

UAB „Terseta“

COMPANY'S UNAUDITED FINANCIAL STATEMENTS
AS OF 31 MARCH 2021
PREPARED ACCORDING TO THE BUSINESS
ACCOUNTING STANDARDS

UAB „Terseta“

COMPANY'S UNAUDITED FINANCIAL STATEMENTS AS OF 31 MARCH 2021

Company Reg. No. 303556959, address: Jogailos st. 4, Vilnius

(In euros, unless indicated differently)

Balance sheet

	Comments	31 March 2021	31 December 2020
ASSETS			
A FIXED ASSETS		11 299 258	11 253 282
1. INTANGIBLE ASSETS		-	-
1.1. Development work		-	-
1.2. Goodwill		-	-
1.3. Software		-	-
1.4. Concessions, patents, licenses, trade marks and similar rights		-	-
1.5. Other intangible assets		-	-
1.6. Prepaid expenses		-	-
2. INTANGIBLE ASSETS		11 220 000	11 220 000
2.1. Land		-	-
2.2. Buildings and structures		-	-
2.3. Machinery and equipment		-	-
2.4. Vehicles		-	-
2.5. Other installations, devices and tools		-	-
2.6. Investment assets	3	11 220 000	11 220 000
2.6.1. Land		-	-
2.6.2. Buildings		11 220 000	11 220 000
2.7. Advance payments and tangible assets under construction		-	-
3. FINANCIAL ASSETS		-	-
3.1. Shares in companies of the group		-	-
3.2. Loans to companies of the group		-	-
3.3. Accounts receivable from entities of the entities group		-	-
3.4. Shares in associated companies		-	-
3.5. Loans to associated companies		-	-
3.6. Accounts receivable from associated entities		-	-
3.7. Long-term investments		-	-
3.8. Accounts receivable after one year		-	-
3.9. Other financial assets		-	-
4. OTHER FIXED ASSETS		79 258	33 282
4.1. Assets of the deferred tax on profit	19	79 258	33 282
4.2. Biological assets		-	-
4.3. Other assets		-	-
B CURRENT ASSETS		82 736	191 416
1. INVENTORIES	4	61 264	3 000
1.1. Raw materials, suppliers and consumables		-	-
1.2. Unfinished goods and work in progress		-	-
1.3. Goods		-	-
1.4. Purchased goods for resale		-	-
1.5. Biological assets		-	-
1.6. Fixed tangible assets held for sale		-	-
1.7. Prepaid expenses		61 264	3 000
2. ACCOUNTS RECEIVABLE WITHIN ONE YEAR	5	16 559	4 993
2.1. Trade debtors		7 589	-
2.2. Amounts owed by entities of the entities group		-	-
2.3. Amounts owed by associates entities		-	-
2.4. Other accounts receivable		8 970	4 993
3. SHORT-TERM INVESTMENTS		-	-
3.1. Shares in entities of the entities group		-	-
3.2. Other investments		-	-
4. CASH AND CASH EQUIVALENTS	6	4 913	183 423
C. DEFERRED EXPENSES AND ACCRUED INCOME	7	1 412	3 533
TOTAL ASSETS		11 383 406	11 448 231

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Company Reg. No. 303556959, address: Jogailos st. 4, Vilnius

(In euros, unless indicated differently)

Balance sheet (continued)

	31 March 2021	31 December 2020
EQUITY AND LIABILITIES		
D. EQUITY	638 010	(141 461)
1. EQUITY	1 002 500	2 500
1.1. Authorised (subscribed) or primary capital	1 002 500	2 500
1.2. Subscribed unpaid capital (-)	-	-
1.3. Own shares (-)	-	-
2. SHARE PREMIUM ACCOUNT	-	-
3. REVALUATION RESERVE	-	-
4. RESERVES	250	250
4.1. Compulsory reserve or emergency (reserve) capital	250	250
4.2. Reserve for acquiring own shares	-	-
4.3. Other reserves	-	-
5. UNDISTRIBUTED PROFIT (LOSS)	(364 740)	(144 211)
5.1. Profit (loss) of reporting year	(220 529)	(476 667)
5.2. Profit (loss) brought forward	(144 211)	332 456
E. GRANTS, SUBSIDIES	-	-
F. PROVISIONS	-	-
1. Provisions for pensions and similar liabilities	-	-
2. Provisions for taxes	-	-
3. Other provisions	-	-
G. ACCOUNTS PAYABLE AND OTHER LIABILITIES	10 732 850	11 581 109
1. ACCOUNTS PAYABLE AFTER ONE YEAR AND OTHER FIXED LIABILITIES	10 555 309	11 529 060
1.1. Debenture loans	8 000 000	8 000 000
1.2. Amounts owed to credit institutions	-	-
1.3. Prepayments received	4 571	2 898
1.4. Trade creditors	-	-
1.5. Amounts payable under the bills and checks	-	-
1.6. Amounts payable to the entities of the entities group	2 550 738	3 526 162
1.7. Amounts payable to the associated entities	-	-
1.8. Other amounts payable and long-term liabilities	-	-
2. ACCOUNTS PAYABLE WITHIN ONE YEAR AND OTHER CURRENT LIABILITIES	177 541	52 049
2.1. Debenture loans	149 333	29 333
2.2. Amounts owed to credit institutions	-	-
2.3. Prepayments received	-	-
2.4. Trade creditors	26 640	9 091
2.5. Amounts payable under the bills and checks	-	-
2.6. Amounts payable to the entities of the entities group	-	3 769
2.7. Amounts payable to the associated entities	-	-
2.8. Liabilities of tax on profit	-	-
2.9. Liabilities related to employment relations	497	121
2.10. Other amounts payable and short-term liabilities	1 071	9 735
H. ACCRUED EXPENSES AND DEFERRED INCOME	12 546	8 583
TOTAL EQUITY AND LIABILITIES	11 383 406	11 448 231

The explanatory notes provided below constitute an integral part of these financial statements.

Director

Representative of the company
providing accounting services

Rytis Zaloga

Viliūnė Cibulskaitė

Profit and loss statement

		2020.01.01 -	2020.01.01 -
	Comments	2021.03.31	2020.03.31
1. Net revenue	14	10 471	322 881
2. Cost of sales	15	(161 126)	(95 250)
3. Fair value adjustments of the biological assets		-	-
4. Gross profit (loss)		(150 655)	227 631
5. Selling expenses		-	-
6. General and administrative expenses	16	(11 274)	(108 961)
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	16	40 000	-
11. The impairment of the financial assets and short-term investments		-	-
12. Interest and other similar expenses	17	(144 576)	(119 229)
13. PROFIT (LOSS) BEFORE TAXATION		(266 505)	(559)
14. Corporate income tax	19	45 976	(438)
15. NET PROFIT (LOSS)		(220 529)	(997)

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Statement of changes in equity

	Paid-up authorised of primary capital	Share premiums account	Own shares (-)	Revaluation reserve		Legal reserve		Other reserves	Retained profit (loss)	Total
				Fixed tangible assets	Financial assets	Compulsory reserve of emergency (reserve) capital	Reserve for acquiring own shares			
1. Balance at the end of the reporting (yearly) period before previous	1 410 000	-	-	-	-	141 000	-	-	719 426	2 270 426
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	1 410 000	-	-	-	-	141 000	-	-	719 426	2 270 426
5. Increase (decrease) in value of fixed tangible assets	-	-	-	-	-	-	-	-	-	-
6. Increase (decrease) in the value of effective hedging instruments	-	-	-	-	-	-	-	-	-	-
7. Acquisition (sale) of own shares	-	-	-	-	-	-	-	-	-	-
8. Profit (loss) not recognised in profit and loss statement	-	-	-	-	-	-	-	-	(386 970)	(386 970)
9. Net profit (loss) of the reporting period	-	-	-	-	-	-	-	-	(476 667)	(476 667)
10. Dividends	-	-	-	-	-	-	-	-	-	-
11. Other payments	-	-	-	-	-	-	-	-	-	-
12. Formed reserves	-	-	-	-	-	-	-	-	-	-
13. Used reserves	-	-	-	-	-	(140 750)	-	-	-	(140 750)
14. Increase (decrease) of authorised capital or shareholders' contributions ('shares repayment)	-	-	-	-	-	-	-	-	-	-
15. Increase (decrease) of other authorised or primary capital	(1 407 500)	-	-	-	-	-	-	-	-	(1 407 500)
16. Contributions to cover losses	-	-	-	-	-	-	-	-	-	-
17. Balance at the end of the previous reporting (yearly) period	2 500	-	-	-	-	250	-	-	(144 211)	(141 461)
18. Increase (decrease) in the value of fixed 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 profit (loss) account	-	-	-	-	-	-	-	-	-	-
22. Net profit (loss) of the reporting period	-	-	-	-	-	-	-	-	(220 529)	(220 529)
23. Dividends	-	-	-	-	-	-	-	-	-	-
24. Other payments	-	-	-	-	-	-	-	-	-	-
25. Formed reserves	-	-	-	-	-	-	-	-	-	-
26. Used reserves	-	-	-	-	-	-	-	-	-	-
27. Increase (decrease) of authorised capital or shareholders' contributions ('shares repayment)	1 000 000	-	-	-	-	-	-	-	-	1 000 000
28. Increase (decrease) of other authorised or primary capital	-	-	-	-	-	-	-	-	-	-
29. Contributions to cover losses	-	-	-	-	-	-	-	-	-	-
30. Balance at the end of the reporting period	1 002 500	-	-	-	-	250	-	-	(364 740)	638 010

The explanatory notes provided below constitute an integral part of these financial statements.

Director

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Representative of the company
providing accounting services

Viliūnė Cibulskaitė

CASH FLOW STATEMENT

	2021.01.01 - 2021.03.31	2020.01.01 - 2020.03.31
1. Cash flows from operating activities		
1.1. Cash inflows of the reporting period (VAT included)	56 178	513 251
1.1.1. Inflows from customers	16 178	512 587
1.1.2. Other inflows	40 000	664
1.2. Cash outflows of the reporting period	(234 688)	(431 055)
1.2.1. Cash paid to suppliers of raw materials, goods and services (VAT included)	(203 465)	(293 293)
1.2.2. Outflows related to employment relations	(384)	(2 317)
1.2.3. Taxes paid into the budget	(25 250)	(135 227)
1.2.4. Other payments	(5 589)	(219)
Net cash flows from operating activities	(178 510)	82 196
2. Cash flows from investing activities		
2.1. Acquisition of non-current assets (excluding investments)	-	-
2.2. Disposal of non-current assets (excluding investments)	-	-
2.3. Acquisition of non-current investments	-	(955 200)
2.4. Disposal of non-current 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	-	(955 200)
3. Cash flows from financing activities		
3.1. Cash flows related to entity owners	-	-
3.1.1. Issue of shares	-	-
3.1.2. Owners' contributions against losses	-	-
3.1.3. Purchase of own shares	-	-
3.1.4. Dividends paid	-	-
3.2. Cash flows arising from other financing sources	-	735 012
3.2.1. Increase in financial debts	-	956 000
3.2.1.1. Loans received	-	-
3.2.1.2. Issue of bonds	-	956 000
3.2.2. Decrease in financial debts	-	(220 988)
3.2.2.1. Loans returned	-	(107 080)
3.2.2.2. Redemption of bonds	-	-
3.2.2.3. Interest paid loans	-	(113 908)
3.2.2.4. Interest paid bonds	-	-
3.2.2.5. Payments of liabilities arising from finance leases	-	-
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	-	-
Net cash flows from financing activities	-	735 012
4. Changes in currency exchange rates	-	-
5. Net increase (decrease) in cash flows	(178 510)	(137 993)
6. Cash and cash equivalents at the beginning of the period	183 423	624 494
7. Cash and cash equivalents at the end of the period	4 913	486 501

Director

Rytis Zaloga

Representative of the company
providing accounting services

Viliūnė Cibulskaitė

Explanatory notes to financial statements

1 General information

UAB Terseta (hereinafter the Company) was registered with the Register of Companies on 28 January 2015; registered address: Jogailos g. 4, Vilnius, Lithuania. The Company was registered as a VAT payer on 18 July 2018. Information about the Company is collected by and stored at the Centre of Registers.

Main activity of the Company: management and lease of real estate.

Shareholders of the Company on 31 March 2021 and 31 December 2020: the closed-end investment fund for informed investors Lords LB Baltic Fund IV.

	2021		2020	
	Number of controlled shares	Ownership share	Number of controlled shares	Ownership share
Lords LB Baltic FUND IV	1 002 500	100,00%	2 500	100,00%
Total:	1 002 500	100,00%	2 500	100,00%

On 31 March 2021, the authorised capital of the Company amounted to EUR 1,002,500 (in 2020: EUR 2,500), and the number of shares amounted to 1,002,500 (in 2020: 2,500). All the shares are ordinary shares with the par value of EUR 1 per share; on 31 March 2021 and 31 December 2020, all the shares were paid up in full.

On 31 March 2021 and 31 December 2020, the Company did not have any branches or representative offices.

On 31 March 2021, the average number of employees of the Company was 3 (on 31 December 2020: 1).

The Company does not have any of its shares.

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

2 Accounting principles

The main accounting principles used in the course of preparation of the financial statements of the Company for 2021 are as follows:

2.1. Form of financial statements

These financial statements were prepared according to legal acts of the Republic of Lithuania regulating financial accounting and preparation of financial statements that were enforced on 31 March 2021 and according to the then enforced Business Accounting Standards (BAS), which include standards and methodological recommendations drafted and approved by the Authority of Audit, Accounting, Property Valuation and Insolvency.

The financial statements are based on historical cost, except for investment assets and derivatives, which are accounted at fair value.

The financial statements were prepared based on the assumption that the Company will be able to ensure a going concern in the foreseeable future.

In the course of preparing the financial statements, the small company criteria were used, according to which a cash flow statement and an annual report must not be provided.

2.2. Currency of financial statements

In these financial statements, all amounts are indicated in the national currency of the Republic of Lithuania, the euro. At initial recognition, transactions in foreign currencies are accounted using the relevant exchange rate valid on the day of the respective transaction.

2.3. Investment assets

Investment assets include real property held for earning income and/or profit from an increase in the value of the assets and are accounted at fair value. Profit and loss due to changes in fair value of investment assets are included in the profit and loss statement of the period in which the changes occur.

Costs of repair of investment assets shown at fair value are recognised as expenses of the period in which they are incurred.

The Company uses the fair value method to account its investment assets. Depreciation for all investment assets that is accounted using the fair value method is only calculated for tax purposes and using the directly proportional (straight-line) method over 8-year useful life, except for land. Land and land lease rights are accounted at fair value together with the buildings accounted in the investment assets item.

Fair value of investment assets is determined based on reports of an independent property valuer. Valuation by an independent value is performed at least once yearly (if any significant changes occur, due to which the value of property can change significantly, valuations are performed more often).

2 Accounting principles (continued)

2.4. Financial assets

Financial assets include cash and cash equivalents and accounts receivable.

Financial assets are included in accounting records when the Company receives or, under a contract in progress, acquires the right to receive cash or other financial assets. Accounts receivable are measured at acquisition cost minus loss due to impairment. Cash and cash equivalents are measured at acquisition cost.

If it is likely that the Company will not be able to regain any accounts receivable, loss due to impairment is recognised, which is calculated as the difference between the book value of the relevant assets and the current value of future cash flows discounted using the calculated interest rate.

2.5. Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash in transit and cash at bank, demand deposits and other short-term (up to three months from acquisition), very liquid investments, which are easily convertible into a known cash amount amounts and which are associated with minor value change risk.

2.6. Financial liabilities

Financial liabilities include accounts payable for received goods and services as well as liabilities under issued bonds agreements and loans.

Financial liabilities include accounts payable for received goods and services as well as liabilities under issued bonds agreements and loans.

Issued bonds are classified as financial liabilities redeemed for a single lump sum or in instalments according to an agreed redemption schedule. Issued bonds and received loans at first accounted at acquisition value, which equals the amount of received funds. Costs related to the conclusion of a transaction are recognised as expenses of financing activity. Financial liabilities are subsequently measured at amortised cost using the calculated interest rate method.

2.7. The calculated interest rate method

The calculated interest rate method is a method for calculating the amortised cost of financial assets and liabilities and allocating interest income and expenses over the relevant period. The calculated interest rate is an interest rate that accurately discounts, following measurement of future cash flows (including all paid or received fees, which constitute an integral part of the effective interest rate, transaction costs and other payments or discounts), to the net book value at initial recognition over the envisaged financial assets and liabilities period or (if appropriate) over a relevant shorter period.

2.8. Recognition of income

Income is recognised when it is likely that the Company will receive economic benefits related to the relevant transaction and when it is possible to reliably measure the amount of income. Sales are accounted minus VAT and provided discounts.

Where a service provision transaction is closed in the same period in which it was started, income is recognised in the same period and measured at the amount indicated in the contract. Where, under a service provision transaction, services are provided for a period longer than one reporting period, income is proportionately attributed to the periods in which the services were provided.

Income of typical activity includes lease income and utility and operational costs income. In cases where the Company acts as an intermediary rather than the main service provider, income and expenses are offset.

Lease income is recognised throughout the lease term.

2.9. Recognition of expenses

Expenses are recognised according to accrual and comparison principles in the reporting period when income related to them is earned. Any expenses incurred during the reporting period, which are impossible to directly relate to the earning of specific income and which will not generate income in future reporting periods, are recognised as expenses of the period in which they were incurred. Expenses are measured at fair value.

2.10. Borrowing expenses

Interest on loans and under issued bonds agreements are recognised in the profit and loss statement according to the accrual principle.

2.11. Corporate income tax

In 2021 and 2020, the 15% corporate income tax rate applied according to tax laws of the Republic of Lithuania.

Corporate income tax expenses include expenses of current year corporate income tax and deferred corporate income tax.

Tax loss may be carried forward for an unlimited number of times, except for any loss that forms due to transfer of securities and/or derivatives. Such carrying forward is discontinued if the Company discontinues the operations due to which this loss formed, except in cases where the Company discontinues the operations for reasons beyond its control. Loss from transfer of securities and/or derivatives may be carried forward for 5 years and only covered using profit of transactions of the same type. According to the most recent amendments of the Law on Corporate Income Tax of the Republic of Lithuania, tax loss carried forward may be used to cover up to 70% of the taxable income of the current tax year.

2 Accounting principles (continued)

2.11. Corporate income tax (continued)

Deferred taxes are accounted using the balance sheet liability method. A deferred tax reflects the net tax effect of temporary differences between the book value of assets and liabilities and their tax base. Deferred tax assets and liabilities are measured using the tax rate, which is expected to be used in the period when an asset will be realised or a liability will be settled, with consideration of tax rates that were approved or essentially approved as at the date of the balance sheet.

Deferred tax assets are recognised in the balance sheet to the extent the management of the Company expects that they will be realised in the foreseeable future, with consideration of the taxable income forecast. If it is likely that a share of a deferred tax will not be realised, this share of the deferred tax is not recognised in financial statements.

2.12. Foreign currencies

In the balance sheet, all currency items are measured in euros using the exchange rate as at the date of the balance sheet. Any assets purchased for a foreign currency and accounted at acquisition value are measured in the balance sheet in euros using the exchange rate valid at the time of acquisition. Any assets the fair value of which is determined in a foreign currency is measured in the balance sheet in euros using the exchange rate valid on the day of determination of the fair value. Transactions in foreign currencies are measured in euros using the exchange rate valid on the day of the relevant transaction. Any differences that form following payment of amounts registered in foreign currency items using a different exchange rate are recognised as income or expenses of the reporting period.

2.13. Financial risk management policy

In the process of engaging in its operations, the Company encounters a variety of financial risks. The management is responsible for risk management. The following main financial risk management procedures are used in the operations of the Company:

Financial liability risk

There is a significant financial liability risk concentration in the Company. The risk that a party to a transaction will not fulfil its obligations is controlled using internal monitoring procedures.

Interest rate risk

The income and cash flows of the Company are essentially independent of changes in market interest rates. The Company does not have any major interest-bearing assets.

According to issued bond issues, all interest rates are fixed, and the Company has therefore not concluded any derivatives transactions in order to protect itself against the interest rate fluctuation risk.

Currency risk

There is no significant currency exchange risk concentration in the Company because most of settlements take place in euros.

Liquidity risk

The conservative management of the liquidity risk enables the Company to have the required quantity of cash and cash equivalents for covering planned expenses. It is the Company's policy to have a sufficient quantity of cash and cash equivalents or secure financing from credit institutions or through other borrowing methods, in order to fulfil its obligations according to strategic plans (see comment 20). The Company prepares short-term cash flow forecasts.

2.14. Use of estimates in preparing financial statements

When preparing financial statements according to the Business Accounting Standards, the management must make certain assumptions and estimates, which affect amounts of assets, liabilities, income and expenses and the disclosure of contingencies. Future events may change the assumptions used to make estimates. The result of changes in such estimates will be accounted in financial statements when it is identified.

2.15. Contingencies

Contingent liabilities are not recognised in financial statements. They are described in financial statements, except in cases where the probability that resources that provide economic benefits will be lost is very low.

Contingent assets are not recognised in financial statements, but they are described in financial statements when it is likely that income or economic benefits will be received.

2.16. Set-offs

Set-offs of accounts receivable and payable with the same third party are performed when appropriate legal basis for such set-offs exists.

2.17. Related parties

Parties qualify as related when one party has an opportunity to control the other party or can exert a significant influence on the other party's financial and operational decisions.

2.18. Post balance sheet events

Post balance sheet events, which provide any additional information about the Company's position as at the date of the balance sheet (adjusting events), are reflected in financial statements. Post balance sheet events which are not adjusting events are described in comments, when deemed significant.

3 Investment assets

Indicators	Investment assets	Land	Construction in progress	Total
Fair value at the beginning of period	11 220 000	-	-	11 220 000
Changes of financial year:				
Increase (decrease) in value	-	-	-	-
Acquisition (sale) of assets	-	-	-	-
Fair value at the end of financial period	11 220 000	-	-	11 220 000

4 Prepaid expenses

	2021	2020
Prepayments to suppliers	61 264	3 000
	61 264	3 000

5 Accounts receivable withing one year

	2021	2020
Receivable purchase VAT	8 969	4 991
Trade debtors	7 589	-
Other accounts receivables	1	2
	16 559	4 993

6 Cash and cash equivalents

	2021	2020
Cash at bank	4 913	183 423
	4 913	183 423

7 Deferred expenses and accrued income

	2021	2020
Accrued utility and operational costs income	688	-
Deferred property insurance	286	-
Other deferred expenses	438	19
Accrued lease income	-	3 514
	1 412	3 533

8 Authorised capital

On 31 March 2021, the authorised capital of the Company amounted to EUR 1,002,500 (in 2020: EUR 2,500), and the number of shares amounted to 1,002,500 (in 2020: 2,500). All the shares are ordinary shares with the par value of EUR 1 per share; on 31 March 2021 and 31 December 2020, all the shares were paid up in full.

According to the Law on Companies of the Republic of Lithuania, the equity of a company may not be smaller than ½ of its share capital indicated in the Articles of Association of the company. On 31 December 2020, the Company did not satisfy this requirement. However, on 6 March 2021 the Company's authorised capital had been increased by 1,000,000 Eur to 1,002,500 Eur. Hence on 31 March 2021 the Company satisfied this requirement.

9 Reserves

The compulsory reserve is compulsory according to legal acts of the Republic of Lithuania. At least 5% of net profit, which is calculated according to Lithuanian accounting principles, must be transferred to this reserve annually until the reserve amounts to 10% of the authorised capital. By the date these individual financial statements were prepared, a draft profit distribution has not been yet prepared in order to transfer net profit to the compulsory reserves.

10 Draft profit distribution

By the date these individual financial statements were prepared, a draft profit distribution has not been prepared.

UAB „Terset“

COMPANY'S UNAUDITED FINANCIAL STATEMENTS AS OF 31 MARCH 2021

Company Reg. No. 303556959, address: Jogailos st. 4, Vilnius

(In euros, unless indicated differently)

11 Debt liabilities

	2021	2020
Publicly issued bonds with accrued interest	8 149 333	8 029 333
	8 149 333	8 029 333

According to the publicly issued bond agreement, the Company must comply with the following conditions:

Subordination of debt owing to the Related Parties

The Company undertakes to ensure that until full redemption of the bonds all and any debt owed by the Company to the Related Parties shall be subordinated to payment of bondholders' claims on terms and in a form acceptable to the trustee acting on behalf and for the benefit of the bondholders.

Mortgage over the Investment property

The Company undertakes to ensure that immediately takes all the necessary measures and performs all the required actions to ensure that Investment property is mortgaged in favour of the trustee acting on behalf and for the benefit of the bondholders to secure all the obligations of the Company to the bondholders, and first ranking maximum unconditional mortgage, with maximum mortgage amount at 130% of the aggregate Issue amount, is duly registered with the Mortgage Register of the Republic of Lithuania.

Additional obligations of the Issuer to the Bondholders

Until full redemption of the bonds the Company:

- shall ensure that the Company's loan to investment asset value ratio based on the quarterly financial statements of the Issuer drawn in accordance with BAS shall not be higher than 75%;
- shall not assume any financial indebtedness other than any debt from the Related Parties subordinated to payment of bondholders' claims.

	2021		
	Financial obligations*	Investment asset value	LTV, %
Loan to asset value ratio	8 149 333	11 220 000	72,63%

*Excluding subordinated debt

As of 31 March 2021, the Company complied with all the abovementioned conditions.

12 Accounts payable within one year and other current liabilities

	2021	2020
Interest payable	149 333	29 333
Trade creditors	26 640	9 091
Land lease tax	1 012	-
Liabilities related to employment relations	497	121
Other amounts payable	59	-
Debts to related parties	-	3 769
Real estate tax	-	9 735
	177 541	52 049

13 Accrued expenses and deferred income

	2021	2020
Accrued audit expenses	4 193	2 960
Deferred income	3 018	2 275
Accrued securities accounts handling expenses	73	73
Other accrued expenses	5 262	3 275
	12 546	8 583

14 Net revenue

	2021	2020
Lease income	10 122	264 885
Utility and operational costs income	2 923	100 582
Other income received from tenants	200	750
Utility and operational costs (reimbursed by tenants)	(2 774)	(43 336)
	10 471	322 881

15 Cost of sales

	2021	2020
Design and other expenses related to reconstruction	132 475	-
Operating tax expenses	16 243	16 327
Operating costs	5 972	3 493
Facility maintenance and repair expenses	5 768	66 602
Insurance expenses	503	888
Other expenses	165	7 940
	161 126	95 250

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(In euros, unless indicated differently)

16 General and administrative expenses

	2021	2020
Accounting and audit expenses	4 108	6 933
Employment related expenses	1 047	4 604
Professional services expenses	658	96 034
Bank commission fees	168	133
Other expenses	5 293	1 072
Communications and internet services	-	185
	11 274	108 961

17 Income (expenses) of financing and investing activity – net result

	2021	2020
Fines and penalties	40 000	-
Investment assets revaluation income	-	-
Other interest and similar income	40 000	-
Interest on bonds	144 576	56 999
Credit loan interest	-	60 368
Interest on other accounts payable	-	-
Investment assets revaluation expenses	-	-
Penalties and late charge expenses	-	1 862
Interest and other similar expenses	144 576	119 229
Result of financing and investing activity	(104 576)	(119 229)

18 Transactions of related parties

Parties qualify as related if one party has an opportunity to control the other party or can exert material influence on the other party's financial and operational decisions. The related parties of the Company and the transactions with them in 2021 and 2020 were as follows:

2021	Paid out dividends	Expenses of transactions of related parties	Income of transactions of related parties	Accounts receivable	Accounts payable
Related party 1	-	24 576	-	-	2 550 738
	-	24 576	-	-	2 550 738

2020	Paid out dividends	Expenses of transactions of related parties	Income of transactions of related parties	Accounts receivable	Accounts payable
Related party 1	-	230 272	-	-	3 526 162
Related party 2	-	-	3 053	-	-
	-	230 272	3 053	-	3 526 162

19 Corporate income tax

	2021	2020
Corporate income tax components		
Profit (loss) before tax	(266 505)	(559)
Non-taxable income	(40 000)	-
Unallowable deductions	-	3 476
Additionally allowable deductions	132 475	(329 547)
Taxable profit (tax loss)	(174 030)	(326 630)
Use of accrued tax loss of preceding year	-	-
Taxable profit (tax loss) after use of loss	(174 030)	(326 630)
Corporate income tax of reporting period	-	-

	2021	2020
Corporate income tax income (expenses) components		
(Expenses) of corporate income tax of reporting period	-	-
Deferred corporate income tax income (expenses)	45 976	(438)
Corporate income tax income (expenses) accounted in profit and loss statement	45 976	(438)

19 Corporate income tax (continued)

	2021	2020
Deferred corporate income tax assets		
Accruals	1	3
Tax loss carried forward	59 311	102 000
Deferred corporate income tax assets before decrease in realisable value	59 312	102 003
Minus: decrease in realisable value	-	-
Deferred tax assets at net value	59 312	102 003
Deferred corporate income tax liability		
Difference of fixed tangible assets depreciation between financial and tax values	19 946	(317 119)
Unrecognised deferred corporate income tax assets	-	-
Deferred tax liability	19 946	(317 119)
Deferred tax, at net value	79 258	(215 116)

	2021	Additionally formed	Difference between financial and tax values	2020
Accruals	2	0	-	2
Accrued tax loss	395 409	174 030	-	221 379
Tax loss transferred to other companies of the group	-	-	-	-
Difference of fixed tangible assets depreciation between financial and tax values	132 975	-	132 475	500
Provision for doubtful debts	-	-	-	-
Total temporary differences before decrease in realisable value	528 386	174 030	132 475	221 881
Minus: decrease in realisable value	-	-	-	-
Temporary differences at net value	528 386	174 030	-	221 881

	2021	2020
Profit before tax	(266 505)	(559)
Corporate income tax (expenses) calculated using the statutory tax rate in Lithuania	39 976	83
Permanent differences	6 000	(521)
Unrecognised deferred corporate income tax assets	-	-
Total corporate income tax income (expenses)	45 976	(438)

20 Rights and liabilities of the Company not indicated in the balance sheetTaxes

The tax administrator has not conducted any comprehensive tax audits of the Company. The tax administrator may at any time audit accounting, transaction and other documents, accounting records and tax returns for the current and three preceding calendar years, and in certain cases for the current and preceding 5 or 10 calendar years and impose additional taxes and penalties. The management of the Company is not aware of any circumstances by reason of which there may arise a significant liability related to unpaid taxes.

Other liabilities

The Company's investment asset (Gedimino 7, Vilnius) is located on a state land (0.2297 hectares). The company has entered into a long-term land lease agreement with the National Land Service until 29 January 2069. Annual land rental price is 0.5% from the land's tax value.

21 Liquidity

On 31 March 2021, current liabilities of the Company exceeded its current assets by EUR 105,939 (on 31 March 2021, current assets and deferred expenses and accrued income: EUR 84,148; current liabilities and accrued expenses and deferred income: EUR 190,087). The main current liabilities of the Company included liabilities to related and other parties under issued issues of bonds. The Company's liquidity will be ensured by cash injections of the sole shareholder.

22 Important accounting estimates

By reason of the global COVID-19 pandemic, including the lockdown restrictions which were made more stringent and mitigated in the Republic of Lithuania with consideration of the COVID-19 cases statistics, the approval and use of vaccines for preventing COVID-19, the Company's management has assessed the potential COVID-19 pandemic's impact on the Company's investment assets and believes that the COVID-19 pandemic do not pose a material threat to the Company's possibility to continue its operations, because the Company's shareholder has a long-term plans related to the Company's investment assets and plans to support the Company's activities to meet the Company's liabilities.

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23 Post balance sheet events

After these financial statements were prepared, the Company has issued EUR 100,000 bonds in order to finance its investment assets reconstruction. The entire bond issue was acquired by the Related Party. The bonds are subordinated against publically offered bonds. The maturity of the bonds is 14 July 2024.

After the end of the financial quarter, no other post balance sheet events, which may affect the financial statements or should be disclosed, have occurred.

_____ Director	_____ Rytis Zaloga	_____
_____ Representative of the company providing accounting services	_____ Viliūnė Cibulskaitė	_____