



**KPMG Baltics SIA**  
Roberta Hirsā iela 1  
Rīga, LV-1045  
Latvia

T: + 371 67038000  
[kpmg.com/lv](http://kpmg.com/lv)  
[kpmg@kpmg.lv](mailto:kpmg@kpmg.lv)

## **Independent Auditors' Report**

### **To the shareholder of PN Project AS**

#### **Report on the Audit of the Consolidated Financial Statements**

##### *Our Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated financial statements of PN Project AS ("the Company") and its subsidiary ("the Group") set out on pages 6 to 33 of the accompanying consolidated Annual Report, which comprise:

- the consolidated statements of financial position as at 31 December 2022 and 31 December 2023,
- the consolidated statements of profit or loss and other comprehensive income for the years then ended,
- the consolidated statements of changes in equity for the years then ended,
- the consolidated statements of cash flows for the years then ended, and
- the notes to the consolidated financial statements, which include a summary of material accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of PN Project AS and its subsidiary as at 31 December 2022 and 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

##### *Basis for Opinion*

In accordance with the 'Law on Audit Services' of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibility for the Audit of the Consolidated Financial Statements* section of our report.

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

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

##### *Material Uncertainty Related to Going Concern*

We draw attention to Note 3.18. of the consolidated financial statements, which states that as at 31 December 2023 the Group had a working capital deficit equal to EUR 31 599 710, of which EUR 20 094 463 related to the loan received from Matuda UAB with the maturity of 26 April 2024 and EUR 11 219 375 related to amounts payable to suppliers and contractors.



Furthermore, in October 2024 the Group has terminated the contract with its general contractor and, as of the date of this report, the operations of the Group – the development of the multifunctional real estate centre on its controlled land plot – are suspended. During the building development and construction period the Group has been financed by the funds received from the shareholder and/or its controlled entities considering the course of the project and the need of working capital to finance the construction activities. The Group's ability to continue operations on a going concern basis is highly dependent on the Group's ability to attract additional financing, settle its outstanding liabilities and resume the real estate development project. At the date of these consolidated financial statements, the Group, its shareholder and its other controlled SPVs have not received a written confirmed financing commitment from the potential investors. These events and conditions, along with other matters as set forth in Note 3.18., indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### *Other Matter*

As part of our audit of the consolidated financial statements as at and for the years ended 31 December 2022 and 31 December 2023, we audited the transitory adjustments to IFRS Accounting Standards as adopted by the European Union described in Note 2.13. that were applied to restate the comparative information presented as at and for the year ended 31 December 2021. We were not engaged to audit, review, or apply any procedures to the financial statements for the year ended 31 December 2021, other than with respect to the adjustments described in Note 2.13. to the consolidated financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective consolidated financial statements taken as a whole. However, in our opinion, the adjustments described in Note 2.13. are appropriate and have been properly applied.

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

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting 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' Responsibility 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 a 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.

KPMG Baltics SIA  
Licence No. 55

Rihards Grasis  
Director pp. KPMG Baltics SIA  
Latvian Sworn Auditor  
Certificate No. 227  
Riga, Latvia  
15 November 2024

THIS DOCUMENT HAS BEEN SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND  
IT HAS A TIME-STAMP