“MARIJAS 2” GROUP
CONSOLIDATED ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

This is a translation in .pdf format without the European Single Electronic Format (ESEF) markups of the digitally signed original which was prepared in Latvian and submitted in machine-readable .xhtml format to the Nasdaq Riga Stock Exchange (link: https://nasdaqbaltic.com/)

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INFORMATION ON THE GROUP’S PARENT COMPANY

Name of the Group’s parent company	SIA "Marijas 2"
Legal status of the Group’s parent company	Limited liability company
Registration number, place and date	50203281461, Riga, 21.12.2020
Type of operations (NACE classification code)	68.20 (renting and managing own or leased real estate)
Company legal address	Riga, Marijas street 2A, LV-1050
Web page	www.noviraplaza.lv
Email address	dein.laido@novira.ee
Shareholders	65.38% - Evernord Real Estate Fund III Closed-end fund intended for informed investors (Lithuania) 34.62% - Novira SIA (Latvia)
Information on subsidiary	100% - Elektrības Sadale SIA
Members of the Board	Nikolay Kryzhanovskiy - member of the Board Jolanta Jurga - member of the Board
Accounting provider	SIA Cipari Baltic Kr. Valdemara Street 33-19, Riga, LV-1010 Phone: (371) 67212468 | www.cipari.com
Name and address of auditor and certified auditor in charge	PricewaterhouseCoopers SIA Certified Auditors’ Company, License Nr. 5 Marijas street, 2A, Riga, LV-1010, Latvia Certified Auditor: Ilandra Lejina, Certificate Nr. 168

MANAGEMENT REPORT

Type of operations

According to the Statistical Classification of Economic Activities, the main activity of SIA "Marijas 2" (hereinafter referred to as the Company) is renting and managing own or leased property (NACE code 68.20).

Information on the Company's share capital

The Company's registered and fully paid share capital is EUR 14 502 800, it consists of 145 028 ordinary shares with EUR 100 nominal value per share.

Market conditions and the project

The Company owns a modern seven-floor A-class office building Novira Plaza in central Riga located at Marijas street, 2 and Marijas street, 2A. The building's architecture was inspired by the historical city center and is in line with modern offices' design principles.

The total aboveground gross area of the building is 29 700 m2 which comprises ground floor retail area and A-class offices on the upper floors. In addition to that, two underground floors with an area of 9 900 m2 accommodate 255 car parking spaces and spacious bike storage. The whole property consists legally of two separate buildings, Marijas 2A and Marijas 2 that are planned to be united into one together with the merger of the land plots the building is inseparably connected to. The approximate proportion of the two buildings is 80% and 20% respectively.

The construction started in 2021. Underground works were completed in February 2022. The aboveground construction agreement was signed in December 2021. To offer maximum flexibility to the potential tenants, the completion of the buildings was done in stages. The first stage envisaged commissioning of the buildings with completion of ca 25% of the leasable premises as well as common areas in final finishing and remaining premises in grey finishing in Q1 2024. During the second stage the leased-out premises of ca 20% of the buildings in Q2 2024 were completed. Remaining fit-out work is done after signing respective lease agreements.

After the COVID-19 pandemic and increased remote working, the changes of workplace set-up have stabilized. The new hybrid work model will have a significant role for companies moving forward, increasing their demand for flexibility. Workplace strategy and ESG considerations have become the focus of interest when looking for a new space, especially for international companies. The size of an average leased office has decreased compared to previous years while the companies opt for smaller spaces but increase investments in fit-out to improve working conditions. New projects offer the companies a perfect opportunity to update and optimize the office area as well as provide them with the capability to use new know-how and solutions to adapt and make a modern working space most suitable for the Company's needs. Increase in the accessory costs and mainly utilities have kept the average range of rent rates for A-class offices in Riga stable at 15 -18 EUR/m2 but also kept the gap between A and B class offices thanks to higher energy efficiency of the former. High inflation has been a major factor in an increase of prime yield estimation for offices to 6.5%-6.75%. However, calculation of more precise numbers has been difficult. Even though the total investment volume in 2024 has a 60%-increase compared to 2023 numbers in the Baltics, Latvia contributed only 15% to that result. Landlords still seem to hold premium assets longer waiting for more prominent economic environment. The decreasing financial costs start favoring the owners of the real estate; however, recovery of the capital market will take some more time. The yield compression in Eastern Europe started in early 2024 and this trend should reach Baltic countries.

The year 2024 has shown a downward trend for the Baltic region, however, Riga remained surprisingly strong with 42 000 m2 of offices commissioned, contributing to 45% of the Baltic volume in 2024 having only 30% of total Baltic stock. Novira Plaza has been a great factor in it by being the only office development over 20 000 m2 in the Baltics.

The vacancy in Riga office market keeps declining reaching overall vacancy 12.4%. The forecast suggests this trend continues at least in the next couple of years. Aftershocks of the supply chain disruptions and construction price rise suggest further decrease of commissioned square meters for 2025 and 2026 strengthening the position of recently developed A-class offices.

The Company has been issuing secure bonds to finance its business operations to commission the building and complete fit-out work. The current program of the bond issue envisages up to 49 million EUR worth of bonds in several tranches over 12 months. The total nominal value of the placed bonds is 46 million EUR as of the end of 2024. In November 2024 the bonds were admitted for trading on Nasdaq Baltic Alternative market First North with ISIN code LV0000803179. The Company plans to make another issue in spring 2025 to finance fit-out works of the premises in accordance with the signed lease agreements.

Risk management

The Company's most significant financing venues are borrowings from banks and other borrowings such as bonds. The main task of these financial instruments is to provide financing for the Company's business operations. The Company also has a number of other financial assets and liabilities, such as trade receivables and payables to suppliers and contractors, arising directly from its operations.

Market risk is the risk that changes in current market factors will significantly influence the Company's business and ability to attract funding. The Company sees that the main factor is the rent rate of offices that influences both the value of the assets and covenants to secure the future bank financing. To mitigate the risk the Company is in constant contact with real estate agents who help assess the market situation and provide consultations about planned pre-lease contracts.

Interest risk is the risk of increasing financial costs due to changes in interest rates for the Company due to change in EURIBOR rate. The Company will continue to manage the interest risk by keeping a close eye on the interest rates on the market and looking for more favorable financing options.

The Company adheres to prudent liquidity and cash flow risk management, ensuring that adequate credit resources are available to settle liabilities in a timely manner. The Company's management manages liquidity and cash flow risk by maintaining adequate cash reserves and providing sufficient funding through loans, as well as by constantly monitoring expected and actual cash flows and harmonizing the maturity structure of financial assets and liabilities.

The Company is not subject to currency risk since business is conducted in euros.

Future prospects

In 2025, the Company's management will focus on finding tenants for the vacant premises as well as executing fit-out works on those premises according to tenants' needs.

Post balance sheet events

The Company completed the third tranche of the secured bond program raising 3 million EUR, reaching a total raised amount of 49 million EUR in April 2025. The Company is structuring refinancing bonds at their maturity utilizing bank loan in the maximum amount and combining it with junior financing.

Current year's profit

The Company's Board proposes adding the current year's profit to the Company's retained earnings.

Nikolay Kryzhanovskiy, Member of the Board

Jolanta Jurga, Member of the Board

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2024	2023
		EUR	EUR
Revenue	6	1 501 377	-
Property management cost	7	(681 052)	-
Net rental income		**820 325**	**-**
Net gain from fair value adjustment on investment property	12	16 519 698	-
Selling expenses	8	(50 744)	(26 291)
Administrative expenses	9	(84 044)	(67 107)
Other expenses		(1 193)	(149)
Finance income	10	24 566	-
Finance cost	11	(2 803 358)	-
Profit / (loss) before corporate income tax		14 425 250	(93 547)
Corporate income tax expense		(175)	(2 232)
Profit / (loss) for the year		**14 425 075**	**(95 779)**
Total comprehensive income / (loss) for the year attributable to the Company's shareholders		**14 425 075**	**(95 779)**

The notes on pages 11 to 33 are an integral part of these financial statements.

Statements signed by:

Nikolay Kryzhanovskiy, Member of the Board

Jolanta Jurga, Member of the Board

Statements prepared by:

Edgars Sniegs, accountant (SIA Cipari Baltic)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2024	31.12.2023	01.01.2023
		EUR	**EUR**	**EUR**
ASSETS				
Non-current assets				
Investment property	12	85 200 000	60 208 123	35 355 937
Intangible assets		-	5 006	10 013
Property, plant and equipment		194 418	-	-
Total non-current assets		**85 394 418**	**60 213 129**	**35 365 950**
Current assets				
Trade receivables	13	941 123	304 920	65 146
Other receivables	14	9 981	62 977	48 701
Accrued income		37 951	7 187	-
Cash and cash equivalents	15	3 304 818	5 623 908	9 932 144
Total current assets		**4 293 873**	**5 998 992**	**10 045 991**
Total assets		**89 688 291**	**66 212 121**	**45 411 941**

The notes on pages 11 to 33 are an integral part of these financial statements.

Statements signed by:

Nikolay Kryzhanovskiy, Member of the Board

Jolanta Jurga, Member of the Board

Statements prepared by:

Edgars Sniegs, accountant (SIA Cipari Baltic)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Notes	31.12.2024	31.12.2023	01.01.2023
		EUR	**EUR**	**EUR**
LIABILITIES AND EQUITY				
EQUITY				
Share capital	16	14 502 800	14 502 800	14 502 800
Retained earnings / (accumulated losses)		14 160 712	(264 363)	(168 584)
Total equity		**28 663 512**	**14 238 437**	**14 334 216**
LIABILITIES				
Non-current liabilities				
Bond borrowings	17	-	-	19 103 920
Shareholder loans	18	13 324 278	12 577 028	11 672 570
Trade and other payables	20	636 094	464 446	84 620
Total non-current assets		**13 960 372**	**13 041 474**	**30 861 110**
Current liabilities				
Bond borrowings	17	46 162 410	37 175 077	109 146
Trade and other payables	20	716 293	1 747 913	67 453
Other related party payables	21	5 045	9 220	40 016
Deferred income	22	180 659	-	-
Total current liabilities		**47 064 407**	**38 932 210**	**216 615**
Total liabilities		**61 024 779**	**51 973 684**	**31 077 725**
Total liabilities and equity		**89 688 291**	**66 212 121**	**45 411 941**

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Nikolay Kryzhanovskiy, Member of the Board

Jolanta Jurga, Member of the Board

Statements prepared by:

Edgars Sniegs, accountant (SIA Cipari Baltic)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings / (accumulated losses)	Total
	EUR	EUR	EUR
BALANCE AS AT 1 JANUARY 2023	**14 502 800**	**(168 584)**	**14 334 216**
Loss for the year	-	(95 779)	(95 779)
Total comprehensive loss for the year	**-**	**(95 779)**	**(95 779)**
BALANCE AS AT 31 DECEMBER 2023	**14 502 800**	**(264 363)**	**14 238 437**
Profit for the year	-	14 425 075	14 425 075
Total comprehensive income for the year	**-**	**14 425 075**	**14 425 075**
BALANCE AS AT 31 DECEMBER 2024	**14 502 800**	**14 160 712**	**28 663 512**

The notes on pages 11 to 33 are an integral part of these financial statements.

Statements signed by:

Nikolay Kryzhanovskiy, Member of the Board

Jolanta Jurga, Member of the Board

Statements prepared by:

Edgars Sniegs, accountant (SIA Cipari Baltic)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2024	2023
		EUR	**EUR**
OPERATING ACTIVITIES			
Profit / (loss) before corporate income tax		14 425 250	(93 547)
Adjustments for:			
net gain from fair value adjustment on investment property	12	(16 519 698)	-
fixed asset depreciation and intangible asset amortization		17 660	5 007
finance income		(24 566)	-
finance cost	11	2 803 358	-
Operating cash flows before working capital changes		**702 004**	**(88 540)**
Increase in accounts receivable and deferred expenses		(613 971)	(261 237)
(Decrease) increase in accounts payable		(683 488)	2 029 490
Cash generated from operations		**(595 455)**	**1 679 713**
Interest received		24 566	109 124
Corporate income tax paid		(175)	(2 232)
Net cash inflow from operating activities		**(571 064)**	**1 786 605**
INVESTING ACTIVITIES			
Acquisition of investment property and fixed assets	12	(6 302 201)	(21 530 466)
Net cash used in investing activities		**(6 302 201)**	**(21 530 466)**
FINANCING ACTIVITIES			
Bond emission	19	24 772 628	17 499 879
Bond redemption	19	(15 932 000)	-
Interest paid	19	(4 286 453)	(2 064 254)
Net cash generated from financing activities		**4 554 175**	**15 435 625**
Net change in cash		**(2 319 090)**	**(4 308 236)**
Cash at the beginning of the year		**5 623 908**	**9 932 144**
Cash at the end of the year		**3 304 818**	**5 623 908**

The notes on pages 11 to 33 are an integral part of these financial statements.

Statements signed by:

Nikolay Kryzhanovskiy, Member of the Board

Jolanta Jurga, Member of the Board

Statements prepared by:

Edgars Sniegs, accountant (SIA Cipari Baltic)

NOTES TO THE FINANCIAL STATEMENTS

1. “Marijas 2” Group and its operations

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“EU”) (“IFRS Accounting Standards”) for the year ended 31 December 2024 for SIA “Marijas 2” (the “Company”) and its subsidiary (together, the “Group”).

The legal address of SIA "Marijas 2" is Marijas Street 2A, Riga, LV-1050. The Company is registered in the Commercial register of the Republic of Latvia under number 50203281461. The Company's immediate and ultimate parent company is Evernord Real Estate Fund III Closed-end fund intended for informed investors (Lithuania), which owns 65.38% of the Company's share capital. The Group’s parent does not produce consolidated financial statements that are available for public use and comply with IFRS Accounting Standards. The non-controlling shareholder is Novira SIA, which owns 34.62% of the Company's share capital.

The Group’s principal activity is construction and operation of Novira Plaza building in the center of Riga. The Company’s 100% subsidiary is SIA “Elektrības Sadale”, which principal activity is supply of electricity services. The legal address of SIA “Elektrības Sadale” is Marijas Street 2A, Riga, LV-1050. The Company is registered in the Commercial register of the Republic of Latvia on 26 July 2023 under number 50203498031.

These consolidated financial statements have been approved for issue by the Board of Directors on 24 April 2025. The shareholders have the power to amend the consolidated financial statements after issue.

2. Basis of preparation

Preparation of the consolidated financial statements

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards under the historical cost convention, except for the measurement of investment property at fair value.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. Changes in assumptions might have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

A number of new standards, amendments to standards and interpretations are effective from 1 January 2025, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Group.

Functional and presentation currency

The functional currency of each of the Group’s consolidated entities is the currency of the primary economic environment in which the entity operates. The amounts presented in these financial statements are expressed in the official currency of Latvia - the euro (EUR), which is also the Group’s functional currency.

Transition to IFRS Accounting standards

The Group's financial statements for the year ended 31 December 2024 are the first annual consolidated financial statements prepared in accordance with IFRS Accounting Standards. The Group’s transition date is 1 January 2023. Further information is presented in Note 25.

Income and cash flow statements

The Group has elected to present a single consolidated statement of comprehensive income and present its expenses by function. The Group reports cash flows from operating activities using the indirect method. Interest received is presented within operating cash flows; interest paid is presented within financing cash flows. The acquisition of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Group's business activities.

New standards and interpretations not yet adopted

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2025 or later, and which the Group has not early adopted.

IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027). In April 2024, the IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what the Group reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and applies to comparative information. The Group is currently assessing the impact of the amendments on its financial statements.

Other new standards, amendments to standards and interpretations, which are effective from 1 January 2025 and later, and have not been early adopted in preparing these financial statements, are not expected to have a material effect on the Group's financial statements.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognized in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognized in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Going concern

As of 31 December 2024, the Group's current liabilities exceeded its current assets by EUR 42 770 534, mainly due to maturing bonds in May 2025.

The Group has been issuing bonds to finance the construction of the building. As of 31 December 2024, total outstanding bond liability is 46 million EUR. In April 2025 the Group completed the third tranche of the secured bonds program raising 3 million EUR, reaching total nominal raised amount to 49 million EUR. The existing bonds will mature on 30 May 2025.

The main plan for refinancing the outstanding bonds and continuing financing fit-out costs of remaining vacant premises envisages utilizing bank financing which is combined with junior financing in the form of bond emission or additional equity. The Company is in negotiations with the banks to receive a binding offer. The Group has received several non-binding offers and plans to receive binding offers by the end of April 2025. In case the Group chooses the bond issue supplemented with the bank loan, a prospectus for the bonds has been drafted for up to 49 million EUR to be raised in tranches. This would give the opportunity to current bondholders to remain in the project.

Public placement would allow the Group to reach more potential investors and obtain financing in a shorter period. The Group will use the whole bank loan amount and plan several tranches of bonds to refinance the existing obligation and complete the fit-out works. As an alternative, the Group will seek raising equity together with a bank loan.

The Group is in active discussions with financial advisors about bank financing and new bond or equity issue. At the date of signing these financial statements, the Company is still processing the information and negotiating with the parties involved. The final decision on refinancing will be made in early May based mostly on the best financial outcome.

Based on above, the Group's management believes that the going concern assumption is appropriate for the preparation of these consolidated financial statements. However, there is a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern, and, therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business. This is related to the Group's ability to successfully refinance the existing bonds maturing in May 2025 with a bank financing, new bonds and/or additional equity issue, or a combination of those.

Property under construction

The Group has constructed its investment property, which was completed and commissioned partially on 15 February 2024 and partially on 28th of June and signing final deed with construction company on 3rd of July. During the construction period and taking into account uncertainties related to the construction process, completion timing and general economic and market conditions, management concluded that the fair value of this property could not be reliably determined until the building is commissioned. The property has thus been measured at cost up to the commission date.

Valuation of investment properties

Investment property as at 31 December 2024 is presented at fair value, based on a certified appraiser's valuation under the discounted cash flow method. The valuation depends on certain assumptions, of which the most important are the projected average rental price, the long-term vacancy rate, the percentage of direct costs covered by tenants, the rent indexation rate and the discount rate. Further information is presented in note 12. As at 31 December 2023 investment property is presented at cost as the management considers that the fair value cannot be reasonably determined for the investment property which was in the construction completion stage at that time.

4. Material accounting policy information

Investment property

Investment property consists of investments in land, a building or part of a building held by the Company as the owner, to earn rentals or expecting the price to rise (capital appreciation), rather than for use in the supply of services or for administrative purposes or sale in the ordinary course of business.

Investment property is initially recognized at cost, including transaction and borrowing costs, and subsequently remeasured at fair value updated to reflect market conditions at the end of the reporting period. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed – whichever is earlier.

Fair value of investment property is the price that would be received from sale of the asset in an orderly transaction between market participants at the measurement date. The fair value of investment property reflects, among other things, the rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions. Valuation is performed by the independent appraisers, who hold recognized and relevant professional qualifications and who have recent experience in the valuation of property.

Subsequent expenditure is capitalized to the asset’s carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Changes in the fair values of investment properties are included in the statement of comprehensive income for the reporting year. Earned rental income is recorded in profit or loss for the year within rental income. Investment properties are derecognized when they have been disposed of.

Financial instruments

Trade and other receivables
Trade and other receivables are recognized initially at fair value and subsequently are measured at amortized cost using the effective interest method. The Group holds the trade and other receivables with the objective of collecting contractual cash flows. The Group assesses, on a forward-looking basis, the expected credit losses associated with receivables. The Group applies the IFRS 9 simplified approach for measuring expected credit losses, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The expected credit loss allowance is included in the profit or loss.

Cash and cash equivalents
Cash and cash equivalents consist of cash balances on the current bank accounts, including funds held to meet tenant deposit obligations and short-term bank deposits with original maturities of three months or less that are readily convertible into known amounts of cash.

Financial liabilities
All loans and borrowings are initially recognized at fair value, less transaction costs, that are directly attributable to issuing financial liability. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method; any difference between the proceeds (net of transaction costs) and the redemption value is recognized as a finance cost or capitalised in the cost of property under construction over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalized as prepayment for liquidity services and amortized over the period of the facility to which it relates.

Financial liabilities included in trade and other payables are recognized initially at fair value and subsequently at amortized cost. The fair value of a non-interest-bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

The Group obtains deposits from tenants as a guarantee for returning the property at the end of the lease term in a specified good condition. The Group treats such deposits as financial liabilities in accordance with IFRS 9, and they are initially recognized at fair value. The deposit is subsequently measured at amortized cost.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs. For modified borrowings, the difference between the original contractual cash flow and the modified cash flows discounted at the original effective interest rate, is recognised in the profit or loss.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the consolidated statement of financial position.

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

Borrowing costs

General and specific borrowing costs directly attributable to the construction of investment property, that necessarily take a substantial time to get ready for intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount capitalized in respect of specific borrowings is the actual interest incurred. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalization.

All Group’s funds are borrowed specifically for the purpose of construction of its investment property. The Group capitalizes borrowing costs on qualifying investment property under construction. Following the date when the qualifying investment property is ready for its intended use, the borrowing costs are recognised in profit or loss in the period in which they are incurred.

Related parties

Related parties are defined as shareholders of the Company, members of the board, their close relatives, and companies in which they have a significant influence or control. Transaction with related parties are presented in Note 24.

Leases: the Group is the lessor

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rental income from operating leases are recognized in the consolidated comprehensive income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position in accordance with their nature, i.e. investment property.

Taxation

Corporate income tax for the reporting period is included in the financial statements based on management’s calculations which are prepared in accordance with Latvian Republic tax legislation effective at the end of the reporting period. Corporate income tax is calculated on distributed profits (20/80 of the net distributed amount). The corporate income tax on distributed profits is recognized when the Company's shareholders decide on profit distribution.

The Group companies calculate and pay corporate income tax also for the conditionally distributed profit (20/80 of calculated taxable base), which includes taxable objects in accordance with the corporate income tax law, such as the expenditure not related to economic activity, the doubtful debts of debtors and the loans to the related parties, if they meet criteria provided in the Corporate Income Tax law, as well other expenses exceeding statutory limits for deduction. Corporate income tax for the conditionally distributed profit is recognized in the income statement in the year when it arises.

Deferred tax assets or liabilities do not arise because there is no difference between the book values of assets and liabilities and their tax base.

Revenue recognition

Revenue includes rental income, utility recharges and property management charges. Rental income from operating leases is recognized on a straight-line basis over the lease term. The Group elected to recognize lease income for variable payment that depends on an index or a rate in the periods in which changes of index or rate occur. Variable lease payments that do not depend on an index or a rate are recognized as lease income in the periods in which the event or condition that triggers those payments occurs. When the Group provides incentives to its tenants, the cost of the incentives is recognized over the lease term, on a straight-line basis, as a reduction of rental income.

Revenue is recognized in the accounting period in which control of the services are provided to the customer, which is when the service is rendered.

5. Operating segments

The Group has determined that the Company's board is chief decision making body which allocates resources to, and assesses the performance of, the Group's operating segments. The Group operates one investment property asset, thus management has determined that the Group represents a single operating segment, which derives revenue primarily from rental income from lessees.

The financial information reviewed by the chief executive officer includes rental income, operating profit and the net gain from the fair value adjustment on investment property. The operating profit reviewed by the chief executive officer is determined by adjusting the profit (loss) before corporate income tax for the year with the net finance cost and the fair value adjustment of investment property. The segment information, which equals the respective information for the Group, is set out below:

	Investment property located in Riga, Latvia	
	2024	**2023**
	EUR	**EUR**
Revenue	1 501 377	-
Property management cost and other expenses	(817 033)	(93 549)
Operating profit / (loss)	684 344	(93 547)
Net gain from fair value adjustment on investment property	16 519 698	-
Finance cost, net	(2 778 792)	-
Profit / (loss) before tax	14 425 252	(93 549)
Total assets at the end of the reporting period	89 688 291	66 212 121
Total liabilities at the end of the reporting period	61 024 779	51 973 684

6. Revenue

	2024	**2023**
	EUR	**EUR**
Rent of premises	1 020 058	-
Rent of parking places	141 801	
Utility services	176 335	
Property management services	163 183	-
Total	**1 501 377**	**-**

Investment properties are leased to tenants under operating leases with rentals payable monthly. Revenues are derived from a number of tenants, with three major tenants comprising 59% of revenue in 2024. The future undiscounted lease payments receivable under operating leases of investment properties are as follows:

	2024	**2023**
	EUR	**EUR**
No later than 1 year	1 975 425	-
Later than 1 year and no later than 2 years	1 958 521	-
Later than 2 years and no later than 3 years	1 947 609	
Later than 3 years and no later than 4 years	1 920 252	-
Later than 4 years and no later than 5 years	1 903 563	
Later than 5 years	3 780 124	-
Total	**13 485 494**	**-**

Revenue recognized in relation to services to tenants and property management charges is recognized over time.

7. Property management cost

	2024	2023
	EUR	**EUR**
Utilities	325 851	-
Maintenance and repairs	136 834	-
Security	75 280	-
Property management	57 005	-
Insurance	21 539	-
Other	64 543	-
Total	**681 052**	**-**

8. Selling expenses

	2024	2023
	EUR	**EUR**
Marketing	50 744	17 337
Representation expenses	-	8 954
Total	**50 744**	**26 291**

9. Administrative expenses

	2024	2023
	EUR	**EUR**
Professional services	37 535	33 462
Payroll and taxes	20 752	4 136
Bank commissions	16 809	7 660
Office related expenses	3 380	960
Other	5 568	20 889
Total	**84 044**	**67 107**

Professional services for the year ended 31 December 2024 include audit fees in amount of EUR 25 250 (for the year ended 31 December 2023: EUR 26 740).

10. Finance income

	2024	2023
	EUR	**EUR**
Interest income for short-term bank deposits	24 566	-
Total	**24 566**	**-**

11. Finance cost

	2024	2023
	EUR	**EUR**
Interest expenses for bonds	2 427 691	-
Interest expenses for borrowing from the parent company Evernord Real Estate Fund III	310 676	-
Interest expenses for borrowing from Novira SIA	64 991	-
Total	**2 803 358**	**-**

In 2024 total interest expenses for bonds and borrowings amounted to EUR 5 204 974 of which EUR 2 377 050 was capitalized. In 2023 total interest expenses for bonds and borrowings amounted to EUR 3 321 720 of which full amount was capitalized.

12. Investment property

	Property under construction	Finished property	Total investment property
	EUR	**EUR**	**EUR**
Cost at 1 January 2023	**35 355 937**	**-**	**35 355 937**
Cost of construction	21 530 466	-	**21 530 466**
Capitalized borrowing costs, net of investment income	3 321 720	-	**3 321 720**
Cost at 31 December 2023	**60 208 123**	**-**	**60 208 123**
Cost of construction	6 095 129	-	**6 095 129**
Capitalized borrowing costs, net of investment income	2 377 050	-	**2 377 050**
Transfer to finished investment property	(68 680 302)	68 680 302	**-**
Net gain from fair value adjustment	-	16 519 698	**16 519 698**
Fair value at 31 December 2024	**-**	**85 200 000**	**85 200 000**

The amounts paid for the construction works in 2024, excluding borrowing cost, was EUR 6,302,201 (2023: EUR 21,530,466).

The investment property includes land and office building located in Riga, at Marijas Street 2 / 2A.

The investment property is carried at fair value based on the real estate valuations carried out by SIA Colliers International Advisors as of 31.12.2024.

The valuation was based principally on discounted cash flow projections based on significant unobservable inputs, including:

- future rental cash inflows based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;
- discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
- estimated vacancy rates based on current and expected future market conditions after expiry of any current lease;
- maintenance costs including necessary investments to maintain functionality of the property for its expected useful life;
- capitalisation rates based on actual location, size and quality of the properties and taking into account market data at the valuation date; and
- terminal value taking into account assumptions regarding maintenance costs, vacancy rates and market rents.

The fair value measurement of the investment property is categorized as Level 3 in the fair value hierarchy. Based on the real estate valuation report, the value of the investment property recorded in the financial statements was EUR 85 200 000 as at 31 December 2024.

Management has reviewed the appraisers' assumptions underlying the discounted cash flow models used in the valuation and confirmed that factors such as the discount rate applied have been appropriately determined considering the market conditions at the end of the reporting period. Notwithstanding the above, management considers that the valuation of its investment properties is currently subject to an increased degree of judgement and an increased likelihood that actual proceeds on a sale may differ from the carrying value.

The rental income projections assume the monthly rates of 13.5 - 21.07 EUR/m2 for the office premises and 9.78 – 35.86 EUR/m2 for the retail premises and food court. The assumed long-term vacancy rate is 5%.

Other principal assumptions and the impact on the aggregate valuations of reasonably possible changes in these assumptions, with all other variables held constant, are as follows:

- The discount rate was assumed to be 8.15%. Should this discount rate increase / decrease by 1 percentage point, the carrying value of the investment property would be EUR 3 730 071 lower / EUR 3 937 638 higher.

- The all-risk market yield (capitalization rate) was assumed to be 6.25%. Should this capitalisation rate increase / decrease by 1 percentage point, the carrying value of the investment property would be EUR 9 821 011 lower / EUR 13 562 349 higher.

13. Trade receivables

	31.12.2024	31.12.2023	01.01.2023
	EUR	**EUR**	EUR
Amounts due from tenants	414 683	253 537	64 299
Construction settlements	526 440	51 383	847
Total	**941 123**	**304 920**	**65 146**

The estimated fair values of receivables are the discounted amount of the estimated future cash flows expected to be received and approximate their carrying amounts. Expected cash flows are discounted at current market rates to determine fair values.

14. Other receivables

	31.12.2024	31.12.2023	01.01.2023
	EUR	**EUR**	EUR
Tax prepayment	2 481	52 677	48 701
Security deposits	7 500	7 500	-
Other	-	2 800	-
Total	**9 981**	**62 977**	**48 701**

15. Cash and cash equivalents

	31.12.2024	31.12.2023	01.01.2023
	EUR	EUR	EUR
BluOr bank account balance	527 877	12 907	198 382
LHV bank account balance	2 770 025	385 946	9 730 416
Luminor Bank AS Latvian branch account balance	6 916	-	-
AB Siauliu bankas account balance	-	5 225 055	3 346
Total	**3 304 818**	**5 623 908**	**9 932 144**

16. Share capital

As of 31 December 2024 and 2023, the Company's registered and fully paid-up share capital consisted of 145 028 ordinary shares with a nominal value of EUR 100 each. The capital consists of a cash investment of EUR 2 800 and a property investment of EUR 14 500 000.

17. Bond borrowings

	31.12.2024	31.12.2023	01.01.2023
	EUR	EUR	EUR
Bond obligations which are presented using effective interest method:			
Bonds ISIN LV0000803179 (46 000 bonds, nominal value 1 000 EUR, listing date: 22.11.2024; maturity date: 30.05.2025; coupon rate: 10%)	46 162 410	-	-
Bonds ISIN LV0000802551 (42 775 bonds, nominal value 1 000 EUR, listing date: 14.06.2023; maturity date: 30.05.2024; coupon rate: 6.5%)	-	37 175 077	19 213 066
Total	**46 162 410**	**37 175 077**	**19 213 066**

The Group's borrowings are at fixed rates of interest. The fair value of borrowings approximated their carrying value at the date of the consolidated statement of financial position. In 2024 total bond interest was EUR 4 433 157 (2023: EUR 3 333 770),

The bonds are secured with 1st rank mortgage over the Property. Other main covenants are:

- Negative pledge
- LTV up to 70%
- Negative borrowing
- Charge of Control

In 2022, the company launched a bond issue to finance its business operations until the end of construction work and the commissioning of the building. In May 2024, the initial bond program was fully refinanced with a new one and the total nominal value of the bonds placed as of 31.12.2024 is EUR 46,000,000. The bonds were placed on the Nasdaq Baltic Alternative Market First North.

The Company has started negotiations with several credit institutions and has started to prepare a prospectus for a bond issue to refinance bonds at maturity.

18. Shareholder loans

	2024	2023	2022
	EUR	EUR	EUR
Unsecured loan from Evernord Real Estate Fund III (annual interest rate 7%-9%, repayment date 31.12.2027)			
At the beginning of the reporting year	8 225 080	7 633 564	4 941 438
Received during the reporting year	-	-	2 099 340
Interest calculated during the reporting year	488 702	591 516	592 786
At the end of the reporting year	**8 713 782**	**8 225 080**	**7 633 564**
Unsecured loan from SIA Novira (annual interest rate 7%-9%, repayment date 31.12.2027)			
At the beginning of the reporting year	4 351 948	4 039 006	2 614 728
Received during the reporting year	-	-	1 110 660
Interest calculated during the reporting year	258 548	312 942	313 618
At the end of the reporting year	**4 610 496**	**4 351 948**	**4 039 006**
Total	**13 324 278**	**12 577 028**	**11 672 570**

There are no covenants attached to the shareholders' loans.

19. Reconciliation of liabilities arising from financing activities

The table below sets out an analysis of liabilities from financing activities and the movements in the Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the consolidated statement of cash flows:

	Bond obligations	Share-holder loans	Total
	EUR	EUR	EUR
Liabilities from financing activities as at 1 January 2023	**19 213 066**	**11 672 570**	**30 885 636**
Cash flows			
Bond emission	17 499 879	-	**17 499 879**
Interest payments	(2 064 254)	-	**(2 064 254)**
Total cash flows	**15 435 625**	**-**	**15 435 625**
Non-cash changes			
Interest accrual	2 526 386	904 458	**3 430 844**
Total non-cash changes	2 526 386	904 458	**3 430 844**
Liabilities from financing activities as at 31 December 2023	**37 175 077**	**12 577 028**	**49 752 105**
Cash flows			
Bond emission	24 772 628	-	**24 772 628**
Bond redemption	(15 932 000)	-	**(15 932 000)**
Interest payments	(4 286 453)	-	**(4 286 453)**
Total cash flows	**4 554 175**	**-**	**4 554 175**
Non-cash changes			
Interest accrual	4 433 158	747 250	**5 180 408**
Total non-cash changes	**4 433 158**	**747 250**	**5 180 408**
Liabilities from financing activities as at 31 December 2024	**46 162 410**	**13 324 278**	**59 486 688**

20. Trade and other payables

	31.12.2024	31.12.2023	01.01.2023
	EUR	**EUR**	EUR
Non-current payables			
Tenants' security deposits	636 094	464 446	84 620
Current payables			
Trade payables	682 259	83 420	58 866
Tax liabilities	-	2 693	-
Accrued expenses	33 075	1 661 800	8 587
Other	959	-	-
Total non-current payables	**636 094**	**464 446**	**84 620**
Total current payables	**716 293**	**1 747 913**	**67 453**

21. Other related party payables

	31.12.2024	31.12.2023	01.01.2023
	EUR	**EUR**	EUR
Interest-free short-term debt to related company	5 045	9 220	40 016
Total	**5 045**	**9 220**	40 016

22. Deferred income

	31.12.2024	31.12.2023	01.01.2023
	EUR	**EUR**	EUR
Deferred rent income	180 659	-	-
Total	**180 659**	**-**	-

23. Average number of employees

In 2024 and 2023 there was one person employed by the Group companies.

24. Balances and transactions with related parties

The outstanding balances with the shareholders were as follows:

	Note	31.12.2024	31.12.2023	01.01.2023
		EUR	**EUR**	**EUR**
Novira SIA (significant influence shareholder)				
Loan balance at the end of the year	18	3 633 000	3 633 000	3 633 000
Loan accrued interest at the end of the year	18	977 496	718 948	406 006
Evernord Real Estate Fund III Closed-end fund intended for informed investors (Lithuania) (controlling shareholder)				
Loan balance at the end of the year	18	6 867 000	6 867 000	6 867 000
Loan accrued interest at the end of the year	18	1 846 782	1 358 080	766 564

The income and expense items with the shareholders for the year ended 31 December 2024 and 31 December 2023 were as follows:

		2024	2023
		EUR	EUR
Interest expense	18	747 250	904 458

Key management compensation. Key management includes the Board members of the Group's companies. Board members received salary in amount of EUR 16 800 in 2024 and EUR 3 102 in 2023.

25. Transition to IFRS Accounting Standards

The Group's financial statements for the year ended 31 December 2024 are the first annual consolidated financial statements prepared in accordance with IFRS Accounting Standards, as adopted by EU. The Company's transition date is 1 January 2023. The Group adopted IFRS Accounting Standards in accordance with IFRS 1, First-Time adoption of International Financial Reporting Standards. Subject to certain exceptions, IFRS 1 requires retrospective application of the version of standards and interpretations effective for the year ended 31 December 2024. This version was applied in preparing the opening IFRS statement of financial position on 1 January 2023 and in subsequent periods up to the end of the first IFRS reporting period.

For periods up to and previously then ended 31 December 2023, the Company prepared its financial statements in accordance with the generally accepted accounting principles of the Republic of Latvia (Latvian GAAP). In preparing these financial statements in accordance with IFRS 1, the Group has applied the relevant mandatory and optional exceptions from full retrospective application of IFRS Accounting Standards.

Mandatory transition exceptions:
The Group has applied the following mandatory exception from retrospective application of IFRS Accounting Standards.

Estimates exception
Estimates under IFRS Accounting Standards at 1 January 2023 and 31 December 2023 are consistent with estimates made for the same date under Latvian GAAP, unless there is evidence that those estimates were an error.

Derecognition of financial assets and liabilities exception
Financial assets and liabilities de-recognized before the transition to IFRS Accounting Standards are not re-recognized under IFRS. Management did not choose to apply the IFRS 9 derecognition criteria from an earlier date.

Classification and measurement of financial instruments
The Group assesses whether its financial assets meet the conditions for measurement at amortised cost based on the facts and circumstances that exist at the date of transition to IFRS. In cases when retrospective application of the effective interest method is impracticable for the Group, the fair value of the financial assets and the financial liabilities at the date of transition to IFRS Accounting Standards is the new gross carrying amount of those financial assets or the new amortized cost of those financial liabilities at the date of transition to IFRSs.

Impairment of financial assets exception
The impairment requirements of IFRS 9 are applied retrospectively. In cases when determination of a significant increase in credit risk since the initial recognition of a financial instrument requires undue cost or effort, the management decided to recognize a lifetime expected credit losses allowance at each reporting date until the financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date).

Optional exceptions:
The Group chose not to apply optional exceptions from retrospective application of IFRS Accounting Standards.

Adjustments on transition from Latvian GAAP to IFRS Accounting Standards:

- The Group did not prepare consolidated financial statements under Latvian GAAP. These consolidated financial statements include the Company and its subsidiary, SIA “Elektrības Sadale”. Refer to note (a) in the table below.
- Investment in constructed property was recognized as fixed assets under Latvian GAAP and classified as investment property in accordance with IAS 40. Refer to note (b) in the table below. As at 31 December 2023 and 1 January 2023 the property was under construction and measured at cost. The amount reclassified from the fixed assets to investment property as at 31 December 2023 was EUR 60 208 123 (as at 31 December 2022: EUR 35 355 937).
- Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, was deducted from the capitalised borrowing costs. Refer to note (c) in the table below. The amount of finance income earned in 2023 was EUR 109 124.
- Deferred expenses related to borrowings were reclassified to bonds as under previous GAAP the deferred expenses were recognized separately on the balance sheet. Refer to note (d) in the table below. The amount of such deferred expenses as at 31 December 2023 was EUR 332 883 (as at 31 December 2022: EUR 436 154).
- Certain liabilities were reclassified in accordance with the presentation required by IFRS Accounting Standards. Refer to note (e) in the tables below.

The effect on the consolidated statement of comprehensive income for the year ended 31 December 2023 from the Company's transition to IFRS is summarized below.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Latvian GAAP	Adjustment	IFRS
		EUR	**EUR**	**EUR**
Selling expenses		(26 291)	-	(26 291)
Administrative expenses		(67 107)	-	(67 107)
Other expenses		(151)	2	(149)
Finance income	(c)	109 124	(109 124)	-
Profit / (loss) before corporate income tax		**15 575**	**(109 124)**	**(93 547)**
Corporate income tax expense		(2 232)	-	(2 232)
Profit / (loss) for the year,		**13 343**	**(109 122)**	**(95 779)**
Total comprehensive income for the year		**13 343**	**(109 122)**	**(95 779)**

The effect on the balance sheet as of 31 December 2023 from the Company's transition to IFRS is summarized below:

		Latvian GAAP	**Adjustment**	**IFRS**
	Note	**EUR**	**EUR**	**EUR**
ASSETS				
Non-current assets				
Investment property	(b)	-	60 208 123	60 208 123
Intangible assets		5 006	-	5 006
Fixed assets				
Land and buildings	(b)	14 500 000	(14 500 000)	-
Unfinished construction	(b)	45 788 483	(45 788 483)	-
Investment in subsidiary	(a)	2 800	(2 800)	-
Total non-current assets		**60 296 289**	**(83 160)**	**60 213 129**
Current assets				
Trade receivables		304 920	-	304 920
Deferred expenses	(d)	332 883	(332 883)	-
Other debtors		60 177	2 800	62 977
Accrued income		7 187	-	7 187
Cash		5 623 908	-	5 623 908
Total current assets		**6 329 075**	**(330 083)**	**5 998 992**
Total assets		**66 625 364**	**(413 243)**	**66 212 121**

The effect on the balance sheet as of 31 December 2023 from the Company's transition to IFRS is summarized below (continued):

		Latvian GAAP	Adjustment	IFRS
	Note	EUR	EUR	EUR
LIABILITIES AND EQUITY				
EQUITY				
Share capital		14 502 800	-	14 502 800
Accumulated losses		(159 679)	(104 684)	(264 363)
Total equity		**14 343 121**	**(104 684)**	**14 238 437**
LIABILITIES				
Non-current liabilities				
Shareholder loans		12 577 028	-	12 577 028
Trade and other payables		464 446	-	464 446
Total non-current assets		**13 041 474**	**-**	**13 041 474**
Current liabilities				
Bond borrowings	(d)	37 483 636	(308 559)	37 175 077
Trade and other payables	(e)	57 280	1 690 633	1 747 913
Other related party payables		9 220	-	9 220
Taxes and social security contributions	(e)	2 693	(2 693)	-
Other creditors	(e)	26 140	(26 140)	-
Accrued liabilities	(e)	1 661 800	(1 661 800)	-
Total current liabilities		**39 240 769**	**(308 559)**	**38 932 210**
Total liabilities		**52 282 243**	**(308 559)**	**51 973 684**
Total liabilities and equity		**66 625 364**	**(413 243)**	**66 212 121**

The effect on the balance sheet as of 1 January 2023 from the Company's transition to IFRS is summarized below:

	Note	Latvian GAAP	Adjustment	IFRS
		EUR	EUR	EUR
ASSETS				
Non-current assets				
Investment property	(b)	-	35 355 937	35 355 937
Intangible assets		10 013	-	10 013
Fixed assets				
Land and buildings	(b)	14 500 000	(14 500 000)	-
Unfinished construction	(b)	20 811 699	(20 811 699)	-
Total non-current assets		**35 321 712**	**44 238**	**35 365 950**
Current assets				
Trade receivables		65 146	-	65 146
Deferred expenses	(b)	436 154	(436 154)	-
Other debtors		48 701	-	48 701
Cash		9 932 144	-	9 932 144
Total current assets		**10 482 145**	**(436 154)**	**10 045 991**
Total assets		**45 803 857**	**(391 916)**	**45 411 941**

The effect on the balance sheet as of 1 January 2023 from the Company's transition to IFRS is summarized below (continued):

	Note	Latvian GAAP	Adjustment	IFRS
		EUR	EUR	EUR
LIABILITIES AND EQUITY				
EQUITY				
Share capital		14 502 800	-	14 502 800
Retained earnings / (accumulated losses)		(173 021)	4 437	(168 584)
Total equity		**14 329 779**	**4 437**	**14 334 216**
LIABILITIES				
Non-current liabilities				
Bond borrowing	(d)	19 500 000	(396 080)	19 103 920
Shareholder loans		11 672 570	-	11 672 570
Trade and other payables		84 620	-	84 620
Total non-current assets		**31 257 190**	**(396 080)**	**30 861 110**
Current liabilities				
Bond borrowing		109 146	-	109 146
Trade and other payables	(e)	46 339	21 114	67 453
Shareholder loans		40 016	-	40 016
Other creditors	(e)	12 800	(12 800)	-
Accrued liabilities	(e)	8 587	(8 587)	-
Total current liabilities		**216 888**	**(273)**	**216 615**
Total liabilities		**31 474 078**	**(396 353)**	**31 077 725**
Total liabilities and equity		**45 803 857**	**(391 916)**	**45 411 941**

The effect on consolidated statement of cash flow for the year ended 31 December 2023 from the Company's transition to IFRS is summarized below:

CONSOLIDATED STATEMENT OF CASH FLOWS

	Latvian GAAP	Adjustment	IFRS
	EUR	EUR	EUR
OPERATING ACTIVITIES			
Profit / (loss) before corporate income tax	15 575	(109 122)	(93 549)
Adjustments for:			
Fixed asset depreciation and intangible asset amortization	5 007	-	5 007
Operating cash flows before working capital changes	**20 582**	**(109 122)**	**(88 540)**
accounts receivable and deferred expenses increase	(59 366)	(201 871)	(261 237)
accounts payable increase	627 077	1 402 413	2 029 490
Corporate income tax paid	-	(2 232)	(2 232)
Net cash generated from operating activities	**588 293**	**1 089 188**	**1 677 481**
INVESTING ACTIVITIES			
acquisition of investment property and fixed assets	(20 679 233)	(742 109)	(21 421 342)
equity investments	(2 800)	2 800	-
Net cash generated from investing activities	**(20 682 033)**	**(739 309)**	**(21 421 342)**
FINANCING ACTIVITIES			
bond emission	17 499 879	-	17 499 879
interest paid	(1 714 375)	(349 879)	(2 064 254)
Net cash from financing activities	15 785 504	**-**	**15 435 625**
Net change in cash	**(4 308 236)**	**-**	**(4 308 236)**
Cash at the beginning of the year	**9 932 144**	**-**	**9 932 144**
Cash at the end of the year	**5 623 908**	**-**	**5 623 908**

26. Financial risk management

The Group completed the third tranche of the secured bond program raising 3 million EUR and reaching a total raised amount of 49 million EUR in April 2025. The Company is structuring refinancing bonds at their maturity utilizing bank loan in the maximum amount and combining it with junior financing or additional equity.

The Board is ultimately responsible for the development and oversight of the Group's risk management policies and overall framework. The risk management is carried out with respect to financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The primary function of financial risk management is to establish risk limits and to ensure that any exposure to risk stays within these limits. The operational and legal risk management functions are intended to ensure the proper functioning of internal policies and procedures to minimize operational and legal risks.

Market risk

Price risk

The Group has no significant exposure to price risk as it does not hold any equity securities or commodities. The Group is exposed to price risk other than in respect of financial instruments, such as property price risk including property rentals risk.

Cash flow and interest rate risk

As the Group's interest bearing assets do not generate significant amounts of interest, changes in market interest rates do not have any significant direct effect on the Group's income. The Group's borrowings are carried at amortized cost. The interest rates on bonds and shareholder loans are fixed until maturity dates

Trade and other receivables and trade and other payables are interest-free and with a term of less than one year. The Group has determined there is no interest rate risk associated with these financial assets and liabilities.

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligation and will cause a financial loss for the other party by failing to discharge an obligation, and principally arises from the Group's receivables from customers. Concentration of risk in rent receivables: as at 31 December 2024 the largest debtor comprised 35% of receivable balance.

Credit risk arises from cash and cash equivalents held at banks, trade and other receivables, including rental receivables from lessees and rental guarantees. Credit risk is managed on a group basis. The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties. Cash balances are held only with the credible financial institutions.

The Group's maximum exposure to credit risk by class of financial assets other than rental guarantees is as follows:

	31.12.2024	31.12.2023	01.01.2023
	EUR	**EUR**	**EUR**
Trade receivables	941 123	304 920	65 146
Cash and cash equivalents	3 304 818	5 623 908	9 932 144
	4 245 941	**5 928 828**	**9 997 290**

In accordance with IFRS 9 "Financial Instruments", the Company assessed expected credit losses on receivables from credit institutions. The Company holds cash at AS BluOr Bank (Latvia), LHV bank (Estonia) and AS Luminor branch in Latvia (Latvia). LHV Bank has a Moody's rating of BAA3. Luminor also has a Moody's rating of BAA3, but BluOr does not hold a rating from the big three rating agencies at the time of writing the report. Considering that the Company mainly uses LHV bank for its daily business and having assessed the level of expected credit losses for cash, cash equivalents and trade receivables, it was concluded that it was immaterial and no provisions for expected credit losses were made.

Liquidity risk

The Group pursues a balanced liquidity risk management policy maintaining sufficient credit resources to allow liabilities to be settled when they fall due. The Group is in negotiations with several credit institutions and has started to prepare a prospectus for a bond issue to refinance bonds at maturity. The maturity analysis of non-discounted financial liabilities at 31 December 2024, 31 December 2023 and 1 January 2023 is presented in the table below.

	Less than 1 month	**1 to 6 months**	**6 to 1 months**	**1 to 3 years**	**More than 3 years**
At 31 December 2024	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Bond borrowings (note 17)	-	48 300 000	-	-	-
Shareholders' loans (note 18)	-	-	-	-	15 559 903
Related party payables (note 21)	5 045	-	-	-	-
Trade and other payables (note 20)	319 793	396 500	-	7 837	628 257
Total future payments, including future principal and interest payments	**324 838**	**48 696 500**	**-**	**7 837**	**16 188 160**

	Less than 1 month	**1 to 6 months**	**6 to 1 months**	**1 to 3 years**	**More than 3 years**
At 31 December 2023	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Bond borrowings (note 17)	-	44 190 188	-	-	
Shareholders' loans (note 18)	-	-	-	-	15 559 903
Related party payables (note 21)	9 220	-	-	-	
Trade and other payables (note 20)	86 113	1 661 800	-	-	464 446
Total future payments, including future principal and interest payments	**95 333**	**45 851 988**	**-**	**-**	**16 024 349**

	Less than 1 month	**1 to 6 months**	**6 to 1 months**	**1 to 3 years**	**More than 3 years**
At 1 January 2023	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Bond borrowings (note 17)	-	114 911	-	19 279 690	-
Shareholders' loans (note 18)	-	-	-	-	15 559 903
Related party payables (note 21)	40 016	-	-	-	-
Trade and other payables (note 20)	67 453	-	-	-	84 620
Total future payments, including future principal and interest payments	**107 469**	**114 911**	**-**	**19 279 690**	**15 644 523**

27. Capital management

Risk management

The Group's objectives when managing capital are:

- to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group could issue new shares and reduce debt.

During 2024, the group's strategy, which was unchanged from 2023 and 2022, was to maintain a gearing ratio of 300%. The gearing ratios at 31 December 2024, 31 December 2023 and 31 December 2022 were as follows:

	31.12.2024	**31.12.2023**	**01.01.2023**
	EUR	**EUR**	EUR
Total borrowings	59 486 688	49 752 105	30 885 636
Less: cash and cash equivalents	(3 304 818)	(5 623 908)	(9 932 144)
Net debt	56 181 870	44 128 197	20 953 492
Total equity	28 663 512	14 238 437	14 334 216
Net debt to equity ratio	**196%**	**305%**	**146%**

28. Fair value disclosures

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level 3 measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

(a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the consolidated statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

	31.12.2024	**31.12.2023**	**01.01.2023**
	EUR	**EUR**	**EUR**
	Level 3	**Level 3**	**Level 3**
Non-financial assets			
Investment property	85 200 000	-	-

The valuation technique, inputs used in the fair value measurement for level 3 measurements of investment property, and related sensitivity to reasonably possible changes in those inputs are presented in note 12.

(b) Assets and liabilities not measured at fair value but for which fair value is disclosed

Cash and cash equivalents, trade and other receivables, trade and other payables, and tenant deposits are carried at amortised cost and their carrying values are a reasonable approximation of fair value.

Fair values analysed by level in the fair value hierarchy and the carrying value of liabilities not measured at fair value are as follows:

	31.12.2024	**31.12.2023**	**01.01.2023**
	EUR	**EUR**	**EUR**
Liabilities (Level 3)			
Bond borrowings	46 162 410	37 175 077	19 213 066
Shareholder loans	13 324 278	12 577 028	11 672 570
Total	**59 486 688**	**49 752 105**	**30 885 636**

The Group's bonds are traded on Nasdaq Baltic Alternative market First North. During the reporting period the trading activity with the Group's bonds was low, thus management has concluded that the Level 1 and Level 2 fair value measurement cannot be determined.

The estimated fair value of the shareholders' loans, which are fixed interest rate instruments with stated maturities, were estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risks and remaining maturities.

29. Contingencies

The tax authorities have the right to inspect the tax computations for the last three taxation years. The Company has not been subject to a full tax audit since its establishment in 2020, so potentially the tax computations may be reassessed by the tax authorities. The Group's management is not aware of any circumstances which may give rise to potential material liability in this respect.

30. Post balance sheet events

The Company completed the third tranche of the secured bond program raising 3 million EUR, reaching a total raised amount of 49 million EUR in April 2025. The Company is structuring refinancing bonds at their maturity utilizing bank loan in the maximum amount and combining it with junior financing.

Statements signed by:

Nikolay Kryzhanovskiy, Member of the Board

Jolanta Jurga, Member of the Board

Statements prepared by:

Edgars Sniegs, accountant

SIA Cipari Baltic

This is a translation of the original independent auditor's report prepared in Latvian and issued on the consolidated financial statements of SIA "Marijas 2" Group, which were prepared in accordance with the requirements of the European Single Electronic Format. This translated version of independent auditor's report does not relate to the English version of the consolidated financial statements prepared in a pdf format and is prepared to satisfy the needs of English speaking stakeholders of the issuer. The original consolidated financial statements in machine-readable .xhtml format together with original independent auditor's report are submitted to the Nasdaq Riga Stock Exchange (link: https://nasdaqbaltic.com).

Independent Auditor's Report

To the Shareholders of SIA "Marijas 2"

Report on the audit of the consolidated financial statements

Our qualified opinion

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion* section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of SIA "Marijas 2" (the "Company") and its subsidiary (together the "Group") as at 31 December 2024, and of the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union (EU).

Our opinion is consistent with our additional report to the Management dated 24 April 2025.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of comprehensive income for the year ended 31 December 2024;
- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for qualified opinion

The Group has chosen fair value model to account for its investment property. As disclosed in note 3 to the consolidated financial statements, management concluded that the fair value of investment property could not be reliably determined until the building is commissioned, and accordingly the Group has accounted for its investment property at cost as at 31 December 2023 and 1 January 2023 and remeasured the carrying amount of investment property to fair value only in 2024. However, independent appraisers' reports obtained by the Group indicate the fair value of investment property as at 30 November 2023 range from EUR 64,000 thousand to EUR 75,720 thousand. Therefore, the carrying amount of investment property at 31 December 2023 is understated by at least EUR 3,792 thousand, net gain from fair value adjustment on investment property for the year then ended is understated by at least EUR 3,792 thousand and net gain from fair value adjustment on investment property for the year ended 31 December 2024 is overstated by at least EUR 3,792 thousand.

We conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Law on Audit Services that are relevant to our audit of the consolidated financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Law on Audit Services.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company and its controlled entities within the European Union are in accordance with the applicable law and regulations in the Republic of Latvia and that we have not provided non-audit services that are prohibited under Article $37.^{6}$ of the Law on Audit Services of the Republic of Latvia.

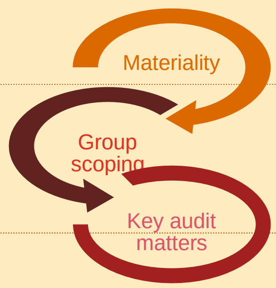
During the period from 1 January 2024 to 31 December 2024 we have not provided any non-audit services to the Company and its controlled entities within the European Union.

Material uncertainty relating to going concern

We draw attention to section Going concern of the Note 3 to the consolidated financial statements, which indicates that as at 31 December 2024 the Group's current liabilities exceeded its current assets by EUR 42,771 thousand. This is mainly due to the issued bonds in the amount of EUR 46,000 thousand which mature on 30 May 2025 and which are classified as short-term liabilities. The management's plans related to refinancing of existing bonds are disclosed in Note 3 and the process is still ongoing as at reporting date. These events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not further modified in respect of this matter.

Our audit approach

Overview



- Overall Group materiality: EUR 807 thousand, which represents 0.9% of total assets.

- We have audited the financial information of the Company.
- Our audit scope addressed almost 100% of the Group's revenues and almost 100% of the Group's total assets.

- Fair value of investment property

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	EUR 807 thousand
How we determined it	0.9% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is the most appropriate benchmark in situation when the Group has just finished the construction of an office building, and first tenants were onboarded in 2024. We chose 0.9% which is consistent with the quantitative materiality thresholds used for companies in this sector.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty relating to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Fair value of investment property Refer to Note 12 “Investment property” of the consolidated financial statements. As at 31 December 2024 investment property amounts to EUR 85,200 thousand and represents 95% of the total assets of the Group. The management makes subjective judgements when determining the fair value of investment property. Management obtained report from certified independent appraiser to assist them in determining the investment property’s fair value. The fair value of the investment property has been determined using income method. The most significant judgements made by the management in respect of fair valuation of investment property are discounted cash flows, including rent rate, expenses, income growth rates and discount rate. Due to the magnitude of related amounts and materiality of judgments to be made in respect of fair value of investment property, we considered this area to be associated with a significant risk of a material misstatement and a key audit matter.	We assessed whether the Group’s accounting policies in relation to the fair valuation of investment property comply with the requirements of IFRS Accounting Standards as adopted by the EU. We obtained an understanding and evaluated management’s internal process for determining the fair value of investment property. We reviewed the independent valuation report the Group obtained in respect of the investment property. We assessed the independence and experience of the valuer and involved our own expert to assess the appropriateness of the independent appraiser’s valuation. We evaluated the reasonableness of inputs into the valuation model - future cash flows, rent rates, expenses, income and expense growth rates, discount rate, capitalisation rate and checked the numerical accuracy of the model. We reviewed the sensitivity analysis of the fair value of investment property to changes in key assumptions. We assessed the adequacy of the disclosures in the consolidated financial statements in respect of investment properties.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls and the industry in which the Group operates.

The Group engagement team carried out audit work of the Group’s parent company’s financial information. We did not perform any audit procedures over the subsidiary’s financial information as the subsidiary’s balances and transactions are immaterial to the Group’s consolidated financial statements.

Reporting on other information including the Management Report

Management is responsible for the other information. The other information comprises:

- information on the Group’s parent company, as set out on page 3 of the Consolidated Annual Report,
- the Management Report, as set out on pages 4 to 5 of the Consolidated Annual Report,

but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information identified above.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management Report, we also performed the procedures required by the Law on Audit Services of the Republic of Latvia. Those procedures include considering whether the Management Report is prepared in accordance with the requirements of the applicable legislation.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the other information identified above for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- the Management Report has been prepared in accordance with the requirements of the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management Report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

Report on the compliance of the presentation of the consolidated financial statements with the requirements of the European Single Electronic Format ("ESEF")

We have been engaged based on our agreement dated 10 March 2025 by the Management of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the presentation of the consolidated financial statements of SIA "Marijas 2" Group for the year ended 31 December 2024 (the "Presentation of the Consolidated Financial Statements").

Description of a subject matter and applicable criteria

The Presentation of the Consolidated Financial Statements has been applied by the Management of the Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). The applicable requirements regarding the Presentation of the Consolidated Financial Statements are contained in the ESEF Regulation.

The requirements described in the preceding sentence determine the basis for application of the Presentation of the Consolidated Financial Statements and, in our view, constitute appropriate criteria to form a reasonable assurance conclusion.

Responsibility of the Management and those charged with governance

The Management of the Company is responsible for the Presentation of the Consolidated Financial Statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Presentation of the Consolidated Financial Statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process, which should also be understood as the preparation of consolidated financial statements in accordance with the format resulting from the ESEF Regulation.

Our responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Presentation of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000 (R) - 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (ISAE 3000 (R)]. This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Presentation of the Consolidated Financial Statements complies, in all material aspects, with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance with ISAE 3000 (R) will always detect an existing material misstatement (significant non-compliance with the requirements).

Quality management requirements and professional ethics

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Presentation of the Consolidated Financial Statements complies, in all material aspects, with the applicable requirements and such compliance is free from material errors or omissions. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Electronic Reporting Format of the Consolidated Financial Statements, including the preparation of the XHTML format and marking up the consolidated financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the consolidated financial statements using the iXBRL markup language according to the requirements of the implementation of electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the Group's use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, based on the procedures performed, the Presentation of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

Appointment and period of our audit engagement

We were first appointed as auditors of the Company on 7 December 2021. Our appointment has been renewed annually, since then, by shareholder's resolution. On 14 June 2023 the Company placed bonds on Nasdaq Baltic Alternative market First North and accordingly the first financial year the Company qualified as an EU Public Interest Entity was the year ended 31 December 2023. Since then, total period of uninterrupted engagement appointment is 2 years.

The engagement partner on the audit resulting in this independent auditor’s report is Ilandra Lejina.

PricewaterhouseCoopers SIA
Certified audit company
Licence No. 5

/signed electronically with a secure electronic signature/

Ilandra Lejina
Member of the Board
Certified auditor in charge
Certificate No 168

Riga, Latvia
25 April 2025