# SOSTINĖS BOKŠTAI UAB

2022 financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, together with the independent auditor's report

# CONTENTS

# INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SOSTINĖS BOKŠTAI UAB

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Sostinės bokštai UAB (the "Company"), which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income for the year then ended, and the statement of changes in equity, statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and the financial performance and cash flows of the Company for the year then ended in accordance with the laws and regulations in force in the Republic of Lithuania applicable to accounting and financial reporting and International Financial Reporting Standards as adopted by the European Union.

### Grounds for the opinion

We performed our audit in accordance with International Standards on Auditing (the "ISAs"). Our responsibilities under these standards are described in detail in the Auditor's Responsibility for the Audit of the Financial Statements section of this report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (including the International Independence Requirements) (the "IESBA Code") and the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania related to auditing in the Republic of Lithuania. We also comply with other ethical requirements related to the Law on Audit of Financial Statements of the Republic of Lithuania and the ISBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Emphasis of matter: a basis for determining the fair value of investment property

We draw attention to note 9 to the financial statements, which sets out the assumptions used in determining the fair value of investment property. The qualified valuer, OBER-HAUS Nekilnojamasis Turtas UAB determined the value of the investment property using the income approach and the value calculations were based on the assumption that the new business premises will be constructed and delivered to the tenants under long-term lease agreements at market price after 2 years. We do not modify our opinion because of this point.

### Responsibility of management and those charged with governance for financial statements

Management shall be responsible for the preparation and fair presentation of these financial statements in accordance with the laws and regulations applicable in the Republic of Lithuania relating to accounting and financial reporting, and International Financial Reporting Standards as adopted by the European Union and for such internal control as management deems necessary to prepare the financial statements without material misstatement due to fraud or error.

In preparing financial statements, the management is required to assess the Company's ability to continue as a going concern and to disclose (if necessary) things related to the going concern and the application of the accounting principle on a going concern basis, except to the extent that management intends to liquidate the Company or discontinue its activities or has no other real choice but to do so.

Those charged with governance must oversee the Company's financial reporting process.

### Auditor's responsibilities for the audit of the financial statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are materially misstated by fraud or error and to issue an auditor's report that expresses our opinion. Reasonable assurance is a high level of assurance and not a guarantee that material misstatement, if any, can always be identified through an audit conducted in accordance with the IAS. Misstatements that can result from fraud or error are considered to be material if they could reasonably be expected, either individually or in combination, to have a significant effect on the economic decisions of consumers based on the financial statements.

In performing our audit in accordance with the IAS, we made professional judgements throughout the audit and were committed to professional scepticism. We also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed procedures in response to such risks, and obtained sufficient appropriate audit evidence to support our opinion. The risk of material misstatement due to fraud is greater than the risk of material misstatement due to error, as fraud can include swindling, forgery, intentional omission, misinterpretation, or disregard of internal controls;

- Understood the internal controls related to the audit in order to design audit procedures that are appropriate in the circumstances, not to express an opinion on the effectiveness of the Company's internal control.
- assessed the appropriateness of accounting methods used and the reasonableness of accounting estimates made by management, as well as the related disclosures.
- Concluded on the appropriateness of the accounting principle on a going concern basis and whether, based on the evidence gathered, there is material uncertainty about events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that such material uncertainty exists, the auditor's report must either identify the related disclosures in the financial statements or, if such disclosures are insufficient, we have to revise our opinion. Our conclusions are based on the audit evidence we have obtained up to the date of the auditor's report. However, future events or conditions may prevent the Company from continuing as a going concern.
- Assessed the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements present underlying transactions and events in a manner that is consistent with the fair presentation concept.

We must, among other things, inform those charged with governance about the scope and timing of the audit and any significant audit findings, including significant internal control weaknesses we found during the audit.

Grant Thornton Baltic UAB
Upės g. 21-1, Vilnius
Audit firm's certificate No. 001513

Certified Auditor Darius
Gliaubicas[1]
Auditor's certificate No 000594
15 June 2023

[1] An electronic document shall be signed with an electronic signature, shall have the same legal effect as a signed written document and shall be admissible as evidence. Only the Independent Auditor's report shall be signed by electronic signature

## Statement of profit or loss and other comprehensive income

| | Notes | 2022 | 2021 |
|---|---|---|---|
| **Income** | | | |
| Result of change in fair value of investment property | 9 | (1,997,123) | 24,384,588 |
| Impairment losses on investment property | 9 | - | (4,397,065) |
| Other income, net change | | 9,537 | 14,469 |
| Administrative costs | 6 | (72,380) | (130,783) |
| Depreciation and amortisation costs | | (1,887) | (523) |
| **Operating profit** | | **(2,061,853)** | **19,870,686** |
| Other operating results | | 2,488 | **-** |
| Financial costs | 7 | (5) | (18,877) |
| **Profit before taxation** | | **(2,059,370)** | **19,851,809** |
| Income tax benefits/costs | 8 | 120,900 | (3,657,688) |
| **NET PROFIT FOR THE PERIOD** | | **(1,938,470)** | **16,194,121** |
| **Other comprehensive income for the period net of income tax** | | **-** | **-** |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | | **(1,938,470)** | **16,194,121** |

Financial statements as at 15 June 2023

| | |
|---|---|
| Julius Dovidonis<br>CEO | Daiva Tamošiūnienė<br>Authorised person of Icor UAB |

## Statement of financial position

| | Notes | 31/12/2022 | 31/12/2021 | 01/01/2021 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Tangible non-current assets | | - | 195 | 718 |
| Investment property | 9 | 28,900,000 | 27,000,000 | 6,320,773 |
| Non-current intangible assets | | 1,693 | 5,080 | 5,060 |
| | | **28,901,693** | **27,005,275** | **6,326,551** |
| **Current assets** | | | | |
| Prepayments | | 162,966 | 2,300 | 259 |
| Trade and other receivables | 10, 11 | 22,001 | 56,973 | 51,862 |
| Cash and cash equivalents | 10 | 15,874 | 3,289 | 168 |
| | | **200,841** | **62,562** | **52,289** |
| **Total assets** | | **29,102,534** | **27,067,837** | **6,378,840** |

*(continued on the next page)*

## Statement of financial position (continued)

| | Notes | 31/12/2022 | 31/12/2021 | 01/01/2021 |
|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Authorised capital | 12 | 2,500 | 2,500 | 2,500 |
| Retained profit | | 13,441,433 | 15,379,903 | (814,218) |
| | | **13,443,933** | **15,382,403** | **(811,718)** |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Loans from related parties | 10,13,14 | 9,371,662 | 7,736,183 | 7,112,794 |
| Deferred income tax liability | 7 | 3,536,788 | 3,657,688 | - |
| | | **12,908,450** | **11,393,871** | **7,112,794** |
| **Current liabilities** | | | | |
| Loans | 10, 13 | 1,970,367 | 96,137 | - |
| Trade payables | 10, 14 | 779,103 | 195,409 | 69,003 |
| Other current liabilities | 10 | 681 | 17 | 8,761 |
| | | **2,750,151** | **291,563** | **77,764** |
| **Total equity and liabilities** | | **29,102,534** | **27,067,837** | **6,378,840** |

*(end)*

Financial statements as at 15 June 2023

Julius Dovidonis
CEO

Daiva Tamošiūnienė
Authorised person of Icor UAB

## Statement of changes in equity

| Company | Notes | Authorised capital | Retained profit | Total |
|---|---|---|---|---|
| **Balance as of 01 January 2021** | | **2,500** | **(814,218)** | **(811,718)** |
| Net profit for 2021 | | - | 16,194,121 | 16,194,121 |
| **Balance as of 31 December 2021** | | **2,500** | **15,379,903** | **15,382,403** |
| Net profit for 2022 | | **-** | (1,938,470) | (1,938,470) |
| **Total gross income for 2022** | | | | |
| **Balance as of 31 December 2022** | | **2,500** | **13,441,433** | **13,443,933** |

Financial statements as at 15 June 2023

Julius Dovidonis
CEO

Daiva Tamošiūnienė
Authorised person of Icor UAB

## Cash flow statement

| Items | Note No | 2022 | 2021 |
|---|---|---|---|
| **Cash flows to/from operating activities** | | | |
| Net profit/loss | | (1,938,470) | 16,194,121 |
| **Adjustments to non-cash items and non-operating activities:** | | | |
| Depreciation and amortisation costs | | 1,887 | 523 |
| Net gain on fair value adjustment of investment property | | 1,997,123 | (24,384,588) |
| Depreciation costs on investment property | | - | 4,397,065 |
| Interest costs | | - | 18,877 |
| Other non-monetary transactions | | 1,693 | - |
| Decrease/increase in deferred tax liabilities | | (120,900) | 3,657,688 |
| **Changes in working capital** | | | |
| Decrease/increase in trade receivables, prepayments and other receivables | | (125,694) | (7,152) |
| Increase/decrease in trade payables | | - | 126,406 |
| Increase/decrease in other current liabilities | | 664 | (8,744) |
| **Net cash flows from operating activities** | | **(183,697)** | **(5,804)** |
| **Cash flows from investing activities** | | | |
| Disposals/acquisitions of non-current assets other than investments | | 2 | (20) |
| Acquisition of investment property | | (1,063,011) | (440,091) |
| **Net cash flows from investment activities** | | **(1,063,009)** | **(440,111)** |
| **Cash flows from financing activities** | | | |
| Obtaining loans | | 1,259,291 | 449,036 |
| **Net cash flow applying to financial activities** | | **1,259,291** | **449,036** |
| **Net increase/decrease in cash flows** | | **12,585** | **3,121** |
| **Cash and cash equivalents at beginning of period** | | **3,289** | **168** |
| **Cash and cash equivalents at the end of the period** | | **15,874** | **3,289** |

Financial statements as at 15 June 2023

| Julius Dovidonis<br>CEO | Daiva Tamošiūnienė<br>Authorised person of Icor UAB |
|---|---|

# SOSTINĖS BOKŠTAI UAB

**NOTICE**

to the 2022 financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union, together with the independent auditor's report

14/02/2024

Vilnius

The paragraph in the notes to the 2022 financial statements of Sostinės bokštai UAB, together with the independent auditor's report, stating that Sostinės bokštai UAB is part of the Unit Invest Group and is included in the consolidated financial statements of the Unit Invest Group, **was relevant as at 31 December 2021.**

**Sostinės bokštai UAB was no longer part of the Unit Invest group of companies as of 31 December 2022.**

We clarify and note that the shareholders of Sostinės Bokštai UAB as at 31 December 2022, as described below in the General Information section of the notes to the audited 2022 financial statements,

"Under the terms of the reorganisation (distribution) of LAG&D UAB, UNIT INVEST UAB, TEKTITA UAB AND FLOS INVESTMENT UAB dated 29 December 2021, the assets of LAG&D UAB, namely 1250 (one thousand two hundred and fifty) ordinary registered dematerialised shares with a nominal value of EUR 1 of Sostinės Bokštai UAB, representing 50% of the authorised capital were transferred by way of distribution to TEKTITA UAB, and 1250 (one thousand two hundred and fifty) ordinary registered dematerialised shares with a nominal value of EUR 1 of Sostinės Bokštai UAB, representing 50% of the authorised capital were transferred by way of distribution to FLOS INVESTMENT UAB, as of 10/02/2022".

Sostinės Bokštai UAB

CEO * /signature/* Julius Dovidonis

# Notes to the financial statements

### 1 General

Sostinės bokštai UAB (the "Company", reg. code 304849153) is a private limited liability company registered in the Republic of Lithuania. It was incorporated on 02 August 2018.

The registered office address of the Company is Ozo g. 12A-1, Vilnius, Lithuania.

Sostinės bokštai UAB belongs to the Unit Invest Group and is included in the consolidated financial statements of the Unit Invest Group.

The Company's principal activity is construction development.

Under the terms of the reorganisation (distribution) of LAG&D UAB, UNIT INVEST UAB, TEKTITA UAB AND FLOS INVESTMENT UAB dated 29 December 2021, the assets of LAG&D UAB, namely 1250 (one thousand two hundred and fifty) ordinary registered dematerialised shares with a nominal value of EUR 1 of Sostinės Bokštai UAB, representing 50% of the authorised capital were transferred by way of distribution to TEKTITA UAB, and 1250 (one thousand two hundred and fifty) ordinary registered dematerialised shares with a nominal value of EUR 1 of Sostinės Bokštai UAB, representing 50% of the authorised capital were transferred by way of distribution to FLOS INVESTMENT UAB, as of 10/02/2022.

The Company has no subsidiaries, branches, representative offices or associates.

In 2022, the average number of employees of the Company was 1 (in 2021: 1).

### 2 Summary of significant accounting policies

The key accounting policies applied in the preparation of the Company's financial statements as at 31 December 2022 and for the year then ended are as follows:

#### 2.1. Basis of preparation

Conformity assurance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The financial statements are prepared on the historical cost basis, except for investment property measured at fair value. The amounts in the financial statements are presented in euro.

***APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS***
During the reporting year, the Company adopted all new or revised standards and interpretations that are relevant to its operations and effective for reporting periods beginning after 01 January 2022.

***(a) Standards, amendments and interpretations effective on or after 01 January 2022***

**Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Assets, and the 2018-2020 Annual Improvements to IFRSs** (all issued on 14 May 2020, effective from 01 January 2022)
The IASB has published the following amendments to narrow-scope IFRS standards:
• The amendments to IFRS 3 Business Combinations update the reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
• The amendments to IAS 16 Property, Plant and Equipment prohibit an entity from deducting from the cost of property, plant and equipment the proceeds from the sale of an item of property, plant and equipment while the entity is preparing the asset for its intended use. Instead, the company will recognise such sales proceeds and related costs in profit or loss in the statement of profit or loss and other comprehensive income.

• The amendments to IAS 37 Provisions, Contingent Liabilities and Assets specify the expenses that an entity should include in determining the cost of performing a contract to assess whether the contract is loss-making.

• The 2018-2020 annual improvements to IFRSs make minor changes to the illustrative examples in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and IFRS 16 Leases.
These amendments shall be applied in the European Union for annual periods beginning on or after 01 January 2022. Management has assessed that these amendments do not have a material impact on these financial statements.

***(b) Standards and amendments to standards that have been endorsed but are not yet effective and have not been adopted early***

New standards, amendments and interpretations that are not effective for the reporting period beginning 01 January 2022 and that have not been previously adopted in preparing these financial statements are set out below:

**Amendments to IFRS 17 and IFRS 4: Deferral of the effective date of IFRS 17 and IFRS 9 for insurers** (issued on 25 June 2020, effective from 01 January 2023)
The amendments to IFRS 17 shall be applied retrospectively for financial years beginning on or after 01 January 2023, although earlier application is permitted. The amendments are intended to assist entities in applying this standard. In particular, the amendments are designed to reduce costs by simplifying the application of some of the Standard's requirements, simplifying the interpretation of financial results and the transition to the Standard by delaying the effective date to 2023 and providing an additional exemption that can be used when IFRS 17 is first applied.
The amendments to IFRS 4 change the expiry date of the temporary exemption from IFRS 9 Financial Instruments in IFRS 4 Insurance Contracts, after which entities would be required to apply IFRS 9 in financial years beginning on or after 01 January 2023.
Management has assessed that the application of these amendments will have no impact on the Company's financial statements.

**IFRS 17 Insurance Contracts** (issued on 18 May 2017, effective from 01 January 2023).
The standard applies for annual periods beginning on or after 01 January 2021, although earlier application is permitted if IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments are also applied. At its March 2020 meeting, the Board decided to delay the effective date to 2023. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts entered into. It also requires similar principles to be applied to existing reinsurance contracts and investment contracts with discretionary participation features. The objective is to ensure that entities present relevant information in a way that gives a fair presentation of those transactions. On the basis of that information, users of financial statements can assess the impact of those transactions on the entity's financial position, financial performance and cash flows when applying IFRS 17.
This Standard will not affect the financial position or performance of the Company because the Company does not provide insurance services.

**Amendments to IAS 12 Income Taxes - Deferred Tax on Assets and Liabilities Arising in a Single Transaction** (issued on 7 May 2021, effective from 01 January 2023)
The amendments require entities to recognise deferred tax on transactions that create equal amounts of taxable and deductible temporary differences at initial recognition. The amendments are effective for financial years beginning on or after 01 January 2023. Earlier application is permitted.
Management has not yet assessed the impact of applying these amendments.

**Amendments to IAS 1 Presentation of Financial Statements and IFRS 2 Statement of Practice Disclosure of Accounting Policies (Amendments)** (issued on 12 February 2021, effective from 01 January 2023).
The amendments are effective for annual periods beginning on or after 01 January 2023. Earlier application is permitted. The amendments provide guidance for making significant accounting policy disclosure decisions. It should be noted that the amendments to IAS 1 replace the requirement to disclose "important" accounting policies with a requirement to disclose "significant" accounting policies. In addition, the Statement of Practice provides guidance and an example to support the application of the concept of materiality in the decision to disclose an accounting policy. Management has not yet assessed the impact of applying these amendments.

**Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates** (issued on 12 February 2021, effective from 01 January 2023)
The amendments introduce a new definition of accounting estimates, which are defined as monetary amounts presented in the financial statements that involve measurement uncertainty. The amendments also clarify which and how changes in accounting estimates differ from changes in accounting policies and corrections of errors. The amendments, which are effective for financial years beginning on or after 01 January 2023 (earlier application is permitted), apply to changes in accounting policies and accounting estimates that occur in that period or thereafter. Management has not yet assessed the impact of applying these amendments.

**Amendments to IAS 1 - Classification of Liabilities as Current or Non-current** (issued on 23 January 2020, effective from 01 January 2024 but not before EU endorsement).
The amendments aim to promote consistent application of the requirements by helping entities to decide whether debts and other liabilities with an uncertain settlement date should be classified as current or non-current in the statement of financial position. The amendments affect the presentation of liabilities in the statement of financial position and do not change the existing requirements relating to the measurement or recognition of assets, liabilities, income or costs and the information that entities disclose about those items. The amendments also clarify the requirement to classify debts when an entity may settle such debts using its own equity instruments. The EU has not yet endorsed these amendments. Management has not yet

assessed the impact of applying these amendments.

*Amendments to IAS 1 regarding non-current liabilities with additional requirements (issued on 31 October 2022, effective from 01 January 2024 but not before EU endorsement):*

Changes to the requirements for classifying liabilities as current or non-current, how an entity classifies debt and other financial liabilities as current or non-current, or in certain circumstances: only the additional requirements that an entity is required to comply with on or before the date of the financial statements affect the classification of a liability as current or non-current. In addition, an entity shall disclose in the notes information that enables users of the financial statements to understand the risk that non-current liabilities with additional requirements may become repayable within twelve months. The amendments are effective from 01 January 2024 or the financial years beginning thereafter. The amendments shall be applied retrospectively in accordance with IAS 8; earlier application is also permitted. The EU has not yet endorsed these amendments. Management has not yet assessed the impact of applying these amendments.

**Amendments to IFRS 16 Lease Liability on Sale and Leaseback, as amended, which clarifies how a seller-lessee subsequently measures sale and leaseback transactions that meet the requirements of IFRS 15 for accounting as a sale** (issued on 22 September 2022, effective from 01 January 2024 but not before EU endorsement).

The amendment to IFRS 16 on the sale and leaseback of a lease liability, which requires the seller-lessee to subsequently measure the lease liability arising from the leaseback so that no gain or loss is recognised in respect of its right-of-use remains. The new requirements do not preclude a seller-lessee from recognising in profit or loss any gain or loss on the partial or complete termination of a lease. The amendments are effective for financial years beginning on or after 01 January 2024. Earlier application is also permitted. For sale and leaseback transactions entered into after the date of initial application, a seller-lessee shall apply the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The EU has not yet endorsed these amendments. Management has not yet assessed the impact of applying these amendments.

Transition to IFRSs

These financial statements have been prepared for the first time in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The impact of the transition from the previous Lithuanian Financial Reporting Standards to IFRS on the opening statement of financial position as at 01 January 2021 and 31 December 2021 and on the statement of profit or loss and other comprehensive income for 2021 and the statement of cash flows as at 31 December 2021 is disclosed in note 4. IFRSs have been applied retrospectively.

Estimates: Management's assumptions and estimates reflected in the statement of financial position at the date of transition to IFRS are the same as those used in the previous preparation of the financial statements in accordance with Lithuanian Financial Reporting Standards (LFRS).

The impact of the transition to IFRS is disclosed in note 5.

### 2.2. Functional and presentation currencies

Amounts in the financial statements are presented in the national currency of the Republic of Lithuania, the euro, which is the Company's functional and presentation currency. The exchange rate of the euro against other currencies is set daily by the European Central Bank and the Bank of Lithuania.

### 2.3. Tangible non-current assets

Tangible non-current assets are carried at cost less accumulated depreciation and estimated impairment losses. The carrying amount of tangible non-current assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may be impaired. Depreciation is calculated using the straight-line method over a useful life of 3-6 years.

The assets' residual values, useful lives and depreciation methods are reviewed and, if necessary, adjusted at the end of each financial year to reflect the expected economic benefits to be derived from the tangible non-current assets.

Tangible non-current assets are written off when they are sold or when no further economic benefit is expected from their use or sale. Any gain or loss arising on the write-down of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in "other income" in the statement of comprehensive income in the year in which the asset is written off.

### 2.4. Investment property

Assets acquired for the purpose of generating long-term rental income and/or with the expectation of benefiting from an increase in the value of the asset are classified as investment property.

Investment property is measured at cost, including transaction expenses, on initial recognition.

Subsequent to initial recognition, investment property is carried at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment property are recognised in profit or loss in the period in which they arise. The fair value of investment property is determined annually by an independent qualified valuer (note 9).

Subsequent expenditure is capitalised and added to the carrying amount of the asset only if it is probable that future economic benefits will flow to the Company as a result of the expenditure and the amount of the expenditure can be measured reliably. All other repairs and maintenance expenses are recognised as costs as incurred. If part of an investment property is replaced by a new investment property, the carrying amount of the replaced part is derecognised.

### 2.5. Intangible assets

Intangible assets are initially recognised at cost. An intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the asset's value can be measured reliably. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are considered to have a finite useful life. Intangible assets are amortised on a straight-line basis over their expected useful lives (3 years).

### 2.6. Financial assets

Financial assets within the scope of IFRS 9 are classified as either financial assets at fair value through profit or loss (with changes in fair value recognised in either other comprehensive income or profit or loss) or financial assets at amortised cost. The classification depends on the entity's financial asset management model and the contractual cash flow terms.

Because the business model for the Company's other financial assets (other than the financial assets described in note 2.8) is to hold the assets to obtain the contractual cash flows and to make principal and interest payments, other financial assets are measured at amortised cost. These assets include trade and other receivables, cash and cash equivalents. The Company reclassifies debt instruments only when their business model for managing such assets changes.

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised in the financial statements when the rights to receive cash flows from the financial asset expire or transfer and the Company has transferred substantially all the risks and rewards of ownership.

On initial recognition, the Company measures financial assets at fair value plus transaction expenses directly attributable to the acquisition of the financial asset if the financial asset is not at fair value through profit or loss. Transaction expenses associated with a financial asset at fair value through profit or loss are recognised as costs in profit or loss.

Assets that are held for contractual cash flows, when these cash flows consist solely of principal and interest payments, are measured at amortised cost. Interest income from such financial assets is calculated using the effective interest method. Gains or losses arising on derecognition are recognised directly in profit or loss. Impairment losses are presented in a separate line item in the statement of comprehensive income.

### 2.7. Impairment of financial assets

For trade and other receivables, the Company applies the simplified approach in IFRS 9, whereby expected lifetime losses are recognised from the initial recognition of the receivable.

Trade receivables are classified as either Stage 2 or Stage 3:

- Stage 2 includes receivables for which the simplified approach to estimating expected credit losses over their expected useful lives has been applied, except for certain trade receivables classified as Stage 3;
- Stage 3 includes trade receivables that are more than 90 days past due (unless there is an objective justification) or individually identified as impaired.

### 2.8. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of 3 months or less. Deposits with an original maturity of more than three months are classified as deposits in the statement of financial position.

In the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of 3 months or less.

### 2.9. Financial liabilities

The Company recognises a financial liability when it first becomes a party to the rights and obligations under the contract.

All financial liabilities are initially recognised at fair value less transaction expenses directly attributable to the issuance of the financial liability if the financial liability is not measured at fair value through profit or loss. Financial liabilities are measured at amortised cost using the effective interest method. A financial liability is derecognised when it is settled, cancelled or expires.

Trade payables

Trade payables are liabilities to pay for goods purchased or services rendered from suppliers in the normal course of business.

Amounts payable are classified as current liabilities if they are due to be settled within one year or less (or within the normal operating cycle if longer). Financial liabilities included in trade payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest-bearing liability is its discounted repayment amount. Discounting is not applied if the maturity of the liability is less than one year.

Loans received

Loans received are initially recorded at fair value less directly attributable transaction expenses. Subsequently, loans received are carried at amortised cost using the effective interest method. Loans received are classified as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

### 2.10. Authorised capital

Ordinary shares are recorded in equity. Costs directly attributable to the issue of new shares or options, net of tax, are recorded in equity as a reduction of retained profit.

### 2.11. Income recognition

Lease income

Operating lease income is recognised on a straight-line basis over the lease term. The initial direct costs incurred to obtain an operating lease are added to the carrying amount of the leased asset and are recognised as an expense over the lease term in the same way as lease income.

### 2.12. Borrowing expenses

Borrowing expenses comprise interest and other expenses incurred by an entity in borrowing funds. Borrowing expenses that are directly attributable to the acquisition or construction of qualifying assets are part of the cost of those assets. Other borrowing expenses are recognised as costs.

### 2.13. Income tax and deferred income tax

Income tax costs comprise income tax for the period and deferred income tax. Income tax is recognised in the statement of comprehensive income, except to the extent that it relates to amounts recognised directly in the statement of changes in equity. In such cases, the income/cost from income taxes is recognised directly in the statement of changes in equity.

In 2022 and 2021, the standard corporate income tax rate for companies in the Republic of Lithuania was 15%.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are calculated using tax rates (and laws) enacted or substantively enacted at the reporting date that are expected to apply in the year in which the deferred income tax asset will be realised or the deferred income tax liability settled.

The deferred income tax liability in respect of investment property measured at fair value is determined on the assumption that the fair value of the property will decrease as the value of the property under construction increases.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

Tax losses can be reversed indefinitely, except for losses arising on the disposal of securities and/or derivative financial instruments. The carry forward of tax losses shall cease if the Company ceases to carry on the activity giving rise to the losses, unless the Company ceases to carry on the activity for reasons beyond its control.

In Lithuania, losses on the transfer of securities and/or derivatives can be carried forward for 5 consecutive years and can only be offset against gains on transactions of the same nature. From 01 January 2014, in Lithuania, tax losses from previous years can be used to offset a maximum of 70% of the taxable profit for the current year.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on the same taxable entity or on different taxable entities, where the intention is to offset the balances on a net basis.

### 2.14. Employee benefits

Social insurance contributions

The Company pays social insurance contributions to the National Social Insurance Fund (the “Fund”) for its employees in accordance with a defined contribution plan and in accordance with the requirements of national law. A defined contribution plan is a plan under which the Company makes contributions at a fixed rate and will have no legal or constructive obligation to continue to make such contributions in the future if the Fund does not have sufficient assets to pay all employees’ service-related benefits in the current or prior periods. Social insurance contributions are recognised as an expense on an accruals basis and are classified as part of employee compensation costs.

### 2.15. Significant accounting estimates and judgements

In preparing the financial statements, the Company’s management makes certain judgements and estimates that affect the reported amounts of revenues and expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements. However, the uncertainty in these assumptions and estimates creates a risk that the carrying amounts of assets or liabilities will be materially adjusted in future financial years.

Estimates and judgements are continually reviewed and evaluated on the basis of past (historical) events and other factors, including the likelihood of future events that are considered reasonable under the circumstances.

**Estimates and assumptions**

The key assumptions concerning the future and the uncertainty surrounding the estimates made at the end of the reporting period, and other key sources of significant risk that a material adjustment to the carrying amounts of assets and liabilities within the next financial year may occur, are described below. The Company’s assumptions and estimates are based on data available at the time of preparation of the financial statements. Existing circumstances and assumptions about future circumstances are subject to change as a result of changes in the market or for reasons beyond the Company’s control. Such changes are reflected in the assumptions when they occur.

Significant areas in which accounting estimates are applied in the preparation of these financial statements

are described below. Fair value of investment property

The fair value of investment property is determined using the income approach, taking into account the rental income of the property being valued or of a similar property. Under the income approach, projections of discounted cash flows are based on future cash flows estimated from existing leases or other contracts and from external evidence, such as current (i.e. at the statement of financial position date) market rents for similar assets in a similar location and condition, using discount rates that reflect current market estimates of the amount and timing of uncertainty in cash flows. Future rental prices are determined by reference to the actual location, use and condition of the property and by reference to market data and forecasts at the valuation date.

The fair value of the Company’s investment property at 31 December 2022 was EUR 28,900,000 (31 December 2021: EUR 27,000,000) (further described in note 9).

## 3 Financial risk management

### 3.1. Financial risk factors

The Company's risk management focuses on financial, operational and legal risks. At the Company level, strategic risk management is performed by the shareholder. Operational risk management is carried out by the Company's Director. The main objective of financial risk management is to set risk limits and then to ensure that the extent of the risk does not exceed those limits. Operational and legal risk management aims to ensure that internal rules function properly to mitigate operational and legal risks.

The Company's main financial liabilities consist of loans received, trade payables and other payables. The main purpose of these financial liabilities is to increase the financing of the Company's operations. The Company has various financial assets, including trade and other receivables and cash generated directly from operating activities.

The main risks arising from financial instruments are market risk (including cash flow risk, fair value interest rate risk, price risk) and liquidity risk. The risks are identified and described below.

Credit risk

Credit risk is not relevant to the Company's activities until the real estate is developed. Liquidity risk

The Company's policy is to maintain sufficient cash and cash equivalents or to secure financing through appropriate credit facilities to meet its obligations under its strategic plans at a given date. The Company's objective is to maintain a balance between continuity of funding and flexibility in the use of shareholder loans. Liquidity risk management is divided into long-term and short-term liquidity risk management.

The objective of short-term liquidity risk management is to meet the day-to-day need for funds. The Company's short-term liquidity is monitored by monthly checks on the liquidity position and the need for funds.

Long-term liquidity risk is controlled by analysing forecasts of future cash flows, taking into account possible sources of funding. Before approving a new investment project of the Company, the possibility of raising the necessary funds is assessed.

The Company's liquidity ratio (total current assets/total current liabilities) at 31 December 2022 was 0.07 (31 December 2021: 0.21).

At 31 December 2022, current assets were lower than current liabilities by EUR 2,549 thousand. The Company's management believes that the Company will have sufficient cash to meet its liabilities maturing in 2025 by forecasting the Company's cash flows for 2022.

The table below summarises the maturities of the Company's financial liabilities at 31 December 2022 and 31 December 2021 based on undiscounted contractual payments:

| | On request | Up to 3 months | 4 to 12 months | 1 to 5 years | >5 years | Total |
|---|---|---|---|---|---|---|
| Loans | - | - | 1,970,367 | 9,371,662 | - | 11,342,029 |
| Trade payables | 779,103 | - | - | - | - | 779,103 |
| Other current liabilities | 681 | - | - | - | - | 681 |
| **Balance as of 31 December 2022** | **779,784** | **-** | **1,970,367** | **9,371,662** | **-** | **12,121,813** |
| | | | | | | |
| Interest-bearing loans | - | - | - | 7,859,320 | - | 7,859,320 |
| Trade payables | 291,546 | - | - | - | - | 291,546 |
| Other current liabilities | 17 | - | - | - | - | 17 |
| **Balance as of 31 December 2021** | **291,563** | **-** | **-** | **7,859,320** | **-** | **8,150,883** |

**3 Financial risk management (continued)**

### 3.2. Capital management

The main objective of capital management is to ensure that the Company maintains good solvency and meets appropriate capital ratios in order to support its business and maximise shareholder returns. The Company's management monitors that its investments comply with the capital requirements set out in the relevant legislation and provides the necessary information to the Company's management.

The Company's capital comprises authorised capital and retained profit.

The Company manages its capital structure and changes it in response to changes in economic conditions and the specific risks of its operations. In order to maintain or change its capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Law on Joint Stock Companies of the Republic of Lithuania requires that the Company's equity capital be no less than 50% of its authorised capital. As at 31 December 2022, the Company has complied with this provision of the Law.

## 4 Fair value measurement

*Assets carried at fair value*

Levels of the fair value hierarchy:
Level 1: quoted (unadjusted) price in active markets for identical assets or liabilities;
Level 2: inputs other than the quoted price included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices);
Level 3: data for an asset or liability that are not based on observable market information (unobservable data).

The following table sets out the assets and liabilities measured at fair value in the Company's statement of financial position at 31 December 2022 by fair value hierarchy:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets of the Company** | | | | |
| Investment property | - | - | 28,900,000 | 28,900,000 |

The fair value measurement of investment property commenced in 2021.

There were no liabilities measured at fair value in the Company's statements of financial position.

*Financial instruments not carried at fair value*

The Company's principal financial instruments that are not carried at fair value in the statement of financial position are cash and cash equivalents, trade and other receivables, trade and other payables, and long-term and short-term loans receivable.

The carrying amounts of the Company's cash and cash equivalents, trade and other receivables, trade and other payables at 31 December 2022 and 31 December 2021 approximate their fair values because they are short-term and the effect of discounting is immaterial.

The carrying amount of loans received at 31 December 2022 and 31 December 2021 approximated their fair value. Interest rates on loans from related parties are reviewed at the end of each financial year and adjusted to reflect changes in market interest rates. In view of this, it is concluded that their fair value is close to their carrying amount. The fair value of long-term loans receivable is calculated on the basis of discounted cash flows using the current interest rate. It is classified as a Level 3 fair value hierarchy measurement as it uses unobservable inputs from the market including own credit risk.

## 5 Transition to IFRSs

The transition to IFRS has resulted in changes to the presentation of certain items in the statements of financial position, comprehensive income and cash flows to conform to IFRS requirements. In addition, the adoption of IFRS resulted in adjustments for differences between the applicable accounting principles under IFRS and LFRS, which are explained in more detail below:

A) Under LFRS, borrowing expenses are recognised as interest expense in the period in which they are incurred. The recognition of borrowing expenses has been revised based on the requirements of IAS 23 as disclosed in accounting policy 2.12. In this context, the timing of the recognition of interest costs as an expense has been changed, thus:

- as at 01 January 2021 retained profit has increased by EUR 563,318 and investment property has increased accordingly by EUR 563,318;
- as at 31 December 2021, in the statement of comprehensive income, financial costs (interest costs) decreased by EUR 251,613 and in the statement of financial position retained profit and investment property increased by EUR 251,613 each.

B) Following the adoption of IFRS, the Company has substantially changed the accounting treatment of its tangible non-current assets - land, by classifying the cost of land as an investment property (IFRS 40) and by adopting the fair value method. The main assumptions that led to the classification of land as an investment property were:

- land held to enhance the value of a non-current asset and not for immediate sale in the ordinary course of business;
- assets that are being constructed or developed with a view to their future use as investment property. In this context, tangible non-current assets related to land has been reclassified to investment property:
- As at 01 January 2021, the tangible non-current assets decreased by EUR 5,097,065, with a corresponding increase in the value of investment property.

**Impact of the application of IFRS on the statement of financial position at 01 January 2021:**

| | LFRS | IFRS 01/01/2021 | (A) IAS 23 | (B) IFRS 40 | IFRS |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Tangible non-current assets | 5,097,783 | - | - | (5,097,065) | 718 |
| Advances paid and construction work in progress | 660,390 | - | - | (660,390) | - |
| Investment property | - | 316,427 | 246,891 | 5,757,455 | 6,320,773 |
| Non-current intangible assets | 5,060 | - | - | - | 5,060 |
| **Total non-current assets** | **5,763,233** | **316,427** | **246,891** | **-** | **6,326,551** |
| **Current assets** | | | | | |
| Prepayments | 259 | - | - | - | 259 |
| Trade and other receivables | 51,862 | - | - | - | 51,862 |
| Cash and cash equivalents | 168 | - | - | - | 168 |
| **Total current assets** | **52,289** | - | - | - | **52,289** |
| **Total assets** | **5,815,822** | **316,427** | **246,891** | **-** | **6,378,840** |

| | LFRS | IFRS 01/01/2021 | (A) IAS 23 | (B) IFRS 40 | IFRS |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Authorised capital | 2,500 | | - | - | 2,500 |
| Retained profit | (1,377,536) | 316,427 | 246,891 | - | (814,218) |
| **Total equity** | **(1,375,036)** | **316,427** | **246,891** | **-** | **(811,718)** |
| **Liabilities** | | | | | |
| **Non-current liabilities** | | | | | |
| Loans from related parties | 7,112,794 | - | - | - | 7,112,794 |
| **Total non-current liabilities** | **7,112,794** | **-** | **-** | **-** | **7,112,794** |
| **Current liabilities** | | | | | |
| Trade and other payables | 69,003 | - | - | - | 69,003 |
| Other current liabilities | 8,761 | - | - | - | 8,761 |
| **Total current liabilities** | **77,764** | **-** | **-** | **-** | **77,764** |
| **Total equity and liabilities** | **5,815,522** | **316,427** | **246,891** | **-** | **6,378,840** |

**Impact of the application of IFRS on the statement of financial position at 31 December 2021:**

| | LFRS | IFRS 31/12/2021 | (A) IAS 23 | (B) IFRS 40 | Regrouping | IFRS |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| **Non-current assets** | | | | | | |
| Tangible non-current assets | 700,195 | - | - | (700,000) | - | 195 |
| Advances paid and construction work in progress | 5,497,415 | - | - | (5,497,415) | - | 0 |
| Investment property | - | 563,318 | 251,613 | 26,185,069 | - | 27,000,000 |
| Non-current intangible assets | 5,080 | - | - | - | - | 5,080 |
| **Total non-current assets** | **6,202,690** | **563,318** | **251,613** | **19,987,654** | **-** | **27,005,275** |
| **Current assets** | | | | | | |
| Prepayments | 53,653 | - | - | - | (51,353) | 2,300 |
| Trade and other receivables | 5,620 | - | - | - | 51,353 | 56,973 |
| Cash and cash equivalents | 3,289 | - | - | - | - | 3,289 |
| **Total current assets** | **62,562** | - | - | - | **-** | **62,562** |
| **Total assets** | **6,265,252** | **563,318** | **251,613** | **19,987,654** | **-** | **27,067,837** |

| | LFRS | IFRS 31/12/2021 | (A) IAS 23 | (B) IFRS 40 | Regrouping | IFRS |
|---|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | | |
| **Equity** | | | | | | |
| Authorised capital | 2,500 | | - | - | - | 2,500 |
| Retained profit | (1,764,994) | 563,318 | 251,613 | 16,329,966 | - | 15,379,903 |
| **Total equity** | **(1,762,494)** | **563,318** | **251,613** | **16,329,966** | **-** | **15,382,403** |
| **Liabilities** | | | | | | |
| **Non-current liabilities** | | | | | | |
| Loans from related parties | 7,736,183 | - | - | - | - | 7,736,183 |
| Deferred income tax liability | - | - | - | 3,657,688 | - | 3,657,688 |
| **Total non-current liabilities** | **7,736,183** | **-** | **-** | **3,657,688** | **-** | **11,393,871** |
| **Current liabilities** | | | | | | |
| Loans | - | - | - | - | 96,137 | 96,137 |
| Trade payables | 291,546 | - | - | - | (96,137) | 195,409 |
| Other current liabilities | 17 | - | - | - | | 17 |
| **Total current liabilities** | **291,563** | **-** | **-** | **-** | **-** | **291,563** |
| **Total equity and liabilities** | **6,265,252** | **563,318** | **251,613** | **19,987,654** | **-** | **27,067,837** |

**The impact of the application of IFRSs on the Company's statement of comprehensive income for 2021:**

| | LFRS | Impact of transition | IFRS |
|---|---|---|---|
| **Income** | **14,469** | **24,384,588** | **24,399,057** |
| Other income, net change | 14,469 | - | 14,469 |
| Result of change in fair value of investment property | - | 24,384,588 | 24,384,588 |
| Impairment losses on investment property | | (4,397,065) | (4,397,065) |
| Administrative costs | (130,910) | 127 | (130,783) |
| Depreciation and amortisation costs | (523) | - | (523) |
| **Operating profit** | **(116,964)** | **-** | **19,870,686** |
| Financial costs | (270,494) | 251,617 | (18,877) |
| **Profit before taxation** | **(387,458)** | **20,239,267** | **19,851,809** |
| Income tax benefits/costs | - | - | - |
| **NET PROFIT FOR THE PERIOD** | **(387,458)** | **20,490,884** | **19,851,809** |
| Other comprehensive income for the period net of income tax | - | (3,657,688) | (3,657,688) |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | **(387,458)** | **16,833,196** | **16,194,121** |

## 6 Administrative costs

| | | |
|---|---|---|
| Operating charges | 17,520 | 45,848 |
| Utilities | 13,112 | 11,178 |
| Legal costs | 10,216 | 17,650 |
| Insurance costs | 6,797 | 376 |
| Asset valuation | 2,000 | 0 |
| Advertising costs | 5,190 | 700 |
| Other costs | 17,545 | 55,031 |
| **TOTAL** | **72,380** | **130,783** |

## 7 Financial costs

| | 2022 | 2021 |
|---|---|---|
| Interest expense on loans from related parties | - | (18,877) |
| Other financial costs | (5) | - |
| | (5) | (18,877) |

## 8 Income tax benefits/costs

| **Components of income tax costs/income** | **2022** | **2021** |
|---|---|---|
| Income tax costs/income for the reporting year | - | - |
| Deferred income tax costs/income | 120,900 | (3,657,688) |
| Income tax costs/income recognised in profit or loss, total | 120,900 | (3,657,688) |

There is no income tax income/costs recognised in other comprehensive income. Deferred income tax assets and liabilities at 31 December 2022 and 31 December 2021 have been accounted for at a tax rate of 15%.

## 9 Investment property

| | **Investment property held for future development** |
|---|---:|
| **Fair value hierarchy** | **Level 3** |
| **Balance at 31 December 2020** | **6,320,773** |
| Borrowing expenses | 251,613 |
| Impairment of the Ibrahim building (building demolished in 2022) | (4,397,065) |
| Expenditure on construction under development | 440,091 |
| Increase in fair value | 24,384,588 |
| **Balance at 31 December 2021** | **27,000,000** |
| Borrowing expenses | 376,188 |
| Expenditure on construction under development | 1,159,576 |
| Acquisition of land plot at Lvovo str. 21B | 2,361,359 |
| Increase/decrease in fair value | (1,997,123) |
| **Balance at 31 December 2022** | **28,900,000** |

Investment property is carried at fair value. On 01/04/2022, an additional land plot of 6146 sqm at Lvivo str. 21B 4400- 5502-6538 was acquired at an acquisition value of EUR 2,361,359. In 2022, investment property under development at Kalvarijų str. 24A, Lvivo 21B and Kalvarijų g. 24, Vilnius, was valued on 11 April 2023 by the qualified valuer OBER-HAUS Nekilnojamasis Turtas UAB using the income approach.

The fair value reflects the price at which the property would have been sold at the date of valuation in an orderly transaction between market participants, in accordance with the International Valuation Standards established by the International Valuation Standards Committee.

The income approach assumes that there is a definite relationship between future net operating income and the fair value of the assets. The key assumptions used in the generation of the cash flow are set out below:

- For the valuation of the valued assets using the residual approach, the value calculations were based on the assumption that the new business building complex is constructed and fitted out in accordance with the agreed construction design and the building permits obtained on the basis of that project, and then, after 100% completion has been registered with the Real Estate Register, the new business building complex is handed over to the tenants and disposed of on the market with long-term lease contracts at its market price. The model used to calculate the value of the assets under valuation was based on the following assumptions:

- Old commercial building converted into an office building and fully fitted out/new office building built and fully fitted out in accordance with the agreed construction design and the building permit obtained on the basis of the project, and the area around the buildings landscaped.

- The parameters of the business building complex to be developed have been established on the basis of the prepared and agreed construction design and the building permit obtained on the basis thereof.

- Given the current state of the property (the demolition of the former commercial building is being completed, its reconstruction into an office building is being prepared and the construction of a new office building is underway), the valuers consider that the maximum duration of such an investment project would be: up to 2 years (24 months).

- Completed and fully fitted out office building/new and fully fitted out office building with commercial and office space to be leased is handed over to tenants.

- The leasable area of the business building complex (28,386 sqm), as accepted by the valuers, is lower than the total above-ground area of the business building complex (31,655 sqm), as part of this area is occupied by above-ground car parks (on several levels), which are not directly available for lease, and by other technical areas which are not, in the valuers' opinion, directly available for lease. As it is accepted in the rental market for modern business centres in Vilnius City that the rentable office and commercial space is additionally, proportionally, attributed to the common areas of the building, the above-mentioned rentable area of the complex of business buildings accepted by the valuers also includes the common areas of the office and commercial areas from the 1st to the 15th floors.

- The value of the property in its current condition is determined as the maximum amount that a potential buyer/investor can pay, taking into account the most likely sale proceeds of the property and the funds required for the conversion of the old commercial building into an office building/construction of a new office building and their fitting out and the landscaping of the area around the buildings, and the market requirements for return on investment.

- The valuers consider that it is not possible to foresee the actual typical financing conditions of a real estate project, such as the proportions of equity and debt capital, the level of interest rates, etc., and have therefore based their calculations of the value of the property on the assumption that the development of the subject of the valuation is based on the developer's own funds. This assumption was also taken into account in the determination of the rate of return.

- The amounts for sales revenue and development costs are net of VAT.

For rental investment property, the key figures are as follows:

- future rental income, taking into account the location, type and condition of the asset and the terms of existing leases or other contracts or external evidence such as current market rents for similar properties;
- discount rates that reflect current market estimates of the amount and timing of uncertainty in cash flows;
- estimated vacancy rates based on current and expected future market conditions at the end of current leases;
- operating costs, including the investment necessary to maintain the functionality of the asset over its expected useful life;
- capitalisation rates, taking into account the location, size and condition of the asset and market data at the valuation date;
- the going concern value, taking into account assumptions about operating costs, vacancy rates, market rents.

Investment properties held for future development are valued on the basis of the following in addition to the above:

- the sale price, as determined by an experienced valuer with knowledge of the residential and commercial property market;
- construction costs, estimated by an experienced valuer with knowledge of market conditions, taking into account the parameters set out in the approved detailed plans.
- Construction costs shall also include a reasonable rate of return;
- completion date. The property under construction is subject to regulatory approvals at various stages of development, including approvals for initial design, zoning, annexation and environmental compliance. Based on management's previous experience, it is anticipated that all of these necessary permits and approvals will be obtained.
- The overall profitability of the project reflects current market estimates of the rate of return on projects under development. It is based on the internal rate of return of similar projects.

The investment property, the main valuation data and a description of the valuation methods used as at 31 December 2022:

| | **Valuation method** | **Significant unobservable market data** | **Interval (weighted average) Oberhsaus** |
|---|---|---|---|
| Investment property | Discounted cash flows | Discount rate (%) | 8 |
| | | Capitalisation rate for going concern value (%) | 5.75 |
| | | City centre office space - rental price in EUR per sqm (excluding VAT) | 18-23.64 |
| | | Parking - rental price in euro per sqm (excl. VAT) | 70-91.92 |

There were no restrictions on the disposal of investment assets, the transfer of proceeds from the disposal of assets or the transfer of proceeds in 2022.

| **Valuation of the assets** | **Size, EUR** |
|---|---|
| Project income | 111,974,465 |
| Project expenses | 66,348,205 |
| Total project profitability | 17,60% |
| Value of the assets to be valued (excl. VAT) | 28,949,212 |
| **Adjusted market value (excl. VAT)** | **28,900,000** |

## 10 Financial instruments by category

| Company | Financial assets at amortised cost | Assets at fair value through profit or loss | Total |
|---|---|---|---|
| **31/12/2022** | | | |
| **Assets in the statement of financial position** | | | |
| Trade and other receivables | 22,001 | - | 22,001 |
| Cash and cash equivalents | 15,874 | - | 15,874 |
| **Total** | **37,875** | **-** | **37,875** |

| Company | Financial assets at amortised cost | Assets at fair value through profit or loss | Total |
|---|---|---|---|
| **31/12/2021** | | | |
| **Assets in the statement of financial position** | | | |
| Trade and other receivables | 56,973 | - | 56,973 |
| Cash and cash equivalents | 3,289 | - | 3,289 |
| **Total** | **60,262** | **-** | **60,262** |

| Company | Financial assets at amortised cost | Assets at fair value through profit or loss | Total |
|---|---|---|---|
| **01/01/2021** | | | |
| **Assets in the statement of financial position** | | | |
| Trade and other receivables | 51,862 | - | 51,862 |
| Cash and cash equivalents | 168 | - | 168 |
| **Total** | **52,030** | **-** | **52,030** |

| Company | Financial liabilities at amortised cost | | |
|---|---|---|---|
| | **31/12/2022** | **31/12/2021** | **01/01/2021** |
| **Liabilities in the statement of financial position** | | | |
| Loans received | 11,342,029 | 7,832,320 | 7,112,791 |
| Trade and other payables | 779,103 | 195,409 | 69,003 |
| Other current liabilities | 681 | 17 | 8,761 |
| **Total:** | **12,121,813** | **8,027,746** | **7,190,555** |

## 11 Trade and other receivables

| | 31/12/2022 | 31/12/2021 | 01/01/2021 |
|---|---|---|---|
| Trade receivables, gross | - | 535 | 2,933 |
| Tax receivable, gross | 17,652 | 4,033 | 48,580 |
| Other receivables | 4,349 | 52,405 | 349 |
| **Total trade and other receivables, gross** | **22,001** | **56,973** | **51,862** |
| Less: impairment of trade and other receivables | - | - | - |
| **Trade and other receivables, net of expected credit losses** | **22,001** | **56,973** | **51,862** |

Trade and other receivables are non-interest bearing and generally have a credit period of 30 days.

The credit quality of the Company's trade and other receivables can be assessed using the ageing analysis presented below:

| | Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Trade receivables, not overdue nor depreciated** | **Less than 30 days** | **30-60 days** | **61-90 days** | **More than 90 days** | **For credit risk impaired value** | **total** |
| **31/12/2022** | | | | | | | |
| Trade receivables, less write-offs | - | - | - | - | - | - | **-** |
| Tax receivable | 17,652 | - | - | - | - | - | **17,652** |
| Other receivables | 4,349 | - | - | - | - | - | **4,349** |
| Expected credit losses | - | - | - | - | - | - | **-** |
| **Trade and other receivables less expected credit losses** | **22,001** | **-** | **-** | **-** | **-** | **-** | **22,001** |
| **31/12/2021** | | | | | | | |
| Trade receivables, gross | 535 | - | - | - | - | - | **535** |
| Tax receivable | 4,033 | - | - | - | - | - | **4,033** |
| Other receivables | 52,405 | - | - | - | - | - | **52,405** |
| Expected credit losses | - | - | - | - | - | - | **-** |
| **Trade and other receivables less expected credit losses** | **56,973** | **-** | **-** | **-** | **-** | **-** | **56,973** |
| **01/01/2021** | | | | | | | |
| Trade receivables, gross | 2,933 | - | - | - | - | - | **2,933** |
| Tax receivable | 48,580 | - | - | - | - | - | **48,580** |
| Other receivables | 349 | - | - | - | - | - | **349** |
| Expected credit losses | - | - | - | - | - | - | **-** |
| **Trade and other receivables less expected credit losses** | **51,862** | **-** | **-** | **-** | **-** | **-** | **51,862** |

## 12 Authorised capital and reserves

As at 31 December 2022 and 31 December 2021, the authorised share capital of the Company and the Group consisted of 2, 500 ordinary registered shares with a nominal value of EUR 1 each. All the Company's shares have been fully paid up.

## 13 Loans received and other payables

| | 31/12/2022 | 31/12/2021 | 01/01/2021 |
|---|---|---|---|
| **Long-term** | | | |
| Loans from related parties | 9,371,622 | 7,736,183 | 7,112,794 |
| **Short-term** | | | |
| Loans | 1,970,367 | 96,137 | : |
| **Total loans received and other payables** | **11,342,029** | **7,832,320** | **7,112,794** |

All loans are denominated in euro.

## 14 Related party transactions

The Company's transactions with the parent company during 2022 and the related balances as at 31 December 2022:

| **2022**<br>**Company** | **Sales and other income from related parties** | **Purchases from related parties and interest to related parties** | **Receivables from related parties** | **Payables to related parties** |
|---|---|---|---|---|
| Loans to Tektita UAB | - | 125,267 | - | 3,729,215 |
| Loans to Flos investment UAB | | 125,359 | | 3,729,307 |
| | - | 250,626 | - | 7,458,522 |

Loans received from parent companies mature on 31 December 2025. The Company's

transactions with its parent during 2021 and the related balances at 31 December 2021:

| **2021**<br>**Company** | **Sales and other income from related parties** | **Purchases from related parties and interest to related parties** | **Receivables from related parties** | **Payables to related parties** |
|---|---|---|---|---|
| Loans | - | 270,490 | - | 7,736,183 |
| | - | 270,490 | - | 7,736,183 |

The maturity date of the loans received from the subsidiary is 31 December 2025.

The Company’s transactions with other related parties during 2022 and the related balances at 31 December 2022:

| **Company** | **Sales and other income from related parties** | **Purchases and other income from related parties** | **Receivables from related parties** | **Payables to related parties** |
|---|---|---|---|---|
| Populus Investment UAB | - | 21,310 | - | 1,817,003 |
| Realco statyba UAB | - | 879,452 | - | 756,898 |
| Realco UAB | - | 30,993 | - | 24,546 |
| Icor UAB | - | 4,944 | - | - |
| Veikmės statyba UAB | 3,600 | - | - | - |
| City Service Engineering UAB | - | 1,742 | - | - |
| Virgo OU | - | - | - | 48,023 |
| Libra Invest OU | - | - | - | 48,113 |
| | **3,600** | **938,441** | **-** | **2,694,583** |

The Company’s transactions with other related parties during 2021 and the related balances at 31 December 2021:

| **Company** | **Sales and other income from related parties** | **Purchases and other income from related parties** | **Receivables from related parties** | **Payables to related parties** |
|---|---|---|---|---|
| Realco statyba UAB | - | 314,752 | - | 186,230 |
| Global energy Consulting OU | - | - | - | 96,137 |
| Realco UAB | - | 10,152 | - | 2,206 |
| Icor UAB | - | 4,944 | - | 1,496 |
| City Service Engineering UAB | - | 4,579 | - | 383 |
| City Service Engineering UAB | - | 450 | - | -<br>- |
| Veikmės statyba UAB | 400 | - | 484 | |
| | **400** | **-** | **484** | **286,452** |

| | **2022** | **2021** |
|---|---|---|
| Salaries and bonuses | 236 | 264 |
| Total remuneration of key management | 236 | 264 |

(EUR thousand, unless otherwise specified)

### 15 Impact of COVID-19 and the war in Ukraine

The pandemic wave caused by the COVID-19 virus does not have a significant impact on the Company's operations.

The outbreak of the war in Ukraine had a significant impact on the construction market. A large part of the construction materials, in particular metal products, were imported from Russia, Ukraine and Belarus. The geopolitical situation caused a halt in the supply of materials from these countries, which had a short-term impact on the prices of construction works. This situation has forced importers of construction materials to look for alternatives, and the company's management believes that in the long term construction prices will stabilise and start to decrease. The construction of the planned building will be completed on time and within the planned construction budget.

### 16 Developments after the reporting period

On 18 May 2023, the Company, through the Estonian investment banking company Redgate Capital, placed a first private placement of EUR 7,500,000 of bonds at 6-month EURIBOR and 6% interest.
In total, the company plans to issue EUR 67,000,000 worth of bonds between 2023 and 2025. The money raised is intended to finance the construction of the Hero business centre in the centre of Vilnius.

Financial statements as at 15 June 2023

| | |
|---|---|
| Julius Dovidonis<br>CEO | Daiva Tamošiūnienė<br>Authorised person of Icor UAB |

Signed electronically by DAIVA, TAMOŠIŪNIENĖ
Date: 15/06/2023, 15:55:20

15 February 2024
I, Rima Davidavičienė, the translator of the translation agency UAB Adjutor, address Konstitucijos pr. 7, Vilnius, assume responsibility for correctness of the translation from Lithuanian to English.

Translator Rima Davidavičienė

Signature

UŽDAROJI AKCINĖ BENDROVĖ
„ADJUTOR“
Vertimų biuras / Translation Agency
Konstitucijos St. 7, Vilnius, Lithuania

LIETUVOS RESPUBLIKA • REPUBLIC OF LITHUANIA
UAB
„ADJUTOR“
Joint-stock company
VILNIUS