

 Qualified Electronic Signature

MARINA LYSOVA

2024-10-15 11:17:13 GMT+3

Purpose: Signature

 Qualified Electronic Signature

MARIUS ŽEMAITAITIS

2024-10-15 11:33:29 GMT+3

Purpose: Signature

UAB "Kvartalas"

INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024,
PREPARED IN ACCORDANCE WITH LITHUANIAN FINACIAL REPORTING STANDARDS

Contents

Balance sheet	3
Income statement	5
Statement of Changes in Equity.....	6
Cash Flow Statement.....	8
Notes to the financial statements	10
1. General information	10
2. Accounting policy	10
3. Notes	14
3.1. Investment property	14
3.2. Other non-current assets.....	15
3.3. Prepayments	15
3.4. Amounts receivable within one year.....	15
3.5. Cash and cash equivalents	15
3.6. Structure of the authorized capital.....	15
3.7. Draft profit distribution	15
3.8. Amounts payable and other liabilities	16
3.9. Accrued expenses and deferred revenue	16
3.10. Company's off-balance sheet rights and commitments.....	16
3.11. Sales revenue	16
3.12. General and administrative expenses	17
3.13. Interest and other similar income	17
3.14. Income tax and deferred income tax	17
3.15. Financial relations with the Company's management and other related parties.....	17
3.16. Subsequent events	18
3.17. Going concern.....	18

UAB "Kvartalas"
Company code: 3054754381, Jogailos st. 4, LT - 01116 Vilnius
The Company's Interim Financial Statements 30 June 2024

(all amounts presented in EUR unless otherwise indicated)

Balance sheet

	Notes	30 June 2024	31 December 2023
ASSETS			
A. NON-CURRENT ASSETS		20 622 305	15 877 055
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. Prepayments for intangible assets		-	-
2. TANGIBLE ASSETS	3.1.	20 390 568	15 877 055
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		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		8 105 834	3 592 321
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 associates		-	-
3.7. Long-term investments		-	-
3.8. Amounts receivable after one year		-	-
3.9. Other financial assets		-	-
4. OTHER NON-CURRENT ASSETS	3.2.	231 737	-
4.1. Deferred tax asset		-	-
4.2. Biological assets		-	-
4.3. Other assets		231 737	-
B. CURRENT ASSETS		238 656	1 478 719
1. INVENTORIES		17 103	1 333
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	3.3.	17 103	1 333
2. AMOUNTS RECEIVABLE WITHIN ONE YEAR	3.4.	70 067	31 666
2.1. Trade receivables		-	26 630
2.2. Intercompany amounts receivable		-	-
2.3. Amounts receivable from associates		-	-
2.4. Other amounts receivable		70 067	5 036
3. SHORT-TERM INVESTMENTS		-	-
3.1. Shares in group companies		-	-
3.2. Other investments		-	-
4. CASH AND CASH EQUIVALENTS	3.5.	151 486	1 445 720
C. PREPAID EXPENSES AND ACCRUED REVENUE		7 283	10 381
TOTAL ASSETS		20 868 244	17 366 155

Balance sheet (cont'd)

	Notes	30 June 2024	31 December 2023
EQUITY AND LIABILITIES			
D. EQUITY		2 269 852	2 644 634
1. CAPITAL	3.6.	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)	3.7.	(1 764 148)	(1 389 366)
5.1. Profit (loss) of the reporting year		(374 782)	(457 879)
5.2. Profit (loss) of the previous year		(1 389 366)	(931 487)
E. GRANTS, SUBSIDIES		-	-
F. PROVISIONS		-	-
1. Pensions and similar provisions		-	-
2. Deferred tax liability		-	-
3. Other provisions		-	-
G. AMOUNTS PAYABLE AND OTHER LIABILITIES	3.8.	18 593 742	14 715 271
1. NON-CURRENT AMOUNTS PAYABLE AND LIABILITIES		17 406 296	14 533 046
1.1. Financial debts		-	-
1.2. Amounts owed to credit institutions		-	-
1.3. Advances received		594 133	594 133
1.4. Trade payables		202 729	-
1.5. Payables under bills and checks		-	-
1.6. Intercompany amounts payable	3.15.	16 609 434	13 938 913
1.7. Amounts payable to associates		-	-
1.8. Other amounts payable and non-current liabilities		-	-
2. CURRENT AMOUNTS PAYABLE AND LIABILITIES		1 187 446	182 225
2.1. Financial debts		-	-
2.2. Amounts owed to credit institutions		-	-
2.3. Advances received		-	-
2.4. Trade payables		1 171 380	164 217
2.5. Payables under bills and checks		-	-
2.6. Intercompany amounts payable		-	-
2.7. Amounts payable to associates		-	-
2.8. Corporate income tax liabilities		-	-
2.9. Employment related liabilities		13 719	17 645
2.10. Other amounts payable and current liabilities		2 347	363
H. ACCRUED EXPENSES AND DEFERRED REVENUE	3.9.	4 650	6 250
TOTAL EQUITY AND LIABILITIES		20 868 244	17 366 155

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

These financial statements were signed electronically by:

Director

Marius Žemaitaitis

Representative of the accounting company

Marina Lysova

UAB "Kvartalas"**Company code: 3054754381, Jogailos st. 4, LT - 01116 Vilnius****The Company's Interim Financial Statements 30 June 2024**

(all amounts presented in EUR unless otherwise indicated)

Income statement

	Notes	2024.01.01- 2024.06.30	2023.01.01- 2023.06.30
1. Sales revenue	3.11.	947	62 873
2. Cost of sales		-	-
3. Change in fair value of biological assets		-	-
4. GROSS PROFIT (LOSS)		947	62 873
5. Selling expenses		-	-
6. General and administrative expenses	3.12.	(110 686)	(57 327)
7. Other operating results		150	-
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	3.13.	5 328	-
11. Impairment of financial assets and current investments		-	-
12. Interest and other similar expenses	3.15.	(270 521)	(215 960)
13. PROFIT (LOSS) BEFORE TAX		(374 782)	(210 414)
14. Income tax	3.14.	-	-
15. NET PROFIT (LOSS)		(374 782)	(210 414)

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

These financial statements were signed electronically by:

Director

Marius Žemaitaitis

Representative of the accounting company

Marina Lysova

UAB "Kvartalas"
Company code: 3054754381, Jogailos st. 4, LT - 01116 Vilnius
The Company's Interim Financial Statements 30 June 2024

(all amounts presented in EUR unless otherwise indicated)

Statement of Changes in Equity

	Share capital	Share premium	Own shares (-)	Revaluation reserve	Financial assets	Statutory reserves	Legal reserve	Reserve for acquiring own shares	Other reserves	Retained earnings (loss)	Total
				Non-current tangible assets							
1. Balance at the end of the reporting (annual) period before previous	4 034 000	-	-	-	-	-	-	-	-	(931 487)	3 102 513
2. Result of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
3. Result of correcting material misstatements	-	-	-	-	-	-	-	-	-	-	-
4. Recalculated balance at the end of the reporting (annual) period before previous	4 034 000	-	-	-	-	-	-	-	-	(931 487)	3 102 513
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	-	-	-	-	-	-	-	-	-	(457 879)	(457 879)
10. Dividends	-	-	-	-	-	-	-	-	-	-	-
11. Other payments	-	-	-	-	-	-	-	-	-	-	-
12. Formed reserves	-	-	-	-	-	-	-	-	-	-	-
13. Used reserves	-	-	-	-	-	-	-	-	-	-	-
14. Increase (decrease) of share capital or shareholders' contributions (repayment of shares)	-	-	-	-	-	-	-	-	-	-	-
15. Other increase (decrease) of share capital	-	-	-	-	-	-	-	-	-	-	-
16. Contributions to cover losses	-	-	-	-	-	-	-	-	-	-	-
17. Balance at the end of the previous reporting (annual) period	4 034 000	-	-	-	-	-	-	-	-	(1 389 366)	2 644 634

UAB "Kvartalas"

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

The Company's Interim Financial Statements 30 June 2024

(all amounts presented in EUR unless otherwise indicated)

Statement of Changes in Equity (cont'd)

	Share capital		Share premium	Own shares (-)	Revaluation reserve		Statutory reserves			Retained earnings (loss)	Total
					Non-current tangible assets	Financial assets	Legal reserve	Reserve for acquiring own shares	Other reserves		
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	-	-	-	-	-	-	-	-	-	(374 782)	(374 782)
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	-	-	-	-	-	-	-	-	(1 764 148)	2 269 852

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

These financial statements were signed electronically by:

Director

Representative of the accounting company

Marius Žemaitaitis

Marina Lysova

Cash Flow Statement

	Notes	2024.01.01- 2024.06.30	2023.01.01- 2023.06.30
1. Cash flows from operating activities			
1.1. Net profit (loss)		(374 782)	(210 414)
1.2. Depreciation and amortisation expenses		-	-
1.3. Elimination of results of disposals of fixed tangible and intangible assets		-	-
1.4. Elimination of results of financing and investing activities		265 193	215 960
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		(15 770)	(310)
1.11. Decrease (increase) in trade receivables		26 630	(2 791)
1.12. Decrease (increase) in intercompany amounts owed and amounts owed by associates		-	-
1.13. Decrease (increase) in other receivables		(14 617)	10 548
1.14. Decrease (increase) in short-term investments		-	-
1.15. Decrease (increase) in prepaid expenses and accrued income		3 098	(563)
1.16. Increase (decrease) in provisions		-	-
1.17. Increase (decrease) in long-term trade payables and prepayments		338	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		21 089	(1 607)
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		(3 926)	2 113
1.25. Increase (decrease) in other amounts payable and liabilities		1 984	1 922
1.26. Increase (decrease) in accruals and deferred income		(1 600)	(360)
Net cash flows from operating activities		(92 363)	608 631
2. Cash flows from investing activities			
2.1. Acquisition of fixed assets (excluding investments)		(3 375 462)	(466 620)
2.2. Disposal of fixed 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	3.13.	5 328	-
2.9. Other decreases in cash flows from investing activities	3.2.	(231 737)	-
Net cash flows from investing activities		(3 601 871)	(466 620)

Statement of Cash Flows (cont'd)

	Notes	2024.01.01- 2024.06.30	2023.01.01- 2023.06.30
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		2 400 000	650 000
3.2.1. Increase in financial debts		2 400 000	650 000
3.2.1.1. Loans received		-	-
3.2.1.2. Issue of bonds		2 400 000	650 000
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 leases 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		2 400 000	650 000
4. Adjustments due to changes in exchange rates on the balance of cash and cash equivalents		-	-
5. Increase (decrease) of net's cash flows		(1 294 234)	792 011
6. Cash and cash equivalents at the beginning of the period		1 445 720	159 423
7. Cash and cash equivalents at the end of the period		151 486	951 434

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

These financial statements were signed electronically by:

Director

Marius Žemaitaitis

Representative of the accounting company

Marina Lysova

Notes to the financial statements

1. General information

UAB „Kvartalas”, company code 305475438 (hereinafter – 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 30 June 2024 and 31 December 2023 the shareholder of the Company is a close-end investment fund for informed investors Right Bank Development Fund, managed by UAB Lords LB Asset Management (company code 301849625, registered address Jogailos st. 4, Vilnius).

	30 June 2024		31 December 2023	
	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 30 June 2024 the authorised share capital of the Company amounted to EUR 4 034 000 (as at 31 December 2023 – EUR 4 034 000) and the number of shares was 4 034 000 (as at 31 December 2023 – 4 034 000). All shares are ordinary registered shares with a nominal value of EUR 1 and were fully paid up on 30 June 2024. The Company does not hold any own shares.

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

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

On 30 June 2024 and 31 December 2023, the Company had no branches and representative offices.

On 30 June 2024, the Company's average number of employees was 3 (on 31 December 2023 – 3 employees).

2. Accounting policy

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

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 its 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 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 attributable costs may include legal fees, property transfer fees and other transaction costs. This accounting principle applies throughout the construction and development phases of investment property. The Company classifies the investment property under development as investment property in the balance sheet and accounts it at cost less 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 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 2024, the corporate income tax rate applicable in the Republic of Lithuania was 15% (compared to 15% in 2023).

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 estimates 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's policy is to maintain sufficient 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 and received loans. Liabilities have fixed interest rates; however, the 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 to be 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	3 592 321	15 877 055
a) Acquisition cost			
At the end of the previous financial year	-	-	-
Changes during the reporting period:			
- acquisition of assets	-	4 513 513	4 513 513
- disposals and write-offs (-)	-	-	-
- transfers between items +/-(-)	-	-	-
At the end of the reporting period	12 284 734	8 105 834	20 390 568
b) Revaluation			
At the end of previous financial year	-	-	-
Changes during the reporting period:			
- increase (decrease) in value +/-(-)	-	-	-
- disposals to other persons and write-offs (-)	-	-	-
- transfers between items +/-(-)	-	-	-
At the end of the reporting period	-	-	-
c) Depreciation			
At the end of previous financial year	-	-	-
Changes during the reporting period:			
- depreciation for the reporting period	-	-	-
- reversing entries (-)	-	-	-
- disposals to other persons and write-offs (-)	-	-	-
- transfers between items +/-(-)	-	-	-
At the end of the reporting period	-	-	-
d) Impairment			
At the end of the previous financial year	-	-	-
Changes during the reporting period:			
- impairment for the reporting period	-	-	-
- reversing entries (-)	-	-	-
- disposals to other persons and write-offs (-)	-	-	-
- transfers between items +/-(-) +/-(-)	-	-	-
At the end of the reporting period	-	-	-
e) Carrying amount at the end of the financial year (a)+(b)-(c)-(d)	12 284 734	8 105 834	20 390 568

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 development of an office building with over 19 000 square meters of above-ground area has begun, with the architectural concept selected during an international architectural competition in March 2022. The construction permit was obtained in October 2023 and construction works started in January 2024.

The recoverable value of investment property is assessed annually as the year-end approaches. As at 30 June 2024, the Company's assessment indicates that there are no impairment indications.

As at 31 December 2023 the recoverable value of investment property 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 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 vacancy rate will be from 2% to 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% would decrease the recoverable value by EUR 4 640 000 and the decrease in capitalization rate by 0,5%, would increase the recoverable value of the investment property by EUR 5 570 000. Other assumptions remain unchanged as the capitalization rate changes.

3.2. Other non-current assets

	30 June 2024	31 December 2023
Bank performance guarantee	231 737	-
Total:	231 737	-

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 networks owned by the Company. The guarantee amount is EUR 231 737, and it is issued for a period of 5 years.

3.3. Prepayments

	30 June 2024	31 December 2023
Deposit paid	15 000	-
Prepayments to suppliers	2 103	1 333
Total:	17 103	1 333

In January 2024, the Company entered into lease agreement for non-residential premises, under which it paid a deposit of EUR 15 000 to the landlord. The agreement is for a period of 19 months, with the possibility of an additional 3-month extension.

3.4. Amounts receivable within one year

	30 June 2024	31 December 2023
VAT receivable	63 685	5 036
Trade receivable	-	26 630
Other amounts receivable	6 382	-
Total:	70 067	31 666

3.5. Cash and cash equivalents

	30 June 2024	31 December 2023
Cash in bank accounts	151 486	1 445 720
Total:	151 486	1 445 720

3.6. Structure of the authorized capital

As at 30 June 2024, the Company's authorised share capital was EUR 4 034 000 (as at 31 December 2023 – EUR 4 034 000), and the number of shares was 4 034 000 (as at 31 December 2023 – 4 034 000). All shares are ordinary registered shares with a nominal value of EUR 1 and were fully paid up on 30 June 2024. The Company does not hold any own shares.

3.7. Draft profit distribution

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

3.8. 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 3.15.)	-	16 609 434	-
3. Advances received	-	594 133	-
Other debts:			
1. Trade payable	1 171 380	202 729	-
2. Employment related liabilities	13 719	-	-
3. Other payables and current liabilities	2 347	-	-
Total:	1 187 446	17 406 296	-

After one year, but no later than five years, trade payables are retained amounts payable to contractors, which will be paid after construction is completed. These long-term liabilities are not interest bearing.

3.9. Accrued expenses and deferred revenue

	30 June 2024	31 December 2023
Accrued audit expenses	3 700	4 800
Accrued financial accounting expenses	500	1 000
Accrued securities account management expenses	450	450
Total:	4 650	6 250

3.10. Company's off-balance sheet rights and commitments

Taxes

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

3.11. Sales revenue

	2024.01.01-2024.06.30	2023.01.01-2023.06.30
Rental income	947	62 873
Total:	947	62 873

In May 2021, the Company entered into a lease agreement for the land plot at Konstitucijos pr. 14A, Vilnius, and rented it until the beginning of January 2024, when the planned construction works began on the plot owned by the Company

3.12. General and administrative expenses

	2024.01.01- 2024.06.30	2023.01.01- 2023.06.30
Remuneration and other related expenses	50 217	34 705
Advertising and marketing services	20 719	-
Financial accounting and audit	6 765	4 950
Brokerage services	5 400	-
Legal services	5 361	6 864
Office expenses	5 140	-
Car rental and operating expenses	3 830	2 853
Insurance expenses	3 478	486
Business trips	2 908	689
Operating taxes	1 994	1 996
Costs of acquiring low-value inventory	-	2 544
Other expenses	4 874	2 240
Total:	110 686	57 327

3.13. Interest and other similar income

	2024.01.01- 2024.06.30	2023.01.01- 2023.06.30
Interest on bank account balance	5 328	-
Total:	5 328	-

3.14. Income tax and deferred income tax

A 15% corporate income tax rate was applied for the calculating of deferred income tax. As at 30 June 2024, the Company had unrecognized deferred income tax assets of EUR 262 867 (as at 31 December 2023 – EUR 207 851) 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.

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

The average number of executives in 2024 was 1. The Company's management is considered to be a director, with whom there were no transactions other than remuneration in 2024 and 2023.

Transactions with other related parties

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

	Revenue from intercompany transactions	Intercompany transaction expenses	Amounts receivable	Amounts payable
30 June 2024	-	270 521	-	16 609 434
Related party 1	-	270 521	-	16 609 434
2023 December 31	-	215 960¹	-	13 938 913
Related party 1	-	215 960 ¹	-	13 938 913

¹ 2023 intercompany transaction expenses are presented for the period from 1 January 2023 until 30 June 2023.

UAB "Kvartalas"

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

The Company's Interim Financial Statements 30 June 2024

(all amounts presented in EUR unless otherwise indicated)

As at 30 June 2024, the nominal amount of unredeemed bonds was EUR 15 406 002 (as at 31 December 2023 – EUR 13 006 002) and accrued interest payable amounted to EUR 1 203 432 (as at 31 December 2023 – EUR 932 911). The interest rate on the bond issue is fixed and the redemption date is 6 October 2026.

3.16. Subsequent events

During August and September 2024, Related Party 1 acquired 2 700 000 units of non-convertible Company bonds with nominal value of EUR 1 each.

There were no other subsequent events

3.17. 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 30 June 2024, the Company's current liabilities exceeded its current assets by EUR 946 157 (as at 31 December 2023, the Company's current assets exceeded its current liabilities by EUR 1 300 625). As at 30 June 2024 and 31 December 2023, 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, or it aims to secure external financing, 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

Representative of the accounting company

Marius Žemaitaitis

Marina Lysova