



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 988 691 771  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: BALTIC SEA PROPERTIES AS  
Forretningsadresse: Apotekergata 10B  
0180 OSLO

### Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

### Konsern

Mørselskap i konsern: Ja  
Konsernregnskap lagt ved: Ja

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler  
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Ernst & Young AS  
Dato for fastsettelse av årsregnskapet: 18.04.2023

### Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert  
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 11.06.2024



## Resultatregnskap

Beløp i: NOK	Note	2022	2021
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Other operating income	14	4 707 374	2 792 610
<b>Sum inntekter</b>		<b>4 707 374</b>	<b>2 792 610</b>
<b>Kostnader</b>			
Wages and social costs	3	4 565 285	4 261 996
Depreciations on fixed assets	4	54 820	15 776
Other operating expenses	3, 10	2 726 292	2 263 613
<b>Sum kostnader</b>		<b>7 346 397</b>	<b>6 541 385</b>
<b>Driftsresultat</b>		<b>-2 639 023</b>	<b>-3 748 775</b>
<b>Finansinntekter og finanskostnader</b>			
Dividends received from subsidiaries	2	0	7 985 567
Profit from sale of shares		0	8 182 408
Renteinntekt fra foretak i samme konsern	2	4 208 469	4 332 536
Annen renteinntekt		161 598	294
Currency gain	13	9 723 510	0
Reversal of impairment of non-current financial assets	2		649 114
<b>Sum finansinntekter</b>		<b>14 093 577</b>	<b>21 149 919</b>
Impairment of non-current financial assets	2	0	0
Rentekostnad til foretak i samme konsern	2	619 061	857 927
Annen rentekostnad	9	2 519 826	2 809 049
Other financial expenses	9, 13	1 390 550	183 750
Currency loss	13	0	3 334 550
<b>Sum finanskostnader</b>		<b>4 529 437</b>	<b>7 185 276</b>
<b>Netto finans</b>		<b>9 564 140</b>	<b>13 964 643</b>
<b>Ordinært resultat før skattekostnad</b>		<b>6 925 117</b>	<b>10 215 868</b>
Corporate income tax	5	0	0
Change in deferred tax	5	0	0
<b>Ordinært resultat etter skattekostnad</b>		<b>6 925 117</b>	<b>10 215 868</b>



## Resultatregnskap

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
Årsresultat		6 925 117	10 215 868
<b>Overføringer og disponeringer</b>			
Tilleggsutbytte	6	10 032 348	9 981 311
Transferred to/from retained earnings	6	-3 107 229	234 556
<b>Sum overføringer og disponeringer</b>		<b>6 925 119</b>	<b>10 215 867</b>



## Balanse

Beløp i: NOK	Note	2022	2021
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Other fixed assets	4	840 587	13 715
<b>Sum varige driftsmidler</b>		<b>840 587</b>	<b>13 715</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	2	12 723 177	2 168 377
Lån til foretak i samme konsern	2	140 069 000	210 203 060
<b>Sum finansielle anleggsmidler</b>		<b>152 792 177</b>	<b>212 371 437</b>
<b>Sum anleggsmidler</b>		<b>153 632 764</b>	<b>212 385 152</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Trade receivables		724 801	141 529
Other accounts receivable	15	0	82 100
<b>Sum fordringer</b>		<b>724 801</b>	<b>223 629</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents	8	15 626 155	3 571 098
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>15 626 155</b>	<b>3 571 098</b>
<b>Sum omløpsmidler</b>		<b>16 350 956</b>	<b>3 794 727</b>
<b>SUM EIENDELER</b>		<b>169 983 720</b>	<b>216 179 879</b>

## BALANSE - EGENKAPITAL OG GJELD

### Egenkapital

#### Innskutt egenkapital



### Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
Share capital	6, 7	668 823	668 823
Beholdning av egne aksjer	6	-1 040	-1 500
Overkurs	6	118 788 021	118 788 021
<b>Sum innskutt egenkapital</b>		<b>119 455 804</b>	<b>119 455 344</b>
<b>Opptjent egenkapital</b>			
Retained earnings	6	27 687 991	30 565 431
<b>Sum opptjent egenkapital</b>		<b>27 687 991</b>	<b>30 565 431</b>
<b>Sum egenkapital</b>		<b>147 143 795</b>	<b>150 020 775</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Langsiktig konserngjeld	2	116 152	50 466 154
Other non-current liabilities	9	21 715 333	0
<b>Sum annen langsiktig gjeld</b>		<b>21 831 485</b>	<b>50 466 154</b>
<b>Sum langsiktig gjeld</b>		<b>21 831 485</b>	<b>50 466 154</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		191 432	231 181
Payable dues and other taxes		202 532	181 952
Kortsiktig konserngjeld	2	7 177	0
Other current liabilities	9, 16	607 298	15 279 817
<b>Sum kortsiktig gjeld</b>		<b>1 008 439</b>	<b>15 692 950</b>
<b>Sum gjeld</b>		<b>22 839 924</b>	<b>66 159 104</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>169 983 719</b>	<b>216 179 879</b>



### Konsernets resultatregnskap

Beløp i: NOK	Note	2022	2021
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Rental income	6	69 521 000	63 803 000
Gain from sale of fixed assets	13	0	6 596 000
Change in fair value of investment properties	13	17 252 000	56 314 000
Other income	6	1 138 000	2 016 000
<b>Sum inntekter</b>		<b>87 911 000</b>	<b>128 729 000</b>
<b>Kostnader</b>			
Payroll and related costs	8	13 056 000	12 262 000
Depreciation, amortisation and impairment	14	219 000	306 000
Other operating expenses	7, 9	11 789 000	8 834 000
<b>Sum kostnader</b>		<b>25 064 000</b>	<b>21 402 000</b>
<b>Driftsresultat</b>		<b>62 847 000</b>	<b>107 327 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt	10	162 000	1 000
Other financial income	10	294 000	0
Net currency exchange differences	10	981 000	824 000
Change in fair value of financial instruments	10, 24	10 295 000	3 832 000
<b>Sum finansinntekter</b>		<b>11 732 000</b>	<b>4 657 000</b>
Annen rentekostnad	10	17 644 000	15 764 000
Other financial expenses	10	743 000	2 339 000
<b>Sum finanskostnader</b>		<b>18 387 000</b>	<b>18 103 000</b>
<b>Netto finans</b>		<b>-6 655 000</b>	<b>-13 446 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>56 192 000</b>	<b>93 881 000</b>
Income tax expense	11	1 181 000	616 000
Change in deferred tax liability/asset	11	8 032 000	11 366 000
<b>Ordinært resultat etter skattekostnad</b>		<b>46 979 000</b>	<b>81 899 000</b>
<b>Årsresultat</b>		<b>46 979 000</b>	<b>81 899 000</b>



## Konsernets resultatregnskap

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
Other comprehensive income not to be reclassified to profit and loss: Foreign currency translation d		21 020 000	-33 297 000
Sum resultatkomponenter for IFRS-foretak		21 020 000	-33 297 000
<b>Totalresultat</b>		<b>67 999 000</b>	<b>48 602 000</b>



### Konsernets balanse

Beløp i: NOK	Note	2022	2021
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Investment property	13	1 040 278 000	773 053 000
Right-of-use assets	18	231 000	345 000
Other operating assets	14	1 727 000	823 000
<b>Sum varige driftsmidler</b>		<b>1 042 236 000</b>	<b>774 221 000</b>
<b>Finansielle anleggsmidler</b>			
Financial derivatives, non-current	17	6 581 000	72 000
Long-term receivables	16, 17	134 000	14 000
<b>Sum finansielle anleggsmidler</b>		<b>6 715 000</b>	<b>86 000</b>
<b>Sum anleggsmidler</b>		<b>1 048 951 000</b>	<b>774 307 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Trade receivables	17	4 071 000	2 021 000
Other receivables and other current assets	19	3 726 000	1 787 000
<b>Sum fordringer</b>		<b>7 797 000</b>	<b>3 808 000</b>
<b>Investeringer</b>			
Financial derivatives, current	15	0	0
<b>Sum investeringer</b>		<b>0</b>	<b>0</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents	17, 20	44 083 000	52 791 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>44 083 000</b>	<b>52 791 000</b>
<b>Sum omløpsmidler</b>		<b>51 880 000</b>	<b>56 599 000</b>
<b>SUM EIENDELER</b>		<b>1 100 831 000</b>	<b>830 906 000</b>



### Konsernets balanse

Beløp i: NOK	Note	2022	2021
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share capital	21, 30	669 000	669 000
Beholdning av egne aksjer	30	-1 000	-1 000
Overkurs	30	118 788 000	118 788 000
<b>Sum innskutt egenkapital</b>		<b>119 456 000</b>	<b>119 456 000</b>
<b>Opptjent egenkapital</b>			
Retained earnings	30	286 226 000	228 029 000
<b>Sum opptjent egenkapital</b>		<b>286 226 000</b>	<b>228 029 000</b>
<b>Sum egenkapital</b>		<b>405 682 000</b>	<b>347 485 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt	11	42 772 000	33 865 000
Other non-current provisions		134 000	
<b>Sum avsetninger for forpliktelser</b>		<b>42 906 000</b>	<b>33 865 000</b>
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	22, 23	541 659 000	369 599 000
Lease liabilities, non-current	18	23 919 000	21 225 000
Financial derivatives, non-current	17, 24	0	3 970 000
<b>Sum annen langsiktig gjeld</b>		<b>565 578 000</b>	<b>394 794 000</b>
<b>Sum langsiktig gjeld</b>		<b>608 484 000</b>	<b>428 659 000</b>
<b>Kortsiktig gjeld</b>			
Interest-bearing liabilities, current	22, 23	60 150 000	35 560 000
Leverandørgjeld	17	8 149 000	4 251 000
Income tax payable	11	2 132 000	3 065 000
Lease liabilities, current	18	220 000	263 000
Other current liabilities	17, 28	16 014 000	11 622 000
<b>Sum kortsiktig gjeld</b>		<b>86 665 000</b>	<b>54 761 000</b>



## Konsernets balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
Sum gjeld		695 149 000	483 420 000
<b>SUM EGENKAPITAL OG GJELD</b>		<b>1 100 831 000</b>	<b>830 905 000</b>



## Brønnøysundregistrene

### ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer: 2023 422191

#### Enheten

Organisasjonsnummer: 988 691 771  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: BALTIC SEA PROPERTIES AS  
Forretningsadresse: Apotekergata 10B  
0180 OSLO

#### Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

#### Konsern

Morselskap i konsern: Ja  
Konsernregnskap lagt ved: Ja

#### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av  
årsregnskapet til selskapet: Regnskapslovens alminnelige regler  
Benyttet ved utarbeidelsen av  
årsregnskapet til konsernet: IFRS

#### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Ernst & Young AS  
Dato for fastsettelse av årsregnskapet: 18.04.2023

#### Grunnlag for avgivelse

År 2022: Årsregnskap er elektronisk innlevert.  
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022.

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 05.06.2023



Organisasjonsnr: 988 691 771  
BALTIC SEA PROPERTIES AS

## RESULTATREGNSKAP

Beløp i: NOK	Note	2022	2021
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Other operating income	14	4 707 374	2 792 610
<b>Sum inntekter</b>		<b>4 707 374</b>	<b>2 792 610</b>
<b>Kostnader</b>			
Wages and social costs	3	4 565 285	4 261 996
Depreciations on fixed assets	4	54 820	15 776
Other operating expenses	3, 10	2 726 292	2 263 613
<b>Sum kostnader</b>		<b>7 346 397</b>	<b>6 541 385</b>
<b>Driftsresultat</b>		<b>-2 639 023</b>	<b>-3 748 775</b>
<b>Finansinntekter og finanskostnader</b>			
Dividends received from subsidiaries	2	0	7 985 567
Profit from sale of shares		0	8 182 408
Renteinntekt fra foretak i samme konsern	2	4 208 469	4 332 536
Annen renteinntekt		161 598	294
Currency gain	13	9 723 510	0
Reversal of impairment of non-current financial assets	2		649 114
<b>Sum finansinntekter</b>		<b>14 093 577</b>	<b>21 149 919</b>
Impairment of non-current financial assets	2	0	0
Rentekostnad til foretak i samme konsern	2	619 061	857 927
Annen rentekostnad	9	2 519 826	2 809 049
Other financial expenses	9, 13	1 390 550	183 750
Currency loss	13	0	3 334 550
<b>Sum finanskostnader</b>		<b>4 529 437</b>	<b>7 185 276</b>
<b>Netto finans</b>		<b>9 564 140</b>	<b>13 964 643</b>
<b>Ordinært resultat før skattekostnad</b>			
Corporate income tax	5	0	0
Change in deferred tax	5	0	0
<b>Ordinært resultat etter skattekostnad</b>		<b>6 925 117</b>	<b>10 215 868</b>
<b>Årsresultat</b>		<b>6 925 117</b>	<b>10 215 868</b>
<b>Overføringer og disponeringer</b>			



Tilleggsutbytte	6	10 032 348	9 981 311
Transferred to/from retained earnings	6	-3 107 229	234 556
<b>Sum overføringer og disponeringer</b>		<b>6 925 119</b>	<b>10 215 867</b>



Organisasjonsnr: 988 691 771  
BALTIC SEA PROPERTIES AS

## BALANSE

Beløp i: NOK Note 2022 2021

### BALANSE - EIENDELER

#### Anleggsmidler Immaterielle eiendeler

#### Varige driftsmidler

Other fixed assets	4	840 587	13 715
Sum varige driftsmidler		840 587	13 715

#### Finansielle anleggsmidler

Investering i datterselskap	2	12 723 177	2 168 377
Lån til foretak i samme konsern	2	140 069 000	210 203 060
Sum finansielle anleggsmidler		152 792 177	212 371 437

Sum anleggsmidler		153 632 764	212 385 152
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#### Omløpsmidler

#### Varer

#### Fordringer

Trade receivables		724 801	141 529
Other accounts receivable	15	0	82 100
Sum fordringer		724 801	223 629

#### Bankinnskudd, kontanter og lignende

Cash and cash equivalents	8	15 626 155	3 571 098
Sum bankinnskudd, kontanter og lignende		15 626 155	3 571 098

Sum omløpsmidler		16 350 956	3 794 727
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SUM EIENDELER		169 983 720	216 179 879
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### BALANSE - EGENKAPITAL OG GJELD

#### Egenkapital

#### Innskutt egenkapital

Share capital	6, 7	668 823	668 823
Beholdning av egne aksjer	6	-1 040	-1 500
Overkurs	6	118 788 021	118 788 021
Sum innskutt egenkapital		119 455 804	119 455 344

#### Opptjent egenkapital

Retained earnings	6	27 687 991	30 565 431
Sum opptjent egenkapital		27 687 991	30 565 431



<b>Sum egenkapital</b>		<b>147 143 795</b>	<b>150 020 775</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Langsiktig konserngjeld	2	116 152	50 466 154
Other non-current liabilities	9	21 715 333	0
<b>Sum annen langsiktig gjeld</b>		<b>21 831 485</b>	<b>50 466 154</b>
<b>Sum langsiktig gjeld</b>		<b>21 831 485</b>	<b>50 466 154</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		191 432	231 181
Payable dues and other taxes		202 532	181 952
Kortsiktig konserngjeld	2	7 177	0
Other current liabilities	9, 16	607 298	15 279 817
<b>Sum kortsiktig gjeld</b>		<b>1 008 439</b>	<b>15 692 950</b>
<b>Sum gjeld</b>		<b>22 839 924</b>	<b>66 159 104</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>169 983 719</b>	<b>216 179 879</b>



Organisasjonsnr: 988 691 771  
BALTIC SEA PROPERTIES AS

## KONSERNRESULTATREGNSKAP

Beløp i: NOK	Note	2022	2021
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Rental income	6	69 521 000	63 803 000
Gain from sale of fixed assets	13	0	6 596 000
Change in fair value of investment properties	13	17 252 000	56 314 000
Other income	6	1 138 000	2 016 000
<b>Sum inntekter</b>		<b>87 911 000</b>	<b>128 729 000</b>
<b>Kostnader</b>			
Payroll and related costs	8	13 056 000	12 262 000
Depreciation, amortisation and impairment	14	219 000	306 000
Other operating expenses	7, 9	11 789 000	8 834 000
<b>Sum kostnader</b>		<b>25 064 000</b>	<b>21 402 000</b>
<b>Driftsresultat</b>		<b>62 847 000</b>	<b>107 327 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt	10	162 000	1 000
Other financial income	10	294 000	0
Net currency exchange differences	10	981 000	824 000
Change in fair value of financial instruments	10, 24	10 295 000	3 832 000
<b>Sum finansinntekter</b>		<b>11 732 000</b>	<b>4 657 000</b>
Annen rentekostnad	10	17 644 000	15 764 000
Other financial expenses	10	743 000	2 339 000
<b>Sum finanskostnader</b>		<b>18 387 000</b>	<b>18 103 000</b>
<b>Netto finans</b>		<b>-6 655 000</b>	<b>-13 446 000</b>
<b>Ordinært resultat før skattekostnad</b>			
Income tax expense	11	1 181 000	616 000
Change in deferred tax liability/asset	11	8 032 000	11 366 000
<b>Ordinært resultat etter skattekostnad</b>		<b>46 979 000</b>	<b>81 899 000</b>
<b>Årsresultat</b>		<b>46 979 000</b>	<b>81 899 000</b>
Other comprehensive income not to be reclassified to profit and loss: Foreign currency translation d		21 020 000	-33 297 000



Sum resultatkomponenter for IFRS-foretak	21 020 000	-33 297 000
<b>Totalresultat</b>	<b>67 999 000</b>	<b>48 602 000</b>



Organisasjonsnr: 988 691 771  
BALTIC SEA PROPERTIES AS

## KONSERNBALANSE

Beløp i: NOK	Note	2022	2021
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Investment property	13	1 040 278 000	773 053 000
Right-of-use assets	18	231 000	345 000
Other operating assets	14	1 727 000	823 000
<b>Sum varige driftsmidler</b>		<b>1 042 236 000</b>	<b>774 221 000</b>
<b>Finansielle anleggsmidler</b>			
Financial derivatives, non-current	17	6 581 000	72 000
Long-term receivables	16, 17	134 000	14 000
<b>Sum finansielle anleggsmidler</b>		<b>6 715 000</b>	<b>86 000</b>
<b>Sum anleggsmidler</b>		<b>1 048 951 000</b>	<b>774 307 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Trade receivables	17	4 071 000	2 021 000
Other receivables and other current assets	19	3 726 000	1 787 000
<b>Sum fordringer</b>		<b>7 797 000</b>	<b>3 808 000</b>
<b>Investeringer</b>			
Financial derivatives, current	15	0	0
<b>Sum investeringer</b>		<b>0</b>	<b>0</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents	17, 20	44 083 000	52 791 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>44 083 000</b>	<b>52 791 000</b>
<b>Sum omløpsmidler</b>		<b>51 880 000</b>	<b>56 599 000</b>
<b>SUM EIENDELER</b>		<b>1 100 831 000</b>	<b>830 906 000</b>

## BALANSE - EGENKAPITAL OG GJELD

**Egenkapital**  
**Innskutt egenkapital**



Share capital	21, 30	669 000	669 000
Beholdning av egne aksjer	30	-1 000	-1 000
Overkurs	30	118 788 000	118 788 000
<b>Sum innskutt egenkapital</b>		<b>119 456 000</b>	<b>119 456 000</b>
<b>Opptjent egenkapital</b>			
Retained earnings	30	286 226 000	228 029 000
<b>Sum opptjent egenkapital</b>		<b>286 226 000</b>	<b>228 029 000</b>
<b>Sum egenkapital</b>		<b>405 682 000</b>	<b>347 485 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt	11	42 772 000	33 865 000
Other non-current provisions		134 000	
<b>Sum avsetninger for forpliktelseser</b>		<b>42 906 000</b>	<b>33 865 000</b>
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	22, 23	541 659 000	369 599 000
Lease liabilities, non-current	18	23 919 000	21 225 000
Financial derivatives, non-current	17, 24	0	3 970 000
<b>Sum annen langsiktig gjeld</b>		<b>565 578 000</b>	<b>394 794 000</b>
<b>Sum langsiktig gjeld</b>		<b>608 484 000</b>	<b>428 659 000</b>
<b>Kortsiktig gjeld</b>			
Interest-bearing liabilities, current	22, 23	60 150 000	35 560 000
Leverandørgjeld	17	8 149 000	4 251 000
Income tax payable	11	2 132 000	3 065 000
Lease liabilities, current	18	220 000	263 000
Other current liabilities	17, 28	16 014 000	11 622 000
<b>Sum kortsiktig gjeld</b>		<b>86 665 000</b>	<b>54 761 000</b>
<b>Sum gjeld</b>		<b>695 149 000</b>	<b>483 420 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>1 100 831 000</b>	<b>830 905 000</b>



Organisasjonsnr: 988 691 771  
BALTIC SEA PROPERTIES AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note  
1

#### Regnskapsprinsipper

Se vedlagte årsrapport for fullstendig notesett. (Regnskapsrapporter og noter for morselskapet finnes på sidene 62-73.) Please refer to the attached annual report for complete notes. (The financial statements and notes for the parent company can be found on the pages 62-73.)

Note  
1

Note  
3

Antall årsverk i regnskapsåret  
2.00

Note  
3

#### Spesifisering av resultatregnskapet

##### Lønnskostnader

<u>Lønn</u>	<u>Årets</u>	<u>Fjorårets</u>
	3902883.00	3603435.00
<u>Folketrygdavgift</u>	<u>Årets</u>	<u>Fjorårets</u>
	566549.00	529228.00
<u>Pensjonskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	95853.00	122241.00
<u>Andre ytelser</u>	<u>Årets</u>	<u>Fjorårets</u>
	0.00	7092.00
<u>Sum lønnskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	4565285.00	4261996.00

Mer om årsverk og lønn



Se vedlagte årsrapport for fullstendig notesett. (Regnskapsrapporter og noter for morselskapet finnes på sidene 62-73.) Please refer to the attached annual report for complete notes. (The financial statements and notes for the parent company can be found on the pages 62-73.)

## Note

### Ekstraordinære inntekter og kostnader

<u>Sum</u>	<u>Beløp</u>	
<u>Balanseført verdi 31.12.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>

## Note

2

Konsern, tilknyttet selskap m.v.

Investering som regnskapsføres etter egenkapitalmetoden

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Konsern, tilknyttet selskap m.v. - fordringer og gjeld

Fordringer

<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
	140793801.00	210335653.00

<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
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Annen langsiktig gjeld

<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
	116152.00	50466154.00

<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
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Kortsiktig gjeld

<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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7177.00 0.00

Samlet beløp - felles kontrollert virksomhet      Årets      Fjorårets

## Samlet forpliktelse til fordel for foretak i samme konsern

Pantstillelse      Beløp

Garantier      Beløp

## Mer om tilknyttet selskap/datterselskap

Se vedlagte årsrapport for fullstendig notesett. (Regnskapsrapporter og noter for morselskapet finnes på sidene 62-73.) Please refer to the attached annual report for complete notes. (The financial statements and notes for the parent company can be found on the pages 62-73.)

## Note

## Virkelig verdi og resultatført verdiendr. i perioden, finansielle instrumenter

## Mer om finansielle instrumenter

Se vedlagte årsrapport for fullstendig notesett. (Regnskapsrapporter og noter for morselskapet finnes på sidene 62-73.) Please refer to the attached annual report for complete notes. (The financial statements and notes for the parent company can be found on the pages 62-73.)

## Beskrivelse av finansielle derivater

## Note

6, 7

<u>Beholdning av egne aksjer</u>	<u>Antall</u>	<u>Pålydende</u>	<u>Andel av aksjek.</u>
	10395.00	0.10	0.16%

## Erverv

## Endringer i beholdning av aksjer i løpet av regnskapsåret

## Avhendelse

## Endringer i beholdning av aksjer i løpet av regnskapsåret

<u>Antall aksjer avhendet</u>	<u>Egne aksjer</u>	<u>I morselskap</u>
	4605.00	

<u>Vederlag</u>	<u>Egne aksjer</u>	<u>I morselskap</u>
	230250.00	

<u>Andel av aksjekapital</u>	<u>Egne aksjer</u>	<u>I morselskap</u>
	0.07%	

## Samvirkeforetak

## Vedtaksbestemmelser/årsmøtevedtak/forslag til vedtak om medlemskapskonti

**Mer om aksjer**

Se vedlagte årsrapport for fullstendig notesett. (Regnskapsrapporter og noter for morselskapet finnes på sidene 62-73.) Please refer to the attached annual report for complete notes. (The financial statements and notes for the parent company can be found on the pages 62-73.)

**Note**

9, 17

**Gjeld**

**Gjeld som forfaller til betaling mer enn fem år etter regnskapsårets slutt**

**Gjeld sikret ved pant eller lignende sikkerhet i eiendeler**

**Balanseført verdi av de pantsatte eiendeler**

**Summen av garantiforpliktelser som ikke er regnskapsført**

**Garantiforpliktelser som er sikret ved pant**

Se vedlagte årsrapport for fullstendig notesett. (Regnskapsrapporter og noter for morselskapet finnes på sidene 62-73.) Please refer to the attached annual report for complete notes. (The financial statements and notes for the parent company can be found on the pages 62-73.)

**Mer om gjeld**

Se vedlagte årsrapport for fullstendig notesett. (Regnskapsrapporter og noter for morselskapet finnes på sidene 62-73.) Please refer to the attached annual report for complete notes. (The financial statements and notes for the parent company can be found on the pages 62-73.)

**Note****Lån og sikkerhetsstillelse til medlemmer**

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

**Opplysninger om:**

**Medlemmer av:**

**Mer om lån og sikkerhetsstillelse**

Se vedlagte årsrapport for fullstendig notesett. (Regnskapsrapporter og noter for morselskapet finnes på sidene 62-73.) Please refer to the attached annual report for complete notes. (The financial statements and notes for the parent company can be found on the pages 62-73.)

**Note****Noteopplysninger ut over minimumskravene for små foretak**

Se vedlagte årsrapport for fullstendig notesett. (Regnskapsrapporter og noter for morselskapet finnes på sidene 62-73.) Please refer to the attached annual report for complete notes. (The financial statements and notes for the parent company can be found on the pages 62-73.)



Organisasjonsnr: 988 691 771  
BALTIC SEA PROPERTIES AS

NOTEOPPLYSNINGER - KONSERN - alle poster oppgitt i hele tall

Note  
1

#### Regnskapsprinsipper

Se vedlagte årsrapport for fullstendig notesett. (Styrets årsberetning, konsoliderte regnskapsrapporter, kontantstrømoppstilling og noter for konsernet finnes på sidene 20-61. Uavhengig revisors beretning finnes på sidene 74-77.) Please refer to the attached annual report for complete notes. (The Board of Directors & CEO's annual report, consolidated financial statements, cash flow statement and notes for the group can be found on the pages 20-61. Independent auditor's report can be found on the pages 74-77.)

Note  
1

Note  
8

Antall årsverk i regnskapsåret  
16.00

Note  
8

#### Spesifisering av resultatregnskapet

##### Lønnskostnader

<u>Lønn</u>	<u>Årets</u>	<u>Fjorårets</u>
	11192000.00	10037000.00
<u>Folketrygdavgift</u>	<u>Årets</u>	<u>Fjorårets</u>
	574000.00	603000.00
<u>Pensjonskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	154000.00	122000.00
<u>Andre ytelser</u>	<u>Årets</u>	<u>Fjorårets</u>
	69000.00	307000.00
<u>Sum lønnskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>



11989000.00

11070000.00

## Mer om årsverk og lønn

Se vedlagte årsrapport for fullstendig notesett. (Styrets årsberetning, konsoliderte regnskapsrapporter, kontantstrømoppstilling og noter for konsernet finnes på sidene 20-61. Uavhengig revisors beretning finnes på sidene 74-77.) Please refer to the attached annual report for complete notes. (The Board of Directors & CEO's annual report, consolidated financial statements, cash flow statement and notes for the group can be found on the pages 20-61. Independent auditor's report can be found on the pages 74-77.)

## Note

### Ekstraordinære inntekter og kostnader

<u>Sum</u>	<u>Beløp</u>
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## Note

13, 14, 15

### Varige driftsmidler og immaterielle eiendeler

<u>Balanseført verdi 31.12.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
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### Anskaffelseskost - balanseførte lånekostnader, egentilvirkede anleggsmidler

Se vedlagte årsrapport for fullstendig notesett. (Styrets årsberetning, konsoliderte regnskapsrapporter, kontantstrømoppstilling og noter for konsernet finnes på sidene 20-61. Uavhengig revisors beretning finnes på sidene 74-77.) Please refer to the attached annual report for complete notes. (The Board of Directors & CEO's annual report, consolidated financial statements, cash flow statement and notes for the group can be found on the pages 20-61. Independent auditor's report can be found on the pages 74-77.)

### Goodwill spesifisert for hvert enkelt virksomhetskjøp

Se vedlagte årsrapport for fullstendig notesett. (Styrets årsberetning, konsoliderte regnskapsrapporter, kontantstrømoppstilling og noter for konsernet finnes på sidene 20-61. Uavhengig revisors beretning finnes på sidene 74-77.) Please refer to the attached annual report for complete notes. (The Board of Directors & CEO's annual report, consolidated financial statements, cash flow statement and notes for the group can be found on the pages 20-61. Independent auditor's report can be found on the pages 74-77.)

### Avskrivningsplan for goodwill som er lenger enn fem år - begrunnelse

Se vedlagte årsrapport for fullstendig notesett. (Styrets årsberetning, konsoliderte regnskapsrapporter, kontantstrømoppstilling og noter for konsernet finnes på sidene 20-61. Uavhengig revisors beretning finnes på sidene 74-77.) Please refer to the attached annual report for complete notes. (The Board of Directors & CEO's annual report, consolidated financial statements, cash flow statement and notes for the group can be found on the pages 20-61. Independent auditor's report can be found on the pages 74-77.)

### Mer om varige driftsmidler/immaterielle eiendeler

Se vedlagte årsrapport for fullstendig notesett. (Styrets årsberetning, konsoliderte regnskapsrapporter, kontantstrømoppstilling og noter for konsernet finnes på sidene 20-61. Uavhengig revisors beretning finnes på sidene 74-77.) Please refer to the attached annual report for complete notes. (The Board of Directors & CEO's annual report, consolidated



financial statements, cash flow statement and notes for the group can be found on the pages 20-61. Independent auditor's report can be found on the pages 74-77.)

## Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Konsern, tilknyttet selskap m.v. - fordringer og gjeld

### Fordringer

<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
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Samlet forpliktelse til fordel for foretak i samme konsern

<u>Pantstillelse</u>	<u>Beløp</u>
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<u>Garantier</u>	<u>Beløp</u>
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### Mer om tilknyttet selskap/datterselskap

Se vedlagte årsrapport for fullstendig notesett. (Styrets årsberetning, konsoliderte regnskapsrapporter, kontantstrømoppstilling og noter for konsernet finnes på sidene 20-61. Uavhengig revisors beretning finnes på sidene 74-77.) Please refer to the attached annual report for complete notes. (The Board of Directors & CEO's annual report, consolidated financial statements, cash flow statement and notes for the group can be found on the pages 20-61. Independent auditor's report can be found on the pages 74-77.)

### Note

16, 17

### Fordringer

Fordringer som forfaller senere enn ett år etter regnskapsårets slutt

Mer om fordringer



Se vedlagte årsrapport for fullstendig notesett. (Styrets årsberetning, konsoliderte regnskapsrapporter, kontantstrømoppstilling og noter for konsernet finnes på sidene 20-61. Uavhengig revisors beretning finnes på sidene 74-77.) Please refer to the attached annual report for complete notes. (The Board of Directors & CEO's annual report, consolidated financial statements, cash flow statement and notes for the group can be found on the pages 20-61. Independent auditor's report can be found on the pages 74-77.)

**Note**

15, 17, 24

**Virkelig verdi og resultatført verdiendr. i perioden, finansielle instrumenter****Mer om finansielle instrumenter**

Se vedlagte årsrapport for fullstendig notesett. (Styrets årsberetning, konsoliderte regnskapsrapporter, kontantstrømoppstilling og noter for konsernet finnes på sidene 20-61. Uavhengig revisors beretning finnes på sidene 74-77.) Please refer to the attached annual report for complete notes. (The Board of Directors & CEO's annual report, consolidated financial statements, cash flow statement and notes for the group can be found on the pages 20-61. Independent auditor's report can be found on the pages 74-77.)

**Beskrivelse av finansielle derivater**

Se vedlagte årsrapport for fullstendig notesett. (Styrets årsberetning, konsoliderte regnskapsrapporter, kontantstrømoppstilling og noter for konsernet finnes på sidene 20-61. Uavhengig revisors beretning finnes på sidene 74-77.) Please refer to the attached annual report for complete notes. (The Board of Directors & CEO's annual report, consolidated financial statements, cash flow statement and notes for the group can be found on the pages 20-61. Independent auditor's report can be found on the pages 74-77.)

**Note**

30

<u>Beholdning av egne aksjer</u>	<u>Antall</u>	<u>Pålydende</u>	<u>Andel av aksjek.</u>
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**Erverv****Endringer i beholdning av aksjer i løpet av regnskapsåret****Avhendelse****Endringer i beholdning av aksjer i løpet av regnskapsåret**

<u>Antall aksjer avhendet</u>	<u>Egne aksjer</u>	<u>I morselskap</u>
	4605.00	

<u>Vederlag</u>	<u>Egne aksjer</u>	<u>I morselskap</u>
	230250000.00	

<u>Andel av aksjekapital</u>	<u>Egne aksjer</u>	<u>I morselskap</u>
	0.07%	

**Samvirkeforetak****Vedtektsbestemmelser/årsmøtevedtak/forslag til vedtak om medlemskapskonti**



## **Mer om aksjer**

Se vedlagte årsrapport for fullstendig notesett. (Styrets årsberetning, konsoliderte regnskapsrapporter, kontantstrømoppstilling og noter for konsernet finnes på sidene 20-61. Uavhengig revisors beretning finnes på sidene 74-77.) Please refer to the attached annual report for complete notes. (The Board of Directors & CEO's annual report, consolidated financial statements, cash flow statement and notes for the group can be found on the pages 20-61. Independent auditor's report can be found on the pages 74-77.)

## **Note**

22, 23

## **Gjeld**

**Gjeld som forfaller til betaling mer enn fem år etter regnskapsårets slutt**

**Gjeld sikret ved pant eller lignende sikkerhet i eiendeler**

**Balanseført verdi av de pantsatte eiendeler**

**Summen av garantiforpliktelser som ikke er regnskapsført**

**Garantiforpliktelser som er sikret ved pant**

## **Mer om gjeld**

Se vedlagte årsrapport for fullstendig notesett. (Styrets årsberetning, konsoliderte regnskapsrapporter, kontantstrømoppstilling og noter for konsernet finnes på sidene 20-61. Uavhengig revisors beretning finnes på sidene 74-77.) Please refer to the attached annual report for complete notes. (The Board of Directors & CEO's annual report, consolidated financial statements, cash flow statement and notes for the group can be found on the pages 20-61. Independent auditor's report can be found on the pages 74-77.)

## **Note**

### **Lån og sikkerhetsstillelse til medlemmer**

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

**Opplysninger om:**

**Medlemmer av:**

**Mer om lån og sikkerhetsstillelse**

## **Note**

### **Noteopplysninger ut over minimumskravene for små foretak**

Se vedlagte årsrapport for fullstendig notesett. (Styrets årsberetning, konsoliderte regnskapsrapporter, kontantstrømoppstilling og noter for konsernet finnes på sidene 20-61. Uavhengig revisors beretning finnes på sidene 74-77.) Please refer to the attached annual report for complete notes. (The Board of Directors & CEO's annual report, consolidated financial statements, cash flow statement and notes for the group can be found on the pages 20-61. Independent auditor's report can be found on the pages 74-77.)



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www.ey.no  
Medlemmer av Den norske Revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Baltic Sea Properties AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Baltic Sea Properties AS (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the statement of financial position as at 31 December 2022 and the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2022, statements of profit or loss, statements of comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

#### In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

#### 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 and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

#### Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and 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 board of directors' report contains the information required by applicable legal requirements and whether the other information is materially inconsistent with the

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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 the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contain the information required by applicable legal requirements.

#### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, 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 and the Group'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 the Group, or to cease operations, or has no realistic alternative but to do so.

#### 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 and the Group'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 and the Group'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

Independent auditor's report - Baltic Sea Properties AS 2022

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working world

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors 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.

Oslo, 19 April 2023  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Trond Stian Nyteveit  
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: D:\O\A-P\IQSP-475L-F3Q\VL-0WEFG-AVEHD

Independent auditor's report - Baltic Sea Properties AS 2022

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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

### Trond Stian Nytveit

Statsautorisert revisor

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# Annual report

# 2022

Baltic Sea Properties

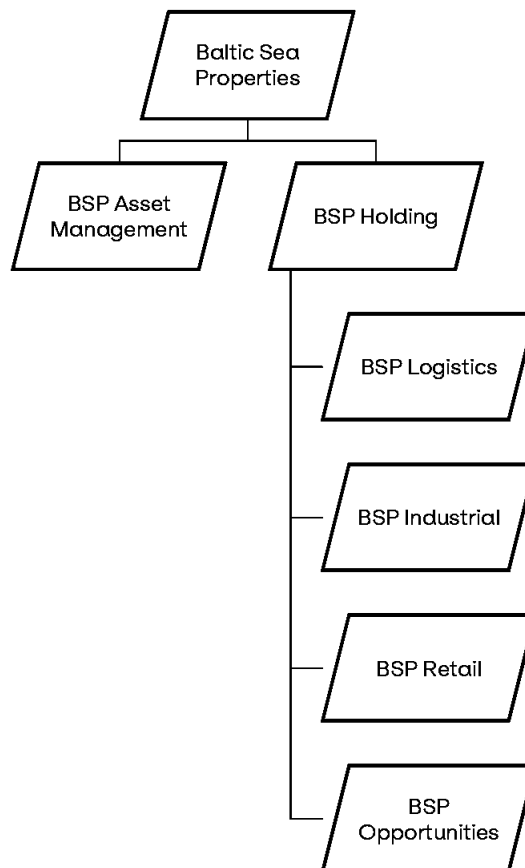


## About us

Baltic Sea Properties is a Norwegian public listed, open-ended and fully integrated investment company. The company is among the Baltics' leading real estate investors and developers – owning a diversified cash flow generating portfolio of modern real estate in the logistics, industrial and commercial segments.

Our strategy is to develop long-term relationships with strong clients and to hold high-quality assets in attractive locations. We grow our portfolio by own developments and acquisitions with the objective to maximise shareholder values and the company's dividend capacity.

The property management is conducted through fully-owned subsidiaries by a professional management team with deep knowledge of the Baltic real estate market





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### Disclaimer:

This report has been prepared by Baltic Sea Properties AS in good faith and to our best ability with the purpose to give the company's shareholders updated information about the company's operations and status. This document must not be understood as an offer or encouragement to invest in the company. Baltic Sea Properties AS further makes reservations that errors may have occurred in its calculations of key figures or in the development of the report which may contribute to an inaccurate impression of the company's status and/or operations. The report also includes descriptions and comments which are based on subjective assumptions and considerations, and thus must not be understood as a guarantee of future events or future profits.



## Our Vision

Our vision is to be the preferred real estate partner and leading investment company in the region.

We will achieve this by staying true to our mission and values.

## Our Mission

Our mission is to foster a great team, to provide high quality and sustainable solutions for our partners, thus creating superior long-term value and returns for our shareholders.

## Our Values

- **Commitment** to our people and their professional development.
- Focusing on **innovation and value creation**.
- **Respect** for our social and physical environment.
- **Accountability and fairness** with our stakeholders.
- **Reliability and integrity** in all we do





## Highlights

2022

During 2022 we successfully completed and handed over three construction projects to their respective clients, while finalising BREEM-measures at the first properties in our portfolio. Our income from property management (IFPM) in 2022 increased with 13% up to mEUR 2.93 (2.59) and our total assets increased with 32% up till mEUR 104.7 (79.0).

### Summary of key events in 2022

- In February, we agreed terms with Oribalt for a 2,800 m<sup>2</sup> expansion of their terminal along highway A1 to Vilnius. The project is scheduled for handover to the client during April 2023.
- In May, we completed the acquisition of the neighbourhood shopping centre Grandus with a total area of 12,500 m<sup>2</sup>, located in Klaipėda (Lithuania's third largest city).
- In July, we successfully re-financed most of our portfolio, with an improved amortisation schedule enabling higher free cash flow from operations. The improved cash flow gives us increased flexibility to withstand market cycles and pursue opportunities. The term of the financing was extended which also reduces the risk of re-financing during market turbulence.
- In August, we distributed a dividend of NOK 1.50 per share to the shareholders, in accordance with the AGM's decision on the 1st of June 2022.
- In September, we completed the expansion project for Delamode Logistics and successfully handed over 4 876 m<sup>2</sup> of new space to the client on schedule. This also marked the start date for a new 12.5-years lease term with Delamode for the entire terminal.
- In September, we also launched our new visual profile, including a new website on balticsea.no.
- In October, we delivered two new development projects to DPD, one of the world's largest distribution operators. An official opening ceremony was held on the for 18th of November.
- In November, the company repaid mEUR 3.0 back to our mezzanine provider, Ambolt Mezzanine Sub-Fund. The repaid capital is available for the company if needed and will serve as an unused credit facility in case the right opportunity comes.
- In December, the Delamode terminal, located along A1 Highway to Vilnius, was certified in accordance with the BREEM In-Use requirements with an asset performance of "Very Good".



DPD | Completed in October 2022



Oribalt | Expansion project completed Spring 2023

- During 2022/2023 we have worked on transitioning our financial reporting standards to IFRS. We are happy and proud to be introducing the new reporting standard in this year-end report.

### After balance closing

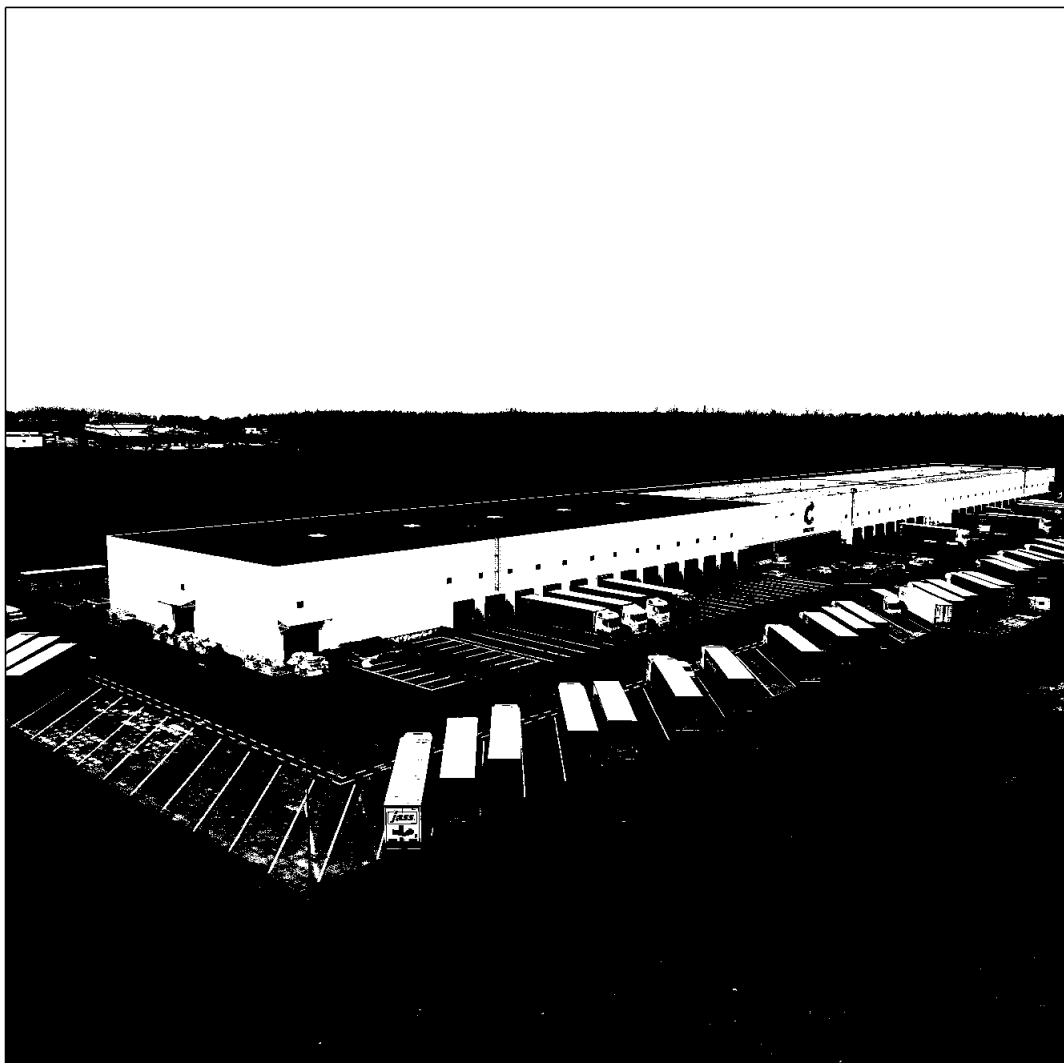
- During the first quarter of 2023 we have certified four buildings with BREEM in use ratings. Oribalt, Rhenus and Delamode logistics centers all have received a rating of "Very good" and our grocery shop leased to Maxima received a BREEM in use rating "good".
- In March, we completed our expansion project for Oribalt and successfully handed over 2 804 m<sup>2</sup> of new space to the client on schedule.

Company	2022	2021
	Jan - Dec	Jan - Dec
Rental income (mEUR)	6.88	6.28
Income From Property Management (IFPM) (mEUR)	2.93	2.59
Return on Equity incl. dividend (NAV), 12 months (YTD)	12.18%	20.79 %
Investment properties value incl. booked cost on development projects (mEUR)	96.67	75.44
Loan to Value investment portfolio (LTV) ex. mezzanine facilities & seller credit	53.92 %	51.92 %



Baltic Sea Properties AS

Annual report | 2022



Delamode | Expansion project completed Autumn 2022

Development projects 2022-2023					
Client	Ownership	Location	Completion	Leaseable area	Yield on cost
Delamode (expansion)	100%	Vilnius	Sep-22	4 876 m <sup>2</sup>	8.50 %
DPD	100%	Šiauliai	Oct-22	2 369 m <sup>2</sup>	7.50 %
DPD	100%	Telšiai	Oct-22	1 771 m <sup>2</sup>	7.50 %
Oribalt (expansion)	100%	Vilnius	Mar-23	2 804 m <sup>2</sup>	7.50 %
Sum				11 820 m <sup>2</sup>	



# Investment strategy

Investing in Baltic Sea Properties gives an investor exposure to high-yielding, quality commercial real estate assets in the Baltic region.

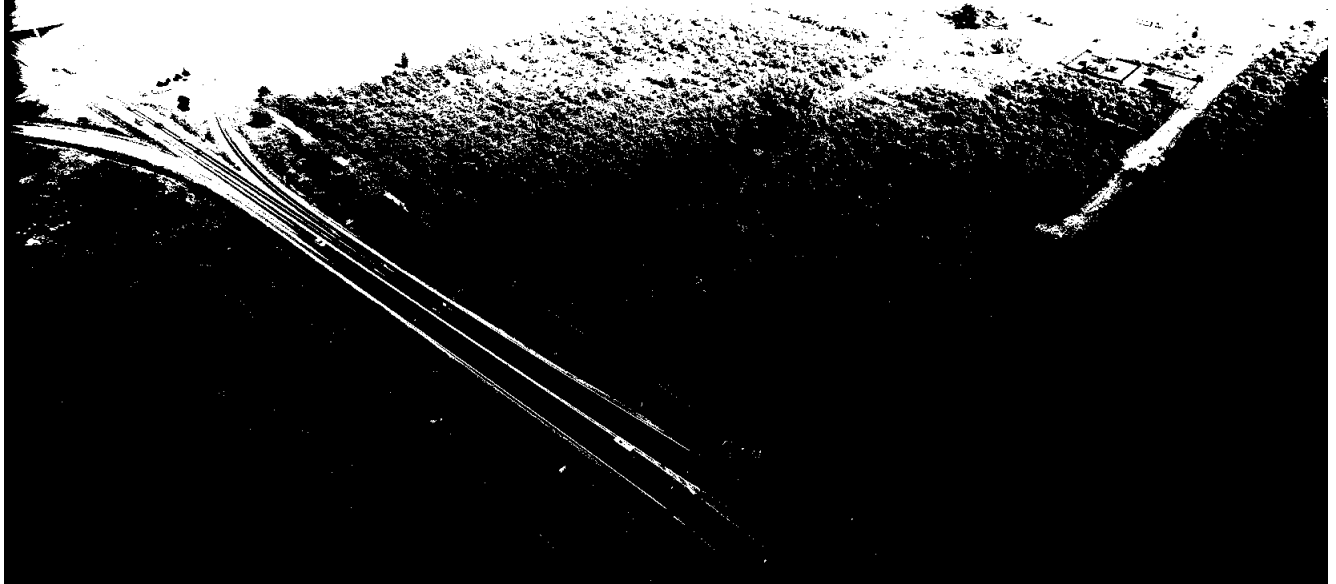
We have a clear strategy for sustainable growth, ambitions to achieve economy of scale and believe the attractive yield spread to the Nordics will still enable both high cash yield returns and value growth potential.

Our overall goals and objectives are to:

- 01 Target an average annual net IRR (internal rate of return) of 10-15 %
- 02 Continually integrate leading sustainability & ESG principles
- 03 Monitor and investigate strategic M&A opportunities
- 04 Sustain a growing, high quality and balanced investment portfolio
- 05 Continually identify, balance, mitigate and manage risks



# Our development approach





## Sustainability in development

Building for the future — a holistic approach to new developments.

We are working actively with both building- and system-optimising solutions to improve the sustainability and reduce the carbon emission footprint of our operations.

We focus on the long-term longevity of our buildings and optimising our strategic locations. That is why we always design the buildings in our new developments to be durable for the long-term, focusing on high-quality material and solutions which offer building flexibility and adaptability for business and operational changes, different clients, and lease cycles over its lifespan.

We believe transition of the sustainability and quality in the operations should be imbedded in the development of buildings, also for industrial and logistics. Hence, at an early stage in the process in our built-to-suit developments, we offer a variety of sustainability solutions to our clients, including but not limited to:

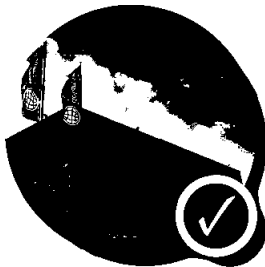
**BREEAM In-Use “Very Good” certification as a minimum**

**Efficiency-focused designs, emphasising longevity and flexibility for future adaptations**

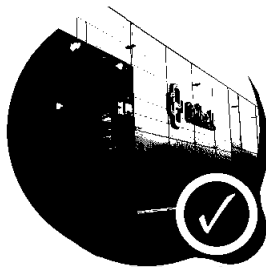
**Solar panels, geothermal heating and heat pumps**

**Waste, recycling and smart water systems**

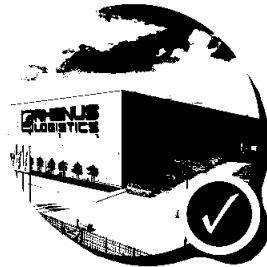
**Internal and external LED-lighting in all buildings**



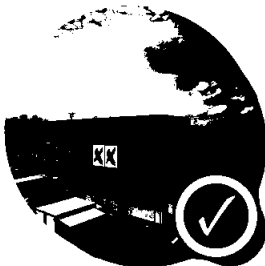
**Delamode terminal**  
BREEAM In-Use: "Very good"



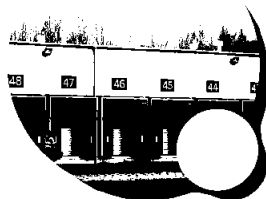
**Oribalt terminal**  
BREEAM In-Use: "Very good"



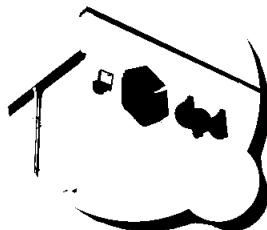
**Rhenus terminal**  
BREEAM In-Use: "Very good"



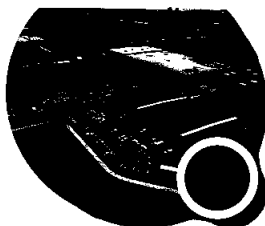
**Maxima retail stores**  
BREEAM In-Use: "Good"



**DPD - Šiauliai**  
Status: Ongoing



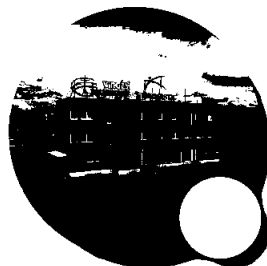
**DPD - Telšiai**  
Status: Ongoing



**Klaipėda Business Park**  
Status: Planning



**Grandus Shopping Centre**



**Vingės terminal**



**Girteka terminal**

# BREEAM®

BREEAM is an environmental assessment and rating system that measures a building's sustainability performance across categories like energy use, water consumption, materials, and waste, aiming to promote sustainable building practices and reduce environmental impact. The resulting rating indicates the building's sustainability performance and can be used to demonstrate a commitment to sustainability and improve long-term building performance.



# Financial overview

## Year-end 2022

- Key figures properties
- Key figures group
- Net Asset Value
- Financing

## Properties

### Client list

#### Contracted rent roll

Company	Segment	Client	Contractual annualised rent (EUR) <sup>1)</sup>	GLA	WAULT
BSP LP	Logistics	Girteka		17 149	3.01
BSP LP II	Logistics	Vinges		21 929	15.84
BSP LP IV	Logistics	Rhenus		18 226	12.02
BSP LP V <sup>2)</sup>	Logistics	Delamode		13 205	12.29
BSP LP VI (Oribalt stage 1)	Logistics	Oribalt		6 825	12.88
BSP LP VII <sup>3)</sup>	Logistics	DPD		1 771	14.82
BSP LP VIII <sup>3)</sup>	Logistics	DPD		2 370	19.82
Klaipeda Business Park (KVP)	Industrial	Multiple		23 990	3.66
BSP RP I	Retail	Multiple		1 337	3.01
BSP RP V	Retail	Maxima		3 021	10.06
BSP Grandus	Retail	Multiple		11 437	4.46
<b>Sum</b>			<b>7 857 808</b>	<b>121 260</b>	<b>8.8</b>

- 1) Contractual annualised rent in this table is CPI-adjusted for 2023.
- 2) The expansion project for Delamode was completed in September 2022.
- 3) The development projects for DPD were completed in October 2022.

#### Expansions and Developments

Company	Segment	Contractual annualised rent (EUR) <sup>1)</sup>	GLA (sqm)	WAULT
Under development	Logistics		2 804	12.9
<b>Total</b>			<b>2 804</b>	<b>12.9</b>
<b>Sum including expansion &amp; developments</b>		<b>8 044 049</b>	<b>124 064</b>	<b>9.1</b>

Terms/abbreviations used in the table above:

- GLA: Leasable area.
- Contractual annualised rent: Group contracted annual rent including from projects under development.

#### Portfolio based on rental income

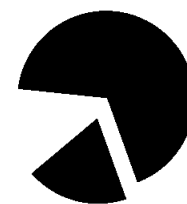


Retail ■ Logistics ■ Industrial

#### High-profile clients



#### Portfolio based on GLA



Retail ■ Logistics ■ Industrial



## Key figures group

Annual report 2022

Per share	31/12/2022	31/12/2021
Net Asset Value (NAV) in NOK	62.11	53.93
NAV in EUR	5.91	5.40
12-month return NAV incl. dividend (EUR)	12.18 %	20.79 %
Dividend distributed (NOK)	1.50	1.50
Last transaction price per date (NOK)	50.00	50.50
Number of shares issued	6 688 232	6 688 232
EURNOK rate, balance sheet date <sup>1</sup>	10.5138	9.9888
EURNOK rate, YTD average <sup>2</sup>	10.1021	10.1633

1) EURNOK rate per balance sheet date is used when converting balance sheet figures.  
2) EURNOK YTD average rate is used when converting P&L figures.

Balance sheet (TNOK)	31/12/2022	31/12/2021
Investment Properties	1 040 278	773 053
Other assets	60 554	57 853
- of which is cash	44 083	52 791
Total assets	1 100 832	830 906
Debt	652 378	449 556
Deferred tax liability	42 772	33 865
Equity as recognised in balance (IFRS)	405 682	347 485

3) IFRS Balance sheet.

Property portfolio (MNOK)	31/12/2022	31/12/2021
Fair value of portfolio	1 016	754
Value of equity based on NAV	414	360
Gross rent income per date	69.5	63.8
NOI yield (investment projects)	7.88 %	7.60 %
Dividend yield	2.6%	2.9%
Occupancy rate	99%	98%
IFPM yield (annualised)	7.78 %	7.39 %
Shortest contract length (years)	3.0 yrs	2.6 yrs
Longest contract length (years)	19.8 yrs	17.0 yrs
WAULT (years)	9.10 yrs	10.1 yrs
IBD (incl. mezzanine & seller credit)	570	406
LTV (incl. mezzanine & seller credit)	56.1%	53.9%

Profit & loss (TNOK)	31/12/2022	31/12/2021
Rental income	69 521	63 803
Property expenses ex mng	-3 014	-2 164
Net rent	66 507	61 639
Other operating income	1 138	2 016
Operating expenses	-20 049	-19 238
Net finance	-17 931	-18 103
Income from property management	29 665	26 315

Terms/abbreviations used in this report:

- NOI = Net operating income from property portfolio (incl. internal property management expenses)
- NOI yield = NOI / Market value of the investment portfolio excluding development land value (land bank).
- Net rent = Income from rental activity from property portfolio minus (-) all unrecovered property expenses (not including internal property management fees).
- IFPM (Income From Property Management) = Profit/loss before tax excluding depreciations, profit/loss/value movements on properties, realised investments, currency and other financial instruments.
- IFPM yield = Income From Property Management / Net Asset Value (NAV)
- PPFM (Profit From Property Management) = Profit/loss after tax excluding depreciations, profit/loss/value movements on properties, realised investments, currency and other financial instruments
- PPFM yield = Profit from Property Management / Net Asset Value (NAV)
- IBD = Interest-Bearing Debt – all outstanding debt to credit institutions and/or other credit facilities
- LTV = Loan to Value ratio
- EBITDA = Earnings before interest, tax, depreciation and amortisation
- WAULT = Weighted average unexpired lease term
- BREEAM = BRE Environmental Assessment Method) is an environmental assessment standard developed by the Building Research Establishment (BRE) for rating the sustainability of buildings.



## Net Asset Value (NAV)

Net Asset Value (NAV) is a measure of the fair value of the company's net assets on an on-going long-term basis, calculated as the total value of the company's assets minus the total value of its liabilities, with certain adjustments.

Public and private real estate companies and real estate funds use slightly different adjustment principles when calculating their NAV. Below is therefore an explanation of how NAV is calculated in Baltic Sea Properties.

### Assets valuation and adjustments for NAV:

- Investment (income generating) property and development land is valued and included using the most recent market value based on independent valuations (using discounted cash flow method.)
- External financial investments are valued and included at their most recently published/ recorded NAV (alternatively most recent transaction price if NAV is not available.)
- Development property, unfinished construction and other assets are valued and included at book value (cost price less depreciation)

### Liabilities adjustments for NAV:

- Financial liabilities are valued and included at book value.
- Deferred tax liabilities are valued and included at 50 % of the deferred profit tax calculated on the difference between the current property market value and tax book value. (This adjustment principle is based on market practice and a deemed fair value basis)
- Interest rate swaps are valued and included at book value.
- Other liabilities are valued and included at book value.

Net Asset Value (NAV) per share development	31/12/2022	31/12/2021	31/12/2020
NAV (NOK) - BSP method (IFRS)	62.11	53.93	48.08
Dividend (NOK)	1.50	1.50	1.00
Return inc. dividend	18.08 %	15.24 %	
NAV (EUR) - BSP method (IFRS)	5.91	5.40	4.59
Dividend (EUR)	0.15	0.15	0.10
Return inc. dividend	12.18 %	20.79 %	
Net internal rate of return (IRR) in period (end 20-22) - NOK	16.59 %		
Net internal rate of return (IRR) in period (end 20-22) - EUR	16.43 %		
Applied EURNOK conversion rate	10.5138	9.9888	10.4703

## Financing

Annual report 2022

Year	Debt maturity			Interest Swap maturity		
	EUR	Share %	Interest margin	EUR	Share %	Swap fixed rate
0-1 year						
1-3 years				22 633 828	100 %	0.60 %
4-5 years	52 126 800	90.8 %	2.1 %			
Total funding real estate portfolio <sup>1</sup>	52 126 800	90.8 %	2.1 %	22 633 828	43 %	0.60 %
Mezzanine <sup>2</sup>	2 065 412	3.6 %	9.3 %			
Seller credit <sup>3</sup>	3 211 021	5.6 %	8.0 %			
<b>Sum loan</b>	<b>57 403 233</b>	<b>100.0 %</b>	<b>2.73%</b>	<b>22 633 828</b>	<b>39.43 %</b>	<b>0.60 %</b>

<sup>1</sup> Weighted average bank interest margin is 2.14 % + 3-months EURIBOR ( per 31st of December 2022). The interest swap is against 3-months EURIBOR.

<sup>2</sup> Interest rate for the mezzanine loan is including margin. Mezzanine loan was renewed and increased to MEUR 5.0 in July 2022 and now expires in September 2024. MEUR 3.0 was repaid in November 2022 (credit facility is still available if needed).

<sup>3</sup> Interest rate for the seller credit is including margin. Interest cost all-inclusive. Seller credit is related to the transaction of Grandus SC and expires at the end of 2023.

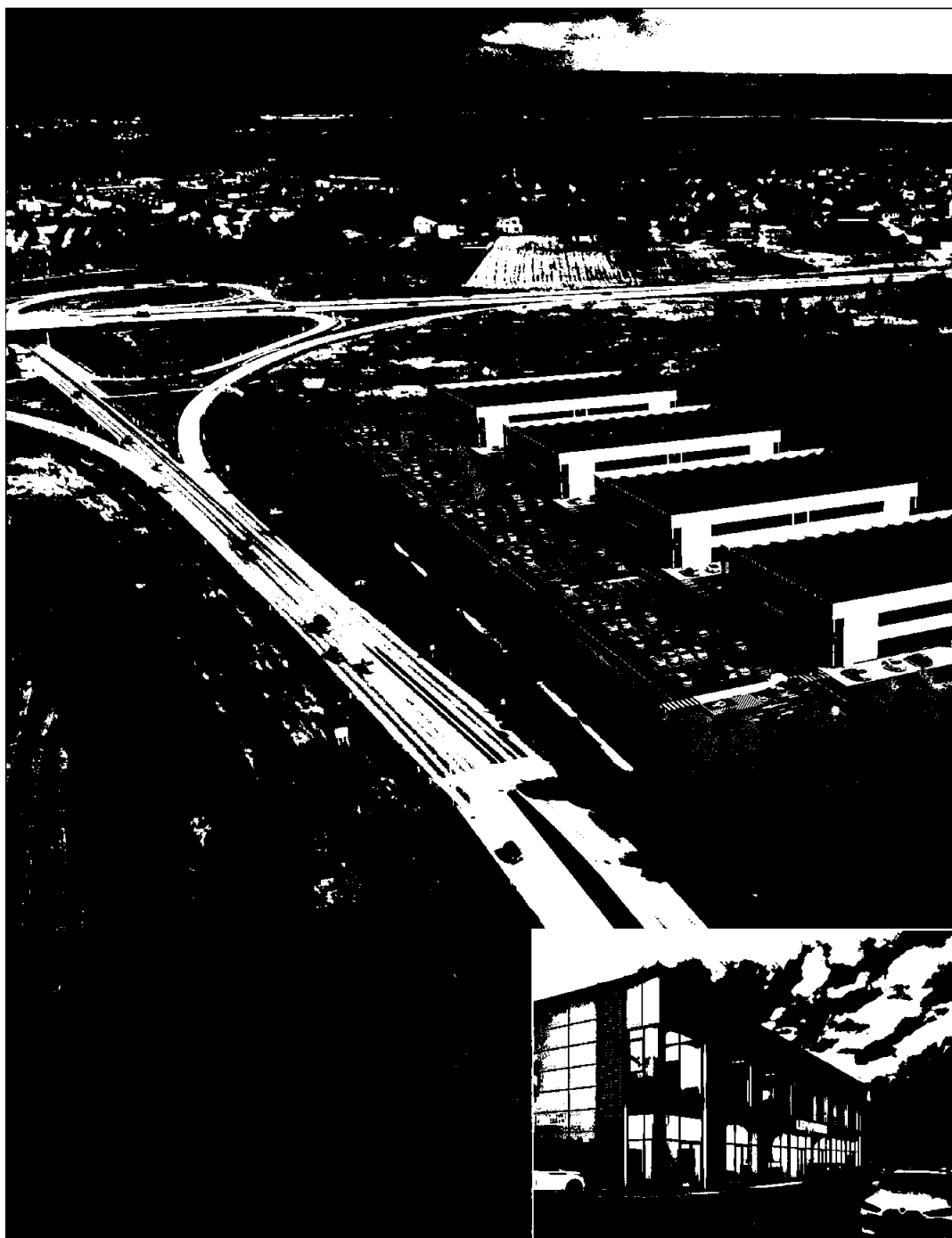
Loan financing	31/12/2022	31/12/2021
Interest-bearing debt incl. mezzanine loan and seller credit (MEUR)	57.4	40.7
LTV incl. mezzanine loan and seller credit	59.38 %	53.90 %
Interest-bearing debt excl. mezzanine loan and seller credit (MEUR)	52.1	39.2
LTV excl. mezzanine loan and seller credit	53.92 %	51.92 %
12-month running interest rate all loans (incl. margin)*	2.73 %	2.65 %
Interest rate hedging ratio	39.74 %	62%
Time until maturity interest-bearing debt (weighted)	4.4 yrs	3.9 yrs
Time until maturity interest hedging contracts (weighted)	1.3 yrs	2.2 yrs

\* Excl. 3-months EURIBOR & swap agreements

(MEUR)	31/12/2022	31/12/2021
Interest-bearing debt, total	57.40	40.67
Interest-bearing debt, bank loan	52.13	39.17
Interest-bearing debt, mezzanine	2.07	1.50
Interest-bearing debt, seller credit	3.21	-
LTV, total	59.38 %	53.90 %



Oribalt | Expansion area while under construction (completed Spring 2023)



Concept visualisation | Liepų Street, Klaipėda  
Liepų Parkas (3.6 hectare) | Retail and business park



## Market Update

Prepared by Kristina Živatkaitė and Mindaugas Kuliokas at Newsec Baltics

### Are we back to the “new normal”?

2022 was a year of slowing down before moving forward. It turned out, unexpectedly, to be a roller coaster for Lithuania and the region. While the country has not experienced such a potent combination of challenges in recent history, its economy was still able to stay in the growth zone, generating a 1.9% rise in GDP last year. With high prices and one of the highest inflation rates in Europe (HICP rose at an annual average rate of 18.9%), still-low unemployment (below 6.0%), constrained consumption, and rising interest rates, we entered a new period.

One of the economy’s most important pillars, manufacturing, is already slowing, as are the nation’s exports. Thus, growth and future prospects will depend heavily on foreign demand. In fact, the foreign investors already doing business in the country continue to make long-term plans, and news still abounds regarding projects to build factories.

Projections for 2023 vary widely. Much will depend on the extent to which the economy enters a recession, how quickly prices grow, and whether or not Ukraine is supported in its war with Russia, the aggressor. Also relevant is how domestic consumption is affected. The economy is expected to stay at its current level (with GDP growth of up to 1%) and inflation to be kept under control at 8–9%, though that will require increasing efforts. The Lithuanian government’s annual budget posted has been complimented for including programmes to promote exports and investments as well as a variety of aid to help residents and businesses manage rising energy costs.

Volume of real estate investment transactions were at the long-term average

The number of real estate investment transactions decreased in 2022 for several reasons. One is the market’s record-breaking performance in 2021, which was hard to repeat. Another is that market uncertainty increased. While local investors remained active, sellers’ and buyers’ return expectations increasingly diverged.

In the Baltic region as a whole, real estate investments exceeded EUR 840 million last year, with about EUR 365 million of those investments made in Lithuania. After a four-year break, Lithuania’s retail segment attracted the most interest, garnering total investments of about 220 million. It is extremely uncommon for a single real estate segment to accumulate that much invested capital in one year. Even in the Lithuanian office segment, which enjoys high demand, that amounted was surpassed just once in history.

After a long period of uncertainty and no clear direction looking forward, expected yields made a stronger upward move. Neither prime nor secondary segments were immune to the change in expectations. The evolution of the high-interest-rate environment will determine how long and how much yields rise, but the “new normal” may come sooner than expected.

### Population growth creates new demand for property

The growing population of the country has brought changes in many real estate segments. Vilnius city is rapidly approaching a figure of 600,000 residents thanks to internal and external migration. The residential rental market has had to accommodate the rapidly growing population, while office market demand changes have been absorbed by companies relocating their operations instead of organically investing and growing in the country. This has stimulated market activity and an increase in rental prices.

### Future possibilities and Lithuania’s breakthrough in manufacturing

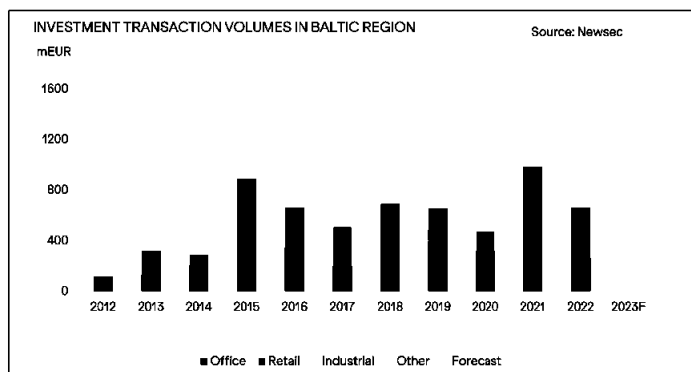
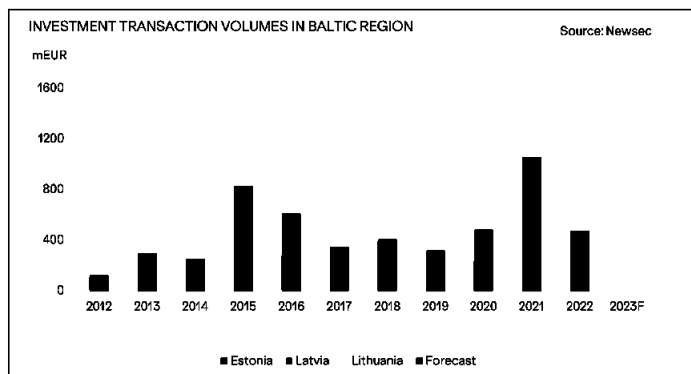
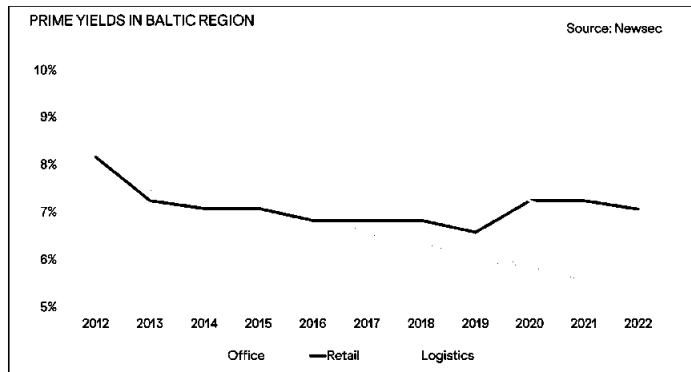
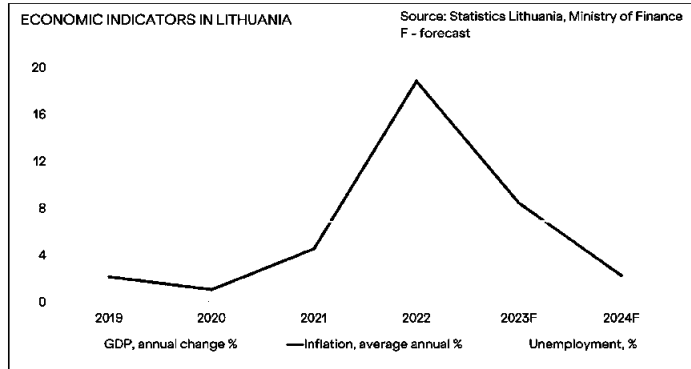
Lithuania has increased its attractiveness and become a destination for foreign investment in the manufacturing sector. The country has a strong industrial base and the government has taken steps to promote foreign investment, including by offering a range of incentives and grants. Foreign investors are also offered good access skilled labour and innovative technology. As a result, Lithuania has seen a surge in manufacturing investment in recent years. Nearly EUR 1 billion in investments has been earmarked for such projects involving the construction and expansion of at least 600,000 sqm of factory premises in 2022–2023. Both domestic and international businesses foresee opportunities to expand and pursue the development of high-value-added industry in Lithuania.

### Industrial and logistics market is set for significant warehouse projects

This segment awaits speculative development. In the current geopolitical and macroeconomic context, essentially only large developers have enough equity to assume the risk of undertaking projects speculatively. Small and medium-sized developers have projects planned but are hesitant to start them. In the warehouse market, there are two directions for development: large projects for own needs and speculative projects for those taking a broader view. Both options will successfully increase extremely high quality and often certified asset portfolios. This will ensure long-term prospects for development and strong market positions.

### Stock-office projects will boost business efficiency

A new supply of stock-office projects targets different sizes of businesses and offers new quality, consolidation opportunities, and very accessible and visible locations. Developers are confident about the planning and construction of such projects since they see further signs of increasing demand. The market will see adjustments of vacancy levels and rental rates for these projects in 2023. Smaller-scale projects are better able to adapt their delivery timelines fast and follow market trends.





The Board of Directors & CEO's

## Annual report 2022

### IFRS first-time adoption

In our 2022 annual report, we are proud to announce our first-time adoption of International Financial Reporting Standards (IFRS) for the Group's financial reporting. The transition to IFRS is a significant milestone for our company, reflecting our commitment to enhancing transparency, comparability, and credibility in our financial statements. This shift to IFRS will provide all stakeholders with a clearer and more comprehensive view of our financial performance and position. We believe that adopting IFRS will reflect and contribute to the ongoing success and growth of our company, further strengthening investor confidence and be positive in case we need to international capital markets.

### Year summary

2022 was yet another eventful year for the BSP group with strong results considering the ongoing market uncertainties. We have experienced significant growth in portfolio value, and the Group's consolidated equity under IFRS increased by 16.7 % (19.6 % including dividends) during the twelve months from year-end 2021. We have completed three development projects of new logistics terminals while also strategically diversifying our portfolio with the acquisition of the Grandus Shopping Centre in Klaipėda. Furthermore, we have taken important steps towards certifying our portfolio according to the BREEAM environmental assessment and rating system. Our first asset in this process - the Delamode terminal - achieved an In-Use rating of "Very Good" in December 2022, followed by the Oribalt and Rhenus terminals and our Maxima retail spaces in 2023. This process is ongoing. During the second half of the year, we also launched our new graphic profile, including a new website on [balticsea.no](http://balticsea.no).

All in all, we are confident in our ability to achieve our long-term goals and deliver value to our shareholders.

### Nature of business and location

Baltic Sea Properties AS (BSP) is a Norwegian public listed real estate company. The company is among the Baltics leading investor and developer owning a portfolio of logistics, industrial and commercial assets. Our goal is to be the preferred real estate partner and a leading investment company in the region. The company (ticker: BALT) has been listed on Euronext Growth Oslo (formerly "Mercur Markets") since November 2017.

The management and development of the group's properties is performed by our local team with extensive experience in the Baltic real estate market through seventeen wholly owned subsidiaries, all registered in Lithuania. In addition to refining the current portfolio, the

company continuously works to improve the portfolio with new cash flow and development projects that will increase shareholder value and strengthen the company's dividend capacity.

The group's central head office is located in Apotekergata 10, Oslo.

### The Group's Annual Financial Statements

#### Accounting Standard

The Group's consolidated annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). Please refer to the financial statements' notes 1, 2 and 30 for more detailed descriptions of the accounting principles applied under IFRS.

#### Profit & Loss

The Group's total operating income (excluding income from sale of assets and changes in asset valuations) increased through 2022 by NOK 4.8 million to NOK 70.7 million (NOK 65.8 million in 2021). Additionally, the change in fair value of investment properties for the year 2022 was MNOK 17.3.

Of the operating income, NOK 69.5 million (NOK 63.8 million) was rental income. The increase was due to a combination of assets acquired in Q2 2021, the shopping centre (Grandus) acquired in Q2 2022, income from new developments completed and CPI adjustments. The reduction in other income from NOK 2.0 million in 2021 to NOK 1.1 million in 2022 was largely because of Grandus which prior to the acquisition generated management revenue.

The Group's operating expenses increased by NOK 3.7 million in 2022 to NOK 25.1 million (NOK 21.4 million). The increase was largely due to a NOK 2.0 million provision for expected loss of deposit related to an investment, the first full year's effect of 2021's team expansion, as well as increased real estate/land taxes. (See notes 7 and 8).

The Group's net financial items for the year were a net cost of NOK 6.7 million, reduced from of NOK 13.4 million in 2021, mainly due to gains on interest hedge agreements. (Note 10).

#### Financial Position (Balance Sheet)

The Group's total assets at the end of the year 2022 were NOK 1 101 million. Of this, NOK 1 040 million were investment properties (including NOK 23.9 million in right-of-use assets). (Note 13).



The Group's equity on the balance sheet date was NOK 405.7 million.

Interest-bearing liabilities were NOK 601.8 million. (Notes 22 and 23).

#### *Real estate portfolio*

The Group made no divestments in 2022. In addition to new investments described above, an expansion of the Oribalt terminal was made and completed in March 2023.

For investment properties owned at the end of the year, the total valuation was NOK 1 016 million. Valuations as of 31.12.2022 have, as usual, been obtained from Newsec Baltics and Ober-Haus Real Estate Advisors. The market value of the group's real estate portfolio was NOK 264.4 million higher than per 31.12.2021. Of this increase, NOK 195.8 million was acquisitions and investments in development projects completed in 2022, NOK 15.3 million investments in development projects under construction at year-end and capital expenditure/maintenance of the existing portfolio, and NOK 53.3 million fair value and currency adjustments.

#### *Financing*

In July 2022, we refinanced the group loan portfolio with term May 2023. (Note 23). A drawdown of EUR 3.2 million was made at 2.25% + 3-month Euribor releasing cash for new investments. In addition, a new 25-year amortization schedule was implemented.

The mezzanine loan was renewed in July and increased to NOK 50 million (term September 2024). NOK 30 million was repaid in November 2022.

As part of the acquisition of Grandus Shopping Centre in May 2022, BSP also received a sellers' credit of EUR 4.0 million. EUR 1.0 million incl. accumulated interest was repaid on the 30th of December 2022. The term of this credit is 31.12.2023.

#### **The Parent Company's Annual Financial Statements**

##### *Accounting Standard*

The annual financial statements have been prepared in accordance with the accounting laws and follow Norwegian accounting standards and recommendations for good accounting practice, in compliance with the ongoing obligations for companies listed on Euronext Growth Oslo. (Note 1).

##### *Summary*

In 2022, the parent company had operating revenues of NOK 4.7 million, mainly consisting of management fees from its own subsidiaries. The parent company's operating expenses for the year were NOK 7.3 million, with the largest item being salary costs of NOK 4.6 million (including board fees, national insurance contributions, pension expenses).

The parent company's net financial items for the year were positive at NOK 9.6, of which interest income and currency gains on group loans contributed the most.

The book value of the parent company's assets was NOK 170.0 as of 31.12.22, of which loans to subsidiaries amounted to NOK 140.1 million. Assets also included investments in subsidiaries of NOK 12.7 million, trade receivables from subsidiaries of NOK 0.7 million, and bank deposits of NOK 15.6 million. The reduction in total assets from the prior year is explained by a restructuring of the group's internal loans which also reduced the parent company's liabilities.

The parent company's equity was reduced by NOK 2.9 million in 2022 despite the positive result after taxes of NOK 6.9 million due to dividends (NOK 10.0 million) and disposal of own shares (NOK 230 thousand).

On the liabilities side, the parent company had a reduction in debt to subsidiaries and an increase in external debt due to the renewal and increase of mezzanine financing. (Note 9).

#### **Continued Operations**

The annual financial statements have been prepared on a going concern basis. The Board's assessment is based on budgets and earnings forecasts for 2023 as well as the Group's strategy. The Group has equity of NOK 405.7 million, profit for the year of NOK 46.7 million after tax, and net cash flow from operating activities of NOK 61.8 million. All external debt was renegotiated in 2022.

The Board and management consider the assumptions for continued operations to be sound, in spite of the ongoing market turbulence in the global economy and its inflationary pressure, rising interest rates, and downward pressure on fixed asset pricing.

#### **Research and Development**

The Group was not involved in research or development activities (R&D) in 2022.

#### **Events after the balance sheet date**

In March 2023, we completed and handed over the expansion of the Oribalt terminal to the client. This asset is now 9,625 m<sup>2</sup>.

#### **Financial Risk Management**

The Group is exposed to financial risk through variations in interest rates and exchange rates. The Company is also dependent on access to financing in the banking and capital markets. The risk of losses on receivables is also closely monitored because of the market turbulence and its effect on the Baltic states and the global economy.



## *Capital Management*

Capital management focuses on the optimal balance between equity and debt in a company's capital structure. It aims to maximize shareholder value and ensure long-term financial stability by minimizing the cost of capital and maintaining an appropriate level of financial flexibility for its operations.

Currently the board has set a target on its investment and company strategy to not go over 60 % loan-to-value and maintain a minimum 12-month interest coverage liquidity buffer. At the date of this report, the loan to value ratio for the group's real estate portfolio is 53.96 % and including the group leverage positions 59.22 % (excluding cash reserves and financial derivatives). 54.2 % including cash reserves and financial derivatives). The group's total cash position was MNOK 44 per 31.12.2022, which is considered in line with the strategy on cash reserves of minimum 12-month interest coverage but also leaves room for new investments.

The Group is exposed to financial risk and has defined the following relevant risk areas:

### *Credit risk*

Credit risk is assessed at group level and is mainly linked to the risk of incurring losses as a result of tenants not paying the agreed rent. Rent payment is normally secured with a rent deposit or payment guarantees from banks or guaranteed by parent companies, usually with a high credit rating. In recent years, the group has had relatively low losses on rental claims, and the risk that the group will incur significant losses because of bankruptcies among tenants, is considered moderate. Realised losses have not increased significantly since the Covid-19 pandemic or Russia's invasion of Ukraine, and the group considers that the rental income achieved in the financial year and the development of the pandemic indicate that the paying capacity of the tenants will be maintained overall. In recent years, rental losses have accounted for less than 0.5 % of the group's rental income.

(Please refer to note 23 for maturity analysis related to the group's debt and other payables.)

### *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the financial liabilities when they are due. The liquidity risk is mitigated by having adequate cash/liquidity reserves, a moderate loan-to-value ratio and long-term loan agreements. The liquidity reserve consists of liquid current assets and unused long-term credit lines in larger financial institutions. The board has set targets for the group's liquidity reserves which will both ensure financial freedom of action to be able to exploit investment opportunities quickly, and to contribute to significantly reducing the financial risk. The liquidity risk linked to the refinancing of the group's debt is mitigated by balancing the refinancing need within the next period in relation to the group's liquidity reserve.

There are financial covenant requirements (loan conditions) in all of the group's bank loan agreements related to equity share, debt service cost coverage ratio and loan-to-value ratio. The group has fulfilled all requirements in the loan agreements in the financial year. The group has a relatively good margin in relation to the defined covenant requirements, and the risk of breach of these requirements is considered to be low for the next 12 months. The group has assessed that there is a low probability that the covid pandemic or current market turbulence will affect the group's ability to service its financial liabilities in the next 12 months.

Optimisation of the Company's short-term and long-term financing is a natural part of the Company's daily operations, and the Company makes ongoing strategic assessments in this connection, which may include the sale of assets, refinancing of existing loans, bond financing, M&A, and/or raising capital from the Company's shareholders or external investors to ensure continued operations.

### *Currency risk*

The Group is also exposed to currency risk against NOK, as the Group's investments, revenues, and the majority of costs are in euros. All properties are financed through debt in euros, collectively forming a natural hedge for part of the currency risk. The remaining exposure is not hedged by the Group, in line with the company's strategy to allow investments in Baltic Sea Properties to also include a euro exposure for the investor.

(Please refer to note 3 and 13 for currency sensitivity analyses.)

### *Interest rate risk*

Changes in interest rates can have a significant impact on the value of real estate assets, the cost of financing, and the ability of real estate companies to generate income. The risk associated with unpredictable cost of financing, can be mitigated by having a portion of long-term fixed interest rates in the financing mix.

The board closely discuss targets for the share of fixed interest depending on the cost at the time. Interest positions and interest profiles are reported to the board on a regular basis. The Group has currently no direct policy of ensuring fixed interest hedges however has regular discussions on the features of floating vs fixed interest measures in the financing mix.

The group currently holds fixed interest agreements for approximately 41 % of the loan portfolio. The remaining term was 1.1 years per 31.12. Interest hedging in the group is mainly carried out using financial instruments at portfolio level. The group does not apply hedge accounting in accounting for the swap and cap agreements.

(Please refer to note 3 for interest sensitivity analysis.)



## Risk factors and risk management

Risk management is crucial in identifying, assessing, and mitigate potential risks associated with operations of the group. It ensures that risks are proactively addressed to safeguard the financial, legal, and operational well-being of the investment portfolio, the employees, the environment, shareholders, and stakeholders.

We are working on and updating our risk management policy continuously whereas we are focusing on a structured framework to manage risks across our organisation and in our project and property management. Below follows some of the most influential risks we are monitoring on a regular basis.

Risk Area	Risk Description	Risk level	Comments/Action
Political	Russia's invasion of Ukraine and the geopolitical, security and trade implications, including the sanctions imposed on Russia and Belarus which cause structural changes in trade and goods flow in the world.	Moderate 	BSP considers that geo-political security risks are mitigated by the Baltics membership of NATO and strong integration and alignment with EU partners. Our transit logistics clients affected with structural changes have been able to replace those business lines successfully. We proactively maintain close contact with all our clients and monitor the impact of changes closely.
Economical	Macroeconomics and the economy - Inflationary pressure, lower economic growth, uncertainty and increasing interest rates.	High 	We have a solid financial platform and an experienced team. With a disciplined approach, we believe there will be opportunities to continue with our growth strategy. We are closely monitoring developments going forward and will continuously assess necessary measures to protect the interests of our stakeholders.
Social	Demographics and social changes with rising cost of living - implications on people, business and real estate requirements.	Moderate 	BSP maintains responsible ESG & fair HRM policies - with a focus on relationships. We monitor demographics and social changes and consider them in investment decisions.
Technological	Automation, replacement of traditional business with new technology - changing consumer preferences and trade cause implications for real estate sectors, locations and assets.	Moderate 	BSP invest in research development and innovation strategies to learn, understand and harness the opportunities of the changes which effects our environment and the commercial real estate sector.
Environmental	Climate change implications, including sustainability initiatives/expectations and EU taxonomy regulations.	Moderate 	BSP are developing our ESG policies and expanding reporting methods, while implementing sustainability initiatives in existing and new projects.
Legal and Tax	Environmental factors can create potential changes in laws and regulation	Moderate 	BSP consider and maintain awareness of potential changes in legislation. Engagement of professional partners help develop mitigation measures.
Real estate market	Market sentiment uncertainty created by external factors with implications on liquidity, valuations and finance - creating challenges and opportunities.	Moderate 	Real estate asset liquidity has reduced in the recent period; however BSP have a long term grow and hold strategy and are actively expanding our portfolio with acquisitions, developments and joint ventures. With a disciplined approach, the medium-term market uncertainty may provide some value and expansion opportunities for long term investors.
Real estate portfolio	Real estate sectors affected by environment changes including transit logistic refocus, E-commerce expansion & remote working trends.	Moderate 	BSP has a long-term focus to sustain a growing, high-quality and balanced investment portfolio. By continually researching and developing our business and investment strategies, we balance our portfolio across sectors and harness opportunities.
Real estate assets	Attractiveness and sustainability of our buildings/parks.	Moderate 	BSP has a value & sustainability investing approach - acquiring quality assets, locations with sustainable income. Life cycle and flexibility approach with our CAPEX and upgrade investments.
Real estate valuations	Market valuations are generally under downward pressure with rising discount rates and higher yields which implies lower valuations.	Moderate 	BSP has a conservative approach to valuations with a robust and long term portfolio valuation policy. Although we expect further downward pressure, the strong cashflow and long-term strategy is considered to mitigate the short term fluctuations in valuations.



Risk Area	Risk Description	Risk level	Comments/Action
Real estate development	Project and partner risks for the entire project development scope, including controls on safety, cost, time and quality of the projects.	Moderate ○	We have a long-term partnership model with our construction partner and other important suppliers and stakeholders. We commit to ensure our partners follow all development risk operational procedures and safety policies.
Suppliers/ Contractors	Real and opportunistic inflationary pressure can potentially increase costs	Moderate ○	BSP have a long-term partnership and supply chain management policy. Maintaining and nurturing the long-term, transparent and win-win partnership approach is a key part to our strategy.
Clients/Tenants	Tenant profitability stress due to inflation & possible global economic slowdown	Moderate ○	BSP have a long-term partnership and tenant management policy. Maintaining & extending long-term leases with solid tenants and nurturing the transparent and win-win partnership approach is a key part to our strategy. BSP assess and closely monitor each tenant's business, while also developing leasing alternatives for each project.
Vacancy	Vacancies created by tenant defaults or lease renewal can reduce the net operating income.	Moderate ○	BSP has a relatively long-term WAULT of over 9 years which protects us from high tenant turnover and potential vacancies. Moreover, with a partner focused approach and quality assets in good locations we believe that occupancy will be maintained high for the next years to come.
Capital management	Balancing between equity and debt in a company's capital structure	High ●	Currently the board has set a target on its investment and company strategy up to 60 % loan-to-value and to maintain a minimum 12-month interest coverage liquidity buffer. At the date of this report, the loan to value ratio for the group's real estate portfolio is 53.96 % and including the group leverage positions, 59.22 % excluding cash reserves and financial derivatives (54.2 % including cash reserves cash reserves and financial derivatives).
Interest rates	Changes in interest rates can have a significant impact on the value of real estate assets, the cost of financing, and the ability of real estate companies to generate returns.	High ●	The unpredictable cost of part of financing linked to variable Euribor can be mitigated by having a portion of long-term fixed interest rates in the financing mix. The management has established targets for the share of fixed interest depending on the cost at the time. Interest positions and interest profiles are reported to the board on a regular basis.
Liquidity	Liquidity risk is the risk that the Group will encounter difficulty in meeting the financial liabilities when they are due.	High ●	The liquidity risk is mitigated by having adequate cash reserves, long contractual income and a moderate loan-to-value ratio with long-term loan agreements. BSP management continually stress test budgeted income with respect to financial covenants and obligations.
Currency	The Group has all income in Euro and limited exposure to NOK currency exchange risk.	Moderate ○	Cash flow real estate projects have all income with the majority of the group costs in Euro (smaller overhead in NOK) and are financed through debt in Euro, collectively forming a natural hedge for most of the currency risk. The return exposure in Euro is not hedged by the Group - in line with the company's strategy to have a Euro exposure for the investor.
Corporate governance	Responsibility, professionalism and transparency	Moderate ○	BSP invest in education and training of our executives, while also engaging professional consultants. BSP follow industry best practice including compliance with the Norwegian codes of conduct for corporate governance and recommendations for public listed companies. Developing and monitoring internal control measures and updating internal policies is a continual process.
Human Resources Management	Employees are our most important assets, who run the operations, engage with our stakeholders and ensure that shareholder value is both safe and growing responsibly.	Moderate ○	BSP focus on structure, professionalism and loyalty. Developing internal control systems, developing HR policies, investing in professional development and rewarding excellence. BSP as a responsible employer, focuses on ensuring that the company's employees have an attractive and respectable remuneration package. In addition, BSP have an educational focus to ensure that employees can undertake courses and programs for enhancing their skillset for the future which will both benefit the employee and the company.
Code of conduct	BSP's reputation and business can be severely damaged by corruption, insider trading, bribery, gross negligence, acting irresponsibly and conducting business with sanctioned personnel/companies.	Moderate ○	BSP has strict policies with high standard of integrity and a zero-tolerance policy for all breaches.



## Environmental Reporting

The construction and real estate sector affect the environment and climate both directly and indirectly. The areas with the greatest direct impact are the development of the buildings themselves and energy consumption throughout the building's lifespan. In addition, the environment is indirectly affected by our tenants' water consumption and waste production, among other things. More than 60% of our tenants are involved in logistics operations, and goods are transported to and from warehouse buildings by road transport.

Throughout 2022, management has continued the development of the Group's ESG strategy while also working on the process to certify the real estate portfolio according to the BREEAM environmental assessment and rating system. Our first asset - the Delamode terminal - achieved an In-Use rating of "Very Good" in December 2022, with the Oribalt and Rhenus terminals following suit in March and April 2023 (our Maxima retail spaces were also certified with an In-Use rating of "Good" in April 2023). We continue working with further certification processes for our portfolio going forward.

We are currently also working on capital expenditure for upgrades of roofs for solar panels, as well as an assessment of possible improvements to increase energy efficiency in our portfolio.

In 2023, we will continue the work with the abovementioned processes while also preparing to meet our responsibilities according to the EU taxonomy.

## Corporate Governance

In 2022, the Board adopted the "Guidelines and suggestions for board work" as well as the company's vision, mission, and values:

- Vision: "To be the preferred real estate partner and leading investment company in the region"
- Mission: "To foster a great team, to provide high quality and sustainable solutions for our partners, thus creating superior long-term value and returns for our shareholders"

Values:

- Commitment to our people and their professional development.
- Focusing on innovation and value creation.
- Respect for our social and physical environment.
- Accountability and fairness with our stakeholders.
- Reliability and integrity in all we do.

The Board also adopted the main lines of the company's

internal investment strategy in 2022, and management will continue the work through 2023 to define policies for all central aspects of the group's operation.

## Working Environment, Personnel, and Equality

The board consists of four people, all of whom are men. As of today, the group has 16 employees, consisting of 8 women and 8 men. The group strives to avoid discrimination based on ethnicity and orientation.

No injuries or accidents were reported in 2022.

## Transactions with Related Parties

During 2022, the group had one transaction with related parties:

On the 1st of April 2022, BSP entered a letter of intent (LOI) to acquire the shopping center Grandus in Klaipėda from Baltic Equity Group UAB and others. The primary shareholder in Baltic Equity Group UAB was and is the current chairman and primary insider in Baltic Sea Properties, James Andrew Clarke.

The transaction was completed on the 23rd of May 2022, carried out in accordance with the arm's length principle with asset valuation obtained from a third-party valuator who priced the property higher than the value assumed in the transaction's price calculation.

The purchase price of EUR 6.6 million was settled on the basis of the Company's existing and released cash from refinancing of the shopping centre (EUR 2.6 million with settlement by the 27th of May 2022) and by the seller granting a seller credit of EUR 4.0 million (interest 8.0% p.a) to be settled within 12 months.

On the 30th of December 2022, BSP repaid EUR 0.8 million of the seller credit's principal amount and EUR 0.2 million of accumulated interest. The outstanding balance of the seller credit per 31st of December 2022 was EUR 3.2 million excl. interest.

## Directors and Officers Insurance

Baltic Sea Properties AS has with effect from the 1st of January 2023 entered a new Directors and Officers insurance policy with an annual total liability limit of NOK 50 million. The insurance covers the Board's legal liability for financial loss arising from the exercise of their directorial duties, as well as associated legal costs. The insurance also covers the boards of the group's subsidiary companies (where Baltic Sea Properties directly or indirectly owns at least 50% of the shares) and employees who represent Baltic Sea Properties in external directorial roles.

## Future development

As of the date of the Board's annual report, it is expected that more than 80 % of the Group's rental income in 2023



will come from companies operating within the logistics and industrial segment, according to the signed lease agreements.

- Among the **conditions** that are expected to have impact on the company's operations going forward, Russia's invasion of Ukraine and the subsequent sanctions against Russia and Belarus are still expected to impact the economic and political conditions for the Group and its tenants. Furthermore, the recent developments with banks defaulting in the U.S. and Europe may be symptoms of a larger banking crisis looming. In the event of a major credit crunch as the one of 2008, it would have severe and long-term effects on both access to capital and asset valuations. Targeted measures have however been introduced by national governments and authorities to compartmentalise these events, and there are as per the date of signature no concrete signs of them evolving into a full-blown crisis.

- Like most other companies, the Group's operations are affected by **macroeconomic conditions**. The Group's net LTV under IFRS as of 31.12.2022 was 54.2 % (including seller's credit and mezzanine financing), and the company thus has a robust capital structure that enables it to withstand potential increases in borrowing costs. Since the company's borrowing is exposed to floating interest rates in its loan structure, an interest rate hike would, in isolation, negatively impact the Group's profitability. However, the effect would typically be partly offset by increases in the price levels of our rental income (through CPI adjustments). Nevertheless, the expected high inflation levels will weaken tenants' results.

The Group's assets and debt are primarily denominated in euros, meaning that a Norwegian investor will have a risk of currency fluctuations in their investments in the Group. Throughout 2022 and so far in 2023, there has also been a rapid increase in general inflation and commodity prices, including in the construction industry, resulting in increased construction costs and unpredictable framework conditions for cost and access to goods in development projects. Although Baltic Sea Properties strives to protect itself against this risk by entering into fixed-price agreements with its contractors, it remains a risk factor that requires a more conservative approach to new development projects.

- The Group's **lease agreements** are largely long-term and secured with parent company guarantees. However, there are also lease agreements in the portfolio that are not secured with such guarantees, where tenants may be unable to meet their contractual obligations. The Board and management are in particularly close dialogue with these tenants to ensure that any significant signals affecting operations are detected early. Since Russia's invasion of Ukraine in February 2022, this work has become

even more important, as the portfolio also includes contracts with tenants operating across borders, particularly where sanctions against Russia and Belarus are causing structural changes in the flow of goods between East and West. The Board considers it unlikely that some tenants will face challenges going forward and believes it has sufficient insight into their situations to implement necessary measures in time to handle any challenges in a sustainable manner.

- The Group continuously evaluates **investments** in the existing property portfolio to maintain/increase the properties' attractiveness and/or strengthen tenants' prospects for stable and long-term operations. Investments in maintenance and standard upgrades are mainly borne by the tenant, either in the form of their contractual obligations or through increases in the agreed rental price. However, Baltic Sea Properties sees value in covering such expenses in certain cases to secure future cash flow and maintain a good relationship with the tenant. In addition to implementation of the EU Taxonomy/"Green Deal", real estate owners need to assess its need for improving energy efficiency in their buildings. As of the date of the Board's annual report, approximately EUR 1.2 million in upgrades are planned for the portfolio in 2023.
- In 2023, the Board plans to **expense certain costs** that may provide economic benefits in the long run but may not necessarily be capitalised as investments and thus negatively impact the income statement in the short term. This primarily involves modernisation and improvement of the Group's internal systems to establish a robust platform that facilitates further growth in the coming years.
- The Group has a **capital structure** with relatively low debt, providing good solvency and thus coverage for future capital needs in planned projects. However, the Board continuously evaluates external financing options to optimise the capital structure and project execution according to its adopted investment strategy.
- Public **environmental requirements**, such as the EU taxonomy introduced in 2021, with effect from 2023, will increase demands on property owners in the coming years, both directly in the form of specific sustainability targets and/or taxes and fees, and indirectly in terms of access to external capital. There will also be expected increasing sustainability requirements for transport companies.
- Baltic Sea Properties continues to develop its sustainability strategy with the aim of turning increasing requirements into a competitive advantage, including by making significant investments that will reduce the portfolio's carbon footprint and assist our tenants in their green transition.



Baltic Sea Properties AS

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Allocation of the result for the year – Parent Company (in accordance with Norwegian accounting standards)

The Board proposes the following allocation of the parent company's result for 2022:

Additional dividend (distributed in 2022):	NOK	-10 032 348
Transfer to/from other equity:	NOK	3 107 229
Result for the year:	NOK	6 925 119

Oslo, the 18<sup>th</sup> of April 2023

James Andrew Clarke  
Chairman of the Board

John Arseth  
Board Member

John David Mosvold  
Board Member

Bjørn Bjørø  
Board Member

Lars Christian Berger  
CEO

## Declaration

The undersigned declare that to the best of their knowledge, the annual accounts for Baltic Sea Properties AS have been prepared in accordance with applicable accounting standards, and that the information in the accounts provides a true and fair view of the company's and the group's assets, liabilities, financial position, and overall result as of 31st December 2022.

The undersigned further declare that to the best of their knowledge, the annual report for Baltic Sea Properties AS provides a true and fair overview of the development, results, and position of the company and the group as of 31<sup>st</sup> December 2022.



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# Financial Statements

## Year-end 2022



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## Consolidated statement of profit or loss

Amounts in NOK thousand

For the year ended 31 December	Note	2022	2021
Rental income	6	69 521	63 803
Gain from sale of fixed assets	13	0	6 596
Change in fair value of investment properties	13	17 252	56 314
Other income	6	1 138	2 016
<b>Total operating income</b>		<b>87 910</b>	<b>128 730</b>
Payroll and related costs	8	13 056	12 262
Depreciation, amortisation and impairment	14	219	306
Other operating expenses	7, 9	11 789	8 834
<b>Total operating expenses</b>		<b>25 063</b>	<b>21 402</b>
<b>Operating profit</b>		<b>62 847</b>	<b>107 328</b>
Change in fair value of financial instruments	10, 24	10 295	3 832
Financial income	10	456	1
Financial expenses	10	(18 387)	(18 103)
Net currency exchange differences	10	981	824
<b>Net financial income (cost)</b>		<b>(6 654)</b>	<b>(13 446)</b>
<b>Profit before income tax</b>		<b>56 193</b>	<b>93 883</b>
Income tax expense	11	1 181	616
Change in deferred tax liability/asset	11	8 032	11 366
<b>Profit for the period</b>		<b>46 979</b>	<b>81 901</b>
<b>Earnings per share</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
Basic	12	7,04	12,27
Diluted	12	7,04	12,27
<b>Profit is attributable to:</b>		<b>2022</b>	<b>2021</b>
Owners of Baltic Sea Properties group		46 979	81 901
Non-controlling interests		-	-



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## Consolidated statement of comprehensive income

Amounts in NOK thousand

<i>For the year ended 31 December</i>	<b>2022</b>	<b>2021</b>
<b>Profit for the period</b>	<b>46 979</b>	<b>81 901</b>
<b>Other comprehensive income not to be reclassified to profit and loss</b>		
Foreign currency translation differences	21 020	(33 297)
	<b>21 020</b>	<b>(33 297)</b>
<b>Total comprehensive income for the period</b>	<b>68 000</b>	<b>48 604</b>
<b>Total comprehensive income is attributable to:</b>		
- Owners of Baltic Sea Properties group	68 000	48 604
- Non-controlling interests	0	0
	<b>68 000</b>	<b>48 604</b>



Baltic Sea Properties AS

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## Consolidated statement of financial position

Amounts in NOK thousand

	Note	31 December 2022	31 December 2021	1 January 2021
<b>Assets</b>				
Investment property	13	1 040 278	773 053	575 976
Other operating assets	14	1 727	823	197
Right-of-use assets	18	231	345	494
Financial derivatives, non-current	17	6 581	72	19
Other financial non-current assets	15	-	-	11 297
Long-term receivables	16, 17	134	14	-
<b>Total non-current assets</b>		<b>1 048 952</b>	<b>774 308</b>	<b>587 981</b>
Trade receivables	17	4 071	2 021	413
Financial derivatives, current	15	-	-	-
Other receivables and other current assets	19	3 726	1 787	1 464
Cash and cash equivalents	17, 20	44 083	52 791	38 888
<b>Total current assets</b>		<b>51 880</b>	<b>56 599</b>	<b>40 765</b>
<b>Investment property held for sale</b>		<b>-</b>	<b>-</b>	<b>114 964</b>
<b>Total assets</b>		<b>1 100 832</b>	<b>830 906</b>	<b>743 710</b>



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## Consolidated statement of financial position

Amounts in NOK thousand

	Note	31 December 2022	31 December 2021	1 January 2021
<b>Equity</b>				
Share capital	21, 30	669	669	669
Share premium	30	118 788	118 788	118 788
Other paid-in equity	30	-1	-2	-2
<b>Total paid-in equity</b>		<b>119 456</b>	<b>119 455</b>	<b>119 455</b>
Retained earnings	30	286 226	228 029	189 142
<b>Total equity</b>		<b>405 682</b>	<b>347 485</b>	<b>308 596</b>
<b>Liabilities</b>				
Deferred tax liabilities	11	42 772	33 865	22 797
<b>Interest-bearing liabilities</b>	<b>22, 23</b>	<b>541 659</b>	<b>369 599</b>	<b>143 265</b>
Lease liabilities, non-current	18	23 919	21 225	13 843
<b>Financial derivatives, non-current</b>	<b>17, 24</b>	<b>-</b>	<b>3 970</b>	<b>6 857</b>
Other non-current provisions		134	-	-0
<b>Total non-current liabilities</b>		<b>608 483</b>	<b>428 660</b>	<b>186 761</b>
Lease liabilities, current	18	220	263	162
Interest-bearing liabilities, current	22, 23	60 150	35 560	228 585
Trade payables	17	8 149	4 251	3 237
Income tax payable	11	2 132	3 065	5 084
Financial derivatives, current	17, 24	-	-	1 225
Other current liabilities	17, 28	16 014	11 622	10 060
<b>Total current liabilities</b>		<b>86 666</b>	<b>54 762</b>	<b>248 353</b>
<b>Total equity and liabilities</b>		<b>1 100 832</b>	<b>830 906</b>	<b>743 710</b>

Oslo, the 18<sup>th</sup> of April 2023

James Andrew Clarke  
Chairman of the Board

John Afseth  
Board Member

John David Mosvold  
Board Member

Bjørn Bjøra  
Board Member

Lars Christian Berger  
CEO



Baltic Sea Properties AS

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## Consolidated statement of changes in equity

Amounts in NOK thousand

Attributable to owners of Baltic Sea Properties AS							
	Share capital	Share premium reserve	Other paid-in equity	Retained earnings	Total	Non-controlling interests	Total equity
<b>Equity at 1 January 2021</b>	669	118 788	(2)	189 142	308 596	-	308 596
Net profit for the period	-	-	-	81 901	81 901	-	81 901
Capital increase	-	-	-	-	-	-	-
Share based payments	-	-	1	265	265	-	265
Other comprehensive income for the period	-	-	-	(33 297)	(33 297)	-	(33 297)
<b>Total comprehensive income in the period</b>	-	-	-	48 604	48 604	-	48 604
<i>Transactions with owners of the company:</i>							
Transaction with non-controlling interests	-	-	-	-	-	-	-
Dividends paid	-	-	-	(9 981)	(9 981)	-	(9 981)
<b>Equity at 1 January 2022</b>	669	118 788	(2)	228 029	347 485	-	347 485
	Share capital	Share premium reserve	Other paid-in equity	Retained earnings	Total	Non-controlling interests	Total equity
<b>Equity at 1 January 2022</b>	669	118 788	(2)	228 029	347 485	-	347 485
Net profit for the period	-	-	-	46 979	46 979	-	46 979
Capital increase	-	-	-	-	-	-	-
Share based payments	-	-	0	230	231	-	231
Other comprehensive income for the period	-	-	-	21 020	21 020	-	21 020
<b>Total comprehensive income in the period</b>	-	-	-	68 000	68 000	-	68 000
<i>Transactions with owners of the company:</i>							
Transaction with non-controlling interests	-	-	-	-	-	-	-
Dividends paid	-	-	-	(10 032)	(10 032)	-	(10 032)
<b>Equity at 31 December 2022</b>	669	118 788	(1)	286 227	405 683	-	405 683



Baltic Sea Properties AS

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### Consolidated statement of cash flows

Amounts in NOK thousand

For the year ended 31 December	Note	2022	2021
<b>Profit for the period before tax</b>		<b>56 193</b>	<b>93 883</b>
<i>Adjustments for:</i>			
Changes in value of investment properties	13	(17 252)	(56 314)
Gain from sale of fixed assets	13	-	(6 596)
Depreciation, amortisation and impairment	13	219	306
Changes in fair value of derivatives	10, 24	(10 295)	(5 832)
Financial income	10	(456)	(1)
Financial expenses	10	18 387	18 103
Net currency exchange differences	10	(981)	(824)
Changes in trade receivables & payables	17, 28	13 856	1 230
Changes in other accruals	17, 28	865	(1 115)
Taxes paid (net)	11	1 332	(500)
<b>Net cash flows from operating activities</b>		<b>61 864</b>	<b>44 341</b>
Proceeds from property transactions	13	-	118 190
Investments in investment property	13	(211 165)	(184 328)
Investments in property, plant and equipment	13	-	-
Proceeds from sale of shares and other equity instruments	15	-	11 297
Acquisition of other investments	14	(629)	-
Interest received		162	1
<b>Net cash flows from investing activities</b>		<b>(211 632)</b>	<b>(54 841)</b>
Proceeds from interest-bearing debt	22, 23	244 603	270 862
Repayment of interest-bearing debt	22, 23	(76 274)	(218 829)
Repayments of lease liabilities	22, 23	(207)	(190)
Dividends paid to company's shareholders		(10 032)	(9 981)
Interest paid		(15 929)	(15 764)
<b>Net cash flows from financing activities</b>		<b>142 161</b>	<b>26 098</b>
<b>Net change in cash and cash equivalents</b>		<b>(7 607)</b>	<b>15 598</b>
Effects of foreign exchange on cash and cash equivalents		(1 100)	(1 696)
<b>Cash and cash equivalents at the beginning of the period</b>		<b>52 790</b>	<b>38 888</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>44 083</b>	<b>52 790</b>



## Notes to the consolidated financial statements - Baltic Sea Properties Group

### Note 1 Accounting Principles

#### General information

Baltic Sea Properties AS is a Norwegian limited liability company listed on the market place Euronext Growth Oslo. The Company's head office is located at Apotekegata 10B, 0180 Oslo. The Company's consolidated financial statements for 2022 were approved by the board as at 18 April 2023. The Group's operations consist of acquisition, development and letting of investment properties in Lithuania as well as some related business.

#### Basis of preparation

The consolidated financial statements of Baltic Sea Properties AS have been prepared in accordance with international accounting principles (IFRS) as approved by the EU, with additional information as required by the Norwegian Accounting Act as per 31.12.2022.

These financial statements are the first financial statements presented in accordance with IFRS. We refer to note 30 for further information about the conversion process.

#### New and amended accounting standards

Changes in accounting standards and interpretations effective as from 1 January 2022 have had no significant impact on the consolidated financial statements of Baltic Sea Properties AS.

#### Accounting principles

##### Basic principles

The consolidated financial statements have been prepared based on the historic cost principle with the following modifications:

- Investment properties are presented at fair value
- Some financial instruments are valued at fair value through profit and loss

The consolidated financial statements have been presented on the assumption of the business being a going concern. The consolidated financial statements are prepared based on similar accounting principles for similar transactions and events.

##### Functional currency and presentation currency

The Group's presentation currency is NOK. This is also the functional currency of the parent company.

Financial statements of group entities with different functional currencies are translated to NOK using closing date currency rates for balance sheet items and transaction date currency rates for profit and loss items. Translation differences are presented as other comprehensive income.

##### Consolidation

The consolidated financial statements consist of the parent company Baltic Sea Properties AS and subsidiaries (as listed in note 4) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method is used to account for purchases of subsidiaries that constitute a business. The consideration given is measured at the fair value of the transferred assets, the equity instruments that have been issued, liabilities assumed on the transfer of control and direct costs relating to the actual purchase. The cost of acquisition also includes the fair value of all assets or liabilities that are the result of an agreement on contingent consideration. Identifiable purchased assets, assumed liabilities and contingent liabilities are recognised at fair value on the date of acquisition. The costs associated with the business combination are expensed when they are incurred.

If the aggregate of the consideration, the carrying amount of non-controlling interests and the fair value on the acquisition date of any previously held ownership interests exceeds the fair value of the acquired entity's identifiable net assets, the difference is capitalised as goodwill. If the aggregate is less than the company's net assets, the difference is immediately recognised in profit or loss. Contingent consideration is recognised at fair value on the date of acquisition. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss or recognised as a change in other comprehensive income (OCI), if the contingent consideration is classified as an asset or a liability. Contingent consideration classified as equity is not remeasured, and subsequent settlement is recognised in equity. For accounting purposes, acquisitions of subsidiaries that do not constitute a business as defined in IFRS 3, such as subsidiaries that only consist of a property, are treated as asset acquisitions. The cost of acquisition is then attributed to the individual identifiable assets and liabilities based on their relative fair values on the acquisition date. Expenses associated with the transaction are capitalised under the investment property. In such cases no provision is made for deferred tax in accordance with the exceptions in IAS 12.

Intra-group transactions, balances and unrealised gains are eliminated. Unrealised losses are eliminated, but are considered evidence of impairment in terms of writing down the value of the transferred asset. If necessary, the accounting policies at subsidiaries are changed in order to bring them into line with the Group's accounting policies.

##### Segment information

Operating segments are reported in the same way as in internal reports to the Group's Chief Operating Decision Maker. The Group's highest decision-making authority, which is responsible for allocating resources and assessing the profitability of the operating segments, has been identified as the Board of Directors and the CEO.

##### Revenue recognition

###### Revenue from lease contracts

The Group enters into lease agreements as a lessor with respect to its investment properties. Lease contracts where a significant proportion of the risks and benefits of ownership remain with the Group are classified as operating leases. Revenue recognition under a lease commences at the inception of the lease. Rent payments for the leases are recognised in a straight line over the duration of the lease.

In negotiating a new or renewed operating lease, the Group may provide incentives for the lessee to enter into the agreement. Examples of such incentives are rent exemptions, up-front payments to the lessee or the reimbursement or assumption by the lessor of costs of the lessee (such as relocation costs, leasehold improvement and costs associated with a pre-existing lease commitment of the lessee). The Group recognises the aggregate benefit of incentives as a reduction of rental income over the lease on a straight-line basis. The accrued loss of rent or costs is presented under other receivables. Payments relating to the termination of contracts are recognised in the period from the contract being entered into until the date of its termination. Rental income encompasses the fair value of the payments received for services that fall within the ordinary activities of the company. Rental income is presented net of VAT, rebates and discounts.

Costs for shared services provided to the tenants by external parties do not affect the result beyond an administrative premium recognised as rental income. Shared costs are charged to tenants and recognised in the balance sheet together with payments on account of tenants. Shared costs are settled after the balance sheet date.

###### Revenue from contracts with customers

In determining the basis for revenue recognition from contracts with customers, the Group identifies the distinct performance obligations under the contracts, allocates the transaction price to each identified performance obligation and account for revenue as each performance obligation is met.

Service income for additional services to tenants is recognised in the period the service is performed. Performance obligations are defined in the individual service agreements, either by standard terms or terms specifically agreed with the client. The performance obligation is considered satisfied when the agreed service(s) is/are delivered and/or the agreed time period for the client relationship expires.

##### Operating cost

Property related cost include cost associated with property management, cost related to letting of properties, marketing of properties, owners share of maintenance and day-to-day servicing and other cost. Other operating cost include cost related to activities in non-property related operations.

##### Provisions

The Group recognises provisions for legal claims when a legal or self-imposed obligation exists as a result of past events, when it is likely that an outflow of resources will be required to settle the obligation and its amount can be estimated with a sufficient degree of reliability.

In cases where there are several obligations of the same nature, the likelihood of settlement is determined by assessing the Group as a whole. A provision for the Group is recognised even if there is little likelihood of settlement of the Group's individual elements.

Provisions are measured at the present value of expected payments to settle an obligation. A discount rate before tax is used which reflects the present market situation. Any increase in an obligation as a result of a changed time value is reported as a financial expense.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract and taking into consideration any reasonably obtainable subleases.

##### Investment property

Investment properties are owned with the aim of achieving a long term return from rental income and increase in value. Investment properties are recognised at fair value, based on market values estimated by independent appraisers adjusted for any circumstances not taken into account in the external valuation. Leased properties (right-of-use assets) are accounted for as investment property if the underlying asset meet the definition of an investment property as set out above.

Investment properties are measured initially at its cost, which includes direct transaction costs such as document duty and other public duties, legal fees and due diligence costs. Transaction costs associated with properties acquired through business combinations (as defined in IFRS 3) are expensed.

Subsequent expenditure is added to the investment property's carrying amount, if it is probable that future financial benefits associated with the expenditure will flow to the Group and the expense can be measured reliably. Other maintenance costs and the cost of day-to-day servicing are recorded through the income statement in the period in which they are incurred. Parts of investment property acquired through replacement are capitalised and included in the carrying amount of the investment property if the general asset recognition criteria are met as described above. The carrying amount of the part replaced is derecognised. When investment properties are disposed of, the difference between the net sales proceeds and carrying amount is recognised as change in value from investment properties.

Investment properties are valued at each reporting date based on valuations obtained from independent appraisers biannually (half-year and year-end). The valuation is based on the individual property's assumed future cash flows, and



property values are arrived at by discounting cash flows with an individual risk-adjusted required rate of return.

The required rate of return for each property is defined as being a long-term risk-free interest rate plus a property-specific risk supplement. The latter is defined on the basis of the property segment to which the property belongs, its location, standard, occupancy rate, tenants' financial reliability and remaining lease term. Known market transactions with similar properties in the same geographical area are also taken into consideration. The value of investment properties under construction is measured using the cost method when the fair value cannot be measured reliably. Investment property under construction is measured at its cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier). Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value.

Changes in fair value, including gains and losses on sale of investment properties, are recognised as "Changes in value of investment properties".

#### Borrowing costs

Borrowing costs for capital used to finance investment properties under construction are capitalised under the asset in question. When calculating the capitalised borrowing costs, the average interest rate on the company's debt portfolio over the course of the year is used, unless there is separate financing for the specific project. In such cases the specific borrowing cost for the loan in question is used. When calculating the average interest rate to be used for the capitalisation of borrowing costs, loans taken out for specific projects are not included.

#### Other operating assets

Other operating assets are recognised at acquisition cost, less depreciation. The acquisition cost includes costs directly related to the acquisition of the asset. Other operating assets are depreciated in a straight line over their anticipated remaining useful life.

The assets' remaining useful life and residual value are reassessed on each balance sheet date and changed if necessary. If the carrying amount of an asset is higher than its recoverable amount, the value of the asset is written down to the recoverable amount.

Gains and losses on disposals are recognised through profit or loss, and are calculated as the difference between the sales price and the carrying amount at the time of disposal.

Please refer to note 14 for a detailed presentation of the other operating assets in the balance sheet.

#### Lease contracts (the group as a lessee)

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease contracts in which it is the lessee, except for leases with a lease term of 12 months or less, and leases of low value assets (such as vehicles and technical and office equipment), for which the Group applies the "short-term lease" and "lease of low-value assets" recognition exemptions. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the lease term.

Only fixed payments are included in the initial measurement of the lease liability, and the lease term corresponds to the non-terminable period. The discount rate used to calculate the lease liability is determined, for each asset, based on the Group's incremental borrowing rate for leases. The lease liability is presented as part of other liabilities in the balance sheet.

For lease contracts where the leased properties meet the definition of investment properties in IAS 40, the Group applies the fair value model to the associated right-of-use assets. The right of use asset is measured on initial recognition at present value of the future lease payments, and on subsequent measurement under the fair value model. The discount rate used to calculate the right-of-use asset may be different from the discount rate used to calculate the lease liability. The right-of-use assets are presented as part of investment properties in the balance sheet.

#### Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. Financial instruments are recognised on the transaction date, i.e. the date on which the Group commits to buying or selling the asset. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and FVTPL. For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Further, the financial assets shall be held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows. The majority of the Group's financial assets are classified as measured at amortised cost.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade and other current receivables, cash and cash equivalents and other financial assets.

Financial assets at FVTPL include financial assets designated upon initial recognition at FVTPL and financial assets mandatorily required to be measured at fair value. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL. The Group's financial assets at FVTPL includes financial derivatives.

Financial liabilities are classified upon initial recognition as financial liabilities at FVTPL and financial liabilities at amortised cost. Financial liabilities at FVTPL comprise loans designated at fair value upon initial recognition and derivatives. Financial liabilities at amortised cost consist of liabilities that do not fall under the category at FVTPL.

#### Trade receivables and other financial assets

Trade receivables and other financial assets are classified as financial assets measured at amortised cost. Interest is ignored if it is insignificant. The Group applies the simplified approach in IFRS 9 to measure the loss allowance at lifetime expected credit losses. A provision for bad debt is determined by estimating expected credit losses with reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques or significant assumptions made during the current reporting period. Any subsequent payments received against accounts for which a provision has previously been made are recognised in the income statement. Trade receivables, contract assets and other financial assets are classified as current assets, unless they are due more than twelve months after the balance sheet date. If so, they are classified as non-current assets.

#### Cash and cash equivalents

Cash and cash equivalents consist of bank deposits and other short-term, highly liquid investments with an original term to maturity of no more than three months.

#### Financial derivatives

The Group uses derivatives to manage its interest rate risk. Derivatives are initially recognised at fair value on the date on which the contract was signed, and subsequently at fair value. Gains or losses on remeasurement at fair value are recognised in the income statement. Regular payments are presented as interest and other finance expenses. Changes in the value of the derivatives are presented under "Change in value of financial instruments". The fair value of interest rate swaps is the estimated amount the Group would receive or pay to redeem the contracts on the balance sheet date. This amount will depend on interest rates and the contracts' remaining term to maturity. The derivatives are classified on the balance sheet as current or non-current, depending on whether they are expected to be redeemed under or over 12 months from the balance sheet date.

#### Trade payables and other non-interest bearing financial liabilities

Trade payables and other non-interest bearing liabilities are classified as financial liabilities at amortised cost, and are measured at fair value upon initial recognition, and subsequently at amortised cost using the effective interest rate method. Interest is ignored if it is insignificant.

#### Interest bearing liabilities

Interest bearing liabilities are classified as financial liabilities at amortised cost, and are measured at fair value upon initial recognition, and subsequently at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as net realised financials in the statement of profit or loss. The liabilities are measured at their nominal value when the effect of discounting is immaterial.

Interest bearing liabilities are classified as current liabilities where the debt is due for repayment less than 12 months from the balance sheet date.

#### Currency

Foreign currency transactions are translated at the exchange rate on the date of the transaction. Monetary foreign currency items are translated to NOK at the exchange rate on the balance sheet date. Non-monetary items that are measured at cost in a foreign currency are translated to NOK using the exchange rate on the transaction date. Non-monetary items that are measured at fair value in a foreign currency are translated to NOK using the exchange rate on the balance sheet date. Exchange rate fluctuations are recognised in profit or loss as they arise.

#### Pension

The Norwegian parent company has a defined contribution pension scheme. Contributions to defined contributions plans are recognised in the income statement in the period in which they accrue.

#### Dividends

Dividend payments to the company's shareholders are classified as debt from the date on which a resolution regarding the dividend is passed by the Annual General Meeting.

#### Statement of cash flows

The statement of cash flows is prepared using the indirect method. This means that the statement is based on the Group's profit before tax in order to present cash flows from operating, investing and financing activities respectively. Interest on leases and net interest and fees paid on loans are presented as operating cash flows. Dividends paid to shareholders are presented under financing activities.

#### Tax

The tax expense consists of tax payable and deferred tax. Tax is charged to the income statement, except where it relates to items that are recognised in OCI or directly in equity. In such cases, the tax is either recognised in OCI or directly in equity.

Deferred tax is calculated using the liability method for all temporary differences between the tax values and consolidated accounting values of assets and liabilities. Deferred tax liabilities are not calculated and recognised upon initial recognition of assets or liabilities obtained through an acquisition of a subsidiary not classified as a business combination. Deferred tax is defined using tax rates and laws which are enacted or likely to be enacted on the balance sheet date, and which are expected to be used when the deferred tax asset is realised or when the deferred tax is utilised.



Deferred tax is calculated and provided or reduced in the event of adjustments to the value of investment properties at a nominal tax rate of 15 per cent. A deferred tax asset is recognised to the extent that it is likely that future taxable profit will be available against which the temporary differences can be offset.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

#### Events after the reporting period

Events after the reporting period related to the group's financial position at the end of the reporting period, are considered in the financial statements. Events after the reporting period that have no effect on the group's financial position at the end of the reporting period, but will have effect on future financial position, are disclosed if the future effect is material.

#### Other shares

Investments in equity instruments with an ownership below 20 % are normally classified as other shares and recognised in other non-current assets in the statement of financial position. Shares in listed companies are measured at fair value through profit or loss. Investments in equity instruments that do not have a quoted market price in an active market are classified as financial assets measured at fair value through other comprehensive income (OCI). Changes in fair values recognised in OCI cannot be subsequently recycled to statement of profit or loss. Dividends from such investments are recognised as other items in the statement of profit or loss.

#### Treasury shares

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

#### Measurement of fair value

The company measures investment property and several financial assets and liabilities at fair value. For the classification of fair value, the company uses a system which reflects the significance of the input used to make the measurements.

##### Level 1

Fair value is measured using quoted prices from active markets for identical assets or liabilities.

##### Level 2

Fair value is determined from input based on other observable factors, either direct (price) or indirect (derived from prices), than the quoted price (used in level 1) for the asset or liability. This will be relevant for the financial instruments.

##### Level 3

Fair value is measured using input which is not based on observable market data. This will be relevant for the investment property.

#### Note 2 Critical accounting estimates and subjective judgement

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. When management makes estimates about the future, the resulting accounting estimates, by definition, will seldom equal the actual outcome.

Estimates and judgements are evaluated continuously and are based on historical experience and other factors. This includes expectations of future events that are believed to be reasonable under the circumstances. Revisions of reported estimates are recognised in the period which the estimates are revised and in any future period affected. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are the fair value of investment properties and the fair value of financial derivatives.

##### Fair value of investment properties

Investment properties are measured at their fair value based on valuations performed by external, independent appraisers. The valuations at 31st December 2022 were obtained from Nawsac and Ober-Haus. The valuations are mainly based on a discounted cash flow method, which involves discounting future cash flows over a specified period using an estimated discount rate and adding a residual value at the end of the period. Future cash flows are calculated on the basis of cash flows from signed leases, as well as future cash flows based on an expected market rent at the end of the lease terms. Both contractual and expected cash flows are included in the calculations. Fair-value assessment of investment properties, therefore, depends largely on assumptions related to market rents, discount rates, and inflation. The market rent for each property takes into account the property's situation, standard and leases signed for comparable properties in the area. Updated macroeconomic assumptions are applied in the calculations. Based on an assessment of the properties, tenants, and macroeconomic conditions at the balance sheet date, cash flows are discounted using discount rates based on individual assessments of each property.

The appraisers perform their valuations on the basis of the information they have received, and estimate future market rents, yields, inflation and other relevant parameters. Each individual property is assessed in terms of its market position, rental income and ownership costs, with estimates being made for anticipated vacancy levels and the need for alterations and upgrades. The remaining term of the leases is also assessed for risk, along with any special clauses in the contracts. Each property is also compared with recently sold properties in the same segment (location, type of property, mix of tenants, etc.). The sensitivity of the fair-value assessment of investment properties depends to a considerable extent on assumptions related to yield, interest rates, market rents and operating costs for the properties. Reference is made to note 13 investment property.

##### Acquisition of investment property in 2021 and 2022

- In April 2021, BSP acquired 100% of the shares in the companies BNTF UAB, Klaipėdos Versio Parkas UAB (KVP), Liepu Parkas UAB and Paštatu Vystymas UAB (PV) which all hold investment properties in Klaipėda except BNTF UAB which is a real estate and asset management company.
- In May 2022, BSP acquired 100% of the shares in UAB Prekybos Centras Grandius, a shopping centre in Klaipėda. The company holds investment property.

The management has assessed whether these acquisitions is to be treated as a business combination according to the definition in IFRS 3 or an acquisition of assets/group of assets. Based on the assessments performed, management has concluded that the acquired assets do not constitute a business, and thus it is not a "business combination". The abovementioned acquisitions in April 2021 and May 2022 are concluded to be acquisitions of investment properties, and as such are accounted for in accordance with IAS 40 investment property.

##### Fair value of financial derivatives

The Group uses interest rate derivatives and fixed rate loans to manage the interest rate risk. The financial derivatives are valued at fair value in the Group's balance sheet. See note 18 for further information on the valuation of the Group's financial derivatives.

#### Note 3 Financial risk management

The Group is exposed to financial risk through variations in interest rates and exchange rates. The Company is also dependent on access to financing in the banking and capital markets. The risk of losses on receivables is also closely monitored because of the market turbulence and the Russian invasion of Ukraine and its effect on the Baltic states and the global economy.

##### Capital Management

Capital management focuses on the optimal balance between equity and debt in a company's capital structure. It aims to maximize shareholder value and ensure long-term financial stability by minimizing the cost of capital and maintaining an appropriate level of financial flexibility for its operations.

Currently the board has set a target in its investment and company strategy to not go over 65 % loan-to-value and maintain a minimum 12-month interest coverage liquidity buffer. At the date of this report, the loan to value ratio for the Group's RE portfolio is 56 % and including the group leverage positions 59.32 % (excluding cash reserves). The group's total cash position was MNOK 44 per 31.12.2022, which is considered in line with the strategy on cash reserves of minimum 12 month interest coverage.

The Group is exposed to financial risk and has defined the following relevant risk areas:

##### Credit risk

Credit risk is assessed at group level and is mainly linked to the risk of incurring losses as a result of tenants not paying the agreed rent. Rent payment is normally secured with a rent deposit or payment guarantees from banks or guaranteed by parent companies, with a high credit rating. In recent years, the group has had relatively low losses on rental claims, and the risk that the group will incur significant losses because of bankruptcies among tenants, is considered moderate. Realised losses have not increased significantly during the covid pandemic, and the group considers that the rental income achieved in the financial year and the development of the pandemic indicate that the paying capacity of the tenants will be maintained overall. In recent years, rental losses have accounted for less than 0.5 % of the group's rental income.

Please refer to note 23 for maturity analysis related to the group's debt and other payables.

##### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the financial liabilities when they are due. The liquidity risk is mitigated by having adequate cash/liquidity reserves, a moderate loan-to-value ratio and long-term loan agreements. The liquidity reserve consists of liquid current assets and unused long-term credit lines in larger financial institutions. The board has set targets for the group's liquidity reserves which will both ensure financial freedom of action to be able to exploit investment opportunities quickly, and to contribute to significantly reducing the financial risk. The liquidity risk linked to the refinancing of the group's debt is mitigated by balancing the refinancing need within the next period in relation to the group's liquidity reserves.

There are financial covenant requirements (loan conditions) in all of the group's bank loan agreements related to equity share, debt service cost coverage ratio and loan-to-value ratio. The group has fulfilled all requirements in the loan agreements in the financial year. The group has a good margin in relation to the defined covenant requirements, and the risk of breach of these requirements is considered to be low for the next 12 months. The group has assessed that there is a low probability that the covid pandemic or current market turbulence will affect the group's ability to service its financial liabilities in the next 12 months.

Optimisation of the Company's short-term and long-term financing is a natural part of the Company's daily operations, and the Company makes ongoing strategic assessments in this connection, which may include the sale of assets, refinancing of existing loans, bond financing, M&A, and/or raising capital from the Company's shareholders or external investors to ensure continued operations.

Please refer to note 23 for maturity analysis related to the group's debt and other payables.



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**Currency risk**

The Group is also exposed to currency risk against NOK, as the Group's investments, revenues, and the majority of costs are in euros. All properties are financed through debt in euros, collectively forming a natural hedge for part of the currency risk. The remaining exposure is not hedged by the Group, in line with the company's strategy to allow investments in Baltic Sea Properties to also include a euro exposure for the investor.

**Sensitivity**

EURNOK 31/12/2022	10,5138
- 10 %	9,4624
+ 10 %	11,5652
Effect of +/- 10 % change in exchange rate on the group's equity in NOK:	41 343 764

**Interest rate risk**

Changes in interest rates can have a significant impact on the value of real estate assets, the cost of financing, and the ability of real estate companies to generate income. The risk associated with unpredictable cost of financing, can be mitigated by having a portion of long-term fixed interest rates in the financing mix. The board closely discuss targets for the share of fixed interest depending on the cost at the time. Interest positions and interest profiles are reported to the board on a regular basis. The Group has currently no direct policy of ensuring fixed interest hedges however has regular discussions on the features of floating vs fixed interest measures in the financing mix.

The group currently holds fixed interest agreements for approximately 41 % of the loan portfolio. The remaining term was 1.1 years per 31.12. Interest hedging in the group is mainly carried out using financial instruments at portfolio level. The group does not apply hedge accounting in accounting for the swap and cap agreements.

**Sensitivity**

31/12/2022				
Euribor interest rate - sensitivity (effect of interest swaps not included)	Interest cost p.a (bank margin)	EURIBOR cost p.a	Full interest + Euribor cost p.a	Effective interest margin
2.0 %	NOK 11 037 724	NOK 10 303 365	NOK 21 341 090	4.14%
2.5 %	NOK 11 037 724	NOK 12 879 207	NOK 23 916 931	4.64%
3.0 %	NOK 11 037 724	NOK 15 455 048	NOK 26 492 773	5.14%
3.5 %	NOK 11 037 724	NOK 18 030 889	NOK 29 068 614	5.64%
4.0 %	NOK 11 037 724	NOK 20 606 731	NOK 31 644 455	6.14%
Shows cost at 3-month EURIBOR at respective rates.				

31/12/2021				
Euribor interest rate - sensitivity (effect of interest swaps not included)	Interest cost p.a (bank margin)	EURIBOR cost p.a	Full interest + Euribor cost p.a	Effective interest margin
2.0 %	NOK 8 711 416	NOK 8 056 777	NOK 16 768 193	4.16%
2.5 %	NOK 8 711 416	NOK 10 070 971	NOK 18 782 387	4.66%
3.0 %	NOK 8 711 416	NOK 12 085 166	NOK 20 796 581	5.16%
3.5 %	NOK 8 711 416	NOK 14 099 360	NOK 22 810 775	5.66%
4.0 %	NOK 8 711 416	NOK 16 113 554	NOK 24 824 970	6.16%
Shows cost at 3-month EURIBOR at respective rates.				

01/01/2021				
Euribor interest rate - sensitivity (effect of interest swaps not included)	Interest cost p.a (bank margin)	EURIBOR cost p.a	Full interest + Euribor cost p.a	Effective interest margin
2.0 %	NOK 9 522 716	NOK 7 419 247	NOK 16 941 963	4.57%
2.5 %	NOK 9 522 716	NOK 9 274 058	NOK 18 796 775	5.07%
3.0 %	NOK 9 522 716	NOK 11 128 870	NOK 20 651 586	5.57%
3.5 %	NOK 9 522 716	NOK 12 983 682	NOK 22 506 398	6.07%
4.0 %	NOK 9 522 716	NOK 14 838 494	NOK 24 361 210	6.57%
Shows cost at 3-month EURIBOR at respective rates.				

The table shows the sensitivity and effect of budgeted interest cost (fixed bank margin) plus a 3-month EURIBOR assumption on a range between 2% - 4% in the respective period.

Euribor at the end of 2020 was -0.546%. Euribor at the end of 2021 was -0.570%. Euribor at the end of 2022 was 2.162%



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#### Note 4 Subsidiaries

The following companies are part of the group and therefore consolidated in the Consolidated financial statement

Company	Ownership	Office	Percentage ownership
<u>Direct ownership:</u>			
BNTP UAB	Direct	Klaipėda, Lithuania	100%
BSP Holding LT UAB	Direct	Vilnius, Lithuania	100%
BSP Asset Management UAB	Direct	Vilnius, Lithuania	100%
<u>Indirect ownership (owned via BSP Holding LT UAB):</u>			
BSP Logistic Property UAB	Indirect	Vilnius, Lithuania	100%
BSP Logistic Property II UAB	Indirect	Vilnius, Lithuania	100%
BSP Logistic Property IV UAB	Indirect	Vilnius, Lithuania	100%
BSP Logistic Property V UAB	Indirect	Vilnius, Lithuania	100%
BSP Logistic Property VI UAB	Indirect	Vilnius, Lithuania	100%
BSP Logistic Property VII UAB	Indirect	Vilnius, Lithuania	100%
BSP Logistic Property VIII UAB	Indirect	Vilnius, Lithuania	100%
BSP Logistic Property IX UAB	Indirect	Vilnius, Lithuania	100%
BSP Industrial Property III UAB	Indirect	Vilnius, Lithuania	100%
BSP Industrial Property IV UAB	Indirect	Vilnius, Lithuania	100%
BSP Retail Properties I UAB	Indirect	Vilnius, Lithuania	100%
BSP Retail Properties V UAB	Indirect	Vilnius, Lithuania	100%
Klaipėdos Versio Parkas UAB	Indirect	Klaipėda, Lithuania	100%
Liepų Parkas UAB	Indirect	Klaipėda, Lithuania	100%
Pastatų Vystymas UAB	Indirect	Klaipėda, Lithuania	100%
Prekybos Centras Grandus UAB*	Indirect	Klaipėda, Lithuania	100%

\* New entity in the group in 2022.



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**Note 5 Segment information and rental income**

The group has one operational segment as there are no material differences in risk and returns in the economic environments in which the company operates. The property portfolio consists of properties in Lithuania and internal reporting is consolidated into one reporting segment.

Rental income	Segment	Geography	2022	2021
Income from tenants	Investment property	Lithuania	69 521 275	63 803 275
<b>Total rental income</b>			<b>69 521 275</b>	<b>63 803 275</b>

**Customers that aggregate 10 % or more of the Group's total revenues are disclosed in the table below**

	2022	2021
Logistics tenant 1	11 273 980	10 832 703
Logistics tenant 2	11 120 223	10 818 652
Logistics tenant 3	9 912 584	9 712 199

**Lease management**

The group mainly enters into long-term lease contracts with solid counterparties. The lease contracts mainly has fixed rent and include CPI increases.

**The group's future accumulated rent from operational lease contracts per 31.12.22**

The following table specifies contractual annual rent. Contracts at maturity are assumed not renewed or replaced by market rent (this to illustrate contractual revenue streams as per balance sheet date). Please also refer to maturity analysis in the tables below.

Amounts in NOK thousand	2022	2021
Less than 1 year	NOK 84 543	NOK 65 317
Between 1 and 2 years	NOK 84 543	NOK 65 317
Between 2 and 3 years	NOK 84 543	NOK 65 317
Between 3 and 4 years	NOK 57 476	NOK 50 167
Between 4 and 5 years	NOK 46 561	NOK 40 534
Between 5 and 6 years	NOK 46 561	NOK 40 534
Total (<6 years)	NOK 404 227	NOK 327 186

**The group's lease contracts per 31.12.22 have the following maturity structure measured in annual rent\***

Amounts in EUR thousand	No of contracts	Contract rent (EUR)	Contract rent, %
Less than 1 year			
Between 1 and 5 years	4	€ 3 614	44,9%
Between 5 and 10 years			
Over 10 years	7	€ 4 430	55,1%
<b>Total</b>	<b>11</b>	<b>€ 8 044</b>	<b>100,0%</b>

**The group's lease contracts per 31.12.2021 have the following maturity structure measured in annual rent\***

Amounts in EUR thousand	No of contracts	Contract rent (EUR)	Contract rent, %
Less than 1 year			
Between 1 and 5 years	3	€ 2 481	37,9%
Between 5 and 10 years			
Over 10 years	7	€ 4 058	62,1%
<b>Total</b>	<b>10</b>	<b>€ 6 539</b>	<b>100%</b>

**The group's lease contracts per 01.01.2021 have the following maturity structure measured in annual rent\***

Amounts in EUR thousand	No of contracts	Contract rent (EUR)	Contract rent, %
Less than 1 year			
Between 1 and 5 years	3	1 482	28,6%
Between 5 and 10 years	1	231	4,5%
Over 10 years	7	3 475	67,0%
<b>Total</b>	<b>11</b>	<b>5 188</b>	<b>100,0%</b>

\* Grandis Shopping centre, the retail portfolio in BSP Retail Properties I UAB and Klaipėda Business Park are multi-tenant, but here presented as having one contract party.



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## Note 6 Operating Income from contract customers

Below is a breakdown of the group's income from contracts with customers.

Property-related income	2022	2021
Rental income from investment properties	69 521 275	63 803 275
Common costs, tenants	-	-
Property-related income	-	6 596 490
<b>Total</b>	<b>69 521 275</b>	<b>70 399 765</b>

Other operating income	2022	2021
Administration income from management services to external clients	1 137 541	1 986 118
Other operating income	-	30 218
<b>Total</b>	<b>1 137 541</b>	<b>2 016 336</b>

## Delivery Terms

Below is a description of the group's revenue recognition terms and associated accounting:

### Property-related income

#### Common costs, tenants

The rental contracts for the tenants regulate service deliveries which are paid via the common costs (eg cleaning, caretaker and service and maintenance). The group's assessment is that the services/elements covered by common costs are included as an overall delivery of an operating service as agreed in the contract. The service is considered to be a series of independent services to the tenant that have the same characteristics and transmission pattern. Income from forward charge of common costs is invoiced to an a-account per tenant based on an estimate/settlement from the previous year. The transaction price is variable. Income recognition is based on the a-account invoicing as this is considered to be the best estimate of the variable remuneration, and it is unlikely that there will be a significant reversal of the a-account invoicing. The income is recognized over time since the tenant receives the services in ongoing delivery obligations, and consumes them simultaneously, in that the services directly touch the rented premises and associated common areas.

Income from common costs which is forward-charged to tenants is netted against the common costs expense in the profit and loss statement and is therefore not reflected in the group's specification of income. In 2022, the BSP group reinviced NOK 720 296 to its tenants.

#### Other property-related income

In 2021, BSP booked a profit of MNOK 6.6 from sale of real estate (fixed assets). BSP had made no divestments in 2022.

### Other operating income

Other operating income mainly consists of management fees and other operating income. The services and goods that are included are assessed as separate delivery obligations, and revenue is recognized over time since the customer receives and consumes these simultaneously.



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**Note 7 Operating costs**

	2022	2021
Real estate tax and land tax	1 524 672	710 804
Maintenance and fit-out	359 953	72 322
Insurance	469 195	250 124
Other direct ownership costs (excl. salaries)	114 357	360 009
<b>Total</b>	<b>2 448 177</b>	<b>1 393 259</b>

**Note 8 Employee benefit expenses**

Group's employee benefit expenses	2022	2021
Salaries (incl. holiday pay)	11 191 995	10 036 508
Employer's national insurance contributions	573 517	603 438
Pension expenses	154 259	122 241
Other payments / benefits	69 252	307 355
<b>Total</b>	<b>11 989 023</b>	<b>11 069 543</b>

Remuneration to executive management	2022	2021
Salaries (incl. holiday pay)	2 777 910	2 167 029
Bonus	662 228	681 309
Employer's national insurance contributions	303 565	299 529
Pension expenses	80 263	69 112
Other payments / benefits	72 652	55 450
<b>Total Incl. Employer's national insurance contributions</b>	<b>3 896 618</b>	<b>3 272 429</b>

Remuneration to CEO	2022	2021
Salaries (incl. holiday pay)	1 523 747	1 414 233
Bonus	423 738	589 839
Employer's national insurance contributions	277 148	284 589
Pension expenses	77 452	69 112
Other payments / benefits	18 101	14 289
<b>Total Incl. Employer's national insurance contributions</b>	<b>2 320 185</b>	<b>2 372 062</b>

Average number of full-time equivalents	2022	2021
	16,00	13,25

The company is subject to the defined contribution plan and meets the requirements of the law.

The group has not granted loans or provided security for shareholders, board members or employees in 2022 or 2021.

The CEO is entitled to 6 months salary upon termination of employment.

The aim is to create the right conditions for recruiting and keeping members of the management who possess the qualities required to manage the operations of the company profitably and with correct set of values and principles aligned with the company's. The individual employee's remuneration must be competitive and reflect the person's areas of responsibility and performance of the work. The remuneration may consist of a combination of fixed and ongoing performance and other remuneration, including:

- Benefits in kind that appear in employment agreements (for example telephone/ICT solutions, car maintenance and insurance schemes).
- Collective and individual pension schemes.

The remuneration can include share and share value-based schemes based on the company's owned shares. However, the company cannot offer such incentives beyond existing owned shares without being approved in advance by the company's annual general meeting. For the financial year, executive personnel have received a total of 2 588 shares. The company distributed a total of 4 605 shares during the financial year to its employees.

	2022	2021
Remuneration provided to the board of directors (ex. employer's national insurance contributions)	955 000	1 045 000



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## Note 9 Other administrative costs

	2022	2021
Audit fee (see information in the table below)	880 880	821 225
Fees for accounting & financial assistance	879 173	64 334
Legal assistance	1 437 694	2 587 310
Agent fees	582 385	270 344
Provision for expected loss on receivables	2 000 000	-
Other operating expenses	3 560 331	3 697 427
<b>Total</b>	<b>9 340 462</b>	<b>7 440 641</b>

	2022	2021
<b>Audit fee (ex. VAT)</b>		
Statutory Audit	771 414	515 321
Tax advisory	53 404	68 680
Other attestation and advisory services	56 062	237 224
<b>Total</b>	<b>880 880</b>	<b>821 225</b>

## Note 10 Finance income and expenses

Finance income	2022	2021
Interest income	161 598	873
Currency gains (net)	981 286	823 727
Received dividends from companies outside the group	-	-
Gain interest hedge agreements	10 295 104	3 832 219
Other financial income	294 106	294
<b>Total</b>	<b>11 732 094</b>	<b>4 657 113</b>

Finance expenses	2022	2021
Interest expenses	17 020 806	15 183 487
Interest expenses, lease liabilities	623 272	580 291
Other financial expenses	742 503	2 338 871
<b>Total</b>	<b>18 386 582</b>	<b>18 102 649</b>

Currency items	2022	2021
Exchange rate effects bank	978 924	-217 323
Other currency items	2 362	1 041 060
<b>Sum</b>	<b>981 286</b>	<b>823 727</b>



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**Note 11 Tax**

Amounts in NOK thousand

Income tax expense	2022	2021
Tax payable	1 181	616
Change in deferred tax	8 032	11 366
<b>Income tax expense</b>	<b>9 213</b>	<b>11 982</b>

Income tax payable is calculated as follows:	2022	2021
Profit before tax	56 193	93 883
Permanent differences	-67 557	-76 311
Change temporary differences	7 887	662
Change in loss carry-forward	10 811	-17 064
Adjustment for tax asset not booked	612	2 347
<b>Taxable income</b>	<b>7 946</b>	<b>3 517</b>

Tax payable on the year's profit	1 199	528
Previous year tax adjustment	-17	88
Payable tax on the year's profit after previous year tax adjustment	1 181	616
Tax payable as of 01.01.	3 065	2 357
Currency effect on tax payable as of 01.01	199	92
Taxes paid/settled during the year	-2 313	-
<b>Tax payable in the balance sheet as of 31.12</b>	<b>2 132</b>	<b>3 065</b>

Specification of basis for deferred tax:	31 December 2022	31 December 2021	1 January 2021
Loss carried forward (TLCF)	157 301	140 649	148 086
Investment property depreciation	-272 282	-248 505	-265 804
Investment property revaluation	-160 662	-121 072	-42 323
Finance items	-8 535	3 159	8 063
Other differences	-967	-0	-
<b>Total</b>	<b>-285 145</b>	<b>-225 770</b>	<b>-151 978</b>

Deferred tax liability (-) / deferred tax asset (+)	-42 772	-33 865	-22 797
Applicable tax rate	15%	15%	15%

As it is uncertain whether the parent company will be able to make use of its deferred tax advantage, this is not included in the calculation of the group's tax advantage.

Lithuania's tax rate of 15% has been used in the group's calculation of deferred tax.

Reconciliation between nominal and actual tax expense rate	2022	2021
Profit before tax	56 193	93 883
Financial profit multiplied by nominal tax rate (22%)	12 362	20 654
Adjustment tax rate Lithuania (15 %)	-3 933	-6 572
Tax effect of permanent differences (15 %)	-10 134	-11 447
Tax effect of other differences (15 %)	10 935	9 258
Previous year tax adjustment (15 %)	-17	88
<b>Income tax expenses</b>	<b>9 213</b>	<b>11 982</b>
<b>Effective tax rate</b>	<b>16.4%</b>	<b>12.8%</b>



**Note 12 Earnings per share**

The calculation of basic earnings per share has been based on profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding during the year. The company has not issued options or other financial instruments which have a dilutive effect on outstanding shares.

Earnings per share	2022	2021
Profit after tax attributable to shareholders	46 979 484	81 900 807
Average number of outstanding shares	6 677 837	6 673 232
<b>Earnings per share</b>	<b>7,04</b>	<b>12,27</b>

**Note 13 Investment property**

Bi-annually, per 30 June and 31 December, Baltic Sea Properties collects valuations of its properties from two independent valuers (Oberhaus and Newsec). When determining property values for accounting and NAV purposes, the valuation method is based on the average of the two valuations for each property/ portfolio. However, the company also conducts its own value assessments, and in certain instances, where there are reasons for applying an amended value estimate than the average of the external valuations, the company will use its own best estimate to reflect the correct market value per balance date. In these instances, the reasoning behind the chosen value must be explained. The valuation is carried out by the company's own employees and approved by the company's board.

Key factors are current income and expenses for the property, market rent and yield. A set of macroeconomic assumptions is used as a basis, but beyond this, each individual property and area is measured separately. To determine the yield, the property's location, attractiveness, quality, the general property market and credit market, the tenant's assumed solvency and the lease agreement structure are assessed. This model uses a number of significant unobservable parameters and is included at level 3 in the valuation hierarchy. These parameters include the following:

**Future rental payments**

These are estimated based on the actual location, type and condition of the building. The estimates are supported by existing lease agreements, as well as recently concluded lease agreements for similar properties in the same area.

**Required rate of return (Yield)**

Yield refers to the annual rate of return on an investment property, expressed as a percentage of the property's purchase price or current market value. It is a key metric used by investors to evaluate the performance of a property and compare it to other investment opportunities. Yield is typically calculated by dividing the property's annual net income (rental income minus expenses) by its purchase price or current market value. This provides an indication of the investment's profitability and potential cash flow. There are two primary types of yield in commercial real estate:

1. **Gross Yield** = (Annual Rental Income / Property Purchase Price or Market Value) x 100.

This is the annual rental income generated by a property as a percentage of its purchase price or current market value, without accounting for expenses like maintenance, property management fees, and vacancy rates.

2. **Net Yield** = (Annual Net Income / Property Purchase Price or Market Value) x 100.

This is a more accurate representation of the actual return on investment as it factors in expenses like maintenance, property management fees, and vacancy rates. It is the annual net income generated by a property as a percentage of its purchase price or current market value.

Yield is just one of the many factors investors consider when evaluating commercial real estate investments. Other important factors include location, property type, tenant quality, and market conditions.

**Estimated vacancy**

This is determined based on actual market conditions and expected market conditions at the end of existing lease agreements.

**Ownership expenses**

Ownership expenses are estimated based on lease agreement, estimated maintenance costs to maintain the building's capacity over its economic life.

Investment properties in balance sheet	31 December 2022	31 December 2021	1 January 2021
Investment properties measured at fair value	1 002 753 675	747 912 691	677 428 410
Investment properties under construction measured at cost	13 614 919	4 001 973	-
Investment properties excl. right-of-use asset, investment property	1 016 368 594	751 914 664	677 428 410
Right-of-use asset, investment property (cf. note 18/IFRS 16)	23 909 386	21 138 132	13 510 992
<b>Sum</b>	<b>1 040 277 981</b>	<b>773 052 796</b>	<b>690 939 402</b>

Investment properties measured at fair value	31 December 2022	31 December 2021	1 January 2021
Opening balance	751 914 664	677 428 410	645 289 796
Purchase of investment property	195 839 578	179 589 187	96 079 427
Sale of investment property	-	-111 593 034	-138 207 960
Capital expenditure on investment properties	1 710 182	736 625	168 520
Net gains/losses from fair value adjustments in the period	5 133 302	36 425 660	34 589 917
Currency effects	48 155 949	-34 674 157	39 508 710
<b>Fair value per 31.12</b>	<b>1 002 753 675</b>	<b>747 912 691</b>	<b>677 428 410</b>

Investment properties held for continued investment, measured at fair value	1 002 753 675	747 912 691	562 464 516
Investment properties held for sale, measured at fair value	-	-	114 963 894
<b>Closing balance investment properties measured at fair value</b>	<b>1 002 753 675</b>	<b>747 912 691</b>	<b>677 428 410</b>



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Overview of inputs for valuation	31 December 2022	31 December 2021	1 January 2021
Valuation Level	3	3	3
Valuation model	DCF	DCF	DCF
Fair Value	1 002 753 675	747 912 691	677 428 410
Number of square meters (including developments under construction)	124 064	109 846	102 613
WAULT	9,10	10,10	12,1
Contracted rent at 31.12.2022 measured in NOK	84 573 522	65 317 113	60 197 943
Actual vacancy	99%	99%	100%
Net Yield (interval)	7,00%-9,75%	6,50%-9,30%	7,00%-9,10%
Currency	10,5138	9,9888	10,4703

### Sensitivity analysis

Sensitivity - Valuations (market value)	31/12/2022		31/12/2021	
	Value change (+)	Value change (-)	Value change (+)	Value change (-)
<b>Exit yield:</b>				
+/- 0.25 percentage points	-14 824 458	15 665 562	-11 287 344	12 186 336
+/- 0.50 percentage points	-26 915 328	32 487 642	-21 675 696	24 772 224
+/- 1.00 percentage points	-53 620 350	69 706 494	-40 754 304	53 639 856
<b>Discount rate:</b>				
+/- 0.25 percentage points	-15 455 286	16 296 390	-12 286 224	12 785 664
+/- 0.50 percentage points	-35 641 782	33 118 470	-24 472 560	26 070 768
+/- 1.00 percentage points	-57 405 348	67 708 872	-47 646 576	48 945 120

### Currency risk

The group has financial risk linked to the conversion of subsidiaries in Lithuania (EUR) to the presentation currency (NOK).

Sensitivity - Net Asset Value	Value change (+)	Value change (-)	Value change (+)	Value change (-)
Increase/decrease NOK/EUR - balance date 10.51	-10 301 997	10 301 997	-9 025 591	9 025 591
Increase/decrease NOK/EUR - balance date 10.51	-20 603 995	20 603 995	-18 051 182	18 051 182

### Adjusted valuations for the purpose of the financial statements

The average fair value of investment properties estimated by external valuers have been adjusted by a total of MNOK -20.8 to arrive at the fair value booked. The adjustments have been made to reflect the uncertainties related to future capital expenditure requirements and assumed risk related to contract renewals. See reconciliation of adjustments below.

	Asset 1	Asset 2	Asset 3
Average fair value estimated by external valuers	112 497 660	130 371 120	176 842 116
Adjustment 1	-11 585 180	-	-
Adjustment 2	-	-2 733 588	-
Adjustment 3	-	-	-6 518 556
Fair value booked per 31.12.22	100 932 480	127 637 532	170 323 560

### Investment properties under construction measured at cost

BSP assesses that the fair value of their properties under construction cannot be measured reliably and as such measure these at cost until completion. The cost is considered to better reflect the underlying value of the investment property as the uncertainty related to the estimation of the fair value is deemed to be substantial. The properties under construction will be measured at fair value when its fair value is reliably measurable or construction is completed, whichever is earlier.

Investment properties under construction measured at cost	31 December 2022	31 December 2021	1 January 2021
Opening balance	-	-	-
Capital expenditure on investment properties under construction	13 614 919	4 001 973	-
Book value investment properties under construction measured at cost	13 614 919	4 001 973	-
Book value of investment property pledged as security for debt	989 138 304	736 374 336	677 428 410



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**Information regarding leased investment properties:**

As of 31/12/2022 the BSP portfolio includes 6 leased land plots. All leased land plots are on long-term leases. The leases are accounted for in line with IFRS 16 and IAS 40. Refer to note 18 for further information. The land leases are regulated annually in accordance with municipal decisions.

**Note 14 Other operating assets**

2022	Cars & vehicles	Machinery & equipment	Software	Other fixed assets	Total
Opening balance at 01.01.	1 357 092	486 953	109 477	-	1 953 522
Additions during the year	-	119 163	-	856 800	975 963
Disposals during the year	-	-	-	-	-
Currency differences	71 327	24 044	5 754	-	101 125
<b>Closing balance as of 31.12.</b>	<b>1 428 419</b>	<b>630 160</b>	<b>115 231</b>	<b>856 800</b>	<b>3 030 610</b>
Accumulated depreciation and amortisation as of 01.01.	-532 361	-264 555	-58 599	-	-855 516
This year's depreciation	-214 038	-96 472	-36 907	-42 840	-390 257
Currency adjustment of accumulated depreciation and amortisations	-36 703	-16 519	-4 584	-	-57 806
<b>Accumulated depreciation and amortisations of 31.12.</b>	<b>-783 102</b>	<b>-377 546</b>	<b>-100 090</b>	<b>-42 840</b>	<b>-1 303 578</b>
<b>Carrying amount at 31.12.2022</b>	<b>645 317</b>	<b>252 614</b>	<b>15 141</b>	<b>813 960</b>	<b>1 727 032</b>
Estimated useful life	6-10 years	5 years	3 years	3-5 years	
Depreciation plan	Straight-line	Straight-line	Straight-line	Straight-line	

2021	Cars & vehicles	Machinery & equipment	Software	Other fixed assets	Total
Opening balance at 01.01.	163 613	21 882	67 848	-	253 343
Additions during the year	1 201 002	466 077	44 750	-	1 711 830
Disposals during the year	-	-	-	-	-
Currency differences	-7 524	-1 006	-3 120	-	-11 651
<b>Closing balance as of 31.12.</b>	<b>1 357 092</b>	<b>486 953</b>	<b>109 477</b>	<b>-</b>	<b>1 953 522</b>
Accumulated depreciation and amortisation as of 01.01.	-27 267	-21 882	-7 539	-	-56 688
This year's depreciation	-515 193	-247 661	-52 305	-	-815 160
Currency adjustment of accumulated depreciation and amortisations	10 100	4 988	1 245	-	16 332
<b>Accumulated depreciation and amortisation of 31.12.</b>	<b>-532 361</b>	<b>-264 555</b>	<b>-58 599</b>	<b>-</b>	<b>-855 516</b>
<b>Carrying amount at 31.12.2021</b>	<b>824 731</b>	<b>222 398</b>	<b>50 878</b>	<b>-</b>	<b>1 098 006</b>
Estimated useful life	6-10 years	5 years	3 years	3-5 years	
Depreciation plan	Straight-line	Straight-line	Straight-line	Straight-line	

**Note 15 Other financial non-current assets**

	Acquisition cost (adjusted for repaid equity)	Book value 01.01.2022	Disposals (-) / Additions (+)	Amortisation	Book value 31.12.2021	Share of ownership as of 31.12.2021
Emerging Europe Commercial Properties AS	0	0	0	0	0	0,0 %
	Acquisition cost (adjusted for repaid equity)	Book value 01.01.2021	Disposals (-) / Additions (+)	Amortisation	Book value 31.12.2021	Share of ownership as of 31.12.2021
Emerging Europe Commercial Properties AS	3 114 155	11 296 563	-11 296 563	0	0	0,0 %

All the shares in Emerging Europe Commercial Properties AS were sold in May 2021 for a total sales price of NOK 11,296,562.



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**Note 16 Long-term receivables**

	31 December 2022	31 December 2021	1 January 2021
Share investments	-	-	11 296 563
Long-term receivables	134 068	13 884	-
<b>Total</b>	<b>134 068</b>	<b>13 884</b>	<b>11 296 563</b>

Share investments are valued at fair value when the value can be reliably measured. In cases where it can not, the asset is booked at cost.

Receivables are valued at its recoverable value.

**Note 17 Classification and measurement of financial assets and liabilities**

The table below provides an overview of the classification of the group's financial assets and liabilities, and shows the valuation hierarchy for financial instruments that are measured at fair value. The table also shows the balance sheet values and fair value for the group's financial instruments.

31 December 2022	Valuation hierarchy level	Financial instruments at fair value over profit and loss	Financial instruments at amortized cost	Total book value	Total fair value
<b>Assets</b>					
Financial fixed assets	2	-	134 068	134 068	134 068
Accounts receivable and other receivables	2	-	7 796 744	7 796 744	7 796 744
Bank deposits and cash	1	-	44 083 195	44 083 195	44 083 195
Interest rate swap	2	6 581 187	-	6 581 187	6 581 187
<b>Total financial assets</b>		<b>6 581 187</b>	<b>52 014 007</b>	<b>58 595 194</b>	<b>58 595 194</b>
<b>Liabilities</b>					
Debt to credit institutions	2	-	-601 809 445	-601 809 445	-601 809 445
Accounts payable and other debts	2	-	-24 297 383	-24 297 383	-24 297 383
Interest rate swap	2	-	-	-	-
<b>Total financial liabilities</b>		<b>-</b>	<b>-626 106 828</b>	<b>-626 106 828</b>	<b>-626 106 828</b>
Valuation level 1 (net)		-	44 083 195	44 083 195	44 083 195
Valuation level 2 (net)		6 581 187	-618 176 016	-611 594 829	-611 594 829
Valuation level 3 (net)		-	-	-	-

31 December 2021	Valuation hierarchy level	Financial instruments at fair value over profit and loss	Financial instruments at amortized cost	Total book value	Total fair value
<b>Assets</b>					
Financial fixed assets	2	-	13 884	13 884	13 884
Accounts receivable and other receivables	2	-	3 807 968	3 807 968	3 807 968
Bank deposits and cash	1	-	52 790 600	52 790 600	52 790 600
Interest rate swap	2	72 133	-	72 133	72 133
<b>Total financial assets</b>		<b>72 133</b>	<b>56 612 452</b>	<b>56 684 585</b>	<b>56 684 585</b>
<b>Liabilities</b>					
Debt to credit institutions	2	-	-405 159 660	-405 159 660	-405 159 660
Accounts payable and other debts	2	-	-15 873 404	-15 873 404	-15 873 404
Interest rate swap	2	-3 970 053	-	-3 970 053	-3 970 053
<b>Total financial liabilities</b>		<b>-3 970 053</b>	<b>-421 033 064</b>	<b>-425 003 117</b>	<b>-425 003 117</b>
Valuation level 1 (net)		-	52 790 600	52 790 600	52 790 600
Valuation level 2 (net)		-3 897 920	-417 211 212	-421 109 132	-421 109 132
Valuation level 3 (net)		-	-	-	-



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1 January 2021	Valuation hierarchy level	Financial instruments at fair value over profit and loss	Financial instruments at amortized cost	Total book value	Total fair value
<b>Assets</b>					
Financial fixed assets	2	11 296 563	-	11 296 563	11 296 563
Accounts receivable and other receivables	2	-	1 877 028	1 877 028	1 877 028
Bank deposits and cash	1	-	38 887 807	38 887 807	38 887 807
Interest rate swap	2	18 850	-	18 850	18 850
<b>Total financial assets</b>		<b>11 315 412</b>	<b>40 764 835</b>	<b>52 080 247</b>	<b>52 080 247</b>
<b>Liabilities</b>					
Debt to credit institutions	2	-	-371 849 642	-371 849 642	-371 849 642
Accounts payable and other debts	2	-	-13 296 861	-13 296 861	-13 296 861
Interest rate swap	2	-8 081 940	-	-8 081 940	-8 081 940
<b>Total financial liabilities</b>		<b>-8 081 940</b>	<b>-385 146 503</b>	<b>-393 228 443</b>	<b>-393 228 443</b>
Valuation level 1 (net)		-	38 887 807	38 887 807	38 887 807
Valuation level 2 (net)		3 233 472	-383 269 475	-380 036 003	-380 036 003
Valuation level 3 (net)		-	-	-	-

**Fair value hierarchy**

The Group uses the following hierarchy to classify assets and liabilities, based on the input to the valuation methods used to measure and disclose their fair value.

**Level 1:** Use of quoted prices in active markets for identical assets and liabilities.

**Level 2:** Use of valuation methods with observable market data as input.

**Level 3:** Use of valuation methods where input is based on a significant degree of unobservable market data.

Valuation of financial instruments is performed by the group's finance department, in consultation with an external advisor. The valuation methods used are adapted to each financial instrument, and aim to make the most of the information available in the market.

**Fair value of financial instruments measured at fair value in the balance sheet**

Measurement of the fair value of the group's interest rate swaps and hedging instruments is valued based on inputs classified at level 2. The fair value of interest rate swaps and hedging instruments is estimated based on observable forward rates and yield curves, and confirmed by the financial institution with which the company has entered into the agreements.

**Fair value of financial instruments measured at amortized cost in the balance sheet**

In addition to the above-mentioned financial assets and liabilities which are carried in the balance sheet at fair value, the group's other financial assets and liabilities (financial instruments) are carried on the balance sheet at amortized cost. The fair value of these financial instruments as shown in the table above is expected to be approximately equal to the book value (amortized cost). The carrying value of bank deposits and cash is approximately equal to fair value due to the fact that these instruments have a short maturity. Correspondingly, the book value of receivables and trade payables is approximately equal to fair value as they are entered into under normal conditions and discounting is not assumed to have a significant effect. Bank loans are measured at the fair value of future cash flows, where account is taken of the assumed difference between the current margin and market conditions.

**Note 18 Lease agreements where the group is the lessee**

**Lease agreements where the group is the lessee**

The group has lease agreements relating to the lease of land in several subsidiaries. The group applies the fair value model to right-of-use assets associated with the property lease contracts. Leased assets included in investment properties at 31 December 2022 was NOK 25.9 million (NOK 21.1 million per 31/12/21; NOK 13.5 million per 01/01/21). Changes in the value of right-of-use assets measured according to IAS 40 are included in the consolidated statement of profit and loss, and amount to NOK 1.1 million (2021: NOK -0.8 million).

Overview of changes to right of use assets and lease liabilities	Right-of-use assets	Lease liabilities
Opening balance 1 January 2022	21 483 518	21 487 818
Payments	-	(206 594)
Depreciation	(127 110)	-
Additions	1 668 901	1 668 901
Other / exchange differences	115 542	1 188 881
<b>Balance per 31 December 2022</b>	<b>24 140 852</b>	<b>24 139 006</b>
Opening balance 1 January 2021	14 004 677	14 004 677
Payments	-	(190 455)
Depreciation	(127 808)	-
Additions	8 460 822	8 460 822
Other / exchange differences	(854 173)	(787 226)
<b>Balance per 31 December 2021</b>	<b>21 483 518</b>	<b>21 487 818</b>



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Maturity analysis: Contractual, undiscounted cashflows	31 December 2022	31 December 2021	1 January 2021
<i>Current liabilities</i>			
- Less than one year	871 265	908 629	881 233
<i>Non-current liabilities</i>			
- One to five years	2 976 888	2 975 096	3 357 211
- More than five years	59 685 192	57 385 752	60 865 699
<b>Total</b>	<b>63 533 345</b>	<b>61 269 477</b>	<b>65 104 143</b>

Amounts recognized in the consolidated statement of income	2022	2021
Depreciation	(127 110)	(127 808)
Interest expense	(623 272)	(580 291)
<b>Total</b>	<b>(750 382)</b>	<b>(708 099)</b>

Amounts recognized in statement of cashflows	2022	2021
Interest payments	(623 272)	(580 291)
Payments of principal	(206 594)	(190 455)
<b>Total lease payments</b>	<b>(829 866)</b>	<b>(770 745)</b>

Right-of-use assets specified by type	Land	Cars	Total
Opening balance 1 January 2022	21 138 132	345 386	21 483 518
Depreciation	-	(127 110)	(127 110)
Additions	1 665 901	-	1 665 901
Other / exchanges differences	1 102 353	13 189	1 115 542
<b>Balance per 31 December 2022</b>	<b>23 909 386</b>	<b>231 466</b>	<b>24 140 852</b>

Opening balance 1 January 2021	13 510 992	493 685	14 004 677
Depreciation	-	(127 808)	(127 808)
Additions	8 460 822	-	8 460 822
Other / exchange differences	(833 682)	(20 490)	(854 173)
<b>Balance per 31 December 2021</b>	<b>21 138 132</b>	<b>345 386</b>	<b>21 483 518</b>

Note 19 Other receivables and other current assets

Other short term receivables as of 31.12:	31 December 2022	31 December 2021	1 January 2021
VAT receivable	966 834	409 472	338 876
Prepaid tax and duties	230 220	663 356	25 708
Prepaid payments to suppliers	2 531 697	713 091	1 003 406
Other	-2 577	1 544	96 101
<b>Total</b>	<b>3 726 173</b>	<b>1 787 463</b>	<b>1 464 090</b>

Note 20 Cash and bank deposits

	31 December 2022	31 December 2021	1 January 2021
Bank deposits	44 083 195	52 790 600	38 887 807
<b>Total Bank deposits in the statement of financial position</b>	<b>44 083 195</b>	<b>52 790 600</b>	<b>38 887 807</b>

Restricted deposits related to employee tax deduction	129 130	126 531	150 518
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**Note 21 Share capital and shareholder information**

As at 31.12 the share capital was divided as follows:

	Amount	Per value	Share capital
Ordinary shares	6 688 232	0,10	668 823
Own shares	10 395	0,10	1 040

As per 31.12 the 20 largest shareholders were:

Shareholders	Ordinary shares	Shareholding in %
UAB BALTICEQUITY	1 829 721	27,4 %
CENTRALKIRKEN	1 098 260	16,4 %
CARPE DIEM AFSETH AS	376 434	5,6 %
PIPPI INVEST AS	225 000	3,4 %
TRIVON AS	225 000	3,4 %
GAMBIT AS	159 182	2,4 %
EIENDOMSKAPITAL NORGE V AS	115 796	1,7 %
PASCAL HOLDING AS	103 703	1,6 %
LILLEBY, DAG HAAKON	100 000	1,5 %
OLAV HJORTESET AS	91 481	1,4 %
RIEVE KAPITAL AS	86 838	1,3 %
ANDERSEN-GOTT, TORE	59 139	0,9 %
HJORTESET, OLAV	58 519	0,9 %
DUPUY, PASCAL FREDERIC	57 658	0,9 %
DUPUY, BERIT MYHRE	57 657	0,9 %
BONAVISTA AS	52 628	0,8 %
BRØDRENE HJORTESET AS	52 578	0,8 %
JED INVEST AS	46 000	0,7 %
OPPØYEN, ALF	40 000	0,6 %
ATRYG AS	39 487	0,6 %
<b>Total of the 20 largest shareholders</b>	<b>4 875 081</b>	<b>72,9 %</b>

Shares held by board of directors and senior executives as of 31.12:

Shareholders	Role	Ordinary shares 2022	Ordinary shares 2021
UAB BALTICEQUITY (prev. "UAB LIEPU PROJEKTAS")	Chairman	1 829 721	1 799 721
CENTRALKIRKEN	Board member	1 098 260	1 098 260
CARPE DIEM AFSETH AS	Board member	376 434	376 434
EIENDOMSKAPITAL NORGE V AS	Board member	115 796	115 796
HOLSTEIN INVEST AS	Board member	32 861	32 861
MOSVOLD, JOHN DAVID	Board member	22 276	22 276
HAGEN, BERGER & AAS AS	CEO	13 334	13 334
ARTHEN INVEST AS	CEO	2 673	-



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**Note 22 Interest-bearing liabilities**

	31 December 2022	31 December 2021	1 January 2021
Interest-bearing debt	601 809 445	405 159 660	371 849 642
Bank deposits	-44 083 195	-52 790 600	-38 887 807
Financial derivatives	-6 581 187	3 897 920	8 063 090
<b>Net interest-bearing debt</b>	<b>551 145 063</b>	<b>356 266 980</b>	<b>341 024 926</b>
Investment properties (excl. additions related to IFRS 16)	1 016 368 594	751 914 664	677 428 410
<b>Group Net LTV</b>	<b>54,2 %</b>	<b>47,4 %</b>	<b>50,3 %</b>

**Covenant requirements**

All bank loans, except for UAB Grandus, are financed by Luminor Bank while UAB Grandus is financed by SEB. The group was not in breach of covenants at the end of the year 2022.

**Luminor:**

- LTV\*: Max 70 % (consolidated)  
 - DSCR\*\*: Minimum 1.20 (consolidated)  
 - Debt / EBITDA\*\*\*: Max 10.0 (consolidated)

**SEB:**

- LTV\*: Max 60 %  
 - DSCR\*\*: Minimum 1.20

**Abbreviations explained:**

\* LTV = Loan-to-value

\*\* DSCR = The coverage ratio of EBITDA\*\* over total debt payment per year. In the BSP Group, this is only applied for the real estate SPV's holding assets with Mortgage. Hence, central administration and company costs in management companies and Holding companies are not part of EBITDA calculation for bank covenants.

\*\*\* EBITDA = Earnings Before Interest, Taxes, Depreciation, and Amortization.

**Note 23 Debt to credit institutions**

	Non-current			Current		
	31 December 2022	31 December 2021	1 January 2021	31 December 2022	31 December 2021	1 January 2021
Borrowings from credit institutions	523 424 243	370 338 194	143 264 682	24 810 505	20 904 075	174 982 525
Other interest-bearing liabilities	19 450 427	0	-	35 339 658	14 656 209	53 602 435
<b>Total interest-bearing liabilities</b>	<b>542 874 671</b>	<b>370 338 194</b>	<b>143 264 682</b>	<b>60 150 163</b>	<b>35 560 284</b>	<b>228 584 960</b>

	31 December 2022		31 December 2021		1 January 2021	
	Currency amount	NOK amount	Currency amount	NOK amount	Currency amount	NOK amount
EUR	55 374 182	581 317 427	39 168 263	390 966 977	30 395 233	318 247 207
NOK	21 707 480	21 707 480	14 931 501	14 931 501	53 602 435	53 602 435
<b>Total interest-bearing liabilities</b>		<b>603 024 907</b>		<b>405 898 478</b>		<b>371 849 642</b>

Interest-bearing liabilities - maturity 31 December 2022	2023	2024	2025	2026	2027	2028 and later	Total
<b>Total interest-bearing liabilities amount f.1</b>	<b>603 024 907</b>	<b>563 159 132</b>	<b>516 901 206</b>	<b>492 370 761</b>	<b>467 840 316</b>	<b>467 840 316</b>	
Yearly amortisation of borrowings from credit institutions and other IBD*	24 530 445	24 530 445	24 530 445	24 530 445	-	-	98 121 760
Matured repayments of loans	33 747 831	21 707 480			467 840 316		523 295 627
<b>Total interest-bearing liabilities excl. prepaid borrowing expenses</b>	<b>58 278 276</b>	<b>46 237 925</b>	<b>24 530 445</b>	<b>24 530 445</b>	<b>467 840 316</b>	<b>-</b>	<b>621 417 407</b>
Interest to be paid on interest-bearing liabilities (margin) - 2.14% average	12 313 653	11 324 162	10 799 210	10 274 259	10 011 783		54 723 066
3-month Euribor (3,5%)	20 139 152	18 520 825	17 662 259	16 803 694	16 374 411		89 500 342
Interest rate SWAP (0.58%) - income (estimate)	(6 523 239)						(6 523 239)
<b>Total interest payments</b>	<b>25 929 566</b>	<b>29 844 987</b>	<b>28 461 469</b>	<b>27 077 952</b>	<b>26 386 194</b>	<b>-</b>	<b>137 700 169</b>
New borrowings (development loan, investment loan, re-leverage etc.)	18 392 500				467 840 316		
<b>Total future payments on interest-bearing liabilities</b>	<b>84 207 842</b>	<b>76 082 912</b>	<b>52 991 915</b>	<b>51 608 397</b>	<b>494 226 510</b>	<b>-</b>	<b>759 117 576</b>
<b>Total future payments excluding re-finance of whole portfolio</b>							<b>291 277 260</b>



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Interest-bearing liabilities - maturity 31 December 2021	2022	2023	2024	2025	2026	2027 and later	Total
<b>Total interest-bearing liabilities amount f.t.</b>	<b>408 040 218</b>	<b>375 004 074</b>	<b>355 737 731</b>	<b>336 471 388</b>	<b>336 471 388</b>	<b>319 647 819</b>	
Yearly amortisation of borrowings from credit institutions and other IBD*	19 266 343	19 266 343	19 266 343		16 823 569	16 823 569	91 446 168
Matured repayments of loans	13 769 801			336 471 388			350 241 189
<b>Total interest-bearing liabilities excl. prepaid borrowing expenses</b>	<b>33 036 144</b>	<b>19 266 343</b>	<b>19 266 343</b>	<b>336 471 388</b>	<b>16 823 569</b>	<b>16 823 569</b>	<b>441 687 357</b>
Interest to be paid on interest-bearing liabilities (margin) - 2.14% average	8 231 237	7 818 937	7 406 638	7 200 488	7 020 476		37 677 775
3-month Euribor (2%)	7 692 745	7 307 418	6 922 091	6 729 428	6 561 192		35 212 874
Interest rate SWAP (0.58%) - cost	2 359 096						2 359 096
<b>Total interest payments</b>	<b>18 283 078</b>	<b>15 126 355</b>	<b>14 328 729</b>	<b>13 929 915</b>	<b>13 581 668</b>	-	<b>75 249 745</b>
New borrowing (development loan, investment loan, re-leverage etc.)				336 471 388			
<b>Total future payments on interest-bearing liabilities</b>	<b>61 319 222</b>	<b>34 392 698</b>	<b>33 595 072</b>	<b>350 401 503</b>	<b>30 405 237</b>	<b>16 823 569</b>	<b>516 937 102</b>
<b>Total future payments excluding re-finance of whole portfolio</b>							<b>516 937 102</b>

Interest-bearing liabilities - maturity 1 January 2021	2021	2022	2023	2024	2025	2026 and later	Total
<b>Total interest-bearing liabilities amount f.t.</b>	<b>380 746 940</b>	<b>332 567 409</b>	<b>314 568 963</b>	<b>296 570 518</b>	<b>296 570 518</b>	<b>278 572 072</b>	
Yearly amortisation of Borrowings from credit institutions and other interest-bearing liabilities	19 569 202	17 998 446	17 998 446	17 998 446	17 998 446	-	91 562 985
Matured repayments of loans	158 507 725	-	-	296 570 518	-	-	455 078 242
<b>Total interest-bearing liabilities excl. prepaid borrowing expenses</b>	<b>178 076 927</b>	<b>17 998 446</b>	<b>17 998 446</b>	<b>314 568 963</b>	<b>17 998 446</b>	-	<b>546 641 227</b>
Interest to be paid on interest-bearing liabilities (margin) - 2.14% average	9 522 716	9 221 693	8 708 738	8 195 782	8 195 782	-	43 944 711
3-month Euribor (2%)	-	-	6 111 395	5 751 426	5 751 426	-	17 614 247
Interest rate SWAP (0.58%) - cost	1 216 963	1 226 030	(2 737 617)	(75 983)	-	-	(370 607)
<b>Total interest payments</b>	<b>10 739 679</b>	<b>10 447 724</b>	<b>12 082 515</b>	<b>13 871 225</b>	<b>13 947 208</b>	-	<b>61 088 351</b>
New borrowing (development loan, investment loan, re-leverage etc.)	129 897 396	-	-	296 570 518	-	-	
<b>Total future payments on interest-bearing liabilities</b>	<b>188 816 606</b>	<b>28 446 169</b>	<b>30 080 961</b>	<b>328 440 188</b>	<b>31 945 654</b>	-	<b>607 729 578</b>
<b>Total future payments excluding re-finance of whole portfolio</b>	-	-	-	-	-	-	<b>607 729 578</b>

\* IBD = Interest-Bearing Debt

The group's investment properties (cf. note 13) are pledged as security for the loans related to the investment properties.

#### Refinancing of the group's bank debt in March/May 2021 and in July 2022:

In March 2021, the company signed a binding term sheet with Luminor Bank on new financing for all subsidiaries. The loan agreement for the companies BSP Retail Property V UAB, BSP Logistic Property IV UAB, BSP Logistic Property V UAB and BSP Logistic Property VI UAB was signed in March 2021. The loan agreement for BSP Logistic Property and BSP Logistic Property II was signed in the end of May 2021.

The main conditions for the new loan were as follows:

- Interest rate: 2.05% + 3-month Euribor (minimum 0)
- Installment profile 20 years
- Financial covenants (main points):
  - LTV\*\* Max 70% (consolidated)
  - DSCR\*\*\* Minimum 1.20 (consolidated)
  - Debt / EBITDA\*\*\* Max 10.0 (consolidated)

The respective real estate SPV's are operating as guaranties of the combined loan portfolio with mortgages on the Group's properties.

In July 2022, the entire loan portfolio renewed its term to May 2027. Furthermore, a drawdown of mEUR 3.2 was made at 2.25% + 3-month Euribor releasing cash for new investments. In addition, a new 25-year amortisation schedule was implemented for the loan portfolio.

After the re-financing, the average bank margin for the group financing is 2.14% (including SEB financing for Grandus shopping centre at 2.55% margin) + 3-month Euribor.

#### Abbreviations explained

\* LTV = Loan-to-value

\*\* DSCR = The coverage ratio of EBITDA\*\*\* over total debt payment per year. In the BSP Group, this is only applied for the real estate SPV's holding assets with Mortgage. Hence, central administration and company costs in management companies and Holding companies are not part of EBITDA calculation for bank covenants.

\*\*\* EBITDA = Earnings Before Interest, Taxes, Depreciation, and Amortization.



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**Note 24 Interest rate swap agreements**

In order to adapt the debt portfolio to the group's target interest rate profile, the following financial instruments are used:

**Interest rate swap agreement**

Agreement to exchange interest terms for a specific nominal amount over a specific number of periods.

The financial instruments are measured at fair value on the reporting date. Changes in value during the accounting period are booked in profit or loss.

Instruments as of 31.12.2022	Type	Expiration year	Contract amount (principal)	Average interest rate
Interest rate swap	Pays fixed and receives floating	10/01/2024	13 896 000	0,58%
Interest rate swap	Pays fixed and receives floating	10/01/2024	4 515 000	0,58%
Interest cap rate	Pays fixed	10/01/2025	1 251 247	
Interest rate swap	Pays fixed and receives floating	28/07/2025	1 591 567	0,72%
Instruments as of 31.12.2021	Type	Expiration year	Contract amount (principal)	Average interest rate
Interest rate swap	Pays fixed and receives floating	10/01/2024	15 238 800	0,58%
Interest rate swap	Pays fixed and receives floating	10/01/2024	4 950 896	0,58%
Interest cap rate	Pays fixed	10/01/2025	1 251 247	
Interest rate swap	Pays fixed and receives floating	28/07/2025	1 896 583	0,72%
Instruments as of 1.1.2021	Type	Expiration year	Contract amount (principal)	Average interest rate
Interest rate swap	Pays fixed and receives floating	30/11/2021	15 589 314	0,20%
Interest rate swap	Pays fixed and receives floating	10/01/2024	16 579 600	0,58%
Interest cap rate	Pays fixed	10/01/2025	1 251 247	
Interest rate swap	Pays fixed and receives floating	10/01/2024	5 386 792	0,58%

**Note 25 Reconciliation of liabilities from financing activities**

Amounts in NOK thousand

	2022		2021	
	Interest-bearing debt	Lease obligations	Interest-bearing debt	Lease obligations
Liabilities as of 01.01	404 794	21 488	371 850	14 005
New interest-bearing debt	244 603	-	270 862	-
Down-payment on interest bearing debt	-76 274	-	-218 829	-
Increase lease liabilities	-	1 669	-	8 461
Down-payment lease liabilities	-	-207	-	-190
Reclassification from long-term to short-term debt	-	-	-	-
Exchange rate effects	26 971	1 189	-19 089	-787
Liabilities as of 31.12	600 094	24 139	404 794	21 488

**Note 26 Uncertain liabilities**

In 2011, the tax authorities requested information from the parent company regarding previously deducted issue costs related to the balance sheet for 2006. The parent company was then able to reduce its carry forward loss by NOK 23 888 757. This was part of the issue/facilitation fee that was considered to be part of the investment and therefore not give a tax deduction. Furthermore, the decision states that additional tax of 30% of the tax of NOK 23 888 757, a total of NOK 5 989 856, will be effected in the first year the company makes a tax profit. There is thus a contingent liability of NOK 5 989 856 for which there is no provision in the accounts as the company considers it less than 50% likely that it will make a tax profit. This assessment is based on the fact that the company's main source of income is dividends from subsidiaries, which are not subject to taxation.

Per 31.12.2022, the parent company had a deferred tax asset of MNOK 14 which the company has chosen to not book in its balance sheet as it not expects to come in a position of taxation where it will be able to make use of the tax asset.

**Note 27 Transactions with related parties**

On the 1st of April 2022, BSP entered a letter of intent (LOI) to acquire the shopping center Grandus in Klaipėda from Baltic Equity Group UAB and others. The primary shareholder in Baltic Equity Group UAB was and is the current chairman and primary insider in Baltic Sea Properties, James Andrew Clarke.

The transaction was completed on the 23rd of May 2022, carried out in accordance with the arm's length principle with asset valuation obtained from a third-party valuator who priced the property higher than the value assumed in the transaction's price calculation.

The purchase price of MEUR 6.6 was settled on the basis of the Company's existing and released cash from refinancing of the Shopping center (MEUR 2.6 with settlement by 27 May 2022) and by the seller granting a seller credit of MEUR 4.0 (interest 8.0% p.a) to be settled within 12 months.

On the 30th of December 2022, BSP repaid mEUR 0.8 of the seller credit's principal amount and mEUR 0.2 of accumulated interest. The outstanding balance of the seller credit per 31st of December 2022 was MEUR 3.2 excl. interest.

**Note 28 Other short-term debt**

Other short-term liabilities in the group as of 31/12:

	31 December 2022	31 December 2021	1 January 2021
Prepaid payments from tenants	8 801 636	6 615 442	4 469 122
Unpaid dividends	347 119	347 119	285 994
Accrued holiday pay	993 882	1 122 775	425 815
Other salary provisions	1 404 261	202 729	554 442
Payable dues and other taxes	2 803 534	1 720 367	2 209 826
Other	1 663 620	1 613 923	2 115 160
<b>Total</b>	<b>16 014 052</b>	<b>11 622 355</b>	<b>10 060 359</b>

Mezzanine loan and seller's credit is classified as interest-bearing debt in the balance sheet and are therefore specified under note 23.

**Note 29 Russia's invasion of Ukraine**

Following Russia's invasion of Ukraine in February 2022, our company has encountered challenges in our operations. On 2nd March 2022, Rhenus Logistics requested a temporary postponement of the signing date for an expansion project previously agreed upon in February 2022. Additionally, our tenant Vingas Logistics (a transit logistics provider) informed us that they have been impacted by sanctions imposed on Russia and Belarus. The tenant has however communicated that they no longer are impacted heavily from the sanctions. We are maintaining close dialogue with our tenant and proactively collaborating to identify mutually beneficial solutions.

In the year ahead, we expect that increased interest rates, rising construction costs, and potentially limited access to new projects will have a negative effect on our operations. It is important to emphasise that our business remains robust; however, we may experience a relative reduction in profitability compared to the successful previous years due to the current market climate, which impacts the entire industry.



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## Note 30 First time adoption of IFRS

Amounts in NOK thousand

The financial statements presented herein represent the Group's first set of statements prepared in compliance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) for the period ended 31 December 2022. Accordingly, the Group has prepared financial statements that comply with IFRS applicable as of 31 December 2022, together with the comparative period ended 31 December 2021, as described in the basis of preparation (note 1). In preparing the financial statements, the Group's opening statement of financial position was prepared as of 1 January 2021, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group when transitioning to IFRS from its previous reporting framework, Generally Accepted Accounting Principles in Norway ("NGAAP") as of 1 January 2021, as well as for the period ended 31 December 2021.

### Estimates

The estimates made on 1 January 2021 and 31 December 2021 are consistent with those made for the same dates in accordance with NGAAP, subject to any adjustments needed to account for differences in accounting policies. Presented below is a summary of the primary impacts of implementing IFRS on equity, the income statement, and the financial position.

### Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemptions:

- The group has opted to calculate the net present value of remaining lease payments as of January 1, 2021, using the incremental borrowing rate, to determine the right-of-use asset and lease liability. Leases that are due to expire within 12 months of the transition date are classified as short-term leases.
- 1 January 2021, the group has not identified the cumulative foreign exchange differences that existed at the date of transition to IFRS and has set it to zero.

Below is a description of the main impact of the IFRS adjustments on the consolidated statement of financial position as of 1 January 2021, and 31 December 2021. Further details regarding the impact of these adjustments on the consolidated statement of profit or loss and the consolidated statement of cash flows are also provided below. The NGAAP figures presented are based on previously reported annual reports.

### Group reconciliation of equity as at 31 December 2021 and 1 January 2021

Amounts in NOK thousand

	Notes	31 December 2021	1 January 2021
Equity NGAAP		216 251	206 649
Investment property	a	751 915	677 428
Other operating assets	a	-604 463	-556 665
Other non-current asset	a	-	-10 470
<b>Total</b>		<b>147 451</b>	<b>110 293</b>
Right-of-use asset, investment property	b	21 138	13 511
Right-of-use assets, other operating assets	b	345	494
Lease liability	b	-21 488	-14 005
<b>Total</b>		<b>(4)</b>	<b>-</b>
Financial asset EECF	c	-	8 182
Derivatives		72	19
Bank fees (can amortized kost)	e	739	-
<b>Net equity effects before tax</b>		<b>148 258</b>	<b>118 494</b>
Deferred tax	f	(17 025)	(16 547)
<b>Total equity effect from implementation of IFRS</b>		<b>131 233</b>	<b>101 947</b>
<b>Equity IFRS</b>		<b>347 485</b>	<b>308 596</b>



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Group reconciliation of financial position at 31 December 2021

Amounts in NOK thousand

	Notes	NGAAP 31.12.2021	Adjustments	IFRS 31.12.2021
<b>Assets</b>				
Investment property	a	-	751 915	751 915
Other operating assets	a	605 287	(604 463)	823
Right-of-use assets, investment property	b	-	21 138	21 138
Right-of-use assets, other operating assets	b	-	345	345
<b>Sum non-current assets</b>		<b>605 287</b>	<b>168 935</b>	<b>774 222</b>
Other financial non-current assets		-	-	-
Other non-current receivables		14	-	14
Derivatives, non-current	d	-	72	72
<b>Sum non-current financial assets</b>		<b>14</b>	<b>72</b>	<b>86</b>
<b>Sum non-current assets</b>		<b>605 301</b>	<b>169 007</b>	<b>774 308</b>
Trade receivables		2 021	-	2 021
Other receivables and prepayments		1 787	-	1 787
<b>Sum receivables</b>		<b>3 808</b>	<b>-</b>	<b>3 808</b>
Cash and cash equivalents		52 791	-	52 791
<b>Sum current assets</b>		<b>56 599</b>	<b>-</b>	<b>56 599</b>
Investment property held for sale		-	-	-
<b>Sum assets</b>		<b>661 899</b>	<b>169 007</b>	<b>830 906</b>
<b>Equity</b>				
Share capital		669	-	669
Share premium reserve		118 788	-	118 788
Other paid-in equity		(2)	-	(2)
Retained earnings	h	96 796	154 887	251 683
Translation differences	g	-	(23 653)	(23 653)
<b>Total equity</b>		<b>216 251</b>	<b>131 233</b>	<b>347 485</b>
Interest-bearing liabilities	e	370 338	(739)	369 599
Other non-current liabilities	d	3 970	(3 970)	-
Lease liabilities non-current	b	-	21 225	21 225
Deferred tax liability	f	16 841	17 025	33 865
Derivatives, non-current	d	-	3 970	3 970
<b>Sum non-current liabilities</b>		<b>391 149</b>	<b>37 511</b>	<b>428 660</b>
Interest-bearing liabilities, current	e	20 906	14 655	35 560
Trade payables		4 251	-	4 251
Income tax payable		3 065	-	3 065
Other current liabilities		26 277	(14 655)	11 622
Lease liabilities, current	b	-	263	263
<b>Sum current liabilities</b>		<b>54 499</b>	<b>263</b>	<b>54 762</b>
<b>Sum liabilities</b>		<b>445 648</b>	<b>37 774</b>	<b>483 422</b>
<b>Sum equity and liabilities</b>		<b>661 899</b>	<b>169 007</b>	<b>830 906</b>

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Group reconciliation of financial position at 1 January 2021 (date of transition to IFRS)

Amounts in NOK thousand

	Notes	NGAAP 31.12.2020	Adjustments	IFRS 01.01.2021
<b>Assets</b>				
Investment property	a	-	562 465	562 465
Other operating assets	a	498 728	(498 728)	-
Right-of-use assets, investment property	b	-	13 511	13 511
Right-of-use assets, other operating assets	b	-	494	494
Other non-current assets	a	10 667	(10 470)	197
<b>Sum non-current assets</b>		<b>509 395</b>	<b>67 271</b>	<b>576 666</b>
Other financial non-current asset		3 114	8 182	11 297
Derivatives, non-current	d	-	19	19
<b>Sum non-current financial assets</b>		<b>3 114</b>	<b>8 201</b>	<b>11 315</b>
<b>Sum non-current assets</b>		<b>512 509</b>	<b>75 472</b>	<b>587 981</b>
Trade receivables		413	-	413
Other receivables and prepayments		1 464	-	1 464
<b>Sum receivables</b>		<b>1 877</b>	<b>-</b>	<b>1 877</b>
Cash and cash equivalents		38 888	-	38 888
<b>Sum current assets</b>		<b>40 765</b>	<b>-</b>	<b>40 765</b>
<b>Investment property held for sale</b>		<b>-</b>	<b>114 964</b>	<b>114 964</b>
Property, plant and equipment held for sale		57 938	(57 938)	-
<b>Sum assets</b>		<b>611 211</b>	<b>132 499</b>	<b>743 710</b>
<b>Equity</b>				
Share capital		669	-	669
Share premium reserve		118 788	-	118 788
Other paid-in equity		(2)	-	(2)
Retained earnings	h	87 194	101 947	189 142
Translation difference	g	-	-	-
<b>Sum equity</b>		<b>206 649</b>	<b>101 947</b>	<b>308 596</b>
Interest-bearing liabilities	e	143 265	-	143 265
Other non-current liabilities	d	8 082	(8 082)	(0)
Lease liabilities non-current	b	-	13 843	13 843
Deferred tax liability	f	6 250	16 547	22 797
Derivatives, non-current	d	-	6 857	6 857
<b>Sum non-current liabilities</b>		<b>157 597</b>	<b>29 164</b>	<b>186 761</b>
Interest-bearing liabilities, current	e	174 983	53 602	228 585
Trade payables		3 237	-	3 237
Income tax payable		5 084	-	5 084
Other current liabilities		63 663	(53 602)	10 060
Derivatives, current	d	-	1 225	1 225
Lease liabilities, current	b	-	162	162
<b>Sum current liabilities</b>		<b>246 966</b>	<b>1 387</b>	<b>248 353</b>
<b>Sum liabilities</b>		<b>404 562</b>	<b>30 551</b>	<b>435 114</b>
<b>Sum equity and liabilities</b>		<b>611 211</b>	<b>132 499</b>	<b>743 710</b>



## a) Investment property, Other operating assets and Other non-current assets

Baltic Sea Properties has chosen to measure its investment properties at fair value, in accordance with IFRS, compared to historical cost under NGAAP. The effect of this transition is described below.

Under NGAAP, the investment properties were classified as property, plant and equipment and stated at historical cost less accumulated depreciation and impairment losses. In addition, a signing fee related to the investment properties was recognized as Other non-current assets. On transition to IFRS, this signing fee was reclassified as part of the investment property category. Under IFRS, investment properties are measured at fair value. NOK 10.3 mill related to deferred tax acquisition of investment property in 2021, has been reversed.

As at the transition date, the fair value of the investment properties was NOK 677 428 thousand, compared to a carrying amount of NOK 556 665 thousand under NGAAP (including investment property held for sale per 1 January 2021).

The fair value of the investment properties was determined using a valuation technique, as defined under IFRS 13 Fair Value Measurement. The valuation technique used was discounted cash flow method, which involved using observable market inputs to derive the fair value of the investment properties.

The transition to IFRS has had a significant impact on the financial statements, primarily due to the revaluation of the investment properties to fair value. Baltic Sea Properties believes that the adoption of IFRS will provide users of its financial statements with more transparent and useful information.

## b) Right-of-use assets and lease liabilities

Under NGAAP, all lease contracts were classified as operational leases, and the related lease expenses were recognized on a straight-line basis throughout the lease term. However, with the transition to IFRS, the present value of the remaining future lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2021, is recognized in the consolidated statement of financial position as lease liabilities and right-of-use assets.

As a result of this change, the 2021 consolidated statement of income reflects a decrease in lease expenses, and an increase in the depreciation of right-of-use assets and interest expenses. Right-of-use assets are depreciated on a straight-line basis from the time of recognition until the earlier of either the end of the useful life or the end of the lease term. Lease payments are divided into payment of principal and interest, with the interest on lease liabilities in each accounting period during the lease term being the amount that represents a constant periodic interest for the outstanding balance of the lease liability.

Right-of-use assets to other operating assets are presented separately in the consolidated statement of financial position, while right-of-use assets to investment property are classified as a part of investment property. Lease liabilities are classified as either current or non-current. In the statement of cash flows, payments on lease principal are included in financing activities, while interest is included in operating activities. It is important to note that the transaction of entering into new lease agreements has no cash flow effect.

The Group has opted to make use of the practical exceptions available for leases of low-value assets and lease agreements that have a lease term of no more than one year. Consequently, the lease payments related to these leases are recognized as expenses on a straight-line basis throughout the lease term.

Under IFRS 16 Leases, leased investment property is accounted for as a right-of-use asset and a lease liability. The right-of-use asset is measured at cost, which includes the initial measurement of the lease liability, any lease payments made at or before the commencement date, and any initial direct costs incurred. Subsequently, the right-of-use asset is depreciated over the lease term, and the lease liability is amortized using the effective interest method.

Under IAS 40 Investment Property, leased investment property is measured at fair value. Gains or losses resulting from changes in the fair value of the leased investment property are recognized in profit or loss.

See note 18 for specification of the effects as described above.

## c) Financial asset, Emerging Europe Commercial Properties AS ("EECP")

Under NGAAP, the shares in EECP were initially recognized at cost upon acquisition. Excess values related to the difference between historical cost and fair value of the shares of NOK 8 182 thousand was recognized per 31 December 2020. The shares were sold in 2021 and a gain of NOK 8 182 thousand was recognized. Under IFRS, the shares were recognized at fair value per the transition to IFRS. The fair value of the shares per 1 January 2021 equaled the consideration received at the time of the sale and as such the gain arising under NGAAP was reversed.

## d) Derivatives

The Company has entered into an interest cap agreement to manage its interest rate risk exposure. The derivative was first recognized on the date of transition to IFRS and was previously not recognized under NGAAP.

The derivative is measured at fair value, with changes in fair value recognized in profit or loss. The fair value of the derivative is determined based on observable market data and is measured using valuation techniques that are appropriate for the nature, terms and conditions of the derivative.

Under NGAAP, the derivatives were presented in the statement of financial position as part of non-current liabilities. Under IFRS, derivatives are presented separately in the statement of financial position and as such a reclassification has been made.

## e) Bank fee related to loan measured at a amortized cost

The bank fee related to an external loan that was previously expensed in the statement of profit or loss has been reclassified as an element of the loan balance for amortization over term of the liability.

## f) Deferred tax

The IFRS adjustment reflects the deferred tax liability related to the above-mentioned adjustments on investment properties, leases, derivatives and bank fee.

In addition, deferred tax liability of NOK 10.3 million related to acquisition of investment property in 2021, has been reversed.

## g) Currency translation differences

The IFRS adjustment reflects the currency translation effects related to the IFRS adjustments mentioned above.

## h) Retained earnings

The IFRS adjustment consists of the P&L effect of the IFRS adjustments in addition to adjustments in the opening balance of equity at the date of transition to IFRS.

## IFRS adjustments in the cash flow statement for the year ended 31 December 2021

The main IFRS conversion effects on the cash flow statement for the financial year 2021 are:

- The adoption of fair value accounting for investment properties, equity investment and financial derivatives increase the group's profit for the period before tax and net cash flows from operating activities.
- While the net of finance items were presented in the GAAP statement, the IFRS statement specify gross amounts for interest payments and other finance items.
- The acquisition of Klappøds Business Park and Liepu Parkas is presented with gross effects on "Investment in investment property" and "Proceeds from interest-bearing debt", while the acquisition was presented at equity value (net of assets and debt) in the NGAAP statement. The net effect of this difference on "Net cash flows from investing activities" and "Net cash flows from financing activities" is approx. NOK +/- 69 million.



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**Group reconciliation of total comprehensive income for the year ended 31 December 2021**

Amounts in NOK thousand

	Notes	NGAAP	Adjustments	IFRS
Rental income		63 803	-	63 803
Gain from sale of fixed assets	a	4 190	2 406	6 596
Changes in value of investment properties	a	-	56 314	56 314
Other income	a	4 570	(2 553)	2 016
<b>Total revenue and other income</b>		<b>72 563</b>	<b>56 166</b>	<b>128 730</b>
Payroll and related costs		(12 262)	-	(12 262)
Depreciation, amortisation and impairment	a, e	(22 551)	22 245	(306)
Impairment loss/reversal of impairment loss (-)	a	7 487	(7 487)	-
Other operating expenses	d	(9 605)	771	(8 834)
<b>Total operating expenses</b>		<b>(36 931)</b>	<b>15 530</b>	<b>(21 402)</b>
<b>Operating profit</b>		<b>35 632</b>	<b>71 696</b>	<b>107 328</b>
Other financial income		0	-	0
Change in fair value of financial instruments	d	3 779	53	3 832
Financial income		1	-	1
Other financial expenses	e	(3 078)	739	(2 339)
Financial expenses		(15 183)	-	(15 183)
Financial expenses IFRS 16	d	-	(580)	(580)
Foreign exchange gains (losses)		824	-	824
Income from sale of financial assets	c	8 182	(8 182)	0
<b>Net financial income (cost)</b>		<b>(5 475)</b>	<b>(7 971)</b>	<b>(13 446)</b>
<b>Profit before income tax</b>		<b>30 157</b>	<b>63 725</b>	<b>93 883</b>
Income tax expense		(616)	-	(616)
Change in deferred tax (tax assets)	f	(580)	(10 786)	(11 366)
<b>Profit for the period</b>		<b>28 962</b>	<b>52 939</b>	<b>81 901</b>
<b>Other comprehensive income</b>				
Currency translation differences	g	-	(33 297)	(33 297)
<b>Other comprehensive income for the period, net of tax</b>		<b>-</b>	<b>(33 297)</b>	<b>(33 297)</b>
<b>Total comprehensive income for the period</b>		<b>28 962</b>	<b>19 642</b>	<b>48 604</b>



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## Annual Financial Statement 2022 for the Parent Company

Amounts in NOK

Income Statement	Note	31 December 2022	31 December 2021
<b>Operating income</b>			
Other operating income	14	4 707 374	2 792 610
<b>Sum operating income</b>		<b>4 707 374</b>	<b>2 792 610</b>
<b>Operating expenses</b>			
Wages and social costs	3	4 565 285	4 261 996
Depreciations on fixed assets	4	54 820	15 776
Other operating expenses	3,10	2 726 292	2 263 613
<b>Sum operating expenses</b>		<b>7 346 397</b>	<b>6 541 385</b>
<b>Profit from operations</b>		<b>-2 639 022</b>	<b>-3 748 775</b>
<b>Financial income &amp; expenses</b>			
Dividends received from subsidiaries	2	-	7 985 567
Interest income from subsidiaries	2	4 208 469	4 332 536
Other interest income		161 598	294
Profit from sale of shares		-	8 182 408
Currency gain (+) / loss (-)	13	9 723 510	-3 334 550
Interest expenses to subsidiaries	2	619 061	857 927
Other interest expenses	9	2 519 826	2 809 049
Impairment of non-current financial assets (+) / Reversal of previous years' impairment of non-current financial assets (-)	2	-	-649 114
Other financial expenses	9, 13	1 390 550	183 750
<b>Net profit from financial items</b>		<b>9 564 141</b>	<b>13 964 642</b>
<b>Profit before taxes</b>		<b>6 925 119</b>	<b>10 215 867</b>
Corporate income tax	5	-	-
Change in deferred taxes	5	-	-
<b>Taxes on profit</b>		<b>-</b>	<b>-</b>
<b>PROFIT AFTER TAXES</b>		<b>6 925 119</b>	<b>10 215 867</b>
<b>Allocation of profit</b>			
Dividend (distributed during the accounting year)	6	10 032 348	9 981 311
Transferred to/from retained earnings	6	-3 107 229	234 556
<b>Sum allocation</b>		<b>6 925 119</b>	<b>10 215 867</b>



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## Annual Financial Statement 2022 for the Parent Company

Amounts in NOK

Balance Sheet	Note	31 December 2022	31 December 2021
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed assets</b>			
Other fixed assets	4	840 587	13 715
<b>Sum fixed assets</b>		<b>840 587</b>	<b>13 715</b>
<b>Non-current financial assets</b>			
Investments in subsidiaries	2	12 723 177	2 168 377
Loans to subsidiaries	2	140 069 000	210 203 060
<b>Sum non-current financial assets</b>		<b>152 792 177</b>	<b>212 371 437</b>
<b>Sum fixed assets</b>		<b>153 632 764</b>	<b>212 385 152</b>
<b>CURRENT ASSETS</b>			
<b>Accounts receivable</b>			
Trade receivables		724 801	141 529
Other accounts receivable	15	-	82 100
<b>Sum accounts receivable</b>		<b>724 801</b>	<b>223 629</b>
<b>Cash and cash equivalents</b>			
Cash and cash equivalents	8	15 626 155	3 571 098
<b>Sum current assets</b>		<b>16 350 956</b>	<b>3 794 727</b>
<b>SUM ASSETS</b>		<b>169 983 720</b>	<b>216 179 879</b>



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## Annual Financial Statement 2022 for the Parent Company

Amounts in NOK

Balance Sheet	Note	31 December 2022	31 December 2021
<b>EQUITY</b>			
<b>Paid-in equity</b>			
Share capital	6, 7	668 823	668 823
Own shares	6	-1 040	-1 500
Share premium	6	118 788 021	118 788 021
<b>Sum paid-in equity</b>		<b>119 455 805</b>	<b>119 455 344</b>
<b>Retained earnings</b>			
Retained earnings	6	27 687 991	30 565 431
<b>Sum retained earnings</b>		<b>27 687 991</b>	<b>30 565 431</b>
<b>Sum equity</b>		<b>147 143 796</b>	<b>150 020 775</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Non-current borrowings from subsidiaries	2	116 152	50 466 154
Other non-current liabilities	9	21 715 333	-
<b>Sum non-current liabilities</b>		<b>21 831 485</b>	<b>50 466 154</b>
<b>Current liabilities</b>			
Trade payables		191 432	231 181
Payable dues and other taxes		202 532	181 952
Current borrowings from subsidiaries	2	7 177	-
Other current liabilities	9, 16	607 298	15 279 817
<b>Sum current liabilities</b>		<b>1 008 438</b>	<b>15 692 950</b>
<b>Sum liabilities</b>		<b>22 839 923</b>	<b>66 159 104</b>
<b>SUM EQUITY &amp; LIABILITIES</b>		<b>169 983 720</b>	<b>216 179 879</b>

Oslo, the 18<sup>th</sup> of April 2023

  
James Andrew Clarke  
Chairman of the Board

  
John Afseth  
Board Member

  
John David Mosvold  
Board Member

  
Bjørn Bjørø  
Board Member

  
Lars Christian Berger  
CEO



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## Annual Financial Statement 2022 for the Parent Company

Amounts in NOK

Cash Flow Statement	31 December 2022	31 December 2021
<b>Cash flows from operating activities</b>		
Profit before tax	6 925 119	10 215 867
+/- Paid taxes	20 580	-
+/- Depreciations	54 820	15 776
- Gains from sale of shares	-	-8 182 407
+/- Change in trade receivables and other receivables	-501 172	355 248
+/- Change in trade payables	-39 749	231 181
+/- Change in other borrowings	1 249 167	-
+/- Change in non-current liabilities	-	-
Effects from currency differences	-	-
+/- Change in other provisions	20 493	125 449
= Net cash flows from operating activities	7 729 258	2 761 114
<b>Cash flows from investment activities</b>		
- Purchases of fixed assets (incl. reclassifications)	-826 872	-29 491
- Purchases of shares	-10 554 800	-2 114 011
+ Proceeds from sale of shares and other fixed assets	-	60 775 563
= Net cash flows from investment activities	-11 381 672	58 632 061
<b>Cash flows from financing activities</b>		
+/- Net changes in current financial debts	-15 404 724	-39 252 403
+/- Net changes in non-current financial debts	18 750 000	-
+/- Net changes in non-current loans to/from subsidiaries	23 373 467	-9 328 889
- Distribution of dividends	-10 032 348	-9 981 311
= Net cash flows from financing activities	16 686 395	-58 562 603
+/- Effects from currency differences on cash and cash equivalents	-978 924	-
= Net change in cash and cash equivalents	12 055 058	2 830 572
+ Cash and cash equivalents at beginning of period	3 571 097	740 525
= <b>Cash and cash equivalents at end of period</b>	<b>15 626 155</b>	<b>3 571 097</b>
Restricted deposits per 31.12 related to employee tax deduction	129 130	125 531



## Notes to the annual financial statements 2022 for the Parent Company

### Note 1 Accounting Principles

The annual accounts have been drawn up in accordance with the Accounting Act ("regnskapsloven") and prepared according to Norwegian accounting standards and recommendations for good accounting practice ("God regnskapskikk" (GRS)). The annual accounts have been prepared with the assumption of continued operations, cf. Section 3-3a of the Accounting Act (regnskapsloven).

#### Sales revenue and operating costs

The parent company's operating income derives from the sale of management services to its own subsidiaries. The parent company's operating income is recognized in the income statement when it is earned ("opptjeningsprinsippet"), while operating expenses are recognized in the income statement in the same period as the income is earned ("sammenstillingsprinsippet"). Operating income related to invoicing is netted against the operating cost that is invoiced.

#### Cash flow statement

The parent company's cash flow statement has been prepared using the indirect method.

#### Pension

The parent company is obliged to have an occupational pension scheme in accordance with the Mandatory Occupational Pensions Act ("lov om obligatorisk tjenestepensjon"). The pension schemes in the Norwegian company satisfy the requirements of this act. Defined contribution pension schemes mean that no promise is made of a future pension of a given amount, but an annual contribution is paid to the employees' collective pension savings. The future pension will depend on the size of the subsidy and the annual return on the pension savings. The company has no further obligations related to the work input after the annual deposit has been paid. There is no provision for accrued pension obligations in such schemes. Defined contribution pension schemes are expensed directly and include all employees in the Norwegian company.

#### Main principles for assessment and classification of assets and liabilities

Fixed assets with a limited economic life are entered in the balance sheet at acquisition cost and are subject to scheduled depreciation.

Share investments are classified as financial fixed assets and are booked at the lower of acquisition cost and fair value.

Dividends received and other profit distributions from the subsidiaries are recognized as other financial income.

Current assets are valued at the lower of acquisition cost and fair value.

Assets intended for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Fixed assets are assessed at acquisition cost but written down to fair value when the decline in value is not expected to be temporary. Fixed assets with a limited economic life are depreciated linearly over their expected economic life.

As of 31/12/2022, all assets were permanent property.

Accounts receivable and other receivables are entered at face value after deduction for provisions for expected losses. The provision for losses is made on the basis of an individual assessment of the individual claims.

The company's long-term and short-term liabilities are entered in the balance sheet at the nominal amount received at the time of establishment. The debt is not subject to upward/downward assessments as a result of interest rate changes. 1st year instalments are classified as short-term debt.

#### Long-term shares

Long-term shares where Baltic Sea Properties does not have significant influence are entered in the balance sheet at acquisition cost. The investments are written down to fair value if the decline in value is not temporary. Received dividends and other profit distributions are recognized as other financial income.

#### Tax

Tax is expensed when it is incurred, i.e. the tax cost is linked to the accounting profit before tax. The tax cost consists of payable tax and changes in deferred tax.

Deferred tax in the balance sheet is calculated on the basis of temporary differences between accounting and tax values. The reason for deferred tax is different accruals of the accounting and tax results.

#### Conversion of foreign currency

Assets and liabilities in foreign currency are converted to NOK at the exchange rate on the balance sheet date, while income and costs in foreign currency are converted to NOK at average exchange rate.

Transactions in foreign currency are converted to NOK using the transaction rate. Currency gains and losses arising from the payment of such transactions, and from the conversion of monetary items (assets and liabilities) in foreign currency at the end of the year at the exchange rate on the balance sheet date, is recognized in profit and loss.

The following exchange rates (NOK/EUR) have been used in the preparation of the accounts:

	2022	2021
Exchange rate on balance sheet date	10,6158	9,9988
Average exchange rate	10,1021	10,1653

#### Investment in subsidiaries

Investments in subsidiaries are assessed in the company's financial statement according to the cost method. Investments are assessed at acquisition cost for the shares, unless impairments are found necessary.

Impairments to fair value are made when the decline in value is due to reasons that cannot be assumed to be temporary and must be considered necessary according to good accounting practice.

Impairments are reversed when the basis for the impairment is no longer present. Dividends received from the subsidiaries are recognized as other financial income.



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## Note 2 Subsidiaries

The main purpose of Baltic Sea Properties AS is to invest in companies in the Baltics which in turn invest in and develop properties for sale and rental, as well as management services for these.

Entity	Ownership	Office location	Stake	Booked equity (GAAP values) 31.12*	Profit/Loss (GAAP) 31.12	Loan to subsidiary 31.12	Year's Interest Income	Debt to subsidiary 31.12	Year's Interest expense
<b>Direct ownership:</b>									
BNTP UAB	Direct	Klaipėda, Lithuania	100%	-161 961	-740 941				
BSP Holding LT UAB	Direct	Vilnius, Lithuania	100%	31 110 330	28 812 789	140 069 000	3 803 827		30 593
BSP Asset Management UAB	Direct	Vilnius, Lithuania	100%	4 974 375	-27 150				1 119
<b>Indirect ownership (owned via BSP Holding LT UAB):</b>									
BSP Logistic Property UAB	Indirect	Vilnius, Lithuania	100%	11 318 805	5 530 386				88 069
BSP Logistic Property II UAB	Indirect	Vilnius, Lithuania	100%	44 513 952	3 747 555				245 679
BSP Logistic Property IV UAB	Indirect	Vilnius, Lithuania	100%	27 345 663	2 966 841			-7 177	
BSP Logistic Property V UAB	Indirect	Vilnius, Lithuania	100%	-7 563 370	-14 465		73 308		
BSP Logistic Property VI UAB	Indirect	Vilnius, Lithuania	100%	14 472 123	618 041		68 277		
BSP Logistic Property VII UAB	Indirect	Vilnius, Lithuania	100%	-807 854	-716 295				
BSP Logistic Property VIII UAB	Indirect	Vilnius, Lithuania	100%	46 716 846	950 965			-116 152	
BSP Logistic Property IX UAB	Indirect	Vilnius, Lithuania	100%	-105 737	-126 852				
BSP Industrial Property III UAB	Indirect	Vilnius, Lithuania	100%	-298 750	-309 558				
BSP Industrial Property IV UAB	Indirect	Vilnius, Lithuania	100%	24 876	-1 354				
BSP Retail Properties I UAB	Indirect	Vilnius, Lithuania	100%	77 038 374	3 907 094		263 057		253 601
BSP Retail Properties V UAB	Indirect	Vilnius, Lithuania	100%	13 297 703	346 399				
Klaipėdos Versio Parkas UAB	Indirect	Klaipėda, Lithuania	100%	7 762 413	1 180 899				
Liepų Parkas UAB	Indirect	Klaipėda, Lithuania	100%	1 040 318	-429 456				
Pastatų Vystymas UAB	Indirect	Klaipėda, Lithuania	100%	22 679 797	5 078 465				
Prekybos Centras Grandus UAB**	Indirect	Klaipėda, Lithuania	100%	-34 574 984	2 284 046				
<b>SUM</b>				<b>258 793 079</b>	<b>53 057 408</b>	<b>140 069 000</b>	<b>4 208 469</b>	<b>-123 328</b>	<b>619 061</b>

\* All entities are adopting fair value accounting from 01.01.2023, where the full value of their assets will be reflected in booked equity.  
\* New entity in the group in 2022.

### Book value in parent company of shares owned directly:

	Acquisition cost 01.01	Book value 01.01	Disposal	Acquisition	Year's impairment (-)/reversal prev. imp. (+)	Book value 31.12
BNTP UAB	2 114 011	2 114 011	-	-	-	2 114 011
BSP Holding LT UAB	29 921	29 921	-	10 554 800	-	10 584 721
BSP Asset Management UAB	24 445	24 445	-	-	-	24 445
<b>SUM</b>	<b>2 168 377</b>	<b>2 168 377</b>	<b>-</b>	<b>10 554 800</b>	<b>-</b>	<b>12 723 177</b>



**Note 3 Wages and social costs**

The parent company's wages and social costs for the year were:

Wages/allowances	2022	2021
Wages	2 401 991	2 162 454
Bonuses	565 892	405 981
Board remuneration	935 000	1 045 000
Employer's tax ("Arbeidsgiveravgift")	566 549	529 228
Other social costs	95 853	129 333
<b>Sum</b>	<b>4 565 285</b>	<b>4 261 996</b>

Distribution of wages/allowances (excl. Employer's tax)	2022	2021
CEO of parent company (excl. bonus)	1 614 900	1 414 233
Bonuses (incl. CEO's bonus)	565 892	405 981
Chairman of the Board	300 000	300 000
Other board members	600 000	710 000
Other employees and contractors	917 944	902 554
<b>Sum</b>	<b>3 998 736</b>	<b>3 732 768</b>

Full-time equivalents ("årsverk") employed:	2,0	1,9
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No loans have been given to employees as of 31.12.22 or 31.12.21. No guarantees have been given on behalf of employees or members of the board. In 2022, the CEO received a total remuneration of NOK 1.97 million (ex. employer's tax) including bonus, of which NOK 77,452 are pension costs and NOK 18,101 other benefits. The CEO is entitled to 6 months' salary upon termination of employment.

The company is subject to the rules on mandatory occupational pensions ("obligatorisk tjenestepensjon").

Auditor	2022	2021
Statutory audit	465 523	301 841
Tax advisory	53 404	68 680
Other services	56 062	161 365
<b>Sum audit fees (ex. VAT reclaimed)</b>	<b>574 989</b>	<b>531 886</b>

**Note 4 Fixed assets**

	Office machines	Other fixed assets	Sum
Book value 1.1.2022	13 715	-	13 715
Acquisitions	24 892	886 800	881 692
Disposals	-	-	-
This year's depreciation	-11 980	-42 940	-54 820
<b>Book value 31.12.2022</b>	<b>26 627</b>	<b>813 960</b>	<b>840 587</b>



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**Note 5 Taxes**

This year's tax expenses appear as follows:

	2022	2021
Payable tax on year's profit	-	-
Change in deferred tax	-	-
<b>Tax expenses on ordinary profit</b>	<b>-</b>	<b>-</b>

Payable tax in the year's tax expenses appear as follows:

Ordinary profit before tax	6 925 119	10 215 867
Permanent differences	160 636	-16 379 743
Change in temporary differences	-7 698 062	3 816 871
Basis of payable tax	-612 407	-2 347 005
Tax	-	-
<b>Payable tax on the year's profit</b>	<b>-</b>	<b>-</b>

Payable tax in the balance sheet appears as follows:

Payable tax on the year's profit	-	-
<b>Sum payable tax</b>	<b>-</b>	<b>-</b>

**Specification of basis for deferred tax:**

Differences that are settled:	Change	2022	2021
Difference between accounting and tax value of receivables	-7 480 757	8 292 347	811 590
Difference between accounting and tax value of other fixed assets	-207 978	208 400	422
Accounting provisions for liabilities	-9 327	0	-9 327
Tax loss carry forward	612 407	-72 368 211	-71 755 804
<b>Sum</b>	<b>-7 085 655</b>	<b>-63 867 464</b>	<b>-70 953 119</b>
Deferred tax (+) / Deferred tax asset (-)		-14 050 842	-15 609 686
Current tax rate		22%	22%

As it is uncertain whether the company will be able to make use of the deferred tax asset, the company has chosen not to book this.

**Note 6 Equity**

	Share capital	Own shares	Share Premium	Retained earnings	Sum
Equity 1.1.2022	668 823	-1 500	118 788 021	30 565 431	150 020 775
Dividend (distributed during the accounting year)	-	-	-	-10 032 348	-10 032 348
Disposal of own shares	-	461	-	229 790	230 251
This year's profit/loss	-	-	-	6 925 119	6 925 119
<b>Equity 31.12.2022</b>	<b>668 823</b>	<b>-1 040</b>	<b>118 788 021</b>	<b>27 687 991</b>	<b>147 143 795</b>



Baltic Sea Properties AS

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**Note 7 Share capital, shareholder information and ownership structure**

The share capital per 31.12 consisted of the following share classes:

	Number of shares	Nominal value per share	Book value
Ordinary shares	6 688 232	0.10	668 823
Own shares	10 395	0.10	1 040

**Ownership structure:**

The 20 largest shareholders in the parent company per 31.12 were:

	Ordinary shares	Voting/ownership stake
UAB BALTIC EQUITY (FORMERLY "UAB LIEPU PROJEKTAS")	1 829 721	27.4 %
CENTRALKIRKEN	1 098 260	16.4 %
CARPE DIEM AFSETH AS	376 434	5.6 %
PIPPI INVEST AS	225 000	3.4 %
TRIVON AS	225 000	3.4 %
GAMBIT AS	159 182	2.4 %
EIENDOMSKAPITAL NORGE V AS	115 796	1.7 %
PASCAL HOLDING AS	103 703	1.6 %
LILLEBY, DAG HAAGON	100 000	1.5 %
OLAV HJORTESET AS	91 481	1.4 %
RIEVE KAPITAL AS	86 838	1.3 %
ANDERSEN-GOTT, TORE	59 139	0.9 %
HJORTESET, OLAV	58 519	0.9 %
DUPUY, PASCAL FREDERIC	57 658	0.9 %
DUPUY, BERIT MYHRE	57 657	0.9 %
BONAVISTA AS	52 628	0.8 %
BRØDRENE HJORTESET AS	52 578	0.8 %
JED INVEST AS	46 000	0.7 %
OPPØYEN, ALF	40 000	0.6 %
ATRYG AS	39 487	0.6 %
<b>Total number of shares held by the 20 largest shareholders</b>	<b>4 875 081</b>	<b>72.9 %</b>

**The following shareholders are represented in the board/top management of Baltic Sea Properties AS:**

	Represented by	Role	Number of ordinary shares
UAB BALTIC EQUITY (TIDL. UAB LIEPU PROJEKTAS)	James Clarke	Chairman	1 829 721
CENTRALKIRKEN	Bjørn Bjørø	Board member	1 098 260
CARPE DIEM AFSETH AS	John Afseth	Board member	376 434
EIENDOMSKAPITAL NORGE V AS	Bjørn Bjørø	Board member	115 796
HOLSTEIN INVEST AS	John D. Mosvold	Board member	32 861
MOSVOLD, JOHN DAVID	John D. Mosvold	Board member	22 276
HAGEN, BERGER & AAS AS	Lars C. Berger	CEO	13 334
ARTHEN INVEST AS	Lars C. Berger	CEO	2 673

**Note 8 Cash and cash equivalents**

	2022	2021
Total bank deposit per 31.12	15 626 155	3 571 098
Of which restricted deposits related to employee tax deduction	129 130	126 531



Baltic Sea Properties AS

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## Note 9 Financial debt

	Other non-current liabilities	Market value interest hedging contracts	Total	This year's interest expenses	Maturity	Interest rate p.a.
Mezzanine loan from Ambolt Mezzanine Sub-Fund	21 715 333	-	21 715 333	1 715 333	15/09/2024	9,30%
SUM	21 715 333	-	21 715 333	1 715 333		

### Mezzanine loan repaid in 2022:

At the beginning of the year, the company had a mezzanine loan to Ambolt Mezzanine Sub-Fund (booked as other current liabilities per 31.12.2021) amounting to MNOK 14,65 (of which MNOK 0,37 was accrued interest). The loan was repaid in full in July 2022 (incl. interest). Total interest costs associated with this loan in 2022 were MNOK 0,75.

### Mezzanine loan drawn in 2022:

In July 2022, the company took out a new bridging loan from Ambolt Mezzanine Sub-Fund in the amount of NOK 50 million. NOK 30 million of the loan's principal was repaid in November 2022. The new loan's maturity date is more than 12 months after the balance sheet date, and it is therefore booked as other non-current liabilities in the company's annual statement for 2022.

### Specification of movements in mezzanine loans from Ambolt Mezzanine Sub-Fund (principal amount balance ex. accrued interest)

(Amounts in NOK)

	2021	2022	2023e
Ingoing balance per 1.1.	52 261 717	14 289 360	20 000 000
Gearing/new project debt	-	50 000 000	-
Downpayments	-	14 289 360	-
Extraordinary downpayments	37 972 357	30 000 000	-
<b>Outgoing balance per 31.12</b>	<b>14 289 360</b>	<b>20 000 000</b>	<b>20 000 000</b>
Interest expenses	2 809 049	2 465 524	1 860 000
Interest hedging ("swaps")	-	-	-
<b>Total interest expenses</b>	<b>2 809 049</b>	<b>2 465 524</b>	<b>1 860 000</b>

## Note 10 Operating expenses

	2022	2021
Audit fees	574 989	531 886
Financial and legal assistance	653 310	647 194
Office rent*	208 786	198 223
IT expenses	256 950	103 164
Shareholder registry, etc.	58 275	87 376
Travel expenses, etc.	316 739	256 117
Insurance	254 279	79 344
Other operating expenses	402 965	360 309
<b>Sum other operating expenses</b>	<b>2 726 292</b>	<b>2 263 613</b>

\* Operating income from office sublease is netted against office rent expenses (2022: NOK 69 036).

## Note 11 Uncertain liabilities

In 2011, the tax authorities requested information from the parent company regarding previously deducted issue costs related to the balance sheet for 2006. The parent company was then able to reduce its carry forward loss by NOK 23,688,757. This was part of the issue/facilitation fee that was considered to be part of the investment and therefore not gave a tax deduction. Furthermore, the decision states that additional tax of 30% of the tax of NOK 23,688,757, a total of NOK 1,989,856, will be effected in the first year the company makes a tax profit. There is thus a contingent liability of NOK 1,989,856 for which there is no provision in the accounts as the company considers it less than 50% likely that it will make a tax profit. This assessment is based on the fact that the company's main source of income is dividends from subsidiaries, which are not subject to taxation.

Per 31.12.2022, the parent company had a deferred tax asset of MNOK 14 which the company has chosen to not book in its balance sheet as it not expects to come in a position of taxation where it will be able to make use of the tax asset.



## Note 12 Transactions with related parties

On the 1st of April 2022, BSP entered a letter of intent (LOI) to acquire the shopping center Grandus in Klaipeda from Baltic Equity Group UAB and others. The primary shareholder in Baltic Equity Group UAB was and is the current chairman and primary insider in Baltic Sea Properties, James Andrew Clarke.

The transaction was completed on the 23rd of May 2022, carried out in accordance with the arm's length principle with asset valuation obtained from a third-party valuator who priced the property higher than the value assumed in the transaction's price calculation.

The purchase price of MEUR 6.6 was settled on the basis of the Company's existing and released cash from refinancing of the Shopping center (MEUR 2.6 with settlement by 27 May 2022) and by the seller granting a seller credit of MEUR 4.0 (interest 8.0% p.a.) to be settled within 12 months.

On the 30th of December 2022, BSP repaid mEUR 0.8 of the seller credit's principal amount and mEUR 0.2 of accumulated interest. The outstanding balance of the seller credit per 31st of December 2022 was MEUR 3.2 excl. interest.

## Note 13 Financial income & expenses

The parent company booked currency gains/losses consisting of:

	2022	2021
Currency gains (+)/losses (-) from invoices and bank accounts in foreign currencies:	978 924	-226 469
Currency gains (+)/losses (-) from loans in foreign currencies to/from subsidiaries:	8 744 586	-3 108 081
Sum	9 723 510	-3 334 550

The parent company received dividends from the following subsidiaries:

	2022	2021
BSP Industrial Property UAB	-	3 976 460
BSP Logistic Property UAB	-	2 866 514
BSP Logistic Property II UAB	-	1 142 593
Sum	-	7 985 567

The parent company booked other financial expenses consisting of:

	2022	2021
Refinancing fee to Ambolt Mezzanine Sub-Fund	1 250 000	-
Other financial expenses	140 550	183 750
Sum	1 390 550	183 750

## Note 14 Other operating income

The parent company booked other operating income consisting of invoices for management services issued to:

	2022	2021
External clients	-	-
BSP Logistic Property UAB	717 319	210 650
BSP Logistic Property II UAB	1 196 847	619 643
BSP Logistic Property IV UAB	1 139 566	946 251
BSP Logistic Property V UAB	682 179	305 672
BSP Logistic Property VI UAB	573 909	244 942
BSP Logistic Property VII UAB	6 975	-
BSP Logistic Property VIII UAB	45 944	130 282
BSP Retail Properties I UAB	181 162	164 708
UAB Retail Properties V UAB	163 474	170 462
Sum	4 707 374	2 792 610

In 2022, the parent company invoiced subsidiaries for services according to set guidelines for the group and the arm's length principle.

Operating income from invoicing of expenses have been netted against their operating expense invoiced.



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**Note 15 Other accounts receivable**

The parent company's other accounts receivable consisted of:

	2022	2021
Prepayments to suppliers	-	82 100
Sum	-	82 100

**Note 16 Other current borrowings**

The parent company's other current borrowings consisted of:

	2022	2021
Payable dividends	347 119	347 119
Accrued holiday pay	260 179	268 838
Other salary provisions	-	9 327
Mezzanine loan - Ambolt Mezzanine Sub-Fund	-	14 654 533
Sum	607 298	15 279 817

Please refer to note 9 for specifications regarding the parent company's loan from Ambolt Mezzanine Sub-Fund. A new loan was drawn in 2022, but is classified as non-current liabilities according to the loan's maturity.

**Note 17 Russia's invasion of Ukraine**

Following Russia's invasion of Ukraine in February 2022, our company has encountered challenges in our operations. On 2nd March 2022, Rhenus Logistics requested a temporary postponement of the signing date for an expansion project previously agreed upon in February 2022. Additionally, our tenant Vinget Logistics (a transit logistics provider) informed us that they have been impacted by sanctions imposed on Russia and Belarus. The tenant has however communicated that they no longer are impacted heavily from the sanctions. We are maintaining close dialogue with our tenant and proactively collaborating to identify mutually beneficial solutions.

In the year ahead, we expect that increased interest rates, rising construction costs, and potentially limited access to new projects will have a negative effect on our operations. It is important to emphasise that our business remains robust, however, we may experience a relative reduction in profitability compared to the successful previous years due to the current market climate, which impacts the entire industry.



Statsautoriserte revisorer  
Ernst & Young AS

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## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Baltic Sea Properties AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Baltic Sea Properties AS (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the statement of financial position as at 31 December 2022 and the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2022, statements of profit or loss, statements of comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

#### 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 and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

#### Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and 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 board of directors' report contains the information required by applicable legal requirements and whether the other information is materially inconsistent with the

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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 the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contain the information required by applicable legal requirements.

#### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, 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 and the Group'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 the Group, or to cease operations, or has no realistic alternative but to do so.

#### 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 and the Group'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 and the Group'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

Independent auditor's report - Baltic Sea Properties AS 2022

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evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors 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.

Oslo, 19 April 2023  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Trond Stian Nyttveit  
State Authorised Public Accountant (Norway)

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Independent auditor's report - Baltic Sea Properties AS 2022

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### Trond Stian Nytveit

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## Comprehensive income & Net Asset Value

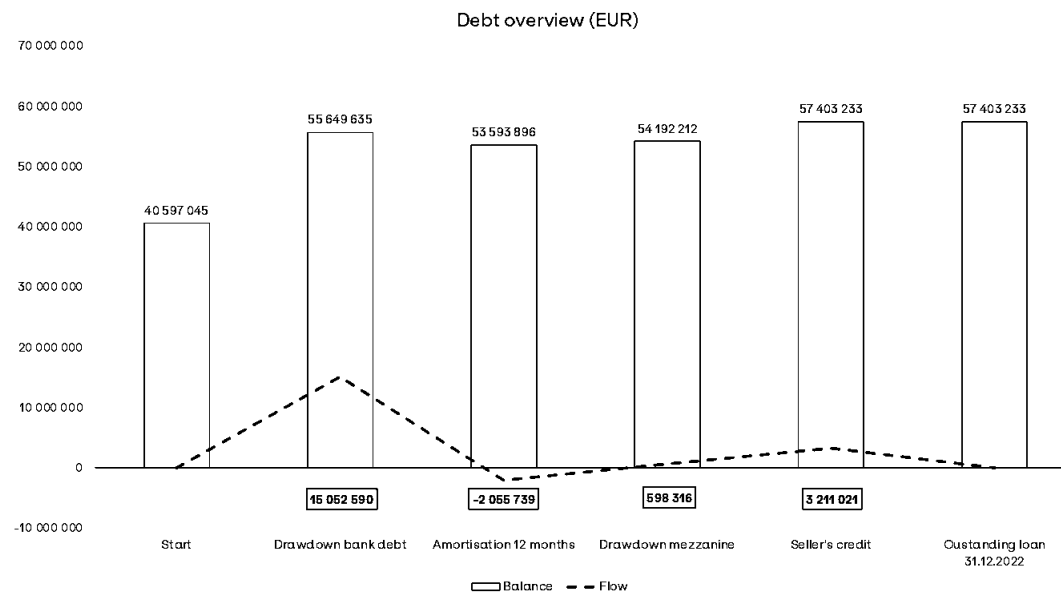
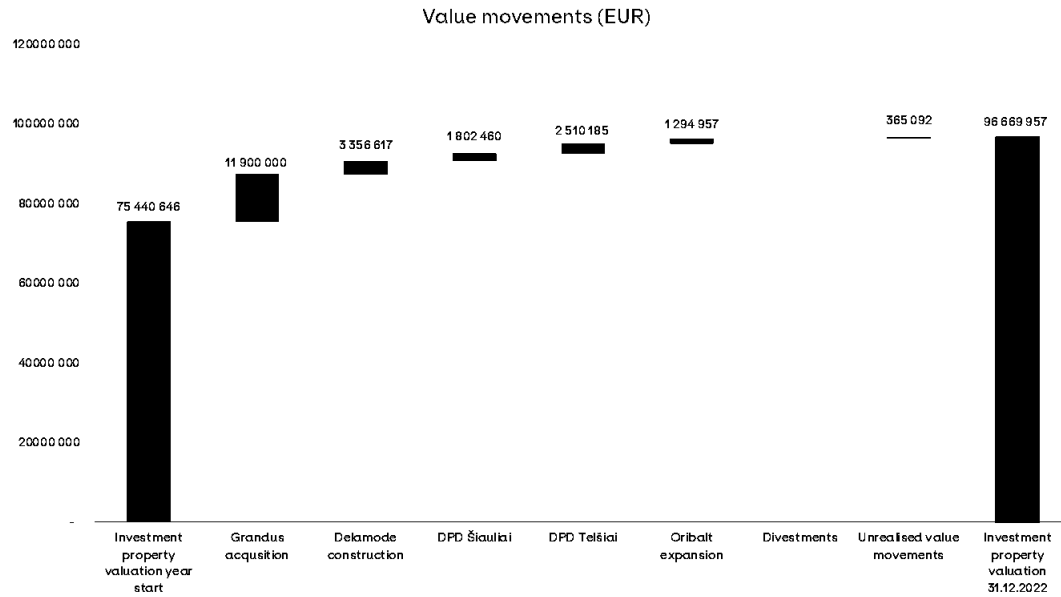
Year-end 2022

For the year ended 31 December	2022	2021	2022	2021
Income from Property management				
Currency	NOK thousand	NOK thousand	EUR thousand	EUR thousand
Rental income	69 521	63 803	6 882	6 278
Property expenses ex mng	(2 184)	(1 393)	(216)	(137)
<b>Net rent</b>	<b>67 337</b>	<b>62 410</b>	<b>6 666</b>	<b>6 141</b>
Other operating income	1 138	2 016	113	198
Administration cost	(13 056)	(12 262)	(1 292)	(1 206)
Other operating cost	(7 823)	(7 746)	(774)	(762)
Net realised interest cost & finance expenses	(17 931)	(18 103)	(1 775)	(1 781)
<b>Net income from property management (IFPM)</b>	<b>29 665</b>	<b>26 315</b>	<b>2 936</b>	<b>2 589</b>
Changes in value of investment properties	17 252	56 314	1 708	5 541
Changes in value of financial instruments	10 295	3 832	1 019	377
Realised changes in value of investment properties	(2 000)	6 596	(198)	649
Net currency exchange differences	981	824	97	81
<b>Profit before tax</b>	<b>56 193</b>	<b>93 881</b>	<b>5 562</b>	<b>9 237</b>
Current tax	(1 181)	(616)	(117)	-61
Deferred tax	(8 032)	(11 366)	(795)	-1 118
<b>Profit from continued operations</b>	<b>46 979</b>	<b>81 900</b>	<b>4 650</b>	<b>8 058</b>
<b>Net asset value - For the year ended 31 December</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Currency	NOK	NOK	EUR	EUR
<b>Equity as recognised in balance sheet</b>	<b>405 682</b>	<b>347 485</b>	<b>38 586</b>	<b>34 787</b>
Pr share	60.75	52.04	5.78	5.21
Year on year (YoY)	16.75 %	12.60 %	10.92 %	18.03 %
Dividends	10 193	9 852	936	986
Return inc. Dividends	19.68 %	15.79 %	13.61 %	21.38 %
<b>Net Asset Value - BSP method</b>				
Equity as recognised in balance sheet	405 682	347 485	38 586	34 787
Deferred tax according to balance sheet (-)	42 772	33 865	4 068	3 390
Equity excluding deferred tax	448 454	381 350	42 654	38 178
Deferred tax according to BSP original NAV definition (-)	33 678	21 451	3 203	2 147
<b>Net asset value BSP method</b>	<b>414 776</b>	<b>359 899</b>	<b>39 451</b>	<b>36 030</b>
Pr. Share	62.11	53.93	5.91	5.40
YoY	15.25 %	12.17 %	9.49 %	17.57 %
Dividends	10 193	9 852	969	986
Return inc. Dividends	18.08 %	15.24 %	12.18 %	20.79 %



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# First-time adoption IFRS

- Introduction to IFRS
- Group reconciliation of equity 2022
- Group reconciliation of total comprehensive income for the year ended 31 December 2022
- Group reconciliation of financial position at 31 December 2022
- Group reconciliation of financial position at 31 December 2021



## Introduction to IFRS

### What is IFRS?

IFRS, or International Financial Reporting Standards, is a globally recognized set of accounting principles and guidelines established by the International Accounting Standards Board (IASB). These standards aim to harmonize financial reporting and accounting practices across countries, industries, and organizations. IFRS is designed to provide a common financial language that makes it easier for investors, regulators, and stakeholders to understand and compare financial statements of companies from different parts of the world.

One of the key benefits of adopting IFRS is the improvement in the comparability of financial statements. By adhering to the same set of accounting standards, companies can ensure that their financial reporting is consistent and transparent. This enables investors and stakeholders to make informed decisions when analyzing and comparing the financial performance of different companies. In turn, this can lead to a more efficient allocation of capital and increased investor confidence in the global financial markets.

Another advantage of adopting IFRS is the potential reduction in the cost of capital. When companies use a globally recognized set of accounting standards, it becomes easier for them to access international capital markets. This is because investors are more likely to trust and invest in companies that follow a transparent and widely accepted financial reporting framework. As a result, companies adhering to IFRS may find it easier to raise funds at lower interest rates, ultimately reducing their overall cost of capital.

Lastly, IFRS adoption can lead to increased efficiency in the preparation of financial statements. Companies operating in multiple countries with different accounting standards often face the challenge of having to prepare multiple sets of financial statements to comply with local regulations. By adopting IFRS, these companies can streamline their financial reporting processes, resulting in reduced administrative costs and improved overall efficiency.

### How does adoption of IFRS impact accounting figures?

For a Norwegian real estate company that has previously followed the Norwegian accounting standards (NGAAP), transitioning to IFRS may result in several significant changes to their accounting figures. One of the main impacts is likely to be on the valuation of investment properties. Under IFRS, investment properties are typically measured at fair value, with changes in fair value recognized in the profit and loss statement. This is different from the Norwegian accounting standards, which generally require investment properties to be recorded at historical cost, with limited opportunities for revaluation. As a result, the adoption of IFRS may lead to greater volatility in reported profits and changes in the balance sheet values of investment properties.

Another significant impact could arise from the implementation of IFRS 9 and IFRS 16. IFRS 9 deals with the classification and measurement of financial instruments, including bank loans. Under IFRS 9, the company may be required to assess credit risk and estimate expected credit losses on its bank loans, which could affect the carrying amount of these loans on the balance sheet and the company's profit and loss statement. IFRS 16, on the other hand, relates to lease accounting. If the real estate company leases land, IFRS 16 requires the recognition of a right-of-use asset and a lease liability on the balance sheet. This change could result in a significant shift in the company's assets and liabilities, as well as affect its financial ratios, such as leverage and return on assets.

The tables on the next four pages specify the differences between Baltic Sea Properties' NGAAP and IFRS figures for the financial years 2021 and 2022.

Please refer to note 30 "First-time adoption of IFRS" for further details.



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## Group reconciliation of equity as at 31 December 2022 and 1 January 2022

Amounts in NOK thousand

	31 December 2022	1 January 2022
<b>Equity NGAAP</b>	<b>232 424</b>	<b>216 251</b>
Investment property	1 016 369	751 915
Property, plant and equipment	(835 082)	(604 463)
Other non current asset		
<b>Total</b>	<b>181 287</b>	<b>147 451</b>
Right of use asset - IAS 40	23 909	21 138
Right-of-use assets	231	345
Lease liabilities	(24 139)	(21 488)
<b>Total</b>	<b>2</b>	<b>(4)</b>
Financial asset EECF	-	-
Derivatives	733	72
Bank fees loan amortized cost	1 954	739
<b>Net equity effects before tax</b>	<b>183 975</b>	<b>148 258</b>
<b>Deferred tax</b>	<b>(10 717)</b>	<b>(17 025)</b>
<b>Total equity effect from implementation of IFRS</b>	<b>173 258</b>	<b>131 233</b>
<b>Equity IFRS</b>	<b>405 682</b>	<b>347 485</b>



Baltic Sea Properties AS

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## Group reconciliation of total comprehensive income for the year ended 31 December 2022

Amounts in NOK thousand

	NGAAP	Adjustments	IFRS for 2022
Rental income	69 521	-	69 521
Gain from sale of fixed assets	-	-	-
Changes in value of investment properties	-	17 252	17 252
Other income	1 138	-	1 138
<b>Total revenue and other income</b>	<b>70 659</b>	<b>17 252</b>	<b>87 910</b>
Payroll and related costs	(13 056)	-	(13 056)
Depreciation, amortisation and impairment	(25 209)	24 990	(219)
Impairment loss/reversal of impairment loss (-)	6 533	(6 533)	-
Other operating expenses	(12 619)	830	(11 789)
<b>Total operating expenses</b>	<b>(44 350)</b>	<b>19 286</b>	<b>(25 063)</b>
			-
<b>Operating profit</b>	<b>26 309</b>	<b>36 538</b>	<b>62 847</b>
Other financial income	294	-	294
Change in fair value of financial instruments	4 194	6 102	10 295
Financial income	162	-	162
Other financial expenses	(2 382)	1 640	(743)
Financial expenses	(17 311)	291	(17 021)
Financial expenses IFRS 16	-	(623)	(623)
Foreign exchange gains (losses)	981	-	981
Income from sale of financial assets	-	-	-
<b>Net financial income (cost)</b>	<b>(14 063)</b>	<b>7 409</b>	<b>(6 654)</b>
<b>Profit before income tax</b>	<b>12 246</b>	<b>43 947</b>	<b>56 193</b>
Income tax expense	(1 181)	-	(1 181)
Change in deferred tax (tax assets)	(2 256)	(5 776)	(8 032)
<b>Profit for the period</b>	<b>8 809</b>	<b>38 171</b>	<b>46 979</b>
Other comprehensive income			
Currency translation differences	-	21 020	21 020
<b>Other comprehensive income for the period, net of tax</b>	<b>-</b>	<b>21 020</b>	<b>21 020</b>
<b>Total comprehensive income for the period</b>	<b>8 809</b>	<b>59 191</b>	<b>68 000</b>



Baltic Sea Properties AS

Annual report | 2022

## Group reconciliation of financial position at 31 December 2022

Amounts in NOK thousand

	NGAAP	Adjustments	IFRS
Property, plant and equipment	835 082	(835 082)	-
Investment property	-	1 016 369	1 016 369
Investment property - IFRS 16	-	23 909	23 909
Right-of-use assets	-	231	231
<b>Sum non-current assets</b>	<b>835 082</b>	<b>205 427</b>	<b>1 040 509</b>
Other financial non-current assets	1 727	-	1 727
Other non-current receivables	134	-	134
Derivatives, non-current	-	6 581	6 581
<b>Sum non-current financial assets</b>	<b>1 861</b>	<b>6 581</b>	<b>8 442</b>
<b>Sum non-current assets</b>	<b>836 943</b>	<b>212 009</b>	<b>1 048 952</b>
Trade receivables	4 071	-	4 071
Other receivables and prepayments	9 575	(5 848)	3 726
<b>Sum receivables</b>	<b>13 645</b>	<b>(5 848)</b>	<b>7 797</b>
Cash and cash equivalents	44 083	-	44 083
<b>Sum current assets</b>	<b>57 728</b>	<b>(5 848)</b>	<b>51 880</b>
<b>Sum assets</b>	<b>894 672</b>	<b>206 160</b>	<b>1 100 832</b>
Share capital	669	-	669
Share premium reserve	118 788	-	118 788
Other paid-in equity	(1)	-	(1)
Retained earnings	112 969	187 395	300 363
Translation difference	-	(14 137)	(14 137)
<b>Total equity</b>	<b>232 424</b>	<b>173 258</b>	<b>405 682</b>
Interest-bearing liabilities	523 613	18 046	541 659
Other non-current liabilities	134	-	134
Lease liabilities non-current	-	23 919	23 919
Deferred tax liability	32 054	10 717	42 772
Derivatives, non-current	-	-	-
<b>Sum non-current liabilities</b>	<b>555 801</b>	<b>52 682</b>	<b>608 483</b>
Interest-bearing liabilities, current	24 819	35 331	60 150
Trade payables	8 149	-	8 149
Income tax payable	2 132	-	2 132
Other current liabilities	71 345	(55 331)	16 014
Lease liabilities, current	-	220	220
<b>Sum current liabilities</b>	<b>106 446</b>	<b>(19 780)</b>	<b>86 666</b>
<b>Sum liabilities</b>	<b>662 247</b>	<b>32 902</b>	<b>695 149</b>
<b>Sum equity and liabilities</b>	<b>894 672</b>	<b>206 160</b>	<b>1 100 832</b>

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Baltic Sea Properties AS

Annual report | 2022

## Group reconciliation of financial position at 31 December 2021

Amounts in NOK thousand

	NGAAP	Adjustments	IFRS
Investment property	-	751 915	751 915
Other operating assets	605 287	(604 463)	823
Right-of-use assets, investment property	-	21 138	21 138
Right-of-use assets, other operating assets	-	345	345
<b>Sum non-current assets</b>	<b>605 287</b>	<b>168 935</b>	<b>774 222</b>
Other financial non-current assets			
Other non-current receivables	14	-	14
Derivatives, non-current	-	72	72
<b>Sum non-current financial assets</b>	<b>14</b>	<b>72</b>	<b>86</b>
<b>Sum non-current assets</b>	<b>605 301</b>	<b>169 007</b>	<b>774 308</b>
Trade receivables	2 021	-	2 021
Other receivables and prepayments	1 787	-	1 787
<b>Sum receivables</b>	<b>3 808</b>	<b>-</b>	<b>3 808</b>
Cash and cash equivalents	52 791	-	52 791
<b>Sum current assets</b>	<b>56 599</b>	<b>-</b>	<b>56 599</b>
<b>Sum assets</b>	<b>661 899</b>	<b>169 007</b>	<b>830 906</b>
Share capital	669	-	669
Share premium reserve	118 788	-	118 788
Other paid-in equity	(2)	-	(2)
Retained earnings	96 796	154 887	251 683
Translation difference	-	(23 653)	(23 653)
<b>Total equity</b>	<b>216 251</b>	<b>131 233</b>	<b>347 485</b>
Interest-bearing liabilities	370 338	(739)	369 599
Other non-current liabilities	3 970	(3 970)	0
Lease liabilities non-current	-	21 225	21 225
Deferred tax liability	16 841	17 025	33 865
Derivatives, non-current	-	3 970	3 970
<b>Sum non-current liabilities</b>	<b>391 149</b>	<b>37 511</b>	<b>428 660</b>
Interest-bearing liabilities, current	20 906	14 655	35 560
Trade payables	4 251	-	4 251
Income tax payable	3 065	-	3 065
Other current liabilities	26 277	(14 655)	11 622
Lease liabilities, current	-	263	263
<b>Sum current liabilities</b>	<b>54 499</b>	<b>263</b>	<b>54 762</b>
<b>Sum liabilities</b>	<b>445 648</b>	<b>37 774</b>	<b>483 422</b>
<b>Sum equity and liabilities</b>	<b>661 899</b>	<b>169 007</b>	<b>830 906</b>

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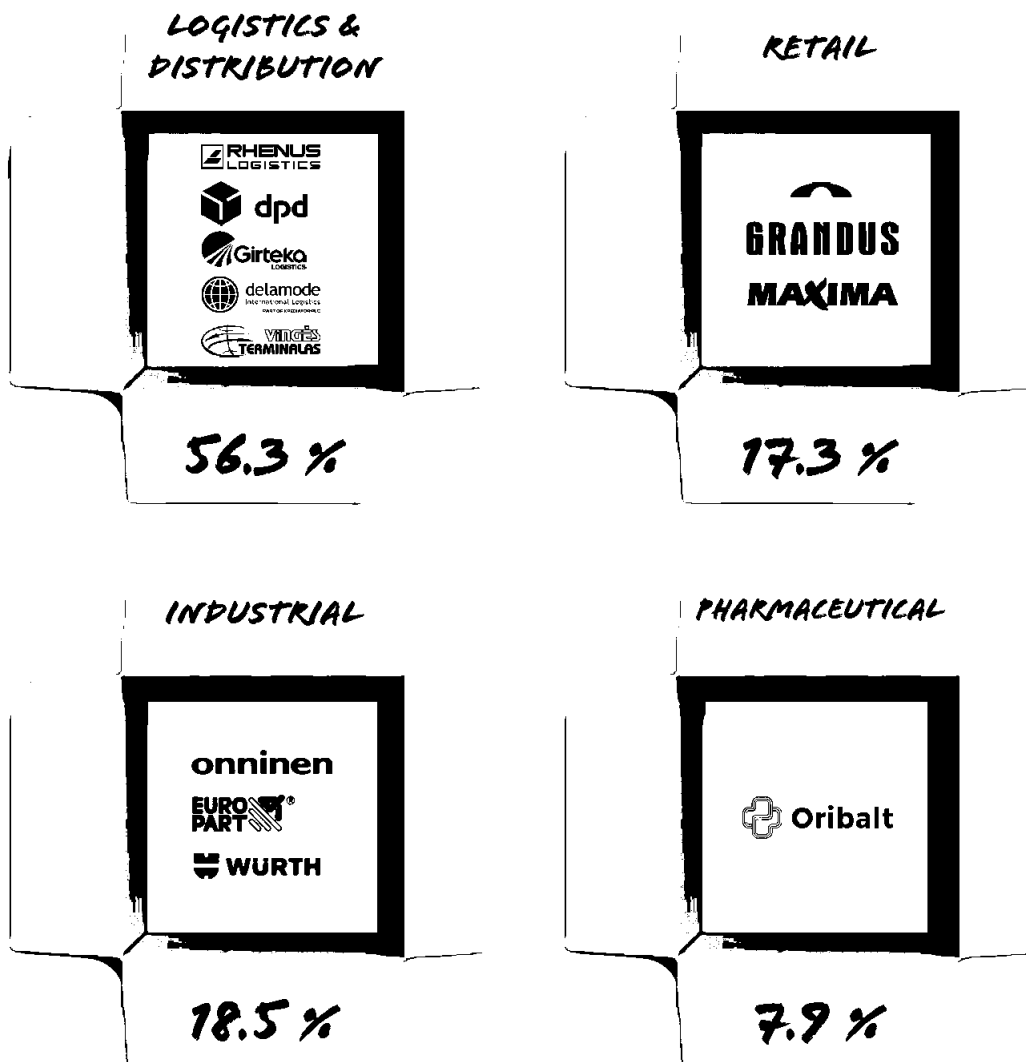
# Property portfolio

## Year-end 2022

- Client mix
- Presentation of our properties
- Land bank

## Client mix

Distribution of rent income





## Rhenus | Logistics

<b>Company name:</b>	<b>BSP Logistic Property 4</b>
<b>Client:</b>	<b>Rhenus Logistics</b>
<b>Location:</b>	<b>Highway A4, Vilnius, Lithuania</b>
<b>GLA:</b>	<b>18 226 m<sup>2</sup></b>
<b>Maturity lease agreement:</b>	<b>2035</b>

The property was finalised in June 2017 and further expanded in 2020. It is currently leased by UAB Rhenus Logistics, a subsidiary of the Rhenus Group.

The Rhenus Group is one of Europe's biggest transportation groups, and UAB Rhenus Logistics covers the group's operations in the Baltics and part of the East European network.



## Vingės Terminalas | Logistics

<b>Company name:</b>	<b>BSP Logistic Property 2</b>
<b>Client:</b>	<b>Vingės Terminalas</b>
<b>Location:</b>	<b>Highway A3, Vilnius, Lithuania</b>
<b>GLA:</b>	<b>21 929 m<sup>2</sup></b>
<b>Maturity lease agreement:</b>	<b>2038</b>

The property is strategically located along the highway between Vilnius og Minsk in Belarus.

Vingės Terminalas is a local logistics company within the the Vingės Logistics Group, operating within export, transit, order processing and goods transport. The company has a wide spectre of clients in Europe and CEE.





## Girteka | Logistics

<b>Company name:</b>	<b>BSP Logistic Property</b>
<b>Client:</b>	<b>Girteka Logistics</b>
<b>Location:</b>	<b>Highway A3, Vilnius, Lithuania</b>
<b>GLA:</b>	<b>17 149 m<sup>2</sup></b>
<b>Maturity lease agreement:</b>	<b>2026</b>

The property is leased by Girteka Logistics, one of Europe's leading transportation companies, strategically located by Vilnius International Airport.

The property has a land area of 42 907 m<sup>2</sup> with 11 458 m<sup>2</sup> storage, 2 014 m<sup>2</sup> frozen storage, 3 348 m<sup>2</sup> cold storage and 1 134 m<sup>2</sup> office.



## Delamode | Logistics

<b>Company name:</b>	<b>BSP Logistic Property 5</b>
<b>Client:</b>	<b>Delamode Baltics</b>
<b>Location:</b>	<b>Highway A1, Vilnius, Lithuania</b>
<b>GLA:</b>	<b>13 205 m<sup>2</sup></b>
<b>Maturity lease agreement:</b>	<b>2035</b>

The property was finalised in August 2020 and is currently leased by Delamode Baltics, a dynamic supplier of freight forwarding-solutions to the global market.

In July 2021, BSP signed an agreement with Delamode to expand the facility. The expansion project (apx. 4 780 m<sup>2</sup>) was completed in September 2022.



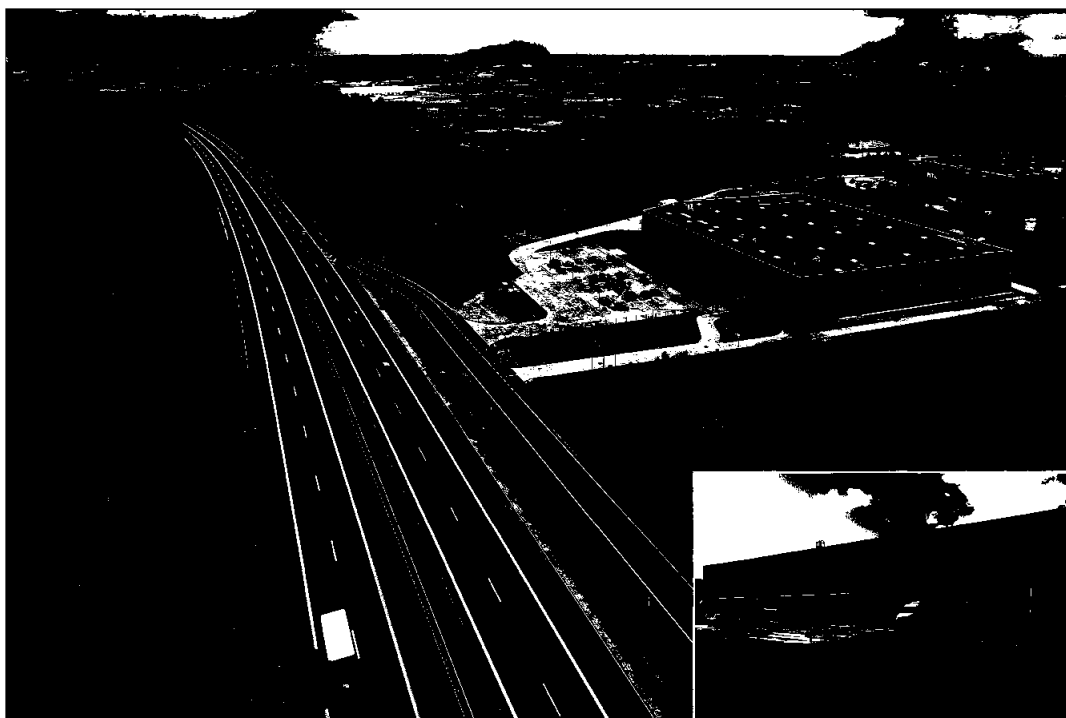


## Oribalt | Logistics

<b>Company name:</b>	<b>BSP Logistic Property 6</b>
<b>Client:</b>	<b>Oribalt</b>
<b>Location:</b>	<b>Highway A1, Vilnius, Lithuania</b>
<b>GLA:</b>	<b>9 625 m<sup>2</sup></b>
<b>Maturity lease agreement:</b>	<b>2035</b>

The property was finalised in August 2020 and is currently leased by Oribalt. An expansion area of apx. 2 800 m<sup>2</sup> was handed over to the client in 2023.

Oribalt offers a wide spectre of logistics solutions for pharmaceutical producers, including storage, distribution, transportation and direct delivery.



Small frame | Terminal after expansion

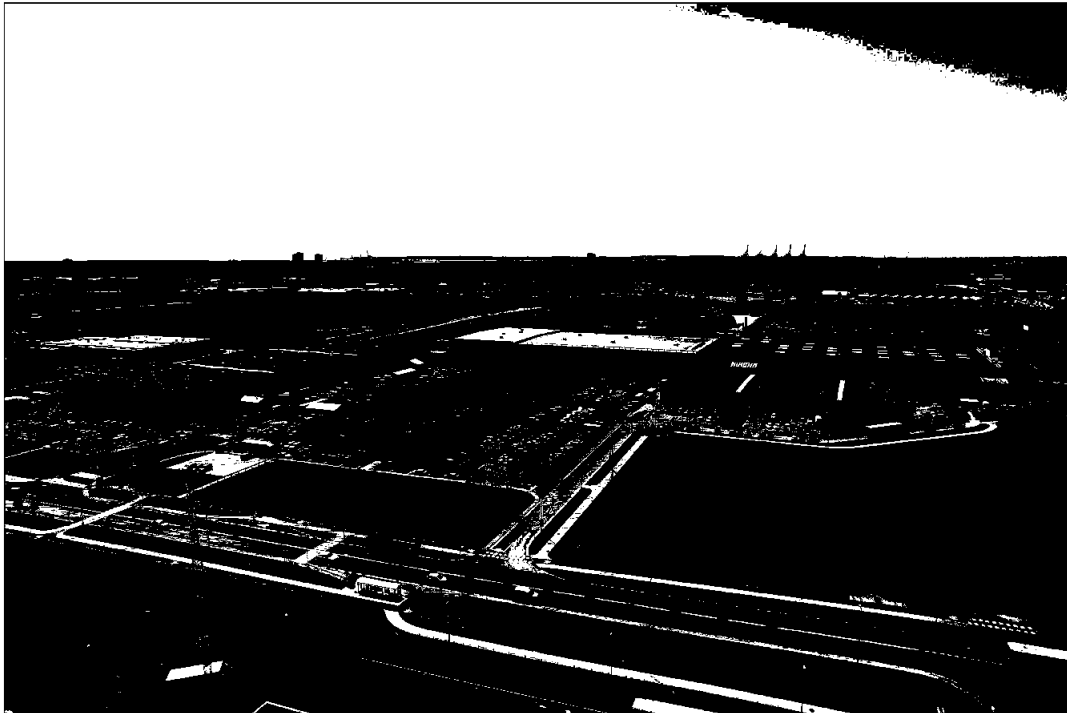


## Klaipėda Business Park (KVP) | Business park

<b>Company name:</b>	<b>Klaipėdos verslo parkas</b>
<b>Clients:</b>	<b>Multiple (27)</b>
<b>Location:</b>	<b>Klaipėda, Lithuania</b>
<b>GLA:</b>	<b>23 990 m<sup>2</sup></b>
<b>Maturity lease agreement:</b>	<b>2022-2035</b>

Klaipėda Business Park (KVP) offers its tenants industrial, commercial and office spaces within the Free Economic Zone of Klaipėda.

The property was acquired by BSP in April 2021.





## RP 1/RP 5 | Retail

<b>Company name:</b>	<b>BSP Retail Properties 1 BSP Retail Properties 5</b>
<b>Main clients:</b>	<b>Maxima/Multi-tenant</b>
<b>Location:</b>	<b>Lithuania</b>
<b>GLA:</b>	<b>4 358 m<sup>2</sup></b>
<b>Maturity lease agreements:</b>	<b>2022 - 2034</b>





## DPD | Development

<b>Company name:</b>	<b>BSP Logistic Property 7 BSP Logistic Property 8</b>
<b>Client:</b>	<b>DPD</b>
<b>Location:</b>	<b>Šiauliai &amp; Telšiai, Lithuania</b>
<b>GLA:</b>	<b>4 141 m<sup>2</sup></b>
<b>Maturity lease agreements:</b>	<b>2042 &amp; 2037</b>
<b>Status:</b>	<b>Completed</b>

In October 2022 we delivered two new terminals to DPD, one of the world's largest distribution operators, and the official opening ceremony was held on the 18<sup>th</sup> of November.





## Grandus | Retail

<b>Company name:</b>	<b>UAB Prekybos centras Grandus</b>
<b>Clients:</b>	<b>Multiple</b>
<b>Location:</b>	<b>Klaipėda, Lithuania</b>
<b>GLA:</b>	<b>11 437 m<sup>2</sup></b>
<b>Maturity lease agreements:</b>	<b>2022-2032</b>

Grandus is a neighborhood shopping center located along one of the main access road to the center of Klaipėda. The center is located in the immediate vicinity of a larger residential area that ensures good access to visitors every day.

The asset was acquired by BSP in May 2022.

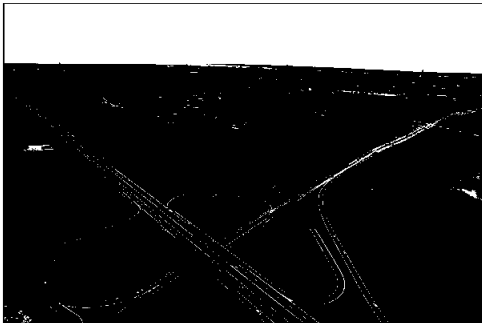




## Land bank | Development

Type:	Land plots for development
Locations:	Vilnius and Klaipėda, Lithuania
Area:	17.9 hectare
Zoning:	Commercial
Project:	Design & planning

Strategically located land plots along strategic road networks near Vilnius and Klaipėda.



Liepų Parkas  
(3.6 hectare)  
Liepų Street, Klaipėda



By Oribalt terminal  
(6.9 hectare)  
Highway A1, Vilnius



By Rhenus terminal  
reserved for expansion (4.1 hectare)  
Highway A4, Vilnius





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**Vilnius**

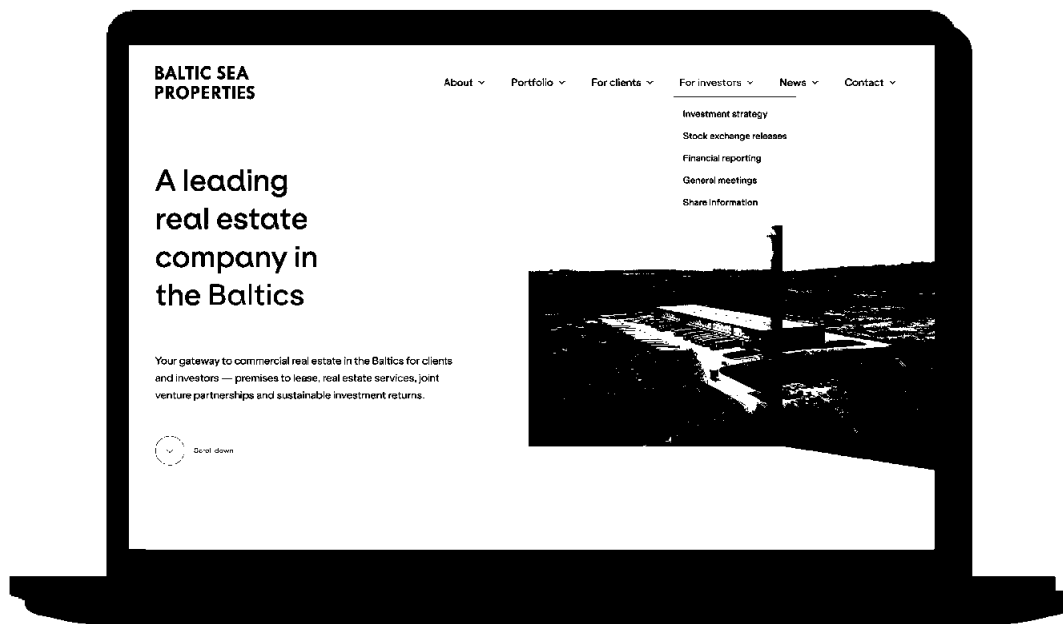
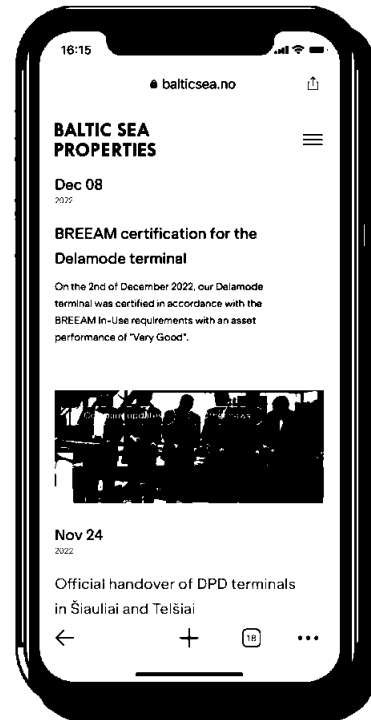
Didzioji str. 10A-29  
LT-01128 Vilnius

Lithuania

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# European Real Estate Brand Awards 2022

Proudly awarded 1<sup>st</sup> place in the category

***“Strongest Brand***

***Baltics Developers logistics”***

for three consecutive years!

2022 : 1st place

2021 : 1st place

2020 : 1st place

EUROPEAN  
REAL  
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# Euronext Growth Oslo

**Baltic Sea Properties AS has since 2017 been listed for trading on Merkur Market/Euronext Growth Oslo, a MTF under Oslo Stock Exchange.**

Since Euronext's acquisition of Oslo Stock Exchange in June 2019, trading at Euronext Growth Oslo has been migrated to Euronext's trading system Optiq. The trading system gives all trading on Euronext marketplaces in Europe access to trading on the marketplaces under Oslo Stock Exchange. Pricing data is available on [live.euronext.com](https://live.euronext.com) where trades are updated in real-time.

Euronext Growth Oslo is subject to Euronext's rulebook regime.

For more information, please refer to the following links:

English: [https://www.oslobors.no/ob\\_eng/Oslo-Boers/About-Oslo-Boers/Web-pages-has-been-moved-to-Euronext](https://www.oslobors.no/ob_eng/Oslo-Boers/About-Oslo-Boers/Web-pages-has-been-moved-to-Euronext)

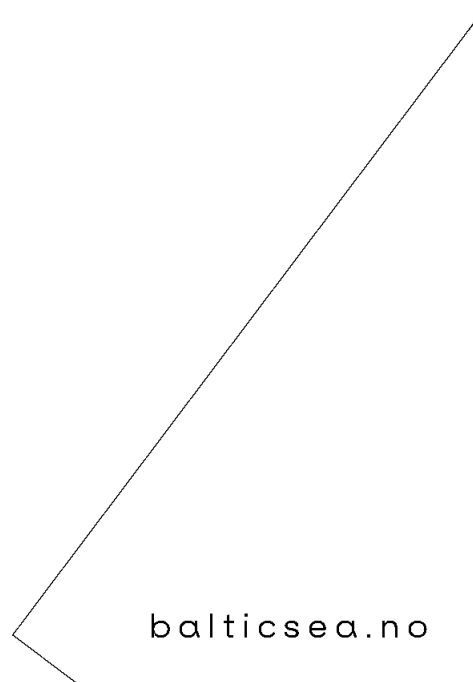
Norwegian: <https://www.oslobors.no/Oslo-Boers/Om-Oslo-Boers/Nettsider-flyttes-til-Euronext>

## Useful info:

As Baltic Sea Properties (ticker: BALT) is listed for trading on Euronext Growth Oslo, the share may be traded through different channels. You may for instance place purchase or sales orders on different online trading platforms.

Contact your custodian, stock broker or bank for more information.







Skatteetaten

Vår dato  
16.12.2021

Din/Deres dato  
30.11.2021

Saksbehandler  
Lars Waalorp

800 80 000  
Skatteetaten.no

Din/Deres referanse  
AR457106302

Telefon  
90833418

Org.nr  
974761076

Vår referanse  
2021/6605132

Postadresse  
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0134 OSLO

BALTIC SEA PROPERTIES AS  
c/o HAGEN, BERGER & AAS AS Postboks 2076 Vikå  
0125 OSLO

Att. Espen Aas

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for Baltic Sea Properties AS, org.nr. 988 691 771

Vi viser til deres brev av 30. november 2021 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for Baltic Sea Properties AS.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering Baltic Sea Properties AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

### Bakgrunn

Baltic Sea Properties AS har norske og utenlandske eiere. Den største aksjonæren (26,6 %) er et utenlandsk selskap. Selskapets formål er «Investere i, utvikle, leie ut og drive samt realisere eiendommer i Europa, enten for direkte eller indirekte gjennom andre selskaper, og alt som står i forbindelse med dette». Den underliggende driften utøves i Litauen hvor datterselskapenes kunder og finansieringspartnere (banker) ikke forstår norsk. Styrelederen i selskapet er utenlandsk.

### Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i



samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at selskapets største aksjonær er et utenlandsk selskap. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waalorp  
seniorrådgiver  
Brukerdialog, brukerkontakt  
Skatteetaten

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.*