



"KPMG Baltics", UAB  
Lvivo str. 101  
LT 08104 Vilnius  
Lithuania

+370 5 2102600  
vilnius@kpmg.lt  
home.kpmg/lt

# Independent Auditor's Report

To the Shareholders of UAB Orkela

## Report on the Audit of the Financial Statements

### ■ Opinion

We have audited the financial statements of UAB Orkela ("the Company") contained in the file uaborkela-2022-12-31-lt.xhtml (ParsePort generated hashcode: DPMQWnEJQOGBT8o=). The financial statements comprise:

- the balance sheet as at 31 December 2022,
- the income statement for the year then ended,
- the statement of changes in equity for the year then ended,
- the statement of cash flows for the year then ended, and
- the notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Lithuanian Financial Reporting Standards.

### ■ Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ■ Material Uncertainty Related to Going Concern

We draw attention to Note 3.15 which describes that the Company's shareholders equity as at 31 December 2022 is negative and does not meet the requirement set out in the Law on Companies of the Republic of Lithuania. In such situation, in accordance with the Law on Companies of the Republic of Lithuania, the general meeting of the shareholders must be convened to decide on the measures to be taken in accordance with the requirements of the legislation in force. These issues, along with others included in Note 3.15, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



## ■ Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Each audit matter and our respective response are described below.

### Valuation of investment property

See Note 2.1 for accounting policy of investment property and Note 3.1 to the financial statements for financial disclosures.

#### The key audit matter

One of the main items of the Company's assets is the value of investment property (EUR 2,523 thousand) and construction in progress (EUR 16,560 thousand). Investment property is being developed and is carried at cost less any impairment losses. Upon completion of investment property, Company will use fair value method to account investment property. Value of investment property is accounted determined by external appraisers engaged by the Company; the fair value is generally determined under the discounted cash flow method.

The application of the above-mentioned valuation techniques requires a significant degree of judgement, including, but not limited to, in respect of discount rates and assumptions on future cash flows, terminal growth rate.

Due to the magnitude of the amounts involved and significance of judgments underlying the valuation of investment property we have identified this area as a key audit matter.

#### How the matter was addressed in our audit

Our audit procedures included, among others:

- Obtaining understanding of the Company's fair value valuation process of investment property and testing the design and implementation of the selected key internal controls;
- Assessing the experience, professional qualifications and objectivity of the external appraisers engaged by the Company;
- Assisted by our own valuation specialist:
  - o assessing the appropriateness of the valuation methods and models applied by external appraisers by comparing them to the methodologies commonly used in valuations of similar assets as well as against the requirements of the relevant financial reporting standards;
  - o challenging the key assumptions used in the valuation models applied by the external appraisers by comparing the key inputs, such as location, size, rent fees used in the discounted cash flow calculations, to our understanding of the SPVs' current operations and external market data and our knowledge of the industry;
  - o comparing the forecasted growth rates, discount rate and the exit yield used in the above valuations to current external market data and performing a retrospective review of budgeting accuracy in prior years;
  - o evaluating the mathematical accuracy and integrity of the discounted cash flow models used in the valuation of assets;
- Evaluating the completeness of the financial statements disclosures relating to the valuation of the fair value of investment property.



## ■ Other Information

The other information comprises the information included in the Company's annual management report, including Corporate Governance Statement, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition, our responsibility is to consider whether information included in the Company's annual management report, including Corporate Governance Statement, for the financial year for which the financial statements are prepared is consistent with the financial statements and whether annual management report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of financial statements, in our opinion, in all material respects:

- The information given in the Company's annual management report, including Corporate Governance Statement, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Company's annual management report, including Corporate Governance Statement, has been prepared in accordance with the requirements of the Law on Financial Reporting by Undertakings of the Republic of Lithuania.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



## ■ Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## ■ Report on Other Legal and Regulatory Requirements

Under decision of the general shareholders' meeting we were appointed in 2016 for the first time to audit the Company's financial statements. Our appointment to audit the Company's financial statements is renewed every three years under decision of the general shareholders' meeting, and the total uninterrupted period of engagement is 7 years.

We confirm that our audit opinion expressed in the Opinion section of our report is consistent with the additional report which we have submitted to the Company and its Audit Committee.

We confirm that in light of our knowledge and belief, services provided to the Company are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

In the course of audit, we have not provided any other services except for audit of financial statements.

## ■ Report on the compliance of format of the financial statements with the requirements for European Single Electronic Reporting Format

The Company's management has applied European Single Electronic Format for the Company's financial statements in order to implement the requirement of Article No. 3 of the Commission Delegated Regulation (EU) 2019/815 that amends European Parliament and Commission Directive 2004/109 / EC with regulatory technical standards establishing a single format for electronic reporting (hereinafter "the ESEF Regulation"). These requirements specify the Company's obligation to prepare its financial statements in a XHTML format. We confirm that the European single electronic reporting format of the financial statements for the year ended 31 December 2022 complies with the ESEF Regulation in this respect.

The engagement partner on the audit resulting in this independent auditor's report is Ieva Voverienė.

On behalf of KPMG Baltics, UAB

Ieva Voverienė  
Certified Auditor

Vilnius, the Republic of Lithuania  
28 April 2023