

JOINT STOCK COMPANY PN PROJECT

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

PN Project AS

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

Unaudited Interim Condensed Consolidated Financial Statements for the year ended 31 December 2025

(all amounts presented in EUR unless otherwise indicated)

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PN Project AS**Registration number: 40203063602, address: Republikas laukums 2A - 1, Riga, LV - 1010, Latvia****Unaudited Interim Condensed Consolidated Financial Statements for the period ended 30 June 2025**

(all amounts presented in EUR unless otherwise indicated)

Consolidated management report

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

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

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

FINANCIAL PERFORMANCE AND POSITION

Net sales of the Group during the reporting year amounted to EUR 74 372 (2024: EUR 84 979). Revenue mainly consisted of income related to rent of existing property for advertising purposes. The net result for the reporting year is a loss of EUR 2 370 584 (2024: EUR 21 573 795).

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

As at 31 December 2025, the Group's total assets amounted to EUR 80 083 045, primarily consisting of investment property under development.

Total equity as at 31 December 2025 amounted to EUR 13 808 108.

Total borrowings, including shareholder loans, related party loans and issued public bonds, amounted to EUR 63 392 813. The Group's capital structure reflects the development-phase nature of its operations.

FINANCIAL RISK MANAGEMENT

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

Credit risk

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

Liquidity risk

The Group pursues a prudent liquidity risk management maintaining sufficient credit resources that allow settling liabilities when they fall due. To minimize the liquidity risk the term analysis of assets and liabilities is performed and, if necessary, resources from related companies are attracted. As at 31 December 2025 the Group's current liabilities (EUR 21 881 148) exceeded current assets (EUR 2 196 828) by EUR 19 684 320. The majority of current liabilities consisted of short-term loans received from related parties (see Note 3.9.) and trade payables to contractors for the project in development, as well as to related parties. In June - December 2025 the Group issued public bonds, which amounted to EUR 45 085 000 and which were used to repay the loan to the related party Preses Nams UAB in the amount of EUR 27 651 765 and to finance development of the project. Respectively, the Group's liquidity in 2026 will be ensured by additional credit resources by issuing additional public bonds in order to ensure the successful continued development of the project. For more information about the public bonds issue please refer to Note 3.10. of the consolidated financial statements. Thus, the management of the Group believes that the Group is exposed to moderate liquidity risk.

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

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

Construction and market risk

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

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

GOING CONCERN

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

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

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

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

Taking into account the information currently available and the actions taken by the management, the Group expects to continue operations as a going concern. As such, these financial statements have been prepared on the basis that the Group will continue as a going concern, and do not include any adjustments that might be necessary if the going concern assumption would not be applicable.

However, the success of the management actions to address the uncertainties outlined above is directly dependent on the ability to attract sufficient additional financing to proceed with the development.

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

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

There have been no significant events after the reporting date that would require adjustment to or disclosure in these consolidated financial statements, except for those disclosed in Note 3.24 to the consolidated financial statements.

FUTURE OUTLOOK

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

MANAGEMENT RESPONSIBILITY STATEMENT

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

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

Chairman of the Board

Member of the Board

*Povilas Urbonavičius**Igors Danilovs*

PN Project AS

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Unaudited Interim Condensed Consolidated Financial Statements for the year ended 31 December 2025

(all amounts presented in EUR unless otherwise indicated)

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	2025 Unaudited	2024 Audited (Restated) *
Rental income		74 372	84 979
Other income	3.14.	1 356 276	-
Investment property operating expenses	3.15.	(69 731)	(100 862)
Administrative expenses	3.16.	(887 608)	(2 381 116) *
Operating profit / (loss) before fair value changes		473 309	(2 396 999)
Changes in fair value of investment property		1 530 119	(15 873 423)
Operating profit / (loss)		2 003 428	(18 270 422)
Finance income	3.17.	15 939	-
Finance expenses	3.18.	(4 389 951)	(3 303 227)
Loss before tax		(2 370 584)	(21 573 649)
Income tax	3.19.	-	(146)
Net loss		(2 370 584)	(21 573 795)
Other comprehensive income		-	-
Total comprehensive loss		(2 370 584)	(21 573 795)

* Restatement is explained in Note 3.21.

The following notes on pages from 10 to 25 form an integral part of these financial statements.

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Interim Consolidated Statement of Financial Position

		31 December 2025	31 December 2024
	Notes	Unaudited	Audited (Restated) *
ASSETS			
Non-current assets			
Property, plant and equipment	3.1.	9 495	4 821
Investment property	3.2.	77 752 438	62 962 491
Prepayments related to investment property	3.5.	124 284	624 258
Total non-current assets		77 886 217	63 591 570
Current assets			
Inventory	3.3.	1 860 014	280 921
Trade receivables	3.4.	455	66 939
Prepayments	3.5.	64 143	14 482
Other current assets	3.6.	114 402	49 784 *
Cash and cash equivalents	3.7.	157 814	18 099
Total current assets		2 196 828	430 225
TOTAL ASSETS		80 083 045	64 021 795

* Restatement is explained in Note 3.21.

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Interim Consolidated Statement of Financial Position (continued)

	Notes	31 December 2025 Unaudited	31 December 2024 Audited (Restated) *
EQUITY AND LIABILITIES			
Equity			
Share capital	3.8.	51 507 800	51 507 800
Accumulated losses		(37 699 692)	(35 329 108) *
Total equity		13 808 108	16 178 692
Non-current liabilities			
Loans received	3.9.	-	7 856 406
Bonds issued	3.10.	44 393 789	-
Other non-current liabilities	3.11.	-	1 471 309
Total non-current liabilities		44 393 789	9 327 715
Current liabilities			
Trade payables	3.12.	2 457 821	10 054 986
Loans received	3.9.	18 653 294	28 230 130
Bonds issued	3.10.	345 730	-
Advance payments		47 674	55 744
Employment related liabilities		4 449	-
Other current liabilities	3.13.	372 180	174 528
Total current liabilities		21 881 148	38 515 388
TOTAL LIABILITIES		66 274 937	47 843 103
TOTAL EQUITY AND LIABILITIES		80 083 045	64 021 795

* Restatement is explained in Note 3.21.

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Interim Consolidated Statement of Changes in Equity

	Share capital	Accumulated losses (Restated) *	Total
Balance as at 31 December 2023 (audited)	33 222 800	(13 755 313)	19 467 487
Net loss	-	(21 573 795) *	(21 573 795)
Transactions with owners	18 285 000	-	18 285 000
Shares issued **	18 285 000	-	18 285 000
Balance as at 31 December 2024 (audited)	51 507 800	(35 329 108)	16 178 692
Net loss	-	(2 370 584)	(2 370 584)
Balance as at 31 December 2025 (unaudited)	51 507 800	(37 699 692)	13 808 108

* Restatement is explained in Note 3.21.

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

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Interim Consolidated Statement of Cash Flows

	Notes	2025 Unaudited	2024 Audited (Restated) *
Loss before tax		(2 370 584)	(21 573 649) *
Adjustments for:			
Finance income	3.17.	(15 939)	-
Finance expenses	3.18.	4 389 951	3 303 227
Depreciation of property, plant and equipment	3.1.	4 104	2 619
Changes in fair value of investment property	3.2.	(1 530 119)	16 225 914
Operating cash flows before working capital adjustments		477 413	(2 041 889)
Decrease / (increase) in inventories	3.3.	(1 579 093)	-
Decrease / (increase) in trade and other receivables	3.4. – 3.6.	452 179	4 701 305 *
(Decrease) / increase in trade and other payables	3.11. – 3.13.	(8 874 443)	(1 689 873)
Operating cash flows after working capital adjustments		(9 523 944)	969 543
Income taxes paid		-	(2 168)
Net cash flows generated from / (used in) operating activities		(9 523 944)	967 375
Additions to investment property	3.2.	(13 259 828)	(6 578 405)
Purchase of property, plant and equipment	3.1.	(8 778)	(1 189)
Interest received	3.17.	15 939	-
Net cash flows used in investment activities		(13 252 667)	(6 579 594)
Interest paid	3.9. – 3.10.	(5 450 796)	(165 870)
Loans received	3.9.	15 658 229	6 539 726
Loans repaid	3.9.	(17 896 765)	(774 510)
Bonds issued	3.10.	31 317 778	-
Transaction costs related to bonds issued	3.10.	(686 892)	-
Repurchase of bonds	3.10.	(25 228)	-
Net cash flows generated from financing activities		22 916 326	5 599 346
Net change in cash and cash equivalents		139 715	(12 873)
Cash and cash equivalents at the beginning of the period		18 099	30 972
Cash and cash equivalents at the end of the period		157 814	18 099

* Restatements are explained in Note 3.21.

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Notes to the Consolidated Financial Statements

1. General information

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

Shares of the Group belong to Lords LB Special Fund V, managed by Lords LB Asset Management UAB, legal address is Jogailos g. 4, Vilnius, LT - 01116, Lithuania. Lords LB Special Fund V as an investment entity does not prepare the consolidated financial statements.

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

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

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

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

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

2. Basis for preparation and statement of compliance with IFRS

The interim condensed consolidated financial statements have been prepared in accordance with the international financial reporting standard IAS 34 "Interim Financial Reporting", as adopted by the European Union, and consists of condensed consolidated financial statements and selected explanatory notes.

The accounting policies and methods of computation used in the preparation of the interim report are the same as the accounting policies and methods of computation used in the annual report for the year ended 31 December 2024, which comply with the International Financial Reporting Standards, as adopted by the European Union (IFRS EU).

The information contained in the interim condensed consolidated financial statements has not been audited or otherwise verified by auditors and does not contain the entire range of information required for the preparation of complete financial statements. The condensed consolidated interim financial statements should be read in conjunction with the annual report prepared for the year ended 31 December 2024, which has been prepared in accordance with IFRS EU.

The applicable accounting policies have not changed compared to the previous financial year.

3. Notes

3.1. Property plant and equipment

	IT equipment	Total
Acquisition cost:		
As at 31 December 2023	6 932	6 932
Additions	1 189	1 189
As at 31 December 2024	8 121	8 121
Additions	8 778	8 778
As at 31 December 2025	16 899	16 899

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3.1. Property plant and equipment (continued)

	IT equipment	Total
Accumulated depreciation:		
As at 31 December 2023	681	681
Change for the year	2 619	2 619
As at 31 December 2024	3 300	3 300
Change for the period	4 104	4 104
As at 31 December 2025	7 404	7 404
As at 31 December 2023	6 251	6 251
As at 31 December 2024	4 821	4 821
As at 31 December 2025	9 495	9 495

At initial recognition, property, plant and equipment are accounted for at the acquisition price. After initial recognition, property, plant and equipment are accounted for using a cost method, with the initial value of property, plant and equipment reduced by accrued depreciation and impairment, if any.

3.2. Investment property

The Group holds one investment property - land and building under development in Riga, Balasta dambis 2. The investment property is measured at fair value based on valuation performed by Newsec.

	31 December 2025	31 December 2024
Opening balance	62 962 491	72 610 000
Capitalized development expenses	13 259 828	6 578 405
Changes in fair value of investment property	1 530 119	(16 225 914)
Closing balance	77 752 438	62 962 491

According to the Newsec valuation conducted as at 31 October 2025 the fair value of the Investment property was EUR 75 110 000. Between the Newsec valuation date and the year-end date the Group incurred additional costs of EUR 2 642 438 directly related to construction work (e.g., contractor invoices, construction team salaries, security, etc.), which, in the management's opinion, increase the fair value of the investment property.

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

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

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

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3.2. Investment property (continued)

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

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

	Fair value (EUR) 31 December 2025	Fair value (EUR) 31 December 2024	Change (EUR)	Change (%)	Proportion of portfolio (%)
Office, Retail, Parking - Stage 1	39 350 000	29 130 000	10 220 000	35%	52%
Residential/Hotel - Stage 1	4 250 000	2 350 000	1 900 000	81%	6%
Office, Parking - Stage 2	11 240 000	11 430 000	(190 000)	-2%	15%
Office, Parking - Stage 3	10 780 000	10 500 000	280 000	3%	14%
Office, Parking - Stage 4	9 490 000	9 200 000	290 000	3%	13%
Total	75 110 000	62 610 000	12 500 000	20%	100%

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

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

The table below presents the following for each investment property:

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

Property	Valuation technique	Key unobservable inputs	Range 31 December 2025	Range 31 December 2024
Preses Nams project development	DCF	Discount rate	7.8 - 8.6%	8.3 - 9.0%
Riga (Latvia)		Rental growth	2.2%	1.2 - 2.5%
Segment - multifunctional		Long-term vacancy rate	5.0%	2.0 - 5.0%
GBA - 187,307 SQM		Exit yield	6.0%	6.0 - 7.25%

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3.2. Investment property (continued)**Sensitivity on estimates as at 31 December 2025:**

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

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

Sensitivity on estimates as at 31 December 2024:

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

Descriptions and Definitions

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

Discounted Cash Flows (DCF) Method

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

Rental Growth

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

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3.2. Investment property (continued)

Long-Term Vacancy Rate

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

Discount Rate

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

Exit Yield

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

Construction costs

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

Highest and Best Use

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

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

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

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

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

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

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

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3.3. Inventory

	Inventory, related to the investment property development	Total
As at 31 December 2023	280 921	280 921
Additions	-	-
As at 31 December 2024	280 921	280 921
Additions	2 046 915	2 046 915
Transferred to investment property	(467 822)	(467 822)
As at 31 December 2025	1 860 014	1 860 014

During the year ended 31 December 2025, the Group increased its inventory balance due to additional construction-related materials acquired for the development of the investment property. Total additions amounted to EUR 2 046 915 (2024 – EUR 0).

During the same year, inventory in the amount of EUR 467 822 (2024 – EUR 0) was transferred to the investment property, as the related items were utilised in construction works. Following this transfer, the carrying amount of inventory as at 31 December 2025 was EUR 1 860 014 (as at 31 December 2024 – EUR 280 921).

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

3.4. Trade receivables

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

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

Ageing of trade receivables

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

3.5. Prepayments

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

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

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3.6. Other current assets

	31 December 2025	31 December 2024
Tax receivables	100 952	49 784
Receivable from related company	13 450	-
Total	114 402	49 784

3.7. Cash and cash equivalents

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

The fair value of cash and cash equivalents is approximately equal to their carrying amount.

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

	Moody's
Citadele banka AS	Baa1

3.8. Share capital

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

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

The table below shows the values of the shares issued by the Group as at 31 December 2025 and 31 December 2024:

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

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3.9. Loans received

Details of loans received:

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

All loans received by the Group are subject to fixed interest rates, ensuring predictable financing costs over the term of the loans.

The table below shows the movement (both cash and non-cash via set off agreements) of loans during the year ended 31 December 2025 and their balance as at 31 December 2025:

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

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

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

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3.9. Loans received (continued)

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

	Balance at the beginning of the year	Reclassification	Loans received	Loans repaid	Accrued interest expenses	Interest paid	Balance at the end of the year
Non-current loans							
Lords LB Special Fund V	23 651 188	-	366 500	(16 754 884)*	-	(3 541)*	7 259 263
Attexo OÜ	-	-	377 000	-	47 596	-	424 596
Matuda UAB	-	-	167 000	-	5 547	-	172 547
Preses Nams UAB	1 723 312	(1 723 312)	-	-	-	-	-
Current loans							
Matuda UAB	20 094 463	-	139 000	(19 904 365)	632 971	(962 069)	-
Preses Nams UAB	-	1 723 312	25 295 536	-	2 484 582	(1 273 300)	28 230 130
Provestum UAB	-	-	200 000	(200 000)	933	(933)	-
Total liabilities	45 468 963	-	26 545 036	(36 859 249)	3 171 629	(2 239 843)	36 086 536

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

	Loans received	Loans repaid	Interest paid
Cash movement	6 539 726	(774 510)	(34 273)
Non-cash movement	20 005 310	(36 084 739)	(2 205 570)
Total movement	26 545 036	(36 859 249)	(2 239 843)

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

The loan agreement with Preses Nams UAB includes covenants, the Group was not in breach of these covenants during 2025 and as at 31 December 2025. Financial ratios are reported to the lender twice a year.

3.10. Bonds issued

	31 December 2025	31 December 2024
Non-current portion		
Nominal amount of bonds issued	45 085 000	-
Unamortized costs of bonds issued	(603 776)	-
Unamortized discount on bonds issued	(62 055)	-
Carrying amount of bonds repurchased	(25 380)	-
Carrying amount – non-current	44 393 789	-
Current portion		
Bonds interest accrued	345 730	-
Carrying amount - current	345 730	-
Total carrying amount of bonds issued	44 739 519	-

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3.10. Bonds issued (continued)

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

	As at 1 January 2025	Issuance of bonds	Repay- ment of bonds	Repur- chase of bonds	Interest accrued	Interest paid	Amortized costs of bonds issue	As at 31 December 2025
ISIN LV0000104271	-	45 085 000	-	(25 380)	2 464 095	(2 118 365)	(665 831)	44 739 519
Total liabilities	-	45 085 000	-	(25 380)	2 464 095	(2 118 365)	(665 831)	44 739 519

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

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

	Issuance of bonds	Repurchase of bonds	Interest accrued	Interest paid	Amortized costs of bonds issue
Cash movement	30 623 000	(25 228)	767 688	(2 118 365)	(759 802)
Non-cash movement	14 462 000	(152)	1 696 407	-	93 971
Total movement	45 085 000	(25 380)	2 464 095	(2 118 365)	(665 831)

The movement of bonds issued during the reporting year includes both cash and non-cash components. The cash movement consists of EUR 30 623 000 of proceeds from bond issuances, increased by EUR 767 688 of interest accrued at the issue dates of the 2nd–8th bond tranches and reduced by EUR 25 228 of bond repurchases, EUR 2 118 365 of interest paid and EUR 759 802 of payments to suppliers and discounts related to bond issuance transaction costs. The non-cash movement consists of EUR 14 462 000 rollovers from Preses Nams UAB (ISIN LT0000408403) bond balances, EUR 1 696 407 of coupon interest accrued during the year, EUR 93 971 of amortized discounts and transaction costs and EUR 152 interest from repurchased bonds.

Compliance with financial covenants

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

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

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

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

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3.11. Other non-current liabilities

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

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

3.12. Trade payables

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

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

3.13. Other current liabilities

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

As at 31 December 2025 other current liabilities consist of EUR 270 047 accrued expenses, EUR 93 835 withholdings for performance guarantee in accordance with the agreement between the previous general contractor and subcontractors and EUR 8 298 payable taxes, related to public bonds issued coupon payment. As at 31 December 2024 the only component of other current liabilities was EUR 174 528 accrued expenses.

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3.14. Other income

	2025	2024
Cancellation of retention money	1 356 276	-
Total	1 356 276	-

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

3.15. Investment property operating expenses

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

3.16. Administrative expenses

	2025	2024 (Restated) *
Legal services	325 323	134 395
Penalties, related to investment property development	202 769	1 826 453 *
Loan administration expenses to related party	116 240	270 220
Wages and employment related taxes	50 648	48 272
Accounting services	44 555	38 800
State registry fees	42 390	1 527
Audit services	40 675	40 010
Professional services	41 261	11 444
Securities administration expenses	7 177	-
Marketing expenses	6 157	-
Personnel sustainability expenses	4 872	1 722
Other administrative expenses	5 541	8 273
Total	887 608	2 381 116

* Restatement is explained in Note 3.21.

3.17. Finance income

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

3.18. Finance expenses

	2025	2024
Interest expense on loans from related parties	2 565 350	3 171 630
Interest expense on bonds issued	1 790 226	-
Commitment fee for future loan from a credit institution	34 375	131 597
Total	4 389 951	3 303 227

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3.19. Income tax

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

	2025	2024
Income tax expenses	-	146
Total	-	146

Reconciliation of taxes and financial profit:

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

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

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

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

Transactions with Group companies

Related party transactions were made on terms equivalent to those that prevail an arm's length transactions.

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

	Interest expenses	Loan administration expenses	Capitalized construction expenses	Trade and other receivables	Loans and interest payables	Trade and other payables
Lords LB Special Fund V	15 189	-	-	-	18 170 829	-
Matuda UAB	6 165	-	-	13 450	-	-
Preses Nams UAB	2 486 189	116 240	-	-	62	7 183
PN Construction Latvia SIA	-	-	8 291 270	-	-	1 735 995
Total	2 507 543	116 240	8 291 270	13 450	18 170 891	1 743 178

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3.20. Transactions with related parties (continued)

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

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

3.21. Restatements

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

Following adjustments were made to the consolidated 2024 financial statements:

- a) Additional EUR 21 penalty expense for PN Management SIA, reducing receivable tax amount, which was already included in PN Management SIA audited separate 2024 financial statements, was added to the Group's consolidated 2024 financial statements.

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

	Before restatement	Restatement	After restatement
Administrative expenses	(2 381 095)	(21)	(2 381 116)

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

	Before restatement	Restatement	After restatement
Other current assets	49 805	(21)	49 784
Accumulated losses	(35 329 087)	(21)	(35 329 108)

**CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY
31 DECEMBER 2024**

	Before restatement	Restatement	After restatement
Net loss	(21 573 774)	(21)	(21 573 795)

**CONSOLIDATED STATEMENT OF CASH FLOWS
2024**

	Before restatement	Restatement	After restatement
Loss before tax	(21 573 628)	(21)	(21 573 649)
Decrease / (increase) in trade and other receivables	4 701 284	21	4 701 305

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3.22. Contingent assets and liabilities

As at 31 December 2025, the Group has lease agreements with future tenants and is actively communicating about extending these agreements due to delays in the completion of the 1st stage. As at this date, the Group has recognized one penalty related to these lease agreement delays, however, there is a possibility that some additional penalties may be applied during the extension negotiations.

3.23. Going concern

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

As at 31 December 2025 the Group had a working capital deficit equal to EUR 19 684 320. The successful issuance of public bonds ensured refinancing of the loan received from Preses Nams UAB and covered all of the Group's liabilities to the old general contractors. The remaining majority of the amount's payable are to the Group's suppliers for the construction works performed in the 1st stage development and loans received from the shareholder Lords LB Special Fund V.

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

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

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

3.24. Subsequent events

On 24 February 2026 the Group issued the ninth ISIN LV0000104271 public bonds tranche in the nominal amount of EUR 8 873 000.

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

Chairman of the Board

Member of the Board

Povilas Urbonavičius

Igors Danilovs