as a going concern in the foreseeable future.

These financial statements are electronically signed:

Manager

Company representative in charge of accounting

Anastasija Pocienė

Agnė Jasinskienė