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UAB “Kvartalas”

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023,
PREPARED IN ACCORDANCE WITH THE LITHUANIAN FINANCIAL REPORTING STANDARDS
(REISSUED)

UAB “Kvartalas”**Company code: 3054754381, Jogailos st. 4, LT-01116 Vilnius****The Company's Financial Statements 31 December 2023**

(all amounts presented in EUR, unless otherwise indicated)

Contents

Independent auditor's report	3
Balance Sheet	6
Income Statement.....	8
Statement of Changes in Equity	9
Cash Flow Statement	11
Notes to the financial statements	13
1. General information	13
1.1. Information about the Company.....	13
1.2. Information on the reissuance of financial statements	13
2. Accounting policy.....	13
3. Notes	17
3.1. Investment property	17
3.2. Amounts receivable within one year	18
3.3. Cash and cash equivalents	18
3.4. Structure of the authorized capital	18
3.5. Draft profit distribution.....	18
3.6. Amounts payable and other liabilities.....	18
3.7. Accrued expenses and deferred revenue	18
3.8. Company's rights and commitments not disclosed in the balance sheet	18
3.9. Sales revenue	19
3.10. General and administrative expenses.....	19
3.11. Income tax and deferred income tax.....	19
3.12. Financial relations with Company's management and other related parties	19
3.13. Subsequent events	20
3.14. Going concern.....	20



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Independent auditor's report

To the Shareholders of UAB “Kvartalas”

This Independent Auditor's Report replaces the Independent Auditor's Report we issued on 28 May 2024. An explanation as to why a new Independent Auditor's Report was issued is provided in the “Other matters” section.

■ Opinion

We have audited the accompanying financial statements of UAB “Kvartalas” (“the Company”). The Company's financial statements comprise:

- the balance sheet as at 31 December 2023,
- the income statement for the year then ended,
- the statement of changes in equity for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and of its financial performance and cash flows for the year then ended, in accordance with the Lithuanian Financial Reporting Standards.

■ Basis for opinion

We concluded our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including the International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and the requirements of the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania that are relevant to the audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

■ Other matters

After the management prepared and signed the Company's financial statements for 31 December 2023 and we submitted an Independent Auditor's Report on 28 May 2024, the Company's management decided to supplement the set of financial statements by incorporating a Cash Flow Statement into the financial statements; therefore, on 11 November 2024, they reissued the Company's financial statements for 31 December 2023. We have performed additional audit procedures related to the amendments, and accordingly this Auditor's Report supersedes our Auditor's Report dated 28 May 2024.

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

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

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

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

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

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

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

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



We are required to 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.

On behalf of "KPMG Baltics", UAB

Ieva Voverienė
Certified Auditor

Vilnius, the Republic of Lithuania
11 November 2024

The electronic auditor's signature applies only to the Independent Auditor's Report on pages 3 to 5 of this document.

UAB "Kvartalas"
Company code: 3054754381, Jogailos st. 4, LT-01116 Vilnius
The Company's Financial Statements 31 December 2023

(all amounts presented in EUR, unless otherwise indicated)

Balance Sheet

	Notes	31 December 2023	31 December 2022
ASSETS			
A. NON-CURRENT ASSETS		15,877,055	13,784,581
1. INTANGIBLE ASSETS		-	-
1.1. Development work		-	-
1.2. Goodwill		-	-
1.3. Software		-	-
1.4. Concessions, patents, licenses, trademarks and similar rights		-	-
1.5. Other intangible assets		-	-
1.6. Prepayment for intangible assets		-	-
2. TANGIBLE ASSETS		15,877,055	13,784,581
2.1. Land		-	-
2.2. Buildings and structures		-	-
2.3. Plant and equipment		-	-
2.4. Vehicles		-	-
2.5. Other equipment, fittings and tools		-	-
2.6. Investment property	3.1.	12,284,734	12,284,734
2.6.1. Land		12,284,734	12,284,734
2.6.2. Buildings		-	-
2.7. Prepayments for tangible assets and assets under construction		3,592,321	1,499,847
3. FINANCIAL ASSETS		-	-
3.1. Shares in group companies		-	-
3.2. Intercompany loans		-	-
3.3. Intercompany amounts receivable		-	-
3.4. Shares in associates		-	-
3.5. Loans to associates		-	-
3.6. Amounts receivable from associated companies		-	-
3.7. Long-term investments		-	-
3.8. Amounts receivable after one year		-	-
3.9. Other financial assets		-	-
4. OTHER NON-CURRENT ASSETS		-	-
4.1. Deferred tax assets		-	-
4.2. Biological assets		-	-
4.3. Other assets		-	-
B. CURRENT ASSETS		1,478,719	338,368
1. INVENTORIES		1,333	722
1.1. Raw materials, materials and consumables		-	-
1.2. Unfinished goods and work in progress		-	-
1.3. Finished goods		-	-
1.4. Goods for resale		-	-
1.5. Biological assets		-	-
1.6. Non-current tangible assets held for sale		-	-
1.7. Prepayments		1,333	722
2. AMOUNTS RECEIVABLE WITHIN ONE YEAR	3.2.	31,666	178,223
2.1. Trade receivables		26,630	10,862
2.2. Amounts owed by companies of the companies' group		-	-
2.3. Amounts owed by associated companies		-	-
2.4. Other amounts receivable		5,036	167,361
3. SHORT-TERM INVESTMENTS		-	-
3.1. Shares in group companies		-	-
3.2. Other investments		-	-
4. CASH AND CASH EQUIVALENTS	3.3.	1,445,720	159,423
C. PREPAID EXPENSES AND ACCRUED REVENUE		10,381	21
TOTAL ASSETS		17,366,155	14,122,970

UAB "Kvartalas"
Company code: 3054754381, Jogailos st. 4, LT-01116 Vilnius
The Company's Financial Statements 31 December 2023

(all amounts presented in EUR, unless otherwise indicated)

Balance Sheet (cont'd)

	Notes	31 December 2023	31 December 2022
EQUITY AND LIABILITIES			
D. EQUITY		2,644,634	3,102,513
1. CAPITAL	3.4.	4,034,000	4,034,000
1.1. Share capital		4,034,000	4,034,000
1.2. Unpaid share capital (-)		-	-
1.3. Own shares, stock (-)		-	-
2. SHARE PREMIUM		-	-
3. REVALUATION RESERVE		-	-
4. RESERVES		-	-
4.1. Legal reserve		-	-
4.2. Reserve for acquiring own shares		-	-
4.3. Other reserves		-	-
5. RETAINED EARNINGS (LOSS)	3.5.	(1,389,366)	(931,487)
5.1. Profit (loss) of the reporting year		(457,879)	(560,227)
5.2. Profit (loss) of the previous years		(931,487)	(371,260)
E. GRANTS, SUBSIDIES		-	-
F. PROVISIONS		-	-
1. Pensions and similar provisions		-	-
2. Deferred tax liability		-	-
3. Other provisions		-	-
G. AMOUNTS PAYABLE AND OTHER LIABILITIES	3.6.	14,715,271	11,014,607
1. NON-CURRENT AMOUNTS PAYABLE AND LIABILITIES		14,533,046	10,971,286
1.1. Financial debts		-	-
1.2. Amounts owed to credit institutions		-	-
1.3. Advances received		594,133	-
1.4. Trade payables		-	-
1.5. Payables under the bills and checks		-	-
1.6. Intercompany amounts payable	3.12.	13,938,913	10,971,286
1.7. Amounts payable to the associates		-	-
1.8. Other amounts payable and non-current liabilities		-	-
2. CURRENT AMOUNTS PAYABLE AND LIABILITIES		182,225	43,321
2.1. Financial debts		-	-
2.2. Amounts owed to credit institutions		-	-
2.3. Advances receive		-	-
2.4. Trade payables		164,217	38,105
2.5. Payables under the bills and checks		-	-
2.6. Intercompany amounts payable		-	-
2.7. Amounts payable to the associates		-	-
2.8. Corporate income tax liabilities		-	-
2.9. Employment related liabilities		17,645	4,789
2.10. Other amounts payable and current liabilities		363	427
H. ACCRUED EXPENSES AND DEFERRED REVENUE	3.7.	6,250	5,850
TOTAL EQUITY AND LIABILITIES		17,366,155	14,122,970

The accompanying explanatory notes are an integral part of these financial statements.

These financial statements were signed electronically by:

Director

Company's representative in charge of accounting

Marius Žemaitaitis
Marina Lysova

UAB "Kvartalas"

Company code: 3054754381, Jogailos st. 4, LT-01116 Vilnius

The Company's Financial Statements 31 December 2023

(all amounts presented in EUR, unless otherwise indicated)

Income Statement

	Notes	31 December 2023	31 December 2022
1. Sales revenue	3.9.	135,335	90,867
2. Cost of sales		-	-
3. Change in fair value of biological assets		-	-
4. GROSS PROFIT (LOSS)		135,335	90,867
5. Selling expenses		-	-
6. General and administrative expenses	3.10.	(130,179)	(120,619)
7. Other operating results		-	-
8. Income from investments in the shares of parent, subsidiaries and associates		-	-
9. Income from other non-current investments and loans		-	-
10. Other interest and similar income		4,592	-
11. Impairment of financial assets and current investments		-	-
12. Interest and other similar expenses	3.12.	(467,627)	(530,475)
13. PROFIT (LOSS) BEFORE TAX		(457,879)	(560,227)
14. Income tax	3.11.	-	-
15. NET PROFIT (LOSS)		(457,879)	(560,227)

The accompanying explanatory notes are an integral part of these financial statements.

These financial statements were signed electronically by:

Director

Company's representative in charge of accounting

*Marius Žemaitaitis**Marina Lysova*

UAB “Kvartalas”
Company code: 3054754381, Jogailos st. 4, LT-01116 Vilnius
The Company's Financial Statements 31 December 2023

(all amounts presented in EUR, unless otherwise indicated)

Statement of Changes in Equity

	Share capital	Share premium	Own shares (-)	Revaluation reserve Non-current tangible assets	Financial assets	Statutory reserves Compulsory reserve or emergency (reserve) capital	For acquisition of own shares	Other reserves	Retained earnings (loss)	Total
1. Balance at the end of the reporting (yearly) period before previous	2,500	-	-	-	-	-	-	-	(371,260)	(368,760)
2. Result of changes in accounting policies	-	-	-	-	-	-	-	-	-	-
3. Result of correcting material errors	-	-	-	-	-	-	-	-	-	-
4. Recalculated balance at the end of the reporting (yearly) period before previous	2,500	-	-	-	-	-	-	-	(371,260)	(368,760)
5. Increase(decrease) in the value of non-current tangible assets	-	-	-	-	-	-	-	-	-	-
6. Increase(decrease) in the value of effective hedging instruments	-	-	-	-	-	-	-	-	-	-
7. Acquisition(sale) of own shares	-	-	-	-	-	-	-	-	-	-
8. Profit (loss) not recognized in the income statement	-	-	-	-	-	-	-	-	-	-
9. Net profit (loss) of the reporting period	-	-	-	-	-	-	-	-	(560,227)	(560,227)
10. Dividends	-	-	-	-	-	-	-	-	-	-
11. Other payments	-	-	-	-	-	-	-	-	-	-
12. Formed reserves	-	-	-	-	-	-	-	-	-	-
13. Used reserves	-	-	-	-	-	-	-	-	-	-
14. Increase(decrease) of share capital or shareholders' contributions (repayment of shares)	4,031,500	-	-	-	-	-	-	-	-	-
15. Other increase (decrease) of share capital	-	-	-	-	-	-	-	-	-	-
16. Contributions to cover losses	-	-	-	-	-	-	-	-	-	-
17. Balance at the end of the previous reporting (yearly) period	4,034,000	-	-	-	-	-	-	-	(931,487)	3,102,513

UAB "Kvartalas"

Company code: 3054754381, Jogailos st. 4, LT-01116 Vilnius

The Company's Financial Statements 31 December 2023

(all amounts presented in EUR, unless otherwise indicated)

Statement of Changes in Equity (cont'd)

	Share capital	Share premium	Own shares (-)	Revaluation reserve Non-current tangible assets	Financial assets	Statutory reserves Compulsory reserve or emergency (reserve) capital	For acquisition of own shares	Other reserves	Retained earnings (loss)	Total
18. Increase(decrease) in the value of non-current tangible assets	-	-	-	-	-	-	-	-	-	-
19. Increase(decrease) in the value of effective hedging instruments	-	-	-	-	-	-	-	-	-	-
20. Acquisition(sale) of own shares	-	-	-	-	-	-	-	-	-	-
21. Profit (loss) not recognized in the income statement	-	-	-	-	-	-	-	-	-	-
22. Net profit (loss) of the reporting period	-	-	-	-	-	-	-	-	(457,879)	(457,879)
23. Dividends	-	-	-	-	-	-	-	-	-	-
24. Other payments	-	-	-	-	-	-	-	-	-	-
25. Formed reserves	-	-	-	-	-	-	-	-	-	-
26. Used reserves	-	-	-	-	-	-	-	-	-	-
27. Increase(decrease) of share capital or shareholders' contributions (repayment of shares)	-	-	-	-	-	-	-	-	-	-
28. Other increase(decrease) of share capital	-	-	-	-	-	-	-	-	-	-
29. Contributions to cover losses	-	-	-	-	-	-	-	-	-	-
30. Balance at the end of the reporting period	4,034,000	-	-	-	-	-	-	-	(1,389,366)	2,644,634

The accompanying explanatory notes are an integral part of these financial statements.

These financial statements were signed electronically by:

Director

Company's representative in charge of accounting

*Marius Žemaitaitis**Marina Lysova*

Cash Flow Statement

	Notes	2023	2022
1. Cash flows from operating activities			
1.1. Net profit (loss)		(457,879)	(560,227)
1.2. Depreciation and amortization expenses		-	-
1.3. Elimination of results of disposals of non-current tangible and intangible assets		-	-
1.4. Elimination of results of financing and investing activities		463,035	530,475
1.5. Elimination of results of other non-cash transactions		-	-
1.6. Decrease (increase) in intercompany amounts receivable and receivables from associates		-	-
1.7. Decrease (increase) in other amounts receivable after one year		-	-
1.8. Decrease (increase) in deferred tax asset		-	-
1.9. Decrease (increase) in inventories, except prepayments		-	-
1.10. Decrease (increase) in prepayments		(611)	(598)
1.11. Decrease (increase) in trade receivables		(15,768)	(3,905)
1.12. Decrease (increase) in intercompany amounts owed and amounts owed by associates		-	-
1.13. Decrease (increase) in other receivables		26,584	4,645
1.14. Decrease (increase) in short-term investments		-	-
1.15. Decrease (increase) in prepaid expenses and accrued income		(10,360)	(21)
1.16. Increase (decrease) in provisions		-	-
1.17. Increase (decrease) in long-term trade payables and prepayments		594,133	-
1.18. Increase (decrease) in long-term amounts payable under the bills and checks		-	-
1.19. Increase (decrease) in long-term intercompany payables and payables to associates		-	-
1.20. Increase (decrease) in trade with short-term trade payables and advances received		8,223	3,053
1.21. Increase (decrease) in amounts payable under the bills and checks		-	-
1.22. Increase (decrease) in short-term intercompany payables and payables to associates		-	-
1.23. Increase (decrease) in corporate income tax liabilities		-	-
1.24. Increase (decrease) in employment-related liabilities		12,856	4,474
1.25. Increase (decrease) in other amounts payable and liabilities		(64)	427
1.26. Increase (decrease) in accruals and deferred income		400	920
Net cash flows from operating activities		620,549	(20,757)
2. Net cash flows from investing activities			
2.1. Acquisition of non-current assets (excluding investments)		(1,838,844)	(1,600,022)
2.2. Disposal of non-current assets (excluding investments)		-	-
2.3. Acquisition of long-term investments		-	-
2.4. Disposal of long-term investments		-	-
2.5. Loans granted		-	-
2.6. Loans recovered		-	-
2.7. Dividends and interest received		-	-
2.8. Other increases in cash flows from investing activities		4,592	-
2.9. Other decreases in cash flows from investing activities		-	-
Net cash flows from investing activities		(1,834,252)	(1,600,022)

Cash Flow Statement (cont'd)

	Notes	2023	2022
3. Cash flows from financing activities			
3.1. Cash flows related to entity's owners		-	-
3.1.1. Issue of shares		-	-
3.1.2. Owner's contributions to cover losses		-	-
3.1.3. Purchase of own shares		-	-
3.1.4. Dividends paid		-	-
3.2. Cash flows related to other financing sources		2,500,000	1,550,000
3.2.1. Increase in financial debts		2,500,000	1,550,000
3.2.1.1. Loans received		-	-
3.2.1.2. Issue of bonds		2,500,000	1,550,000
3.2.2. Decrease in financial debts		-	-
3.2.2.1. Loans repaid		-	-
3.2.2.2. Redemption of bonds		-	-
3.2.2.3. Interest paid		-	-
3.2.2.4. Finance lease payments		-	-
3.2.3. Increase in entity's other liabilities		-	-
3.2.4. Decrease in entity's other liabilities		-	-
3.2.5. Other increases in cash flows from financing activities		-	-
3.2.6. Other decreases in cash flows from financing activities		-	-
Net cash flows from financing activities		2,500,000	1,550,000
4. Effect of exchange rate changes on the balance of cash and cash equivalents		-	-
5. Net increase (decrease) in cash flows		1,286,297	(70,779)
6. Cash and cash equivalents at the beginning of the period		159,423	230,202
7. Cash and cash equivalents at the end of the period	3.3.	1,445,720	159,423

The accompanying explanatory notes are an integral part of these financial statements.

These financial statements were signed electronically by:

Director

Company's representative in charge of accounting

Marius Žemaitaitis

Marina Lysova

UAB “Kvartalas”**Company code: 3054754381, Jogailos st. 4, LT-01116 Vilnius****The Company's Financial Statements 31 December 2023**

(all amounts presented in EUR, unless otherwise indicated)

Notes to the financial statements**1. General information****1.1. Information about the Company**

UAB “Kvartalas”, company code: 305475438 (“the Company”) is a private limited liability company registered with the State Enterprise Centre of Registers on 24 February 2020. The Company has been registered as a value-added taxpayer since 14 April 2021. The Company's data is collected and stored in the Register of Legal Entities of the Republic of Lithuania.

As at 31 December 2023 and 31 December 2022, the shareholder of the Company is a closed-end investment fund for informed investors Right Bank Development Fund, managed by UAB Lords LB Asset Management (company code: 301849625, registered address at Jogailos st. 4, Vilnius).

	31 December 2023		31 December 2022	
	Number of shares held	Ownership share	Number of shares held	Ownership share
Right Bank Development Fund	4,034,000	100%	4,034,000	100%
Total:	4,034,000	100%	4,034,000	100%

As at 31 December 2023, the share capital of the Company amounted to EUR 4,034,000 (as at 31 December 2022 – EUR 4,034,000) and the number of shares was 4,034,000 (as at 31 December 2022 – 4,034,000). All shares are ordinary registered shares with a nominal value of EUR 1 and were fully paid up on 31 December 2023. The Company does not hold any own shares.

The Company has its registered office at Jogailos st. 4, Vilnius.

The main activity of the Company includes real estate development and construction.

On 31 December 2023 and 2022, the Company had no branches and representative offices.

On 31 December 2023, the Company's average number of employees was 3 (on 31 December 2022 – 2 employees).

1.2. Information on the reissuance of financial statements

The Company's audited financial statements for the year 2023 were approved in May 2024. In October 2024, a decision was made to voluntarily reissue the Company's financial statements for the year 2023, supplementing them with a cash flow statement. The Company's initial financial statements fully complied with all legal acts regulating financial accounting and preparation of financial statements in the Republic of Lithuania, as well as the Lithuanian Financial Reporting Standards (LFAS). This reissue aims to further improve the quality and completeness of the Company's financial statements. No other changes or adjustments have been made and all other information remains unchanged.

2. Accounting policy

The Company's financial statements are prepared in accordance with the legal acts regulating financial accounting and preparation of financial statements in the Republic of Lithuania, following the Lithuanian Financial Reporting Standards (LFAS).

The financial year of the Company coincides with the calendar year.

All figures in these financial statements are presented in the currency of the Republic of Lithuania – Euro (EUR).

The Company complies with the criteria of a micro-enterprise under the Law on Financial Reporting by Undertakings when preparing financial statements; however, it has opted to apply the same reporting requirements that apply to small enterprises. Additionally, the Company has chosen to prepare a Statement of Changes in Equity at its own discretion.

2.1. Investment property

Investment property is a real estate held for the purpose of generating income and/or capital gains.

The cost of an acquired investment property comprises the acquisition cost and any directly attributable costs. Directly

UAB “Kvartalas”**Company code: 3054754381, Jogailos st. 4, LT-01116 Vilnius****The Company's Financial Statements 31 December 2023**

(all amounts presented in EUR, unless otherwise indicated)

attributable costs may include legal fees, property transfer fees and other transaction costs. This accounting principle applies throughout the construction and development phases of all investment property. The Company classifies the investment property under development as investment property in the balance sheet and accounts it at cost less any impairment losses.

Upon completion of the investment property, the Company uses the fair value method to account for investment property. The fair value of investment property is determined based on valuation reports of an independent valuer. The valuation by the independent valuer is carried out at least once a year, with more frequent valuations if significant changes occur that could affect the property's value. The fair value of the investment property is adjusted every time the financial statements are prepared, recognizing its change as a profit or loss in the income statement.

2.2. Financial assets and financial liabilities

Financial assets include cash and cash equivalents, as well as amounts receivable.

Financial assets are recorded when the Company receives or obtains the contractual right to receive cash or other financial assets. Receivables are measured at cost less any impairment losses. Cash and cash equivalents are stated at cost.

If it is probable that the Company will not be able to recover the receivables, an impairment loss is recognized, which is calculated as the difference between the carrying amount of the asset and the present value of future cash flows discounted at the effective interest rate.

Financial liabilities include amounts payable for goods and services received, liabilities under issued bond agreements and loans received.

Financial liabilities are recorded when the Company undertakes a commitment to pay cash or settle with any other financial assets. Payables for goods and services are measured at cost.

The Company has issued non-convertible bonds which are classified as financial liabilities redeemable in one lump sum or in instalments according to a fixed redemption schedule. Bonds issued and loans received are initially recognised at cost equal to the amount of funds received. Transaction costs are recognized as financing expenses. Subsequently, financial liabilities are measured at amortized cost using the effective interest rate method.

2.3. Effective interest rate method

The effective interest rate method is used to calculate the amortized cost of financial assets and liabilities and to allocate interest income and interest expenses over the relevant period. The effective interest rate is an interest rate that discounts estimated future cash flows (including any fees paid or received that are an integral part of the effective interest rate, transaction costs and any other premiums or discounts) to the net carrying amount of the initial recognition within the intended period of financial assets and liabilities or, if applicable, over a certain shorter period.

2.4. Foreign currencies

All foreign currency items in the balance sheet are measured in euros using the exchange rate prevailing at the balance sheet date. Assets purchased in foreign currency and accounted for at acquisition cost are valued in euros at the exchange rate in effect at the time of acquisition. Assets whose fair value is determined in a foreign currency are valued in euros on the balance sheet at the exchange rate prevailing on the date the fair value is determined. Foreign currency transactions are valued in euros at the exchange rate applicable on the date of the transaction. Any exchange rate differences arising from the settlement of foreign currency items at different exchange rates are recognized as income or expenses for the reporting period.

2.5. Sales revenue

Sales revenue is recognized on an accrual basis. The amount of revenue is measured at fair value, taking into account the discounts granted and expected, returns and rebates on goods sold.

Where a service transaction is completed in the same period it was initiated, revenue is recognized in the same period and is stated at the contractual amount. Where a service transaction involves the provision of services for more than one reporting period, revenue is allocated pro rata to the periods during which the services are provided.

The Company’s typical operating revenue is recognized in the period during which it was earned.

2.6. Cost of sales and operating expenses

Expenses are recognized on an accrual and comparison basis in the reporting period in which the related revenue is earned. Expenses incurred during the reporting period, which cannot be directly linked to the earning of specific revenue, and which will not generate revenue in future reporting periods, are recognized as expenses in the period in which they are incurred. Expenses are measured at fair value.

2.7. Borrowing costs

Interest on loans and under issued bond agreements is recognized in the income statement on an accrual basis.

2.8. Income tax

Income tax calculations are based on the annual profit after considering the deferred income tax. Income tax is calculated in accordance with the requirements of the Lithuanian tax laws.

In 2023, the corporate income tax rate applicable in the Republic of Lithuania was 15% (compared to 15% in 2022).

Tax losses may be carried forward for an unlimited period of time, except for losses arising from the transfer of securities and/or derivative financial instruments. Such a carry-forward of losses is terminated if the Company changes the activities that generated the losses, except for cases where the Company ceases its operations for reasons beyond its control. Losses from the transfer of securities and/or derivative financial instruments may be carried forward for a period of 5 years and offset only against profits from similar transactions. Since 1 January 2014, no more than 70% of the taxable profit of the current tax year may be offset by carried-forward tax losses.

Deferred taxes are calculated using the balance sheet liability method. Deferred tax reflects the net tax effect of temporary differences between the carrying amount of assets and liabilities and their tax bases. Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, taking into account the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax assets are recognized in the balance sheet to the extent that management expects it to be realized in the near future on the basis of taxable profit forecasts. If it is probable that part of the deferred tax will not be realized that part of the deferred tax is not recognized in the financial statements.

2.9. Impairment

Impairment of the Company’s assets is measured when events or circumstances indicate that the value of the asset may not be recoverable. When the carrying amount exceeds the asset’s recoverable amount, impairment is recognized in the income statement. Reversals of impairment recognized in prior periods are accounted for when there is an indication that an impairment loss recognized for an asset no longer exists or has decreased significantly. Reversals are recorded in the income statement under the same item in which the impairment loss was recognized.

2.10. Recoverable amount

Recoverable amount is calculated as the higher of the following two values: fair value less costs of disposal and the asset’s value in use. The value in use of an asset is calculated by discounting future cash flows to their present value using a pre-tax discount rate that reflects current market assumptions regarding the time value of money and the risks associated with the asset.

2.11. Offsetting

Offsetting of receivables and payables with the same third party is effected when there is a sufficient legal basis for doing so.

2.12. Subsequent events

Subsequent events that are non-adjusting are disclosed in the notes when material.

2.13. Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed in the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

2.14. Use of estimated in the preparation of financial statements

The preparation of financial statements in accordance with the Lithuanian Financial Reporting Standards requires management to make certain assumptions and estimates that affect the reported amounts of assets, liabilities, income and expenses, as well as the disclosure of contingencies. A significant area of use of estimates in these financial statements involves the valuation assumptions of investment property. Future events may change the assumptions used in the estimates. The effect of such changes in estimates will be accounted for in the financial statements when determined.

2.15. Financial risk management

The Company is exposed to a variety of financial risks in the course of its operations. Risk management is carried out by the management.

The main financial risk management procedures applied in the Company’s operations are as follows:

Credit risk

The Company is not subject to significant credit risk concentration. Credit risk, or the risk of counterparty defaulting, is controlled through the application of credit terms and monitoring procedures. The Company manages its own credit risk, and if necessary, credit risk management enterprises are involved in the process.

Exchange rate risk

The Company does not face a significant concentration of exchange rate risk, as the majority of transactions are settled in euros.

Liquidity risk

The Company is a special-purpose development entity that does not generate income independently in the short term. The Company’s activities are financed by the shareholder’s contributions, depending on the progress of the project and the need for working capital.

The Company’s policy is to maintain a sufficient amount of cash and cash equivalents or to secure funding from the parent fund and credit institutions to meet its obligations outlined in its strategic plans.

Interest rate risk

The Company’s income and cash flows from operations are largely independent of changes in market interest rates. The Company does not have any significant interest-bearing assets.

The most significant Company’s balance sheet items that are sensitive to changes in the interest rates are issued bonds. Liabilities have fixed interest rates; however, the fixed interest rate is determined based on related party transfer pricing in accordance with the arm’s length principle to the greatest extent possible. The Company does not use any financial instruments to manage the risk of interest rate fluctuations.

Related parties

Parties are considered related when one party has the ability to control or influence the other party in making financial and operational decisions.

3. Notes

3.1. Investment property

	Land	Construction in progress	Total
Carrying amount at the end of the previous financial year	12,284,734	1,499,847	13,784,581
a) Acquisition cost			
At the end of the previous financial year	-	-	-
Changes during the financial year:			
- acquisition of assets	-	2,092,474	2,092,474
- disposals and write-offs (-)	-	-	-
- transfers between items +/(-)	-	-	-
At the end of the financial year	12,284,734	3,592,321	15,877,055
b) Revaluation			
At the end of previous financial year	-	-	-
Changes during the financial year:			
- increase (decrease) in value +/(-)	-	-	-
- disposals to other persons and write-offs (-)	-	-	-
- transfers between items +/(-)	-	-	-
At the end of the financial year	-	-	-
c) Depreciation			
At the end of previous financial year	-	-	-
Changes during the financial year:			
- depreciation for the financial year	-	-	-
- reversing entries (-)	-	-	-
- disposals to other persons and write-offs (-)	-	-	-
- transfers between items +/(-)	-	-	-
At the end of the financial year	-	-	-
d) Impairment			
At the end of the previous financial year	-	-	-
Changes during the financial year:			
- impairment for the financial year	-	-	-
- reversing entries (-)	-	-	-
- disposals to other persons and write-offs (-)	-	-	-
- transfers between items +/(-) +/(-)	-	-	-
At the end of the financial year	-	-	-
e) Carrying amount at the end of the financial year (a)+(b)-(c)-(d)	12,284,734	3,592,321	15,877,055

The Company owns a 64.3-acre plot of commercial land at Konstitucijos pr. 14A, Vilnius, acquired under a Sale and Purchase Agreement concluded on 28 April 2021. The planned development on the site includes an office building with over 19,000 square meters of above-ground area, for which the architectural concept was selected in an international architectural competition in March 2022. A construction permit was obtained in October 2023.

The recoverable value of investment property as of the end of 2023 has been determined based on a property valuation performed by the independent property valuer UAB "Newsec Valuations" as at 30 September 2023. The market value of the investment property was calculated using the discounted cash flow method, applying a discount rate of 16% and a capitalization rate of 5.5%. Cash flows are forecasted for a period of 3 years, with the assumption that an average long-term vacancy rate will be 2–5% and an average income growth will range from 2.3% to 2.9%. According to the report of the independent property valuer, the value of the investment property, calculated using the discounted cash flow method, amounted to EUR 16,490,000.

Sensitivity analysis of the value of investment property

The recoverable value of the investment property was determined using a capitalization rate of 5.5%. An increase in the capitalization rate by 0.5 percentage points, would decrease the recoverable amount by EUR 4,640,000, and the decrease in the capitalization rate by 0.5 percentage points, would increase the recoverable amount of the investment property by EUR 5,570,000. Other assumptions remain unchanged as the capitalization rate changes.

UAB "Kvartalas"

Company code: 3054754381, Jogailos st. 4, LT-01116 Vilnius

The Company's Financial Statements 31 December 2023

(all amounts presented in EUR, unless otherwise indicated)

3.2. Amounts receivable within one year

	31 December 2023	31 December 2022
Trade receivables	26,630	10,862
VAT receivable	5,036	167,261
Other amounts receivable	-	100
Total:	31,666	178,223

3.3. Cash and cash equivalents

	31 December 2023	31 December 2022
Cash in bank accounts	1,445,720	159,423
Total:	1,445,720	159,423

3.4. Structure of the authorized capital

As at 31 December 2023, the Company's share capital is EUR 4,034,000 (as at 31 December 2022 – EUR 4,034,000), with a total number of 4,034,000 shares (as at 31 December 2022 – 4,034,000 shares). All shares are ordinary registered shares with a nominal value of EUR 1 each and are fully paid up as at 31 December 2023. The Company does not hold any of its own shares.

3.5. Draft profit distribution

At the time of approval of these financial statements, the management has not prepared a project of profit (loss) distribution.

3.6. Amounts payable and other liabilities

	Within one year	After one year, but not later than five years	After five years
Financial debts:			
1. Debt obligations	-	-	-
2. Intercompany amount payable (note 3.12.)	-	13,938,913	-
3. Advances received	-	594,133	-
Other debts:			
1. Trade payable	164,217	-	-
2. Employment related liabilities	17,645	-	-
3. Other payables and current liabilities	363	-	-
Total:	182,225	14,533,046	-

3.7. Accrued expenses and deferred revenue

	31 December 2023	31 December 2022
Accrued audit expenses	4,800	4,400
Accrued accounting expenses	1,000	1,000
Accrued securities account management expenses	450	450
Total:	6,250	5,850

3.8. Company's rights and commitments not disclosed in the balance sheet**Taxes**

The Tax Authorities have not carried out a full-scope tax investigation at the Company. The Tax Authorities may, at any time,

UAB "Kvartalas"**Company code: 3054754381, Jogailos st. 4, LT-01116 Vilnius****The Company's Financial Statements 31 December 2023**

(all amounts presented in EUR, unless otherwise indicated)

inspect the Company's accounting, transactions, and other documents, accounting records, and tax returns for the current and the previous 3 calendar years, or in certain cases for the current and the previous 5 or 10 calendar years and may apply additional taxes and penalties. The Company's management is not aware of any circumstances that could result in a potential significant liability due to unpaid taxes.

Legal proceedings

There are no legal disputes at the time of preparation the financial statements.

3.9. Sales revenue

	2023	2022
Rental income	135,335	90,867
Total:	135,335	90,867

In May 2021, the Company has entered into the lease agreement for the land plot at Konstitucijos pr. 14A, Vilnius, and it is renting it in 2023 and 2022.

3.10. General and administrative expenses

	2023	2022
Remuneration and other related expenses	81,183	39,590
Audit and financial accounting expenses	10,900	7,240
Legal expenses	10,055	53,664
Car rental and operating expenses	6,647	5,559
Operating taxes	4,084	2,408
Consulting services expenses	3,400	-
Business trip expenses	2,584	764
Expenses of acquiring low-value inventory	2,544	619
Securities management fees	1,800	1,800
Insurance expenses	1,689	679
Other expenses	5,293	8,296
Total:	130,179	120,619

3.11. Income tax and deferred income tax

A 15% income tax rate was applied for calculating the deferred income tax.

As at 31 December 2023, the Company had unrecognized deferred income tax assets of EUR 207,851 (in 2022 – EUR 139,278) from accumulated tax losses. Deferred income tax asset has not been recognized due to uncertainties in earning sufficient taxable profits in the future. Accumulated tax losses may be carried forward indefinitely.

3.12. Financial relations with Company's management and other related parties

The average number of executives in 2023 was 1. Company's management is considered to be a director, with whom there were no transactions other than remuneration in 2023 and 2022.

Transactions with other related parties

The transactions with other related parties and their balance as at the end of the year were as follows:

	Revenue from mutual transactions	Expenses of mutual transactions	Amounts receivable	Amounts payable
Year 2023	-	467,627	-	13,938,913
Related Party 1	-	467,627	-	13,938,913
Year 2022	-	530,475	-	10,971,286
Related Party 1	-	530,475	-	10,971,286

UAB "Kvartalas"**Company code: 3054754381, Jogailos st. 4, LT-01116 Vilnius****The Company's Financial Statements 31 December 2023**

(all amounts presented in EUR, unless otherwise indicated)

As at 31 December 2023, the outstanding balance of the bonds was EUR 13,006,002 (as at 31 December 2022 – EUR 10,506,002) and accrued payable interest amounted to EUR 932,911 (as at 31 December 2022 – EUR 465,284). The interest rate on the bond issue is fixed and the redemption date is 6 October 2026.

3.13. Subsequent events

In March 2024, the Company issued a bank performance guarantee to AB Vilniaus šilumos tinklai, necessary to start and carry out the reconstruction of the heat supply networks owned by the Company. The guarantee amount is EUR 231,737 and it is provided for a period of 5 years.

During April–October 2024, the Related Party 1 purchased 5,900,000 non-convertible Company's bonds with a nominal value of EUR 1 each.

In 2024, the Company signed a general contractor agreement and commenced construction work. Currently, the Company is also seeking to attract external financing and is considering a public bond issue as one of its sources.

There were no other subsequent events.

3.14. Going concern

The Company's management, in preparing the financial statements, has considered all known facts that may affect the Company's ability to continue as a going concern, both those already recorded in the accounting and those expected in the future. As at 31 December 2023, the Company's current assets exceeded its current liabilities by EUR 1,300,625 (as at 31 December 2022, the Company's current assets exceeded its current liabilities by EUR 289,218). As at 31 December 2023 and 2022, the Company's equity was greater than 1/2 of the share capital specified in the Articles of Association. The Company is a special-purpose development entity that does not independently generate income in the short term. The Company's operations are financed by the Shareholder's contributions, taking into account the progress of the project and the need for working capital. The Company's Shareholder Right Bank Development Fund has long-term plans for the Company and has confirmed its intentions to maintain its solvency; therefore, the financial statements have been prepared on the assumption that the Company will be able to continue as a going concern in the foreseeable future.

These financial statements were signed electronically by:

Director

Company's representative in charge of accounting

*Marius Žemaitaitis**Marina Lysova**Translated by the translation bureau UAB "Vertimai"**Vasario 16-osios g. 2-81, Vilnius, Lithuania**Translator Aušra Valantinienė, date of birth 27/06/1976, ID card No 16697379**Translator is liable for deliberate mistranslation.*