

JOINT STOCK COMPANY PN PROJECT

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025,
PREPARED IN ACCORDANCE WITH IFRS ACCOUNTING STANDARDS AS
ADOPTED BY THE EUROPEAN UNION

PN Project AS

Registration number: 40203063602, address: Republikas laukums 2A - 1, Riga, LV - 1010, Latvia

Consolidated Financial Statements for the year ended 31 December 2025

(all amounts presented in EUR unless otherwise indicated)

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General information

Name of the parent company	PN PROJECT
Legal status of the parent company	JOINT STOCK COMPANY
Unified registration number, place and date of registration	40203063602 Riga, 18 April 2017
Registered office	Republikas laukums 2A Riga, Latvia, LV - 1010
Shareholder	Lords LB Special Fund V, managed by UAB LORDS LB ASSET MANAGEMENT - 100% Reg. No. I052 Jogailos g. 4, Vilnius 01116 Lithuania
Members of the Board	Povilas Urbonavičius, Member of the Board Igoris Daņilovs, Member of the Board
Members of the Council	Mindaugas Marcinkevičius, Member of the Council Marius Žemaitis, Member of the Council Andrius Stonkus, Member of the Council
Subsidiary company	PN MANAGEMENT SIA (100%) 40203109325
Financial year	1 January 2025 - 31 December 2025
Name and address of the outsourced accounting services provider	Ernst & Young Baltic UAB Reg. no. 110878442 Aukštaičių g. 7, Vilnius Lithuania, LT - 11341
Name and address of the certified audit company and certified auditor in charge	PricewaterhouseCoopers SIA Commercial Company of Certified Auditors License No. 5 Marijas street 2A, Riga Latvia, LV - 1050 Certified auditor in charge: Jegors Podosiņņikovs Certificate No. 238

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(all amounts presented in EUR unless otherwise indicated)

Consolidated management report

The parent company of the Group PN Project AS (hereinafter – the Company) was registered on 18 April 2017. The primary activities of the Group are development and maintenance of real estate.

During the reporting year, the Group actively managed the development of the property located at Balasta dambis 2, Riga. In 2024, the Group's company, PN Project AS, terminated its agreement with the previous general contractor. Construction resumed in the first half of 2025 under a newly established general contractor, a related entity within the Lords LB Special Fund V group of companies. The Group successfully resolved all outstanding disputes and concluded litigation with former contractors, reaching full settlements on claims. These actions have significantly de-risked the project and stabilized the construction process. In parallel, the Group launched a public EUR 75 million bond programme in Latvia, issuing eight initial tranches with a nominal value of EUR 45 085 000. The programme has been well received by the market, reflecting investor confidence in the project and the Group's strategic direction.

Looking ahead, the Group remains committed to continuing construction as planned and will proceed with issuing additional tranches under the bond programme to support project financing.

FINANCIAL PERFORMANCE AND POSITION

Net sales of the Group during the reporting year amounted to EUR 74 372 (2024: EUR 84 979). Revenue mainly consisted of income related to rent of existing property for advertising purposes. The net result for the reporting year is a loss of EUR 2 439 339 (2024: EUR 21 730 179).

Finance costs mainly relate to interest expenses on loans from related parties and issued public bonds.

As at 31 December 2025, the Group's total assets amounted to EUR 79 857 905, primarily consisting of investment property under development.

Total equity as at 31 December 2025 amounted to EUR 13 582 969.

Total borrowings, including shareholder loans, related party loans and issued public bonds, amounted to EUR 63 392 812. The Group's capital structure reflects the development-phase nature of its operations.

FINANCIAL RISK MANAGEMENT

The Group is exposed to various financial risks, including credit risk, liquidity risk and interest rate risk.

Credit risk

Credit risk is a risk that customers do not meet their payment obligations to the Group. The Group is minimizing the risk by performing appropriate analysis of the customer creditworthiness prior to entering into the rent agreement and receiving a guarantee deposit if needed, as well as monitoring repayment of the debts.

Liquidity risk

The Group pursues a prudent liquidity risk management maintaining sufficient credit resources that allow settling liabilities when they fall due. To minimize the liquidity risk the term analysis of assets and liabilities is performed and, if necessary, resources from related companies are attracted. As at 31 December 2025 the Group's current liabilities (EUR 21 881 148) exceeded current assets (EUR 426 717) by EUR 21 454 431. The majority of current liabilities consisted of short-term loans received from related parties (see Note 3.9.) and trade payables to contractors for the project in development, as well as to related parties. In June - December 2025 the Group issued public bonds, which amounted to EUR 45 085 000 and which were used to repay the loan to the related party Preses Nams UAB in the amount of EUR 27 651 765 and to finance development of the project. Respectively, the Group's liquidity in 2026 will be ensured by additional credit resources by issuing additional public bonds in order to ensure the successful continued development of the project. For more information about the public bonds issue please refer to Note 3.10. of the consolidated financial statements. While significant liquidity risk exists, management believes that the Group will be able to secure the necessary additional financing through further issuances under the existing bond programme, other financing sources and support from the shareholder, thereby enabling the Group to meet its obligations as they fall due and continue the development of the project as planned.

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(all amounts presented in EUR unless otherwise indicated)

Consolidated management report (continued)**Interest rate risk**

All loans received by the Group, as well as issued bonds, are subject to fixed interest rates, ensuring predictable financing costs over the term of the loans and bonds. The management of the Group does not perform any specific measures for mitigating this risk.

Construction and market risk

In addition to financial risks, the Group is exposed to construction risk, including potential delays, cost overruns, and contractor performance risk. These risks are mitigated through active project management and contractual safeguards.

The Group is also exposed to real estate market risk, including demand for commercial rental space, rental price levels, and general macroeconomic conditions in Latvia.

GOING CONCERN

The Group does not earn income independently during the building development and construction period. The Group is developing a multifunctional real estate center on its controlled land plot in Balasta Dambis 2. The Group highlights that after the planned completion of the 1st stage development in 2026, the Group is expected to start independently generating rental income and positive net cash flows from operations supporting its going concern going forward.

The building development activities are financed by the funds received from the shareholder, its controlled entities and issued public bonds considering the course of the project and the need of working capital to finance the construction activities. The Group's shareholder Lords LB Special Fund V, managed by Lords LB Asset Management UAB, has long-term plans for the Group and intends to support its liquidity by raising additional external financing itself or via its other controlled SPVs.

Settlement of the outstanding liabilities and the further development and finalization of the 1st stage of the construction successfully and within the planned timeframe is highly dependent on the attraction of additional external financing by the Group and the Group's shareholder. While at the date of these financial statements sign-off, the Group, its shareholder and its other controlled SPVs do not have a written confirmed commitment from the potential investors, the Group's shareholder has prepared a forecast regarding the needs of additional cash inflows to settle the outstanding liabilities and proceed with the construction and development and a corresponding plan when additional funds would be attracted. Based on the recent experience in raising additional funds via issuing public bonds during June - December 2025, the management is optimistic in its ability to obtain additional financing as and when necessary to complete the 1st stage of the construction project.

The assessment of business continuity was based and is directly dependent on the assumption, that in 2026, the Group will continue to successfully issue public bonds in Latvia, which allow the Group to continue with the development of the 1st stage. For more information about the public bonds issue please refer to Note 3.10. of the consolidated financial statements.

Taking into account the information currently available and the actions taken by the management, the Group expects to continue operations as a going concern. As such, these financial statements have been prepared on the basis that the Group will continue as a going concern, and do not include any adjustments that might be necessary if the going concern assumption would not be applicable. However, there exists a material uncertainty related to successful attraction of external financing from public bond issuance and other financing sources that would enable the Group to continue the development of the 1st stage, this in turn may cast significant doubt on the Company's ability to continue as a going concern.

Management cannot rule out the possibility that the geopolitical situation or a negative impact on the business environment in which the Group operates could adversely affect the Group, its financial position and performance in the short and medium term, including the estimated fair value of its investment property and the Group's ability to complete the 1st stage development, which presents a material uncertainty in relation to the Group's ability to continue as a going concern. This conclusion is, however, based on the information available as at the date of these financial statements and future developments in the business environment may have a different impact on the future operations of the Group. The management continues to monitor the situation closely and take the necessary steps to mitigate, to the extent possible, the effects of new events and circumstances.

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(all amounts presented in EUR unless otherwise indicated)

Consolidated management report (continued)**EVENTS AFTER THE REPORTING PERIOD**

There have been no significant events after the reporting date that would require adjustment to or disclosure in these consolidated financial statements, except for those disclosed in Note 3.25 to the consolidated financial statements.

FUTURE OUTLOOK

In 2026, the Group intends to continue construction of the 1st development stage and finalize key structural works in accordance with the approved construction schedule. The Group plans to continue issuing additional tranches under the bond programme to ensure sufficient financing. Upon completion of the 1st stage, the Group expects to commence active leasing activities and gradually generate stable rental income.

MANAGEMENT RESPONSIBILITY STATEMENT

The management of PN Project AS is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the applicable laws and regulations. This responsibility includes designing, implementing, and maintaining internal controls relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The management board confirms that, based on the information available, the consolidated financial statements provide a true and clear view of the assets, liabilities, financial position, and profit or loss of the company and its consolidated group. Furthermore, the management report contains accurate and truthful information, reflecting the financial performance and position of the company.

The Company has prepared the Corporate Governance Statement in accordance with Article 56.2 of the Financial Instruments Market Law of the Republic of Latvia. The Corporate Governance Statement is published as a separate report and is available on the Company's website https://lordslb.lt/presesnams_bonds/ and through the Nasdaq Baltic information system.

This report is signed with a secure electronic signature and contains a time stamp

Chairman of the Board

Member of the Board

*Povilas Urbonavičius**Igors Danilovs*

PN Project AS

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Consolidated Financial Statements for the year ended 31 December 2025

(all amounts presented in EUR unless otherwise indicated)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	2025	2024 (Restated) *
Rental income		74 372	84 979
Income from cancellation of construction retention payable	3.14.	1 356 276	-
Investment property operating expenses	3.15.	(69 731)	(100 862)
Administrative expenses	3.16.	(2 221 867)	(3 383 841) *
Operating loss before fair value changes		(860 950)	(3 399 724)
Changes in fair value of investment property		2 796 672	(15 026 659) *
Operating profit / (loss)		1 935 722	(18 426 383)
Finance income	3.17.	15 939	-
Finance expenses	3.18.	(4 391 000)	(3 303 650) *
Loss before tax		(2 439 339)	(21 730 033)
Income tax	3.19.	-	(146)
Net loss		(2 439 339)	(21 730 179)
Total comprehensive loss		(2 439 339)	(21 730 179)

* Restatements are explained in Note 3.21.

The following notes on pages from 12 to 36 form an integral part of these financial statements.

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Member of the Board

*Povilas Urbonavičius**Igors Danilovs*

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Consolidated Financial Statements for the year ended 31 December 2025

(all amounts presented in EUR unless otherwise indicated)

Consolidated Statement of Financial Position

	Notes	31 December 2025	31 December 2024 (Restated) *
ASSETS			
Non-current assets			
Property, plant and equipment	3.1.	9 495	4 821
Investment property	3.2.	79 297 409	62 976 085 *
Prepayments	3.5.	124 284	624 258
Total non-current assets		79 431 188	63 605 164
Current assets			
Inventory	3.3.	89 903	110 922 *
Trade receivables	3.4.	455	66 939
Prepayments	3.5.	64 143	14 482
Other current assets	3.6.	114 402	49 805
Cash and cash equivalents	3.7.	157 814	18 099
Total current assets		426 717	260 247
TOTAL ASSETS		79 857 905	63 865 411

* Restatements are explained in Note 3.21.

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Consolidated Statement of Financial Position (continued)

	Notes	31 December 2025	31 December 2024 (Restated) *
EQUITY AND LIABILITIES			
Equity			
Share capital	3.8.	51 507 800	51 507 800
Accumulated losses		(37 924 831)	(35 485 492) *
Total equity		13 582 969	16 022 308
Non-current liabilities			
Loans received	3.9.	-	7 856 406
Bonds issued	3.10.	44 393 788	-
Other non-current liabilities	3.11.	-	1 471 309
Total non-current liabilities		44 393 788	9 327 715
Current liabilities			
Trade payables	3.12.	2 457 821	10 054 986
Loans received	3.9.	18 653 294	28 230 130
Bonds issued	3.10.	345 730	-
Advance payments		47 674	55 744
Employment related liabilities		4 449	-
Other current liabilities	3.13.	372 180	174 528
Total current liabilities		21 881 148	38 515 388
TOTAL LIABILITIES		66 274 936	47 843 103
TOTAL EQUITY AND LIABILITIES		79 857 905	63 865 411

* Restatements are explained in Note 3.21.

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Consolidated Financial Statements for the year ended 31 December 2025

(all amounts presented in EUR unless otherwise indicated)

Consolidated Statement of Changes in Equity

	Share capital	Accumulated losses (Restated) **	Total
Balance as at 31 December 2023	33 222 800	(13 755 313)	19 467 487
Net loss	-	(21 730 179) **	(21 730 179)
Transactions with owners	18 285 000	-	18 285 000
Shares issued *	18 285 000	-	18 285 000
Balance as at 31 December 2024	51 507 800	(35 485 492)	16 022 308
Net loss	-	(2 439 339)	(2 439 339)
Balance as at 31 December 2025	51 507 800	(37 924 831)	13 582 969

* Information about the shares issued is explained in Note 3.8. and Note 3.9.

** Restatements are explained in Note 3.21.

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Consolidated Financial Statements for the year ended 31 December 2025

(all amounts presented in EUR unless otherwise indicated)

Consolidated Statement of Cash Flows

	Notes	2025	2024 (Restated) *
Loss before tax		(2 439 339)	(21 730 033) *
Adjustments for:			
Finance income	3.17.	(15 939)	-
Finance expenses	3.18.	4 391 000	3 303 650 *
Depreciation of property, plant and equipment	3.1.	4 104	2 619
Decrease / (increase) in fair value of investment property	3.2.	(2 796 672)	15 026 659 *
Operating cash flows before working capital adjustments		(856 846)	(3 397 105)
Decrease in inventories	3.3.	21 019	169 999 *
Decrease in trade and other receivables	3.4. – 3.6.	452 200	4 701 284
Decrease in trade and other payables	3.11. – 3.13.	(8 874 443)	(1 689 873)
Operating cash flows after working capital adjustments		(9 258 070)	(215 695)
Income taxes paid		-	(2 168)
Net cash flows used in operating activities		(9 258 070)	(217 863)
Additions to investment property	3.2.	(13 524 652)	(5 392 744) *
Purchase of property, plant and equipment	3.1.	(8 778)	(1 189)
Interest received	3.17.	15 939	-
Net cash flows used in investment activities		(13 517 491)	(5 393 933)
Interest paid	3.9. – 3.10.	(5 450 796)	(165 870)
Loans received	3.9.	15 658 229	6 539 726
Loans repaid	3.9.	(17 896 765)	(774 510)
Bonds issued	3.10.	31 317 778	-
Transaction costs related to bonds issued	3.10.	(686 892)	-
Repurchase of bonds	3.10.	(25 229)	-
Net cash flows generated from financing activities		22 916 325	5 599 346
Net change in cash and cash equivalents		140 764	(12 450)
Cash and cash equivalents at the beginning of the year		18 099	30 972
Impact of foreign exchange rate changes		(1 049)	(423) *
Cash and cash equivalents at the end of the year		157 814	18 099

* Restatements are explained in Note 3.21.

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Member of the Board*Povilas Urbonavičius*
Igors Danilovs

PN Project AS**Registration number: 40203063602, address: Republikas laukums 2A - 1, Riga, LV - 1010, Latvia****Consolidated Financial Statements for the year ended 31 December 2025**

(all amounts presented in EUR unless otherwise indicated)

Notes to the Consolidated Financial Statements**1. General information**

The parent company of the Group is PN Project AS (hereinafter – the Parent company), it was registered with the Commercial Register of the Republic of Latvia on 18 April 2017 as a Limited Liability Company. On 24 May 2018 the Parent company changed its legal form to Joint Stock Company. The registered address of the Parent company is Republikas street 2A, Riga, LV - 1010, Latvia, the registration number is 40203063602.

Shares of the Group belong to Lords LB Special Fund V, managed by Lords LB Asset Management UAB, legal address is Jogailos g. 4, Vilnius, LT - 01116, Lithuania. Lords LB Special Fund V as an investment entity does not prepare the consolidated financial statements. As the Lords LB Special Fund V is owned by multiple investors who do not individually hold control, the Group considers Lords LB Asset Management UAB to be the ultimate controlling party of the Group within the meaning of IAS 24.12.

The Group's purpose is to manage and develop multifunctional real estate centre on the controlled land plot in Riga, Balasta dambis 2.

As at 31 December 2025 the paid share capital of the Group is EUR 51 507 800 (2024 - EUR 51 507 800). Share capital consists of 51 507 800 (2024 – 51 507 800) ordinary shares with a nominal value of EUR 1 per share.

As at 31 December 2025 and 31 December 2024 the Group controlled the following subsidiary:

Subsidiary	Country	Acquisition date	Ownership share	Number of shares	Nominal value per share, EUR
PN Management SIA	LV	2017-12-01	100%	2 800	1,00

As at 31 December 2025 the Group had 6 employees (2024 – 4 employees).

The audit of the Group is carried out by PricewaterhouseCoopers SIA, company code 40003142793, registered office at Marijas street 2A, Riga LV - 1050, Latvia, operating under licence No. 5 issued by the Latvian Association of Sworn Auditors. The certified auditor in charge is Jegors Podosiņņikovs, certificate No. 238.

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

The Group has prepared annual consolidated financial statements, and these have to be approved by the shareholders. Shareholders have the right to approve or to reject and require the preparation of new consolidated financial statements. These are the annual consolidated financial statements of the Group.

2. Material accounting policy information

The following are the main accounting principles used by the Group in preparing these consolidated financial statements. The accounting principles have been consistently applied, except for the changes in accounting policies described in Note 2.14.

2.1. Basis for preparation

Consolidated financial statements of the Group were prepared in accordance with IFRS Accounting Standards (hereinafter – IFRS) as adopted by the European Union (hereinafter – EU).

The consolidated financial statements are prepared based on going concern and on the assumption that the Group will be able to continue its activities in the foreseeable future. These consolidated financial statements are prepared on a historical cost basis, adjusted for the remeasurement of investment property at fair value.

All amounts in these consolidated financial statements are denominated in euro. Transactions denominated in foreign currency are accounted for at the reference exchange rate published by the European Central Bank at the date of the transaction. Gains and losses on such transactions and on the revaluation of foreign currency monetary assets and liabilities at the date of the statement of financial position are recorded in the statement of profit or loss. Such monetary balances are revalued at the exchange rate at the end of each reporting period.

PN Project AS

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2.2. Basis of consolidation

The consolidated financial statements include the financial statements of the Parent company and its controlled entity (subsidiary) as at 31 December of each year. The Group is considered to have control when:

- Has the power to manage an investee;
- Is entitled to a variable return on investment; and
- Has the power to affect return on investment.

The Group reassesses whether it controls an investment entity if the facts and circumstances indicate a change in one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group acquires control of the subsidiary and ends when the Group loses control of the subsidiary. The results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date on which the Group obtains control until the date that the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the Parent company's owners.

Where necessary, the financial statements of subsidiary are adjusted to ensure consistency with the policies adopted by the Group.

All the Group's assets and liabilities, equity, income, expenses and cash flows related to transactions between Group members are eliminated on consolidation.

2.3. Interests in subsidiary

The Group's sole subsidiary, PN Management SIA, is a 100%-owned entity incorporated in Latvia. The subsidiary's financial statements are fully consolidated in these financial statements. There are no significant restrictions on PN Management SIA ability to transfer funds to the Parent company. Similarly, the Parent company has not provided any financial or other support to PN Management SIA beyond the terms of the existing intra-group loan and management agreement, and the Parent company has no contractual or constructive obligation to provide financial support to its subsidiary. PN Management SIA is primarily a management services entity for the Group's development project and is not considered individually material to the Group's financial position or performance. All significant inter-company transactions and balances have been eliminated upon consolidation.

2.4. Financial risk management

The Group is exposed to market, credit, liquidity and capital management risks. These risks shall be managed in accordance with the principles of best practice. Management continuously monitors these risks for the appropriateness of financing strategies.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings. Market risk comprises three types of risk: interest rate risk, foreign currency exchange risk and other price risk, such as equity price risk and commodity risk. The Group is not exposed to foreign exchange risk, as all transactions are carried out in EUR. The Group is also not exposed to other price risk. The Group's exposure to interest rate risk is limited, as its main source of financing consists of issued public bonds bearing a fixed interest rate until maturity. Accordingly, the Group is not exposed to significant cash flow interest rate risk. The bonds are measured at amortised cost and therefore changes in market interest rates do not affect profit or loss.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its renting activity. This risk is mitigated by the Group by due evaluation of the creditworthiness of the counterparty prior to entering into rent agreements and, if necessary, by obtaining guarantee deposits from lessees, monitoring debt repayments. Therefore, the management believes that the Group is not exposed to significant credit risk.

PN Project AS

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Consolidated Financial Statements for the year ended 31 December 2025

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2.4. Financial risk management (continued)**Liquidity risk**

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to fully meet its obligations under the intended terms or may only do so under materially disadvantageous conditions. The purpose of the Group is to maintain sufficient liquidity resources to carry out its activities, cover its financial obligations and provide funds for capital expenditure and investment opportunities. The Group aims to achieve its goals in the following ways:

- Preparation of regular forecast cash flows to predict and plan the use of funds; and
- Identification of future financing needs, including new financing opportunities.

As at 31 December 2025, the Group has outstanding bond liabilities amounting to EUR 44 739 518 (out of total program of EUR 75 million), which mature in June 2027. The repayment of these bonds and other outstanding liabilities represents a significant liquidity requirement for the Group.

The Group is currently developing the 1st stage of the construction project expected to be completed in Q4 2026. Upon completion, the property is expected to generate stable net operating income and is intended to be pledged as collateral for bank financing. The Group's primary strategy for meeting the bond redemption obligation and other outstanding liabilities is to obtain long-term bank financing secured by the completed real estate asset and use the proceeds to refinance the outstanding bonds and settle other outstanding liabilities.

Management is in process of initiating discussions with potential financing institutions and is preparing the project for bankability, including:

- completion of construction and commissioning of the 1st stage of the construction project;
- securing lease agreements to generate sustainable net operating income; and
- later on, negotiations with banks regarding long-term financing secured by the completed asset.

The table below summarizes the maturity of the Group's financial liabilities on the basis of undiscounted contractual payments:

31 December 2025

	Carrying amount	Cash flows		
		Total	Up to 1 year	In 1 - 2 years
Issued public bonds	44 739 518	51 816 193	4 483 119	47 333 074
Interest-bearing loans and liabilities	18 653 294	18 679 056	18 679 056	-
Trade payables	2 457 821	2 457 821	2 457 821	-
	65 850 634	72 953 070	25 619 996	47 333 074

31 December 2024

	Carrying amount	Cash flows		
		Total	Up to 1 year	In 1 - 2 years
Interest-bearing loans and liabilities	36 086 536	39 185 584	31 301 510	7 884 074
Trade payables	10 054 986	10 054 986	10 054 986	-
	46 141 522	49 240 570	41 356 496	7 884 074

The information on the Group's cash at bank is presented in Note 3.7. and amounts receivable from contracts with customers in Note 3.4.

The Group does not have any unused credit lines. The information on the going concern consideration for the Group is presented in Note 3.24.

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2.4. Financial risk management (continued)**Capital management**

The Group's objectives in the management of capital are to safeguard the Group's ability to continue its activities as a going concern in order to provide returns to investors and benefits other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group performs the following in order to maintain capital structure and ensure effective capital management:

- Regularly monitor the performance of the Group and adjust distributions the Group pays to shareholders;
- Issue new shares in accordance with the constitutional documents of the Group to existing or new shareholders;
- Restrict redemption of shares in accordance with the constitutional documents.

For the purposes of the Group's capital management, capital includes total equity as presented in the statement of financial position. As at 31 December 2025, total equity was EUR 13 582 969 (2024 - EUR 16 022 308).

2.5. Income tax

Income tax is calculated in accordance with the requirements of the tax laws of the Republic of Latvia.

The corporate income tax rate applicable to companies of the Republic of Latvia is 20% of the taxable base determined by dividing the value of the amount taxable with corporate income tax by coefficient 0.8.

In accordance with the Law of the Republic of Latvia on Corporate Income Tax, taxation period is one month and current tax for the reporting period is the expected tax payable on the taxable base for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. The amounts taxable by corporate income tax include:

- distributed profit (dividends calculated, payments equivalent to dividends, conditional dividends); and
- conditionally or theoretically distributed profit (non-operating expenses, doubtful debts, excessive interest payments, loans to related parties, decrease of income or excessive expenses which are incurred by entering transactions at prices other than those on the market that should be calculated using the methodology determined by the Cabinet of Ministers of Republic of Latvia, other expenses as specified in the Law on Corporate Income Tax of Republic of Latvia).

Deferred income tax is recognized for on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax calculations are based on the tax rates effective on the balance sheet date expected to be effective in the periods when the Group will realize the deferred tax asset or settle deferred tax liabilities. Under IAS 12 Income taxes, whenever there is a difference to tax rates being applied to distributed and undistributed profits, deferred tax assets and liabilities should be recognised by applying the rate applicable to undistributed profits.

According to the Law on Corporate Income Tax of Republic of Latvia, a 20% rate is applied only to distributed profits, while a 0% rate is to be applied to undistributed profits. Therefore, deferred tax assets and liabilities are recognisable at nil amount.

2.6. Income and expenses from financial activities

The Group's financial income and expenses include interest income and interest expense.

Interest income or expense is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments of receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

The positive or negative effect of a change in a foreign exchange rate on financial assets and financial liabilities is recognized on a net basis as income from financing activities or as an expense from financing activities, depending on whether the change in foreign exchange rate results in a net gain or loss.

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2.7. Investment property

The investment property of the Group consists of commercial buildings and land.

Investment property is property held to earn rentals and/or for capital appreciation. Investment property is initially recognized at cost including all relevant transaction costs. Subsequently, after initial recognition, investment property is measured at fair value, determined by an independent appraiser on annual basis. Gains or losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Investment property development expenses are capitalized and includes expenditure that is directly attributable to the acquisition of the investment property. Development expenses of investment property comprise of the cost for materials, direct labour and other costs directly attributable to bringing the investment property to working condition for its intended use. The Group has elected not to capitalize borrowing costs as the qualifying asset – investment property – is measured using the fair value model.

An investment property is derecognised upon disposal or when the investment property ceases to be used in its entirety and no future economic benefits are expected from its sale. Any gain or loss arising on derecognition of an investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the investment property is derecognised.

2.8. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Inventories are reviewed at each reporting date for indicators of impairment. Write-downs to net realizable value and reversals of previous write-downs are recognized in profit or loss.

The Group discloses the carrying amount of inventories, the amount of any write-downs recognized as an expense during the period, and the circumstances or events that led to the write-downs.

2.9. Financial assets

Financial assets are classified into the following category: financial assets measured at amortised cost (loans and trade receivables).

The Group recognises a financial asset in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument. The purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting.

At initial recognition, the Group measures financial assets at their fair value. In the case of a financial asset at amortised cost, transaction costs that are directly attributable to the acquisition of the financial asset are added to the amount initially recognised.

Transaction costs comprise all charges and commission that the Group would incur as a result of entering into an agreement on the financial instrument. If the fair value of the financial asset at initial recognition differs from the transaction price and such fair value measurement is evidenced by a quoted price in an active market for an identical asset or liability or is based on another valuation technique that uses only data from observable markets, the difference is recognised in profit or loss.

Trade receivables

Trade receivables are amounts receivable from customers for services rendered in the ordinary course of business. If receivables are expected to be receivable within one year or less, trade receivables are classified as current assets. Otherwise, these amounts are classified as non-current assets.

After initial recognition at fair value, trade receivables are measured at amortized cost using the effective interest method, reduced by impairment losses. Trade receivables with a maturity of less than 12 months from the date of recognition (i.e. without a financing element) that are not discounted are valued at nominal value. Impaired receivables are written off when considered uncollectible.

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2.9. Financial assets (continued)**Cash and cash equivalents**

Cash consists of cash on hand and in bank accounts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. The initial term of such investments does not exceed three months and the risk of changes in value is negligible.

Derecognition of financial assets

Financial assets are derecognised when:

- The rights to cash flows of the asset have expired;
- The Group has retained the right to the cash flows but has undertaken to pay the full amount to a third party under the assignment agreement within a short period of time;
- The Group has transferred its right to receive cash inflows from the assets or has transferred substantially all the risks and rewards of ownership of the financial assets, or has neither transferred nor retained substantially all the risks and rewards of ownership but has transferred control of the assets.

When the Group transfers rights to the cash flows of an asset but neither transfers nor retains the risks and rewards of ownership of the asset and does not transfer control of the asset, the asset is recognized to the extent that the Group is still a party to the asset.

Impairment of financial assets – expected credit loss

Impairment requirements are applied to recognise lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, an entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses (ECL).

The Group considers a financial asset in default when contractual payment is 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The Group monitors the increase in credit risk by monitoring the timely execution of debts. A significant increase in credit risk is considered when the debt is overdue and there is no reason to believe that the debt will be repaid soon.

In line with the Group's limited operations, expected credit losses are assessed as immaterial and not presented separately.

2.10. Financial liabilities

All financial liabilities are initially recognized at fair value and, in the case of loans and bonds, are net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and bonds.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below.

Borrowings

Loans and bonds are recognized initially at fair value, net of transaction costs incurred. Loans and bonds are subsequently carried at amortized cost using the effective interest method and any difference between proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the loan.

Loans and bonds are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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2.10. Financial liabilities (continued)

Trade payables

Trade payables are liabilities paid for goods or services provided by suppliers during the normal course of business. Trade payables are classified as current liabilities if they are due to be settled within one year or less (or during the normal operating cycle, whichever is longer). Otherwise, they are classified as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the income statement.

When one existing financial liability is replaced by another financial liability towards the same lender but on substantially different terms, or when the terms of an existing financial liability are substantially modified, such a change is accounted for as a derecognition of the original financial liability and the recognition of a new financial liability. The difference between the respective carrying amounts is recognized in the income statement. If the exchange or modification is not accounted for as an extinguishment, then the amortised cost of the financial liability is recalculated by discounting the revised estimated future cash flows at the financial liability's original effective interest rate and the resulting gains or losses are recognised in the income statement.

2.11. Employee benefits

Short-term employee benefits

The Group provides only short-term employee benefits. Short-term employee benefits, including wages, salaries, social security contributions, paid annual leave, and bonuses, are recognized as expense in the period in which the employees rendered the related service. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably.

2.12. Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the estimated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The reversal of the discount is recognized as a finance cost.

2.13. Methods and assumptions of fair value of asset and liability estimates

The Group measures investment property at fair value. After initial recognition, none of the Group's financial assets or financial liabilities are measured at fair value. The financial statements include, for disclosure purposes, the fair value of the Group's financial assets measured under the amortised cost method and the fair value of the Group's financial liabilities measured under the amortised cost method at the end of the reporting period.

Group's financial instruments as at 31 December 2025 is presented in the table below:

	Carrying amount	Fair value	Fair value hierarchy
Financial assets not measured at fair value			
Trade receivables	455	455	Level 3
Cash and cash equivalents	157 814	157 814	Level 2
	158 269	158 269	
Financial liabilities not measured at fair value			
Bonds issued	44 739 518	44 739 518	Level 2
Loans received	18 653 294	18 060 030	Level 3
Trade payables	2 457 821	2 457 821	Level 3
	65 850 634	65 257 370	

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2.13. Methods and assumptions of fair value of asset and liability estimates (continued)

Group's financial instruments as at 31 December 2024 is presented in the table below:

	Carrying amount	Fair value	Fair value hierarchy
Financial assets not measured at fair value			
Trade receivables	66 939	66 939	Level 3
Cash and cash equivalents	18 099	18 099	Level 2
	85 038	85 038	
Financial liabilities not measured at fair value			
Loans received	36 086 536	35 142 791	Level 3
Trade payables	10 054 986	10 054 986	Level 3
	46 141 522	45 197 777	

The fair value hierarchy based on IFRS 13 is used to determine fair value in a consistent and comparable manner. All assets and liabilities whose fair value is determined or disclosed in the financial statements are classified according to a fair value hierarchy based on the significant lowest level data used to determine fair value:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the financial statements, the Group determines, when reassessing the distribution, whether the transfers of amounts have occurred between levels of the fair value hierarchy.

Fair value of financial liabilities – loans received are estimated based on the present value of future principal and interest cash flows, discounted using the market interest rate at the measurement date for companies similar to the Group, and classified as Level 3 in fair value hierarchy.

The fair value of cash and cash equivalents in credit institutions is equal to their nominal value, which is classified as Level 2 in the fair value hierarchy due to its observable market prices in active markets for identical assets.

The fair value of investment properties is determined according to the data provided by an independent property appraiser entitled to perform the valuation and is typically classified as Level 3 in the fair value hierarchy, as it relies on unobservable inputs and assumptions in the absence of active market data. Refer to Note 3.2 Investment property for more information.

2.14. Significant accounting estimates and judgements

The preparation of financial statements under IFRS Accounting Standards requires Group's management to make certain assumptions and estimates that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of uncertainties. Future events may change the assumptions used in making the estimates. The effect of changes in such estimates will be recognized in the financial statements when determined.

The Group is making estimates for the fair value of the investment property. Details on the fair value estimate are provided in Note 3.2.

The Group's management evaluates the actual and potential impact of economic situation on the financial results and forecasts of the Group. The Group's management has prepared the projected cash flows for year 2026 and year 2027 and has already initiated certain steps to ensure the Group's ability to continue as a going concern. Additional details on the going concern assessment are provided in Note 3.24.

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2.15. New and revised IFRS Accounting Standards in issue but not yet effective**New standards, amendments to standards and interpretations that are effective for periods beginning on or after 1 January 2025**

The Group has assessed that there are no amendments to standards and interpretations that are effective from 2025 that would have a material impact on the Group's consolidated financial statements. The Group does not have any material foreign currency transactions, therefore no impact from amendments to IAS 21 Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025).

New and amended standards and interpretations that the Group must apply for reporting periods beginning on or after 1 January 2026

IFRS 18 Presentation and Disclosure in Financial Statements (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 an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

The Group is currently assessing the impact of the new standard on its financial statements.

With respect to other standards and interpretations applicable to the periods beginning on or after 1 January 2026, the Group has assessed that the new and amended standards and interpretations will not have a material impact on the Group's consolidated financial statements. The Group has not adopted any standards, amendments and interpretations earlier than their effective date.

Standards, interpretations and amendments not yet adopted by the European Union

The Group believes that the standards, interpretations and amendments not yet adopted will not have a significant impact on the Group's consolidated financial statements and the Group has not early adopted such standards.

3. Notes**3.1. Property plant and equipment**

	IT equipment	Total
Acquisition cost:		
As at 31 December 2023	6 932	6 932
Additions	1 189	1 189
As at 31 December 2024	8 121	8 121
Additions	8 778	8 778
As at 31 December 2025	16 899	16 899
Accumulated depreciation:		
As at 31 December 2023	681	681
Change for the year	2 619	2 619
As at 31 December 2024	3 300	3 300
Change for the year	4 104	4 104
As at 31 December 2025	7 404	7 404
As at 31 December 2023	6 251	6 251
As at 31 December 2024	4 821	4 821
As at 31 December 2025	9 495	9 495

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3.1. Property plant and equipment (continued)

At initial recognition, property, plant and equipment are accounted for at the acquisition price. After initial recognition, property, plant and equipment are accounted at cost, less accrued depreciation and impairment, if any.

3.2. Investment property

The Group holds one investment property - land and building under development in Riga, Balasta dambis 2. The investment property is pledged as collateral to secure the Group's publicly issued bonds in accordance with the bond prospectus (see Note 3.10.). The investment property is measured at fair value based on valuation performed by independent valuation firm Newsec.

	31 December 2025	31 December 2024 (Restated) *
Opening balance	62 976 085	72 610 000
Capitalized development expenses	11 924 541	5 222 745
Changes in fair value of investment property	2 796 672	(15 026 659)
Changes in unused construction materials	1 600 111	169 999
Closing balance	79 297 409	62 976 085

* Restatements are explained in Note 3.21.

According to the Newsec valuation conducted as at 31 October 2025 the fair value of the Investment property was EUR 75 110 000. Between the Newsec valuation date and the year-end date the Group incurred additional costs of EUR 2 417 299 directly related to construction work (e.g., contractor invoices, construction team salaries, security, etc.) and at 31 December 2025 had unused construction materials in an amount of EUR 1 770 110, which, in the management's opinion, increase the fair value of the investment property.

To determine the value of a vacant land site, or a site with existing buildings either prepared for redevelopment or under construction (collectively referred to as "the Property"), the residual value method was applied. Residual (DCF) approach is considered to be the most reflective method for the valuation considering confirmed Detail Plan, issued Building permit and approved technical project of the Stage 1 and issued Building permit of Stage 2.

Under this approach, estimated construction costs, development-related expenses, projected operating and sales revenues post-development, as well as a developer's profit margin, were considered. The valuation reflects a six-year timeline for development and operation, with Stage 1 scheduled for construction finish in Q4 2026.

According to confirmed Detail Plan potential development of maximum 246 799 sqm on ground Gross Building Area ("GBA") is allowed. According to Technical project (Stage 1) and confirmed Detail Plan (Stage 2 – 4) total planned development volume of 187 307 sqm. multifunctional complex is considered.

	GBA (SQM), 31 December 2025	GBA (SQM), 31 December 2024	Proportion of portfolio (%)
Office - Stage I	26 220	26 220	14%
Retail - Stage I	8 150	8 150	4%
Residential/Hotel - Stage I	17 083	17 083	9%
Parking - Stage I	33 530	33 530	18%
Stage I	84 983	84 983	45%
Office - Stage II	31 200	31 200	17%
Parking - Stage II	-	-	0%
Stage II	31 200	31 200	17%
Office - Stage III-IV	66 131	66 131	35%
Parking - Stage III-IV	4 994	4 994	3%
Stage III-IV	71 124	71 124	38%
TOTAL SQM	187 307	187 307	100%

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3.2. Investment property (continued)

The fair values of the property for each stage at both reporting dates are summarized below:

	Fair value (EUR) 31 December 2025	Fair value (EUR) 31 December 2024	Change (EUR)	Change (%)	Proportion of portfolio (%)
Office, Retail, Parking - Stage 1	39 350 000	29 130 000	10 220 000	35%	50%
Residential/Hotel - Stage 1	4 250 000	2 350 000	1 900 000	81%	5%
Office, Parking - Stage 2	11 240 000	11 430 000	(190 000)	-2%	14%
Office, Parking - Stage 3	10 780 000	10 500 000	280 000	3%	14%
Office, Parking - Stage 4	9 490 000	9 200 000	290 000	3%	12%
Capitalized costs from valuation date till reporting date	2 417 299	196 086	2 221 213	1 133%	3%
Unused construction materials	1 770 110	169 999	1 600 111	941%	2%
Total	79 297 409	62 976 085	16 321 324	26%	100%

The fair value of the investment property, as represented in the table above, is based on the latest Newsec valuation as at 31 October 2025. It is important to note that between the Newsec valuation date and the year-end date, the Group incurred additional development costs related to the investment property and had unused construction materials, which increase the fair value of the investment property. Management reviewed market conditions between valuation date and reporting date and noted no significant changes in yields or assumptions. Thus, fair value at year-end is the appraisal value plus subsequent development costs and value of unused construction materials.

The increase in fair value of Office, Retail, Parking – Stage 1 is primarily attributable to construction works completed since the previous valuation date. Development plans for the Residential/Hotel building – Stage 1 were changed from hotel into residential building, and this drove the increase in its fair value.

The table below presents the following for each investment property:

- A description of the valuation techniques applied.
- The inputs used in the fair value measurement.
- Quantitative information about the significant unobservable inputs used in the fair value measurement.

Property	Valuation technique	Key unobservable inputs	Range 31 December 2025	Range 31 December 2024
Preses Nams project development	DCF	Discount rate	16.48%	17%
Riga (Latvia)		Rental growth	2.2%	1.2 - 2.5%
Segment - multifunctional		Long-term vacancy rate	5.0%	2.0 - 5.0%
GBA - 187,307 SQM		Exit yield	6.0%	6.0 - 7.25%
		Average rent price per m2	12.5 - 16.5	11.0 - 16.0
		Construction cost (EUR / sqm)	1 700 - 2 912	1 700 - 2 859

Given the significance of the investment property to the Group's financial position and the level of estimation uncertainty involved, Management performs sensitivity analyses for the key inputs that have the most material impact on fair value. In accordance with IFRS 13, sensitivity to market-based valuation assumptions is presented using an illustrative capitalization-rate shift, which serves as a proxy for movements in market yield expectations. In addition, because a significant portion of the property is still under development, Management considers the estimated remaining cost-to-complete to be a critical accounting estimate under IAS 1. The Group therefore presents a separate sensitivity analysis showing how changes in construction cost assumptions would affect the fair value of the investment property. These sensitivities are intended to provide users of the financial statements with transparent insight into the valuation uncertainties inherent in both market inputs and development-cost assumptions.

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3.2. Investment property (continued)

Sensitivity on estimates as at 31 December 2025:

	Capitalization (cap) rate	Value as at 31 December 2025	Change in cap rate	
			+0.5 cap rate	-0.5 cap rate
Stage 1 Office, Retail, Parking	6.00%	39 350 000	35 950 000 -8.64%	43 380 000 10.24%
Stage 1 Residential/Hotel	6.00%	4 250 000	3 330 000 -21.65%	5 340 000 25.65%
Stage 2-4 Office, parking	6.00%	31 510 000	25 090 000 -20.37%	39 110 000 24.12%
Total		75 110 000	64 370 000 -14.30%	87 830 000 16.94%

	Remaining cost to complete	Value as at 31 December 2025	Change in remaining cost to complete	
			+5%	-5%
Stage 1 Office, Retail, Parking	100%	39 350 000	37 190 000 -5.49%	41 520 000 5.51%
Stage 1 Residential/Hotel	100%	4 250 000	3 430 000 -19.29%	5 070 000 19.29%
Stage 2-4 Office, parking	100%	31 510 000	25 280 000 -19.77%	37 740 000 19.77%
Total		75 110 000	65 900 000 -12.26%	84 330 000 12.28%

The value of the investment property, as represented in the table above, is based on the latest Newsec valuation as of 31 October 2025. It is important to note that between the Newsec valuation date and the year-end date, the Group incurred additional development costs related to the investment property, which, in the management's opinion, increase the fair value of the investment property.

Sensitivity on estimates as at 31 December 2024:

	Capitalization (cap) rate	Value as at 31 December 2024	Change in cap rate	
			+0.5 cap rate	-0.5 cap rate
Stage 1 Office, Retail, Parking	6.00%	29 130 000	25 700 000 -11.77%	33 200 000 13.97%
Stage 1 Residential/Hotel	7.25%	2 350 000	1 630 000 -30.64%	3 160 000 34.47%
Stage 2-4 Office, parking	6.00%	31 130 000	24 720 000 -20.63%	38 720 000 24.43%
Total		62 610 000	52 050 000 -16.87%	75 080 000 19.92%

	Remaining cost to complete	Value as at 31 December 2024	Change in remaining cost to complete	
			+5%	-5%
Stage 1 Office, Retail, Parking	100%	29 130 000	26 540 000 -8.89%	31 730 000 8.93%
Stage 1 Residential/Hotel	100%	2 350 000	1 380 000 -41.28%	3 310 000 40.85%
Stage 2-4 Office, parking	100%	31 130 000	25 280 000 -19.50%	37 190 000 19.47%
Total		62 610 000	52 980 000 -15.38%	72 230 000 15.36%

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3.2. Investment property (continued)

Descriptions and Definitions

The table above outlines key descriptions and definitions of the valuation techniques and unobservable inputs applied in determining the fair values:

Discounted Cash Flows (DCF) Method

The DCF method estimates a property's fair value by projecting a series of cash flows that reflect the benefits and liabilities associated with ownership over the asset's life, including an assumed exit or terminal value. These cash flows are discounted to present value using an appropriate market-derived discount rate. The timing and duration of cash inflows and outflows are influenced by events such as rent reviews, lease renewals, re-letting periods, redevelopment, or refurbishments.

Rental Growth

Rental growth reflects the projected average increase in rental income, based on prevailing market trends and any contractual indexation provisions.

Long-Term Vacancy Rate

The long-term vacancy rate is the percentage of the total rentable area that is expected to remain unoccupied over the extended term.

Discount Rate

The discount rate is applied to the net cash flows generated during the analysis period. It accounts for the time value of money and investment risk associated with the asset.

Exit Yield

The exit yield estimates the resale value of the property at the end of the holding period. It is calculated by dividing the expected annual net operating income by the terminal capitalization rate, which factors in projected income growth.

Construction costs

Construction costs represent the estimated cost per square meter (sqm) of gross buildable area (GBA) for different property types, excluding parking.

Highest and Best Use

For all investment properties measured at fair value, the current use of the property is considered to represent its highest and best use.

Information about the results of the investment property is provided below:

	<u>2025</u>	<u>2024</u>
Rental income	74 372	84 979
Investment property management expenses	(69 731)	(100 862)
Total	4 641	(15 883)

The rental income received by the Group in year 2025 and 2024 relates to the initial advertisement space lease of the investment property. Revenue is not related to the lease of the investment property under construction.

For more details about investment property management expenses please refer to Note 3.15.

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3.2. Investment property (continued)

The Group resumed the construction of the 1st stage of the real estate project in Q2 2025 and plans to finalize it by Q4 2026, after which the Group is expected to start independently generating rental income and positive net cash flows from operations supporting the Group's going concern going forward. Macroeconomic and geopolitical situation requires more input from the Management regarding the clarity of project development path prior to initiating specific additional construction activities.

Currently, it is planned that the 2nd stage construction of 31 000 sqm of buildable area for the office and school complex, for which the building permit was received in June 2023, will start when anchor tenants will be found. The work on the 3rd stage development of 65 000 sqm of buildable area is currently in the concept stage, looking for the most appropriate development scheme, which would complement other already designed stages. The construction of the hotel building, for which the building permit was received in 2020, is still on hold due to decreased appetite of financial institutions for hospitality object financing. Management is currently working on changing its development plan into a residential building. The Group's Management is actively looking to attract possible tenants and long-term financing to the further stages of the development. The fair value estimate of the investment property reflects the Management's and the independent qualified valuer's best estimate regarding the timing when the above uncertainties are expected to be resolved.

As at 31 December 2025, the Group was committed under a construction contract with a related party for the development of the investment property with a total contractual amount of EUR 39 117 238. Of this amount, EUR 9 318 824 had been invoiced during 2025. The remaining contractual obligation of EUR 29 798 414 represents future construction works to be carried out under the agreement, in accordance with IAS 40.75(h). No other material contractual obligations exist in relation to repairs, maintenance, or enhancements.

3.3. Inventory

	Inventory, related to the investment property development (Restated) *	Total
As at 31 December 2023	280 921	280 921
Reclassified to investment property	(169 999) *	(169 999)*
As at 31 December 2024	110 922	110 922
Additions	2 046 915	2 046 915
Reclassified to investment property	(2 067 934)	(2 067 934)
As at 31 December 2025	89 903	89 903

* Restatements are explained in Note 3.21.

During the year ended 31 December 2025, inventories in the amount of EUR 2 046 915 were acquired from the previous contractor following termination of the construction agreement. Inventories owned by the Parent Company were reclassified to investment property, as these materials were intended solely for use in the construction of the investment property. Following those transfers, the carrying amount of inventory as at 31 December 2025 was EUR 89 903 (as at 31 December 2024 – EUR 110 922).

No inventory items were expensed through the statement of profit or loss, as all items related directly to the development of the investment property and met the conditions for capitalisation. The Group continues to assess its inventory for obsolescence and has determined that no write-downs are necessary for the reporting year.

3.4. Trade receivables

	31 December 2025	31 December 2024
Receivables from third-party customers	455	66 939
Total	455	66 939

Trade receivables consist of receivables from customers on the basis of invoices issued (rent, utility costs, etc.). The Group conducts transactions with low credit risk customers, therefore, due to immateriality, expected credit loss is not accounted and not presented.

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3.4. Trade receivables (continued)**Ageing of trade receivables**

	Total	Not overdue	1 - 30 days	31 - 90 days	91 - 180 days	More than 181 days	Expected credit loss
31 December 2023	66 696	45 803	-	-	-	20 893	-
31 December 2024	66 939	46 046	-	-	-	20 893	-
31 December 2025	455	455	-	-	-	-	-

3.5. Prepayments

	31 December 2025	31 December 2024
Non-current:		
Prepayments related to investment property	109 537	610 657
Deposits paid to suppliers	14 747	13 601
Current:		
Prepaid insurance expenses	60 143	14 482
Administrative prepayments	4 000	-
Total	188 427	638 740

Prepayments related to investment property contain advances paid for construction works to be performed in investment property which are planned to be realized in year 2026, when the amounts will be capitalized as investment property development expenses.

3.6. Other current assets

	31 December 2025	31 December 2024
Tax receivables	100 952	49 805
Receivable from related company	13 450	-
Total	114 402	49 805

Tax receivables mostly represent VAT recoverable from the tax authorities, arising from construction and operating expenses. The Group expects to receive a refund of this VAT in 2026.

3.7. Cash and cash equivalents

	31 December 2025	31 December 2024
Cash at banks	157 814	18 099
Total	157 814	18 099

The fair value of cash and cash equivalents approximates their carrying amount.

The credit risk associated with bank balances is limited as the Group conducts transactions with the bank with high long-term debt ratings issued by foreign rating agencies, therefore, due to immateriality, expected credit loss is not accounted and not presented. The credit risk is concentrated towards one bank, and its credit rating is presented below:

Citadele banka AS	Moody's
	Baa1

3.8. Share capital

	31 December 2025	31 December 2024
Authorised share capital fully paid	51 507 800	51 507 800
Total	51 507 800	51 507 800

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3.8. Share capital (continued)

As at 31 December 2025 the paid up share capital is equal to EUR 51 507 800 (as at 31 December 2024 - EUR 51 507 800) and was comprised of 51 507 800 ordinary shares with a nominal value of EUR 1. During the financial year ended 31 December 2025 no new ordinary shares were issued (2024 – issued 18 285 000 ordinary shares with the nominal value of EUR 1 which were settled with the payable loan balance to the shareholder).

The table below shows the reconciliation of the shares issued by the Group, including both the monetary value and the number of shares outstanding as at 31 December 2025 and 31 December 2024. Because each ordinary share has a nominal value of EUR 1, the movements in share capital correspond to the movements in the number of shares:

	31 December 2025	31 December 2024
Opening balance	51 507 800	33 222 800
Shares issued	-	18 285 000
Closing balance	51 507 800	51 507 800

3.9. Loans received

Details of loans received:

	Interest rate	Maturity date	31 December 2025	31 December 2024
Non-current loans				
Lords LB Special Fund V	0,00%	2026-05-13	-	6 606 969
Lords LB Special Fund V	0,00%	2026-05-13	-	652 294
Attexo OÜ	15,00%	2026-06-13	-	424 596
Matuda UAB	15,50%	2026-06-13	-	172 547
Total non-current loans			-	7 856 406
Current loans				
Lords LB Special Fund V	0,00%	2026-05-13	11 563 294	-
Lords LB Special Fund V	0,00%	2026-05-13	6 606 969	-
Attexo OÜ	15,00%	2026-06-13	482 403	-
Lords LB Special Fund V	10,00%	2025-12-31	566	-
Preses Nams UAB	3,95% (2024 – 10,00%)	2025-12-31	62	28 230 130
Total current loans			18 653 294	28 230 130
Total			18 653 294	36 086 536

All loans received by the Group are subject to fixed interest rates, ensuring predictable financing costs over the term of the loans. The table below shows the movement (both cash and non-cash via set off agreements) of loans during the year ended 31 December 2025 and their balance as at 31 December 2025:

	Balance at the beginning of the year	Reclassifi- cation	Loans received	Loans repaid/ settled	Accrued interest expenses	Interest paid	Balance at the end of the year
Non-current loans							
Lords LB Special Fund V	7 259 263	(7 259 263)	-	-	-	-	-
Attexo OÜ	424 596	(424 596)	-	-	-	-	-
Matuda UAB	172 547	-	-	(167 000)	6 165	(11 712)	-
Current loans							
Preses Nams UAB	28 230 130	-	656 229	(27 651 765)	2 486 189	(3 720 721)	62
Lords LB Special Fund V	-	7 259 263	15 451 000	(4 540 000)	15 189	(14 623)	18 170 829
Attexo OÜ	-	424 596	-	-	57 807	-	482 403
Total liabilities	36 086 536	-	16 107 229	(32 358 765)	2 565 350	(3 747 056)	18 653 294

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3.9. Loans received (continued)

The table below shows the total cash and non-cash movement of loans and interest during the year ended 31 December 2025:

	Loans received	Loans repaid/ settled	Interest paid
Cash movement	15 658 229	(17 896 765)	(3 298 056)
Non-cash movement	449 000	(14 462 000)	(449 000)
Total movement	16 107 229	(32 358 765)	(3 747 056)

In the table above the non-cash movement consists of:

- Set-off agreement with Preses Nams UAB, where due to 11th issue of Preses Nams UAB bonds, based on the inter-company loan agreement EUR 449 000 of interest were capitalized to the nominal value of the loan.
- Set-off agreement with Preses Nams UAB, where due to the rollover of bonds from Preses Nams UAB bonds (ISIN LT0000408403) to PN Project AS bonds (ISIN LV0000104271) in a nominal amount of EUR 14 462 000, the same amount was used to cover loan liability based on the inter-company loan agreement.

The table below shows the movement (both cash and non-cash via set off agreements) of loans during year 2024 and their balance as at 31 December 2024:

	Balance at the beginning of the year	Reclassifi-cation	Loans received	Loans repaid / settled	Accrued interest expenses	Interest paid	Balance at the end of the year
Non-current loans							
Lords LB Special Fund V	23 651 188	-	366 500	(16 754 884)*	-	(3 541)*	7 259 263
Attexo OÜ	-	-	377 000	-	47 596	-	424 596
Matuda UAB	-	-	167 000	-	5 547	-	172 547
Preses Nams UAB	1 723 312	(1 723 312)	-	-	-	-	-
Current loans							
Matuda UAB	20 094 463	-	139 000	(19 904 365)	632 971	(962 069)	-
Preses Nams UAB	-	1 723 312	25 295 536	-	2 484 582	(1 273 300)	28 230 130
Provestum UAB	-	-	200 000	(200 000)	934	(934)	-
Total liabilities	45 468 963	-	26 545 036	(36 859 249)	3 171 630	(2 239 844)	36 086 536

The table below shows the total cash and non-cash movement of loans and interest during year 2024:

	Loans received	Loans repaid / settled	Interest paid
Cash movement	6 539 726	(774 510)	(34 273)
Non-cash movement	20 005 310	(36 084 739)	(2 205 571)
Total movement	26 545 036	(36 859 249)	(2 239 844)

* In the table above the amount of loans repaid to the Group's shareholder Lords LB Special Fund V include settlements for the share capital increase as described in Note 3.8.

Under the terms of the Preses Nams UAB inter-company loan agreement the Group is obligated to comply with LTC (loan-to-cost) financial covenant, which should not exceed 75,00%.

The loan-to-cost (LTC) ratio indicates the proportion of loans received relative to the already incurred costs to develop the investment property. In addition to the LTC financial covenant the following conditions are set in the inter-company loan agreement:

- No negative borrowing.
- No negative pledge.
- No change of control.
- No disposal of the property.
- Complying with the reporting obligations.

As at 31 December 2025, the Group complies with financial covenants set out in terms of the inter-company loan agreement.

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3.10. Bonds issued

	31 December 2025	31 December 2024
Non-current portion		
Nominal amount of bonds issued	45 085 000	-
Unamortized costs of bonds issued	(603 776)	-
Unamortized discount on bonds issued	(62 055)	-
Carrying amount of bonds repurchased	(25 381)	-
Carrying amount – non-current	44 393 788	-
Current portion		
Bonds interest accrued	345 730	-
Carrying amount - current	345 730	-
Total carrying amount of bonds issued	44 739 518	-

Changes in the amortized cost value of the Group's liabilities from bonds for the year ended 31 December 2025 are presented in the table below:

	As at 1 January 2025	Issuance of bonds	Repur- chase of bonds	Interest accrued	Interest paid	Amortized transaction fees of bonds issue	Amortized discount of bonds issue	As at 31 December 2025
ISIN LV0000104271	-	45 085 000	(25 381)	2 464 095	(2 118 365)	(603 776)	(62 055)	44 739 519
Total liabilities	-	45 085 000	(25 381)	2 464 095	(2 118 365)	(603 776)	(62 055)	44 739 519

During the year ended 31 December 2025, based on ISIN LV0000104271 bonds issue agreement, the Group has issued 8 new emissions of bonds in total nominal amount of EUR 45 085 000 with 10,00% of fixed coupon interest rate and maturity date of 4 June 2027. The issue price of all except first emission of bonds was lower than nominal value of bonds, therefore discount on bonds was recognized and is going to be amortized over the term of the bonds issued.

The table below shows the total cash and non-cash movement of bonds issued during the year ended 31 December 2025:

	Total	Issuance of bonds	Repurchase of bonds	Interest accrued	Interest paid	Amortized transaction fees of bonds issue	Amortized discount of bonds issue
Cash movement							
Issue of bonds, adjusted by accrued interest and discount at issue date	31 317 778	30 623 000	-	767 687	-	-	(72 909)
Interest payment	(2 118 365)	-	-	-	(2 118 365)	-	-
Payments for transaction fees	(686 892)	-	-	-	-	(686 892)	-
Repurchase of bonds	(25 229)	-	(25 229)	-	-	-	-
Non-cash movement							
Rollover of related party bonds	14 462 000	14 462 000	-	-	-	-	-
Interest accrual and cost amortization	1 790 226	-	(152)	1 696 408	-	83 116	10 854
Total movement	44 739 518	45 085 000	(25 381)	2 464 095	(2 118 365)	(603 776)	(62 055)

The movement of bonds issued during the reporting year includes both cash and non-cash components. The cash movement consists of EUR 30 623 000 of proceeds from bond issuances, increased by EUR 767 688 of interest accrued at the issue dates of the 2nd–8th bond tranches and reduced by EUR 25 229 of bond repurchases, EUR 2 118 365 of interest paid, EUR 686 892 of payments to suppliers and EUR 72 909 discounts related to bond issuance transaction costs. The non-cash movement consists of EUR 14 462 000 rollovers from related party Preses Nams UAB (ISIN LT0000408403) bond balances, EUR 1 696 407 of coupon interest accrued during the year, EUR 83 116 of amortized transaction costs, EUR 10 854 of amortized discount and EUR 152 interest from repurchased bonds.

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3.10. Bonds issued (continued)

Compliance with financial covenants

Under the terms of the ISIN LV0000104271 bonds issue agreement the Group is obliged to comply with LTC (loan-to-cost) financial covenant, which should not exceed 75,00%.

The loan-to-cost (LTC) ratio indicates the proportion of a loan relative to the already incurred costs to develop the asset securing the loan. It reflects the risk to lenders, with a lower LTC suggesting that the loan represents a smaller portion of the asset's value, thereby reducing lender risk. Cost includes all incurred costs of the project.

In addition to the LTC financial covenant the following conditions are set in the bonds issue agreement:

- No negative borrowing.
- Pledge over the collateral.
- No negative pledge.
- No change of control.
- No disposal of the property.
- Full subordination of shareholders' claims.
- Admission to trading.
- Usage of escrow account.
- Complying with the reporting obligations.

As at 31 December 2025, the Group complies with financial covenants set out in terms of the bonds issue agreement.

3.11. Other non-current liabilities

	<u>31 December 2025</u>	<u>31 December 2024</u>
Long term amounts payable to suppliers and contractors	-	1 471 309
Total	-	1 471 309

As at 31 December 2024 other non-current liabilities consisted of long-term withholdings for performance guarantee in accordance with the agreement between the previous general contractor and subcontractors. During the year ended 31 December 2025, the amount of long-term withholdings decreased significantly due to out-of-court settlement of dispute agreement in which the old general contractor waived the right to the retention money (see Note 3.14.). The remaining amount of withholdings for performance guarantee (EUR 93 835) was reclassified to other current liabilities as the 1st stage of the development is expected to be finished in Q4 2026.

3.12. Trade payables

	<u>31 December 2025</u>	<u>31 December 2024</u>
Trade payables to related parties (see Note 3.20.)	1 743 178	301 772
Other trade payables	714 643	1 810 417
Trade payables to previous general contractors	-	7 942 797
Total	2 457 821	10 054 986

During the year ended 31 December 2025, using the proceeds from the public bonds issue, the Group settled all liabilities to the previous general contractors.

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3.13. Other current liabilities

	<u>31 December 2025</u>	<u>31 December 2024</u>
Withholdings for performance guarantee	93 835	-
Accrued bonds issue transaction costs	77 710	-
Accrued investment property development expenses	56 123	-
Accrued audit expenses	45 380	31 800
Accrued real estate tax expenses	29 036	83 725
Accrued professional expenses	20 448	19 424
Accrued accounting expenses	15 570	24 940
Accrued utility expenses	11 713	3 762
Taxes payable	8 298	-
Accrued remuneration expenses	7 158	3 523
Accrued valuation expenses	2 100	-
Accrued rent expenses	1 426	-
Accrued loan commitment fee	-	7 292
Other accrued expenses	3 383	62
Total	<u>372 180</u>	<u>174 528</u>

As at 31 December 2025 other current liabilities includes EUR 93 835 withholdings for performance guarantee in accordance with the agreement between the previous general contractor and subcontractors (2024: EUR 0).

3.14. Income from cancellation of construction retention payable

	<u>2025</u>	<u>2024</u>
Cancellation of construction retention payable	1 356 276	-
Total	<u>1 356 276</u>	<u>-</u>

During the year ended 31 December 2025, the Group signed an out-of-court settlement of dispute agreement with the old general contractor under which it waived the right to the retention money.

3.15. Investment property operating expenses

	<u>2025</u>	<u>2024</u>
Utilities	57 761	92 264
Other investment property operating expenses	11 970	8 598
Total	<u>69 731</u>	<u>100 862</u>

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3.16. Administrative expenses

	2025	2024 (Restated) *
Marketing expenses	562 163	34 140
Legal services	541 464	687 056
Wages and employment related taxes	353 959	291 849
Penalties, related to investment property development	202 790	1 826 432
Loan administration expenses to related party	116 240	270 220
Security expenses	79 300	19 274
Accounting services	76 215	65 760
Rent and utilities expenses	68 256	30 343
Professional services	65 155	12 886
Audit services	52 680	60 260
State registry fees	42 390	3 358
Insurance expenses	15 698	31 168
Communication and internet expenses	12 016	19 385
Securities administration expenses	7 177	-
Personnel sustainability expenses	4 872	1 722
Fixed asset depreciation expenses	4 104	2 619
Other administrative expenses	17 388	27 369
Total	2 221 867	3 383 841

* Restatements are explained in Note 3.21.

3.17. Finance income

	2025	2024
Interest income on cash and cash equivalents	15 939	-
Total	15 939	-

3.18. Finance expenses

	2025	2024 (Restated) *
Interest expense on loans from related parties	2 507 543	3 124 034
Interest expense on other loans	57 807	47 596
Interest expense on bonds issued	1 790 226	-
Commitment fee for future loan from a credit institution	34 375	131 597
Foreign exchange loss	1 049	423
Total	4 391 000	3 303 650

* Restatements are explained in Note 3.21.

3.19. Income tax

The main components of income tax expense as at 31 December 2025 and 31 December 2024 are presented in the table below:

	2025	2024
Income tax expenses	-	146
Total	-	146

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3.19. Income tax (continued)

Reconciliation of taxes and financial profit:

	2025	2024
Loss before tax	(2 368 484)	(21 926 119)
Income tax expense calculated at a statutory rate of 20%	(592 121)	(5 481 530)
Deferred tax for accumulated losses recognized at nil amount	592 121	5 481 530
Tax effect on non-deductible representation and personnel sustainability expenses	-	146
Tax effect on other non-business expenses	-	-
Previous reporting periods income tax corrections	-	-
Total income tax expenses	-	146

3.20. Transactions with related parties**Management's remuneration and other benefits**

	2025	2024
Number of managers at the end of the year	2	2
Average number of managers during the year	2	2
Salaries paid to managers	218 669	121 157

There were no other payments and remunerations to managers, the Board and the Council.

Transactions with Group companies

During 2025 and 2024, the Group had transactions with the following related parties:

Related party	Relation	Transaction type
Lords LB Special Fund V	Parent entity	Loans received (Note 3.9.)
Matuda UAB	Entity under common control	Loan received (Note 3.9.), expense recharges
Preses Nams UAB	Entity under common control	Loan received (Note 3.9.), loan administration services
PN Construction Latvia SIA	Entity under common control	Construction services

Transactions with related parties during 2025 and their balances as at 31 December 2025:

	Interest expenses	Loan administration expenses	Capitalized construction expenses	Trade and other receivables	Loans and interest payables	Trade and other payables
Lords LB Special Fund V	15 189	-	-	-	18 170 829	-
Matuda UAB	6 165	-	-	13 450	-	-
Preses Nams UAB	2 486 189	116 240	-	-	62	7 183
PN Construction Latvia SIA	-	-	9 318 824	-	-	1 735 995
Total	2 507 543	116 240	9 318 824	13 450	18 170 891	1 743 178

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3.20. Transactions with related parties (continued)

Transactions with related parties during 2024 and their balances as at 31 December 2024:

	Interest expenses	Loan administration expenses	Capitalized construction expenses	Trade and other receivables	Loans and interest payables	Trade and other payables
Lords LB	-	-	-	-	7 259 263	-
Special Fund V	-	-	-	-	-	-
Matuda UAB	638 518	-	-	-	172 547	-
Preses Nams UAB	2 484 582	270 220	-	-	28 230 130	301 772
Total	3 123 100	270 220	-	-	35 661 940	301 772

3.21. Restatements

Certain balances for 2024 have been restated due to identified errors in data consolidation. These changes aim to provide a more accurate representation of the Group's financial position and performance.

Following adjustments were made to the consolidated 2024 financial statements:

a) **Reclassification of capitalised development costs in the statement of cash flows.**

Capitalized investment property expenses incurred during the period from the valuation date (30 September 2024) to the reporting date (31 December 2024) were incorrectly adjusted in the consolidated statement of cash flows, which resulted in additions to investment property being overstated by EUR 352 491. The error related solely to the classification of cash flows and did not affect the Group's consolidated statement of profit or loss, statement of financial position, total cash flows, or equity. The comparative consolidated statement of cash flows for the year ended 31 December 2024 has been retrospectively restated to correct this classification.

b) **Reclassification of inventories related to investment property development.**

EUR 169 999 inventories owned by the Parent entity and relating exclusively to the development of the Group's single Investment property were previously presented within Inventories. As these materials were specifically acquired for, and directly attributable to, the Investment property, they were reclassified to Investment property. The comparative consolidated statement of financial position and consolidated statement of cash flows for the year ended 31 December 2024 have been retrospectively restated to correct this classification.

c) **Reclassification of recharged intra-group expenses.**

EUR 1 003 169 expenses recharged from Group's subsidiary to the Parent entity were incorrectly capitalized as investment property development costs. EUR 1 002 746 of them were reclassified to the administrative expenses and EUR 423 to finance expenses. EUR 846 764 of the recharged expenses related to the periods prior to the valuation date (30 September 2024). As these costs should not have affected the fair value of the investment property as at the valuation date, the comparative change in fair value of investment property was adjusted accordingly. The comparative consolidated statements for the year ended 31 December 2024 have been retrospectively restated to correct this classification.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
2024**

	Before restatement	Restatement	After restatement
Changes in fair value of investment property	(15 873 423)	846 764	(15 026 659)
Administrative expenses	(2 381 095)	(1 002 746)	(3 383 841)
Finance expenses	(3 303 227)	(423)	(3 303 650)
Total comprehensive loss	(21 573 774)	(156 405)	(21 730 179)

**CONSOLIDATED STATEMENT OF FINANCIAL
POSITION
31 DECEMBER 2024**

	Before restatement	Restatement	After restatement
Investment property	62 962 491	13 594	62 976 085
Inventory	280 921	(169 999)	110 922
TOTAL ASSETS	64 021 816	(156 405)	63 865 411
Accumulated losses	(35 329 087)	(156 405)	(35 485 492)
TOTAL EQUITY AND LIABILITIES	64 021 816	(156 405)	63 865 411

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3.21. Restatements (continued)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2024

	Before restatement	Restatement	After restatement
Net loss	(21 573 774)	(156 405)	(21 730 179)
Balance as at 31 December 2024	16 178 713	(156 405)	16 022 308

CONSOLIDATED STATEMENT OF CASH FLOWS 2024

	Before restatement	Restatement	After restatement
Loss before tax	(21 573 628)	(156 405)	(21 730 033)
Finance expenses	3 303 227	423	3 303 650
Decrease in fair value of investment property	16 225 914	(1 199 255)	15 026 659
Decrease / (increase) in inventories	-	169 999	169 999
Net cash flows used in operating activities	967 375	(1 185 238)	(217 863)
Additions to investment property	(6 578 405)	1 185 661	(5 392 744)
Net cash flows used in investment activities	(6 579 594)	1 185 661	(5 393 933)
Impact of foreign exchange rate changes	-	(423)	(423)

3.22. Contingent assets and liabilities

As at 31 December 2025, the Group has lease agreements with future tenants and is actively communicating about extending these agreements due to delays in the completion of the 1st stage. As at this date, the Group has recognized one penalty related to these lease agreement delays. Other old lease agreements were renegotiated, and no additional penalties are expected.

3.23. Operating segments

Operating Segment – Real Estate Development

Following the issuance of public bonds in 2025, the Group is required to present disclosures in accordance with IFRS 8 Operating Segments. The Group's Management reviews internal reports and manages the business as a single, integrated real estate development project. Accordingly, the Group has one reportable segment, comprising the development and future operation of a multifunctional real estate center in Riga, Latvia. All of the Group's revenue is earned in Latvia, and all non-current assets are located in Latvia. In 2025, the Group's only income was rental income from the investment property under development. This income was earned from a single external customer. As the Group has only one reportable segment, no further numerical subdivision of financial results is necessary.

Comparative segment information for 2024 is not presented separately as the Group had no publicly traded securities in 2024 and the bonds prospectus was signed only in the first half of 2025. If IFRS 8 had been applied to 2024, it would likewise have comprised a single segment with the same profile as described above.

3.24. Going concern

The Group does not earn income independently as it is developing a multifunctional real estate centre on its controlled land plot in Balasta Dambis 2, Riga, Latvia. In year 2022, the Group terminated the construction agreement with its previous general contractor responsible for the 1st stage development of its investment property. The termination of the agreement was settled in arbitration. Further, in year 2023, the Group signed a new construction agreement with other general contractor to finish the 1st stage of the development, however, also the contract with this other general contractor has been terminated in October 2024. The Group resumed the construction in 2025 with the newly established related general construction company PN Construction Latvia SIA and plans to complete the 1st stage of the project in Q4 2026. The Group highlights that after the planned completion of the 1st stage of the development project, the Group is expected to start independently generating rental income and positive net cash flows from operations supporting the Group's going concern going forward.

PN Project AS

Registration number: 40203063602, address: Republikas laukums 2A - 1, Riga, LV - 1010, Latvia

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(all amounts presented in EUR unless otherwise indicated)

3.24. Going concern (continued)

As at 31 December 2025 the Group's current liabilities exceeded current assets by EUR 21 454 431. The successful issuance of public bonds ensured refinancing of the loan received from Preses Nams UAB and covered all of the Group's liabilities to the previous general contractors. The remaining majority of the amount's payable are to the Group's suppliers for the construction works performed in the 1st stage development and loans received from the shareholder Lords LB Special Fund V. Refer to Note 3.25 for information about subsequent shareholder's decision to increase share capital of the Parent company by capitalising part of the Parent company's debt to the shareholder (EUR 12 563 294), while for the remaining part (EUR 6 606 969 EUR), the shareholder decided to extend the maturity of the loan until 31 December 2027.

Respectively, when preparing these consolidated financial statements, the Group's Management assessed all known facts that may affect the Group's ability to continue business, both already recorded and/or disclosed in the consolidated financial statements and likely in the future. As a result, these consolidated financial statements for the year ended 31 December 2025 have been prepared assuming that the Group will continue its operation. The assessment of business continuity was based and is directly dependent on the assumption, that in 2026, the Group will continue to successfully issue bonds under public bond issuance program in Latvia, which together with attracting financing from other sources and support from parent fund investors will allow the Group to continue the development of the 1st stage.

Considering the information currently available and the actions taken and planned by the Management, as described above, the Group expects to continue operations as a going concern and the financial statements do not include any adjustments to carrying amounts of assets and liabilities that might be necessary if the going concern assumption would not be applicable. However, there exists a material uncertainty related to successful attraction of external financing from public bond issuance and new equity from parent fund investors that would enable the Group to continue the development of the 1st stage, this in turn may cast significant doubt on the Company's ability to continue as a going concern.

The Management cannot rule out the possibility that the geopolitical situation or a negative impact on the business or investment environment in which the Group operates could adversely affect the Group, its financial position and performance in the short and medium term, including the estimated fair value of its investment property. The conclusion on application of a going concern basis of accounting is based on the information available as at the date of these consolidated financial statements and future developments in the business environment may have a different impact on the future operations of the Group. The Management continues to monitor the situation closely and take the necessary steps to mitigate, to the extent possible, the effects of new events and circumstances.

3.25. Subsequent events

On 24 February 2026, the Group issued the ninth ISIN LV0000104271 public bonds tranche in the nominal amount of EUR 8 873 000, bearing a 10% annual coupon rate and maturing on 4 June 2027. The total cash proceeds from the issuance amounted to EUR 9 121 924.

On 12 March 2026, the Lords LB Special Fund V management company's Board adopted a decision, upon receipt of the written consent of investors who own more than 50% of all issued and unredeemed investment units of the fund, to extend the term of the fund's operation for 2 years, providing that the fund will operate until 13 June 2028.

On 15 April 2026, the Lords LB Special Fund V manager decided to increase the share capital of the Parent company by EUR 12 564 200 by capitalizing part of the Parent company's debt to the shareholder (EUR 12 563 294), Lords LB Special Fund V, and cash contribution of EUR 906. The Parent company's management initiated the process for the capital increase, including obtaining shareholders' approval.

On 15 April 2026, the Lords LB Special Fund V manager decided to extend the maturity of the loan (accrued interest payables of EUR 6 606 969 EUR) under the loan agreement dated 15 November 2018 until 31 December 2027. The Parent company's management is in process of preparation of required loan agreement amendment.

This report is signed with a secure electronic signature and contains a time stamp

Chairman of the Board

Member of the Board

Povilas Urbonavičius

Igors Danilovs