SOSTINĖS BOKŠTAI UAB

2024 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 2024, 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 Company's financial position as of 31 December 2024 and the financial performance and cash flows for the year then ended in accordance with 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 2024 management 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 management 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 management report correspond to the data of the financial statements of the same financial year; and
- The management report has been prepared in accordance with the requirements of the Law on Reporting of Companies and Groups of Companies of the Republic of Lithuania.

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 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 Gliaubicas[1]
Auditor's certificate No 000594
13 February 2025

[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

MANAGEMENT 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 2024, the Company did not carry out any activities other than the construction of the business centre.

There are a total of 2500 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 2024.

As of 31 December 2024, 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 2024.

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 2024 is EUR 648,126 (the Company’s net profit for 2023 was EUR 3,512,229). 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 2024 was 1 (2023: 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
J13 UAB, reg. code: 305663041
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
Realco UAB, reg. code: 300588072
Sostinės Bokštai UAB, reg. code: 304849153
Vileišio Krantas UAB, reg. code: 305771476
7 Vakarai UAB, reg. code: 305344691

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 Q3 2025, the Company plans to complete the construction of the business centre HERO, which is being built in the centre of Vilnius. Upon completion, the project will offer 31,606 sqm of modern business premises suitable for office leasing. The Company has already signed lease agreements for 10% of the total offered space. In order to ensure the success of the project, the Company is actively continuing negotiations with potential tenants and expects to significantly increase the leased area before the opening of the business centre in Q3 2025.
In total, the company plans to issue EUR 33,900,000 worth of bonds between in 2025.

Management report was drawn up on 13 February 2025.

CEO Julius Dovidonis

Statement of profit or loss and other comprehensive income

	Notes	2024	2023
Change in fair value of investment property	8	1,684,246	703,553
Depreciation and amortisation costs	9	-	(1,693)
Other costs	4	(489,456)	(143,709)
Operating profit		**1,194,790**	**558,151**
Other operating results		-	363
Financial costs	5	(112,032)	(260,517)
Financial income	5	108,124	33,896
Profit before tax		**1,190,882**	**331,893**
Corporate income tax	6	(542,756)	3,180,336
Net profit/loss for the period		**648,126**	**3,512,229**
Other comprehensive income for the period net of income tax		**-**	**-**
Total comprehensive income for the period		**648,126**	**3,512,229**

Financial statements as at 13 February 2025

Julius Dovidonis
CEO

Daiva Tamošiūnienė
Authorised person of Icor UAB

Statement of financial position

	Notes	2024	2023
ASSETS			
Non-current assets			
Investment property	8	65,000,000	39,000,000
		65,000,000	**39,000,000**
Current assets			
Prepayments	10	15,493	133,766
Trade and other receivables	12	154,924	13,719
Cash and cash equivalents	12	3,642,983	5,108,134
Deferred costs	11	1,286	-
		3,814,686	**5,255,619**
Total assets		**68,814,686**	**44,255,619**
EQUITY AND LIABILITIES			
Equity			
Authorised capital	13	2,500	2,500
Reserve requirement	7.13	250	-
Retained profit	7	17,601,538	16,953,662
		17,604,288	**16,956,162**
Liabilities			
Non-current liabilities			
Debt securities liabilities	12, 14	32,838,283	13,500,000
Loans	12,14,15	16,152,956	12,009,212
Trade and other payables	12, 14	70,114	26,371
Deferred income tax liability	6	899,208	356,452
		49,960,561	**25,892,035**
Current liabilities			
Debt securities liabilities	12, 14	352,369	164,123
Trade and other payables	12, 14	885,266	1,243,156
Other liabilities	12, 14	12,202	143
		1,249,837	**1,407,422**
Total equity and liabilities		**68,814,686**	**44,255,619**

Financial statements as at 13 February 2025

Julius Dovidonis CEO	Daiva Tamošiūnienė Authorised person of Icor UAB

Statement of changes in equity

	Authorised capital	Statutory reserve	Retained profit	Total
Balance as of 01 January 2024	**2,500**	**-**	**16,953,662**	**16,956,162**
Reserve requirement	-	250	(250)	-
Net profit/loss for the period	-	-	648,126	648,126
Balance as of 31 December 2024	**2,500**	**250**	**17,601,538**	**17,604,288**
Balance as of 01 January 2023	**2,500**	**-**	**13,441,433**	**13,443,933**
Net profit/loss for the period	-	-	3,512,229	3,512,229
Balance as of 31 December 2023	**2,500**	**-**	**16,953,662**	**16,956,162**

Financial statements as at 13 February 2025

Julius Dovidonis
CEO

Daiva Tamošiūnienė
Authorised person of Icor UAB

Cash flow statement

Articles	Notes	2024	2023
Cash flows to/from operating activities			
Profit before tax		1,190,882	331,893
Adjustments to non-cash items and non-operating activities:			
Depreciation and amortisation		-	1,693
Other non-monetary transactions		(1,636,853)	(703,553)
Interest income		(108,124)	(33,896)
Other financial operating costs		-	260,517
Changes in working capital:			
Decrease/increase in prepayments and trade receivables		(24,218)	37,482
Increase/decrease in debts to suppliers		(314,147)	583,694
Increase/decrease in other liabilities		12,059	(538)
Net cash flow from operating activities		**(880,401)**	**477,292**
Cash flows from investing activities			
Acquisition of investment property		(20,764,363)	(8,304,490)
Interest received		108,124	33,896
Net cash flow from investing activities		**(20,656,239)**	**8,270,594**
Cash flows from financing activities			
Bonds received		19,174,160	13,500,000
Loans received		4,258,824	1,949,002
Loans repaid		(1,000,000)	(1,907,369)
Interest paid		(2,314,102)	(395,554)
Decrease in cash flows from other financing activities		(47,393)	(260,517)
Net cash flows to/from financing activities		**20,071,489**	**12,885,562**
Net increase/decrease in cash flows		**(1,465,151)**	**5,092,260**
Cash and cash equivalents at start of the period		**5,108,134**	**15,874**
Cash and cash equivalents at end of the period		**3,642,983**	**5,108,134**

Financial statements as at 13 February 2025

Julius Dovidonis CEO	Daiva Tamošiūnienė Authorised person of Icor UAB

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 Cygnus Invest UAB (former 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.
All transactions, both in the primary issuance phase and in the secondary market, are recorded and deposited with the Nasdaq CSD.

The company did not acquire any treasury shares during 2024.

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

In 2024, the average number of employees of the Company was 1 (in 2023: 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 2024 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.

FIRST APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

This year, the Company has applied for the first time all new and revised standards and interpretations that are relevant to its operations and effective for the periods beginning 01 January 2024.

a) The following standards, amendments and interpretations shall be applied for annual periods beginning on or after 01 January 2024

Amendments *Current/Non-Current Classification of Liabilities* and *Current/Non-Current Classification of Liabilities—Deferral of Effective Date* to IAS 1 (issued on 23 January 2020, effective from 1 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, but they do not change the existing requirements for the timing of the measurement or recognition of assets, liabilities, income or costs or the information that entities disclose about such items. The amendments also clarify the requirement to classify debts when an entity may settle such debts using its own equity instruments.

Amendments to Contingent Long-Term Liabilities (Amendments to IAS 1) (issued on 31 October 2022, effective from 1 January 2024):

The amendments to "Current/Non-Current Classification of Liabilities" change the requirements for how an entity classifies debt and other financial liabilities as current or non-current in specific circumstances: only the terms of an arrangement that the entity is required to comply with at 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 risks that the liabilities may not be settled within twelve months after the reporting period. The amendments in IAS 8 shall be applied retrospectively. Earlier application is permitted. The amendments did not have a material impact on the Company's financial statements.

Amendments *Lease Liability in a Sale and Leaseback* to IFRS 16 Leases clarify how a vendor-lessee subsequently assesses sale and leaseback transactions that qualify for sale accounting under IFRS 15 (issued on 22 September 2022, effective from 01 January 2024): The amendments to Lease Liability in a Sale and Leaseback (IFRS 16) require a lessee seller to subsequently measure the liability arising from the transaction so that it does not recognise the amount of the gain or loss associated with the right-of-use right that it retains. The application of the new requirements does not preclude the vendor-lessee from recognising as profit or loss any gain or loss on the total or partial termination of the lease. A lessee seller shall apply the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of first application. The amendments had no impact on the Company's financial statements.

Amendments *Supplier Finance Arrangements* to IAS 7 and IFRS 7 (issued in May 2023, effective from 01 January 2024):
Supplier Finance Arrangements amends 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 amendments had no impact on the Company's financial statements.

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

Amendments "Currency Immutability" to IAS 21 (issued in August 2023, effective from 01 January 2025):

The amendment „Currency Immutability" amends IAS 21 The Effects of Changes in Foreign Exchange Rates to require an entity to make a consistent assessment of whether a currency is exchangeable into another currency and, when it is not, to determine the exchange rate to use and the disclosures to make. The Company has not yet assessed the impact of applying these amendments.

Amendments *Contracts for Product-Related Electricity* to IFRS 9 and IFRS 7
(issued on 18 December 2024, effective from 01 January 2026. Earlier application is permitted.)
The amendments change the requirements for captive use, the hedge accounting requirements and the related disclosures. They are narrow-scope amendments, i.e. only those contracts that meet the specified scoping characteristics are within the scope of the amendments.
The amendments clarify the requirements for own use, permit hedge accounting when such contracts are used as hedging instruments, and impose additional disclosure requirements to enable investors to understand the impact of such contracts on an entity's financial performance and cash flows.

Amendments to IFRS 9 Financial instruments

- The requirements for captive use in IFRS 9 are amended to include factors for an entity to consider when applying paragraph 2.4 of IFRS 9 to contracts for the purchase and acceptance of renewable electricity when the generation of the electricity is dependent on natural resources; and
- the hedge accounting requirements in IFRS 9 are amended to permit an entity to use contracts that meet the specified characteristics for nature-dependent renewable electricity as a hedging instrument to:
  - designate forecast variable electricity transactions as a hedged item if the specified criteria are met; and
  - apply the same volume assumptions to the hedged item as were applied to the hedging instrument.

Amendments to IFRS 7 Financial Instruments: Disclosures and IFRS 19 Subsidiaries without Public Accountability: Disclosures

The IASB amends IFRS 7 and IFRS 19 by introducing disclosure requirements for contracts for natural resource-dependent electricity that meet specified characteristics.

The amendments are effective for annual periods beginning on or after 01 January 2026. Earlier application is permitted. The amendments shall be applied retrospectively. It is not necessary to restate prior period information to reflect the application of the amendments. The Company has not yet assessed the impact of applying these amendments.

“Annual Improvements. Volume 11" (published 18 July 2024, effective 01 January 2026. Earlier application permitted.)
These amendments include clarifications, simplifications, corrections and amendments to a number of IFRS accounting standards to enhance their consistency with each other. The amendments in the Annual Improvements document relate to:

- IFRS 1 First-time Adoption of International Financial Reporting Standards—Hedge Accounting by a First-time Adopter
- IFRS 7 Financial Instruments: Disclosures:
  - “Gains or Losses on Derecognition of Assets”
  - “Disclosure of Differences between Fair Value and Transaction Price”
  - “Disclosures about credit risk”
- IFRS 9 Financial Instruments:
  - “Derecognition of lease liabilities”
  - “Transaction price”
- IFRS 10 Consolidated Financial Statements: “Determining the *De Facto* Agent”.
- IAS 7 Statement of Cash Flows: “Cost method”

These amendments shall be applied for annual periods beginning on or after 01 January 2026. Earlier application is permitted.
The Company has not yet assessed the impact of applying these amendments.

Amendments *Classification and Measurement of Financial Instruments* to IFRS 9 and IFRS 7 (issued on 30 May 2024, effective from 01 January 2026. Earlier application is permitted.)

Clarification of the classification of financial assets with environmental, social and governance (ESG) and similar elements: the inherent ESG-related elements of loans may affect whether loans are measured at amortised cost or fair value. Stakeholders inquired about how to determine how such loans should be measured given the characteristics of the contractual cash flows. To address any potential divergence in practice, the Amendments clarify how the contractual cash flows of such loans should be measured.

Extinguishing liabilities through electronic payment systems: stakeholders highlighted difficulties in applying the derecognition requirements of IFRS 9 when a financial asset is realised or a financial liability is settled through electronic cash transfers. The amendments clarify the date at which a financial asset or financial liability is derecognised. The IASB also decided to develop an accounting policy alternative that would allow an entity to derecognise a financial liability before it transfers cash at the settlement date if the relevant criteria are met.

In these amendments, the IASB also introduced additional disclosure requirements to enhance transparency for investors about investments in equity instruments measured at fair value through other comprehensive income and financial instruments with contingent elements, such as elements related to US purposes.

The amendments are effective for annual periods beginning on or after 01 January 2026. Earlier application is permitted only if all the amendments are applied at the same time or if only the amendments to the grouping of financial assets are applied.

An entity shall apply the amendments retrospectively. An entity is not required to restate prior-period information to reflect the application of the amendments, but may do so, but only if it is possible to do so without relying on subsequent knowledge.

In applying the effective interest method, an entity generally amortises any fees, amounts paid or received, transaction costs and other premiums or discounts included in the calculation of the effective interest rate over the expected life of the financial instrument.

Transaction costs include fees and commissions paid to agents (including employees who are sales agents), consultants, brokers and dealers, fees paid to regulators and stock exchanges, as well as transfer taxes and customs duties. Transaction costs do not include debt premiums or discounts, financing costs, internal administrative or management costs.

The Company has not yet assessed the impact of applying these amendments.

IFRS 18 Presentation and Disclosure in Financial Statements (issued 9 April 2024, effective 01 January 2027)

IFRS 18 introduces new requirements for presentation in the income statement, including specified totals and subtotals. It also requires disclosures about performance measures determined by management and introduces new requirements for the summarisation and disaggregation of financial information based on the prescribed “roles” of the primary financial statements and notes.

The Company has not yet assessed the impact of adopting this standard.

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. 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 8).

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. 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 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 2024 and 2023, 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 2024 was EUR 65,000,000 (31 December 2023: EUR 39,000,000) (note 8).

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 2024 was 3.05 (31 December 2023: 3.73).

(EUR thousand, unless otherwise specified)

At 31 December 2024, current assets were higher than current liabilities by EUR 2,564 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 2024.

The table below summarises the maturities of the Company's financial liabilities at 31 December 2024 and 31 December 2023 based on undiscounted contractual payments:

3.2. Capital management

	On request	Up to 3 months	4 to 12 months	From 1 to 5 years	After 5 years	Total
Debt and securities liabilities	352,369	-	-	32,838,283	-	33,190,652
Loans	-	-	-	16,152,956	-	16,152,956
Trade and other payables	849,784	-	35,482	-	70,114	955,380
Other liabilities	12,202	-	-	-	-	12,202
Balance as of 31 December 2024	**1,214,355**	**-**	**35,482**	**48,991,239**	**70,114**	**50,311,190**
Debt and securities liabilities	164,123	-	-	13,500,000	-	13,664,123
Loans	-	-	-	12,009,212	-	12,009,212
Trade and other payables	1,243,156	-	-	26,371	-	1,269,527
Other liabilities	143	-	-	-	-	143
Balance as of 31 December 2023	**1,407,422**	**-**	**-**	**25,535,583**	**-**	**26,943,005**

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 2024, 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 2024 by fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Assets of the Company				
Investment property	-	-	65,000,000	65,000,000

(EUR thousand, unless otherwise specified)

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.

4 Other costs

	2024	2023
Advertising costs	367,702	57,303
Commissions to third parties	42,873	-
Legal costs	22,049	34,770
Audit services	18,800	12,000
Representation costs	12,083	-
Operating charges	9,025	2,622
Asset valuation	1,300	2,000
Other	15,624	35,014
TOTAL	**489,456**	**143,709**

5 Income and costs from financial activities

Revenue	**2024**	**2023**
Interest income	108,124	33,896
TOTAL	**108,124**	**33,896**

Costs	**2024**	**2023**
Bond placement fee costs	47,393	257,438
Bond accounting service costs	39,200	-
Other financial costs	25,439	3,079
TOTAL	**112,032**	**260,517**

6 Corporate income tax

Income tax cost/income components	**2024**	**2023**
Income tax costs/income for the reporting year	-	-
Deferred income tax costs/income	(542,756)	3,180,336
Income tax costs/income recognised in profit or loss - total	**(542,756)**	**3,180,336**

Deferred income tax liability	**2024**	**2023**
Borrowing expenses	857,333	356,452
Bond transaction expenses	41,875	-
	899,208	**356,452**

(EUR thousand, unless otherwise specified)

7 Draft distribution of profit

	Total
Retained earnings/losses of previous financial years at the end of the reporting financial year	**16,953,662**
Reserve requirement	(250)
Net profit/loss for the period	648,126
Profit/loss to be appropriated at the end of the financial year	**17,601,538**
Distributable profit	-
Profit distribution:	-
- statutory reserves	-
- dividends	-
- authorised capital	-
Retained profit/loss at the end of the reporting financial year	**17,601,538**

8 Investment property

	Investment property held for future development
Fair value hierarchy	**Tier 3**
Balance as of 31/12/2022	**28,900,000**
Borrowing expenses	1,185,227
Construction in progress expenses	8,211,220
Increase in fair value	703,553
Balance as of 31/12/2023	**39,000,000**
Borrowing expenses	2,981,985
Construction in progress expenses	21,333,769
Increase in fair value	1,684,246
Balance as of 31/12/2024	**65,000,000**

	Acquisition cost	Increase/decrease in fair value	Fair value
Construction in progress expenses	31,805,047	4,044,953	35,850,000
Land	3,061,359	26,088,641	29,150,000
Borrowing expenses	5,358,330	(5,358,330)	-
Total as of 31/12/2024	**40,224,736**	**24,775,264**	**65,000,000**
Construction in progress expenses	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**

Valuation of real estate as at 31 December 2024. The valuation was carried out by OBER-HAUS Real Estate UAB.

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:

In order to determine the fair value of the valued property using the residual approach[2], the value calculations were based on an assumption that the office building complex (HERO Business Centre) is completed and fully equipped in accordance with the agreed reconstruction/construction project and the building permit obtained on the basis of the project, and then, after 100% completion is registered in the Real Estate Register, the business building complex is handed over to the tenants and disposed of on the market at market price, with long-term lease agreements.

Given the current state of the property, with the underground and above-ground parts of both office buildings completed, the facade finishing and window installation works largely completed, the installation of engineering systems started and ongoing, and the interior decoration of the premises starting, the valuers consider that the maximum duration of such an investment project would be up to 1 year (12 months).

The reconstruction of the office building and the construction of the new office building will continue, subject to the preparation and approval of the technical design and the granting of the permit for the reconstruction/construction works, until the interior of the buildings is fully completed.

The areas of the reconstructed and newly constructed office buildings after their reconstruction and completion were determined on the basis of the design material submitted by the developer to the valuers and the newly drawn up cadastral survey files (date of cadastral determination: 09/10/2024).

Completed/reconstructed and fully furnished office buildings are leased and sold on the market at the most likely price (i.e. their future market value) on the date of sale. The rental prices for the forecast period have been determined on the basis of the data collected by the Valuation and Market Research Department of OBER-HAUS Real Estate on the existing developed similar projects and the planned projects on the market of construction of buildings for commercial/administrative use in the city of Vilnius, taking into account the current and forecast economic development of the country, the forecast demographic and labour market situation in the region, and other factors influencing the price of the commercial property. The valuers used the income approach to calculate the future market value of the property, i.e. the discounted cash flow method.

The value of the property being evaluated 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.

Taking into account the current state of the property (reconstruction/construction project prepared and construction permit obtained, demolition of the structures of the old commercial building completed, construction of the underground part of both buildings completed, construction of the above-ground part of the buildings completed, installation of the engineering systems started and in progress, and interior finishing works started), the valuers consider that the most likely duration of the investment project would be: up to 1 year (up to 12 months).

Due to the conservative policy of financial institutions in Lithuania in financing similar real estate development projects, the valuers are of the opinion that it is currently impossible to predict the actual typical conditions of financing of a real estate project (proportions of own and borrowed capital, interest rate, etc.), therefore, the calculations of the value of the property have been based on the assumption that the development of the object valued is supported by the developer's own funds. This assumption was also taken into account in the determination of the project's rate of return.

All calculations are carried out and the value of the property is net of VAT.

Projected income:

The future realisable value of the fully developed business building complex is determined using the income approach: a discounted cash flow method, the calculations are presented below. According to the calculations, the total realisation proceeds of the project, through the sale of the completed, fully furnished and leased business building complex, are estimated at EUR 122,000,000.

Determination of potential gross revenue

The potential rental income was based on the assumption that all income is derived from the rental of the property being valued as commercial premises (office, retail, service, catering, etc.) with underground and above-ground parking spaces.

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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.

(EUR thousand, unless otherwise specified)

The rental income is determined by taking into account the characteristics of the location of the premises, the future condition, the use to which they will be put, and the ratio of principal to ancillary space. The rentable area of the business centre premises has been taken as the total area of the buildings registered in the Land Registry at the date of the valuation, excluding the parking areas. Market rents were used as the basis for determining the rental income of the premises under valuation.

For this purpose, a comparison was made of commercial (office, retail, catering) lease transactions for similar properties and locations during the period relevant for the valuation, and the market rental value of the property (i.e. the rental income at the date of the appraisal) was determined on the basis of this comparison. After analysing and comparing the characteristics of the property valued and the comparables, taking into account all the factors influencing the rental value, and assessing the weighting of these factors, the results give an indication of the market rental value of the premises in the buildings valued at the date of the valuation.

The market rent value (excluding VAT) is presented in Table 6.1.

The average rent value of the premises under assessment (excluding car parking spaces) is set at **EUR 20/sqm/month**.

Determination of the effective income

The effective income was based on the assumption that some of the premises would not be able to generate income due to the existing "downtime" of the unrented premises, or due to the possible change of tenants, or that not all tenants would be able to pay the agreed rental rates.

Taking into account the location of the property, the future condition of the property and the current and future competition in the market for the type of premises being valued in Vilnius City, the valuers have used loss-of-income ratios that reflect the dependence of the real income on the most likely vacancy rate to determine the effective (real) rental income of the property being valued. For the purpose of calculating the going concern value of the asset (i.e. the most likely sale price of the asset at the end of the cash flow), a vacancy rate of **5%** was used, which is the most likely, projected vacancy rate of modern office space in Vilnius in the 10th year of cash flow.

The investment property, the main valuation data and a description of the valuation methods used as at 31 December 2024 and 31 December 2023:

discounted cash flows, discount rate 8%. The capitalisation rate for the going concern value should be at least 6%.

Valuation of the assets	**2024**	**2023**
Project income	119,490,610	112,943,940
Project expenses	36,654,488	57,036,090
Total project profitability	17.50%	17.50%
Adjusted market value (excl. VAT)	**65,000,000**	**39,000,000**

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

		2024	**2023**
Land	4400-6123-4635	29,150,000	29,150,000
Building-office building	1099-4035-8012	33,830,000	9,270,000
Building-office building	4400-5858-8104	2,020,000	580,000
		65,000,000	**39,000,000**

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.

(EUR thousand, unless otherwise specified)

9 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	**-**	**-**

10 Prepayments

	2024	2023
Prepayments	15,493	133,766
	15,493	**133,766**

11 Deferred costs

Deferred charges consist of accrued bond underwriting costs for the next (5th) issue of EUR 1,286. These costs will be amortised from issuance to maturity.

12 Financial instruments by category

Company	Financial assets at amortised cost	Total
31/12/2024		
Trade and other receivables	154,924	154,924
Cash and cash equivalents	3,642,983	3,642,983
Total	**3,797,907**	**3,797,907**

Company	Financial assets at amortised cost	Total
31/12/2023		
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**

(EUR thousand, unless otherwise specified)

Company

	Financial liabilities at amortised cost	
	2024	**2023**
Debt securities liabilities	33,190,652	13,664,123
Loans	16,152,956	12,009,212
Trade and other payables	955,380	1,269,527
Other current liabilities	12,202	143
Total	**50,311,190**	**26,943,005**

Trade and other receivables

	31/12/2024	31/12/2023
Trade receivables, gross	-	-
Tax receivable, gross	40,876	13,570
Other receivables	114,048	149
Total	**154,924**	**13,719**

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:

	Trade receivables, neither past due nor impaired	Less than 30 days	30-60 days	61-90 days	Over 90 days	Impairment due to credit risk	Total:
31/12/2024							
VAT receivable	40,876	-	-	-	-	-	40,876
Other receivables	114,048	-	-	-	-	-	114,048
Expected credit losses	-	-	-	-	-	-	-
Trade and other receivables, net of expected credit losses	**154,924**	-	-	-	-	-	**154,924**
31/12/2023							
VAT 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**

(EUR thousand, unless otherwise specified)

13 Authorised capital and reserves

As at 31 December 2024 and 31 December 2023 The Company's share capital consisted of 2500 ordinary registered shares with a nominal value of EUR 1 each. All the Company's shares have been fully paid up. A statutory reserve of EUR 250 has been established.

14 Loans received and other payables

The money raised is intended to finance the construction of the Hero business centre in the centre of Vilnius.

	31/12/2024	31/12/2023
Long-term		
Debt securities liabilities	33,100,100	13,500,000
Accrued transaction costs	(261,717)	-
Loans	16,152,956	12,009,212
Trade and other payables	70,114	26,371
Short-term		
Debt securities liabilities	352,369	164,123
Debts to suppliers	885,266	1,243,156
Other liabilities	12,202	143
Total loans received and other payables	**50,311,190**	**26,943,005**

15 Related party transactions

The Company's transactions with the parent company during 2024 and the related balances as at 31 December 2024:

2024	**Accrued interest**	**Accounts payable, loans**
Loans to Tektita UAB	283,949	4,377,272
Loans to Cygnus Invest UAB	283,949	4,377,272
	567,898	**8,754,544**

Loans received from parent companies mature on 31 December 2026. The Company's transactions with its parent during 2023 and the related balances at 31 December 2023:

2023	**Accrued interest**	**Accounts payable, loans**
Loans to Tektita UAB	265,994	4,045,209
Loans to Cygnus Invest UAB	265,994	4,045,301
	531,988	**8,090,510**

(EUR thousand, unless otherwise specified)

The Company's transactions with other related parties during 2024 and the related balances at 31 December 2024:

Company	**Sales**	**Purchases and accrued interest**	**Receivables**	**Payables and loans**
Populus Investment UAB	-	317,022	-	7,398,411
Realco statyba UAB	-	20,338,306	-	464,166
Realco UAB	-	541,133	-	142,806
Icor UAB	-	11,944	-	8,470
	-	**21,208,405**	**-**	**8,013,853**

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

Company	**Sales**	**Purchases**	**Receivables**	**Accounts payable and loans**
Populus Investment UAB	21,826	93,562	-	3,822,565
Realco statyba UAB	-	7,640,020	-	862,612
Realco UAB	-	211,400	-	280,341
Icor UAB	-	4,944	-	499
Virgo OU	-		-	48,023
Libra Invest OU	-		-	48,113
	21,826	**7,949,926**	**-**	**5,062,153**

	2024	**2023**
Salaries and bonuses	299	271
Total remuneration of key management	299	271

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.

17 Developments after the reporting period

There were no significant post-accounting events.

Financial statements as at 13 February 2025

Julius Dovidonis
CEO

Daiva Tamošiūnienė
Authorised person of Icor UAB

09 April 2025
I, Ramunė Banienė, 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 Ramunė Banienė ______________
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