

Kvalifikuotas elektroninis parašas

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2024-06-13 13:01:18 GMT+3

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Kvalifikuotas elektroninis parašas

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Paskirtis: Parašas

Kvalifikuotas elektroninis parašas

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Paskirtis: Parašas

Kvalifikuotas elektroninis parašas

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2024-06-13 15:25:03 GMT+3

Paskirtis: Parašas

SOSTINĖS BOKŠTAI UAB

2023 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

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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 2023, 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 2023, 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 financial accounting and financial reporting and International Financial Reporting Standards as adopted by the European Union.

Grounds for the opinion

We conducted our audit in accordance with the International Standards on Auditing (IAS). Our responsibilities under these standards are described in detail in the Auditor's Responsibility for Auditing 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 opinion.

Other Information

Other information includes information provided in the Company's 2023 annual report, but does not include the financial statements and our auditor's report thereon. Provision of other information is the responsibility of the management.

Our opinion on the financial statements does not include any other information and we do not express any form of assurance on it other than as set out below.

When performing an audit of financial statements, it is our responsibility to read other information and to consider whether there is a material misstatement of the information presented in the financial statements or our knowledge based on the audit performed and whether there is any other material misstatement. If, based on the work performed, we observe a material misstatement of other information, we shall disclose that fact. We have no observations to make in this regard.

We are also required to assess whether the financial information presented in the Company's annual report is consistent with the financial statements for the same financial year and whether the annual report has been prepared in accordance with applicable legal requirements. In our opinion, it is based on the work performed during the audit of the financial statements in all material respects:

- The financial data presented in the Company's annual report correspond to the data of the financial statements of the same financial year; and
- The Company's annual report was prepared in accordance with the requirements of the Law of the Republic of Lithuania on Financial Reporting by Undertakings.

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 financial 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 responsibility for auditing 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 gathered before the date of issue of the auditor's opinion. 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 Gliubicas¹
Auditor's certificate No 000594
13 June 2024

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

ANNUAL REPORT

Sostinės Bokštai UAB (the “Company”) is a private limited liability company registered in the Republic of Lithuania. The company was registered on 02 August 2018.

The company is currently engaged in the construction of the HERO Business Centre. Upon completion of the construction, the Company will be engaged in the rental and management of business office space. In 2023, the Company did not carry out any activities other than the construction of the business centre.

There are a total of 2,500 shares in the Company with a nominal value of EUR 1 each. All shares are ordinary shares and were fully paid up on 31 December 2023.

As of 31 December 2023, the Company has not acquired any treasury shares.

References and additional explanations of the data presented in the annual accounts

Full details of the financial statements are set out in the Company’s notes.

Information on the Company’s branches and representative offices

The Company had no branches or representative offices as of 31 December 2023.

Information on the Company’s R&D activities.

There is no material information on the Company’s ongoing R&D activities.

Information on derivative financial instruments used by the Company

The Company did not use derivative financial instruments

Analysis of financial and non-financial performance

The Company’s net profit for 2023 is EUR 48,576 (the Company’s net loss for 2022 was EUR (1,938,470)). Full details are set out in the notes to the Company’s financial statements.

Information relating to personnel matters

The number of employees of the Company in 2023 was 1 (2022: 1). Full details are set out in the notes to the Company’s financial statements.

Environmental information

The Company does not have any material information on environmental matters.

Information on the managerial positions held by the Company’s head

Julius Dovidonis is the CEO of the following companies:

Algirdo Turtas UAB, reg. code: 305458467
Delta Projektai UAB, reg. code: 300657433
Didlaukio Slėnis UAB, reg. code: 305571810
Emisija UAB, reg. code: 303131659
Investicijus UAB, reg. code: 304229597
J126 UAB, reg. code: 306007385
Mildos Turtas UAB, reg. code: 305196399
Nordic Investment Fund UAB, reg. code: 302587040
Parodos UAB, reg. code: 305769888
Prime Capital UAB, reg. code: 302800691
Proksima Zeta UAB, reg. code: 306076659
Realco UAB, reg. code: 300588072
Sostinės Bokštai UAB, reg. code: 304849153
Vileišio Krantas UAB, reg. code: 305771476
7 Vakarai UAB, reg. code: 305344691

FINANCIAL STATEMENTS AS AT 31 December 2023

(in euros, unless otherwise stated)

Important events since the end of the previous financial year

All important events since the previous year end are disclosed in the post-statement events in the notes to the Company's financial statements.

Plans and forecasts for the Company's activities

In 2024, the Company plans to continue the construction of the HERO Business Centre in the centre of Vilnius. The completion of the construction is scheduled for 2025 Q3. Upon completion, the Company will offer 31,606 sqm of lettable business office space on the market. The Company is currently actively negotiating with potential tenants of the business centre and plans to sign the first office lease agreements in the near future.

The Annual Report is dated 13 June 2024.

CEO

Julius Dovidonis

FINANCIAL STATEMENTS AS AT 31 December 2023

(in euros, unless otherwise stated)

Statement of profit or loss and other comprehensive income

	Notes	2023	2022
Income			
Result of change in fair value of investment property	9	703,553	(1,997,123)
Other income, net change		-	9,537
Administrative costs	6	(143,709)	(72,380)
Depreciation and amortisation costs		(1,693)	(1,887)
Operating profit		558,151	(2,061,853)
Other operating results		363	2,488
Financial income	7	33,896	-
Financial costs	7	(260,517)	(5)
Profit before taxation		331,893	(2,059,370)
Profit tax	8	3,180,336	120,900
NET PROFIT/LOSS		3,512,229	(1,938,470)
Other comprehensive income, net of income tax		-	-
TOTAL COMPREHENSIVE INCOME		3,512,229	(1,938,470)

Financial statements as at 13 June 2024

Julius Dovidonis
CEO

Daiva Tamošiūnienė
Authorised person of Icor UAB

FINANCIAL STATEMENTS AS AT 31 December 2023

(in euros, unless otherwise stated)

Statement of financial position

		2023	2022
ASSETS			
Non-current assets			
Intangible non-current assets	10	-	1,693
Investment property	9	39,000,000	28,900,000
		39,000,000	28,901,693
Current assets			
Prepayments	11	133,766	162,966
Trade and other receivables	12	13,719	22,001
Cash and cash equivalents	12	5,108,134	15,874
		5,255,619	200,841
Total assets		44,255,619	29,102,534
EQUITY AND LIABILITIES			
Equity			
Authorised capital	13	2,500	2,500
Retained profit		16,953,662	13,441,433
		16,956,162	13,443,933
Liabilities			
Non-current liabilities			
Loans from related parties	14.15	12,009,212	9,371,662
Debts to suppliers	14	26,371	-
Debt securities liabilities	14	13,500,000	-
Deferred income tax liability	8	356,452	3,536,788
		25,892,035	12,908,450
Current liabilities			
Loans	14	-	1,970,367
Debt securities liabilities	14	164,123	-
Debts to suppliers	14	99,705	12,481
Debts to related parties	14.15	1,143,451	766,622
Other liabilities	14	143	681
		1,407,422	2,750,151
Total equity and liabilities		44,255,619	29,102,534

Financial statements as at 13 June 2024

 Julius Dovidonis
 CEO

 Daiva Tamošiūnienė
 Authorised person of Icor UAB

FINANCIAL STATEMENTS AS AT 31 December 2023

(in euros, unless otherwise stated)

Statement of changes in equity

	Capital	Retained profit	Total
01/01/2022	2,500	15,379,903	15,382,403
Net profit/loss		(1,938,470)	(1,938,470)
31/12/2022	2,500	13,441,433	13,443,933
Net profit/loss for the year		3,512,229	3,512,229
31/12/2023	2,500	16,953,662	16,956,162

Financial statements as at 13 June 2024

Julius Dovidonis
CEO

Daiva Tamošiūnienė
Authorised person of Icor UAB

FINANCIAL STATEMENTS AS AT 31 December 2023

(in euros, unless otherwise stated)

Cash flow statement

Items	Note No	2023	2022
Cash flows to/from operating activities			
Net profit/loss		3,512,229	(1,938,470)
Adjustments to non-cash items and non-operating activities:			
Depreciation and amortisation costs		1,693	1,887
Net gain on fair value adjustment of investment property	9	(703,553)	1,997,123
Interest income	7	(33,896)	-
Other non-monetary transactions		-	1,693
Other costs of financial activity	7	260,517	-
Decrease/increase in deferred income tax assets	8	(3,180,336)	(120,900)
Changes in working capital			
Decrease/increase in prepayments, trade and other receivables		37,482	(125,694)
Increase/decrease in trade payables		583,694	-
Increase/decrease in other payables and liabilities		(538)	664
Net cash flows from operating activities		477,292	(183,697)
Cash flows from investing activities			
Disposals/acquisitions of non-current assets other than investments		-	2
Acquisition of investment property	9	(8,304,490)	(1,063,011)
Interest received	7	33,896	-
Net cash flows from investment activities		(8,270,594)	(1,063,009)
Cash flows from financing activities			
Obtaining loans	9,14,15	1,949,002	1,259,291
Receipt of bonds	14	13,500,000	
Loan repayments		(1,907,369)	-
Interest paid		(395,554)	-
Decrease in cash flows from other financing activities		(260,517)	
Net cash flows to/from financing activities		12,885,562	1,259,291
Net increase/decrease in cash flows		5,092,260	12,585
Cash and cash equivalents at beginning of period		15,874	3,289
Cash and cash equivalents at end of the period		5,108,134	15,874

Financial statements as at 13 June 2024

Julius Dovidonis
CEO

Daiva Tamošiūnienė
Authorised person of Icor UAB

FINANCIAL STATEMENTS AS AT 31 December 2023

(EUR thousand, unless otherwise specified)

Notes

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.

The Company’s principal activity is construction development.

The shareholders of the Company are Tektita UAB, which owns 1,250 shares representing 50% of the total voting rights of the Company, and Flos investment UAB, which owns 1,250 shares representing 50% of the total voting rights of the Company.

On 12 March 2024, the Bank of Lithuania approved the Company’s Base Prospectus for the public offering of bonds issued by the Issuer with a value of up to EUR 53,500,000, which are part of the overall EUR 67,000,000 bond programme (ISIN LT0000408551) and the admission of all the bonds issued under the programme to the AB *Nasdaq Vilnius* alternative *First North* market.

Prospectus has been prepared in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market. The information contained in the approved prospectus meets the standards of completeness, consistency and comprehensibility set out in the Regulation.

The company did not acquire any treasury shares during 2023.

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

In 2023, the average number of employees of the Company was 1 (in 2022: 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 2023 and for the year then ended are as follows:

2.1. Basis of preparation

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.

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 2023.

(a) Standards, amendments and interpretations effective on or after 01 January 2023

New standards, amendments and interpretations that are not effective for the reporting period beginning 01 January 2023 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.

FINANCIAL STATEMENTS AS AT 31 December 2023

(EUR thousand, unless otherwise specified)

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 have been effective for financial years beginning on or after 01 January 2023.

The provisions of the standard had no impact on the financial statements.

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. 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 significance in the decision to disclose an accounting policy.

The provisions of the standard had no impact on the financial statements.

Amendments Definition of Accounting Estimates to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (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 have been effective for financial years beginning on or after 01 January 2023, apply to changes in accounting policies and accounting estimates that occur in that period or thereafter.

The provisions of the standard had no impact on the financial statements.

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

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current (issued on 23 January 2020, effective from 01 January 2024).

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. 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):

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 for financial years beginning on or after 01 January 2024. The amendments shall be applied retrospectively in accordance with IAS 8; earlier application is also permitted. 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).

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 profit 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.

FINANCIAL STATEMENTS AS AT 31 December 2023

(EUR thousand, unless otherwise specified)

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. Management has not yet assessed the impact of applying these amendments.

Supplier Finance Arrangements to IAS 7 and IFRS 7 (issued in May 2023, effective from 01 January 2024, early adoption possible):

Supplier Finance Arrangements adds to IAS 7, Statement of Cash Flows, the requirement for an entity to disclose additional information about supplier financing arrangements. The amendments also add supplier finance arrangements as a model liquidity risk disclosure requirement in IFRS 7 Financial Instruments: Disclosures. The EU has not yet endorsed these amendments. Management has not yet assessed the impact of applying these amendments.

Amendments to IAS 21, when exchangeability between two currencies is temporarily lacking (published in August 2023, effective from 01 January 2025, early adoption possible):

Cases when exchangeability between two currencies is temporarily lacking adds to IAS 21, The Effects of Changes in Foreign Exchange Rates, and requires an entity to use a consistent approach to assess whether a currency is being swapped into another currency, and, when temporarily impossible, to determine the exchange rate to be used and to disclose the information when swapping between currencies. The EU has not yet endorsed these amendments. Management has not yet assessed the impact of applying these amendments.

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. 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. Profit or loss 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.

2.4. 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).

2.5. 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.

The Company's 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.

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.

FINANCIAL STATEMENTS AS AT 31 December 2023

(EUR thousand, unless otherwise specified)

Financial liabilities

The Company's financial liabilities consist of those measured at fair value through profit or loss and those carried at amortised cost.

The Company may elect to measure certain liabilities at fair value through profit or loss by exercising the fair value option. This election may not be subsequently revoked. As of 31 December 2023 and 2022, the Company has not designated any financial liabilities as at fair value through profit or loss.

Financial liabilities that are not measured at fair value through profit or loss are included in this category and are measured at amortised cost. These consist of debt securities issued and various other financial liabilities. They are recognised at fair value on initial recognition and subsequently carried at amortised cost, with the difference between the amount received and the redemption price during the period of the liability being recognised in the income statement using the effective interest rate method. After initial recognition, financial liabilities are measured at amortised cost.

Financial liabilities are derecognised when they are discharged, cancelled or expired.

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 2023 was EUR 39,000,000 (31 December 2022: EUR 28,900,000) (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.

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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 2023 was 3.73 (31 December 2022: 0.07).

At 31 December 2023, current assets were higher than current liabilities by EUR 3,848 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 2023.

The table below summarises the maturities of the Company's financial liabilities at 31 December 2023 and 31 December 2022 based on undiscounted contractual payments:

	On demand	Up to 3 months	4 to 12 months	1 to 5 years	After 5 years	Total
Loans	-	-	-	12,009,212	-	12,009,212
Debts to suppliers	1,243,156	-	-	26,371	-	1,269,527
Debt securities liabilities	164,123	-	-	13,500,000	-	13,664,266
Other current liabilities	143	-	-	-	-	-
Balance as of 31 December 2023	1,407,422	-	-	25,535,583	-	26,943,005
Interest-bearing loans	-	-	1,764,994	9,371,662	-	11,136,656
Debts to suppliers	779,103	-	-	-	-	779,103
Other current liabilities	681	-	205,373	-	-	206,054
Balance as of 31 December 2022	779,784	-	1,970,367	9,371,662	-	12,121,813

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 2023, the Company has complied with this provision of the Law.

Fair value measurement

Assets carried at fair value

Levels of the fair value hierarchy:

- 1 Level: quoted (unadjusted) price in active markets for identical assets or liabilities;
- 2 Level: 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);
- 3 Level: data for an asset or liability that are not based on observable market information (unobservable data).

The following table sets out the assets measured at fair value in the Company's statement of financial position at 31 December 2023 by fair value hierarchy:

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	Level 1	Level 2	Level 3	Total
Assets of the Company				
Investment property	-	-	39,000,000	39,000,000

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.

6 Administrative costs

	2023	2022
Advertising costs	57,303	5,190
Legal costs	34,770	10,216
Other	30,713	17,545
Audit services	12,000	-
Insurance costs	4,301	6,797
Operating charges	2,622	17,520
Asset valuation	2,000	2,000
Utilities	-	13,112
TOTAL	143,709	72,380

7 Income and costs from financial activities

Income	2023	2022
Interest income	33,896	-
TOTAL	33,896	-

Costs	2023	2022
Bond placement fee	257,438	-
Other financial costs	3,079	5
TOTAL	260,517	5

8 Income tax

Income tax cost/income components	2023	2022
Income tax costs/income for the reporting year	-	-
Deferred income tax costs/income	3,180,336	120,900
Income tax costs/income recognised in profit or loss - total	3,180,336	120,900

During the year under review, the Company's management made a change in the accounting treatment for the utilisation of the temporary difference in the fair value of the deferred income tax liability as the Company does not intend to dispose of the investment property as a separate asset in future.

Deferred income tax liabilities	2023	2022
Borrowing expenses	356,452	178,668
Increase in fair value of assets	-	3,358,120
	356,452	3,536,788

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9 Investment property

Fair value hierarchy	Investment property held for future development
	Level 3
Balance as of 31/12/2020	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 as of 31/12/2021	27,000,000
Borrowing expenses	376,188
Expenditure on construction under development	1,159,576
Acquisition of land	2,361,359
Decrease in fair value	(1,997,123)
Balance as of 31/12/2022	28,900,000
Borrowing expenses	1,185,227
Expenditure on construction under development	8,211,220
Increase in fair value	703,553
Balance as of 31/12/2023	39,000,000

	Acquisition cost	Fair value increase /decrease	Fair value
Unfinished construction	10,471,278	(621,278)	9,850,000
Land	3,061,359	26,088,641	29,150,000
Borrowing expenses	2,376,345	(2,376,345)	-
Total as of 31/12/2023	15,908,982	23,091,018	39,000,000
Unfinished construction	2,260,058	699,942	2,960,000
Land	3,061,359	22,878,641	25,940,000
Borrowing expenses	1,191,118	(1,191,118)	-
Total as of 31/12/2022	6,512,535	22,387,465	28,900,000

As of 31 December 2023, advice has been received from OBER-HAUS Real Estate UAB on the potential market price of the property. This advice includes the valuation of the Real Estate described and valued in the valuation report prepared by OBER-HAUS Real Estate UAB as at 18 April 2023.

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 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,² 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.

2 A variant of the residual approach, the profit-per-cost approach, is based on the developer's profit for its total development costs, which include both the costs of creating/completing the asset and the costs of acquiring the asset being developed.

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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.
- 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 (31,606 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 income and development expenses are net of VAT.

Projected income

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.
- 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 2023 and 31 December 2022:

- discounted cash flows, discount rate 8%. Capitalisation rate for going concern value 5.75%.

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Valuation of the assets	2023	2022
Project income	112,943,940	111,974,465
Project expenses	57,036,090	66,348,205
Total project profitability	17.50%	17.50%
Adjusted market value (excl. VAT)	39,000,000	28,900,000

Conditional allocation of the estimated market price of the assets to the individual assets:

		2023	2022
Land	4400-6123-4635	29,150,000	25,940,000
Building-Administrative building	1099-4035-8012	9,270,000	2,960,000
Building-Administrative building	4400-5858-8104	580,000	-
		39,000,000	28,900,000

Contractual mortgage was signed on 06 June 2023. All the above assets have been mortgaged. Creditors are represented by Audifina UAB. Secured obligation amounts to EUR 67,000,000.

10 Non-current intangible assets

Acquisition value:

	Other assets	Total
Balance as of 31 December 2022	3,387	3,387
Acquisitions during the year	-	-
Transfers to another item	-	-
Balance as of 31 December 2023	3,387	3,387

Amortisation:

Balance as of 31 December 2022	(1,694)	(1,694)
Amortisation per year (-)	(1,693)	(1,693)
Balance as of 31 December 2023	(3,387)	(3,387)
Residual value as of 31/12/2022	1,693	1,693
Residual value as of 31/12/2023	-	-

11 Prepayments

	31/12/2023	31/12/2022
Prepayments	133,766	162,966
	133,766	162,966

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12 Financial instruments by category

Company	Financial assets at amortised cost	Assets at fair value through profit or loss	Total
31/12/2023			
Assets in the statement of financial position			
Trade and other receivables	13,719	-	13,719
Cash and cash equivalents	5,108,134	-	5,108,134
Total	5,121,853	-	5,121,853

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 liabilities at amortised cost	
	31/12/2023	31/12/2022
Liabilities in the statement of financial position		
Loans from related parties	12,009,212	11,342,029
Debt securities liabilities	13,664,123	-
Trade and other payables	1,269,527	779,103
Other current liabilities	143	681
Total:	26,943,005	12,121,813

Trade and other receivables

	31/12/2023	31/12/2022
Trade receivables, gross	-	-
Tax receivable, gross	13,570	17,652
Other receivables	149	4,349
Total trade and other receivables, gross	13719	22001

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:

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	Trade receivables, neither past due nor impaired	Less than 30 days	30-60 days	61-90 days	More than 90 days	Impairment due to credit risk	Total:
31/12/2023							
Tax receivable	13,570						13,570
Other receivables	149						149
Expected credit losses	-	-	-	-	-	-	-
Trade and other receivables, net of expected credit losses	13,719	-	-	-	-	-	13,719
31/12/2022							
Tax receivable	17,652						17,652
Other receivables	4,349						4,349
Expected credit losses	-	-	-	-	-	-	-
Trade and other receivables, net of expected credit losses	22,001	-	-	-	-	-	22,001

13 Authorised capital and reserves

As at 31 December 2023 and 31 December 2022, the authorised share capital of the Company 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.

14 Current and non-current liabilities

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.

On 20 November 2023, the Company, through the Estonian investment banking company Redgate Capital, placed a second private placement of EUR 6,000,000 of bonds at 6-month EURIBOR and 6% interest.

In total, the company has issued and 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.

	31/12/2023	31/12/2022
Long-term		
Loans from related parties	12,009,212	9,371,662
Debts to suppliers	26,371	-
Debt securities liabilities	13,500,000	-
Short-term		
Loans	-	1,970,367
Debt securities liabilities	164,123	-
Debts to suppliers	1,243,156	779,103
Other liabilities	143	681
Total loans received and other payables	26,943,005	12,121,813

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15 Related party transactions

The Company's transactions with the parent company during 2023 and the related balances as at 31 December 2023:

2023	Sales and other income from related parties	Purchases from related parties and interest for related parties	Receivables from related parties	Payables to related parties at amortised cost
Loans to Tektita UAB	-	265,994	-	4,045,209
Loans to Flos investment UAB	-	265,994	-	4,045,301
	-	531,988	-	8,090,510

Loans received from parent companies mature on 31 December 2025. The Company's transactions with its parent during 2022 and the related balances at 31 December 2022:

2022	Sales and other income from related parties	Purchases from related parties and interest for related parties	Receivables from related parties	Payables to related parties
Loans to Tektita UAB	-	125,267	-	3,729,216
Loans to Flos investment UAB	-	125,359	-	3,729,307
	-	250,626	-	7,458,523

The Company's transactions with other related parties during 2023 and the related balances at 31 December 2023:

Company	Sales and other income from related parties	Purchases and other income from related parties	Receivables from related parties	Payables to related parties	Payables to related parties at amortised cost
Populus Investment UAB	21,826	93,562	-	-	3,822,566
Realco statyba UAB	-	7,640,020	-	862,612	
Realco UAB	-	211,400	-	280,341	
Icor UAB	-	4,944	-	498	
Virgo OU	-	-	-	-	48,023
Libra Invest OU	-	-	-	-	48,113
	21,826	7,949,926	-	1,143,451	3,918,702

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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	Loans 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	-	781,444	1,913,139

	2023	2022
Salaries and bonuses	271	236
Total remuneration of key management	271	236

16 Impact of the war in Ukraine

The prolonged war in Ukraine has become a normal business practice. The increased prices of building materials and energy stabilised in the long term, started to decrease and recovered to pre-war levels. Management does not expect the protracted war in Ukraine to affect the planned opening of the business centre in 2025, nor to have a significant impact on the construction cost

The impact of the military conflict in Israel was not taken into account by the management. In the opinion of the management, the military conflict has not and will not have any impact on the continued construction of the business centre and on the increase in construction costs.

17 Developments after the reporting period

A third placement of a 6 million bond issue was announced in early May 2024. The funds raised will be invested in Hero, a modern business centre under construction in the central part of Vilnius. The issue is public, available to both private and institutional investors in Lithuania, Latvia and Estonia. The minimum investment amount is EUR 1,000. The duration of the bond issue until full redemption of the company is 2 years. Investors will be paid interest semi-annually. It is listed on First North, the alternative stock exchange of Nasdaq Vilnius.

Financial statements as at 13 June 2024

Julius Dovidonis
CEO

Daiva Tamošiūnienė
Authorised person of Icor UAB

30 July 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

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