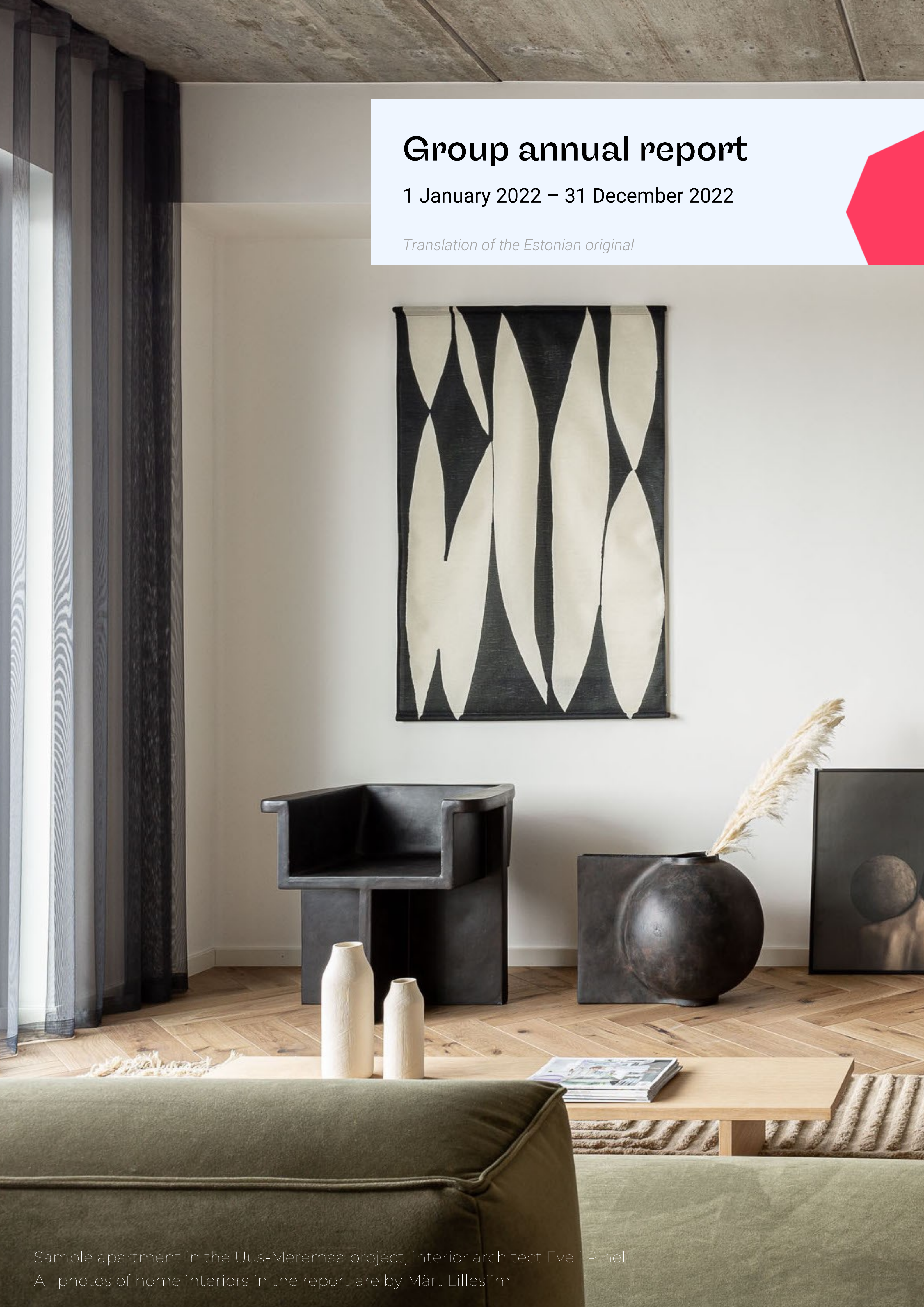
Group annual report

1 January 2022 – 31 December 2022

Translation of the Estonian original



Sample apartment in the Uus-Meremaa project, interior architect Eveli Pihel
All photos of home interiors in the report are by Märt Lillesiim

LIVEN AS

GROUP

Business name:	Liven AS
Core business:	Development of building projects (EMTAK 41101)
Registry number:	12619609
Address:	Laeva tn 2, Tallinn
Telephone:	+372 5336 5551
Email:	info@liven.ee
Website:	Liven.ee
Supervisory board:	Andres Aavik, Peeter Mänd, Andres Järving
Management board:	Andero Laur, Mihkel Simson, Alina Kester
Auditor:	KPMG Baltics OÜ

Contents

Letter to current and future shareholders

Looking back at the year 2022, we can be satisfied with our revenue and net profit as well as our reputation as an attractive developer in the market. Last year, we delivered over 185 apartments to new homeowners in the Väike Tallinn and Uus-Meremaa development projects and started the construction of the last two houses closest to the sea in the Uus-Meremaa project. After extensive preparatory work, construction began on the Iseära and Luuslangi developments, which will be completed in phases and keep us busy for several years. We are finishing preparations to start selling homes in our signature project Regati, where we have invested considerable effort to make the location an inviting destination for everyone walking along the seaside in Tallinn.

Last year, we launched our proprietary home design software, Kodukujundaja, which enables our customers to choose between different interior finishing options more easily and quickly while helping home buyers better visualise their future homes. Thanks to the Kodukujundaja software, we can bring our value proposition to our customers more effectively and efficiently. We are also pleased to state that the application we submitted to the Construction e-Leap funding programme last autumn to obtain financing for improving and productising the software was accepted.

Besides the positive developments, the year 2022 was marked by an abrupt deterioration of the external environment, triggered by the war in Ukraine, record-high inflation and surging interest rates, which resulted in record-low consumer confidence in the second half of the year. Despite the rapidly worsening operating environment, we succeeded in signing new sales contracts in a volume that was not significantly lower than in 2021 and 2020. In the changed economic environment, we have scaled back our growth plans and are focusing on improving efficiency and further development of our value proposition to be able to successfully realise our growth plans when the economic environment recovers.

Although inflation and price increases have significantly reduced consumers' purchasing power, there is reason to be cautiously optimistic about the future. Fundamentals affecting the real estate market, such as the rising incomes of people living in Tallinn, the employment rate, growth in the number of households, and increasing demand for energy-efficient homes, are all positively supporting the market while consumers' purchasing power is gradually recovering. There is work for several more years in our portfolio. We hope that besides developing our value proposition and technological solutions, we will be able to find opportunities to add attractive properties to our development portfolio in 2023. Homes have been built since the beginning of time, and there will always be demand for homes created with passion and commitment.

Andero Laur
Liven AS

Chairman of the Management Board

Management report

Liven's goal is to create the coolest homes and to deliver the most personal service experience.

Corporate values –

Responsible, Ambitious, Dependable

Responsible

For most people, buying a home is the most important purchase of their lives. Therefore, homes must be designed with special care and a strong sense of responsibility to meet customers' expectations. The work we do will affect the urban space for years to come. Therefore, it is important to properly assess and mitigate the risks associated with our operations.

Ambitious

We never lower the bar, and our goals are always high and inspiring – we strive for the greatest development idea, the fastest implementation solution, excellent financial performance, the highest quality and the most satisfied customers. We always wish to create the wow effect.

Dependable

We achieve our goals honestly and talk about things as they are. Trust within the team and in relations with customers, business partners and shareholders is the foundation for our success. Responsible, ambitious and dependable, Liven people are always approachable, proactive and eager to help.

Overview of Liven's business model

Liven AS (Liven, the parent, the company or, together with the subsidiaries, the group) is a housing developer established in 2014 and operating in Tallinn. In its relatively short period of operation, Liven has become one of the leading real estate developers in Estonia. Liven develops residential real estate and, over the past eight years, has created and delivered nearly 600 homes. The group has over 20 employees in Tallinn and one employee in Germany. At the end of 2022, the group's development portfolio comprised nine projects, with more than 1,600 homes in different stages of development and an estimated sales volume of around 400 million euros. The projects in the development portfolio will take another four to five years to complete.

So far, Liven's development portfolio has focused only on Tallinn and the nearby area – for example, we have a development project in the Harku rural municipality just outside the city. We have carefully considered opportunities for geographic expansion, but to date, 100% of our development portfolio is still in Estonia. We seek to diversify geographic risks and enhance growth opportunities by expanding our operations to developed and growing markets outside Estonia.

Liven's operations cover all stages of the residential development value chain, i.e. the acquisition of suitable land, housing development, concept planning, marketing and sales, and after-sales service. Construction management has been outsourced. We offer carefully considered concepts and plans with various interior design alternatives and the opportunity for home buyers to have a say in the design of their new homes. We do not develop detached houses and, on acquiring properties, we make sure that the share of commercial premises does not exceed 25%. Home buyers value our offering: we have been among the top most reputable real estate developers in Estonia for quite some time and our customers' immediate feedback has also been highly positive throughout the years.

All subsidiaries are wholly owned by a group company. In an earlier and less capitalised stage of development, the group relied more on financing whose terms included a component dependent on the success of the project. Currently, our capitalisation and thus financing terms are substantially better. In 2023, we are developing the last project whose cost of financing depends, among other things, on the success of the project.

The growth of the Tallinn housing market in the past decade has been supported by several factors, including rapid economic growth, moderate inflation, population growth, thriving technology and start-up sectors, increasing importance of energy efficiency, a large share of relatively worn-down housing stock built during the Soviet time, limited supply of high-quality housing and, last but not least, homeowners' access to financing offered on favourable terms. Although financing conditions worsened in 2022 compared to previous years, several factors continue to support the long-term outlook for the sector.

Liven manages its value proposition and risks throughout all stages of a development project, but the most important things are done at the very beginning. The decision to purchase a plot of land depends on the existence of a comprehensive spatial plan which supports the proposed development project, a detailed risk assessment and Liven's competitive advantages. As a rule, construction work begins only when presales have reached 50%. This helps keep investment risk low and make sure that customers are indeed interested in our offering.

On analysing the financial statements it is important to note that the vast majority of development costs, including financing costs, are not recognised as expenses as incurred or using the stage of completion method but are capitalised and booked as inventories during the development period. The revenue and costs related to a development project are recognised in profit or loss only after the construction has been completed and the homes have been transferred to homeowners under real right contracts.

Key facts

€32.6 million
Revenue for 2022

€3.3 million
Net profit for 2022

22.7%
Return on equity for 2022

27.4%
Equity ratio at the end of 2022

No. 1
Number 1 real estate developer in Estonia by reputation, shared place

8.9/10
Customer feedback score

1,557
Size of the housing development portfolio (contracts signed under the law of obligations)

ca €400 million
Estimated revenue from the development portfolio

Development projects added to the portfolio in 2022:

33 homes
Virmalise 3

2,231 m²
Total sellable area

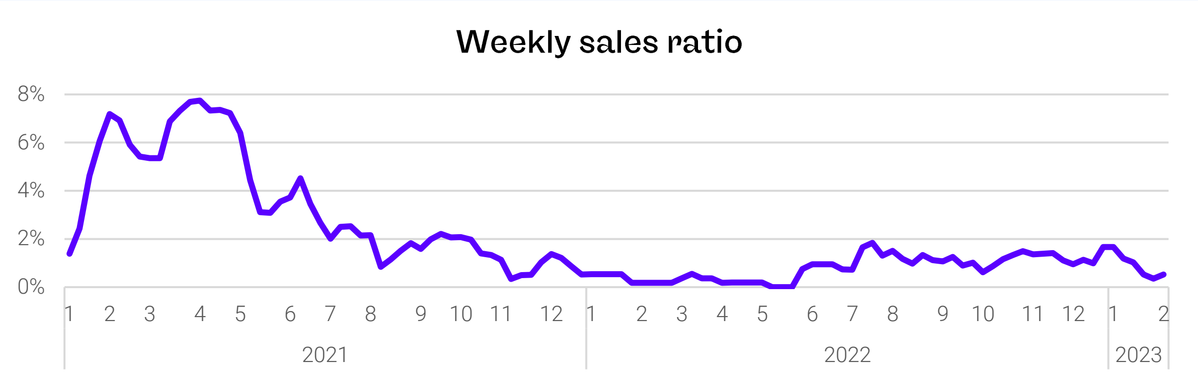
Summary of the results for 2022

Revenue

Revenue from real estate sales is recognised in the period in which the real right contract (RRC) is signed and ownership of real estate is transferred to the home buyer. In the sector in general, but especially in view of Liven's business model and the internal objective of achieving a high presale level before construction begins, the most relevant indicator of sales is the signature of a contract under the law of obligations (CLO), which also involves the first payment by the home buyer.

In the previous couple of years, the number of contracts signed under the law of obligations was steadily at around 125 contracts per year but in 2022 it dropped to 106. A 15% lower number of contracts signed in a situation where Liven's average number of homes for sale was almost a third higher than earlier was a clear sign of a challenging operating environment.

A good indicator of the market and sales situation is the ratio of four weeks' average number of contracts under the law of obligations or expression-of-interest agreements signed per week to the total number of homes for sale. While the unusually high interest in buying real estate at the beginning of 2021 reflected the combined effects of the shortage of market supply following the COVID-19 crisis and the demand resulting from the search for protection against inflation fuelled by money printing, the limited interest in the first half of 2022 reflected the uncertainty caused by the war in Ukraine and the rapid adjustment of sales prices to the growth in input prices. The second half of 2022 saw a rebound in the demand for homes, but due to low consumer confidence and rising interest rates, it remained lower than in previous years. Based on the weekly sales ratio of 1% to 2%, which may be regarded as a long-term average level for mature markets, it can be estimated that it will take 1 to 2 years to sell all homes for sale.



CLO or expression-of-interest agreements signed per week / homes available for sale (4-week rolling average); source: Liven

In 2022, the group signed 186 real right contracts (2021: 35) and generated annual revenue of 32.6 million euros (2021: 6.3 million euros), which is the best result in its history. At the beginning of the year, apartments were delivered to customers in the Väike Tallinn development project at Türi 4, which was completed at the end of 2021, and at the end of the year three houses were completed in phase I of the Uus-Meremaa development project in Lahepea street. The group also transferred ownership of the last commercial space in the Suur-Patarei 6 development project, which was completed in 2020.

Annual revenue growth in 2022 was therefore 420% (2021: -30%). Due to the concentration of the delivery of homes and revenue recognition in the period following the completion of construction operations, the financial results of real estate activities can vary significantly from year to year.

Subsidiary	Project location	Project volume (m² and number of units)	CLOs at 31 Dec 2022 (number/%)[1]	RRCs at 31 Dec 2022 (number/%)[1]
Liven Kodu 15 OÜ	Tallinn, Türi 4	5,453 m², 80 homes and 1 commercial space	80 / 91%	80 / 91%
Liven Kodu 11 OÜ	Tallinn, Suur-Patarei 6	1,576 m², 21 homes and 1 commercial space	22 / 100%	22 / 100%
Liven Kodu 5 OÜ	Tallinn, Lahepea	14,209 m², 183 homes and 8 commercial spaces	145 / 71%	123 / 60%

[1] *The number of contracts signed by the date; the percentage reflects the proportionate share of square metres.*

Overview of events and developments in 2022

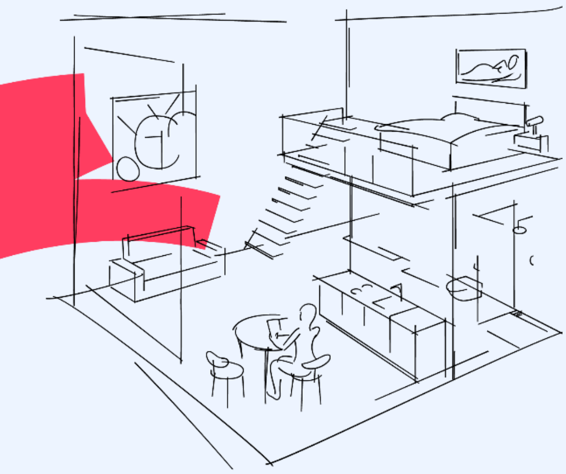
A large number of real right contracts and transfers of homes along with high revenue helped the group earn a net profit of 3.3 million euros in 2022 (2021: 0.6 million euros), which is our best result do date. This was all the more significant because costs increased through a stronger focus on enhancing after-sales service, operating processes and product development, increasing personalisation options for customers and investing in the development of the home design software Kodukujundaja.

The surge in input prices, which continued at the beginning of 2022, led to a situation where construction costs increased and completion dates were delayed even though the prices and deadlines of construction contracts were fixed. This also made negotiating and signing contracts with construction companies harder. The previous practice of signing contracts with fixed terms was replaced by the practice of signing cost-plus-fee contracts in the case of which the changes in construction prices directly affect the costs and profitability of development projects throughout the contract period.

The realisation of the risk of rapid growth in input prices in a situation where the construction company had signed a fixed-price contract is probably the reason why the builder of the Magdaleena 4 development project failed to fulfil its contractual obligations to the group. As a result, the assets of the project were written down by 0.4 million euros, which increased the group's expenses for 2022. The construction of the project continued in autumn 2022 with a new construction partner under a cost-plus-fee contract.

On analysing the 2022 financial results it should also be noted that, due low capitalisation, in the first years of the group's operation development projects were financed with mezzanine-type loans whose interest rates consist of a fixed component and a component linked to the success of the project that is assessed at the end of each project phase. The purchase of the plot for the Uus-Meremaa project, acquired in early 2017, and its development were also financed on these terms. Phase I of the Uus-Meremaa project was completed in 2022 and the creditors were paid additional interest based on the success of the project. The total additional interest paid for phase I was 3.6 million euros. The Uus-Meremaa project, which is scheduled to be completed in 2023, is the last in our portfolio whose financing terms include a component linked to the success of the project.

Despite the challenging operating environment and the factors that adversely affected our financial performance in 2022, both the net profit target set at the beginning of the year (2.4 million euros) and the long-term target of achieving at least a 20% return on equity, approved earlier by the management board and supervisory board, were exceeded due to successful sales in previous years which were realised in 2022.



In 2022, we acquired only one plot, Virmalise 3, where we can develop 33 new homes in a very attractive central location. This also shows that there is a shortage of properties on the market.

Although the situation improved over the year, the previously set capital structure target of maintaining the equity to assets ratio at around 40% was not met. The target set at the beginning of the year to raise additional equity capital of 5 million euros, which would have brought us closer to but still short of the equity ratio target, was not met either. At the year-end, the equity ratio was 27.4% (2021: 25.5%), which is attributable to a relatively high level of construction loans. While it does not affect the group's day-to-day operations, it is not convenient for the acquisition of new properties in the current environment. This is why we arranged a small-scale capital raising through a direct placement, which was launched at the end of 2022 and continued at the beginning of 2023. In 2022 and 2023, we have also been making preparations for an initial public offering of Liven's shares.

3D graphics of the Regati 3 project

In 2022, we developed of our signature project, Regati, which we had acquired a year earlier, and made preparations for its sales. The project, located at Regati 3 in Pirita, will be completed in several stages and comprises seven buildings with 220 homes and 10 commercial spaces. At the end of September, we started registering interest among Liven's investors in the 46 apartments and two commercial spaces in the first of the four buildings in phase I. Public presale began in February 2023. At the date this report is authorised for issue, 15 homes have been reserved. We are planning to start the construction of phase I in the Regati project once 50% of the entire phase has be presold.

Improving customer experience and increasing personalisation options

In line with Liven's value proposition, we continued to use and further develop our proprietary home design software, Kodukujundaja, during the year. On the one hand, the software helps home buyers choose between various interior finishing options for their future homes. On the other hand, it integrates different work processes, thus enabling an efficient flow of information about personalised choices to the construction site. The app will be implemented by all new projects and integrated into the apartment selection section on our home page.

In autumn 2022, we submitted an application to the Estonian State Shared Service Centre to obtain co-financing of 0.2 million euros for further development and productising of Kodukujundaja from the Construction e-Leap funding programme and received a positive response in February 2023. One of the programme's objectives is to support the development of innovative digital solutions in the construction industry, and the maximum share of support is 50% of eligible costs.

In order to improve customer experience, we started preparations for relocating our office and transforming it into a showroom. We are planning to move to the new office and to open a showroom for customers in the Telliskivi Creative City at the end of 2023. The new set-up will allow us to better present finishing materials, enhance the virtual reality experience and offer better options for home buyers to design their homes.

Environmental objectives

In the construction and real estate development sector, the most common international green building certification programme is LEED (Leadership in Energy and Environmental Design), which includes a set of specific requirements and guidelines. LEED-certified buildings help reduce carbon dioxide and increase cost savings. The LEED programme also has a very significant overlap with the 18 UN Sustainable Development Goals (SDGs), contributing directly to the achievement of 11 of them. In Estonia, many new office buildings have been awarded LEED certification, but there are no LEED-certified apartment buildings yet. LEED helps Liven apply the world's best practices in designing environmentally sustainable buildings.

In 2020, we decided to start preparations for obtaining LEED certification and started training the employees involved in the design process. At the beginning of 2021, the first project manager was awarded the LEED Green Associate credentials. The environmental objective to start a LEED pilot project is related to the proceedings for the adoption of the detailed spatial plan of the selected development, Juhkentali 48. Due to the delay in the proceedings, we have postponed the start of the pilot project and expect to launch it towards the end of 2024.

Until then, we will continue to focus on other solutions that contribute to our sustainability goals. All buildings that are currently being designed by Liven meet class A energy efficiency requirements, and most buildings have been supplied with solar panels to achieve class A. Geothermal heating is used in the Iseära terraced houses project. The energy efficiency class and environmental friendliness of a building are also increasingly important for home buyers. Meeting customer expectations requires the use of solar panels, geothermal heating or other sustainable energy generation technologies in apartment buildings. Home buyers are also increasingly more aware of waste sorting and interested in charging options for electric cars and bicycles.

Customer feedback and brand recognition

Gathering feedback from home buyers in all projects to improve our products and services is part of Liven's business model. This is done in four stages: after the signature of the contract under the law of obligations, on the arrival of the deadline for modification works, upon the transfer of the home to the buyer after the signature of the real right contract, and after the completion of warranty works. We constantly update our customer feedback system to get as immediate and comprehensive input for our work as possible.

We assess customer satisfaction on a 10-point scale. At the end of 2022, customers again rated us with a high score: 8.9 (31 December 2021: 9.0). According to the satisfaction surveys of 2022, the area that needs improvement the most is the time period for completing the homes. We also put a lot of effort into solving and preventing the issues that arise during the warranty period more effectively. Last year, the Liven team welcomed an after-sales service specialist, whose role is to provide the best after-sales service, resolve issues quickly, and provide input to new development concepts to prevent potential warranty cases in the future.

After being named the most reputable home developer in Tallinn and the surrounding area alongside Merko in the annual real estate brand recognition and reputation survey conducted by Kantar Emor in autumn 2022, and the second most reputable home developer after Merko in the three previous years, Liven is undoubtedly among the top home developers in Estonia.

Customers rate us:

8.9 / 10

The most reputable real estate developers in Estonia:

1. Liven
1. Merko
3. Invego

In 2022, Liven's Väike Tallinn development project was selected from among the 822 works submitted to Estonia's largest creative competition, the Golden Egg Awards, and awarded a Golden Egg for infographic design in the category of design and mastery. Our style book was awarded a Silver Egg in the category of design and mastery in books, catalogues and magazines.

Entering the Berlin market – testing the fit of Liven's value proposition

The journey to enter the Berlin market will take longer than we originally expected. In 2022, the Berlin market saw changes similar to the Estonian one. We are still negotiating the purchase of a property to make sure that the changed market conditions would also be reflected in the purchase transaction. By the end of 2022, we had not yet acquired a development property. Our motto is: good things come to those who wait, and we will not rush into a deal just for the sake of it.

The long-term strategic objective of expanding Liven's business model outside Estonia was set in 2020. The selection of a target market involved the review of more than 40 countries and a more detailed analysis of 10 cities. The main selection criteria included the city's growing population, a transparent and corruption-free economic environment, a low level of protectionism, ease of doing business, geographical accessibility, and the competitiveness of Liven's business strategy.

As Germany's capital Berlin meets the selection criteria, has the highest market potential, and is compatible with Liven's value proposition, the city and its surrounding area were selected as the target market in 2021. To prepare for the market entry, we recruited a development manager in Estonia, founded a subsidiary in Germany and, at the end of the year, hired a local project manager.

We started looking for development plots with the aim of purchasing the first one within a year in 2022. During the year, we analysed nearly 30 properties, established a special-purpose subsidiary in Germany to manage the project, and signed two exclusivity agreements. However, by the end of the year we had not and to date, we have not yet acquired the first development property.

The objective of the first development project is to test the fit of Liven's value proposition with the Berlin market on a smaller scale and with limited risks and to develop the internal processes and systems.

The first development plot will suit us if it meets the following conditions:

- Location: Berlin or the surrounding area;
- Development land suitable for new development, preferably with building rights;
- Gross enclosed area > 1,000 m^2;
- Project timeline: 12–48 months from the purchase of the plot to the delivery of completed homes;
- Acquisition cost: up to 5 million euros.

Sample apartment in the Uus-Meremaa project, interior architect Eveli Pihel

Key performance indicators and ratios

(in thousands of euros)	2022	2021	2020	2019
Revenue	**32,618**	**6,278**	**9,000**	**9,082**
Earnings before interest, tax, depreciation and amortisation (EBITDA)*	7,618	1,353	2,165	2,048
EBITDA margin, %*	23.4%	21.5%	24.1%	22.6%
Operating profit	3,324	656	1,436	1,162
Operating margin, %*	10.2%	10.4%	16.0%	12.8%
Net profit	**3,324**	**638**	**1,439**	**730**
Attributable to owners of the parent	*3,324*	*647*	*1,333*	*200*
Attributable to non-controlling interest	*0*	*-9*	*106*	*530*
Net margin, %*	10.2%	10.3%	14.8%	2.2%
Weighted average number of shares (in thousands)	11,515	10,888	10,178	8,362
Earnings per share (in euros)	0.289	0.059	0.141	0.087
Attributable to owners of the parent (in euros)	*0.289*	*0.059*	*0.131*	*0.024*
Assets at end of period	60,279	50,257	18,437	14,399
Equity at end of period	16,526	12,881	6,923	5,482
Attributable to owners of the parent	*16,526*	*12,807*	*6,840*	*5,403*
Equity ratio, %*	**27.4%**	**25.5%**	**37.1%**	**37.5%**
Return on equity (ROE), %*	**22.7%**	**6.6%**	**21.8%**	**5.3%**
Return on capital employed (ROCE), %*	20.0%	5.9%	17.9%	28.4%
Return on assets (ROA), %*	6.0%	1.9%	8.7%	11.6%
Current ratio	3.87	2.55	4.70	2.92
Quick ratio	0.37	0.26	0.75	0.46
Average number of employees	24	16	9	6

*The formulas and input data used in the calculations are provided in the chapter: Alternative performance measures.

Key factors influencing the Tallinn new developments market in 2022

There were several significant developments in Estonia' real estate market and the environment was challenging in 2022. The sharp rise in construction costs that had begun in 2021 continued at the beginning of 2022, fuelled by soaring energy prices and the war in Ukraine. As the construction sector had sourced many raw materials, e.g. various metals and timber, from the Russian, Belarusian and Ukrainian markets, the outbreak of the war caused a sharp increase in the cost of these materials. Based on the data of Statistics Estonia, the construction price index increased by 17.8% in 2022 (2021: 8.1%).

Rising input prices and limited availability of apartments for sale further accelerated the rapid price increase which had started in 2021 and real estate sales prices peaked at the end of the first half of 2022. Growth in the number of transactions, however, slowed.

In addition to driving up input prices, the outbreak of war in Ukraine at the end of February undermined consumer confidence. Moreover, after an extended period in the negative territory, the Euribor began to rise in March. The 6-month Euribor turned positive in June and rose to nearly 3% by the year-end. Due to the combined effect of rapidly increasing real estate sales prices, growing interest expenses and soaring energy prices during the summer months, consumer confidence dropped to an all-time low by September, and the demand for residential real estate fell significantly in the second half of the year. The sales prices of new developments remained stable during the period. The number of apartments for sale in the market increased somewhat but was still below the long-time average.

Considering the circumstances, employment, including employment in the technology sector, remained high in 2022. While purchasing power declined due to an overall uptrend in prices, strong wage growth helped cope with inflation. In addition to an objective decrease in the availability of properties for sale, the market was hit by growing deflationary expectations regarding real estate prices generated by media coverage in the second half of the year, which made buyers postpone their transactions.

	2022*	**2021**
Annual change in GDP at constant prices *	-0.3%	+8.2%
Change in average monthly salary (gross)*	+8.8%	+6.9%
Unemployment rate	5.6%	6.2%
Construction price index	+17.8%	+8.1%

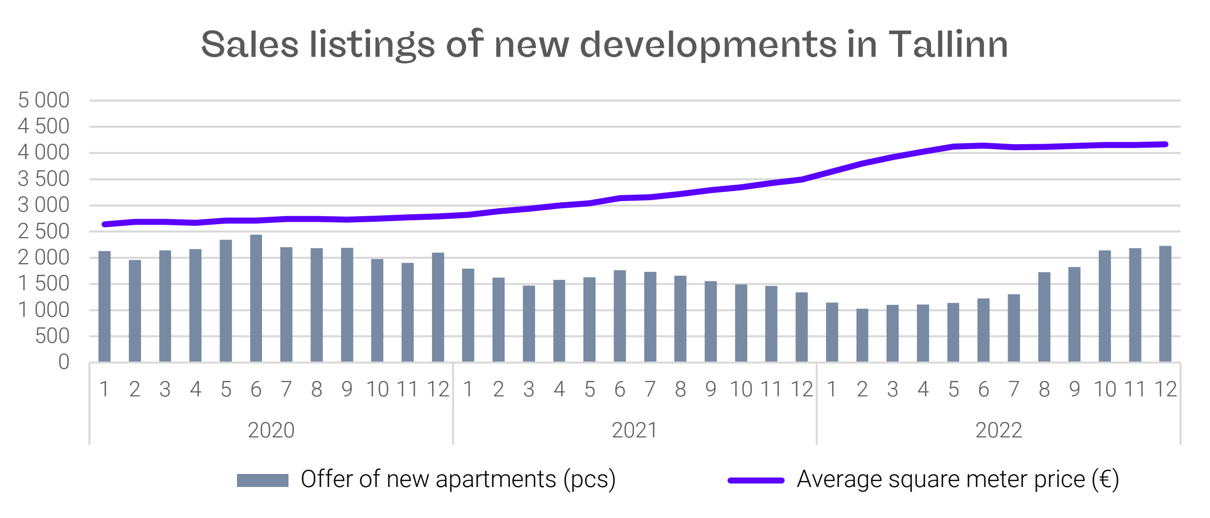
*Source: Statistics Estonia, *2022 data published in March, GDP flash estimate, three quarters' average change in average gross salary*

Tallinn real estate market

Based on the statistics published by the Land Board, the apartment sales market remained active in 2022. Although the number of transactions fell by 11% compared with 2021, it exceeded the 2020 level by 9%. It should also be noted that the sale of new developments is reflected in statistics with a delay of almost one year (there is a long time lag between signing the contract under the law of obligations and the real right contract). In spring, transaction activity was low due the uncertainty brought about by the war in Ukraine. During the summer transaction activity increased to the highest level for the year but starting from September, the number of transactions dropped markedly year on year, remaining nearly a third below the prior year figures in the fourth quarter, despite the transfer of apartments in new developments completed at the end of the year. According to the Land Board, 9,654 apartment sales transactions were concluded in Tallinn in 2022 (2021: 10,902).

According to available market data and estimates by the group's management board, the number of apartments sold in new developments dropped to 1,500 in 2022 (2021: 5,400; 2020: 3,100). The number of newly developed apartments for sale, which had been trending downward since previous years, hit the bottom in February but increased considerably in August and September and stabilised in the final months of the year. By the end of the year, the number of newly developed apartments for sale had increased to approximately 2,200 (31 December 2021: 1,300). This is comparable to the level seen in early 2020 before the outbreak of COVID-19, but below the historical average. The number of new developments coming to the market in 2022 was smaller than in 2021.

According to data released by the Land Board, the average sales price of apartments in Tallinn increased by 22.7% year on year, rising to 2,920 €/m^2 in 2022 (2021: 2,380 €/m^2). The very significant price increase against the backdrop of rapidly declining demand for real estate is attributable to the excess demand at the beginning of the year as well as a structural increase in the share of new developments in transaction statistics (due to the time lag between the signing of a contract under the law of obligations and a real right contract). The prices of apartments for sale in the secondary market declined slightly in the final months of the year compared with the price peaks seen over the summer, but due to the drop in the number of transactions this had a limited effect on annual price statistics.



Source: Market information about the supply and prices of new developments in Tallinn, monitored by the group

As the rise in the prices of real estate and other products and services considerably outpaced the growth in the average gross salary in both 2022 and 2021, and interest rates went up in 2022, the affordability of real estate has decreased relative to previous years, which is expected to affect future transaction activity and real estate prices. The affordability of real estate has declined the most for first-time buyers.

Inputs with a significant effect on the market of new developments:

Construction price

The pressure on construction prices that emerged in 2021 increased at the beginning of 2022 following the outbreak of the war in Ukraine. Due to the high risk margins of general contractors the prices of fixed-price contracts rose above reasonable levels. The increase ceased in the second half of the year and the situation eased somewhat due to lower risk margins and a general decline in construction prices. Soaring prices dampened demand and increased supply in the second half of the year. In 2023 we expect construction prices to decrease somewhat.

Financing

The main factor affecting financing in 2022 was the increasing cost of capital due to the rise in Euribor. Banks became more conservative in project selection over the year but the existence of sufficient market competition allows securing financing on reasonable terms. In 2023, financing will become more expensive as interest rates are expected to continue rising, albeit at a slowing pace, and, in the case of new contracts, the fixed price component may be added an additional variable price component.

Supply of land for development

In 2022, buying land for development was extremely difficult due to limited supply and landowners' expectations of a continuing price increase in an environment of high inflation and a financial market downturn. Plots in a good location and with building rights were sold for very high prices even in the autumn. At the end of the year, the number of properties for sale increased somewhat but price expectations remained high. We do not expect a rapid increase in the supply of development land in 2023 and land-related developments will mainly depend on the general economic situation.

Group structure

At 31 December 2022, the group comprised 20 companies (31 December 2021: 18). The core business of all group companies is the development of building projects. Liven AS is the group's holding company, Liven Kodu OÜ holds completed projects, Liven Wohnungsbau GmbH is the holding company of the business in Germany and all other companies have been established for the development of specific housing projects.

Description of project stages:

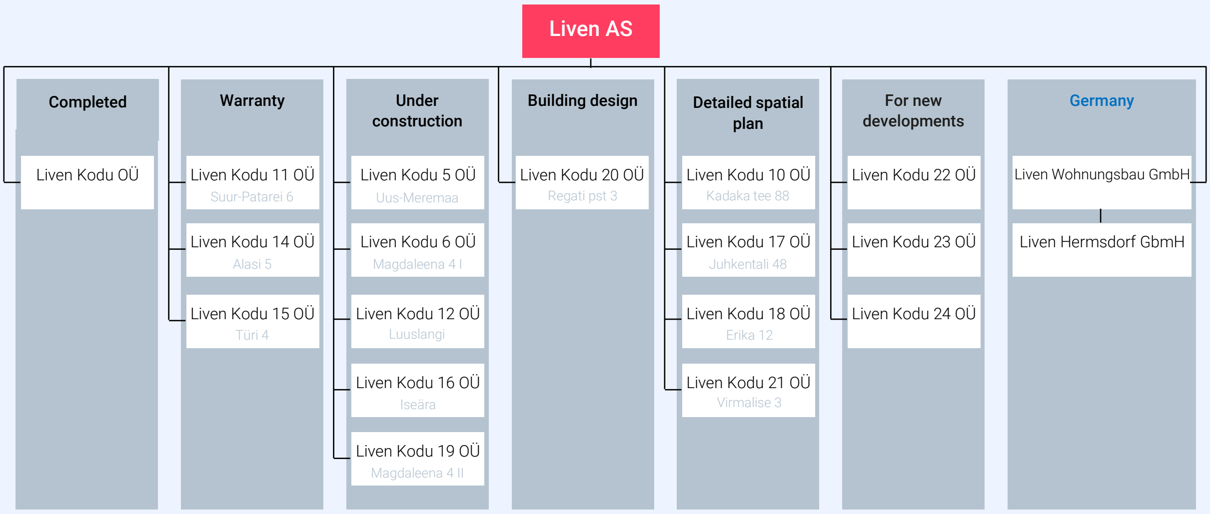
Detailed spatial plan A detailed spatial plan is being prepared to obtain building rights.

Building design A preparatory stage before construction. This stage includes the preparation of the building design documentation, obtaining the necessary permits, and finding contractors. In some cases, design specification proceedings may also be necessary.

Under construction In this stage, construction activities are carried out. As a rule, by the start of construction works at least 50% of the building under construction has been sold under contracts under the law of obligations.

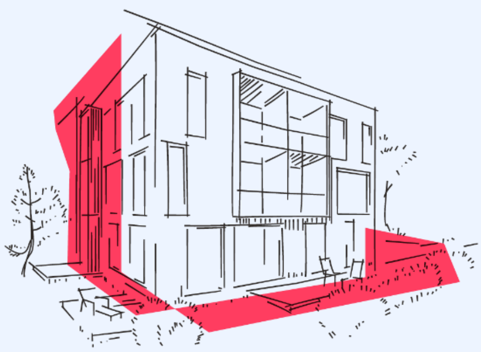
Warranty The warranty period lasts for 2 years.

Completed After the warranty period has ended and all apartments have been sold, the companies established for the projects are merged with Liven Kodu OÜ in order to simplify the group's structure.



In 2022, the group established four companies in Estonia and one company, Liven Hermsdorf GmbH, in Germany. Liven Kodu 21 OÜ was set up for the Virmalise 3 project and Liven Kodu 22 OÜ, Liven Kodu 23 OÜ and Liven Kodu 24 OÜ for future projects. Liven Hermsdorf GmbH was established for the first development project in Germany.

Liven Kodu 4 OÜ, Liven Kodu 7 OÜ and Liven Kodu 9 OÜ were merged with Liven Kodu OÜ after the completion of the projects for which they had been established.



At 31 December 2022, the shares in Liven Kodu 5 OÜ and Liven Kodu 10 OÜ were pledged to creditors as security.

Shares and shareholders

Liven AS's shares (ISIN: EE3100003112) are registered with Nasdaq CSD Estonia. As at 31 December 2022, Liven AS had issued a total of 11,515,116 shares (31 December 2021: 11,515,116 shares).

In accordance with the group's articles of association, the share capital of Liven AS consists of ordinary shares with a par value of 0.10 euros each. All shares are of the same type and each share carries one vote at the shareholders' general meeting. No preference shares or shares with special rights have been issued. In accordance with Liven AS's articles of association, shares can be freely transferred, but in line with the shareholder agreement the existing shareholders are entitled to pre-emptive and tag-along rights.

In 2019, a share and option programme (Liven Employee Ownership Program, LEOP) was set up for Liven AS's employees and key partners and 200,001 shares were repurchased for the programme. In subsequent years, 188,527 shares have been transferred to persons participating in LEOP. In 2022, 42,364 shares were sold under LEOP (2021: 60,254) at an average price of 4.55 euros per share (2021: 3.71 euros). The transaction price under LEOP has been calculated using the discounted cash flow model. In 2022, the last transactions under LEOP were made at the price of 4.292 euros per share (2021: 4.458). Based on these prices, the company's market capitalisation (market value of the share capital) was 49.4 million euros and the price-to-earnings ratio (share price / earnings per share) for 2022 was 14.85x (2021: 75.56x). The parent company has not yet paid dividends.

At 31 December 2022, Liven AS had 50 shareholders:

Shareholder	Number of shareholders	Private individual	Company	Number of shares	% of share capital
Verdale OÜ	1	0	1	2,820,000	24.5%
BKK Holding OÜ	1	0	1	2,600,000	22.6%
OÜ LAUR & PARTNERS	1	0	1	2,600,000	22.6%
Probus OÜ	1	0	1	1,392,751	12.1%
Ivard OÜ	1	0	1	1,151,513	10.0%
Shareholders participating in LEOP	23	15	8	188,527	1.6%
Liven AS's own (treasury) shares	1	0	1	11,474	0.1%
Other shareholders	21	3	18	750,851	6.5%
Total	**50**	**18**	**32**	**11,515,116**	**100%**

At 31 December 2022, Liven AS held 11,474 own shares, acquired for the option programme.

Shareholder agreement

After the share issue in 2019, an agreement was signed between the shareholders regarding the group's overall strategy, governance principles, financing and relations between shareholders. Among other things, the agreement describes the terms and restrictions that apply to the sale of shares, including pre-emptive and tag-along rights. The agreement will automatically expire when the shares of Liven AS have been listed on the stock exchange, which is one of the targets set out in the agreement.

Home in the Väike Tallinn project, interior architects Greete Mätas and Ace of Space

Development portfolio and development activities in 2022

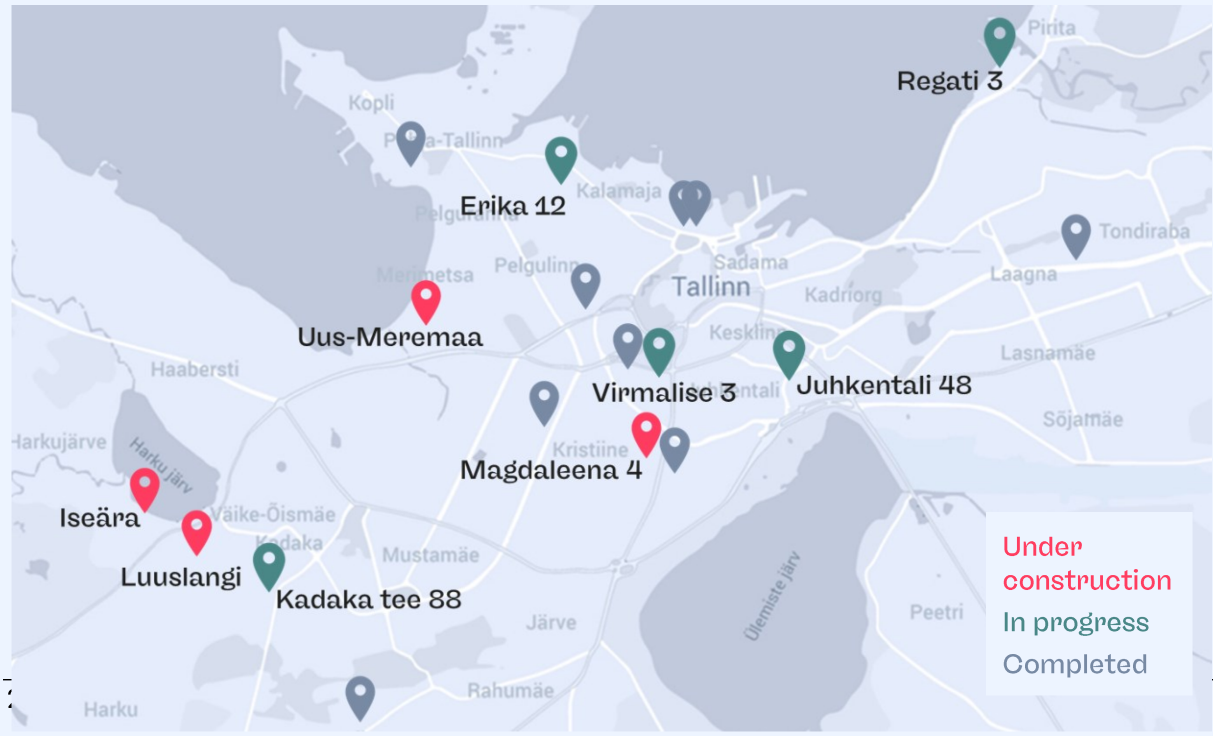
Liven had nine development projects in different stages of development at 31 December 2022 (31 December 2021: 9). In addition, there was one commercial space for sale in the Väike Tallinn project where construction ended in 2021.

The development portfolio comprised properties located in Tallinn and its vicinity with a total sellable above-ground area of 128,358 m^2 at 31 December 2022 (31 December 2021: 137,335 m^2), which allows creating 1,557 homes (31 December 2021: 1,719) and 8,984 m^2 of commercial spaces (31 December 2021: 8,566 m^2) Liven focuses on creating homes, which is why the share of commercial spaces in the portfolio was only 7.0% at the end of 2022 (31 December 2021: 6.2%). Since the proportion of commercial space is small, and the development of commercial premises is often ancillary or supplementary to housing development, management estimates that Liven operates in only one segment.

The consolidated amortised cost of the properties in the development portfolio is 27.2 million euros and the group has not subsequently measured the properties to fair value in the statement of financial position.

Project name / location	Project stage	Year of acquisition	Total sellable above-ground area (m²)	Breakdown of sellable units Homes (number)	Commercial spaces (m²)
Väike Tallinn	Completed	2019	493	0	493
Uus-Meremaa	Under construction	2017	5,676	66	180
Magdaleena 4	Under construction	2018	2,419	31	0
Harku/Iseära	Under construction	2019	39,399	387	571
Luuslangi	Under construction	2018	14,158	224	200
Regati 3	Building design	2021	20,943	220	1,540
Juhkentali 48	Detailed spatial plan	2020	7,986	63	4,033
Kadaka tee 88	Detailed spatial plan	2017	25,708	396	1,500
Erika 12	Detailed spatial plan	2020	9,345	137	467
Virmalise 3	Design specification	2022	2,231	33	0
			128,358	**1,557**	**8,984**

The table includes data on units not yet sold under real right contracts as at 31 December 2022.



Projects completed in the reporting period

The group's revenue for 2022 was 32.6 million euros (2021: 6.3 million euros). Most of the revenue resulted from phase I of the Uus-Meremaa project, which was completed during the year. A number of homes in the Türi 4 project, completed in 2021, as well as the last commercial space in the Suur-Patarei 6 project, completed in 2020, were also transferred to customers in 2022.

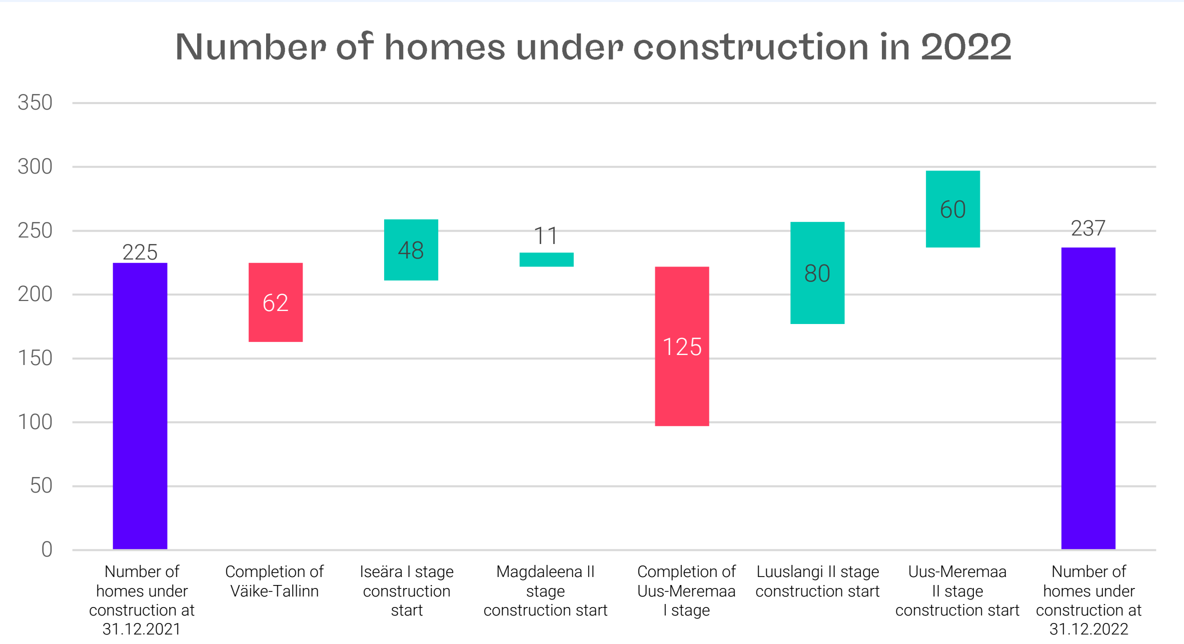
Purchase of properties

The plot at Virmalise 3 was added to Liven's development portfolio after Liven Kodu 21 OÜ won an auction held by the state-owned real estate company Riigi Kinnisvara AS in 2022. The plot with a commercial building is located in the Uus Maailm district in Tallinn. Liven plans to demolish the building and to apply for building rights with design specifications to build an apartment house with 33 apartments. The plot at Virmalise 3 was the only addition to the development portfolio in 2022.

Projects under construction

In 2022, construction works continued on the Magdaleena 4 project. In the Uus-Meremaa project, the first three buildings were completed and the construction of the last two buildings began. Construction works also continued on the Iseära project and commenced on the Luuslangi project where phase I includes five apartment buildings.

In the first quarter of 2023, Liven plans to start building 30 homes in five terraced houses, and at the end of 2023, 35 homes in apartment buildings in phase II of the Iseära project, where the internal 50% presale requirement has been met.



MAGDALEENA 4 Liven

Project:	**Magdaleena 4**
	Liven Kodu 6 OÜ and **Liven Kodu 19 OÜ**
Location	Magdaleena 4, Asula põik 4, Tallinn
Stage:	Under construction
Architect:	Eek & Mutso
Number of homes:	31 apartments
Total sellable area (m^2):	2,396
Website:	magdaleena.liven.ee
Start of construction:	Q4 2021
Scheduled completion of construction:	Q2 and Q4 2023

Th Magdaleena 4 project will have three apartment buildings with 31 homes in total, built in two phases at Asula põik 4 and Magdaleena 4 in the Kitseküla district in Tallinn.

End of phase I

The construction of two buildings with 20 homes will be completed in the second quarter of 2023.

End of phase II

11 homes in phase II of the project are scheduled to be completed in the fourth quarter of 2023.

UUS-MEREMAA Liven

Project:	**Uus-Meremaa**
	Liven Kodu 5 OÜ
Location:	Lahepea 11, 13, 15, 17 and 19, Tallinn
Stage:	Under construction
Architect:	PIN Arhitektid
Number of homes:	183 apartments
Total sellable area (m^2):	14,209
Website:	uusmeremaa.liven.ee
Start of construction:	Q1 2021
Scheduled completion of construction:	Q4 2023

The Uus-Meremaa project will have five apartment buildings with 183 homes in total and eight commercial spaces in Lahepea street in Rocca al Mare.

End of phase I

The construction of the first three apartment buildings with 125 homes and six commercial spaces was completed in 2022.

Construction of phases II and III

The construction of the remaining two apartment buildings with 58 homes and two commercial spaces began in autumn 2022. The construction is scheduled for completion in the fourth quarter of 2023.

LUUSLANGI

Project:	**Luuslangi**
	Liven Kodu 12 OÜ
Location:	Jalami tn, Astangu, Tallinn
Stage:	Under construction
Architect:	Kadarik Tüür Arhitektid
Number of homes:	224 apartments
Total sellable area (m^2):	14,163
Website:	luuslangi.liven.ee
Start of construction:	Q3 2022
Scheduled completion of construction:	Q4 2026

Th Luuslangi project in Astangu will have 13 apartment buildings with 224 homes in total, built in three phases.

Construction of phase I

Five apartment buildings with 80 homes in total will be built in phase I. The construction of phase I started in summer 2022 and the buildings will be completed at the beginning of 2024.

Next phases

Eight apartment buildings with 144 homes in total will be built in phases II and III. The construction of phase II is scheduled for 2024 and 2025. Phase III is scheduled for completion at the end of 2026.

ISEÄRA

Project:	**Iseära**
	Liven Kodu 16 OÜ
Location:	Harkujärve village, Harku
Stage:	Under construction
Architect:	ARS Projekt
Number of homes:	233 terraced units, 156 apartments
Total sellable area (m^2):	39,394
Website:	iseara.liven.ee
Start of construction:	Q1 2022
Scheduled completion of construction:	Q4 2027

The Iseära project in Harkujärve village in Harku rural municipality will have 38 terraced houses and 13 apartment buildings with approximately 390 homes in total, built in several phases.

Ending phase

The homes of phase I will be completed at the beginning of 2023 and transferred to customers at the end of the first quarter and the beginning of the second quarter of 2023.

Launch of the construction of the next phases

The construction of the next phases will commence in the coming years. We are planning to start the construction of 10 terraced houses and three apartment buildings in phase II in spring 2023 and at the end of 2023, respectively.

Projects in the stage of detailed spatial planning or building design specification

Detailed spatial planning or building design specification proceedings continued for several projects awaiting the building permit. While progress was made with all projects, the year confirmed what we had noted earlier: authorities now tend to take longer to process building permits and detailed spatial plans. Last year we were also faced with a slowdown in sales. Because of these circumstances we had to reschedule several projects. We do not expect the Juhkentali 48, Kadaka tee 88, Erika 12 and the new Virmalise 3 project to be completed before 2026.

For multi-phase developments with the first phases already under construction, we reassessed and postponed the schedules of later phases. We postponed the completion of the last phase of the Iseära project from the end of 2024 to the end of 2027, and the completion of the Luuslangi project from mid-2024 to the end of 2026.

In 2022, we prepared the building design documentation for the Regati 3 project, and started the proceedings for obtaining a building permit. At the end of September, we began to register the investors' interest and public presale started in February 2023. In line with the internal risk management requirement that construction works may start only after 50% of the project is presold, we expect to be able to start construction in early 2024 at the latest. If the presale requirement is met earlier, we are ready to start preparations in order to bring the construction works forward.

3D graphics of the Regati 3 project

Home in the Väike Tallinn project, interior architect Maarja Mets

Shareholders' general meeting

The annual general meeting of Liven AS's shareholders was held on 1 June 2022. In addition to approving the group's annual report and adopting a decision on the allocation of the profit for 2021 (13 thousand euros to the statutory capital reserve, 633 thousand euros to retained earnings and no dividend distribution), the shareholders decided to amend the articles of association and to approve its new wording. The amendment was made to grant the supervisory board the right to increase share capital.

Dividend policy

In 2019, the company set the goal of paying dividends starting from 2023. The management board plans to propose a dividend policy to the 2023 annual general meeting in the following wording: To distribute 25% of the prior year's profit before tax as dividends on an annual basis. The distribution and the timing of the dividend will depend on the availability of sufficient monetary resources and will be subject to the assumption that the dividend distribution does not jeopardise the group's ability to continue as a going concern and to make the planned investments.

Staff

In 2022, the group's average number of employees was 24 (2021: 16), and annual staff costs amounted to 1.8 million euros (2021: 1.0 million euros). The remuneration of the members of the management board amounted to 221 thousand euros (2021: 113 thousand euros). The members of the supervisory board were not remunerated in 2022 and 2021. A member of the management board that is removed from office is entitled to severance pay equal to his or her six months' remuneration (a contingent liability). The maximum possible severance pay obligation at 31 December 2022 was 111 thousand euros (31 December 2021: 113 thousand euros).

The increase in remuneration compared to the year before was mainly attributable to an increase in the average number of staff, meeting of the targets for performance-related pay and the fact that in 2022, members of the management board received remuneration for the full year (in 2021 for only half a year).

The average number of staff increased during the year due to the development of services and processes as well as expectations of sales growth. Due to the deterioration of the economic environment and the rescheduling of projects, the volume of work proved lower than expected and the number of staff was reduced after the reporting date.

Share option programme for employees and key partners

Liven has had an option programme (Liven Employee Ownership Program, LEOP) for its employees and key partners since 2019. The purpose of LEOP is to provide Liven's employees and key partners with an opportunity to contribute to Liven's share capital and thereby share in the company's success. The three-year acquisition period of the shares ended at the end of 2022. The share options will be exercised over the next three years.

In 2022, the group sold a total of 42,364 shares (2021: 60,254 shares) to the participants in the option programme and issued up to 43,652 share options (2021: 72,523) with a term of three years. The exercise of the share options depends on the satisfaction of the vesting conditions set out in the option programme.

The group has also signed share option agreements with employees on other terms and with personal targets. In 2022, the parent company signed agreements on 30,000 options (2021: 120,000 options). At 31 December 2022, the parent company had committed to granting up to 130,000 options under option agreements.

Governance

Supervisory board of Liven AS

The supervisory board has three members:

Andres Aavik

Chairman of the supervisory board

Andres is one of the founders of Liven AS. He has been involved in real estate development since 1997. Over the years, he has developed nearly 2,000 apartments and been in charge of the adoption of more than 10 detailed spatial plans. In 2001–2013, he held various positions at Skanska AS, from project manager to chairman of the management board in the final two years.

Andres is the deputy chairman of the Association of Estonian Real Estate Firms.

Peeter Mänd

Member of the supervisory board

The entrepreneurial experience of Peeter Mänd began in 1990 when he became one of the founders and the forestry director of the forestry group AS Sylvester. As a member of the management board of OÜ Ivard, Peeter has been active in various sectors, including real estate, since 2002. His currently best-known undertaking in the real estate field is Eften Capital AS, where Peeter was a co-founder and has been a member of the supervisory board since 2008.

Andres Järving

Member of the supervisory board

Andres Järving has been a member of the management board of OÜ NG Investeeringud since 1994 and participated in the work of the supervisory boards of the subsidiaries of Tallinna Kaubamaja Grupp AS until the end of 2022. Since 2008, Andres has been a member of the management board of the Estonian Traders Association. He has been on the board of the Estonian Chamber of Commerce and Industry since 2015. Andres is also a member of the Fraternitas Estica Alumni Association.

Management board of Liven AS

The management board has three members:

Andero Laur

Chairman of the management board

Andero is one of the founders of Liven AS. Andero has been involved in the construction and real estate business since 2007 and has a master's degree in construction management. Over the years, he has designed over 1,000 apartments and more than 100,000 m² of buildings have been completed with his participation. Before founding Liven, Andero worked for Skanska AS for 7 years, holding various positions. At Liven, Andero is responsible for governance and the group's entry into the German market.

Mihkel Simson

Member of the management board

Mihkel is one of the founders of Liven AS. He has been involved in construction management since 2006. He has developed over 15 apartment buildings. Since 2016, Mihkel has been in charge of construction contracts, customer support and warranties. He leads four project teams.

Alina Kester

Member of the management board

Alina became a member of Liven AS's management board in 2018. She has worked in marketing for over ten years since 2013. Along extensive experience in real estate marketing, she has two master's degrees in marketing. At Liven, she is responsible for marketing, sales, interior architecture and design.

Risk management and business-related risks

Risk management is an important part of the group's strategic management, which is aimed at identifying the optimum way to achieve the group's strategic and financial goals. Systematic risk management allows preventing or minimising potential financial loss. The group has identified market risk, operational risk and financial risks as its most significant risks. In financial risk management, the priority is to manage risks related to sufficient capitalisation and financing, including interest rate risk and credit risk. A detailed description of financial risks is provided in note 7 to the consolidated financial statements.

The group's business and financial performance depend on contractors and partners and their ability to meet the agreed terms and conditions. The failure of contractors and partners to meet the agreed terms and conditions can have a significant negative impact on the group's financial performance.

The group is exposed to market concentration risk as it develops only residential real estate and only in Tallinn and the vicinity of Tallinn. Market disturbances, changes in regulations or administrative procedures of local governments, or a significant decrease in market demand can have a considerable negative impact on the group's business volumes or the duration of the development period, which in turn can reduce operating volumes and revenue.

The group has currently a strong development portfolio and makes continuous efforts to find new potential projects, but there is no certainty about finding suitable and sufficiently profitable real estate projects in the future. Failure to find suitable plots of land and to maintain a stable flow of new development projects can have a negative impact on the group's financial performance.

Real estate development is a capital intensive business. The group finances its projects with equity, mortgage loans, bonds, mezzanine loans and advances from customers. The group's operations depend on its ability to raise capital on terms suitable for the group. Failure to raise capital to the extent and on the terms necessary to finance the acquisition or implementation of future projects can have a negative impact on the group's business volumes and financial performance.

The performance of the group is influenced by the general economic and geopolitical environment, the availability of bank funding for the purchase of real estate, trends in consumer behaviour, the employment rate and similar circumstances, which are beyond the group's control.

Another factor influencing the group's performance is the cyclical nature of its business. The development cycle of a project lasts from 1.5 to 4 years and if negative economic developments occur during the period, the level of profitability may fluctuate considerably. Other impacts on profitability include lower-than-expected sales prices, longer development periods, a rapid increase in costs or growth in the cost of debt financing.

Stiff competition in the real estate development market is a risk that can have a negative impact on the group's financial performance through increasing demand and price levels for development land and building materials as well as through the excess supply of residential real estate.

Real estate development business is exposed to regulatory and political risks. Political developments may affect the administrative discretion of the authorities in the provision of the rights, permits and approvals as well as in other regulatory proceedings required for the commencement of development and construction activities and may thus render them unpredictable. These circumstances may cause significant delays in the development process or changes in the intended use of land, the maximum permitted number of buildings on a plot, the height of buildings and other important details, which could significantly reduce the estimated profitability of projects.

The group is exposed to civil liability risks as it is obliged to carry out construction work in accordance with the building design documentation and related normative documents and may be held liable for the non-compliance of an apartment with the contract terms during the warranty period. The bulk of the civil liability risks has been mitigated with contracts establishing the liability and responsibilities of the general contractor.

Future outlook

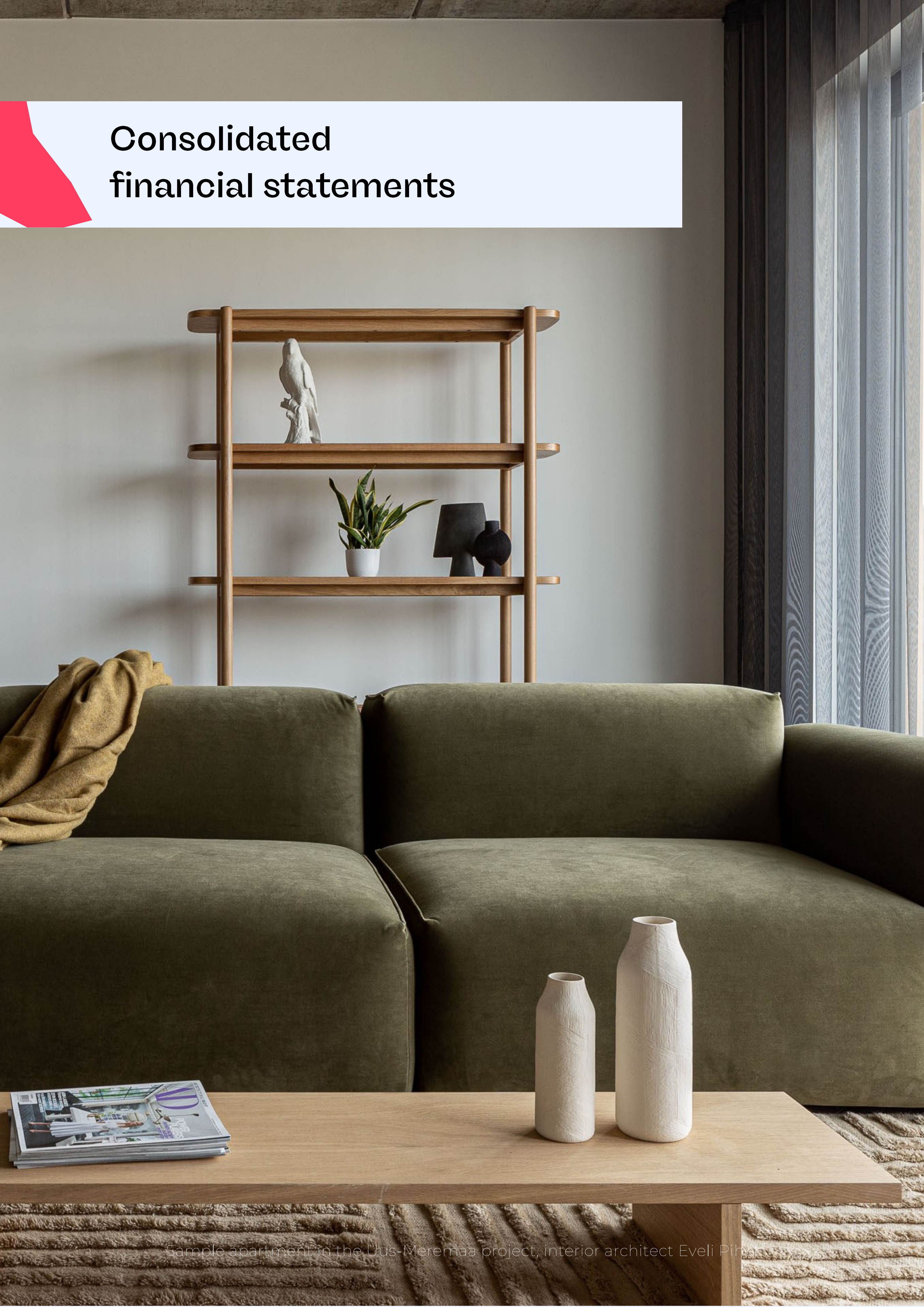
Liven has maintained a strong development portfolio from previous years. At the end of 2022, it included 1,557 homes and close to 9,000 m^2 of commercial spaces not yet sold under contracts under the law of obligations. The revenue potential of the total development portfolio over the coming years is approximately 400 million euros, and its estimated net margin is 14%, i.e. higher than the 10% margin achieved in 2022. In the next couple of years, however, the group's profitability will remain below this level because the group will be incurring costs in several major developments, which will not yet generate any revenue and profit. Considering the slowdown in both sales and the approval of permits required for development activities, it is difficult to predict the exact time for the completion of the projects in the development portfolio.

In view of high inflation, rising interest rates and the decrease in the affordability of real estate, 2023 is likely to be another challenging year. In this environment, we have scaled back our growth plans. However, as fundamental figures remain strong and many home buyers postponed their purchase decisions last autumn, there is reason to be cautiously optimistic about the near future.

The current economic environment is unpredictable and therefore we are prepared for different developments. We will focus on achieving the following strategic goals in 2023:

- Preparing for listing on the stock exchange
- Starting dividend distributions
- Buying the first property in Germany
- Upgrading and productising home our design software Kodukujundaja

Consolidated financial statements



Sample apartment in the Uus-Meremaa project, interior architect Eveli Pihel

Consolidated statement of financial position

(in euros)	Note	31 December 2022	31 December 2021
Current assets			
Cash and cash equivalents	7	3,660,282	3,578,994
Trade and other receivables	8	438,976	93,410
Prepayments	9	1,554,714	1,426,817
Inventories	10	54,139,790	44,976,085
Total current assets		**59,793,762**	**50,075,305**
Non-current assets			
Property, plant and equipment	11	266,240	122,491
Intangible assets	12	218,777	59,187
Total non-current assets		**485,017**	**181,677**
TOTAL ASSETS		**60,278,779**	**50,256,983**
Current liabilities			
Borrowings	13	5,889,919	10,284,542
Trade and other payables	14	9,570,510	9,322,530
Total current liabilities		**15,460,429**	**19,607,072**
Non-current liabilities			
Borrowings	13	27,676,930	17,485,748
Trade and other payables	14	605,749	279,546
Provisions		10,000	3,497
Total non-current liabilities		**28,292,679**	**17,768,791**
Total liabilities		**43,753,108**	**37,375,863**
Equity			
Share capital	16	1,151,512	1,151,512
Share premium	16	8,228,237	8,061,879
Share option reserve	16	273,748	104,940
Own (treasury) shares	16	-1,147	-4,884
Statutory capital reserve		101,775	101,775
Retained earnings (prior periods)		3,447,447	2,745,260
Profit for the year		3,324,099	646,859
Total equity attributable to owners of the parent		**16,525,671**	**12,807,341**
Non-controlling interest	23	0	73,778
Total equity	**16**	**16,525,671**	**12,881,119**
TOTAL LIABILITIES AND EQUITY		**60,278,779**	**50,256,983**

The notes on pages 36-72 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

(in euros)	Note	2022	2021
Revenue	18	32,617,554	6,277,573
Other income		10,750	14,992
Changes in inventories of finished goods and work in progress	10	288,193	713,407
Goods, materials, consumables and services used	19	-26,101,429	-4,091,034
Other operating expenses	20	-1,560,761	-1,263,830
Staff costs	21	-1,832,030	-967,149
Depreciation, amortisation and impairment losses		-73,560	-25,433
Other expenses		-24,279	-2,685
Operating profit		**3,324,440**	**655,840**
Finance income		5,378	5,858
Finance costs		-2,715	-23,638
Total finance income and finance costs		**2,663**	**-17,780**
Profit before tax		**3,327,103**	**638,060**
Income tax expense		-3,004	0
Net profit for the year		**3,324,099**	**638,060**
Net profit attributable to owners of the parent		3,324,099	646,859
Net profit attributable to non-controlling interest	23	0	-8,800
Comprehensive income for the year		**3,324,099**	**638,060**
Comprehensive income attributable to owners of the parent		3,324,099	646,859
Comprehensive income attributable to non-controlling interest	23	0	-8,800
Basic earnings per share	25	0.289	0.059
Diluted earnings per share	25	0.280	0.058

The notes on pages 36-72 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

(in euros)	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit		3,324,440	655,840
Adjustments for:			
Depreciation, amortisation and impairment losses	*11, 12*	*73,560*	*25,433*
Share-based payments expense	*17*	*168,811*	*78,559*
Other adjustments	*26*	*1,494,841*	*1,196,649*
Change in receivables and prepayments	8, 9	2,531,464	-954,636
Change in inventories	10	-8,719,719	-29,536,929
Change in payables and deferred income	14	196,918	6,108,528
NET CASH USED IN OPERATING ACTIVITIES		**-929,685**	**-22,426,556**
CASH FLOWS FROM INVESTING ACTIVITIES			
Paid on acquisition of property, plant and equipment and intangible assets	11, 12	-355,023	-49,666
Proceeds from sale of property, plant and equipment and intangible assets		0	440
Interest received		958	897
Changes in equity not resulting from profit for the year		0	22,290
NET CASH USED IN INVESTING ACTIVITIES		**-354,065**	**-26,039**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans received	13	20,878,594	23,087,491
Repayments of loans received	13	-15,417,255	-3,984,789
Payments of lease principal		-25,019	-5,351
Interest paid	13	-4,219,923	-671,288
Proceeds from issue of shares	16	0	4,999,997
Proceeds from sale of own (treasury) shares	17	170,094	219,694
Dividends paid		-18,449	0
Corporate income tax paid		-3,004	0
NET CASH FROM FINANCING ACTIVITIES		**1,365,038**	**23,645,754**
NET CASH FLOW		**81,288**	**1,193,157**
Cash and cash equivalents at beginning of period		**3,578,994**	**2,385,836**
Increase in cash and cash equivalents		81,288	1,193,157
Cash and cash equivalents at end of period	**7**	**3,660,282**	**3,578,994**

The notes on pages 36-72 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

(in euros)	Equity attributable to owners of the parent								
	Share capital	Share premium	Share option reserve	Own (treasury) shares	Statutory capital reserve	Retained earnings	Total	Non-controlling interest	Total equity
As at 31 December 2020	**1,017,750**	**2,960,184**	**26,381**	**-11,409**	**300**	**2,846,735**	**6,839,941**	**82,578**	**6,922,519**
Profit for the year	0	0	0	0	0	646,859	**646,859**	**-8,800**	**638,060**
Issue of share capital	133,762	4,866,236	0	0	0	0	**4,999,998**	**0**	**4,999,998**
Share options	0	0	78,558	0	0	0	**78,558**	**0**	**78,558**
Sale of own shares	0	235,459	0	6,525	0	0	**241,984**	**0**	**241,984**
Transfer to capital reserve	0	0	0	0	101,475	-101,475	**0**	**0**	**0**
As at 31 December 2021	**1,151,512**	**8,061,879**	**104,939**	**-4,884**	**101,775**	**3,392,120**	**12,807,341**	**73,778**	**12,881,119**
Profit for the year	0	0	0	0	0	3,324,099	**3,324,099**	**0**	**3,324,099**
Sale of own shares	0	166,358	168,809	0	0	0	**335,167**	**0**	**335,167**
Other changes in equity	0	0	0	3,737	0	55,327	**59,064**	**-73,778**	**-14,714**
As at 31 December 2022	**1,151,512**	**8,228,237**	**273,748**	**-1,147**	**101,775**	**6,771,546**	**16,525,671**	**0**	**16,525,671**

Further information about the components of the group's equity is provided in note 16.

The notes on pages 36-72 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

Note 1. General information

Liven AS (the parent, the company) is a company incorporated in Estonia in 2014. The parent's registered address is Laeva tn 2, Tallinn, 10111, Estonia. The consolidated financial statements of Liven AS for the year ended 31 December 2022 comprise the financial information of the parent and its subsidiaries (the group). The group's core business is development of building projects.

Note 2. Basis of preparation

The group's consolidated financial statements for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The accounting and reporting policies described below have been consistently applied to all periods presented in the consolidated financial statements.

The group's management board authorised these consolidated financial statements for issue on 28 February 2023. In accordance with the provisions of the Estonian Commercial Code, the annual report must also be approved by the supervisory board and ultimately by the shareholders' general meeting.

Note 3. Functional and presentation currency

The group's functional and presentation currency is the euro. These consolidated financial statements are presented in euros.

Note 4. Significant accounting estimates and judgements

In preparing the consolidated financial statements, management uses estimates and judgements, which affect the application of the group's accounting policies and the amounts of reported assets, liabilities, income and expenses. Actual results may prove different from the estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are recognised prospectively.

Significant judgements

- *Note 23 Investments in subsidiaries – assessment of the group's control of Liven Kodu 7 OÜ.*

  The core business of Liven Kodu 7 OÜ was real estate development and sale. The group did not have an ownership interest in Liven Kodu 7 OÜ and managed the entity under a management contract. The group was responsible for the entity's day-to-day management, accounting and reporting arrangements, project execution activities, and other activities required for the development and sale of real estate. The group was able to direct the relevant activities of Liven Kodu 7 OÜ and was also exposed to variable returns from its involvement with the entity. According to management's assessment, the group had control of Liven Kodu 7 OÜ and, therefore, the financial information of Liven Kodu 7 OÜ has been consolidated. Liven Kodu 7 was merged with Liven Kodu OÜ in 2022.

Significant estimates

- *Note 10 Inventories – estimates underlying the reported cost of inventories*
  Management has estimated that a proportionate share of the group's overheads is related to the subsidiaries' development activities and, therefore, relevant costs have been capitalised and added to the cost of inventories (e.g. the remuneration of project and construction managers,

management fees, transport and office expenses associated with the above expenses, etc.). Management assesses the share of overheads to be capitalised on a monthly basis, based on the allocation of the working time of the staff involved in the activities that generate the overheads. The capitalised overheads are recognised as an expense within goods, materials, consumables and services used as the project is completed, based on the ratio of the project volume covered with real right contracts to the total project volume.

- *Note 10 Inventories – assessment of the need for an inventory write-down.*
  Inventories are measured on an individual basis. Each inventory item (a property or a building) is prepared a business plan that takes into account its specific features (purpose of use, status of building rights) and the costs related to the item are compared to its estimated revenue (net realisable value, NRV). If its costs exceed its NRV, the item is written down by the amount by which the costs exceed the NRV. Due to the volatility of the construction market and low liquidity of the real estate market, NRV depends largely on management's estimates. Based on the estimated NRV of the Magdaleena 4 development project, the project's inventories were written down by 350,000 euros in 2022 (2021: no write-down). The sensitivity testing of the NRVs of the inventories of other development projects indicted that if their NRVs were overstated by 10% (i.e. if actual NRVs proved 10% lower than the ones estimated by management), the projects would still be profitable and there would be no need to recognise an additional write-down. In 2021, inventories were not written down and the NRVs of inventories were not analysed to determine the need for a write-down.

Fair value measurement

Several of the group's accounting policies and disclosure requirements assume fair value measurement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The group must have access to the principal or most advantageous market at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interests. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs that are significant to the entire measurement:

- level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 — valuation techniques whose lowest-level input that is significant to the entire measurement is observable, either directly or indirectly;
- level 3 — valuation techniques whose lowest-level input that is significant to the entire measurement is unobservable.

Further information about the assumptions, inputs and estimates used in measuring fair value is provided in the following notes:

- Note 17 Share-based payments
- Note 7 Financial instruments

Estimation uncertainty

Management makes estimates based on its experience and the facts known to it by the date the financial statements are completed. Accordingly, there exists the risk that the assets and liabilities as well as the associated income and expenses reported as at and for the period ended at the reporting date may need to be adjusted in the future.

Note 5. New standards, amendments to standard and interpretations

The following new standards, interpretations and amendments were not yet effective for the reporting period ended 31 December 2022 and have, therefore, not been applied in preparing these consolidated financial statements. The group plans to adopt these pronouncements when they become effective.

Amendments to IAS 1 *Presentation of Financial Statements*

(Effective for annual periods beginning on or after 1 January 2023; to be applied retrospectively. Early application is permitted.)

The amendments clarify that the classification of liabilities as current or non-current is based solely on the entity's right to defer settlement at the end of the reporting period. The entity's right to defer settlement for at least 12 months from the reporting date need not be unconditional but must have substance. The classification is not affected by management's intentions or expectations about whether and when the entity will exercise its right. The amendments also clarify the situations that are considered settlement of a liability.

The group does not expect the amendments to have a material impact on its financial statements when initially applied.

Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements*

(Effective for annual periods beginning on or after 1 January 2023. Early application is permitted.)

The amendments to IAS 1 aim to help entities provide accounting policy disclosures that are more useful by:

- requiring entities to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to an entity's financial statements.

The International Accounting Standards Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.

The amendments are consistent with the refined definition of material:

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements."

The group does not expect the amendments to have a material impact on its financial statements when initially applied.

Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

(Effective for annual periods beginning on or after 1 January 2023; to be applied prospectively. Early application is permitted.)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The amendments are not expected to have a material impact on the group as they provide guidance in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

Classification of Liabilities as Current or Non-current – Deferral of Effective Date – Amendments to IAS 1

(Effective for annual periods beginning on or after 1 January 2023. Early application is permitted.)

These amendments are not yet endorsed by the EU.

The amendments to IAS 1 on the classification of liabilities as current or non-current were issued in January 2020 with an original effective date 1 January 2022. However, in response to the Covid-19 pandemic, the effective date was deferred by one year to provide entities with more time to implement the classification changes resulting from the amended guidance.

The group does not expect the amendments to have a material impact on its financial statements when initially applied.

Other changes

Other new standards, amendments and interpretations that are not yet effective are not expected to have a material impact on the group's consolidated financial statements.

Note 6. Significant accounting policies

A summary of significant accounting policies applied in the preparation of these consolidated financial statements is set out below. The accounting policies described have been applied consistently unless otherwise stated in the following text.

Preparation of consolidated financial statements

These consolidated financial statements comprise the financial information of Liven AS and its subsidiaries, consolidated on a line-by-line basis.

Subsidiaries

Consolidation of a subsidiary begins from the date the group obtains control of the subsidiary and ceases when the group loses control of the subsidiary. All assets, liabilities, income and expenses of subsidiaries acquired or disposed of during the year are recognised in the consolidated financial statements from the date that control commences until the date that control ceases. The financial information of subsidiaries is adjusted, where necessary, to make them conform to the group's accounting policies.

Non-controlling interests

A non-controlling interest in an entity is the fair value of the net assets of the entity attributable to a non-controlling shareholder. This also applies to entities in which the group does not have an ownership interest but is responsible for organising the entity's management, including the day-to-day management, accounting and reporting, and other activities required for business operations, under a management agreement and is, therefore, able to direct the relevant activities of the entity and is exposed to variable returns from its involvement with the entity.

A change in the group's ownership interest in a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Loss of control

If the group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary as well as the related non-controlling interests and other components of equity. Any gain or loss associated with the loss of control is recognised in profit or loss. Any interest retained in the former subsidiary is recognised at its fair value.

Transactions eliminated on consolidation

All intragroup assets and liabilities as well as items of equity, income, expenses and cash flows that result from intragroup transactions are fully eliminated on consolidation.

Cash and cash equivalents

Cash and cash equivalents comprise demand deposits and other short-term, highly liquid investments with original maturities of three months or less which are subject to an insignificant risk of changes in value.

Financial assets and liabilities

Recognition and initial measurement

Trade receivables are recognised at the time they arise. All other financial assets and liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. At initial recognition, the group measures a financial asset or a financial liability at its fair value plus or minus any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Trade receivables that do not contain a significant financing component are measured at initial recognition at the transaction price.

Classification, subsequent measurement, and gains and losses

Financial assets

The group subsequently measures financial assets at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss.

Financial assets are not reclassified after initial recognition unless the group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial assets is measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The group classifies cash and cash equivalents, trade receivables, loans provided and other receivables as financial assets measured at amortised cost.

A financial asset is measured at fair value through other comprehensive income if it meets both of the following conditions and it has not been designated as measured at fair value through profit or loss:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets that are not classified as measured at amortised cost or at fair value through other comprehensive income, as described above, are measured at fair value through profit or loss.

Even if a financial asset meets the requirements to be measured at amortised cost or fair value through other comprehensive income, the group may designate, at initial recognition, the asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

At 1 January 2022 and 31 December 2022 as well as in 2022, all of the group's financial assets were measured at amortised cost using the effective interest method. Measurement at amortised cost includes the deduction of impairment losses. Any interest income, foreign exchange gains and losses, and impairment losses on the assets are recognised in profit or loss. Gains and losses arising on derecognition are also recognised in profit or loss.

Financial liabilities

Financial liabilities are measured either at amortised cost or at fair value through profit or loss. A financial liability is classified as measured at fair value through profit or loss if it is held for trading, it is a derivative instrument or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value, and net gains and losses on them, including any interest expense, are recognised in profit or loss.

Other financial liabilities are measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Gains and losses on derecognition are also recognised in profit or loss.

Derecognition

Financial assets

The group derecognises a financial asset when, and only when, the contractual rights to the cash flows from the asset expire, or when the group transfers the financial asset and the transfer qualifies for derecognition. The group transfers the right to receive contractual cash flows in a transaction in which all risks and rewards of ownership of the financial asset are transferred or, if the group does not transfer the risks and rewards of ownership of the financial asset, the group does not retain control of the financial asset.

If the group transfers a financial asset recognised in its financial statements but retains all or substantially all risks and rewards of ownership of the asset, the group does not derecognise the financial asset.

Financial liabilities

The group removes a financial liability from its statement of financial position when, and only when, its obligation is extinguished – i.e. when the obligation specified in the contract is discharged, cancelled or expires. The group derecognises a financial liability if the terms of the financial liability are modified so that the cash flows of the liability become substantially different from the original ones. In that case, a new financial liability with the modified terms is recognised at fair value.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and recognised in the net amount when, and only when, the group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

The group applies the expected credit loss model to financial assets measured at amortised cost.

The group measures a loss allowance for expected credit losses on a financial asset at an amount equal to lifetime expected credit losses, except for financial assets for which the loss allowance is measured at an amount equal to 12-month expected credit losses, such as:

- other receivables;
- cash and cash equivalents whose credit risk has not increased significantly since initial recognition.

For all trade receivables, the group applies the simplified approach permitted under IFRS 9 which allows an entity to measure a loss allowance at an amount equal to lifetime expected credit losses.

The group always recognises for trade receivables a loss allowance equal to their lifetime expected credit losses. Expected credit losses on these assets are estimated using a provision matrix, which is based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and, if necessary, the time value of money. Expected credit losses are a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive, discounted at the financial asset's effective interest rate.

At each reporting date, the group assesses whether a financial asset measured at amortised cost might be credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract (such as a default or past due event);
- restructuring of a loan or prepayment on terms that the group would not otherwise have considered;
- it becoming probable that the debtor will encounter financial difficulty.

The carrying amount of a financial asset measured at amortised cost is reduced by the amount of its loss allowance.

Inventories

The group's inventories include land that has been acquired or is being developed for housing development purposes and other purchase and production costs incurred in connection with the group's development activities. Finished goods and work in progress are initially recognised at cost, which comprises all direct and indirect costs incurred in bringing the inventories to the state necessary for sale. Inventories also include development projects' capitalised borrowing costs.

The costs of conversion of inventories comprise both costs directly related to the products (e.g. development and construction costs) as well as a proportionate share of the group's overheads, which are capitalised and added to the cost of inventories (e.g. the remuneration of project and construction managers, management fees, transport expenses, office expenses, etc.). For the capitalisation of overheads, each cost item is assigned a cost driver. The group allocates to the cost of inventories those overheads that can be reasonably allocated to development projects. Overheads are allocated to projects by using direct or indirect cost allocation keys, which are based on the allocation of the working time of the staff involved in the activities that generate the overheads. Capitalised overheads are recognised in profit or loss by reducing line item 'Changes in inventories of finished goods and work in progress'.

The cost of inventories is assigned using the weighted average cost formula.

Inventories are measured at the lower of cost and net realisable value. Inventory write-downs to net realisable value are recognised as an expense (cost of goods sold) in the period in which the write-down is made. If the net realisable value of inventories written down in an earlier period subsequently increases, the write-down is reversed.

Revenue from completed developments is recognised when the transferor and the acquirer (the seller and the buyer) have signed a notarised real right contract for the transfer of immovable property ownership and inventories are charged to expenses (goods, materials, consumables and services used) based on the ratio of the space (m^2) recorded in the real right contract to the total space of the project (total project volume).

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised, i.e. recognised as part of the cost of that asset. Borrowing costs are those costs that would have been avoided if expenditure on the qualifying asset had not been made. If funds are borrowed specifically for the purpose of obtaining a qualifying asset, the group determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on the borrowed funds during the period less any investment income on the temporary investment of those funds. Other borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Each item of property, plant and equipment is assigned a depreciation rate that corresponds to its useful life.

Gains and losses from the derecognition of an item of property, plant and equipment are recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure on an item of property, plant and equipment is added to the cost of the item only if it is probable that future economic benefits associated with the expenditure will flow to an entity of the group. Other maintenance and repair costs are expensed as incurred.

Depreciation

Depreciation is calculated on a straight-line basis by allocating the cost of an asset less its residual value over its estimated useful life; depreciation is recognised in profit or loss. The estimated useful lives of items of property, plant and equipment are reviewed at least at each financial year-end and, if new estimates differ from the previous ones, the changes are accounted for prospectively as changes in accounting estimates. Depreciation of an asset begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Asset classes are assigned the following useful lives:

– Vehicles	5 years
– Other items of property, plant and equipment	up to 5 years
– Computers and computer systems	up to 3 years

For information about impairment assessment, see the section ‘Impairment’ in these accounting policies.

Intangible assets

Recognition and measurement

An intangible asset is recognised in the statement of financial position when the asset is controlled by the group, future economic benefits from the asset are expected to flow to the group and the cost of the asset can be measured reliably. At initial recognition, an intangible asset is measured at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any impairment losses.

Amortisation

Asset classes are assigned the following useful lives:

- Software 3 years

The group's intangible assets comprise only assets with finite useful lives, which are amortised over their estimated useful lives using the straight-line method. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each financial year.

Impairment

Impairment of non-financial assets

The carrying amounts of assets other than inventories are reviewed at least annually at the end of the reporting period. The purpose of the review is to determine whether there is any indication that an asset may be impaired. If there is reason to believe that the recoverable amount of an asset may be less than its carrying amount, the asset is tested for impairment and written down, if necessary.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs of disposal and its value in use.

In estimating value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For impairment testing, the recoverable amount is determined for the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). For the purpose of impairment testing, the goodwill acquired in a business combination is allocated to the group's cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit exceeds its estimated recoverable amount. An impairment loss is recognised in profit or loss. An impairment loss for a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amounts of other assets of the unit on a pro rata basis.

If the reason for impairment ceases to apply, the previously recognised impairment loss is reversed. The group assesses at least at each reporting date whether there is any indication that an impairment loss recognised in a prior period may no longer exist or may have decreased. The increased carrying amount of an asset attributable to a reversal of an impairment loss cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset. A reversal of an impairment loss is recognised in profit or loss within the same item where the original impairment loss was recognised.

Impairment of financial assets

Impairment assessment for financial assets is described in the section 'Financial assets and liabilities' in these accounting policies.

The group as a lessee

When entering into or modifying a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

The group recognises a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the amount of the initial measurement of the lease liability. The amount of the initial measurement of the lease liability is adjusted for any advance lease payments made, any initial direct costs incurred and any restoration costs (the costs incurred in dismantling and removing the underlying asset and restoring the site on which it was located) to be incurred. Any lease incentives received are deducted from this amount.

Right-of-use assets are depreciated on a straight-line basis from the commencement date to the end of the lease term unless the ownership of the underlying asset will transfer to the group at the end of the lease term or the carrying amount of the right-of-use asset indicates that the group intends to exercise the purchase option. In that case, the right-of-use asset is depreciated from the commencement date of the lease to the end of the useful life of the underlying asset, which is determined using the same approach that is applied to items of property, plant and equipment owned by the group. In addition, right-of-use assets are adjusted for impairment losses, if any. Right-of-use assets are also adjusted for certain remeasurements of the lease liability.

At the commencement date, the lease liability is measured at the present value of the lease payments not paid at that date, using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The group generally applies the incremental borrowing rate as the discount rate.

The incremental borrowing rate is determined by reference to different sources of financing. The inputs obtained are adjusted to reflect the terms of the lease and the type of the underlying asset in order to find the incremental borrowing rate appropriate for the asset.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments);
- penalties for terminating the lease (if termination is reasonably certain);
- the exercise price of a purchase option (if the lessee is reasonably certain to exercise that option);
- amounts expected to be payable by the lessee under residual value guarantees;
- lease payments that depend on an index or a rate.

A lease liability is measured at amortised cost. It is remeasured if there is a change in future lease payments resulting from a change in an index or a rate used to determine the payments, if there is a change in the amounts expected to be payable under a residual value guarantee or if the group changes its assessment of whether it intends to exercise the option to purchase the underlying asset or the options to extend or terminate the lease. The lease liability is also remeasured to reflect changes in fixed payments (including in-substance fixed payments).

If the lease liability is remeasured for the above reasons, a corresponding adjustment is made to the carrying amount of the right-of-use asset. The effect of the change in the lease liability is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The group recognises lease payments associated with those leases as an expense on a straight-line basis over the lease term.

The group as a lessor

If the group acts as a lessor, it determines at the commencement of the lease whether the lease is an operating lease or a finance lease.

For classifying a lease, the group assesses whether the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset. If yes, the lease is classified as a finance lease. If not, the lease is classified as an operating lease. As part of that assessment, the group also considers certain other indicators (e.g. whether the lease term is for the major part of the economic life of the underlying asset).

If the contract contains both lease and non-lease components, the group applies the accounting policies of IFRS 15 to allocate the consideration in the contract to the components.

The group applies the derecognition and impairment requirements of IFRS 9 to the lessor’s net investment in the lease. The group reviews regularly the estimated unguaranteed residual values used in computing the lessor’s gross investment in the lease.

The group recognises operating lease payments received as income in profit or loss on a straight-line basis over the lease term.

Employee benefits

Short-term employee benefits

Short-term employee benefits include wages, salaries, social security contributions, benefits related to temporary suspension of the employment contract (paid leave and similar benefits) if the suspension of the contract is expected to occur within 12 months after the end of the period in which the employee rendered the related service, and other benefits payable within 12 months after the end of the period in which the employee rendered the service.

Termination benefits

The group recognises termination benefits at the earliest of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the group recognises the restructuring costs. Benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are discounted to present value.

Share-based payments

For equity-settled share-based payment transactions, the group measures the goods and services received and the corresponding increase in equity at the fair value of the goods or services received. For transactions with employees, the fair value of the equity instruments granted is measured at grant date. The grant of equity instruments may be conditional on satisfying specified vesting conditions such as the completion of a specific period of service or the achievement of specific performance conditions. Vesting conditions, other than market conditions, are taken into account when estimating the number of equity instruments expected to vest. The estimate may be subsequently revised if new information indicates that the number of equity instruments expected to vest differs from the previous estimate. On vesting date, the group revises the estimate to equal the number of equity instruments that ultimately vested.

Provisions

A provision is recognised when the group has a present legal or constructive obligation as a result of a past event, an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably. A provision is measured at the present value of the expenditure expected to be required to settle the obligation by applying an interest rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision arising from the passage of time is recognised as a finance cost.

Warranties	Group companies recognise provisions for construction-related warranties. The warranty period for construction work is two years from the date of delivery of the home. As a rule, the builder's warranty covers all deficiencies arising during the warranty period.

Possible obligations that are not likely to result in an outflow of resources or cannot be measured with sufficient reliability but which may transform into liabilities in certain circumstances are disclosed in the notes to the consolidated financial statements as contingent liabilities.

Income tax

Under the Estonian Income Tax Act, corporate profit for the year is not subject to tax. Companies pay income tax on dividends, fringe benefits, gifts, donations, entertainment expenses, non-business expenses and transfer price adjustments. The standard tax rate for dividends distributed from retained earnings is 20% (the amount of tax payable is calculated as 20/80 of the net distribution).

From 2019, regular dividend distributions can be taxed at a lower, 14% income tax rate (the amount of tax payable is calculated as 14/86 of the net distribution). An entity can apply the lower tax rate to the amount of the dividend distribution that does not exceed the average profit distributed by the entity in the past three years on which tax has been paid in Estonia. Thus, the group can apply the lower 14% rate and the standard 20% rate on a dividend distribution.

Revenue from contracts with customers

Revenue is measured based on the consideration set out in contracts with customers. The group recognises revenue when it transfers control of the goods or services to the customer. The table below provides information about the nature and timing of the satisfaction of performance obligations arising from contracts with customers and the related revenue accounting policies.

Type of product or service	Nature and timing of the satisfaction of the performance obligation and significant payment terms	Revenue accounting policy
Sale of real estate	Revenue from real estate development and sale is recognised at a point in time because the customer obtains control of the asset and the group satisfies the performance obligation when ownership is transferred. According to the group' assessment, the point in time when ownership is transferred is the signature of the real right contract. Contracts with customers generally contain a significant financing component. If it is known at contract inception that the period between when the group transfers a promised product or service to the customer and when the customer pays for the product or service exceeds one year, the group will adjust the amount of consideration in the contract with the customer for the effects of the time value of money. When adjusting the amount of consideration for the effects of the time value of money, the group uses a discount rate that would be reflected in a separate financing transaction between the group and its customer at contract inception	Revenue from the sale of real estate is recognised at the point in time when ownership of the real estate is transferred to the customer, i.e. when the real right contract is signed between the customer and the group.
Sale of furniture, fixtures and furnishings	Revenue from the sale of furniture, fixtures and furnishings is recognised at a point in time because the customer obtains control of the assets and the group satisfies the performance obligation when ownership is transferred. According to the group' assessment, the point in time when ownership is transferred is the signature of the real right contract. No discounts or return options are offered on the sale of furniture, fixtures and furnishings.	Revenue from the sale of furniture, fixtures and furnishings is recognised at the point in time when the goods are transferred to the customer under the real right contract.

Significant financing component

The group has decided to apply the practical expedient provided in IFRS 15, which permits not to adjust the promised amount of consideration for the effects of a significant financing component if the group expects, at contract inception, that the period between when the group transfers a promised product or service to a customer and when the customer pays for that product or service will be less than one year.

Related parties

The group considers parties to be related if one has control of the other or can exert significant influence on the operating decisions of the other. The group's related parties include:

- the parent company and its owners;
- other group companies;
- the members of the management board;
- close family members of the above persons and companies related to them.

Segment reporting

Operating segments have been determined based on the reports monitored by the group's management board. The management board regards the group's business operations as a single operating segment and assesses the performance of the operating segment mainly on the basis of its revenue and operating profit as well as the growth of these indicators.

Events after the reporting period

The consolidated financial statements reflect all significant events affecting the valuation of assets and liabilities that occurred between the reporting date and the date on which the financial statements were authorised for issue but are related to transactions of the reporting period or prior periods.

Subsequent events that have not been taken into account in measuring assets and liabilities but which will have a significant effect on the results of the next financial year are disclosed in the notes to the consolidated financial statements.

Note 7. Financial instruments and financial risk management

The group's activities expose it to a number of financial risks: credit risk, liquidity risk and market risk (including interest rate risk and currency risk). The group's overall risk management programme focuses on the unpredictability of the financial market and seeks to minimise potential adverse impacts on the group's financial operations. The group's risk management is based on the requirements of laws, regulations and International Financial Reporting Standards and supported by the group's internal regulations. The main objectives of risk management are to ensure and maintain the group's liquidity, equity and continuity of operations. Financial risk management is the responsibility of the group’s management board and the CFO.

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting its obligations associated with financial liabilities as they fall due or that the group will be unable to realise its assets at market prices during a reasonable period of time. Long-term liquidity risk is the risk that the group will not have sufficient available cash or other sources of liquidity to cover its future liquidity needs in implementing its business plan and meeting its liabilities or that the group will, therefore, have to raise funds unreasonably quickly.

The group's liquidity is mainly affected by the following factors:

- the ability of group entities to generate positive net operating cash flows and the volatility of those cash flows;
- maturity matching and flexibility in modifying the maturities of assets and liabilities;
- the financing structure.

Short-term liquidity is managed by monitoring the group’s and group entities’ cash flow forecasts on an ongoing basis to make sure that the group has sufficient liquid funds at all times. Short-term liquidity needs are primarily covered with intragroup loans.

Long-term liquidity management is based on managing the group's capital structure consistent with the agreed financing principles. In the preparatory phase of a project, where uncertainty about the future cash flows of the project is the highest, limits are set for the maximum leverage ratio. The group determines the marketability of its real estate assets on the basis of the presale rate of that real estate. According to the group's internal rules, construction will not commence before 50% of the planned homes have been reserved. The presale rate, which is significantly higher than the average threshold in the Estonian real estate market, allows raising capital for construction operations on favourable terms and ensures that the financial liabilities assumed can be met with cash inflows from the sale of real estate.

Consistent with the group’s business model, development costs are capitalised and recognised as inventories and, therefore, current assets significantly exceed current liabilities. It is also characteristic of the group’s business model that current liabilities exceed current assets less inventories. This is because bank loans taken to finance construction operations and prepayments received from customers are recognised as current liabilities while the calculation does not reflect most of the expected revenue, which is received only when the real right contracts have been signed and the assets have been transferred, or the inventories to be transferred during the year.

The table below shows the key ratios describing the group's capital structure and liquidity:

	31 December 2022	31 December 2021
Current ratio	3.87	2.55
Quick ratio	0.37	0.26
Debt to capital ratio	55.7%	55.3%

Underlying formulas:

Current ratio = current assets / current liabilities
Quick ratio = (current assets – inventories) / current liabilities
Debt to capital ratio = borrowings / total liabilities and equity

According to management's estimates, the group's capital structure and liquidity are sufficient to raise additional capital and meet existing financial obligations in a timely manner.

Exposure to liquidity risk

The following table reflects the remaining contractual maturities of financial liabilities as at the reporting date. The table contains undiscounted gross amounts, which include contractual interest payments.

Both at 31 December 2022 and 31 December 2021, liabilities exposed to liquidity risk exceeded assets exposed to liquidity risk. Liabilities are discharged with proceeds from the sale of inventories, which are received when homes are transferred to customers under real right contracts. Inventories are not exposed to liquidity risk.

		Breakdown by remaining maturity				
At 31 December 2022 (in euros)	**Note**	**<1 year**	**1–5 years**	**>5 years**	**Total**	**Carrying amount**
Assets						
Cash and cash equivalents		3,660,282	0	0	**3,660,282**	3,660,282
Trade receivables	8	382,535	0	0	**382,535**	382,535
Loans and interest	8	26,999	0	0	**26,999**	26,999
Other receivables	8	29,441	0	0	**29,441**	29,441
Total		**4,099,257**	**0**	**0**	**4,099,257**	**4,099,257**
Liabilities						
Trade payables	14	3,369,374	0	0	**3,369,374**	3,369,374
Payments related to borrowings	13, 14	5,870,000	27,557,092	0	**33,427,092**	33,427,092
Other payables	14	313,247	0	0	**313,247**	313,247
Provisions		,0	10,000	0	**10,000**	10,000
Total		**9,552,622**	**27,567,092**	**0**	**37,119,714**	**37,119,714**
Net asset or liability		**-5,453,364**	**-27,567,092**	**0**	**-33,020,457**	**-33,020,457**

At 31 December 2021 (in euros)	Note	Breakdown by remaining maturity <1 year	1–5 years	>5 years	Total	Carrying amount
Assets						
Cash and cash equivalents		3,578,994	0	0	**3,578,994**	3,578,994
Trade receivables	8	22,420	0	0	**22,420**	22,420
Loans and interest	8	46,288	0	0	**46,288**	46,288
Other receivables	8	24,702	0	0	**24,702**	24,702
Total		**3,672,403**	**0**	**0**	**3,672,403**	**3,672,403**
Liabilities						
Trade payables	14	2,080,751	0	0	**2,080,751**	2,080,751
Payments related to borrowings	13, 14	10,608,689	17,627,434	0	**28,236,123**	28,236,123
Other payables	14	194,560	0	0	**194,560**	194,560
Provisions		0	3,497	0	**3,497**	3,497
Total		**12,884,000**	**17,630,931**	**0**	**30,514,931**	**30,514,931**
Net assets or liability		**-9,211,597**	**-17,630,931**	**0**	**-26,842,528**	**-26,842,528**

Credit risk

Credit risk is the risk that a counterparty will cause a financial loss for the group by failing to discharge a contractual obligation. Financial assets exposed to credit risk consist mainly of cash at bank, trade receivables, contract assets, other receivables, loans provided and prepayments to suppliers. The carrying amount of financial and contract assets reflects the maximum credit exposure.

Cash and cash equivalents

Cash and cash equivalents consist of the following demand deposits with commercial banks:

	31 December 2022	31 December 2021
Cash and cash equivalents	3,660,282	3,578,994
Total	**3,660,282**	**3,578,994**

The group keeps its available funds at local financial institutions with a sufficient credit history or financial institutions with whom it has signed a loan agreement to finance construction operations. At the end of 2022, the group's cash and cash equivalents were mostly held at Coop Pank AS and Swedbank AS (at 31 December 2022 70% at Coop Pank AS and at 31 December 2021 97% at Swedbank AS). According to Moody's credit rating agency, the credit rating of Coop Pank AS was Baa2 at 31 December 2022. Swedbank Group had a credit rating of A1 both at 31 December 2022 and 31 December 2021. Ratings have been assigned by Standard & Poor's, Moody's and Fitch. Based on the credit ratings issued to the financial institutions, the group's management estimates that the group has no significant credit risk from cash and cash equivalents.

Other financial assets exposed to credit risk

Other financial assets exposed to credit risk are trade receivables, other receivables, loans provided and prepayments to suppliers.

The group's credit risk exposure to trade receivables is largely mitigated by the structure of its real estate sales transactions. As a rule, the sale of real estate is financed by partial advances from customers and ownership of the property transfers to the buyer under a notarised real right contract, so there is no significant time difference between the transfer of ownership and the settlement of receivables. Accordingly, the amount of trade receivables as at 31 December 2022 and 31 December 2021 was not significant.

The credit quality of other financial assets is monitored on an individual basis by assessing the counterparty's payment behaviour and business prospects. Overdue receivables are dealt with case by case in order to find solutions that ensure the best possible protection of the group's interests. At 31 December 2022, the outstanding balance of loans provided to unrelated legal persons which according to management's estimates did not require any significant write-down was 20,500 euros (31 December 2021: 41,000 euros). In 2022, a loan receivable whose collection had become doubtful was written down by 20,500 euros (2021: no impairment losses on financial assets and contract assets were recognised in profit or loss).

Market risk

Market risk is the risk that changes in market prices, such as the prices of commodities, foreign exchange rates, interest rates and the cost of capital, will affect the group's revenue or the value of its investments in financial instruments. The purpose of market risk management is to manage the group's exposures to market risk and keep the exposures within acceptable limits while optimising returns.

The value of an investment may change due to adverse market developments, such as macroeconomic changes, instability in political and social systems, investor behaviour or other reasons. The above factors may cause changes and volatility in real estate prices. The realisation of market risk may reduce the value of a real estate asset the group is planning to sell or cause buyers to withdraw from contracts to such an extent that the group will be unable to meet its obligations.

Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The group's cash flow interest rate risk arises from variable rate borrowings and is the risk that a rise in interest rates will increase the group's finance costs.

The group's exposure to interest rate risk arises from:

- the use of financial instruments with variable interest rates;
- the refinancing of liabilities on the arrival of their maturity dates;
- the raising of new financial instruments from highly volatile financial markets in a turbulent economic environment in order to execute an investment plan.

The bonds issued by the group and the group's liabilities under investor loans have fixed interest rates and are not affected by fluctuations in the money market. Long-term bank loans are linked to six-month Euribor and thus exposed to interest rate risk. To manage interest rate risk, the group monitors changes in the money market interest rate curve, which reflects market participants' expectations of market interest rates and allows estimating movements in the interest rates of loans denominated in euros.

Effect of changes in interest rate risk on finance costs

	Note	31 December 2022	31 December 2021
Liabilities with fixed interest rates		31,817,093	24,568,020
Liabilities with variable interest rates		1,749,756	3,202,270
Total interest-bearing liabilities	**13**	**33,566,849**	**27,770,290**

The following sensitivity analysis describes the net effect of the group's variable rate financial instruments on its net profit, assuming that interest rates rise or fall by 10 basis points (bp).

	Change in interest rates (in basis points)	31 December 2022	31 December 2021
Borrowings	-10 bp	1,750	3,202
	10 bp	-1,750	-3,202

In 2021, Euribor rates were negative and the Euribor rate applied to the group's borrowings was zero, which is why in the comparative period the group's borrowings did not include a Euribor component. The rate of 6-month Euribor became positive in June 2022 and rose to 2.693% by the year-end.

According to management's estimates, the interest rates of fixed-rate liabilities correspond to the market interest rates of debt instruments with a similar risk level that are available to the group.

Currency risk

Currency risk is the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The group has no material liabilities or receivables denominated in currencies other than its functional currency (the euro).

In 2022 and 2021, 100% of all receipts and payments (costs of goods sold, operating expenses, investments, finance costs) were in euros. Since all receipts and payments are in euros and borrowings are denominated in euros, currency risk has no material impact on the group's operations.

Classification of financial instruments and their fair values

All of the group's financial assets and liabilities are either recognised in the statement of financial position or disclosed as contingent items in the notes to the consolidated financial statements. The carrying amounts of cash and cash equivalents, trade receivables, receivables from related parties, trade payables, payables to related parties, deferred income and other accrued payables approximate their fair values and, therefore, their fair values have not been disclosed.

Trade receivables and trade payables are current items and, therefore, management has concluded that their carrying amounts approximate their fair values. According to management's estimates, the fair values of borrowings equal their carrying amounts because the current interest rates of the contracts correspond to the market interest rates. According to management's estimates, the group's risk margins have not changed significantly compared to the time the loans were obtained and the interest rates of the borrowings correspond to market terms.

Capital management

The group's capital management objectives are to generate return for shareholders, to maintain an optimum capital structure to reduce the cost of capital and to protect the group's ability to continue as a going concern. The group does this in a manner that ensures its sustainable development and credibility in the eyes of its shareholders, creditors, customers and other stakeholders.

In order to maintain or adjust its capital structure, the group may revise dividend distributions, return capital to shareholders, issue new shares and sell assets in order to reduce liabilities.

The group uses both debt and equity capital to finance its business operations. Debt capital is raised based on the following principles:

- in the preparatory phase of a project, debt capital raised in the form of loans may extend to no more than 50–70% of the cost of the plot, depending on the collateral position of the loan,
- construction work, as a rule, will not commence before the presale rate of the project is at least 50%.

In designing the capital structure and diversifying risks, the group monitors the equity ratio (equity to total assets) and the net debt to capital ratio. The group's long-term target is to achieve an equity ratio of around 40%. At 31 December 2022 and 31 December 2021, the equity ratio was below target, being 27.4% at 31 December 2022 and 25.5% at 31 December 2021.

The tables below reflect the calculations underlying the equity ratio and the net debt to capital ratio:

(in euros)	31 December 2022	31 December 2021
Total equity attributable to owners of the parent	16,525,671	12,807,341
Total assets	60,278,779	50,256,983
Equity ratio	**27.4%**	**25.5%**

(in euros)	31 December 2022	31 December 2021
Borrowings	**33,566,849**	**27,770,290**
Less cash and cash equivalents	-3,660,282	-3,578,994
Net debt	29,906,567	24,191,297
Total equity attributable to owners of the parent	**16,525,671**	**12,807,341**
Net debt plus total equity attributable to owners of the parent	46,432,238	36,998,638
Net debt to capital	**64.4%**	**65.4%**

Note 8. Trade and other receivables

(in euros)	Note	31 December 2022	31 December 2021
Trade receivables	18	382,535	22,420
Loans provided		20,500	41,000
Interest receivable		6,499	5,288
Other receivables		29,442	24,702
Total		**438,976**	**93,410**

Credit risk, market risk and credit losses due to impairment

Information about the group's credit and market risks and credit losses on receivables is provided in note 7.

Note 9. Prepayments

(in euros)	31 December 2022	31 December 2021
Prepayments to suppliers	272,002	574
Prepayments to suppliers for inventories	113,348	266,818
Prepaid expenses	801,442	809,692
Prepaid taxes	367,922	349,733
Total	**1,554,714**	**1,426,817**

Prepaid expenses as at 31 December 2022 include additional interest of 730,324 euros paid to creditors in advance for the Uus-Meremaa project of Liven Kodu 5 OÜ (2021: 800,000 euros); the additional interest is linked to the success of the project (notes 13 and 27).

Note 10. Inventories

(in euros)	31 December 2022	31 December 2021
Buildings under construction	54,139,790	44,976,085
Total	**54,139,790**	**44,976,085**

All borrowings costs that are directly attributable to financing the construction of assets are capitalised and included in the cost of inventories. The capitalisation rate for borrowing costs is 100%. Capitalisation begins when a project reaches the development phase and ends when the apartments are ready for sale and are recognised as an expense as described in note 6. The changes in the balance of interest expense included in inventories are described in note 26.

A proportionate share of the parent's staff costs and operating expenses of 1,085,334 euros in total (2021: 852,581 euros) was also capitalised and included in the cost of inventories in 2022 (e.g. the remuneration of project and construction managers, management fees, transport expenses, office expenses, etc.). The corresponding reduction of expenses was recognised in profit or loss within 'Changes in inventories of finished goods and work in progress' in an amount of 797,141 euros (2021: 139,174 euros). See note 6 for further information about inventory accounting policies.

During the reporting period, inventories of 26,101,429 euros (2021: 4,091,034 euros) were recognised as an expense in 'Goods, materials, consumables and services used' (note 19). See note 6 for further information about recognising inventories as an expense within goods, materials, consumables and services used.

Management assesses the business plan for each development project that has been updated for new forecasts (including costs, revenues, progress of sales and provisions for risks) on a regular basis in order to manage cash flows and profitability and to estimate the need for recognising asset write-downs. Management has additionally estimated the need for inventory write-downs by carrying out a stress test for each development project. In the course of the tests, management analysed the effect of a decrease in the sales prices of apartments not yet sold on the profit of the project. The tests were conducted assuming that there would be a proportionate decrease in costs not related to contracts. In 2022, the inventories related to phase I of the Magdaleena 4 development project were written down by 350,000 euros due to significant growth in the costs incurred compared to the costs included in the business plan while no prior period inventory write-downs were reversed. (2021: no inventories were written down and no earlier inventory write-downs were reversed).

The total amount of mortgages created on assets classified as inventories in order to secure loans was 44,529,975 euros at 31 December 2022 (31 December 2021: 37,552,838 euros). Further information about assets put up as loan collateral is provided in note 13.

Note 11. Property, plant and equipment

(in euros)	Buildings and structures	Vehicles	Office furniture	Computers and similar equipment	Total
Cost at 31 December 2020	**38,645**	**0**	**19,050**	**24,864**	**82,559**
Accumulated depreciation at 31 December 2020	-5,710	0	-11,897	-13,835	**-31,442**
Carrying amount at 31 December 2020	**32,935**	**0**	**7,153**	**11,029**	**51,117**
Additions	0	63,171	4,294	28,221	**95,686**
Depreciation for the period	-8,204	-2,676	-2,624	-10,407	**-23,911**
Sales	0	0	0	-1,349	**-1,349**
Other changes	0	0	0	948	**948**
Cost at 31 December 2021	**38,645**	**63,171**	**23,344**	**51,736**	**176,896**
Accumulated depreciation at 31 December 2021	-13,914	-2,676	-14,521	-23,294	**-54,405**
Carrying amount at 31 December 2021	**24,731**	**60,495**	**8,823**	**28,442**	**122,491**
Additions	15,944	128,935	12,841	41,030	**198,750**
Depreciation for the period	-10,299	-21,483	-3,872	-19,347	**-55,001**
Cost at 31 December 2022	**54,589**	**192,106**	**36,185**	**92,766**	**375,646**
Accumulated depreciation at 31 December 2022	-24,213	-24,159	-18,393	-42,641	**-109,406**
Carrying amount at 31 December 2022	**30,376**	**167,947**	**17,792**	**50,125**	**266,240**

Note 12. Intangible assets

(in euros)	Software	Prepayments	Total
Cost at 31 December 2020	**0**	**0**	**0**
Accumulated amortisation at 31 December 2020	0	0	**0**
Carrying amount at 31 December 2020	**0**	**0**	**0**
Additions	11,800	48,909	**60,709**
Amortisation for the period	-1,522	0	**-1,522**
Cost at 31 December 2021	**11,800**	**48,909**	**60,709**
Accumulated amortisation at 31 December 2021	-1,522	0	**-1,522**
Carrying amount at 31 December 2021	**10,278**	**48,909**	**59,187**
Additions	227,057	0	**227,057**
Amortisation for the period	-18,558	0	**-18,558**
Other changes	0	-48,909	**-48,909**
Cost at 31 December 2022	**238,857**	**0**	**238,857**
Accumulated amortisation at 31 December 2021	-20,080	0	**-20,080**
Carrying amount at 31 December 2022	**218,777**	**0**	**218,777**

Intangible asset purchases and improvements in 2022 were mainly related to the corporate website and the group’s proprietary home design software Kodukujundaja.

Note 13. Borrowings

In the preparatory stage of projects, the group uses both mortgage loans raised from local commercial banks as well as unsecured mezzanine-type investor loans. A characteristic feature of investor loans is that the terms of their principal and interest payments are designed to take into account the cash flows of a development project, they are used throughout the project, and interest payments are usually made either at the end of a project stage or at the end of the loan term together with the repayment of loan principal. Group entities have raised investor loans from various non-institutional investors, including related parties. In addition, the group has issued bonds to investors with a similar profile as well as to AS LHV Varahaldus. The group uses bank loans to co-finance the projects in the construction stage.

					Repayable		
Loan type (in euros)	**Interest rate**	**Maturity date**	**Balance at 31 Dec 2022**	***Incl. from related parties***	**Within 1 year**	**2–5 years**	**Over 5 years**
Bank loan	2.90%+ 6M Euribor	10 Sept 2023	1,610,000	*0*	1,610,000	0	0
Bank loan	4.90%	15 Apr 2024	6,314,744	*0*	0	6,314,744	0
Bank loan	6.00%	15 Aug 2024	6,000,000	*0*	0	6,000,000	0
Bank loan	6.99%	16 Sept 2024	731,000	*0*	0	731,000	0
Bank loan	7.00%	14 Nov 2024	968,000	*0*	0	968,000	0
Bank loan	7.196%	14 Nov 2024	157,346	*0*	0	157,346	0
Bank loan	4.90%	15 Apr 2025	2,200,000	*0*	0	2,200,000	0
Bank loan	4.90%	15 Apr 2025	1,132,951	*0*	0	1,13,951	0
Bonds	8.00%	30 Sept 2023	2,000,000	*200,000*	2,000,000	0	0
Bonds	8.00%	30 Jun 2026	2,400,000	*0*	600,000	1,800,000	0
Investor loan	12.50%	30 Jun 2023	560,000	*425,000*	560,000	0	0
Investor loan	11.00%	31 Dec 2023	1,100,000	*500,000*	1,100,000	0	0
Investor loan	12.00%	25 Aug 2024	3,000,000	*3,000,000*	0	3,000,000	0
Investor loan	8.00%	31 Dec 2024	2,000,000	*0*	0	2,000,000	0
Investor loan	8.00%*	5 Jun 2025	3,253,052	*2,639,585*	0	3,253,052	0
Total			**33,427,093**	***6,764,585***	**5,870,000**	**27,557,093**	**0**

					Repayable		
Loan type (in euros)	**Interest rate**	**Maturity date**	**Balance at 31 Dec 2021**	***Incl. from related parties***	**Within 1 year**	**2–5 years**	**Over 5 years**
Bank loan	6.00%	15 Sept 2022	1,887,702	*0*	1,887,702	0	0
Bank loan	5.00%+ 6M Euribor	15 Mar 2024	3,150,000	*0*	3,150,000	0	0
Bank loan	6%	15 Aug 2024	6,000,000	*0*	0	6,000,000	0
Bonds	8%	31 Mar 2023	2,000,000	*200,000*	0	2,000,000	0
Bonds	8%	30 Jun 2026	2,400,000	*0*	0	2,400,000	0
Investor loan	13.5%	31 Mar 2022	665,000	*423,938*	665,000	0	0
Investor loan	12.5%	30 Jun 2022	560,000	*400,000*	560,000	0	0
Investor loan	11%	31 Dec 2023	1,100,000	*500,000*	550,000	550,000	0
Investor loan	12%	25 Aug 2024	3,000,000	*3,000,000*	0	3,000,000	0
Investor loan	8–8.5%	31 Dec 2024	1,950,000	*0*	460,000	1,490,000	0
Investor loan	8%	31 Dec 2024	2,000,000	*0*	0	2,000,000	0
Investor loan	8%*	5 Jun 2025	3,005,318	*2,438,568*	3,005,318	0	0
Total			**27,718,020**	***6,962,506***	**10,278,020**	**17,440,000**	**0**

** The interest on loans received by Liven Kodu 5 OÜ consists of a fixed interest rate of 8% per year and additional interest which depends on the success of the project; see note 27 for further information.*

In addition to the loans set out in the tables above, borrowings include lease liabilities, which amounted to 139,756 euros at 31 December 2022 (2021: 52,270 euros).

Information about the maturity structure of payments related to borrowings is provided in note 7.

In the fourth quarter of 2022, the construction of the first three buildings in the Uus-Meremaa project developed by Liven Kodu 5 OÜ in Rocca al Mare was completed and the construction of the project's fourth and fifth buildings began. Due to the success of the project, the creditors of Liven Kodu 5 OÜ were paid additional interest during the quarter. In addition to an advance payment of additional interest made in 2021 in an amount of 800,000 euros, the creditors were paid 2,769,676 euros. The creditors were also made an advance payment of additional interest of 730,324 euros, which is presented within 'Prepayments' as at 31 December 2022 (note 9). See note 27 for further information about the contingent obligation to pay additional interest which is linked to the success of the development project.

All loans received as at 31 December 2022 and 31 December 2021 are denominated in euros. Investor loans include loans from related parties. Further information about loans from related parties is provided in note 24.

The classification of loans into current and non-current is based on the contractual maturity dates of the loans.

In 2022, the group received new loans of 20,878,594 euros (2021: 23,087,491 euros) and made loan repayments of 15,417,255 euros (2021: 3,984,789 euros). Out of total loan repayments, 11,402,438 euros was paid by buyers directly to the bank (2021: 2,949,789 euros). Interest payments made in 2022 amounted to 4,219,923 euros (2021: 671,288 euros).

Collateral and guarantees

The total carrying amount of the group's inventories mortgaged as loan collateral is as follows:

(in euros)	Note	31 December 2022	31 December 2021
Inventories mortgaged as loan collateral		44,529,975	37,552,838
Total	**10**	**44,529,975**	**37,552,838**

Liven AS had the following guarantee commitments to creditors at 31 December 2022:

- a guarantee to the settlement of the interest liabilities arising from the loan agreement of Liven Kodu 20 OÜ in an amount of 360,000 euros;
- a guarantee to the settlement of the interest liabilities arising from the loan agreement of Liven Kodu 16 OÜ in an amount of 186,200 euros;
- a guarantee to the settlement of the interest liabilities arising from the loan agreement of Liven Kodu 12 OÜ in an amount of 80,000 euros;
- a guarantee to the settlement of the bank's claims arising from the loan agreement of Liven Kodu 6 OÜ in an amount of 300,000 euros.

Liven AS has additionally guaranteed the self-financing required by the loan agreements signed by the subsidiaries by committing to give the subsidiaries loans of the required amounts where necessary.

The shares in Liven Kodu 5 OÜ and Liven Kodu 10 OÜ were pledged to creditors both at 31 December 2022 and 31 December 2021.

Note 14. Trade and other payables

(in euros)	Note	31 December 2022	31 December 2021
Trade payables		3,369,374	2,080,751
Deferred income	18	4,348,717	5,969,140
Other payables			
Payables to employees		184,647	90,063
Taxes payable	15	1,233,130	753,932
Interest payable		275,349	324,146
Miscellaneous payables		159,293	104,498
Total other payables		**1,852,418**	**1,272,638**
Total current trade and other payables		**9,570,510**	**9,322,530**
Deferred income	18	37,998	137,860
Interest payable		567,750	141,686
Total non-current trade and other payables		**605,749**	**279,546**

Deferred income as at 31 December 2022 and 31 December 2021 comprises deferred income received from customers in connection with housing development projects. Further information about deferred income is provided in note 18. Further information about payables to related parties is provided in note 24.

Note 15. Taxes payable

(in euros)	Note	31 December 2022	31 December 2021
Value added tax		1,047,700	652,467
Personal income tax		55,408	27,894
Income tax on fringe benefits		3,001	5,173
Social security tax		116,224	63,423
Funded pension contributions (2nd pillar)		4,675	2,637
Unemployment insurance contributions		6,121	2,339
Total	**14**	**1,233,130**	**753,933**

Note 16. Share capital and reserves

Share capital and share premium

(in euros)	31 December 2022	31 December 2021
Share capital	1,151,512	1,151,512
Share premium	8,228,237	8,061,879
Total share capital and share premium	**9,379,748**	**9,213,391**
Number of shares issued	11,515,116	11,515,116
Par value of a share (in euros)	0.1	0.1

The Estonian Commercial Code sets the following requirements to the share capital of companies registered in Estonia:

- the minimum share capital of a limited company defined as *aktsiaselts* (AS) under Estonian law must amount to at least 25,000 euros,
- the net assets of a limited company defined as *aktsiaselts* (AS) under Estonian law must amount to at least half of its share capital but not less than 25,000 euros.

The size of share capital or the minimum and maximum amount of share capital are specified in the company's articles of association whereby the minimum share capital must amount to at least one fourth of the maximum share capital.

According to the articles of association of Liven AS which were in force at 31 December 2022 and 31 December 2021, the company's share capital consists of ordinary shares with a par value of 0.1 euros each. The minimum amount of share capital is 500,000 euros and the maximum amount of share capital is 2,000,000 euros and within those limits share capital can be changed without amending the articles of association.

Transactions with share capital

In spring 2021, the group increased share capital through a capitalisation issue carried out as a direct placement in the course of which 1,337,613 shares with a par value of 0.1 euros each were issued. The amount paid for each share was 3.738 euros and total proceeds from the issue amounted to 4,999,997 euros, including share premium of 4,866,236 euros. As a result of the share issue, the number of shareholders increased by 20.

Own (treasury) shares

In 2019, a share option programme (Liven Employee Ownership Program, LEOP) was developed for the group's employees and key partners in connection with which 200,001 shares with a carrying amount of 20,000 euros were repurchased.

Out of the increase in share premium in 2022, 166,358 euros (2021: 235,459 euros) is attributable to the sale of shares under the option programme. In 2022, a total of 42,364 shares were sold (2021: 60,254 shares). The par value of the shares sold during the period was 0.1 euros per share and the weighted average share premium was 4.45 euros per share (2021: the par value was 0.1 euros per share and share premium was 3.61 euros per share).

(in euros)	Number of shares
Number of own shares held at 31 December 2019	**156,901**
Sale of own shares	42,809
Number of own shares held at 31 December 2020	**114,092**
Sale of own shares	60,254
Number of own shares held at 31 December 2021	**53,838**
Sale of own shares	42,364
Number of own shares held at 31 December 2022	**11,474**

Further information about share-based payments is provided in note 17.

Reserves

The following table provides and overview of the reserves reported in equity.

(in euros)	31 December 2022	31 December 2021
Statutory capital reserve	101,775	101,775
Share option reserve	273,749	104,940
Total	**375,523**	**206,715**

Share option reserve

The group recognises the services received in a share-based payment transaction as the services are rendered. The corresponding increase in equity is recognised in the 'Share option reserve'.

Statutory capital reserve

The statutory capital reserve is set up using annual net profit transfers as well as other transfers which are made on the basis of the law or the articles of association. The amount of the capital reserve is set out in the articles of association and it may not be less than one tenth of share capital. Every year, at least one twentieth of net profit must be transferred to the capital reserve. When the capital reserve achieves the level set out in the articles of association, net profit transfers to the capital reserve are discontinued.

Based on the resolution of the general meeting, the capital reserve may be used to cover losses, if losses cannot be covered with the company's unrestricted equity, and to increase share capital. The capital reserve may not be used to make distributions to shareholders.

At 31 December 2022 and 31 December 2021, the capital reserve was smaller than required by the Estonian Commercial Code.

Dividend distributions

The parent did not distribute dividends in 2022 and 2021.

Information about the group's retained earnings and contingent income tax liability is provided in note 27.

Note 17. Share-based payments

Option programme (equity-settled)

In 2019, a share option programme (Liven Employee Ownership Program, LEOP) was developed for the group's employees and key partners. The purpose of the programme is to provide the group's employees and key partners with an opportunity to contribute to the group's share capital and thereby share in the group's success.

The main conditions of the option programme are as follows:

Option type	Vesting conditions	Term of options
A options	Three years after the grant date of the option.	Three years and one calendar month after successful satisfaction of vesting conditions.
B options	Three years after the grant date of the option and the achievement of the financial targets set out in the option contract.	Three years and one calendar month after successful satisfaction of vesting conditions.

Table of movements in share options

The number of options granted under the option programme and the weighted average exercise prices are as follows.

Grant date of the options	Number of instruments granted		
	A options	B options*	Total
Outstanding at 31 December 2019	**16,800**	**Up to 36,075**	**52,875**
Granted in 2020	11,030	Up to 28,357	**39,387**
Outstanding at 31 December 2020	**27,830**	**Up to 64,432**	**92,262**
Granted in 2021	23,582	Up to 48,941	**72,523**
Outstanding at 31 December 2021	**51,412**	**Up to 113,372**	**164,784**
Granted in 2022	15,629	Up to 28,023	**43,652**
Outstanding at 31 December 2022	**67,041**	**Up to 141,395**	**208,436**

** The maximum number of share options that may be granted on the satisfaction of the financial targets set out in the option contracts.*

The exercise price of all options granted in both 2022 and 2021 was 0.1 euros per share. The exercise price of options exercisable as at 31 December 2022 was 0.1 euros (31 December 2021: 0.1 euros) and the weighted average remaining life of the options was 1.2 years (31 December 2021: 1.8 years).

See note 16 for further information about share capital.

Determination of fair value

The fair value of employee share options was measured using the Black-Scholes-Merton model. In accordance with IFRS 2, service and performance-based vesting conditions were not taken into account in measuring fair value. The inputs used to measure fair value were as follows:

	A and B options	
	2022	**2021**
Exercise price (in euros)	0.10	0.10
Option life (in months)	36	36
Expected volatility	25.4%	25.1%
Risk-free interest rate	1.5%	0%
Weighted average share price (in euros)	4.32	3.58

Estimates used in measuring fair value

The exercise price and life of the options were determined based on the underlying option contracts.

Volatility was found as the unweighted average volatility of the share prices of comparable companies listed on the Nasdaq Tallinn Stock Exchange in the three years preceding the measurement of the fair value of the options.

The risk-free interest rate was the yield of the 3-year German government bond, which was negative in 2021 (the risk-free interest rate applied in the model was 0%) and increased by the latest measurement in 2022 to 2.095%.

The weighted average share price was found using the discounted cash flow method and it equals the share price recorded in the share sale agreement.

Expenses recognised in profit or loss

Expenses related to the grant of share options have been recognised in staff costs within 'Salary expenses' in an amount of 168,809 euros (2021: 78,559 euros).

Note 18. Revenue

(in euros)	2022	2021
Revenue by geographical area		
Estonia	32,617,554	6,277,573
Total revenue from sales to countries of the European Union	**32,617,554**	**6,277,573**
Revenue from contracts with customers		
Sale of real estate	32,089,484	6,058,701
Sale of furniture and furnishings	317,482	161,347
Total revenue from contracts with customers	**32,406,966**	**6,220,048**
Rental income	210,587	57,525
Total other revenue	**210,587**	**57,525**
Total revenue	**32,617,554**	**6,277,573**
Timing of revenue recognition		
Revenue recognised at the point in time when the performance obligation is satisfied	32,406,966	6,220,048
Total revenue from contracts with customers	**32,406,966**	**6,220,048**
Rental income	210,587	57,525
Total revenue	**32,617,554**	**6,277,573**

Balances of contracts with customers

The table below provides an overview of contract assets and contract liabilities from contracts with customers:

(in euros)	Note	31 December 2022	31 December 2021
Trade receivables	8	382,535	22,420
Deferred income	14	4,348,717	6,081,640

Revenue for 2022 resulted from the sale of real estate in three development projects in Tallinn:

- Türi 4 (developer: Liven Kodu 15 OÜ): Three buildings with a total of 80 homes and one commercial space were completed in the project at the end of 2021. In 2022, 62 homes were sold and transferred to customers under real right contracts. By 31 December 2022, all homes had been transferred and only the commercial space was still for sale.
- Suur-Patarei 6 (developer: Liven Kodu 11 OÜ): The last apartment in the project that was completed in 2020 was sold in 2022.
- Uus-Meremaa (developer: Liven Kodu 5 OÜ). In phase I of the project, three buildings in the Lahepea street with a total of 131 homes were completed. By 31 December 2022, 123 homes had been sold and transferred to customers under real right contracts and six homes had been sold under contracts under the law of obligations.

Deferred income comprises deferred income received from customers for real estate development activities for which revenue is recognised on the transfer of the real estate to the customer (on the conclusion of the real right contract). According to management's estimates, the deferred income which reflects performance obligations not yet satisfied will be taken to revenue consistent with the budgeted completion schedules of the projects.

Note 19. Goods, materials, consumables and services used

(in euros)	2022	2021
Construction, fitout and furnishing expenses	18,301,289	3,008,484
Plot acquisition and preparation costs	1,973,317	562,453
Financing charges	4,903,136	147,267
Design expenses	457,847	107,729
Administrative expenses	158,053	219,608
Superficies and supervision fees	67,877	17,349
Connection fees	239,910	28,144
Total	**26,101,429**	**4,091,034**

See note 6 for further information about the recognition of inventories as expenses within 'Goods, materials, consumables and services used'.

Note 20. Other operating expenses

(in euros)	2022	2021
Marketing expenses	504,546	453,746
Management and sales services	131,324	182,188
Accounting, audit and consulting services	182,179	192,745
Legal services	108,757	11,237
Office expenses	161,233	86,286
IT expenses	104,291	53,969
Transport expenses	64,596	51,328
Recruitment and training expenses	69,088	59,727
Other expenses	234,747	172,606
Total	**1,560,761**	**1,263,830**

Expenses on management and sales services for 2022 include expenses on services purchased from related parties of 15,000 euros (2021: 145,000 euros).

Note 21. Staff costs

(in euros)	2022	2021
Salary expenses	1,430,335	743,356
Social security and unemployment insurance charges	401,695	223,793
Total	**1,832,030**	**967,149**
Average number of employees converted to full-time equivalent	24	16
Incl. people working under employment contracts	21	15
Incl. people working under board member's service contracts	3	1

Note 22. Segment reporting

Management has determined operating segments based on the reports monitored by the group's management board. The management board regards the group's business operations as a single operating segment and assesses the performance of the operating segment mainly on the basis of its revenue and operating profit as well as the growth of these indicators

(in euros)	2022	2021
Revenue	32,617,554	6,277,573
Operating profit	3,324,440	655,840

Note 23. Investments in subsidiaries

The parent company's ownership interests in subsidiaries as at the reporting date:

Name of subsidiary	Core business	Domicile	Interest, % 31 Dec 2022	Interest, % 31 Dec 2021
Liven Kodu OÜ	Development of building projects	Estonia	100	100
Liven Kodu 4 OÜ	Development of building projects	Estonia	-	100
Liven Kodu 5 OÜ	Development of building projects	Estonia	100	100
Liven Kodu 6 OÜ	Development of building projects	Estonia	100	100
Liven Kodu 7 OÜ	Development of building projects	Estonia	-	0
Liven Kodu 9 OÜ	Development of building projects	Estonia	-	100
Liven Kodu 10 OÜ	Development of building projects	Estonia	100	100
Liven Kodu 11 OÜ	Development of building projects	Estonia	100	100
Liven Kodu 12 OÜ	Development of building projects	Estonia	100	100
Liven Kodu 14 OÜ	Development of building projects	Estonia	100	100
Liven Kodu 15 OÜ	Development of building projects	Estonia	100	100
Liven Kodu 16 OÜ	Development of building projects	Estonia	100	100
Liven Kodu 17 OÜ	Development of building projects	Estonia	100	100
Liven Kodu 18 OÜ	Development of building projects	Estonia	100	100
Liven Kodu 19 OÜ	Development of building projects	Estonia	100	100
Liven Kodu 20 OÜ	Development of building projects	Estonia	100	100
Liven Kodu 21 OÜ	Development of building projects	Estonia	100	-
Liven Kodu 22 OÜ	Development of building projects	Estonia	100	-
Liven Kodu 23 OÜ	Development of building projects	Estonia	100	-
Liven Kodu 24 OÜ	Development of building projects	Estonia	100	-
Liven Wohnungsbau GmbH	Development of building projects	Germany	100	100
Liven Hermsdorf GmbH	Development of building projects	Germany	100*	-

** 100% ownership interest through Liven Wohnungsbau GmbH*

Changes in group structure

In 2022, the subsidiaries Liven Kodu 21 OÜ, Liven Kodu 22 OÜ, Liven Kodu 23 OÜ and Liven Kodu 24 OÜ were established in Estonia and the subsidiary Liven Hermsdorf GmbH was established in Germany.

Liven Kodu 4 OÜ, Liven Kodu 7 OÜ and Liven Kodu 9 OÜ merged with Liven Kodu OÜ in 2022 in a transaction in which Liven Kodu OÜ was the acquirer. All entities were under the control of the group.

Liven Kodu 7 OÜ

The group did not have an ownership interest in Liven Kodu 7 OÜ at the end of 2021. The core business of Liven Kodu 7 OÜ was real estate development and sale. The group managed Liven Kodu 7 OÜ under a management contract, being responsible for the entity's day-to-day management, accounting and reporting arrangements, project execution activities, and any other activities required for the development and sale of real estate. The group was able to direct the relevant activities of Liven Kodu 7 OÜ and was also exposed to variable returns from its involvement with the entity. According to management's assessment, the group had control of Liven Kodu 7 OÜ and, therefore, the financial information of Liven Kodu 7 OÜ had been consolidated. Liven Kodu 7 was merged with Liven Kodu OÜ in 2022.

Note 24 Related party disclosures

For the purposes of these consolidated financial statements, related parties include:

- the group's parent Liven AS and shareholders that have significant influence over Liven AS;
- key management personnel (members of the supervisory and management boards), their close family members and companies under their control or significant influence.

The group considers parties to be related when one controls the other or has significant influence over the operating decisions of the other. Significant influence is presumed to exist when a person holds more than 10% of voting power.

(A) Balances with related parties as at 31 December

(in euros)	Note	2022	2021
Liabilities to related parties			
Trade payables			
Legal persons with a significant shareholding		0	6,000
Interest payable			
Legal persons with a significant shareholding		113,963	163,102
Executive and higher management and companies under their significant influence		70,301	2,652
Total interest payable	**13**	**184,264**	**165,754**
Total current trade and other payables to related parties		**184,264**	**171,754**
Interest payable			
Legal persons with a significant shareholding		405,863	110,022
Executive and higher management and companies under their significant influence		81,041	47,940
Total interest payable	**13**	**486,904**	**157,962**
Total non-current trade and other payables to related parties		**486,904**	**157,962**

(B) Transactions with related parties

(in euros)	Note	2022	2021
Revenue			
Executive and higher management and companies under their significant influence		0	441
Total revenue from related parties		0	441
Services purchased			
Legal persons with a significant shareholding	20	15,000	145,000
Executive and higher management and companies under their significant influence		10,096	16,285
Total services purchased from related parties		25,096	161,285
Interest paid			
Legal persons with a significant shareholding		2,275,174	57,088
Executive and higher management and companies under their significant influence		689,313	0
Total interest paid on loans from related parties*		2,964,487	57,088

*The companies of the Liven AS group capitalise the borrowing costs associated with the loans taken to finance building development projects and include them in the costs of inventories until the assets are completed and the homes are sold under real right contracts.

No loss allowances were recognised for receivables from related parties in 2022 or 2021. Management services were purchased from related parties in both 2022 and 2021. Related parties were sold items of property, plant and equipment in 2021.

(C) Changes in borrowings from related parties

	Note	2022	2021
Borrowings from related parties at 1 January		**6,962,506**	**3,362,860**
Loans received			
Legal persons with a significant shareholding		25,000	3,400,000
Executive and higher management and companies under their significant influence		0	700,000
Total loans received		25,000	4,100,000
Repayments of loans received			
Legal persons with a significant shareholding		-423,938	-686,063
Total repayments of loans received		-423,938	-686,063
Payments offset against accrued (capitalised) interest			
Legal persons with a significant shareholding		152,263	140,667
Executive and higher management and companies under their significant influence		48,753	45,041
Total payments offset against accrued (capitalised) interest		201,016	185,708
Borrowings from related parties at 31 December	13	6,764,584	6,962,506

All borrowings from related parties as at 31 December 2022 and 31 December 2021 were denominated in euros. Loans received from related parties have fixed interest rates, which are in the range of 8–12.5% (31 December 2021: 8–13.5%). Further information about borrowings is provided in note 13.

Other transactions with related parties

Transactions with share capital are described in note 16 and further information about investments in subsidiaries is provided in note 23.

The members of the management board were sold 12,000 shares at the weighted average price of 4.59 euros per share under the company's option programme (LEOP) (2021: 2,230 shares at the weighted average price of 3.58 euros per share). Further information about share-based payments is provided in note 17.

In 2022, the remuneration of the members of the management board amounted to 220,933 euros (2021: 113,454 euros). The members of the supervisory board were not remunerated for their work on the board in 2022 and 2021. A member of the management board that is removed from office early or whose contract is not extended is entitled to severance pay equal to six months' remuneration (a contingent liability). The maximum possible severance pay obligation at 31 December 2022 was 111,228 euros (31 December 2021: 112,980 euros).

Note 25. Basic and diluted earnings pr share

Basic earnings per share are calculated by dividing the net profit attributable to owners of the parent by the weighted average number of ordinary shares. Diluted earnings per share are calculated in the same way but the weighted average number of ordinary shares is increased by the number of dilutive potential ordinary shares.

(number of shares)	2022	2021
Weighted average number of ordinary shares	11,515,116	10,888,453
Share options	338,436	284,784
Weighted average number of ordinary shares including the number of dilutive potential ordinary shares	11,853,552	11,173,237

(in euros)	2022	2021
Net profit attributable to owners of the parent	3,324,099	646,859
Basic earnings per share	0.289	0.059
Diluted earnings per share	0.280	0.058

Note 26. Other adjustments

(in euros)	2022	2021
Capitalisation of interest expense as part of the cost of inventories	1,467,838	1,208,309
Adjustment of provision for warranty claims	6,503	-11,220
Other adjustments	20,500	-440
Total other adjustments	**1,494,841**	**1,196,649**

Line item 'Capitalisation of interest expense as part of the cost of inventories' includes accrued non-monetary interest expense capitalised as part of the cost of inventories, which is related to mezzanine-type investor loans. See notes 6 and 10 for further information about the capitalisation of borrowing costs and expenses as part of the cost of inventories.

Note 27. Contingent liabilities

Contingent interest liability of Liven Kodu 5 OÜ

Under the investor loan agreements signed by Liven Kodu 5 OÜ in 2017, on the completion of a project the providers if investor loans are paid additional interest, which depends on the success of the project. The amount of the additional interest depends on the terms agreed for measuring success, which take into account the profitability and cash flows of the entire project as well as their timing, the surpassing of the agreed minimum success level and the additional success-linked interest payments made in previous phases of the project. The developer has the right to make the decision regarding the payment or non-payment of additional interest after the end of each project phase based on the company's capital needs for the execution of the rest of the project. At the date these consolidated financial statements are authorised for issue, the final phase of the project is under construction. Due to the circumstances described above as well as the current macroeconomic environment that has created uncertainty about the amount and timing of the obligation make additional interest payments based on the success of the project, the obligation cannot be measured reliably.

In the fourth quarter of 2022, the amount of additional interest calculated for the creditors of Liven Kodu 5 OÜ based on the success of the project was 3,569,676 euros, including 800,000 euros paid in advance in 2021 and 2,769,676 euros paid in the fourth quarter of 2022. On 21 December 2022, the creditors of Liven Kodu 5 OÜ were made advance payments of additional success-linked interest of 730,324 euros. The amount is included in 'Prepayments' in the consolidated statement of financial position as at 31 December 2022 (note 9). The significant terms of the loan agreements are disclosed in note 13.

Contingent income tax liability

The group's total retained earnings as at the reporting date amounted to 6,771,546 euros (31 December 2021: 3,392,120 euros). The maximum income tax liability that could arise if all of the retained earnings as at the reporting date were distributed as dividends is 1,354,309 euros (31 December 2021: 678,424 euros) and the maximum amount that could be distributed as the net dividend is 5,417,237 euros (31 December 2021: 2,713,696 euros).

The maximum possible income tax liability has been calculated on the assumption that the net dividend distribution and the income tax expense recognised in the consolidated statement of comprehensive income for 2022 may not exceed total retained earnings as at the reporting date.

Note 28. Events after the reporting period

Direct placement of shares

In November 2022, Liven AS began to raise equity capital through a direct placement in which up to 734,884 new shares were offered at a price of 4.292 euros per share. The direct placement was carried out in accordance with the terms and conditions of the shareholder agreement signed in 2019 according to which existing shareholders have the pre-emptive right to subscribe for the shares for a period of 30 days after which the company may offer the remaining shares on the same terms and conditions to third parties for a period of 60 days.

The minimum amount of an offering to new investors was 10,000 euros and the offer was made to less than 150 investors. 15 existing and 26 new investors participated in the direct placement. Altogether, 243,607 shares in the total amount of 1,045,561 euros were subscribed for. At the date these consolidated financial statements are authorised for issue, the payments have not been made and the new shares have not been issued.

Preparations for an initial public offering (IPO)

After the reporting date, Liven AS has continued preparations for the IPO of the company's shares. By the date these financial statements are authorised for issue, the group's governing bodies have not adopted any decisions regarding the terms and the timing of the IPO.

Note 29. Parent company's primary financial statements

In accordance with the Estonian Accounting Act, the notes to the consolidated financial statements have to include the primary financial statements of the consolidating entity (the parent). The primary financial statements of the parent have been prepared using the same accounting policies that were applied in the preparation of the consolidated financial statements except that in the parent's primary financial statements investments in subsidiaries are measured using the cost method.

Statement of financial position

(in euros)	31 December 2022	31 December 2021
Current assets		
Cash and cash equivalents	265,635	636,813
Trade and other receivables	5,647,136	2,269,657
Prepayments	60,481	17,510
Inventories	5,275	804
Total current assets	**5,978,527**	**2,924,784**
Non-current assets		
Investments in subsidiaries	167,500	62,500
Trade and other receivables	14,310,596	11,467,273
Property, plant and equipment	264,741	122,491
Intangible assets	218,777	59,187
Total non-current assets	**14,961,614**	**11,711,451**
TOTAL ASSETS	**20,940,141**	**14,636,235**
Current labilities		
Borrowings	324,218	6,523
Trade and other payables	1,148,246	482,370
Total current liabilities	**1,472,464**	**488,893**
Non-current liabilities		
Borrowings	591,424	45,748
Trade and other payables	13,640	0
Total non-current liabilities	**605,064**	**45,748**
Total liabilities	**2,077,528**	**534,640**
EQUITY		
Share capital	1,151,512	1,151,512
Share premium	8,215,737	8,056,879
Own (treasury) shares	-1,147	-4,884
Share option reserve	273,748	104,940
Statutory capital reserve	101,775	101,775
Retained earnings (prior periods)	4,691,373	3,250,312
Profit for the year	4,429,615	1,441,061
Total equity	**18,862,613**	**14,101,595**
TOTAL LIABILITIES AND EQUITY	**20,940,141**	**14,636,235**

Statement of comprehensive income

(in euros)	2022	2021
Revenue	4,811,757	1,879,206
Other income	4,848	851
Goods, materials, consumables and services used	-76,962	-196,489
Other operating expenses	-802,003	-883,662
Staff costs	-1,709,220	-967,149
Depreciation, amortisation and impairment losses	-72,810	-25,433
Other expenses	-196	-1,062
Operating profit/loss	**2,155,414**	**-193,739**
Finance income	2,368,086	1,658,438
Finance costs	-93,885	-23,638
Total finance income and finance costs	**2,274,201**	**1,634,800**
Profit before tax	**4,429,615**	**1,441,061**
Net profit for the year	**4,429,615**	**1,441,061**
Comprehensive income for the year	**4,429,615**	**1,441,061**

Statement of cash flows

(in euros)	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit/loss	**2,155,414**	**-193,327**
Adjustments for:		
Depreciation, amortisation and impairment losses	72,809	25,433
Gain on sale of property, plant and equipment and intangible assets	0	-40
Other adjustments	-354,810	73,518
Total adjustments	**-282,001**	**98,551**
Change in receivables and prepayments	-2,866,256	-890,004
Change in inventories	-4,472	11,169
Change in payables and deferred income	609,919	255,103
NET CASH USED IN OPERATING ACTIVITIES	**-387,396**	**-718,508**
CASH FLOWS FROM INVESTING ACTIVITIES		
Paid on acquisition of property, plant and equipment and intangible assets	-352,774	-49,666
Proceeds from sale of property, plant and equipment and intangible assets	0	440
Paid on acquisition of a subsidiary	0	-30,000
Loans provided	-3,497,849	-7,666,035
Repayments of loans provided	2,200,104	1,791,931
Changes in equity not resulting from profit for the year	139,021	0
Interest received	108,052	1,344,030
NET CASH USED IN INVESTING ACTIVITIES	**-1,403,446**	**-4,609,300**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans received	1,255,000	600,000
Repayments of loans received	0	-605,351
Payments of lease principal	-25,019	0
Interest paid	-2,701	-24,049
Proceeds from issue of shares	0	4,999,997
Proceeds from sale of own (treasury) shares	192,384	219,695
NET CASH FROM FINANCING ACTIVITIES	**1,419,664**	**5,190,291**
NET CASH FLOW	**-371,178**	**-137,517**
Cash and cash equivalents at beginning of period	**636,813**	**774,330**
Decrease in cash and cash equivalents	-371,178	-137,517
Cash and cash equivalents at end of period	**265,635**	**636,813**

Statement of changes in equity

(in euros)	Share capital	Share premium	Share option reserve	Own (treasury) shares	Statutory capital reserve	Retained earnings	Total
As at 31 December 2020	**1,017,750**	**2,960,184**	**26,381**	**-11,409**	**300**	**3,351,787**	**7,344,993**
Carrying amount of interests under control and significant influence	0	0	0	0	0	-37,500	**-37,500**
Value of interests under control and significant influence under the equity method	0	0	0	0	0	-417,574	**-417,574**
Adjusted unconsolidated equity as at 31 December 2020	**1,017,750**	**2,960,184**	**26,381**	**-11,409**	**300**	**2,896,713**	**6,889,919**
Profit for the year	0	0	0	0	0	1,441,061	**1,441,061**
Issue of share capital	133,762	4,866,236	0	0	0	0	**4,999,998**
Share options	0	0	78,558	0	0	0	**78,558**
Sale of own shares	0	235,459	0	6,525	0	0	**241,984**
Transfer to capital reserve	0	0	0	0	101,475	-101,475	**0**
Other changes in equity	0	-5,000	0	0	0	0	**-5,000**
As at 31 December 2021	**1,151,512**	**8,056,879**	**104,939**	**-4,884**	**101,775**	**4,691,373**	**14,101,594**
Carrying amount of interests under control and significant influence	0	0	0	0	0	-62,500	**-62,500**
Value of interests under control and significant influence under the equity method	0	0	0	0	0	-1,231,753	**-1,231,753**
Adjusted unconsolidated equity as at 31 December 2021	**1,151,512**	**8,056,879**	**104,939**	**-4,884**	**101,775**	**3,397,120**	**12,807,341**
Profit for the year	0	0	0	0	0	4,429,615,	**4,429,615**
Issue of share capital	0	0	0	0	0	0	**0**
Share options	0	0	168,810	0	0	0	**168,810**
Sale of own shares	0	158,857	0	3,737	0	0	**162,594**
As at 31 December 2022	**1,151,512**	**8,215,736**	**273,749**	**-1,147**	**101,775**	**9,120,988**	**18,862,613**
Carrying amount of interests under control and significant influence	0	0	0	0	0	0	**0**
Value of interests under control and significant influence under the equity method	0	0	0	0	0	0	**0**
Adjusted unconsolidated equity as at 31 December 2022	**1,151,512**	**8,215,736**	**273,749**	**-1,147**	**101,775**	**9,120,988**	**18,862,613**

Statement by the management board

The management board completed the preparation of the management report and the consolidated financial statements of Liven AS for 2022 on 28 February 2023.

The group annual report of Liven AS for 31 December 2022 consists of the management report and the consolidated financial statements and the accompanying independent auditors' report.

The report has been signed digitally.

Andero Laur Chairman of the Management Board	Mihkel Simson Member of the Management Board	Alina Kester Member of the Management Board

Independent auditors' report

To the Shareholders of Liven AS

(Translation of the Estonian original)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Liven AS and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements on pages 32 to 72 present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (Estonia) (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the management report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to state whether the information presented in the management report has been prepared in accordance with the applicable legal and regulatory requirements.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard and we state that the information presented in the management report is materially consistent with the consolidated financial statements and in accordance with the applicable legal and regulatory requirements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

Tallinn, 28 February 2023

/signed digitally/

Indrek Alliksaar

Licence No 446

KPMG Baltics OÜ
Licence no 17

KPMG Baltics OÜ

Narva mnt 5

Tallinn 10117

Estonia

Tel +372 626 8700
www.kpmg.ee

Alternative performance measures

The group presents certain performance measures as the key indicators, which in accordance with the European Securities and Markets Authority (ESMA) Guidelines on Alternative Performance Measures are not measures of historical financial performance, financial position and cash flows defined or explained in IFRS, but are instead non-financial measures and alternative performance measures (APMs).

The non-financial measures and APMs provide management, investors, securities analysts and other parties with significant additional information about the group's results of operations, financial position or cash flows and are often used by analysts, investors and other parties.

The non-financial measures and APMs should not be considered in isolation or as a substitute to the measures under IFRS. The APMs have not been audited.

Calculation formulas for APMs

Earnings before interest, tax, depreciation and amortisation (EBITDA) = operating profit + interest paid + interest expense capitalised in inventories + depreciation, amortisation and impairment losses

EBITDA margin: EBITDA / revenue

Operating margin: operating profit / revenue

Net margin: net profit attributable to owners of the parent / revenue

Return on assets (ROA): operating profit / average total assets (average for the period)

Return on equity (ROE): net profit attributable to owners of the parent / average equity attributable to shareholders (average for the period)

Return on capital employed (ROCE): (EBITDA – depreciation, amortisation and impairment losses) / (total assets – current liabilities (average for the period))

Equity ratio: equity attributable to owners of the parent / total assets

Current ratio: current assets / current liabilities

Quick ratio: (current assets – inventories) / current liabilities

In the table below, the indicators for 2019 have been calculated using partly data from the financial statements for 2018, which were not prepared in accordance with IFRS.

(in thousands of euros)	2022	2021	2020	2019
Depreciation, amortisation and impairment losses	74	25	13	8
Interest paid	4,220	671	716	879
Operating profit	3,324	656	1,436	1,162
EBITDA	**7,618**	**1,353**	**2,165**	**2,048**
EBITDA	7,618	1,353	2,165	2,048
Revenue	32,618	6,278	9,000	9,082
EBITDA margin	**23.4%**	**21.5%**	**24.1%**	**22.6%**
Operating profit	3,324	656	1,436	1,162
Revenue	32,618	6,278	9,000	9,082
Operating margin	**10.2%**	**10.4%**	**16.0%**	**12.8%**
Net profit attributable to owners of the parent	3,324	647	1,333	200
Revenue	32,618	6,278	9,000	9,082
Net margin	**10.2%**	**10.3%**	**14.8%**	**2.2%**

Operating profit	3,324	656	1,436	1,162
Total assets at end of year	60,279	50,257	18,437	14,399
Total assets at beginning of year	50,257	18,437	14,399	5,635
Average total assets	55,268	34,347	16,418	10,017
Return on assets (ROA)	**6.0%**	**1.9%**	**8.7%**	**11.6%**
Net profit attributable to owners of the parent	3,324	647	1,333	200
Equity attributable to owners of the parent at end of year	16,526	12,807	6,840	5,403
Equity attributable to owners of the parent at beginning of year	12,807	6,840	5,403	2,243
Average equity attributable to owners of the parent	14,667	9,824	6,121	3,823
Return on equity (ROE)	**22.7%**	**6.6%**	**21.8%**	**5.2%**
EBITDA	7,618	1,353	2,165	2,048
Depreciation, amortisation and impairment losses	74	25	13	8
Total assets at end of year	60,279	50,257	18,437	14,399
Total assets at beginning of year	50,257	18,437	14,399	5,635
Current liabilities at end of year	15,460	19,607	3,910	4,923
Current liabilities at beginning of year	19,607	3,910	4,923	744
Assets – current liabilities at end of year	44,818	30,650	14,527	9,476
Assets – current liabilities at beginning of year	30,650	14,527	9,476	4,891
Average assets – current liabilities	37,734	22,588	12,001	7,183
Return on capital employed (ROCE)	**20.0%**	**5.9%**	**17.9%**	**28.4%**
Equity attributable to owners of the parent	16,526	12,807	6,840	5,403
Total assets	60,259	50,257	18,437	14,399
Equity ratio	**27.4%**	**25.5%**	**37.1%**	**37.5%**
Current assets	59,794	50,075	18,386	14,392
Current liabilities	15,460	19,607	3,910	4,923
Current ratio	**3.87**	**2.55**	**4.70**	**2.92**
Current assets	59,794	50,075	18,386	14,392
Inventories	54,140	44,976	15,439	12,138
Current liabilities	15,460	19,607	3,910	4,923
Quick ratio	**0.37**	**0.26**	**0.75**	**0.46**
Net profit	3,324	638	1,439	730
Weighted average number of shares (in thousands)	11,515	10,888	10,178	8,362
Earnings per share	**0.289**	**0.059**	**0.141**	**0.087**
Net profit attributable to owners of the parent	3,324	647	1,333	200
Weighted average number of shares (in thousands)	11,515	10,888	10,178	8,362
Earnings per share attributable to owners of the parent	**0.289**	**0.059**	**0.131**	**0.024**

Sample apartment in the Uus-Meremaa project, interior architect Eveli Pihel