

# UAB "KNT Holding"

COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR 2022  
(1 JANUARY 2022 - 31 DECEMBER 2022)  
PREPARED ACCORDING TO LITHUANIAN  
FINANCIAL REPORTING STANDARDS

**UAB "KNT Holding"**

**Company code 306047344, address Jogailos g. 4, LT-01116 Vilnius**

**FINANCIAL STATEMENTS FOR THE YEAR 2022**

(all amounts are in EUR unless otherwise stated)

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# Independent Practitioner's Review Report

To the Shareholders of UAB KNT Holding

## ■ Report on the Financial Statements

We have reviewed the accompanying financial statements of UAB KNT Holding ("the Company"), which comprise the balance sheet as at 31 December 2022, the income statement for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 5–14.

## ■ Emphasis of Matter

We draw attention to Note 15 to the financial statements, which indicates that the Company's current liabilities exceed its current assets by EUR 8 thousand. In addition, the Company's equity as at 31 December 2022 is negative and does not meet the requirement of the Law on Companies of the Republic of Lithuania. The Company's financial statements are prepared on a going concern basis. The going concern assessment was based on the assumption that the parent undertaking had approved the provision of financial support to the Company to the extent that it is economically reasonable, for a period of at least twelve months from the date of approval of the financial statements. Our opinion is not modified in respect of this matter.

## ■ Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Lithuanian Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

## ■ Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.



A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

## ■ Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of UAB KNT Holding as at 31 December 2022, and its financial performance for the year then ended, in accordance with Lithuanian Financial Reporting Standards.

On behalf of KPMG Baltics, UAB

Monika Saulienė  
Certified Auditor

Vilnius, the Republic of Lithuania  
9 June 2023

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

**Balance sheet**

	Notes	31 December 2022	31 December 2021
<b>ASSETS</b>			
<b>A</b>	<b>FIXED ASSETS</b>	<b>5 600 000</b>	-
I.	Intangible assets	-	-
II.	Tangible assets	-	-
III.	Financial assets	3 5 600 000	-
IV.	Other fixed assets	-	-
<b>B</b>	<b>CURRENT ASSETS</b>	<b>2 373</b>	-
I.	Stocks	-	-
II.	Amounts receivable within one year	4 3	-
III.	Short-term investments	-	-
IV.	Cash and cash equivalents	5 2 370	-
<b>C</b>	<b>PREPAYMENTS AND ACCRUED INCOME</b>	-	-
	<b>TOTAL ASSETS</b>	<b>5 602 373</b>	-

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

**Balance sheet (continued)**

	Notes	31 December 2022	31 December 2021
<b>EQUITY AND LIABILITIES</b>			
<b>D. EQUITY</b>		<b>(519 341)</b>	-
I. Capital	6	2 500	-
II. Share premium account		-	-
III. Revaluation reserve		-	-
IV. Reserves		-	-
V. Retained profit (loss)		(521 841)	-
<b>E. GRANTS, SUBSIDIES</b>		-	-
<b>F. PROVISIONS</b>		-	-
<b>G. AMOUNTS PAYABLE AND OTHER LIABILITIES</b>		<b>6 112 058</b>	-
I. Amounts payable after one year and other long-term liabilities	8	6 111 516	-
II. Amounts payable within one year and other short-term liabilities	9	542	-
<b>H. ACCRUALS AND DEFERRED INCOME</b>	10	<b>9 656</b>	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5 602 373</b>	-

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

Financial statements were signed using electronic signature by:

General Manager

Grėtė Bukauskaitė

Representative of a company providing accounting services

Virginija Skirmantė

## Income Statement

	Notes	2022	2021
I. Net turnover		-	-
II. Cost of sales		-	-
III. Fair value adjustments of the biological assets		-	-
<b>IV. GROSS PROFIT (LOSS)</b>		-	-
V. Selling expenses		-	-
VI. General and administrative expenses	11	(101 770)	-
VII. Other operating results		-	-
VIII. Income from investments in the shares of parent, subsidiaries and associated entities		-	-
IX. Income from other long-term investments and loans		-	-
X. Other interest and similar income		-	-
XI. The impairment of the financial assets and short-term investments		-	-
XII. Interest and other similar expenses	12	(420 071)	-
<b>XIII. PROFIT (LOSS) BEFORE TAXATION</b>		<b>(521 841)</b>	-
XIV. Tax on profit	14	-	-
<b>XV. NET PROFIT (LOSS)</b>		<b>(521 841)</b>	-

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

Financial statements signed with an electronic signature:

General Manager

Grėtė Bukauskaitė

Representative of a company providing accounting services

Virginija Skirmantė

## Notes to the financial statements

### 1 General information

UAB "KNT Holding" (hereinafter, the Company) is a private limited liability company registered in the Republic of Lithuania. The Company's registration code is 306047344 and its registered office address is Jogailos g. 4, Vilnius. The Company's data are accumulated and stored at the state enterprise Centre of Registers.

The Company was registered on 21 March 2022.

The Company's main activity is the acquisition of renewable energy projects in Lithuania. The Company plans to develop a hybrid project during 2023: to acquire a Solar power park and a Wind power park.

On 27 of October 2022, the sole shareholder of the Company UTIISIB UAB Atsinaujinančios energetikos investicijos (Shareholder 1) sold 50% of its shares to Taaleri Development Holdings S.à r.l. (Shareholder 2). As of 31 December 2022 The shareholders of the Company were:

	<b>2022</b>	
	<b>Number of shares held</b>	<b>Percentage</b>
UTIISIB UAB Atsinaujinančios energetikos investicijos	1 250	50%
Taaleri Development Holdings S.À R.L.	1 250	50%
Total:	<b>2 500</b>	<b>100%</b>

As at 31 December 2022 the Company's share capital was EUR 2 500, divided into 2 500 ordinary registered shares with a par value of EUR 1 each. The Company did not hold its own shares. Shareholder 1 and Shareholder 2 has 1 250 shares per shareholder.

As at 31 December 2022, the average number of employees of the Company was 1.

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



## **2 Accounting principles**

The principal accounting policies adopted in preparing the Company's financial statements for 2022 are as follows:

### **2.1. Basis of preparation**

These financial statements have been prepared in accordance with the Law on Financial Accounting of the Republic of Lithuania, Law on Financial Statements of Entities of the Republic of Lithuania and Lithuanian Financial Reporting Standards (LFRS), which include the standards and interpretations prepared and approved by the Authority of Audit and Accounting, effective as at 31 December 2022.

As allowed by specific provisions of legislation of the Republic of Lithuania, the Company prepared short version of the financial statements that does not require presentation of the statement of cash flows, the statement of changes in equity and the annual report.

### **2.2. Presentation currency**

The company keeps records and the amounts shown in these financial statements are registered and presented in the local currency of the Republic of Lithuania, euro.

### **2.3. Financial assets**

Financial assets include cash and cash equivalents, receivables and loans granted.

A financial asset is recorded when the Company receives, or becomes entitled to receive, cash or another financial asset under an executory contract. Receivables and loans are measured at cost less impairment loss. Cash and cash equivalents are measured at historical cost.

If it is probable that the Company will not be able to collect the receivables, an impairment loss is recognised for the difference between the carrying amount of the asset and the present value of the future cash flows discounted at the estimated interest rate.

### **2.4. Receivables**

Receivables are measured at cost on initial recognition. Subsequently, receivables are recorded with an allowance for impairment. If it is probable that the Company will not be able to collect the receivable, an impairment loss is recognised for the difference between the carrying amount of the asset and the present value of future cash flows discounted at the estimated interest rate.

### **2.5. Cash and cash equivalents**

Cash consists of money in bank accounts. Cash equivalents are short-term, highly liquid investments that are easily convertible into a known amount of money. Such investments have a maturity of less than three months and are subject to very little risk of changes in value.

### **2.6. Financial liabilities**

Financial liabilities include amounts payable for goods and services received and liabilities under contracts for bonds issued and loans.

Financial liabilities are recorded when the Company incurs a liability to pay cash or settle another financial asset. Amounts payable for goods and services are measured at cost.

Bonds issued and loans received are classified as financial liabilities, redeemable in one lump sum or in instalments according to a fixed redemption schedule. Bonds and loans issued are initially recorded at fair value, which is equal to the amount of the proceeds received, less the amount of transaction costs incurred. They are subsequently measured at amortised cost using the imputed interest rate method.

Contractual obligations to deliver cash or other financial assets are classified as financial liabilities.

Non-market financial liabilities consist of loans and trade payables.

## **2 Accounting principles (cont'd)**

### **2.6. Financial liabilities (cont'd)**

On initial recognition, non-market financial liabilities are measured at cost and transaction costs are recognised as an expense in the income statement. In subsequent periods, these financial liabilities are carried at amortised cost using the effective interest rate. Short-term financial liabilities are carried at cost as the effect of applying the effective interest rate is immaterial.

### **2.7. Corporate income tax**

Income tax is calculated based on the Lithuanian tax legislation. In 2022 the standard income tax rate in Lithuania was 15%.

Tax losses can be claimed indefinitely, except for losses arising from the transfer of securities and/or derivatives. Such carry-forward shall cease if the Company ceases to carry on the activity giving rise to the losses, unless the Company ceases to carry on the activity for reasons beyond its control. Losses on the disposal of securities and/or derivatives may be incurred for a period of 5 years and shall only be covered by profits from transactions of the same nature.

According to the Law on Corporate Income Tax of the Republic of Lithuania, the amount of deductible tax loss carry-forwards, except for tax losses arising from the transfer of securities and/or derivatives (non-financial institutions), may not exceed 70 % of the taxpayer's income for the taxable period, calculated after deducting from the income the tax-exempt income, the allowed deductions and the deductions of limited amounts, except for the tax losses for the taxable period of the previous year. This also applies to losses incurred by financial institutions as a result of the disposal of securities and/or derivatives.

Deferred taxes are calculated using the balance sheet liability method. Deferred tax reflects the net tax effect of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in the period in which the asset is realised or the liability settled, taking into account tax rates that have been enacted or substantively enacted by the balance sheet date.

A deferred tax asset is recognised in the balance sheet to the extent that the Company's management expects that it will be realised in the foreseeable future, taking into account forecasts of taxable profit. If it is probable that part of the deferred tax will not be realised, that part of the deferred tax is not recognised in the financial statements.

### **2.8. Revenue recognition**

Sales revenue is recognised on an accruals basis. Revenue from sales comprises the fair value of consideration received or receivable for goods and services sold in the ordinary course of the Company's business. Revenue is stated net of value added tax, returns and price discounts. Interest income is recognised on an accrual basis as earned.

### **2.9. Expense recognition**

Expenses are recognised on an accruals and comparative basis in the period in which the related income is earned, irrespective of when the cash is spent. When expenses incurred during the period cannot be directly attributed to the generation of specific income and will not generate income in future periods, they are recognised as an expense in the period in which they are incurred. Expenses are measured at fair value.

### **2.10. Borrowing costs**

Interest on loans and bond contracts is recognised in the income statement on an accruals basis.

## **2 Accounting principles (cont'd)**

### **2.11. Financial risk management policy**

The following basic financial risk management procedures are applied in the company's activities:

#### Credit risk

The Company has a significant concentration of credit risk. Credit risk, or the risk that a counterparty will default, is controlled through credit terms and supervisory procedures. Credit risk is controlled by the Company.

#### Interest rate risk

The Company's income and cash flows from operations are largely independent of changes in market interest rates.

The most significant balance sheet item sensitive to changes in interest rates in the Company's balance sheet is bonds issued. The liabilities are at fixed interest rates. The Company does not use any financial instruments to manage the risk of interest rate fluctuations.

#### Currency risk

The Company does not have a significant concentration of exchange rate risk as the majority of settlements are denominated in Euro.

#### Liquidity risk

The Company's policy is to maintain sufficient cash and cash equivalents, or to secure financing from the parent company, to meet the commitments in its strategic plans.

### **2.12. Foreign currencies**

All currency items in the balance sheet are valued in euro using the exchange rate at the balance sheet date. Assets carried at cost that are purchased for foreign currency are valued in euro on the balance sheet at the exchange rate ruling at the time of acquisition. Assets whose fair value is measured in a foreign currency are measured in euro in the balance sheet at the exchange rate at the date of the fair value measurement. Transactions denominated in foreign currencies are valued in euro at the exchange rate on the date of the transaction. Differences arising from the settlement of amounts recorded in foreign currency items at a different exchange rate are recognised as income or expense in the reporting period.

### **2.13. Contingencies**

Contingent liabilities are not recognised in the financial statements. They are described in the financial statements unless the probability of loss of economic benefits is remote.

The preparation of financial statements in conformity with 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. Future events may change the assumptions used in making the estimates. The result of such changes in estimates will be recorded in the financial statements when determined.

Contingent assets are not recognised in the financial statements, but are described in the financial statements when it is probable that income or economic benefits will flow.

### **2.14. Subsequent events**

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

### **2.15. Related parties**

Parties are considered to be related if one of the parties is in a position to control the other party or to exercise significant influence over the other party in financial and other decisions. Related parties include shareholders, employees, members of the Board of Directors, their close relatives and companies that directly or indirectly through an intermediary control the Company or are controlled, either individually or jointly, by another party that is also considered a related party.

**3 Financial assets**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Advances paid on shares of subsidiaries and ongoing projects	1 850 000	-
Bank guarantees	3 750 000	-
	<b>5 600 000</b>	<b>-</b>

The Company has made an advance payment for the acquisition of shares in a company developing a wind and solar park, according to a share purchase agreement dated 8 April 2022. As at 31 December 2022 the total value of the advance paid was EUR 1 850 000.

On 3 August 2022, pursuant to an agreement between the Company and Shareholder 1, the Company took over the guarantee at Citadele Bank for ensuring the fulfillment of the obligations of the electricity generation producer to AB Litgrid.

**4 Amounts receivable within one year**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Tax overpayments	3	-
	<b>3</b>	<b>-</b>

**5 Cash and cash equivalents**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Cash	2 370	-
	<b>2 370</b>	<b>-</b>

**6 Capital**

As at 31 December 2022 the authorized capital of the Company was EUR 2 500, divided into 2 500 ordinary registered shares with a par value of EUR 1 each.

According to the Law on Companies of the Republic of Lithuania, a Company's equity capital may not be less than ½ of its share capital, as specified in its articles of association. On 31 December 2022 the Company did not comply with this requirement.

**7 Draft distribution of profits**

As at the date of signing these financial statements, the draft profit appropriation had not been prepared yet.

**8 Amounts payable after one year and other long-term liabilities**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Bonds issued	5 980 932	-
Accrued interest on bonds issued	130 584	-
	<b>6 111 516</b>	<b>-</b>

The Company has issued bonds under two agreements with a total value of EUR 5 980 932. The bonds have a fixed interest rate and mature on 5 January 2028.

**9 Amounts payable within one year and other short-term liabilities**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Trade payables	476	-
Vacation accruals	66	-
	<b>542</b>	<b>-</b>

**UAB "KNT Holding"**

Company code 306047344, address Jogailos g. 4, LT-01116 Vilnius

**FINANCIAL STATEMENTS FOR THE YEAR 2022**

(all amounts are in EUR unless otherwise stated)

**10 Accrued expenses and deferred income**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Accrued expenses for financial statement review	7 260	-
Accrued accounting expenses	2 396	-
	<b>9 656</b>	<b>-</b>

**11 General and administrative expenses**

	<b>2022</b>	<b>2021</b>
Legal expenses	67 856	-
Bank expenses	10 063	-
Accounting services expenses	7 859	-
Financial statement review expenses	7 260	-
Investment objects expenses	5 808	-
Professional services expenses	2 000	-
Salary expenses	896	-
Notary expenses	28	-
	<b>101 770</b>	<b>-</b>

**12 Other interest and similar income****Net result from financing and investing activities**

	<b>2022</b>	<b>2021</b>
Interest expense on bonds issued	357 571	-
Other interest expenses	62 500	-
<b>Expenses of financing and investment activities</b>	<b>420 071</b>	<b>-</b>
<b>Income (expense) from financing and investment activities - net result</b>	<b>(420 071)</b>	<b>-</b>

**13 Related party transactions**

During 2022 related party transactions consisted of the following:

<b>Related parties</b>	<b>Payables</b>	<b>Receivables</b>	<b>Interest expenses</b>
Shareholder 1	3 056 256	-	292 777
Shareholder 2	3 055 259	-	64 794

As at 31 December 2022, the Company had issued bonds with a total value of EUR 6 111 516 including accrued interest.

The Company's management consisted of 1 person in 2022. The management of the Company is considered to be a director with whom there were no transactions other than payroll in 2022.

**14 Income tax****Components of corporate income tax**

	<b>2022</b>	<b>2021</b>
Profit (loss) before tax	(521 841)	-
Additional taxable income	-	-
Additional deductible expenses	-	-
Non-deductible expenses	356 974	-
Taxable profit (tax loss)	(164 867)	-
Utilization of accumulated tax losses from previous years	-	-
Taxable profit (tax loss) after loss utilization	(164 867)	-
Income tax for the reporting period	-	-

**Deferred income tax assets**

	<b>2022 m.</b>	<b>2021 m.</b>
Tax loss carried forward	24 730	-
Impairment of financial assets	-	-
	<b>24 730</b>	<b>-</b>
Deferred income tax asset before valuation allowance	<b>24 730</b>	<b>-</b>
Less: valuation allowance	<b>24 730</b>	<b>-</b>
Deferred income tax asset	<b>-</b>	<b>-</b>

**14 Income tax (Continued)**

	2022 m.	2021 m.
<b>Deferred tax liability</b>		
Deferred tax liability	-	-
	-	-
Deferred tax, net value	-	-

Deferred tax assets were accounted for using the 15% rate. Deferred income tax assets are realized when the company expects to generate future profits. As at 31 December 2022, no deferred income tax asset is recognized as the Company's management does not have sufficient evidence that taxable profits will be generated to allow the realization of these temporary differences.

**15 Liquidity risk**

As at 31 December 2022 the Company's liabilities exceed the Company's assets by EUR 519 341. At the end of the reporting period, the Company suffered a loss of EUR 521 841 and had a negative equity of EUR 519 341, with current liabilities exceeding current assets by EUR 7 826.

Due to the extended timeline involved in the development and construction of renewable energy projects, it takes several years before these parks begin generating revenue from their primary operations. As a result, the Company's management anticipates potential short-term liquidity challenges during the project development phase.

Liquidity risk is managed by planning the movement of the Company's cash flows. To reduce liquidity risks, cash flow forecasts are made. Short-term financing through shareholders' capital and the issuance of bonds will be used to manage short-term cash flow (inflows and payments) mismatches if necessary. The company will continue to strive to implement the Company's strategy by acquiring another company and developing wind and solar farm projects in Lithuania.

According to the Law on Companies of the Republic of Lithuania, a Company's equity capital may not be less than 1/2 of its share capital, as specified in its articles of association. The Company did not meet the minimum capital requirement. Subsequent to the date of these financial statements, it is planned to capitalize part of the loans received from related parties in order to bring the Company's equity capital in line with the above requirement. The financial statements of the Company have been prepared based on the principle of business continuity, as the Company's parent company will provide financial support to the Company, to the extent economically reasonable, for at least twelve months from the date of approval of the financial statements.

**16 Contingent assets and liabilities**

The Company has entered into a contract for the acquisition of shares in the company developing wind and solar projects. The transaction is carried out in two stages. Upon full and proper fulfillment of the prerequisites of stage 1 or in writing by the Company refusing to execute them, the Company pays the second part of the price and acquires ownership of the shares. Upon full and proper fulfillment of the prerequisites of the 2nd stage or if the Company refuses their execution, the third part of the price is paid. The purchase price of the shares will depend on the number of MWs of total power installed by the Wind and Solar Farms allowed to be built by the Company. Contingent assets and liabilities are due to uncertainties related to the moment and price of the transfer of shares. As at 31 December 2022, according to the transaction, the shares had not yet been purchased, but the first part of the price and the advance payment (totaling EUR 1 850 000) were paid. Under the contract, the following obligations to pay arise after the fulfillment of the first and second stages, the value of the obligations is fixed in the contract for the purchase and sale of shares.

**17 Subsequent events**

On 16 January 2023, VĮ Registrų Centras registered new articles of association of the Company.

On 25 January 2023, the General Manager of the Company has changed.

On 7 March 2023, the Company has issued two new bond issues of EUR 10 000 each in accordance with the agreements of 27 October 2022 with Shareholder 1 and Shareholder 2.

Financial statements signed with an electronic signature:

General Manager \_\_\_\_\_

Grėtė Bukauskaitė \_\_\_\_\_

Representative of a company providing accounting services \_\_\_\_\_

Virginija Skirmantė \_\_\_\_\_