Consolidated Annual Report 2023

AKROPOLIS GROUP UAB

AKROPOLIS

REAL ESTATE DEVELOPMENT & MANAGEMENT COMPANY

Akropolis Group at a Glance

Who We Are

Akropolis Group (AKROPOLIS GROUP, UAB) has been in operation for over 20 years and is the leader in the development and management of shopping and entertainment centres in the Baltic States.

Akropolis Group manages five shopping and entertainment centres Akropolis: three in Lithuania – in Vilnius, Klaipėda and Šiauliai, and two in Latvia – Akropole Riga and Akropole Alfa in Riga, the capital city of Latvia. By offering relevant shops, services and entertainment to visitors, the centres controlled by the Group hold strong leadership positions in the cities in which they operate.

The Group (AKROPOLIS GROUP, UAB and its direct and indirect subsidiaries) is also actively developing new investment projects, including the development of Akropolis Vingis, which is the Group's second project in Vilnius, also expansion and renovation of existing shopping centres.

In June 2023, Nerijus Maknevičius was appointed the CEO of Akropolis Group and was also elected the chairman of the Board; at the same time, he is also the CEO of the real estate development company GALIO GROUP, UAB. Along with N. Maknevičius, Gabrielė Sapon, the CFO of Akropolis Group, was elected to the Board of the company. The Board members of Akropolis Group currently are Nerijus Maknevičius (chairman), Jurgita Žagunytė-Genevičienė, and Gabrielė Sapon.

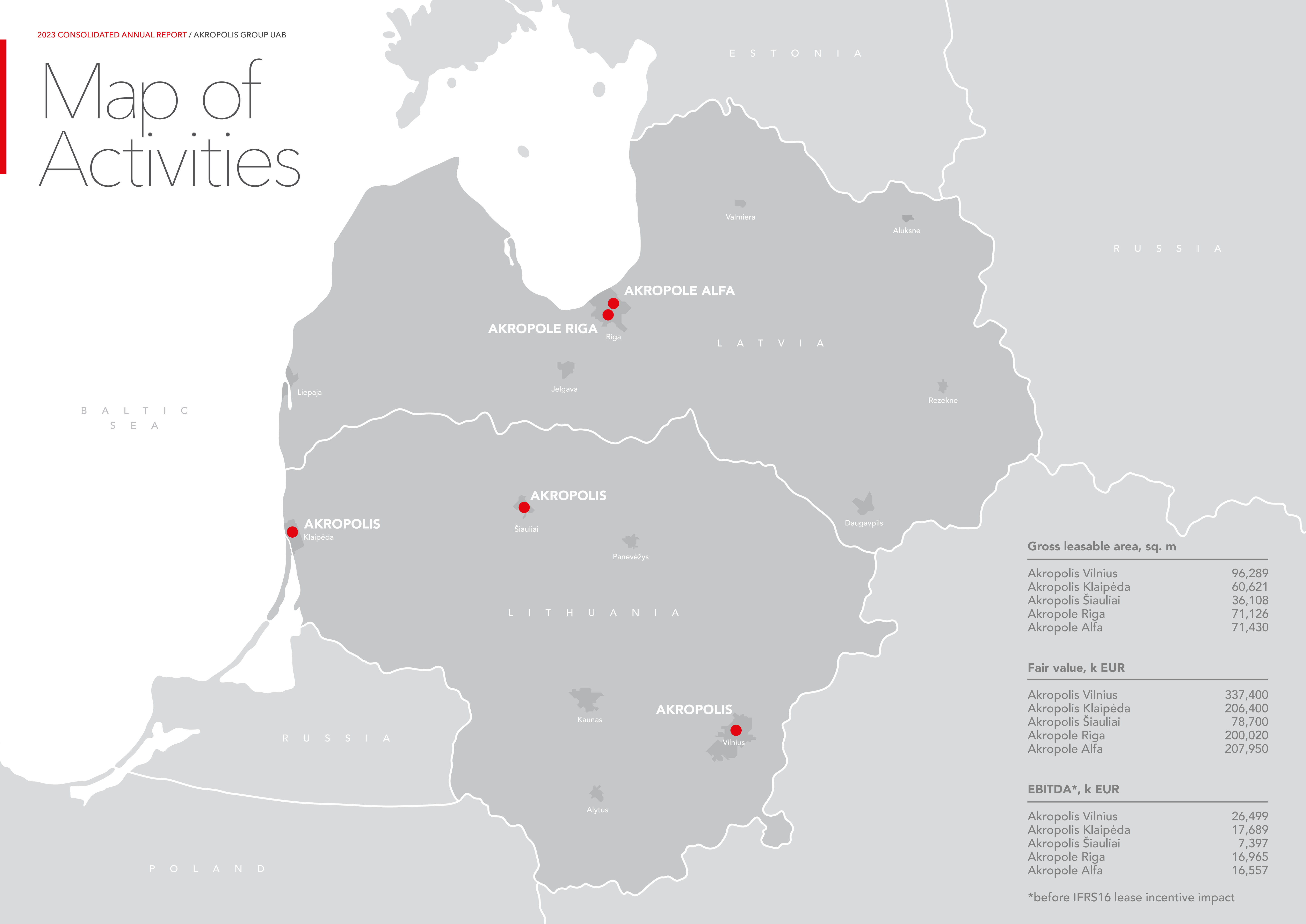
As Akropolis Group placed a five-year Eurobond issue of EUR 300 million in 2021, the ratings of the Group are regularly reviewed by international rating agencies. On 29 June 2023, S&P Global Ratings confirmed BB+ rating with a stable outlook for Akropolis Group. On 20 July 2023, Fitch Ratings also confirmed BB+ credit rating with a stable outlook.

Akropolis Group attaches great importance to sustainable activities and the reduction of environmental impact. All five Akropolis centres, managed by the Group in Lithuania and in Latvia, are certified according to the requirements of the universally recognised international sustainability standard BREEAM. Certification of the shopping centres is a part of the Environmental, Social and Governance (Sustainability) program of Akropolis Group, which focuses on environmental protection, social environment, and corporate governance. The aim is to have all the shopping centres controlled by the Company certified as "Very good" according to the BREEAM standard by 2026.

In 2023, the Group obtained ISO environmental (ISO 14001) and occupational safety and health (ISO 45001) certificates for activities of a holding company, also for real estate development, management and lease activities.

S&P Global Ratings	Long-term rating: **BB+** Outlook: **Stable**
FitchRatings	Long-term rating: **BB+** Outlook: **Stable**

Map of Activities



Gross leasable area, sq. m

Akropolis Vilnius	96,289
Akropolis Klaipėda	60,621
Akropolis Šiauliai	36,108
Akropole Riga	71,126
Akropole Alfa	71,430

Fair value, k EUR

Akropolis Vilnius	337,400
Akropolis Klaipėda	206,400
Akropolis Šiauliai	78,700
Akropole Riga	200,020
Akropole Alfa	207,950

EBITDA*, k EUR

Akropolis Vilnius	26,499
Akropolis Klaipėda	17,689
Akropolis Šiauliai	7,397
Akropole Riga	16,965
Akropole Alfa	16,557

*before IFRS16 lease incentive impact

Letter of the CEO

Nerijus Maknevičius
CEO, Chairman of the Board,
Akropolis Group

2023 was successful for the shopping and entertainment centres managed by Akropolis Group despite continuing economic and geopolitical challenges. Last year was the first full year when the activities of shopping centres were not hindered by the coronavirus pandemic related restrictions. This contributed to the growth of visitor traffic in the shopping centres and tenants' revenue. Five Akropolis centres in Lithuania and Latvia had more than 44 million of visitors per year and the tenants' turnover reached almost EUR 1.2 billion.

Such record performance would be impossible without close cooperation with our tenants. Through focus on cherishing long-term partnerships and starting of new partnerships, last year we managed to significantly expand the range of shops, services and entertainment offered to Akropolis visitors. We also focus on renewing inner spaces of the shopping centre. Major interior renewal of Akropolis Klaipėda started last year, during which over 10,000 square metres of common spaces will be modernized.

We are delighted that brands first entering the Baltic States most often choose Akropolis centres, which successfully operate in the capital and major cities of Lithuania and Latvia, as places for their first shops. Last year, Calvin Klein, HalfPrice, eapavi and other new shops opened their doors for visitors. We also appreciate that brands that open their first shops in one Akropolis centre, win customer recognition and then expand to other Akropolis centres, examples include JD Sports, Oysho, Ballzy and others. At the same time, popular shops are eager to revamp and expand - last year Massimo Dutti shop, the largest in Lithuania, as well as City, in its latest concept, opened in Akropolis Vilnius, whereas Nike expanded in Akropolis Klaipėda.

In 2023, Akropolis Group also earned record operating income itself, the consolidated EBITDA of the Group reached EUR 83 million. We have traditionally managed to maintain a very low vacancy rate at our shopping centres.

In 2024, we will continue to strengthen the leading positions of the shopping centres we hold in Lithuania and in Latvia. Under the market conditions of dynamic and growing competition, we are determined not to stop and move forward with confidence. We will seek to attract new brands to Akropolis, improve the shopping experience of visitors to our shopping centres and create added value both for them and for our tenants.

We are actively developing new investment projects, including the project of the second Akropolis in Vilnius and expansion of current shopping centres. Last year, we focused on the development of the Akropolis Vingis project – a future multifunctional cultural, entertainment, business and shopping quarter in Vilnius. We have presented design proposals for the improvement of the transport infrastructure and updated design proposals of the multifunctional complex to the public, prepared a technical design. We plan to submit all documents for obtaining a document permitting construction during the first half of 2024.

Several years ago, we took a strategic decision to follow a systematic approach to sustainability, started preparing our sustainability strategy and published our first sustainability report for 2022. In 2023, we consistently took further steps – developed the sustainability policy of Akropolis Group.

Our focus on sustainable activities and reducing environmental impact is also reflected in significant achievements: in 2023, the shopping and entertainment centre Akropole Alfa was granted the international BREEAM In-Use building sustainability certificate. This marks the achievement of one of our sustainability goals – all five Akropolis managed by Akropolis Group in Lithuania and Latvia meet the universally recognised sustainability standards for buildings.

We closely monitor the market, macroeconomic indicators, analysts' forecasts and realistically assess the economic situation. The Group's plans to invest in development show our belief in the sector in which we operate and confidence in a positive long-term economic outlook. We are determined to continue improving the Group's performance, responding to market needs and shaping new trends in our sector.

Highlights

Q1 2023

On 5 January	Design proposals for a new 480 m² building planned to be constructed by the shopping and entertainment centre Akropolis in Vilnius were presented to the public. The proposals were approved by the Vilnius City Municipality on 12 January 2023.
On 23/24 January	Design proposals for the improvements of the transport infrastructure planned by the multifunctional quarter Akropolis Vingis were presented to the public. The Vilnius City Municipality approved the design proposals: concerning Eigulių street on 28 February 2023, concerning Geležinio vilko and Gerosios vilties streets on 15 May 2023.

Q2 2023

On 31 May	Akropolis in Klaipėda announced a change of its looks: the interior design of the shopping and entertainment centre was to undergo a major revamp.
On 5 June	A new CEO of AKROPOLIS GROUP, UAB was appointed.
On 14 June	Akropolis Group was awarded international certificates for environment protection and safe working environment (ISO).
On 29 June	S&P Global Ratings confirmed BB+ rating with a stable outlook to Akropolis Group.

Q3 2023

On 20 July	Fitch Ratings confirmed BB+ credit rating with a stable outlook to Akropolis Group.
On 4 August	Lukas Bendoraitis was appointed member of the Audit Committee of Akropolis Group.

Q4 2023

On 5 October	The shopping centre Akropole Alfa managed by Akropolis Group in Riga was granted BREEAM sustainability certificate.

Q1 2024

On 16 January	Construction of a new 480 m² building by Akropolis in Vilnius started.
On 15 February	Matas Kasperavičius appointed member of the Audit Committee of Akropolis Group.

Business Environment

2023 marked a period of economic stagnation, with anticipated negative real GDP growth in both Lithuania and Latvia. This can be attributed to a declining household purchasing power, the implementation of strong monetary measures, and the uncertainties surrounding Russia's war in Ukraine.

The Lithuanian economy experienced a decline of 0.3% in real GDP in 2023. In spite of notable capital investments and a fast decline in inflation, the economic recovery experienced delays attributed to restrained private consumption, poor exports and tightening financing conditions. Despite challenges, the labour market stays strong, witnessing a downward trend in unemployment and an increase in employment figures, driven by a rising number of self-employed individuals and people fleeing war in Ukraine. The outlook for 2024 suggests a growth in private consumption driven by easing price pressures (forecasted inflation for 2024 is at 2.4%). However, the ongoing uncertainty surrounding Russia's war in Ukraine is expected to restrain private spending, as consumers prioritize precautionary savings instead. All taken into consideration, GDP growth is projected at the level of 2.1%.

In 2023, Latvia's real GDP faced a contraction of 0.6%, with the decline attributed to a notable slowdown in both private consumption and exports. Meanwhile, investment and public consumption expenditure remained resilient. Real disposable income stayed strong, thanks to wage growth surpassing inflation. Although the pace of wage increases is projected to slow down in 2024, they are anticipated to play a crucial role in driving a recovery of private consumption based on the assumption that inflation will ease and stay at the level of 2.2%, which will also be the right conditions for the GDP growth which is expected to be 1.7%.

While geopolitical uncertainties persist, the outlook for 2024 is promising. The European Union's economy has rebounded from the energy crises that reached their peak in autumn–winter of 2022. This recovery has stabilized the market and restrained the previously high inflation, which is now on a steady decline. Both Lithuania and Latvia are predicted to be in a slightly better position than the EU average in terms of GDP growth and lower inflation rate for 2024 (2024 GDP: EU +0.9%, LT +2.1%, LV +1.7%; 2024 inflation: EU 3.0%, LT 2.4%, LV 2.2%).

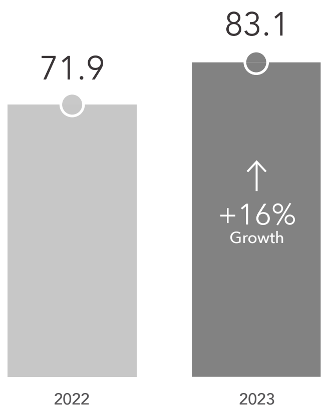
INDICATORS	2021	2022	2023*	2024*	2025*
Lithuania					
GDP growth (%, yoy)	6.3	2.4	-0.3	2.1	3.0
Private consumption (%, yoy)	8.1	2.0	-1.3	3.4	4.6
Saving rate of households	10.9	4.8	7.4	9.2	8.2
Real income of population	6.9	-6.1	1.2	4.4	2.9
Inflation (%, yoy)	4.6	18.9	8.7	2.4	2.4
Latvia					
GDP growth (%, yoy)	6.7	3.4	-0.6	1.7	2.7
Private consumption (%, yoy)	7.3	6.0	-1.7	2.9	3.0
Saving rate of households	13.9	9.3	10.7	10.8	10.7
Real income of population	5.0	-2.3	0.8	4.0	3.8
Inflation (%, yoy)	3.2	17.2	9.1	2.2	2.2

* Forecast / Source: European Commission Economic Forecast, Winter 2024 and Autumn 2023

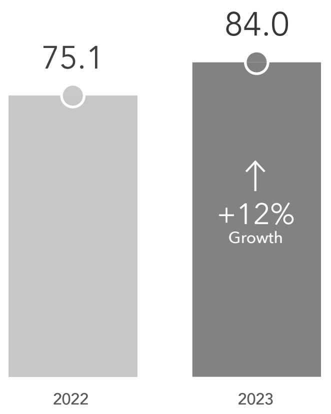
2023 CONSOLIDATED ANNUAL REPORT / AKROPOLIS GROUP UAB

Performance Overview

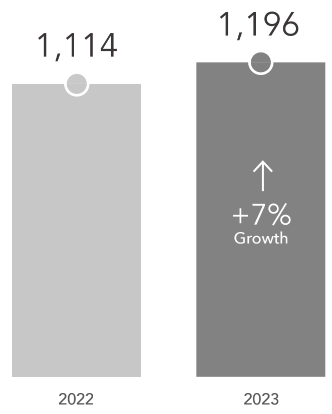
EBITDA, mln EUR



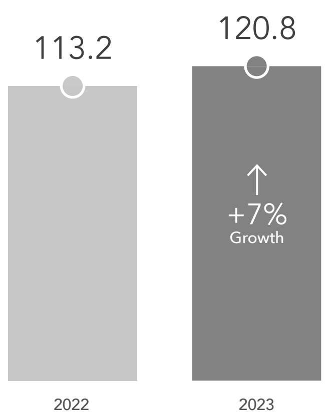
Rental Income, mln EUR



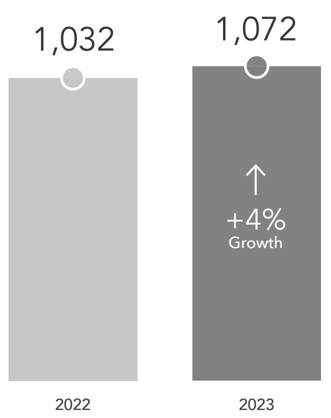
Tenant Turnover, mln EUR, incl. VAT



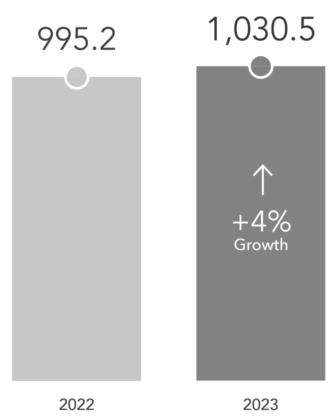
Footfall per Day, k



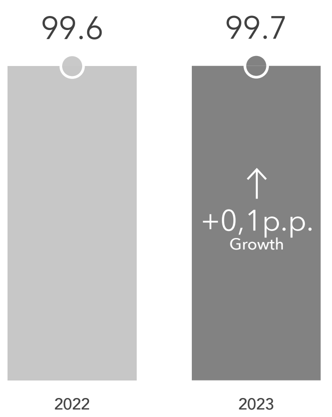
Portfolio Fair Value, mln EUR



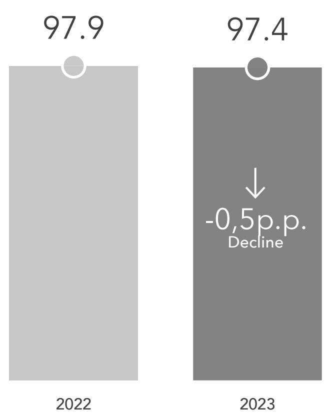
Fair Value of the Portfolio of Operating Objects, mln EUR



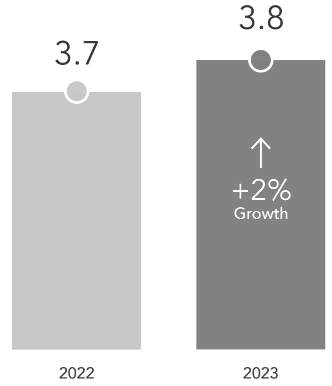
Rent Collection Rate, %



Occupancy Rate, %



WAULT by GLA



INCOME INDICATORS	UNITS	2020	2021	2022	2023
Income	EUR '000	77,227	81,068	113,864	117,782
Rental Income	EUR '000	55,572	57,276	75,096	83,992
Net Rental Income	EUR '000	56,314	58,153	73,925	86,308
Investment Property Revaluation Profit	EUR '000	1,378	50,461	10,585	29,425
EBITDA	EUR '000	53,839	57,204	71,907	83,075
EBITDA Margin	%	69.7	70.6	63.2	70.5
Net Profit	EUR '000	45,825	90,666	61,024	86,500
Net Profit Margin	%	59.3	111.8	53.6	73.4

FINANCIAL INDICATORS	UNITS	2020	2021	2022	2023
Total Assets	EUR '000	861,806	1,112,148	1,214,168	1,303,066
ROA	%	5.3	8.2	5.0	6.6
Total Equity	EUR '000	480,679	571,345	632,369	718,869
ROE	%	9.5	15.9	9.7	12.0
Loans	EUR '000	267,447	423,171	459,562	452,426
Total Liabilities	EUR '000	381,127	540,803	581,799	584,197
LTV	%	33.4	41.4	44.5	42.2
Current Ratio	Times	1.1	2.6	4.8	5.7
Quick Ratio	Times	1.1	2.6	4.8	5.7
Cash Ratio	Times	1.0	2.3	4.5	5.4

PERFORMANCE INDICATORS	UNITS	2020	2021	2022	2023
Portfolio Fair Value	EUR '000	800,620	1,022,900	1,031,860	1,071,821
Fair Value of the Portfolio of Operating Objects	EUR '000	771,000	995,200	995,200	1,030,470
Operating Objects	Number	4	5	5	5
Gross Leasable Area	Sq. m	262,348	333,495	333,946	335 574
Occupancy Rate	%	97.8	98.0	97.9	97.4
Rent Collection Rate*	%	97.1	99.5	99.6	99.7
Tenant Turnover, incl. VAT	EUR '000	624,063	667,297	1,113,972	1,195,677
Footfall per Day, k	Number	81.9	74.5	113.2	120.8

*Figures for 2021 are exclusive of Akropole Alfa

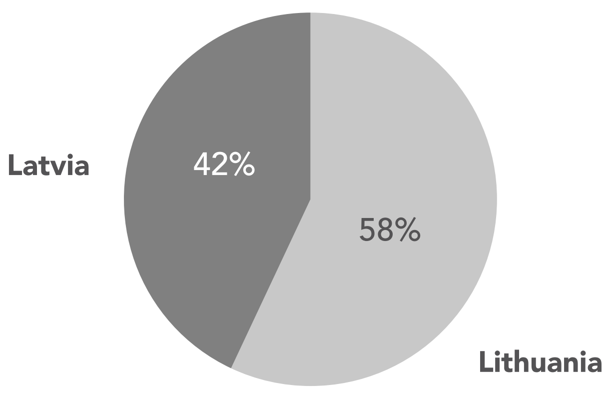
Unless otherwise specified, figures are inclusive of Akropole Alfa acquired on 30 November 2021.

Akropolis Group

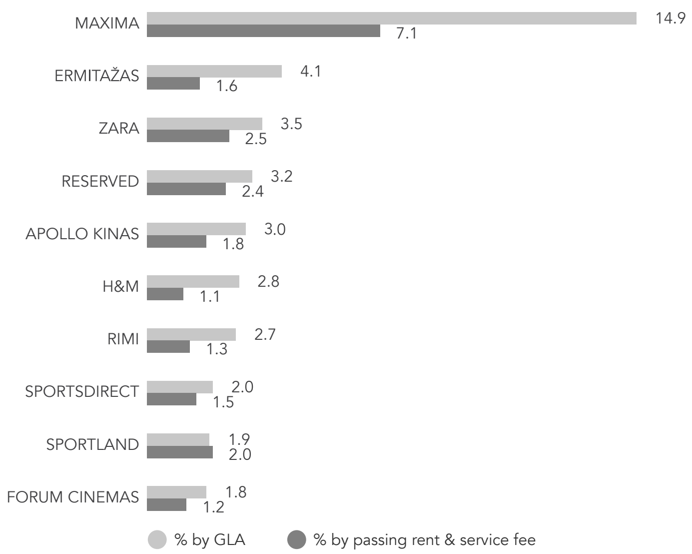
The Group controls 5 shopping and entertainment centres in total: 3 centres in Lithuania and 2 in Latvia. According to the gross leasable area, 58% of the area accounts for Lithuanian shopping centres and 42% – Latvian shopping centres.

For the year ended on 31 December 2023, the Group's top ten tenants by leasable area across all of its shopping and entertainment centres accounted for 22.5% of the passing rent and service fee. The Group considers these tenants to be among its "anchor tenants", they typically are the dominant player in their respective retail category.

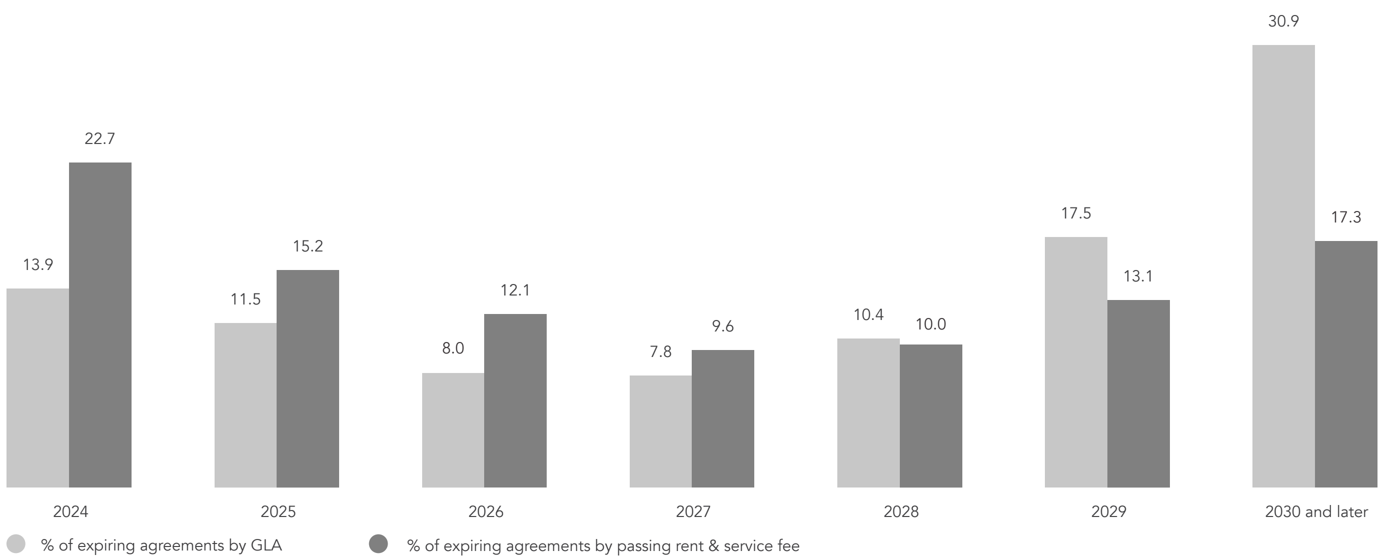
COUNTRY DISTRIBUTION BY GLA AS OF DECEMBER 31, 2023



TOP 10 RETAIL TENANTS



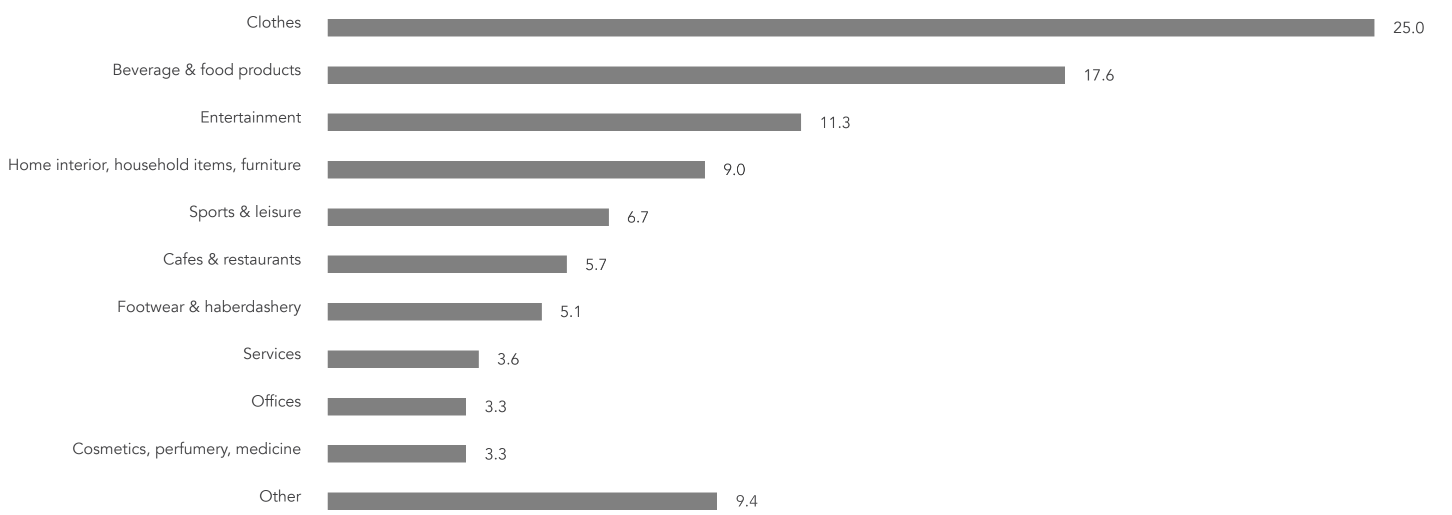
EXPIRY OF LEASE AGREEMENTS



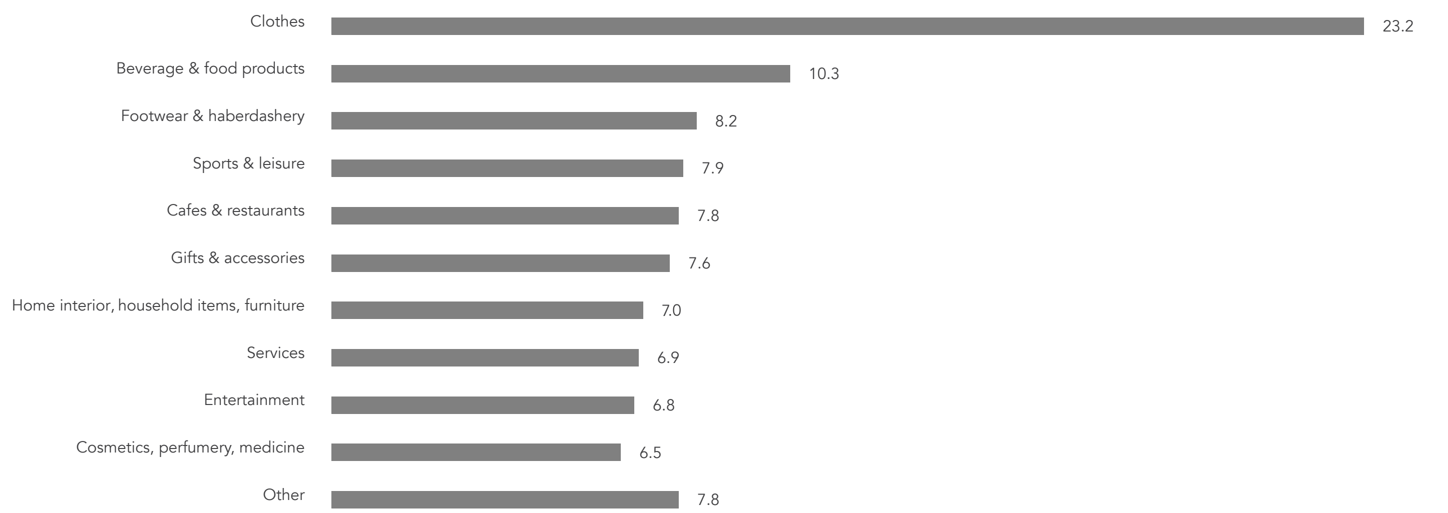
TENANTS BY CATEGORIES

The charts below present the Group's tenants on 31 December 2023 by categories in its shopping and entertainment centres. The distribution of tenants by category is presented based on the gross leasable area and passing rent and service fee. Although the Group's relationships with its "anchor tenants" are important for the success of its strategy, the table illustrates how the Group has actively managed its mix of tenants to mitigate the concentration risk.

TENANTS BY GLA, %



TENANTS BY PASSING RENT & SERVICE FEE, %



Lithuania

60%	3	193,018	
Of portfolio of operating objects	Operating objects	Gross leasable area, sq. m	
52.2	98.5%	74.6	755
Rental income EUR, mln	Occupancy rate December 2023	Footfall per day, k	Tenants' turnover EUR, mln, incl. VAT

The Group has developed 4 shopping and entertainment centres Akropolis in Lithuania. The first of them was opened in Vilnius in 2002, followed by Akropolis in Klaipėda, Kaunas (sold in 2008) and Šiauliai.

Currently, the Group manages a portfolio of three shopping and entertainment centres in Lithuania, each of the centres has a leading position in the city where it operates.

The total retail area of Vilnius, Klaipėda and Šiauliai Akropolis amounts to 193,018 sq. m, they house 589 shops and points of entertainment. The occupancy of the shopping centres in Lithuania is 98.5%, which allows to effectively manage shopping centres and offer a wide range of goods and services to visitors. In 2023, the 3 Akropolis centres managed by the Group in Lithuania in average had about 74.6 thousand visitors per day, which was 5% more than in 2022. The last year tenants' turnover, VAT incl., amounted to EUR 755 million, which is 7% more than in the previous year. The growth was driven by both increased visitor traffic and an increase of the average shopping cart. The rental income from the shopping centres operating in Lithuania amounted to EUR 52.2 million and the rent collection rate was 99.8%.

NEW TENANTS IN 2023

AKROPOLIS VILNIUS	AKROPOLIS KLAIPĖDA	AKROPOLIS ŠIAULIAI
pepco, JD, LACOSTE, VYNOTEKA, OPTIKOS, OptiO, PRO7, GIVEN, Maistas Sportui, ploom, pankera, TopTel, 4F, PAKO LORENTE	SPORTS DIRECT, BALLZY, OYSHO, YUMMY, Lee Wrangler, STENDERS, PRO7, MNOGOKNIG, CAFFEINE, gym+	BALLZY, GIVEN, YUMMY, Member Shop, open24.lt, SIMITRI, EXCHANGE LT, PRO7, EVELATUS

AKROPOLIS VILNIUS

Opened/expanded/renovated:	2002/2005/2019
BREEAM In-Use certificate:	"Good"
Fair value:	EUR 337.4 mln
Retail GLA:	89,194 sq. m
Office GLA:	7,095 sq. m
Parking spaces:	~2,998
Occupancy rate:	98.3 %
Number of shops:	233

AKROPOLIS KLAIPĖDA

Opened:	2005
BREEAM In-Use certificate:	"Good"
Fair value:	EUR 206.4 mln
Retail GLA:	60,621 sq. m
Parking spaces:	~2,171
Occupancy rate:	98,5 %
Number of shops:	214

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AKROPOLIS ŠIAULIAI

Opened:	2009
BREEAM In-Use certificate:	"Very good"
Fair value:	EUR 78.7 mln
Retail GLA:	36,108 sq. m
Parking spaces:	~1,195
Occupancy rate:	99.3 %
Number of shops:	142

Latvia

40%	2	142,555	
Of portfolio of operating objects	Operating objects	Gross leasable area, sq. m	
31.8	**95.7%**	**46.2**	**441**
Rental income EUR, mln	Occupancy rate December 2023	Footfall per day, k	Tenants' turnover EUR, mln, incl. VAT

In Riga, the capital city of Latvia, the Group controls a dominant portfolio of the two largest shopping and entertainment centres in Latvia, which consists of the shopping and entertainment centre Akropole Riga, most modern in the country, that was developed by the Group and opened in 2019, and of the shopping centre Akropole Alfa acquired in November 2021 (renamed in March 2022, formerly named Alfa). Riga is the first city where the Group holds two shopping and entertainment centres.

The retail area of the two shopping and entertainment centres controlled by the Group in Latvia is 142,555 sq. m. 351 points of sale and service operate in them and the total occupancy rate in the shopping centres in Latvia is 95.7%. In 2023, the visitor traffic increased by 9% compared to the previous year. In 2023, the shopping centres Akropole in Riga were visited in average by 46.2 thousand people per day. The choice of shops in the shopping centres is regularly reviewed and increased, which is welcomed by visitors. The tenants' turnover in 2023, VAT incl., amounted to EUR 441 million, which was 8% more than in 2022. The rental income from the shopping centres operated in Latvia amounted to EUR 31.8 million and the rent collection rate was 99.4%.

NEW TENANTS IN 2023

AKROPOLE RIGA | **AKROPOLE ALFA**

AKROPOLE RIGA

Opened:	2019
BREEAM New Construction certificate:	"Very good"
Fair value:	EUR 200.02 mln
Retail GLA:	61,288 sq. m
Office GLA:	9,838 sq. m
Parking spaces:	~2,300
Occupancy rate:	97.3 %
Number of shops:	165

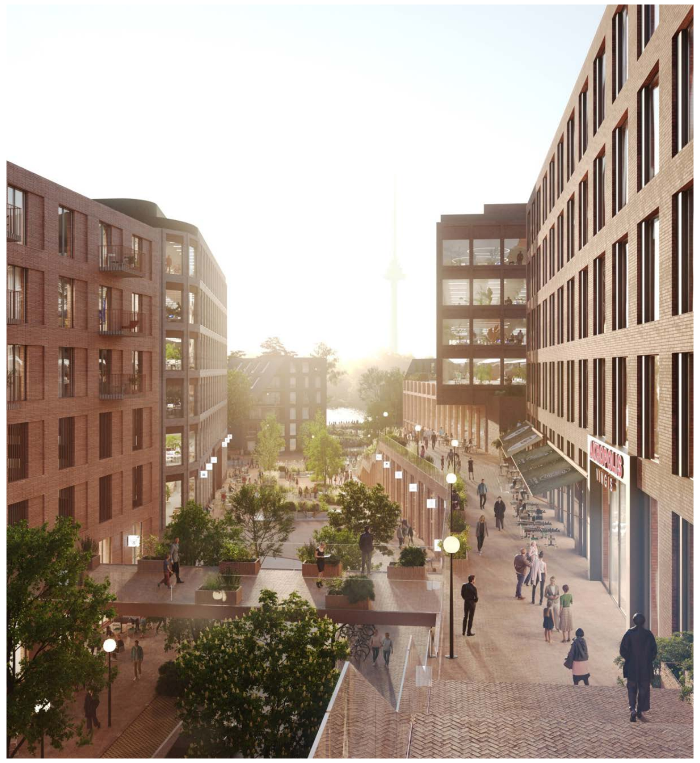
AKROPOLE ALFA

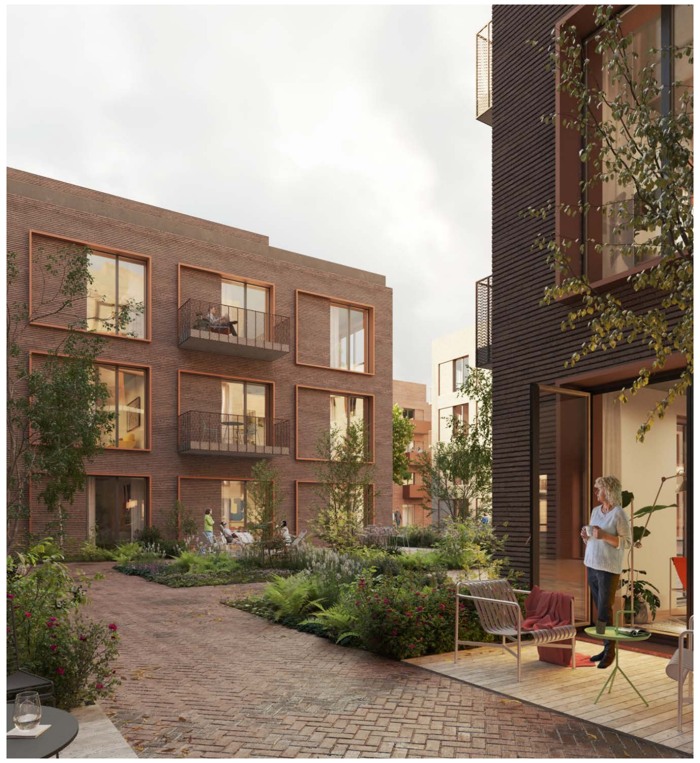
Opened/expanded/renovated:	2001/2019/2021
BREEAM In-Use certificate:	„Very good"
Fair value:	EUR 207.95 mln
Retail GLA:	71,430 sq. m
Parking spaces:	~1,750
Occupancy rate:	94.2%
Number of shops:	186

Development and Renewal

AKROPOLIS VINGIS

Location:	Vilnius, Lithuania
Conversion project:	Development of a shopping, entertainment and business complex
Status:	Obtaining the building permit
Planned leasable area:	~136,000 sq. m





AKROPOLIS KLAIPĖDA

Location:	Klaipėda, Lithuania
Project:	Refurbishment of SC common areas
Status:	In progress
Area under renovation:	~10,000 sq. m
Expected end of construction:	H2 2024

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AKROPOLIS VILNIUS

Location:	Vilnius, Lithuania
Project:	Extension building
Status:	In progress
Planned leasable area:	~480 sq. m
Expected end of construction:	H1 2024

Plans and Forecasts

Analysts of the European Commission and commercial banks predict that 2024 will be more moderate compared to 2022 and 2023 the Lithuanian and Latvian economies (GDP) will grow, while the average annual inflation rate will shrink to 2.2-2.4%, the annual growth of the average real income of the population will grow by 4-4.4%. Our home market macroeconomic forecasts are favorable for the shopping centres sector and reasonably allow expecting further growth of the Group's performance and financial results.

Our position as the market leader encourages us to continue pursuing ambitious goals, so in 2024 we will focus both on improving the results of the shopping centres Akropolis and on the ongoing development projects.

The concentration of relevant, exclusive points of sale and services in Akropolis centres reflects the excellent synergy of co-operation with tenants, which we aim to maintain and develop. We are confident that targeted activities will be successful both because of the efforts already used and the constant implementation of innovations. This year, we will further strive to bring new brands to Akropolis, implement effective marketing projects, ensure and continuously improve the good shopping practices, thus attracting even more visitors to the shopping centres.

Our trust in the business environment and its prospects is reflected in our development projects. One of the most ambitious projects in the retail and entertainment sector is planned in Vilnius, where the second multifunctional quarter, of fundamentally new quality Akropolis Vingis will emerge in Vilkpėdė, the southern part of the city, meeting the international sustainability standards already from the design stage. It is a substantial investment project that requires our utmost attention. At the beginning of 2024, the Group plans to submit the necessary documents to the municipality for obtaining a construction permit.

In 2024, we will finish the project of the renovation of common spaces of the shopping centre Akropolis Klaipėda, which is already halfway through, and will complete the currently started construction of a new building by the shopping centre Akropolis Vilnius with an area of 480 sq. m.

Akropolis Group team will remain focused on a slightly less visible, however not less important and significant topic of sustainability. In order to reduce the negative impact on the environment and climate, we are improving our activities to achieve our short and long-term goals. We consider that the fact that all Akropolis we currently control have international sustainability certificates BREEAM is an important but not the last step in this ambitious journey of ours.

Governance

Governance

Governance bodies of the Company are the general meeting of shareholders, the Board and the CEO. No Supervisory Board is formed in the Company.

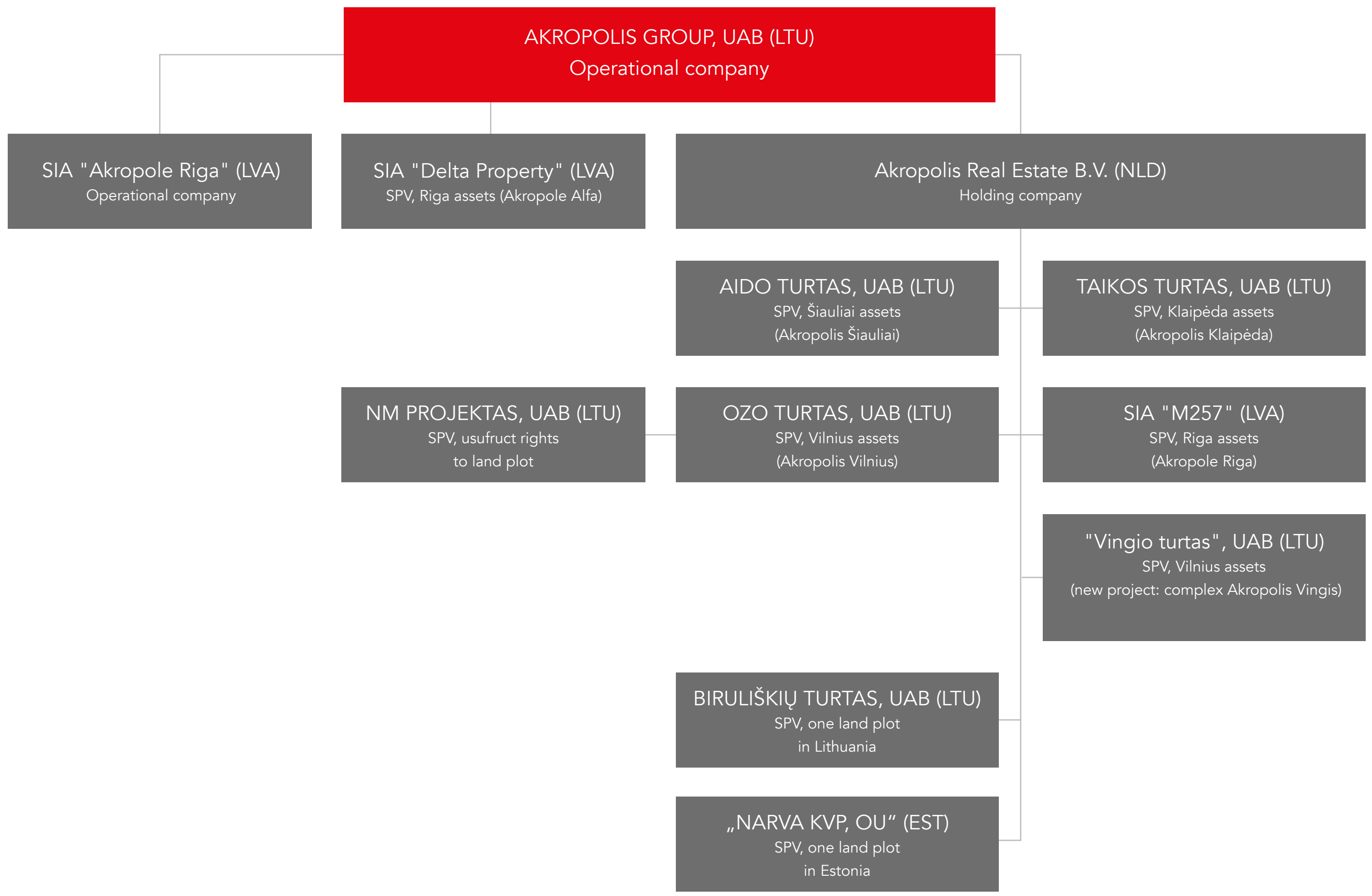
As at the date of this report, the Company's authorised share capital amounts to EUR 31,737,215.46 comprising 109,438,674 ordinary shares of nominal value of EUR 0.29. The Company's sole shareholder private limited liability company UAB Vilniaus prekyba ("Vilniaus prekyba") holds the entire share capital of the Company.

Vilniaus prekyba is an international diversified investment management company, which manages, through other subsidiaries, investments in retail and pharmacy chains, as well as in real estate development and lease service companies in the Baltic States, Sweden, Poland, and Bulgaria.

The competence and the procedure of convocation of the general meeting of shareholders of the Company do not differ from the competence and the procedure of convocation of the general meeting of shareholders which are specified in the Law on Companies. The sole shareholder of the Company has the rights provided in the Law on Companies. There are no shareholders with special rights in the Company. There are no restrictions on voting rights.

Save for the exceptions established in the Law on Companies, the Articles of Association of the Company can be amended only by a decision of the general meeting of shareholders, adopted by a 2/3 majority of the votes carried by the shares held by the shareholders present in the meeting, following the procedure set in the Law on Companies.

The Group does not have branches or representative offices. Information on subsidiaries is disclosed in Note 1 to the **consolidated financial statements** of the Group.



[2-9] [2-10]

ECONOMIC PERFORMANCE

In 2023, the Group's financial performance was strong. Akropolis Group made EUR 117,782 k in revenue. This significant revenue stream underscores the Group's strength in generating direct economic value. Economic value distribution accounted for EUR 59,903 k, encompassing operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments. Despite these outflows, the Group effectively retained a substantial portion of its generated economic value, amounting to EUR 62,664 k. This shows the Group's ability to manage its resources efficiently, ensuring sustainable growth and strategic investment while fulfilling its financial obligations and contributing positively to various stakeholders.

For more comprehensive financial and economic details, please refer to **consolidated financial statements.**

	2023 EUR, k
Revenue	117,782
Interest income on bank deposits/cash balance	4,785
i. Direct economic value generated: revenues;	122,567
Operating costs	26,900
Employee wages and benefits	5,625
Payments to providers of capital – dividends	0
Payments to providers of capital – interest	17,209
Payments to governments	10,131
Total community investments	38
ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;	59,903
iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'.	62,664

MANAGEMENT SYSTEM

The Company has a two-tier management system, comprised of the management board (the "Board") and the head (the "CEO"). The Board is responsible for the strategic management of the Company and adopts decisions on the core transactions to be conducted by the Company (as provided for in the Articles of Association of the Company). The CEO is a one-person management body that manages the Company's day-to-day operations and represents the Company in its dealings with third parties. The sole shareholder of the Company, Vilniaus prekyba, has the right to appoint and revoke the appointment of members of the Board. Once a month, the Board and the management team present the results of the Company to the shareholder and discuss the most important issues, including issues related to the social responsibility of the Company. The Board elects the chairman of the Board from among its members. The Board, by its majority vote, which requires 2/3 quorum, can appoint or revoke the appointment of the CEO of the Company.

[2-10] [2-11] [2-18] [201-1]

THE BOARD

The Board is a collegial management body provided for in the Articles of Association of the Company, which consists of three members. The Board does not have executive powers and its main function is adopting the strategic decisions of the Company. The powers and responsibilities of the Board are set forth in the Law on Companies and the Articles of Association of the Company. In accordance with the Articles of Association of the Company, the Board takes decisions inter alia on:

i. investments, transfers and/or leases of fixed assets with a book value exceeding EUR 100,000 (calculated on an individual basis per transaction);

ii. approval of decisions of the Company's subsidiaries' management bodies (including social responsibility related issues) that require approval of the Company, acting in the capacity of the shareholder;

iii. amendment of the Articles of Association of the Company's subsidiaries;

iv. pledges or mortgages over fixed assets with a book value exceeding EUR 100,000 (calculated on an aggregate basis);

v. guaranteeing or standing surety for the fulfilment of obligations of other persons in the amount exceeding EUR 100,000;

vi. acquiring fixed assets for more than EUR 100,000; and

vii. issuing bonds (other than convertible bonds).

The Board of the Company must obtain approval of the general meeting of shareholders prior to making any decisions relating to the matters set out in (i), (ii), (iv), (v) and (vi) above if the amount of such transactions exceeds EUR 1,000,000 and decisions relating to acquisition of securities (regardless of value or type) and property and/or non-property rights carried by such securities by the right of ownership and/or any other right, as well as regarding transfer, pledge or other limitation or restriction of such securities and/or the property and/or non-property rights carried by such securities, as well as prior to any decision relating to the matters set out in (iii) above.

The Board makes decisions by a simple majority of the votes of all its members present at the meeting. In the event of a tie, the chairman of the Board has the casting vote. A quorum is present when at least two of three members of the Board are present at a meeting. Each member of the Board has one vote.

The Board is immediately notified about any concerns about a possible and actual negative impact of the organisation on stakeholders, where such concerns are raised by use of complaint filing mechanisms and other channels. The Group has developed a comprehensive risk management system that defines processes and methodologies how to establish, assess and manage risks, including critical issues. No such issues were reported in 2023.

The Board's term of office lasts for four years (however, not longer than until the annual general meeting of shareholders convened in the last year of the tenure of the Board).

No Board members are affected by the external influence and/or any third parties and can make impartial decisions. Current Board members also hold other positions in the Company and, historically, the CEO most often is also the chairman of the Board. Holding of such positions does not prevent the members of the Board from fulfilling their duties and obligations of a Board member. Each member of the Board devotes sufficient time and attention to perform the duties as a member of the Board. Also, the employment contract with the Company provides for an obligation to avoid conflicts of interest and the Articles of Association of the Company provide for cases when the Board must obtain the shareholder's approval for the conclusion of key transactions. Information about conflicts of interest of the Board members is disclosed to other Board members and the sole shareholder of the Company.

In addition, the Board has introduced a whistleblowing mechanism that encourages persons to report a conflict of interest without fear of repression. This ensures transparency and accountability in decision-making.

Board members actively seek to improve their knowledge of social responsibility and sustainable development – participate in conferences and are interested in the practices of other companies. Also, during regular meetings, the management team presents the latest trends and good practices.

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NERIJUS MAKNEVIČIUS

Chairman of the Board / CEO
since 05-06-2023 / since 05-06-2023

Work experience

AKROPOLIS GROUP, UAB and its direct and indirect subsidiaries
05-06-2023 – now, Board member

GALIO GROUP, UAB
Jan 2022 – now, CEO

Vilniaus prekyba
Oct 2021 – Dec 2021, Head of Legal
Nov 2020 – June 2021, CEO

Metodika B.V.
Jun 2018 – Nov 2020, Executive Officer

Education

2007 – 2012, Master of Laws, Vilnius University, Lithuania

Nerijus Maknevičius is also a Board member of Vilniaus prekyba, a Board member of GALIO ASSET MANAGEMENT, a member of the Supervisory Board of MAXIMA GRUPĖ, UAB.

GABRIELĖ SAPON

Board member / CFO
since 02-06-2023 / since 05-11-2020

Work experience

Akropolis Group
Nov 2017 – Oct 2020, Financial Controller

AB SEB bankas
Mar 2017 – Nov 2017, Accountant

Ernst & Young Baltic, UAB
Apr 2015 – Mar 2017, Consultant

Education

2008 – 2012, Bachelor of Economics
ISM University of Management and Economics, Lithuania

JURGITA ŽAGUNYTĖ-GENEVIČIENĖ

Board member / Head of Lease
since 22-10-2019 / since 26-09-2018

Work experience

Akropolis Group
Aug 2016 – Sep 2018, Lease and Sales Project Manager

Intractus
Jul 2014 – Mar 2016, Asset Manager

Education

2003 – 2006, Master of Business Administration
Vilnius University Business School, Lithuania

1998 – 2002, Bachelor of Public Administration
Vytautas Magnus University, Lithuania

AUDIT COMMITTEE

In an effort to strengthen the management efficiency of the Company, an audit committee (the "Audit Committee") was established by the decision of the sole shareholder of the Company on 7 July 2021. Three persons, two of whom are independent, ensuring sound supervision and impartial decision-making, were appointed as members of the Audit Committee for a term of four years (starting from 7 July 2021). Currently, till the end of the current tenure, the Audit Committee works in a changed composition, after Matas Kasperavičius, holding the office of the CFO at Vilniaus prekyba, was appointed member of the Audit Committee on 15 February 2024. The main aim of the Audit Committee is to ensure effective and reliable process of preparing and auditing financial statements of the Company. Besides, the Audit Committee must review and monitor the independence of the external auditor, as well as provide recommendations in the areas of internal controls and risk management.

AUDIT COMMITTEE MEMBERS:

ŠARŪNAS RADAVIČIUS

Member since 7 July 2021 (appointed for a four-year term of office)

Experience	Šarūnas Radavičius was the Head of the Audit Department at "Rödl & Partner" from 2004 to 2019, served as an independent member of the Audit Committee for "Ignitis grupė" from 2018 to 2021, as a member of the Audit Committee of the Lithuanian Radio and Television Centre from 2019 to 2021.
Other current roles	Chairman of the Audit Committee at AB "Utenos Trikotažas" (legal entity code 183709468, address: J. Basanavičiaus g. 122, LT-28214, Utena, Lithuania) Chairman of the Audit Committee at KN Energies, AB (legal entity code 110648893, address: Burių g. 19, LT-92276 Klaipėda, Lithuania) Founder and Director of MB "Saluma" (legal entity code 305293446, address: Dangaus g. 17, Gudeliai village, LT-14168 Vilnius district, Lithuania) Member of the Presidium at Lietuvos auditorių rūmai (legal entity code 125262221, address: Ukmergės g. 369A, Vilnius, Lithuania)

EGLĖ ČIUŽAITĖ

Member since 7 July 2021 (appointed for a four-year term of office)

Experience	Eglė Čiužaitė was the Head of Business Development and the Head of Finance and Administration at AB "Lietuvos energijos gamyba" gamyba (currently, AB "Ignitis gamyba", a strategic power generation company) from 2011 to 2016; and from 2016 to 2019 she was the CEO and Chairwoman of the Board of this company.
Other current roles	Independent member of the Board and Chairwoman of the Audit Committee at AB "Vilniaus šilumos tinklai" (legal entity code 124135580, address: Elektrinės g. 2, LT-03150, Vilnius, Lithuania) Board member at VšĮ "Jaunimo linija" (legal entity code 302594405, Vingrių g. 6, LT-01141 Vilnius, Lithuania) Member of Audit Committee at MAXIMA GRUPĖ UAB (į.k. 301066547, Ozo g. 25, LT-07150, Vilnius, Lietuva)

MATAS KASPERAVIČIUS

Member since 15 February 2024 (appointed till the end of the current term of office of the Audit Committee)

Experience	Matas Kasperavičius was a Project Manager at UAB NDX Group from 2017 to 2019, Head of Investment at this company from 2019 to 2023, the CEO of this company from 2023 to 2024. From 2020 to 2022, he was also a member of the Supervisory Board of Mispol S.A.
Other current roles	CFO at Vilniaus prekyba (legal entity code 302608755, Ozo g. 25, LT-07150, Vilnius, Lithuania) CEO of NDX Group (legal entity code 126211233, Ozo g. 25, LT-07150, Vilnius, Lithuania) Member of Audit Committee at MAXIMA GRUPĖ, UAB (į.k. 301066547, Ozo g. 25, LT-07150, Vilnius, Lietuva) Member of Supervisory Committee at MAXIMA GRUPĖ, UAB (į.k. 301066547, Ozo g. 25, LT-07150, Vilnius, Lietuva) CEO of NDX Group, UAB direct and indirect subsidiaries: UAB „G.L.G. projektai", UAB „EECP Retail Properties II", UAB „EECP Retail Properties III", UAB „Leita", UAB PC „Vilnelė", UAB „Basanavičiaus PC", UAB „Liepų projektai", UAB „Karilė" ir UAB „Prienų turtas" direktorius.

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The Audit Committee held five meetings during 2023. Activities of the Audit Committee in 2023:

- Changes in the accounting system used in the Company, as well as review of changes in related internal regulations;
- Review of the transparency and ethical standards applied in the Company;
- Review of the effectiveness of the risk assessment and management system used in the Company and giving of recommendations;
- Review of the independent auditor's programme of work and applicable internal quality control procedures, also monitoring the financial statements auditing process performed by the independent auditor and of the recommendations for the accounting in the Company.
- The total attendance rate of the Audit Committee members in 2023 was 100%.

MANAGEMENT TEAM AND SUSTAINABILITY MANAGEMENT

Sustainability is ingrained within the Group's governance structure through the development of the sustainability policy that harmonizes with our values and strategic objectives. Given the direct impact of sustainability considerations on strategic decisions, such as the development of new shopping centres and the management of existing properties, both the CEO and the Board play main roles in overseeing sustainability-related management within the Group. They are actively engaged in crafting and endorsing sustainability policies, setting goals and targets, identifying and evaluating sustainability-related risks that could influence the Group's long-term viability, value creation and reputation.

At the helm of the Group's governance, the Board is responsible for steering the Group's strategic trajectory, with a keen focus on effective governance and sustainability. This encompasses setting sustainability-centric agendas for Board and shareholder meetings, ensuring alignment with strategic objectives, and collaborating with Senior Management to seamlessly integrate sustainability into core business strategies. The chairman diligently monitors progress toward sustainability targets, integrating these objectives into the fabric of the Group's identity and operations.

Moreover, the Sustainability Project Manager is empowered to assemble a dedicated sustainability team with cross-functional representation. The highest governance body ensures synchronization between sustainability reporting and overall business strategies by conducting materiality assessments to pinpoint and prioritize sustainability issues relevant to the business and its stakeholders. This alignment guarantees that sustainability reporting is seamlessly integrated into core business processes, including budgeting, risk management, and performance evaluation.

IMPACT MANAGEMENT

The Management diligently oversees the organization's due diligence and other processes aimed at identifying and managing its impacts on the economy, environment, and people. This responsibility is delegated during regular meetings, where specific functions or individuals are tasked with monitoring and managing these impacts. Depending on the situation, engagement with stakeholders may be delegated to Senior Management or facilitated by third-party consultants. These meetings also include the presentation and discussion of reports from third-party consultants, although no formal written reports are generated. In 2023, a total of 10 reports were submitted.

Sustainability management at the Group involves collaboration across all levels. Top Management sets the overarching strategy and monitors performance, while Senior Management develops specific goals and plans. Operational teams then implement these plans in their daily activities, ensuring compliance. A designated Sustainability Project Manager oversees communication and data analysis, facilitating engagement with external stakeholders. Additionally, the communication department plays a vital role in publicizing the Group's sustainability efforts and informing employees, promoting a cohesive and comprehensive approach to sustainability across the organization.

The Group evaluates its performance by collecting sustainability data annually and comparing it to the Group's sustainability targets. While there are currently no specific key performance indicators (KPIs) in place for individuals, all employees are encouraged to contribute to achieving sustainability goals.

RISK MANAGEMENT

The Group's management considers that the main risks facing the Group relate to property and finance. The Group's overall approach to risk can be described as conservative. There are inherent risks in the real estate and property business, such as fluctuations in the value of assets, vacancies, volatility in market rents or risks associated with development activities. Key risks are assessed by ranking exposure on the basis of probability and magnitude. Risks of potential breaches of loan covenants are managed through a conservative financing policy and a close review of compliance indicators.

The Group believes that it has appropriate internal risk management and control systems. The Group is managed on an integrated basis, with centralized financial reporting and controls. Key elements of the internal control system are: a management structure designed to enable effective decision making; monthly review of key performance indicators, such as tenants' turnover, vacancies, rent collection, arrears and doubtful debtors; and review of performance against budgets. There are clearly defined guidelines and approval limits for capital and operating expenditure and other key business transactions and decisions. The internal management reporting system is designed to identify fluctuations in the value of investments, income and expenses. Capital projects, major contracts and business property acquisitions are reviewed in detail and approved by the Board. The Group also maintains insurance against loss or damage to properties, business interruption insurance and third party liability insurance at levels which the Board believes to be prudent and in line with good industry practice.

FINANCIAL RISKS

Risk	Main causes of risk	Risk mitigation measures
Credit risk	- Cash and cash equivalents - Loans granted - Trade debts and other accounts receivable	- Credit risk is controlled by the application of credit terms and monitoring procedures - The Group assesses the credit quality of the debtors and customers, taking into account their financial position, past experience with them and other factors - Risk diversification between multiple counterparties and customers - The credit risk of liquid funds (cash and time deposits) in banks is minimized by making agreements only with the most reputable banks with investment grade credit ratings of Baa2 and above assigned by Moody's, an international credit-rating agency
Foreign exchange risk	- The Group does not face the foreign exchange risk as most of the transactions are carried out in euro	- Companies of the Group do not use financial derivatives to hedge against foreign exchange fluctuations
Interest rate risk	- Cash flows exposed to interest rate fluctuations - Credits with a variable interest rate	- The Group's cash flow and fair value interest rate risk is periodically monitored by the management - The Group analyses its interest rate exposure on a dynamic basis taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for receivables and liabilities that represent the major interest-bearing positions - The Group does not use any derivative financial instruments to manage the interest rate risk
Funding and liquidity risk	- Different payment terms for payables and receivables - Adequate liquidity	- Adequate level of freely available cash and cash equivalents - Pre-obtaining of financing sources - The Group manages its cash flows and liquidity based on projected cash flows on a semi-annual basis
Restrictive covenants in long-term loan agreements	- Restrictions on financial indebtedness - Covenants regarding pledge or non-transfer of assets	- Continuous monitoring of debt indicators and covenant compliance

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BUSINESS RISKS

Risk	Main causes of risk	Risk mitigation measures
Strategic risk	- Income - EBITDA	- Focus of the Group managers - Business contingency plans
Reputational risk	- Income	- Continuous improvement of the internal control system - Employee training and development of a corporate culture where unethical behaviour is unacceptable
State risk	- Activities in countries where the political, financial, social or economic situation is unstable	- The Group operates in different countries with different specific risks - Knowledge of the countries in which the Group operates - Monitoring political, financial, social or economic changes in the countries where the Group operates
Geopolitical factors	- Political changes in neighbouring countries	- Knowledge and understanding of the countries in which the Group operates - Monitoring and review of political, financial, social or economic developments in the countries where the Group operates - Adding of leadership, action and communication plans to manage these risks
Regulatory risk	- Income - Environmental regulation	- Understanding the regulation in the countries where the Group operates - Monitoring and review of regulatory developments in the countries where the Group operates
Competitive and economic environment risks	- Group business - Performance - Financial conditions	- Monitoring of consumer behaviour - Analysis of economic development - Approved strategies - Continuous improvement of the internal control system - Active management of the tenant portfolio, which allows to meet the changing needs of customers and allows to limit the impact of major tenants on the Group - Active marketing communication
Real estate risk	- Changes in the portfolio market values - Damage, destruction	- Property valuation carried out once a year - Real estate insurance
Growth and development risks	- Number of shopping centres - Income - Performance - Financial conditions	- Research and monitoring of different regions - Maintaining of acquisition, asset development and management competencies - Approved strategies - Legal, technical, commercial and financial due diligence of activities - Prohibition of specific activities
Crime & security threat risk	- Big visitor traffic in the shopping and entertainment centres managed by the Group	- Continuous improvement of internal control procedures - Improvement of policies, procedures to ensure security - External security service providers
Human resources risk	- Labour market monitoring and benefits for employees in line with market conditions - Internal processes suitable for recruiting, training and self-improvement of employees - Creation and promotion of the corporate culture	- Labour market monitoring and benefits for employees in line with market conditions - Internal processes suitable for recruiting, training and self-improvement of employees - Creation and promotion of the corporate culture

Risk related to the functioning of information technologies, data protection and personal data protection	- Income - Operational costs	- Continuous improvement and maintenance of the internal control procedures - Cooperation with the best internal IT experts - Outsourcing with service level agreements and their compliance monitoring - Ensuring IT infrastructure reliability in the centralised manner - Introduction and improvement of policies and procedures to ensure cybersecurity - Use of the created command and information system to discover atypical behaviour in the corporate network and to report and respond to security breaches - Use of special hardware and software to protect against malware, external and internal cyberattacks, spam, data leakage - Training and communication to help prevent data security and privacy related incidents
Unexpected taxes, tax fines and sanctions	- Changes in taxes or in the application of tax legislation in the markets where the Group operates	- Monitoring of draft legal acts, initiation of internal projects in getting ready for legislative changes in time - Conservative approach to tax risk - Transactions in the Group are conducted on an arm's length basis

COMPLIANCE RISKS

Risk	Main causes of risk	Risk mitigation measures
Risk of compliance with applicable legal acts and internal procedures	- Internal management and business processes of the Company	- Continuous improvement of the internal control system - Continuous monitoring and improvement of internal procedures - Monitoring of draft legal acts, initiation of internal projects in getting ready for legislative changes in time - Legal assistance, preparation and use of contract templates
Environmental protection and sustainability risk	- Activities and reputation	- Use of new methods to improve energy efficiency in shopping centres - Setting of green criteria and pursuing related targets in procurement - Setting short and long-term environmental, social and sustainable governance targets
Occupational health and safety risk	- Financial condition, performance, reputation	- Safe and comfortable working environment - Following the schedule of employee working hours and vacations - Regular medical examinations and health checks

CORRUPTION RELATED RISKS

The Group is committed to maintaining the highest standards of integrity and ethical conduct, exemplified by its corruption prevention policy. This policy underscores the Group's dedication to identifying, assessing, and mitigating corruption risks across all its operations. All employees of the Group are familiarised with the anti-corruption policy in writing. The anti-corruption policy is also made public for the Group's stakeholders and the public. To educate employees about anti-corruption policies and procedures, the Group provides educational material prepared by respective authorities. New employees are familiarized with the anti-corruption policy during their onboarding process.

In the risk assessment process for corruption-related risks, the Group actively involves internal stakeholders through employee consultations, surveys, and training programs, while engaging external stakeholders, through external audits, and public reporting mechanisms, fostering a comprehensive and inclusive approach to corruption risk assessment and prevention.

In the evaluation process, the Group takes a multi-faceted approach, considering factors such as geographic location, industry-specific risks, interactions with authorities, third-party relationships, high-value transactions, due diligence results, employee roles, regulatory compliance history and internal control effectiveness. This comprehensive risk assessment framework enables the identification and prioritization of areas where corruption may occur, promoting a focused and proactive approach to risk mitigation aligned with the organization's operational context and industry standards. In the table below risks related to corruption are provided.

Operations identified as risks related to corruption	**5 out of 93 (5%)**
Significant risks related to corruption, identified through the risk assessment	**Acquisition of goods and services.** This area is prone to corruption due to the potential for kickbacks, bribes, or favouritism in the selection of vendors or the negotiation of contracts.
	Lease pricing. It involves the risk of manipulation or unfair determination of lease prices, possibly to benefit certain parties at the expense of the Group.
	Management of lease agreements. This could include risks like under-the-table deals to secure leases or manipulating lease terms.
	Cash management. The execution of bank payments is particularly susceptible to corruption due to the ease of diverting funds or masking illicit transactions.
	Management of credit and loan agreements. This area can be susceptible to corruption in the form of biased credit decisions or altering loan terms in return for personal gain.

CONTROL FRAMEWORK FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), approved for use in the European Union. Akropolis Group's Chief Financial Officer and Audit Committee oversee the preparation of the Company's consolidated financial statements, internal controls, financial risk management, and compliance with the legislation governing the preparation of the consolidated financial statements. The Group complies with all amendments to the IFRS. The Company evaluates potential impact on consolidated and stand-alone financial statements and ensures that new standards are appropriately implemented across the Group. The Group is managed on an integrated basis, with centralized accounting, financial reporting and internal controls related to the preparation of consolidated financial statements. The Group sets accounting policies and reporting procedures that have to be followed by the Group entities. Financial results of the Group are analysed by the Company's employees on a monthly basis in order to detect any accounting or reporting errors.

All entities of the Group use Microsoft Dynamics NAV for financial accounting and reporting. The common system ensures consistent accounting and reporting and data comparability. Standardized data collection files prepared in Excel are used for preparation of consolidated financial statements.

[205-1] [205-2] [205-3]

Sustainability Report

2023

Content

Message from our CEO

Nerijus Maknevičius
CEO, Chairman of the Board,
Akropolis Group

Akropolis Group, which is part of Vilniaus Prekyba Group has been a leader in developing and managing shopping and entertainment centres in the Baltic states for over 20 years. One of our key priorities is to operate sustainably. With a strong sense of responsibility, we undertake various sustainability initiatives that are crucial for visitors, partners, and investors in our shopping and entertainment centres. As leaders in our field, we feel a significant responsibility and are ready to take further solid steps in the field of sustainability, setting a positive example for all market participants.

Sustainable operation is the overarching goal of our Group, and we dedicate special attention to this endeavour. In developing and managing shopping and entertainment centres, we strive to be a responsible real estate manager and a reliable partner. By ensuring business ethics and transparency, promoting balanced urban development, and enhancing the well-being of visitors and tenants' employees, we act as a responsible community participant. Additionally, by implementing equality and inclusivity, continuous growth, and improvement opportunities for our employees, we function as a responsible employer.

Several years ago, we made a strategic decision to adopt a systematic approach to sustainability. We began formulating a sustainability strategy and, in early 2023, published our first sustainability report for the year 2022. Throughout 2023, we consistently implemented further steps, establishing, and affirming Akropolis Group Sustainability Policy and pursuing short-term and long-term sustainability goals.

Significant achievements reflecting our commitment to sustainable practices and environmental impact reduction include the international "BREEAM In-Use" sustainability certification, rated at the "Very Good" level, awarded to Akropole Alfa shopping and entertainment centre in Riga in 2023. This certification marks the achievement of one of the Group's sustainability goals – all five Akropolis Group centres in Lithuania and Latvia are now certified according to the globally recognized "BREEAM" sustainability standard.

Another important recognition is the ISO environmental (ISO 14001) and occupational health and safety (ISO 45001) certifications earned by Akropolis Group for the activities of the holding company in real estate development, management, and leasing. These ISO certifications confirm Akropolis Group's compliance with rigorous quality control and management, environmental, sustainability, and safe working environment standards that guide our provision of services to our business clients and partners in our daily operations.

In 2023, we have supplemented the internal rules of our shopping centres with recommendations to tenants regarding sustainable practices, aiming to have not only fellow travellers but also reliable companions on the sustainability journey.

We do not rest on these achievements and continue to diligently implement other sustainability initiatives. Our immediate goal is to approve Akropolis Group sustainability targets in the first half of 2024, which we aim to achieve by 2030.

Changes in the sustainability realm are already underway, and we are prepared to continue sharing our progress in sustainability with you – our visitors, employees, partners, and investors.

[2-22]

SUSTAINABILITY REPORT 2023 / AKROPOLIS GROUP UAB

This is AKROPOLIS

Akropolis Group, headquartered in Vilnius, Lithuania, continues to stand as the foremost shopping and entertainment centres' (SC) development and management company in the Baltic states.

The Group, commenced its activities in Vilnius more than 20 years ago. As we embark on another reporting period, our commitment to excellence and sustainability remains unwavering, reflecting the values that have defined our journey since inception.

The Group's dynamic property portfolio encompasses five fully operational SCs, strategically located in capitals and major cities in Lithuania and Latvia. Additionally, two integrated office buildings complement the SCs, one in each country.

Strategically positioned in key economic centres – Vilnius, Klaipėda, and Šiauliai in Lithuania, and Riga in Latvia – the Group's SCs thrive in affluent, densely populated, and rapidly growing consumer zones. The strategic focus remains on curating the best tenant mix in the Baltic states. This involves prioritizing large-format grocery stores and pharmacies as anchor tenants, alongside a diverse array of international and domestic fashion, cosmetics, home appliances stores, entertainment providers (including cinemas and ice-skating rinks), as well as restaurant and café operators. The Group's commitment to this strategy positions its SCs as among the most enticing venues in the Baltic states, fostering robust brand recognition among consumers.

In parallel, the Group is actively designing a new multifunctional retail, business, leisure, and culture centre project in Vilnius, Lithuania – Akropolis Vingis.

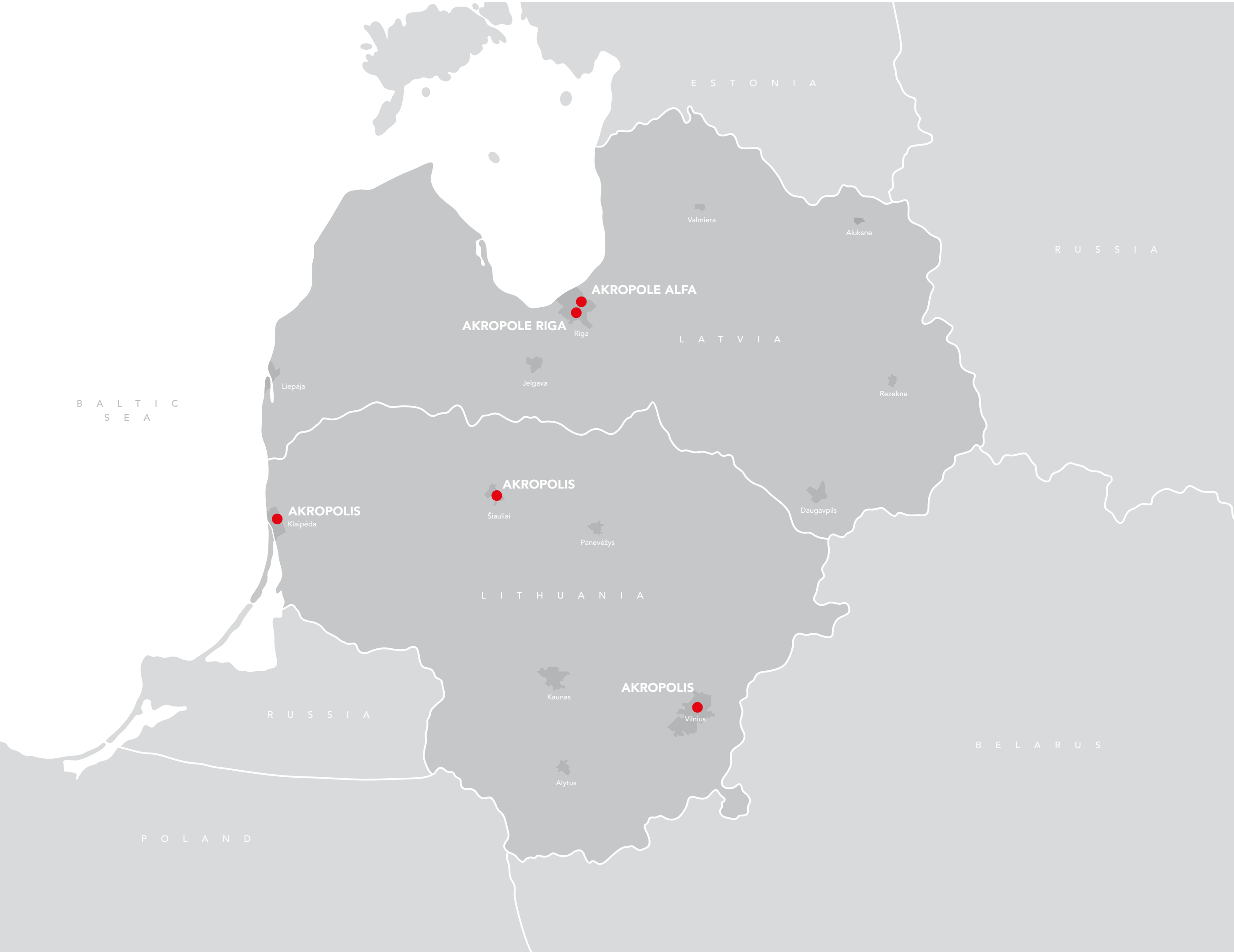
Given the Group's primary business activity in developing and managing multifunctional SCs, its suppliers predominantly comprise service providers. These include cleaning, security, utility services, technical maintenance, marketing agencies, and real estate construction companies.

[2-1] [2-6]

KEY NUMBERS ABOUT AKROPOLIS GROUP

5 Managed SCs	1,025 Tenants

44 mln Visitors annually	121 Employees	335,574 sq.m Total gross leasable area



[2-6]

Our sustainability approach

APPROACH TOWARDS SUSTAINABILITY

As the premier developer and manager of SCs in the Baltic states, we acknowledge our duty to mitigate the environmental impact stemming from our operations. Simultaneously, we recognise a unique opportunity to create a positive influence on our communities, customers, and employees.

The Group has naturally and seamlessly embraced the journey towards sustainable business practices. However, in 2022 we made the deliberate decision to codify this mind-set into our operations. Demonstrating our attention for all stakeholders, we have annually undertaken a range of initiatives, spanning from enhancing energy efficiency to fostering better working conditions for our employees and tenants, as well as engaging in philanthropy, and more.

Beginning with a thorough analysis of industry trends and engaging in extensive discussions with our employees, we identified critical sustainability areas that required attention. In early 2023, stakeholder interviews and impact assessments guided us in establishing the main directions for our sustainability initiatives. This approach facilitated the realisation of our set goals and the identification of new ones. The year 2023 marked significant progress as we commenced measuring our carbon footprint, initiated a comprehensive Waste Management Study, solidified our Sustainability Policy, and introduced green lease recommendations to our tenants.

This marks our second sustainability report, and through its creation, we sense tangible improvement compared to the previous year.

OUR STAKEHOLDERS

In our commitment to transparency and comprehensive stakeholder engagement, we have identified key groups pivotal to our operations as SCs developer and manager. Recognising the diverse interests and impacts associated with our business, we have categorised stakeholders into distinct groups to facilitate targeted communication and tailored strategies.

Our stakeholders span internal and external dimensions, encompassing employees and shareholders as vital internal contributors, external business stakeholders such as tenants, suppliers, visitors with direct involvement, and external financial stakeholders including investors and financing partners crucial for our sustainable growth. Societal stakeholders, comprising public authorities, non-governmental organisations, and local communities, reflect our commitment to responsible and community-oriented development. This strategic separation enables us to tailor our approaches, ensuring that each stakeholder group's unique needs and concerns are addressed effectively.

Our stakeholder groups and engagement approach hasn't changed since last year. Detailed stakeholder engagement approach is explained in our 2022 sustainability report. Main stakeholder groups remain the same.

[2-3] [2-23] [2-29]

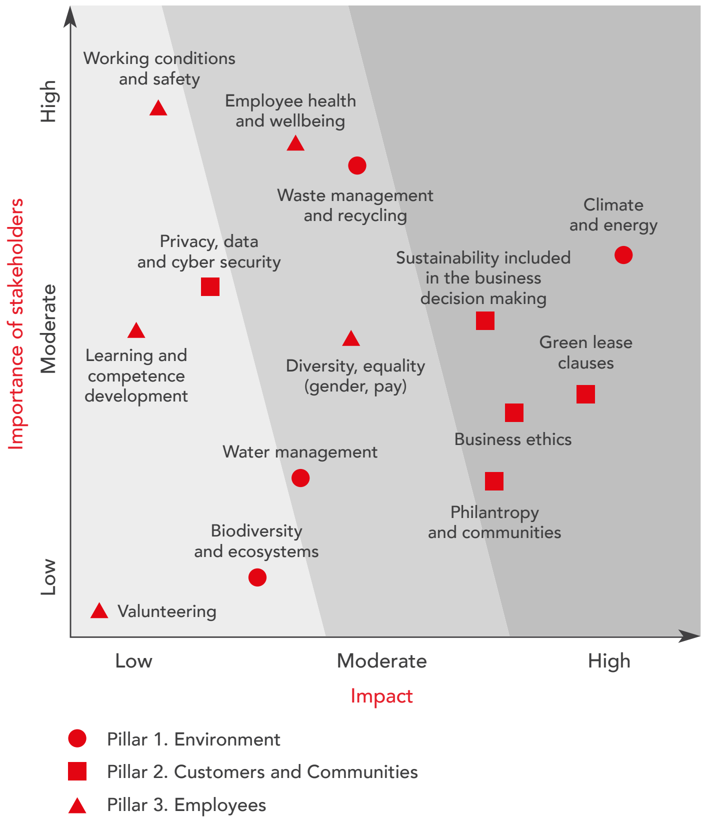
Stakeholder type	Stakeholder group
Internal Stakeholders	Employees Shareholders
External Business Stakeholders	Tenants Visitors Suppliers
External Financial Stakeholders	Investors and financing partners
External Societal Stakeholders	Public authorities (government, local authorities) Non-governmental organisations Local communities

Stakeholder input is crucial to our organisation's decision-making process, particularly in shaping our sustainability strategies and practices. To comprehensively understand the environmental and social needs of our stakeholders, in the beginning of 2023 we conducted a survey involving over 800 participants, including tenants, visitors, employees, shareholders, partners (service providers, banks), non-governmental organisations (NGO), community representatives. The feedback collected during the survey played a pivotal role in identifying and prioritising key sustainability areas for our attention and management. Our current sustainability activities are aligned with priority topics that were reflected in the materiality assessment.

MATERIALITY

In last year's sustainability report, we introduced the materiality matrix established at the beginning of 2023.

The materiality matrix has served as our compass on the sustainability journey. In 2023, it guided the identification of priority areas, marking the beginning of systematic attention to these focal points. As we progress forward, additional data will play a pivotal role in shaping the Group's strategy, ensuring alignment between market practices and our sustainability targets, along with a comprehensive management plan. In the future, a review of priority areas will be conducted based on the double materiality approach, and adjustments will be made as necessary to refine the sustainability strategy.



SUSTAINABILITY REPORT 2023 / AKROPOLIS GROUP UAB

PILLAR 1: ENVIRONMENT

Sub-pillars: Climate and energy; waste management and recycling; water management; biodiversity and ecosystems.

Our significant environmental impact stems from energy usage in lighting, heating, cooling systems, escalators, electronic devices, and ice rinks. In understanding our greenhouse gas emissions, where our highest greenhouse gas emissions originate and how to reduce them, starting in 2023, we began calculating and analysing them. To mitigate energy-related greenhouse gas emissions, we procure (and will continue in the future) renewable energy and implement energy-saving initiatives. We have implemented waste recycling measures across all our SCs, concurrently launching a comprehensive Waste Management Study aimed at identifying and segregating waste generated by our SCs. This study will yield more specific insights into the total waste generated, and we anticipate obtaining detailed results by the end of 2024. Additionally, we promote green transportation infrastructure, such as installing electric vehicle charging stations near SCs and allocating specific parking spaces for scooters.

PILLAR 2: CUSTOMERS AND COMMUNITIES

Sub-pillars: Philanthropy; relations with tenants (includes green lease recommendations, business ethics); privacy, data and cyber security.

Our significant influence lies in the positive contributions we provide to the communities we support through philanthropy, emphasising our commitment to their well-being and growth. In 2023, we actively implemented and supported over 75 diverse initiatives, collaborating with various NGOs. This commitment remains steadfast as we continue supporting those in need. In 2023, we introduced our tenants to recommendations on green lease clauses (recommendations that promote environmental sustainability within leased premises), emphasising sustainability in our business relationships. The ongoing success of "Akropolis Academy" (a training program designed in line with our tenants' employees needs that encourages life-long learning and targets ageing workforce) reinforces our commitment to continuous positive outcomes, with plans for further expansion. The Group aims to enhance its positive influence on tenants by improving SC infrastructure and organising annual celebrations, like Christmas events. While privacy and data security are highly valued by our external stakeholders, our impact in this area is deemed minor due to our infrequent and limited collection of personal data.

PILLAR 3: EMPLOYEES

Sub-pillars: Diversity, equality and inclusion; employee health and wellbeing; working conditions and safety; learning and competence development; volunteering.

Given our Group's modest size in terms of employee count, our influence is measured and focused. We cultivate a favourable working environment by prioritizing safety, encouraging educational avenues, and providing additional benefits that enhance employee health and well-being, such as private health insurance. Our stance against discrimination and unethical behaviour is unwavering, supported by well-defined policies.

Some initiatives with employees are being carried over from 2023 to 2024. In the coming year, we aim to further encourage employees to foster connections among them and throughout separate functions as a means of cultivating a cohesive and resilient team.

[2-22] [2-25] [3-1] [3-2] [3-3]

POLICIES THAT DEFINE OUR COMMITMENT

We firmly believe that a well-defined set of internal policies is instrumental in upholding best practices and championing our commitment to sustainability throughout our network of stakeholders. The rules and guidelines established in our internal policies set forth explicit expectations and standards for sustainable conduct, offering comprehensive guidance to our employees, tenants, and partners on navigating their operations in a socially and environmentally responsible manner. These internal policies serve as a cornerstone in our efforts to mitigate risks, ensure compliance with legal and regulatory requirements, and establish monitoring mechanisms.

In 2023, we reinforced our sustainability commitment by introducing Sustainability Policy and Corruption Prevention Policy. These policies are of paramount importance to our entire group, complementing the four existing policies that define our general strategy and target specific aspects of sustainability.

SUSTAINABILTY POLICY

Understanding the wide scope of impacts of our operations, we aimed at establishing the Sustainability Policy that covers the most important areas. In alignment with industry-specific requirements and best practices, as well as the opinion of internal and external stakeholders, three paramount principles of sustainable operations have been crafted, each intricately detailing its associated themes and thematic commitments: Responsible Real Estate Manager, Responsible Community Participant, and Responsible Employer.

The Sustainability Policy is aligned with international standards and guidelines, including:
- OECD Guidelines for Multinational Enterprise,
- UN Guiding Principles on Business and Human Rights,
- UN Global Compact.

This commitment demonstrates our dedication to responsible and sustainable business practices, aligning with global principles and ensuring the positive impact of our operations on the environment and society.

EQUAL OPPORTUNITIES AND DIVERSITY POLICY

The Equal Opportunities and Diversity Policy, implemented in 2023, establishes core principles of gender equality and non-discrimination. It applies to all employees of the Group and emphasises respect for individual dignity. The Policy enforces a zero-tolerance approach to discrimination and commits to gender equality across all operations. Management members are mandated to demonstrate behaviour aligned with its principles. Meanwhile, employees are encouraged to report violations, with provisions for investigation and disciplinary action. The policy also emphasises confidentiality and protection for whistleblowers.

CORRUPTION PREVENTION POLICY

In 2023, the Group implemented a robust Corruption Prevention Policy, reflecting its unwavering commitment to upholding the highest standards of integrity and ethical conduct. The Policy, emphasises a zero-tolerance approach towards corruption, encompassing both public and private sectors. It provides specific guidelines for sponsorship and donations, gifts and benefits, conflicts of interest, purchasing, nepotism and cronyism, and interactions with foreign public officials.

This Policy is a testament to the Group's pledge to proactively identify, assess, and mitigate corruption risks throughout all aspects of its operations. Through the implementation of this Policy, the Group aims to foster an environment of transparency, accountability, and ethical behaviour, reinforcing its dedication to conducting business with the utmost integrity.

CODE OF BUSINESS ETHICS OF VILNIAUS PREKYBA GROUP OF COMPANIES

The Code of Business Ethics sets out guidelines how we develop business relationships and adhere to standards of conduct in our dealings with employees, customers, partners, suppliers, governments and other authorities, as well as with society. The Code emphasises respect for human rights and advocates for healthy working conditions, zero tolerance for corruption.

PERSONAL DATA MANAGEMENT AND PROTECTION POLICY

The Policy establishes the principles of the protection of personal data stored and managed by the Group. The Policy provides rules on how documents must be stored and sets out procedure for dealing with violations and requests.

[2-23] [2-24] [2-26] [205-1] [205-2] [205-3]

VIOLENCE AND HARASSMENT PREVENTION POLICY

Akropolis Group has adopted this Policy to create a working environment where employees do not experience hostile, unethical or humiliating actions that violate the employee's honour and dignity. The Policy determines the methods of recognising violence and harassment, the procedure for submitting and examining reports as well as the measures to protect whistle-blowers. Policy pays attention to a number of issues related to human rights as it forbids such behaviours as violence, harassment and ensures freedom of thought.

AKROPOLIS GROUP PRINCIPLES OF ETHICAL COMMUNICATION AND PROCEDURES OF THEIR APPLICATION

This Policy sets outs the principles of ethical communication that the Group and our communication partners must follow: a) political neutrality; b) respect for decisions taken by the government authorities; c) respect for every group of society; d) respect for the State and public sector; e) respect for media. Principle "Respect for every group of society" ensures non-discrimination which is one of the human rights. To ensure due-diligence, the Group's head of communication should be informed if there is any risk that communication material may be against this Policy.

The Group's policies, approved by the CEO, are disseminated through our internal document management system. All employees must confirm their familiarity with the policies, overseen by a dedicated person to ensure comprehensive understanding. They are also strongly encouraged to seek guidance and consult with their immediate supervisors regarding the implementation of Group policies. Moreover, the Group organises third party training sessions to enhance employees' knowledge and skills. The policies will undergo regular reviews to enhance their effectiveness and align with evolving sustainability challenges.

Additionally, specific procedures, such as the "Procedure for Submitting and Analysing Information Related to Violations" and the "Rules of Procedures", have been approved. We foster a culture of transparency and ethical behaviour through a Whistleblowing Policy, aligning with the law on the Protection of Whistleblowers in Lithuania. This Policy is applicable across all companies within the Group, ensuring confidentiality and independence in misconduct analysis.

Furthermore, our development projects adhere to the EBRD's approved Performance Requirements 1 through 8 and 10 Environmental and Social Policy. The Group assigns responsible individuals to monitor compliance with various Designated Performance Requirements, and, to our knowledge, there is no material non-compliance with these requirements.

HIGHLIGHTS OF 2023 AND PLANS FOR 2024

In 2023, our Group demonstrated significant commitment to sustainability - related achievements. Here are the most significant:

- Initiated a thorough assessment of the Group's carbon footprint, marking the beginning of our efforts to track greenhouse gas emissions;
- Launched a Waste Management Study aimed at evaluating the current waste situation, encompassing both sorted and non-sorted waste, including waste generated from visitors, tenants, service providers, and contractors across the entire SC;
- Implemented Sustainability and Corruption Prevention policies;
- Akropole Alfa attained the international "BREEAM In-Use" sustainability certification, achieving a rating of "Very Good";
- Obtained ISO environmental (ISO 14001) and occupational health and safety (ISO 45001) certifications;
- Supplemented the internal rules of our SCs with recommendations to tenants regarding green lease clauses;
- Continued expansion of electric vehicle charging stations.

Some of our plans for 2024:

- Developing strategic emission reduction targets for the Group;
- Completing the Waste Management Study and preparing the Waste Management Strategy for the entire portfolio of the Group;
- Establishing sustainability strategic objectives aimed to be achieved by 2030;
- Continuing the expansion of electric vehicle charging stations.

[2-23] [2-24] [2-26] [205-1] [205-2] [205-3]

Environment

The Group acknowledges the significant environmental footprint associated with its operations, particularly in energy consumption and transportation, which significantly contribute to climate change. Our commitment to tenants' and visitors' well-being requires substantial energy usage in our SCs, and the way visitors get to our SCs also increases emissions.

In response, we take responsibility for managing and mitigating these impacts. We are dedicated to investing in resource-saving solutions and minimising environmental impact. Our commitment to responsible business practices extends beyond our day-to-day operations, encompassing our role as stewards of real estate assets. This commitment is guided by the principles outlined in the Group's Sustainability Policy, which sets specific targets and management strategies.

In 2023, we initiated a comprehensive Waste Management Study to gain a detailed understanding of the waste generated by our SCs. Additionally, we began measuring our greenhouse gas emissions to identify areas within our operations that contribute most significantly to climate change. These analyses will guide our efforts to reduce our environmental impact, enabling us to set targets for future activities. We've also incorporated recommendations on green lease clauses into our rules of shopping centres, aimed at fostering sustainable practices and reinforcing our environmental commitment.

ENVIRONMENTAL COMMITMENTS

Greenhouse gas calculation and management

In 2023, the Group took a significant step towards environmental responsibility by conducting a thorough assessment of our carbon footprint. This marked a pivotal moment for us, reflecting our commitment to understanding and addressing our impact on the environment. Unlike previous report, this year's sustainability update introduces a more comprehensive approach, disclosing for the first time our greenhouse gas (GHG) emissions across all three scopes – Scope 1 (direct greenhouse gas emissions, from sources owned or controlled by the organisation, e.g., vehicle fuel), Scope 2 (indirect emissions resulting from outsourced energy, e.g., emissions related to outsourced electricity), and the broader aspects of Scope 3 (other indirect emissions that occur in the organisation's value chain). This expansion signifies our dedication to a holistic sustainability strategy, recognising the interconnected nature of our operations with suppliers, customers, and the wider community. As we navigate this new territory, we are committed to transparently sharing our environmental impact.

Climate impact

In the table below we present the Group's consolidated emissions results for 2023. This overview will be essential guideline for our specific emission reduction targets, which will be further developed in 2024.

The results of the first-year emissions calculation (see table below) confirm that the highest emissions in our business are generated in Scope 3 (emissions from the value chain), reflecting the unique characteristics of our sector.

Table 1. GHG emissions by scopes, 2023

	EMISSIONS (T CO2 e)			SHARE OF TOTAL IMPACT
	LITHUANIA	LATVIA	TOTAL	
MARKET-BASED				
Scope 1	1,729	321	2,050	4%
Scope 2	8,060	6,744	14,804	30%
Scope 3	19,824[1]	12,299	32,123	66%
Total	**29,613**	**19,364**	**48,977**	**100%**
LOCATION-BASED				
Scope 1	1,729	321	2,050	5%
Scope 2	5,695	7,106	12,801	29%
Scope 3	16,559[1]	12,746	29,305	66%
Total	**23,984**	**20,173**	**44,157**	**100%**

[1] This number includes 2,821 t CO2 emissions of investments.

It is notable that three consumption categories stand out as the most significant: electricity, heating, and investments (construction and reconstruction).

Electricity and heating emerge as the most significant emission categories for SCs, a trend often attributed to the sector's unique operational demands. SCs typically require substantial energy to maintain comfortable indoor environment and ensure optimal shopping experience for visitors. Additionally, the diverse array of shops, restaurants, and amenities within these complexes further drive-up energy demands, contributing to higher emissions.

Additionally, it's worth highlighting the significance of our investment section. This category encompasses all construction activities for Akropolis Vingis, as well as the modernisation of Akropolis Klaipėda in 2023. Considering that Akropolis Vingis project is gaining momentum and we have commenced the construction of 480 sq.m building extension of Akropolis Vilnius, this category is expected to be even more significant next year.

We disclose greenhouse gas emissions separately for Lithuania and Latvia due to different methodologies in each country. This tailored approach allows for accurate assessment of our environmental impact and enables targeted sustainability strategies tailored to each country's regulatory frameworks, ensuring effective mitigation of carbon footprints and achievement of our sustainability goals.

[305-1] [305-2] [305-3]

Methodology and standards

The Group's emissions were calculated according to GHG Protocol standard. Specifically, calculations followed the Corporate Accounting and Reporting Standard, the GHG Protocol Scope 2 Guidance, and relevant guidelines in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard, as well as ISO 14064-1:2018 Greenhouse gases standard. These standards provide specifications and guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals.

The calculation model is based on the principle of operational control. It means that GHG emissions are taken into account, arising from sources/activities over which the organisation has control. According to this, the responsibility for emissions rests with the party that is in the best position to control GHG emissions and reduce them, including by picking suppliers and the products and services purchased from them.

In accordance with the GHG Protocol standard, emissions resulting from energy consumption are reported using two calculation methods: the a) location-based and b) market-based method. The market-based method reflects electricity emissions based on the organisation's choices in the electricity market (e.g., selection of a renewable energy package). The location-based method represents the emissions from electricity production in a specific area, regardless of the organisation's energy package choice or whether electricity consumption is offset with a certificate of origin verifying the use of renewable energy. Dual reporting aims to ensure consistency and comparability in GHG reporting, facilitating the identification of trends and changes in a company's carbon footprint.

The GHG Protocol standard divides the greenhouse gas emissions associated with the organisation's activities into three areas of influence or scope:

Scope 1. Direct greenhouse gas emissions: from sources owned or controlled by the organisation (e.g., vehicle fuels, stationary fuel burning equipment, and diffuse emissions);

Scope 2. Indirect emissions resulting from outsourced energy: (e.g., emissions related to outsourced electricity and thermal energy production);

Scope 3. Other indirect emissions that occur as a result of activities directed upwards or downwards in the organisation's value chain (taking into account the particularities of the organisation, the standard compels to choose all relevant sources of emissions, e.g., calculation model encompasses the scope of Akropolis Group calculations, focusing on outsourced products and services (category 1), fixed assets, investments (category 2), fuel and energy related activities, indirect emissions from scopes 1-2 (category 3), waste (category 5), work trips (category 6), and employee mobility (category 7), downstream leased assets (Real estate management specific) (category 13)).

Waste Management Study

In 2023, we started a substantial Waste Management Study at Akropolis Vilnius. The aim of this study is to evaluate the current waste management situation, including both sorted and non-sorted waste during typical SCs operations.

Key highlights regarding Waste Management Study:

- The main problem is a solid amount of mixed municipal waste, which could be reduced by improving the quality of sorting at the place of waste generation;
- There are many waste generators in the facility, so Akropolis Group (as the manager of facility) could act through the mechanisms of education, mediation, promotion, cooperation, etc.;
- Great opportunity to create a waste management monitoring system to collect data and set an action plan, aiming to reduce waste to the landfill.

At the conclusion of the study, which is planned in 2024, we aim to have a Waste Management Strategy developed for the entire portfolio of Akropolis.

Green lease guidelines

2023 was also notable for the fact that we introduced recommendations on green lease clauses for our tenants, effectively integrated into rules of shopping centres.

Recommendations on green lease clauses promote environmental sustainability within leased premises. These clauses establish recommended internal procedures to enhance environmental performance, ensuring that leased spaces are utilised and managed in a sustainable manner. This includes considerations such as energy and water consumption, waste generation and management, greenhouse gas emissions, arrival of visitors and tenants' employees to the SC, and other adverse environmental impacts arising from or related to the operation or use of the premises. By incorporating these recommendations, we believe they will serve as a valuable guide, encouraging more sustainable behaviours among our tenants and supporting our commitment to environmental responsibility.

[305-1] [305-2] [305-3]

BREEAM Certification

BREEAM, a widely recognised environmental assessment method for buildings, aims to enhance sustainability through a holistic approach, evaluating factors like energy use, water efficiency, health and wellbeing, transport, resources, resilience, pollution, land use and ecology. Certification is awarded based on adherence to sustainability standards, determined through rigorous assessments of design, construction, and operation by trained assessors. For our Group and building owners alike, BREEAM serves as a crucial tool, showcasing sustainability credentials, promoting sustainable construction practices, and boosting market competitiveness and reputation.

In 2023, significant strides were made within the Group's sustainability efforts. Notably, Akropole Alfa SC in Riga attained the international "BREEAM In-Use" sustainability certification at the "Very Good" level. This achievement reflects our ongoing commitment to sustainability, with all five Akropolis Group SCs in Lithuania and Latvia now proudly certified under the esteemed "BREEAM" standard.

ENERGY

Energy consumption and efficiency

Our SCs require substantial energy due to the high level of in-use phase activity and the need for climate control to ensure the comfort of visitors, tenants, and employees. Energy consumption in the premises of the Group is mainly attributed to lighting, air conditioning, heating, refrigeration, and operation of various mechanical and electrical systems. Electricity consumption fluctuates significantly with the changing seasons, as it is heavily influenced by outdoor temperatures. For increasing energy efficiency, we carried out tasks such as replacing refrigeration machines, switching lighting to LED, and utilising heat recovered from ice arena refrigeration machines.

Table 2. Annual energy consumption

	2022		2023	
	Lithuania	Latvia	Lithuania	Latvia
Electricity (MWh)	58,578	35,416	55,432	34,950
Heating* (MWh)	16,718	6,526	16,517	7,116
Natural gas (MWh)	1,519	597	1,763	692
Diesel (L)	8,456	1,602	3,983	1,381
Petrol (L)	14,320	3,778	16,919	3,810
Gas (for transport) (L)	61	NA	NA	NA

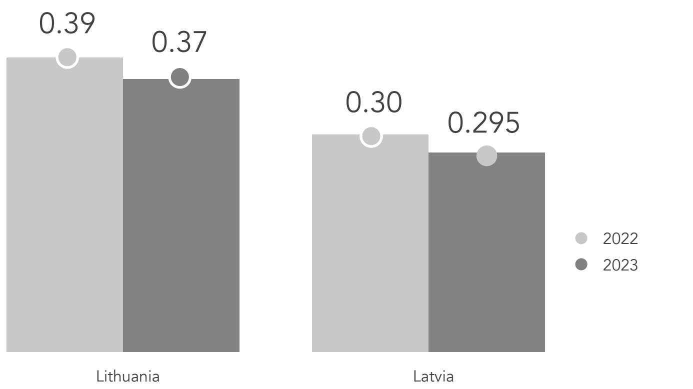
* Heating energy consumption is supplemented by heating energy used for water heating. 2022 year quantities are adjusted accordingly.

Table 3. Electricity and heating* consumption by segments, MWh

	2022		2023	
	Lithuania	Latvia	Lithuania	Latvia
Electricity used by tenants	36,745	21,540	34,330	20,572
Electricity used in common areas	21,805	13,872	21,083	14,368
Electricity used by administration of Akropolis Group	28	4	19	10
Country totals	58,578	35,416	55,432	34,950
Total of electricity	**93,994**		**90,382**	
Heating used by tenants	13,624	3,598	13,261	4,538
Heating used in common areas	3,009	2,920	3,181	2,570
Heating used by administration of Akropolis Group	86	8	76	8
Country Totals	16,718	6,526	16,517	7,116
Total of heating	**23,244**		**23,633**	

* Heating energy consumption is supplemented by heating energy used for water heating. 2022 year quantities are adjusted accordingly.

Energy intensity (MWh/sq.m)



Note: The graph represents the MWh of heating and electricity used in SCs per square meter of gross leasable area.

Lithuanian SCs exhibit higher energy consumption per square meter for electricity and heating compared to those in Latvia. This divergence can be attributed to the installation of more energy-efficient equipment during the construction and renovation of Latvian SCs, as well as variances in outdoor temperatures.

Akropolis Group has continually invested in decreasing the use of energy and enhancing energy efficiency. During 2023 the Group has approved and implemented a list of energy saving actions:

- Worn-out lamps have been systematically replaced with energy-efficient LED lighting across almost all five Akropolis SCs. Only some technical premises and a few areas that are awaiting major renovations still rely on conventional lighting. To further promote energy efficiency, tenants who are still using worn-out lamps are encouraged to adopt LED fixtures during refurbishment projects;
- The utilisation of heat recovered from ice arena refrigeration machines in Akropolis Vilnius;
- Adjustment of the operating mode of circulation pumps in ventilation chambers (automatic shutdown when heating is not required) in Akropolis Vilnius;
- Balancing of supply and return airflows in Akropolis Klaipėda, ensuring comfort in tenants' premises;
- Insulation of the glass facades of Akropolis Klaipėda (approx. 180 sq.m). The insulation efficiency of this structural part increased by 7 times;
- Replacement of refrigeration machine in Akropole Alfa.

Renewable energy

The Group recognises the importance of transitioning to renewable energy sources, both to mitigate climate change and to reduce dependence on fossil fuels. In 2023, 21% of all electricity consumption was sourced from renewable sources. Moving forward, we are planning to transition to 100% renewable energy, while gradually, as part of our ongoing commitment to sustainability.

Green transportation

In line with the increasing number of electric vehicles (EV) on the road, we have installed 2 new EV charging stations with 4 charging points in Akropole Alfa in 2023. Akropole Riga and Akropolis Klaipėda have been respectively updated with 6 and 4 charging points. The number of EV charging points has experienced a growth of approximately 18% from 22 points last year to 26 points this year.

Recognizing the growing importance of EV charging stations at SCs, we are planning further expansion in 2024.

WATER

Water consumption

As part of our enduring commitment to environmental sustainability, we place a strong emphasis on water conservation and responsible water usage management. Across our SCs, water is sourced and managed through local municipal utility providers. We observe conscientious water usage, predominantly influenced by visitor activities in restroom facilities and the upkeep of premises and surrounding areas, including cleaning and landscaping endeavours. To achieve more rational consumption of water and to reduce ecological repercussions, we proactively invest in water-efficient fixtures and technologies, embracing solutions such as water-efficient faucets and eco-friendly toilet units.

In 2023, water-saving solutions were implemented in Akropolis Klaipėda. Technological upgrades are already planned for Akropolis Šiauliai and Akropole Alfa in 2024.

Furthermore, through the integration of recommendations on green lease clauses, we endeavour to empower our tenants to monitor water usage and promptly report any potential plumbing irregularities. It remains imperative that any water leaks or overflows are swiftly addressed, either through repair initiatives or by notifying the tenant, in order to mitigate unnecessary water wastage and safeguard equipment integrity. Additionally, it is worth noting that there is no significant seasonality in water consumption, consumption remains fairly even throughout the calendar year.

Table 4. Total water consumption and use intensity

	2022		2023	
	Water consumption (m^3)	Water use intensity (m^3)/sq.m)	Water consumption (m^3)	Water use intensity (m^3)/sq.m)
Lithuania	159,630	0.83	166,071	0.86
Latvia	101,897	0.72	106,738	0.75

Water discharge impact management

To prevent adverse effects associated with water and sewage pollution, the Group actively collaborates with tenants to collect data on the cleaning chemicals utilised in maintaining the premises, which may be discharged into the sewage system. This information holds paramount importance in safeguarding environmental well-being and aligning with local regulatory standards. According to reports from our tenants, hazardous or regulated chemicals are not used in the day-to-day operations of the SCs.

Nevertheless, there have been a few minor instances in 2023 when sample tests, taken by municipal utility providers, indicated slightly higher than the norm amount of certain chemicals in wastewater. Fourteen instances of non-compliance with wastewater contamination regulations occurred, leading to fines totalling less than 24 k EUR.

In order to proactively address potential risks associated with water pollution, the Group conducts quarterly collection and laboratory testing of water samples. As part of our internal control measures, tenants, who are the primary water users, submit lists of chemical agents used in their operations at our request annually.

The Group is consistently delivering on its commitment to water quality and regulatory compliance by continuing key initiatives:

- Incoming water undergoes filtration and softening, removing mechanical particles and iron;
- Regular checks are conducted to prevent bacterial contamination of drinking water;
- Water is filtered before discharge into the sewage system – fats are mechanically separated from the water. The fat collected in separators (grease traps) is disposed in accordance with applicable standards and local regulations;
- Oil and sand traps, with periodically replaced filters, are installed in all parking lots, and accumulated sand is transported to designated collection sites for proper disposal of oil-contaminated materials.

Furthermore, our organisation is dedicated to implementing water-saving measures, particularly in common areas frequented by visitors. We prioritise installation of sensor-equipped plumbing fixtures to consume water responsibly. Additionally, we strive to provide accessible water drinking stations throughout our SCs, ensuring visitors have convenient access to hydration options.

WASTE

Waste management

Our business sector, while not directly generating waste, plays a significant role in waste management due to the infrastructure provided for tenants and visitors to manage their waste impacts. Each year, we increasingly focus on waste management, recognising its importance. Our SCs serve as hubs for waste generation, encompassing food waste, packaging materials from tenants, and construction waste from building construction and tenant fit-out activities. Improper waste management can lead to adverse environmental effects, including landscape and water pollution, as well as the loss of secondary raw materials, ultimately contributing to climate change.

We have provided a guide for tenants detailing operational rules and waste management guidelines, emphasising the avoidance of harmful substances in sewage systems and proper disposal of food waste. Our recommendations on green lease clauses guide tenants on proper waste sorting and responsible recycling, as well as environmentally friendly materials for premises repair. Additionally we initiated a significant Waste Management Study at Akropolis Vilnius in 2023, which purpose is to assess the current situation regarding the amount of sorted and non-sorted waste during normal shopping centre activities.

In 2023, there were eleven instances of non-compliance with laws and regulations regarding improper waste sorting (e.g. glass waste disposed of in cardboard containers), resulting in a fine totalling 220 EUR. To prevent this from recurring, we continuously educate tenants' employees on proper waste sorting practices.

Waste recycling

The Group recognises the detrimental impact of waste generation within its SCs and is committed to addressing this challenge. To promote sustainability, we actively advocate recycling initiatives among visitors, tenants, and employees. Throughout all SCs' alleys strategically positioned recycling bins for paper, plastic, and small electronics facilitate convenient waste sorting and disposal. Additionally, each SC is equipped with dedicated glass, plastic, and paper recycling containers exclusively for tenant use. Since 2022, significant enhancements were made to waste collection and sorting systems across selected SCs to ensure adherence to rigorous recycling standards. Regular communication and monitoring mechanisms are implemented to reinforce tenant compliance with recycling obligations. Furthermore, waste produced during construction, renovation, or fit-out activities – regardless of the organising party – is meticulously collected and transported to specialised construction waste collection sites.

Table 5. Recycled and non-recycled waste, 2023

	Lithuania	Latvia
Cardboard waste	1,471 t	775 t
Plastic waste	106 t	21 t + 80 m³
Glass waste	3 t	18 m³
Non-recycled waste	2,325 t	530 t + 11,892 m³
Multi-layered packaging waste	NA	621 m³

BIODIVERSITY AND ECOSYSTEMS

We acknowledge that any construction has at least a minimal impact on biodiversity. Impact of SCs on biodiversity and ecosystems during construction and operation of our assets varies a great deal. If a SC is not properly managed, natural habitats can be destroyed, wild animals displaced, and/or pollution (water, soil, or air) can prevail. The preparation of construction sites for buildings, roads, and parking lots can greatly disrupt local ecosystems. BREEAM sets a list of biodiversity requirements for new construction projects, which developers and designers must consider while achieving a certain level of sustainability assessment. Some key BREEAM biodiversity requirements include habitat creation, species protection, landscape design, ecological value, and water and waste management.

We approach our activities and their impact on the environment with great responsibility.

The ongoing construction of Akropolis Vingis will not only comply with national laws but also adhere to best BREEAM practices and requirements. In preparation for construction, old factory buildings were demolished, and contaminated soil was cleaned. Initially, the land plot had low ecological value, but this is changing during the construction process. The construction of the multifunctional complex will enhance biodiversity and will create green spaces. Using local plant species from the neighbouring Vingis Park, additional habitats for the ecological system, including fauna, will be established.

Table 6. Facilities adjacent to protected areas as characterised by national legislation

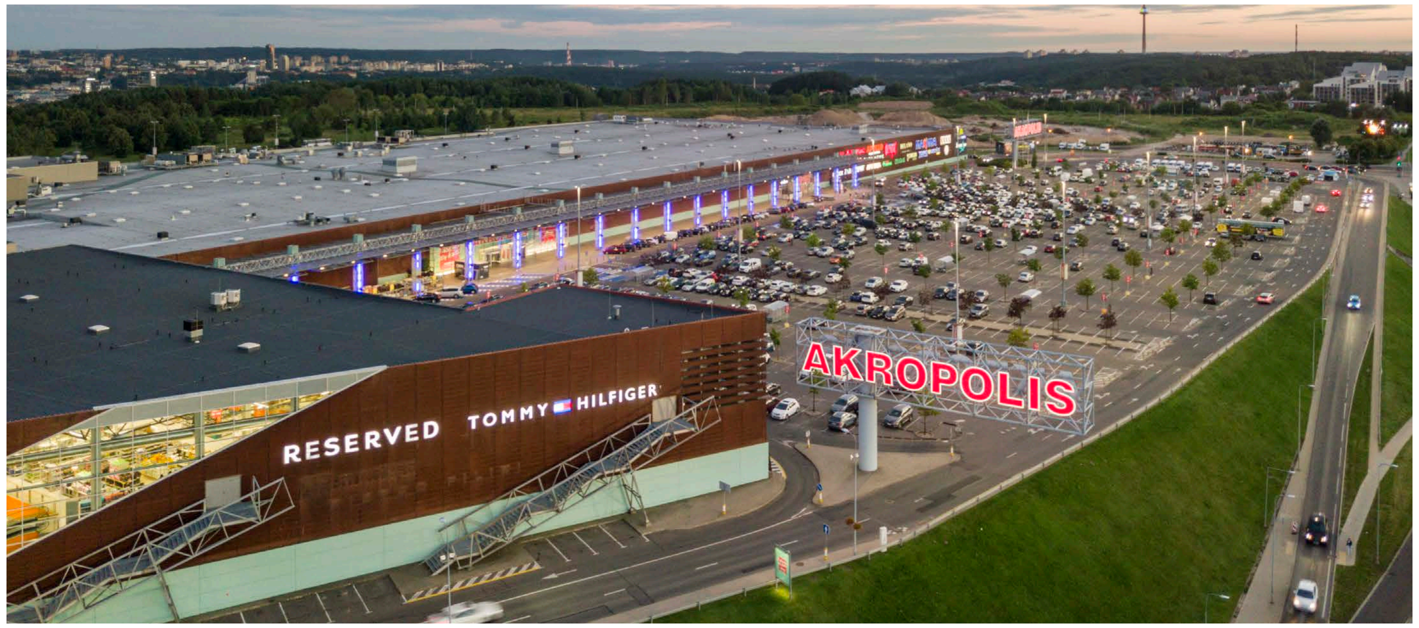
	Land plot area (sq. m)	Type of operation	**Biodiversity value** characterised by the attribute of the protected area or area of high biodiversity value outside the protected area:
Akropolis Vilnius	162,547	SC, office	**Terrestrial.** The territory is adjacent to the Šeškinė slopes geomorphological reserve, which borders the south-eastern border of the territory. The purpose of establishing the reserve is to protect the fragments of the fluvioglacial slopes of the Neris Valley.
Akropole Alfa	97,223	SC	**Terrestrial.** The territory is adjacent to biotope – wooded seaside dunes (by view – forest). There are a few protected trees in the area. Operation of the SC has no negative influence on the biotopes in question.
Akropolis Vingis project	105,931	SC, office, residential premises for rent	**Terrestrial and fresh water.** On the west side the territory borders with the river Neris and on the north side – with Vingis Park and the territory of Vingis Park watering hole. In 2005 Vingis Park was declared an immovable cultural heritage object. Most of the land in the territory is used for forestry (recreational) purposes. The river Neris is registered as a protected area.

[304-1] [304-2] [306-3] [306-4]

As the SCs controlled by the Group are located in urban areas, the damage to biodiversity is minimal and does not cause significant negative changes. Nevertheless, we constantly seek ways to contribute to the preservation and flourishing of biodiversity. We achieve this by:

- Investing in more sustainable operational solutions for SCs, such as water and air filters, strict waste sorting, control of chemical substance use, thereby reducing overall pollution and conserving resources;
- Collaborating with city infrastructure planners and developers to make our SCs more accessible by public and green transportation (bicycles, scooters, electric vehicles), thus reducing air pollution and noise;
- Planning sustainable practices for the future, such as green roof installation, beekeeping on building roofs, installation of insect houses in SC areas, thus contributing to biodiversity conservation and air purification. We also collaborate with local nature conservation organisations in order to increase awareness of the importance of biodiversity.

We understand that operating assets can have certain indirect impacts on the environment, such as increased traffic and noise. However, we aim for our SCs to be designed and managed to avoid any negative impact on the environment and, conversely, through additional sustainable practices and initiatives, have a positive impact on biodiversity and adjacent ecosystems.



INITIATIVES FOR RAISING ENVIRONMENTAL AWARENESS

Considering climate change and feeling the responsibility as a business, even though we may be a small part of the overall context, we still contribute to it. We constantly strive to find ways to consistently reduce the environmental impact. Therefore, year after year, we continue environmentally friendly initiatives and projects:

- We have substituted previously used plastic Akropolis gift cards by cards made from cardboard certified by responsible forestry FSC ("Forest Stewardship Council") standard at the end of 2022. So, since the beginning of 2023 all gift cards and gift envelopes sold to the customers were made from more sustainable, post-use recyclable materials;
- We actively support the advancement of the circular economy through our involvement in initiatives aimed at collecting and sorting used textiles, footwear, and electrical equipment. This includes the collection of worn-out and excess household appliances, both large and small;
- We support various forms of educating visitors about environmental protection and ecosystems. In collaboration with the "Latvian University Institute of Biology," a photo exhibition of the LIFE project, "LIFE OF SPECIES," was displayed at Akropole Riga. The goal of the exhibition was to familiarise public with the diversity and beauty (biological) of Latvia's nature, as well as possible actions for the conservation of biological diversity;
- We extended the life of items by donating our previously used Christmas decorations to Vilnius kindergarten "Pabiručiai," allowing them to continue spreading joy for even longer.

[304-1] [304-2]

Customers and communities

Ensuring sustainable and responsible approach to our relationships with customers and communities is integral to our corporate philosophy. At the core of our commitment lies the adoption of the Sustainability Policy, where being a responsible community participant is a foundational principle. This strategic focus on customers and communities encompasses the following pillars: fostering strong relations with visitors, prioritising the welfare of tenants' employees, engaging in responsible urban development, and upholding business ethics as well as transparency. These principles not only align with our core values but also mitigate risks and reinforce our dedication to creating lasting positive impacts on the communities we serve. As we navigate the evolving landscape of real estate and SC development, this strategic commitment becomes an anchor for sustainable growth, resilience, and meaningful contributions to the well-being of our customers and the communities we are a part of.

[2-23]

We as community architects

Our customers could be divided into two main groups: visitors and tenants. Tenants, comprising business operators that are leasing premises, and visitors, who frequent the SCs for various activities, are pivotal to the success of our SCs. Their continued support plays a vital role in achieving the sustainability goals set by the Group.

Akropolis SCs attract a substantial daily footfall, which makes us to exert a positive influence on communities through the implementation of diverse social initiatives. Consequently, the Group has actively endorsed numerous NGOs and their programs.

We strive to organise events or cooperate with NGOs that we perceive as relevant to Akropolis SCs visitors. We conduct a soft evaluation of the events and NGO activities held in SCs by measuring their popularity and the reactions of the SC visitors, as well as collecting feedback from NGOs. Additionally, we aim to periodically repeat successful events and social initiatives.

Our belief is rooted in the understanding that by addressing the needs of both customer groups and collaborating with communities and non-profit organisations, we can foster a vibrant and sustainable community for all.

CLOSE RELATIONS WITH TENANTS

The Group endeavours to foster collaborative relationships resembling partnerships with its tenants. In order to facilitate seamless day-to-day operations, we have developed an extensive guide tailored for our tenants. An annual review of performance results is conducted to disseminate information, enhance engagement with tenants, collect valuable feedback, and jointly implement diverse initiatives. Furthermore, we actively promote awareness among the employees of our tenants regarding environmental initiatives, emphasising how their everyday actions can positively contribute to these initiatives.

In 2023, annual presentations of SC performance results were conducted for tenants in all Lithuanian SCs, while similar presentations for Latvia were organised in the beginning of 2024. Additionally, winter holiday events for tenants' employees took place in each SC. Various entertainment activities, including bowling, cinema, concerts, board games, and more were organised at each location accompanied by festive refreshments. In total, over 1,500 tenant employees participated in these events.

Akropolis Academy

In 2023, the Group continued "Akropolis Academy" – a training program initiated in 2022 and designed in line with the tenants' needs. Training program encourages life-long learning, targets ageing workforce, as well as people with disabilities and the incumbent staff of the tenants' retailers (in terms of relevant up-skilling).

The overarching objectives of "Akropolis Academy" are threefold:

- To bolster the Group's business operations by timely impartation of market-relevant skills, benefiting its tenants;
- To expand access to employment and lifelong learning skills for an aging workforce (50 plus) and individuals with disabilities, thereby enriching their economic opportunities;
- To offer customised guidance and information to Akropolis tenants engaging older workers for the first time, aiming to enhance capacity and adopt best practices.

In 2023, "Akropolis Academy" training on the topic of "Customer Service Excellence" took place for two days at three Lithuanian SCs. Across three SCs, 227 tenant employees participated. In 2024, we plan to expand the training program to include SCs in Latvia and continue further educational initiatives.

[413-1]

EXCELLENT CUSTOMER EXPERIENCE FOR THE VISITORS

The Group remains steadfast in its commitment to providing an exceptional shopping experience for our visitors. Our dedication to health and safety standards is unwavering, ensuring that our premises are inclusive and accessible for individuals with disabilities. When selecting locations for development projects, prioritising accessibility by public transportation is paramount.

We recognise that easy access via public transport is instrumental in attracting diverse customer base, including tourists, the elderly, and environmentally conscious individuals without private transportation. We also are implementing infrastructure supporting sustainable transport – charging stations for electric cars, bicycle storage. This approach not only broadens our customer demographic but also contributes to alleviating traffic congestion and parking challenges, thereby enhancing the overall convenience for visitors to our SCs.

Our commitment extends beyond the confines of our SCs, as we are involved in urban planning and make significant investments in local infrastructure. The latest example is the completion of the restoration work along the Neris riverbank, adjacent to Vingis Park. Approximately 500 meters of Neris riverbank, totaling 1.6 hectares, have been revitalised, providing improved accessibility for the public.

We encourage dialogue with local communities and citizens about their needs; we take them into account when planning and developing activities. This includes the development of cycle lanes, sidewalks, streetlights, children's playgrounds, etc. in all our projects. These infrastructure investments not only elevate the shopping experience for our customers but also positively influence the surrounding community.

Additional amenities

During 2023, we enhanced our infrastructure, bringing positive impacts to our visitors:

- A complete renovation of WC zones and the childcare rooms in Akropolis Klaipėda. A similar upgrade is planned for Akropole Alfa in 2024;
- The refurbishment of common areas at Akropolis Klaipėda began in 2023 and will be completed in 2024. More rest areas for visitors will be created in the aisles, the navigation system will be enhanced for easier location finding within the SC, and efforts will be made to modernise (strengthen) wireless connectivity by installing new access points;
- In 2024, we plan to establish free play areas for children in Akropolis Klaipėda, Akropolis Vilnius, and Akropole Alfa;
- The installation of free water stations in Akropolis Klaipėda has seen significant use, with visitors utilising this service over 50,000 times in less than six months. Therefore, we plan to install water stations in Akropole Alfa and Akropolis Vilnius in 2024;
- In 2023, new EV charging stations were installed at Akropole Alfa, while charging station upgrades were carried out at Akropolis Klaipėda and Akropole Riga;
- For the convenience of visitors in Akropolis Vilnius, we designated a "Bolt" scooter parking/ pickup area at the main entrance;
- In all three SCs locations in Lithuania, we acquired wheelchairs for shared use by people with disabilities – recognising the need and frequency of use. We aim to do the same in Latvia.

In addition to physical enhancements, our commitment to customer satisfaction involves safeguarding health and safety, respecting customer privacy, and adhering to a specific set of rules for ethical communication. This comprehensive approach ensures that our customers not only enjoy a great shopping experience within our premises but also feel valued and respected in every interaction. As we continue to evolve and innovate, our focus on accessibility, community engagement, and customer-centric values remains integral to our mission of delivering extraordinary shopping experience.

SUSTAINABILITY REPORT 2023 / AKROPOLIS GROUP UAB

Customer health and safety

Ensuring the health and safety of our customers is a core principle outlined in our Sustainability Policy. Our SCs are lively community spaces, and keeping our visitors safe is a top priority for us. It's not just an ethical duty, it's a strategic move to build trust and satisfaction. By actively dealing with potential risks, we aim to provide a secure environment that enhances the overall experience in our SCs. This commitment goes beyond meeting regulations, it reflects our dedication to nurturing long-term relationships and preserving our brand's reputation in the communities we serve.

Our commitment to proactive measures is reflected in our continuous efforts to maintain a safe and clean environment. This includes regular cleaning and sanitisation of common areas, the installation of tools designed to enhance air quality and eliminate bacteria and viruses. Additionally, we have always dedicated professional security personnel on duty to oversee visitor safety.

Adhering to local health guidelines is a key aspect of our safety protocols. While rare incidents may occur near Akropolis or within our SCs, most are attributed to negligent visitor behaviour. Each incident, however, undergoes thorough evaluation, aiming to identify opportunities for enhancements that contribute to increased customer safety.

In conjunction with our safety initiatives, the Group actively engages stakeholders, including consumers and communities, in health and safety assessments, primarily through email and our website's feedback section. These channels effectively gather and incorporate their input, ensuring their perspectives shape our safety standards and practices. This collaborative effort underscores our commitment to continuously enhance and tailor our health and safety measures based on valuable feedback from our stakeholders.

In cases where the Group may be held accountable for damages, swift action is taken. We promptly engage relevant insurers, ensuring a comprehensive investigation is initiated to determine potential compensations. Notably, in the year 2023, there were no material incidents reported, underscoring our commitment to maintain secure and risk-free environment for our valued customers.

Additional initiatives for our visitors related with health and safety

- In 2023, substantial enhancements were made to the surveillance systems at Akropolis Klaipėda and Akropolis Šiauliai. While the immediate impact may not be readily apparent to visitors, these upgrades have bolstered property security. Notably, security personnel have collaborated with local law enforcement, aiding in the identification, clarification, and proactive prevention of potential incidents;
- Continuing our established practices and driven by the support and interest of our visitors, we will host various activities in Akropolis SCs in 2024, including VEGFEST, the Seedling Fair, the Good Food Festival, and the Health Fair. Our aim is to replicate these successful practices in our SCs in Latvia.

Customer privacy

The Group refrains from collecting personal data unless it is essential for specific purposes. Premises within the SCs and the adjacent area are under video surveillance for safety purposes. Otherwise SCs gather minimal information, such as name and email address, solely when necessary, such as for newsletter sign-ups or contests. Any collected data is securely stored and processed for legitimate purposes in compliance with the applicable legal acts.

In instances of data collection, the protection of personal data aligns with the EU General Data Protection Regulation (GDPR) and relevant legal acts.

Aligned with GDPR laws, the Group diligently monitors and records any customer privacy breach or data loss complaints. Our unwavering commitment is to safeguard our customers' information, maintaining stringent data privacy standards across all our operations.

Throughout 2023, no complaints were received concerning privacy violations, customer data loss, also no instances of data leakage were identified.

Ethical communication

As a member of the Vilniaus Prekyba group, the Group strictly adheres to the Code of Business Ethics established by the parent company. Our public communication aligns with the Code's principles of ethical communication, as outlined in our Sustainability Policy, which emphasises the provision of quality, clear, and timely information about our services. We are dedicated to preventing the dissemination of incorrect or misleading information from our partners and provide communication guidelines for them.

To ensure compliance with ethical communication principles, each media and public relations partner is thoroughly acquainted with these standards.

Additionally, we actively participate in the approval process of advertisements published by tenants within our SCs. We not only expect but also encourage tenants to uphold these principles in their communications. Our commitment extends to providing feedback on tenants' communication materials placed in our SCs, occasionally requesting edits to align with ethical communication standards.

CORPORATE AND LOCAL PHILANTHROPY

The Group is actively supporting local communities and NGOs. In 2023 alone, more than 75 initiatives were implemented and/or supported by the Group (some of them were repeated during the year). During last year, the total value of provided means gratuitously across all five SCs amounted to approximately 200 k EUR. Initiatives that the Group was part of are categorised as follows:

Collecting donations

Due to the fact that Akropolis SCs are visited by tens of thousands of people every day, they are highly effective location for collection of donations. Thus, the Group allows many NGOs to use its premises for collecting donations. Some of the partnerships are listed below:

- Collaboration with various NGOs such as "Raudonos nosys" (Eng. "Red Noses"), "Raudonasis kryžius" (Eng. "Red Cross"), "Caritas", "Gelbėkit vaikus" (Eng. "Save the Children"), "SOS vaikų kaimas" (Eng. "SOS Children's Village"), "Ankstukai" (Eng. "Pre-term Babies"), "Maisto bankas" (Eng. "Food Bank"). We allow them to conduct support collection campaigns in SCs' spaces free of charge and provide communication channels at no cost;
- For the fourth consecutive year, the charity campaign "Let's help prepare for school together!" provided an opportunity for everyone to support struggling Latvian and Ukrainian refugee families in preparing their children for the new school year. Over the course of three weeks, individuals and businesses have contributed through transfers or cash donations, totalling over 20 k EUR. Simultaneously, items collected in the dedicated school supply donation boxes at Akropole Riga and Akropole Alfa were delivered, with the assistance of "ziedot.lv", to 128 children whose parents faced challenges this year in preparing their children for the new school year;
- Collaborating with the non-profit organisation "ziedot.lv", a campaign called "Warm Clothing Days" was organised at Akropole Alfa. The aim

was to encourage people to review their closets and part with unused winter clothes, which could be reused by Ukrainian families who fled from war and Latvian families facing challenges. During the campaign, 7.5 tons of clothing were collected;
- Collaborating with KIKA and the non-profit organisation "Be my Friend", donations were collected in Akropolis Vilnius in the form of pet supplies for homeless animals;
- In collaboration with "Raudonos nosys" on Children's Protection Day, we donated 200 vouchers for APOLLO Bowling to children at "Klaipėdos vaikų ligoninė" (Eng. "Children's Hospital of Klaipėda").

Support for Ukraine

Since the start of the war in Ukraine, we have been consistently supporting the war-ravaged country, its residents, and refugees through various initiatives:

- Akropolis Vilnius, Klaipėda, and Šiauliai have contributed to the "RADAROM" campaign through free communication channels. Furthermore, the steadfast support for the "Blue/Yellow" and "Strong Together" initiatives is demonstrated through active engagement in their events and championing donation drives;
- The donation campaign, "Rīgas Satiksme donates 10 buses, help fill them!" on November 11, invited residents to provide food, household and hygiene products, as well as pet food for residents of Chernihiv city in Ukraine. The objective was to fill buses from "Rīgas Satiksme". Two buses were swiftly filled with valuable donations next to Akropole Alfa;
- In 2023, Akropole SCs in Latvia contributed 10% of the total value of Akropole gift cards purchased by "ziedot.lv " to support Ukrainians;

- In Akropolis Vilnius, Akropolis Klaipėda, Akropolis Šiauliai and Akropole Riga Ukrainian children (up to 12 years old) were invited to ice skate free of charge.

Cultural, informational and other events

In 2023 Akropolis SCs were home to many cultural and informational events, including the following:

- Both in Lithuania and Latvia, we consistently on the regular basis collaborate with "The State Blood Donor Centre". In Latvia alone, last year, 749 donors visited SCs, resulting in a total of 337 litres of blood donated;
- We host various performances and concerts, like events such as "Jazz Fiesta" and "Awaiting the Christmas Miracle" at Akropolis Klaipėda;
- In collaboration with the LaMSA ("Latvian Medical Students' Association"), Akropole Alfa conducted informational activities about breast cancer to educate and enlighten the public. The goal was to raise awareness about breast cancer diagnostic methods, state-supported screenings, and self-palpation at home. Additionally, there were Diabetes Day sessions focused on educating about metabolic syndrome, hypertension issues, and the importance of a healthy diet. Visitors had the opportunity to measure glucose levels, body mass index, and receive valuable information about the possibilities of diabetes development, symptoms, and preventive measures;
- Our premises' walls are practically never empty and are adorned with various exhibitions. Here are a few from the exhibitions held last year:
  - In celebration of International Children's Day, an exhibition featuring artworks by children with severe and very severe mental or physical disabilities from the "State Social Care Centre Riga Teika";
  - In collaboration with the parent organisation "mammamuntetiem.lv", the photo project "Parents – Equal Opportunities" was exhibited;
  - The photo exhibition "Klaipėda City Sports Photography 2022" was hosted in collaboration with "Klaipėdos Lengvosios Atletikos Maniežas" (Eng. "Track and Field Athletics Arena");
  - In collaboration with "Šiaulių apskrities policija" (Eng. "the Police of Šiauliai District") the photo exhibition "Dance of Angels" was organised, etc.
- We strive to make ice arena activities accessible to older adults. On weekdays, from 9:45 AM to 12:15 PM, seniors can skate free of charge by presenting their pensioner's ID. Additionally, through single visits to the ice arena, we have awarded organisations such as the foster home "Rytas", "Klaipėdos Sutrikusio vystymosi kūdikių namai" (Eng. "Klaipėda's Special Development Infant Homes"), "Klaipėdos ir Klaipėdos rajonų Dienos pagalbos centrai" (Eng. "Klaipėda and Klaipėda region Day Care Centres"), and "Klaipėdos Dvasinės jaunimo pagalbos centras" (Eng. "Klaipėda Youth Spiritual Support Centre");
- We collaborate with kindergartens, schools, and universities through various forms of support, including discounts, single visits to entertainment zones, exhibition space, communication channels, etc.

Notably, Akropolis Group maintains its membership in the Association of Latvian Ice Rinks, with Akropole Riga featuring an ice rink and active participation in the Latvian Ice Rinks Association. This involvement aligns with our commitment to developing, supporting, and improving hockey as a sport in the Republic of Latvia, promoting a healthy lifestyle in harmony with our sustainability strategy.

Akropolis Vilnius, Klaipėda and Šiauliai continued their support for NVLRL ("National Children's Hockey League"), thus encouraging the development and popularity of ice-hockey between the children and teenagers. Over 100 ice-hockey matches of different age groups were played in ice arenas of Akropolis Vilnius, Klaipėda and Šiauliai.

The Group's longstanding and robust engagement with local communities persists and continues for many years. All the initiatives are carefully selected based on their relevance to the interests and needs of SCs' visitors. We conduct soft evaluations by measuring event popularity, assessing visitor reactions, and collecting feedback from participating NGOs. Successful events and social initiatives are periodically repeated, demonstrating a commitment to ongoing dialogue, collaboration, and community impact.

[2-28] [413-1]

Employees

In our commitment to being responsible employer, which we have outlined in our Sustainability Policy, we recognise that our employees are the cornerstone of our success and sustainability. This strategic perspective underscores the importance of fostering a workplace environment which is built on three main pillars: good working conditions, professional growth, equality and inclusion.

Prioritising our employees is not only an ethical imperative, but also a strategic necessity in building a resilient and successful future.

We as an employer

Creating a positive and productive work environment is a primary focus for the Group. We believe that a happy and motivated employee is more productive and more engaged in company activities. In the recruitment process, the Group emphasises skills and experience rather than personal information. Ensuring equal rights for all our employees, we continuously seek ways to improve their working environment and ensure they feel valued and respected. The Group implements inclusive employment practices, such as using diverse job boards and ensuring unbiased job descriptions. The Group policies and practices are regularly reviewed to ensure they support and unintentionally do not discriminate against any group. The Group aims for the leadership team to be dedicated to diversity and set a positive example for the rest of the organisation.

To stay in tune with the team and each employee individually, senior management conducts performance review discussions with their teams at least once a year. We provide fair compensation, equal opportunities for growth and development. We pay significant attention to our employees' health and safety, implementing all necessary measures to create a safe and healthy workplace. Employee education and training are equally important, and each year we encourage our employees to attend various conferences, seminars, and training sessions to improve their skills and obtain knowledge on newest market trends.

To create a productive and successful work environment, we encourage open communication, initiative, and a positive attitude. Our goal is to foster an environment where everyone feels part of the team, and each employee's contribution is highly valued.

OUR EMPLOYEES

In 2023, we ended the year with 121 employees. The distribution of employees by gender, age and country is presented in the tables below.

Table 7. Total number of employees by gender

	2022				2023			
	Lithuania	Latvia	Netherlands	**Total**	Lithuania	Latvia	Netherlands	**Total**
Men	44	11	1	**56**	44	11	1	**56**
Women	54	17		**71**	53	12		**65**
Total	**98**	**28**	**1**	**127**	**97**	**23**	**1**	**121**

[2-7] [2-23]

Table 8. Employees by gender and age, 2023

	Women			Men		
	Up to 30	From 30 till 50	Over 50	Up to 30	From 30 till 50	Over 50
Lithuania	14	30	9	7	22	15
Latvia	4	7	1	3	5	3
Netherlands						1
Total	**18**	**37**	**10**	**10**	**27**	**19**

At the end of 2023, we had 3 temporary employees (2 in Lithuania and 1 in Netherlands), as well as 2 part-time employees (1 in Lithuania and 1 in Netherlands).

The Group is not engaged in any Collective Bargaining Agreements.

In the table below, it is noteworthy that 24% of our employees work in the Group from 5 to 10 years, and another 21% are dedicated individuals who have been with us for over 10 years.

Table 9. Total number of employees based on years worked in the Group (segmented by gender and age), 2023

			Women			Men		
	Total	**in %**	Up to 30	From 30 till 50	Over 50	Up to 30	From 30 till 50	Over 50
<1 year	**17**	**14**	8	2		2	3	2
1-5 year	**49**	**41**	9	14	3	5	12	6
5-10 years	**29**	**24**	1	14	1	3	7	3
>10 years	**26**	**21**		7	6		5	8

We value each employee and strive to foster their loyalty through a diverse range of initiatives, which encompass various employee-centric benefits such as private health insurance packages, flexible work schedules, remote work options, bonuses, and more. For additional information about the social benefits, we offer to our employees, please refer to the "Social benefits" section.

In comparison to 2022, the year of 2023 witnessed a 4.7% reduction in our workforce, marked by 27 departures and the addition of 21 new team members.

Our aim is to foster working conditions and an organisational culture that inspires employees to maintain long-term commitments to the Group. While some transitions naturally occur in our business environment, our goal remains to cultivate a workplace where employees feel valued and motivated.

In 2023, we welcomed new leadership, including a CEO and two members to the Management Board, alongside the appointment of new managers for our Latvian SCs. These adjustments reflect our ongoing commitment to organisational growth and development.

[2-7] [2-30] [401-1]

We adhere to local laws and regulations regarding parental leave. Details about employees eligible for parental leave and the return rate provided in the accompanying table below.

Raising children is a meaningful and yet challenging responsibility. Recognising the potential psychological challenges of returning to work after a long hiatus, we make efforts to engage employees who are on parental leave in company-organised events for employees.

The Group outsources some of the activities like cleaning and security services. We do not gather any information about employees of our outsource partners. Employees of outsource partners are also not included in any aspects of our activities designated for employees of the Group, such as training programs, additional benefits, etc., except "Akropolis Academy".

DIVERSITY, EQUALITY, AND INCLUSION

The Group, as an equal opportunity employer, prioritises diversity and inclusion. We do not discriminate based on race, religion, sex, origin, age, disability, sexual orientation, or any other factor. Committed to a discrimination-free workplace, we introduced the "Workplace Violence and Harassment Prevention Policy" to all employees in late 2022. The Policy ensures a respectful environment, prohibiting actions that undermine individuals' dignity, integrity, or create a hostile atmosphere. It emphasises our dedication to human rights, including the right to work and freedom from discrimination. The Policy outlines procedures for recognizing violence, reporting, examination, and protective measures. Approved in 2022, it reinforces our enduring commitment to human rights and employee welfare, with no incidents of discrimination within the Group.

As a subsidiary of Vilniaus Prekyba, our employees adhere to the Code of Business Ethics. This code emphasises key principles when interacting with colleagues, the public, customers, partners, suppliers, and authorities. It underscores our commitment to values such as respecting human rights, fostering healthy working conditions, and maintaining zero tolerance for corruption. Additionally, our employees are governed by our internal Rules of Procedures, covering various aspects, including time-off policies, payroll systems, information technology use, confidential information management, employee training, skill enhancement, respect for family obligations, and promoting equal opportunities.

Table 10. Data on parental leave, 2023

Percentage of employees that are entitled to parental leave, by gender	
Men	100%
Women	100%
Total	**100%**

Number of employees that have their parental leave to end, by gender during the reporting period	
Men	
Women	8
Total	**8**

Return rate (how many employees tend to come back to work after their parental leave has ended)	
Men	
Women	75%
Total	**75%**

The gender distribution across various positions underscores the Group's commitment to providing equal opportunities regardless of age or gender. Notably, women constitute 56% of C-level managers.

While the organisation does not disclose the gender pay gap ratio between basic salary and remuneration, the overall employee gender distribution aligns with the Group's objective of fostering gender balance.

[2-8] [2-23] [401-3] [405-1] [405-2] [406-1]

Table 11. Gender diversity, 2023

		Number of employees			% of employees
	Age	**Men**	**Women**	**Total**	**Total**
C level managers	up to 30			**0**	**0**
	30-50 years old	3	4	**7**	**6**
	Over 50	1	1	**2**	**2**
	Total	**4**	**5**	**9**	**7**
Middle managers	up to 30		1	**1**	**1**
	30-50 years old	2	1	**3**	**2**
	Over 50		2	**2**	**2**
	Total	**2**	**4**	**6**	**5**
Specialists	up to 30	10	17	**27**	**22**
	30-50 years old	22	32	**54**	**45**
	Over 50	18	7	**25**	**21**
	Total	**50**	**56**	**106**	**88**
Total		**56**	**65**	**121**	**100**

Our hiring process is thoroughly designed and focused on identifying the precise skills and experience essential for the position, along with any necessary qualifications or certifications. In addition, during the hiring process, emphasis is placed on skills rather than personal qualities. We employ diverse recruiting methods, including job postings and employee referrals, to attract a varied pool of qualified candidates. Adhering to the best practices, we make all open positions public to ensure equal opportunities for everyone. More details about new hires in the Group are provided in the table below.

Table 12. New employee hires by gender and age group

	Lithuania					
	2022			2023		
	up to 30	30-50 years old	Over 50	up to 30	30-50 years	Over 50
Men	3 13%	5 22%		2 12%	3 18%	1 6%
Women	9 39%	6 26%		10 59%	1 6%	
Total	**12 52%**	**11 48%**	**0 0%**	**12 71%**	**4 24%**	**1 6%**

	Latvia					
	2022			2023		
	up to 30	30-50 years old	Over 50	up to 30	30-50 years	Over 50
Men	2 14%	4 29%			1 25%	1 25%
Women	6 43%	1 7%	1 7%	1 25%	1 25%	
Total	**8 57%**	**5 36%**	**1 7%**	**1 25%**	**2 50%**	**1 25%**

SUSTAINABILITY REPORT 2023 / AKROPOLIS GROUP UAB

In line with our commitment to a Transparent and Equal Remuneration Policy, the Group has adopted specific guidelines for all employees, including senior management and members of governance bodies. Each member of the Group receives a fixed salary within the ranges specified in the Remuneration Policy. Additionally, the Group reserves the right, at its discretion, to grant bonuses to employees, either as an incentive or as a reward for outstanding performance. The Remuneration Policy is crafted by the senior management, considering job qualifications, job duties, delegated powers, and the level of responsibility. Approval of the Policy rests with the Group's CEO.

LEARNING AND DEVELOPMENT

We embrace the philosophy of lifelong learning, recognising that the growth of employees contributes to the growth of our organisation. Therefore, investing in the ability of our employees to thrive, learn, and enhance their skills is of utmost significance to us.

Annually, the Group allocates a budget for employee development programs, both internal and external. Each department manager oversees the training budget, distributing it among employees based on their needs, preferences, and performance. Employees are also encouraged to proactively seek external training and conferences aligned with their specific professional requirements and growth objectives. Some internal training sessions, such as Employee Safety, are mandatory for all Group employees.

We do not gather statistics for the average hours of training per year per employee. However last year, 44 employees, including 14% from C-level, 7% from middle management, and 79% from other positions, participated in 23 various external training sessions, seminars, and conferences, such like: LiMA DAY LITHUANIA'23, Baltic real estate investment forum 2023, PASSWORD Conference, Power BI Training, Innovations in Spatial Planning, Land, and Construction Law, etc.

To support career development, employees receive regular and constructive feedback on their performance. Annually, all employees undergo performance reviews conducted by managers, providing an opportunity to receive constructive feedback on the past year's performance, discuss future goals and aspirations, and evaluate satisfaction with work and working conditions. Additionally, career development reviews occur twice a year, at the beginning and in the middle of the calendar year. We actively encourage employees to contribute feedback to their managers and share ideas for improving the Group. The review process involves discussions between managers and employees regarding job responsibilities, accomplishments, and areas for improvement. These reviews serve as a foundation for determining promotions, salary raises, and other rewards.

The Group's administration holds regular quarterly meetings where employees share experiences, discuss personal and departmental goals, challenges, and important questions. These sessions foster a deeper understanding of everyone's contribution to the organisation's overarching goals, promote teamwork, and enhance a positive atmosphere.

In an increasingly unpredictable world, the Group is forward thinking, contemplating the establishment of transition assistance programs. These programs are envisioned to offer robust support to employees during unexpected shifts, including pandemics, financial crises, economic downturns, or conflicts, acknowledging their potential implications for the Group. The Group is committed to exploring and implementing effective initiatives that will empower and assist employees in successfully navigating transitions.

EMPLOYEE HEALTH AND SAFETY

Employee health and safety stands as a top priority within the Group. We consistently take all necessary measures to create a secure and healthy working environment, ensuring adherence to safety procedures and protocols. This commitment includes safety training during the onboarding of new employees and periodic sessions for all staff members regarding the proper use of personal protective equipment, coupled with regular safety inspections. During these training sessions, employees become acquainted with health procedures, safety rules (including fire safety measures), crisis prevention action plans, and steps to be taken in case of a crisis. Visual aids are integrated into the training materials to facilitate better understanding and retention. Recognising the significance of this training, we actively encourage employees to express their opinions, pose questions, and provide feedback to continually enhance its effectiveness.

In 2023, the Group attained the prestigious ISO 45001 certification, showcasing the Group's unwavering commitment to maintaining the highest standards of occupational health and safety. This certification is clear proof that the Group follows top industry practices in its management and operational processes.

The Group has enlisted an independent third party to oversee changes in safety and health regulations, drafting mandatory rules and procedures for approval and implementation. This chosen partner, an expert in employee safety, analyses working conditions, addresses arising issues, and suggests improvements in this crucial field, identifying work-related hazards and assessing risks.

Third party is engaged for employees' health checks before employment and periodic checks during employment. Additionally, designated employees oversee ad-hoc assessments in various health and security fields, such as first aid kit maintenance, employee medical check-ups, and monitoring of personal protective equipment.

In addition, the Group follows these internal procedures daily to comply with local regulations and best practices.

The list of procedures:

- Rules of Procedures;
- Rules for Remote Work;
- Order on Suspension from Work due to Drunkenness or Intoxication;
- Procedure on the Investigation and Recording of Incidents at Work;
- Instructions on Employees Safety and Health Training in the Workplace;
- Fire Safety Briefing;
- List of Personal Protective Equipment;
- List of Dangerous Works Performed in the Group;
- Various procedures, action plans and list of preventive measures related to Covid-19 management.

If employees identify work-related hazards, they report them to the appointed employee or their direct manager. The Group assesses the effectiveness of worker health promotion initiatives through surveys and feedback sessions, enabling direct employee input for impact evaluation and improvement areas. Thanks to all implemented measures, the Group has maintained a record of no work-related injuries.

SOCIAL BENEFITS

Ensuring the physical and psychological well-being of our employees at work is a priority for us, which we strive to achieve through various initiatives.

Our competitive compensation and benefits package, including robust salaries, bonuses, and comprehensive benefits, reflect our commitment to rewarding excellence. Additionally, our professional development programs offer many opportunities for skill enhancement and career advancement, comprising training sessions, seminars, workshops, and continuous feedback mechanisms.
We understand the importance of maintaining a healthy work-life balance, which is why we advocate for flexible work schedules and remote work options to accommodate diverse needs. To ensure ongoing improvement, we regularly seek input from our employees through engagement surveys, allowing us to identify areas for enhancement and foster a culture of transparency and responsiveness. Furthermore, our dedication to employee wellness extends to comprehensive health and wellness programs, offering support for physical and mental well-being, including wellness initiatives and stress management resources.

Comprehensive benefits encompass:

- Private health insurance package;
- Psychological assistance;
- One-time payments to employees on occasions such as weddings or the loss of a family member;
- One-time payment to the family upon the death of the employee;
- Special offers from companies within Vilniaus Prekyba Group (Maxima, Euroapotheca, etc.);
- Free courses to improve qualifications;
- Christmas gifts for employees;
- Management and certain other personnel, depending on their functions, are provided with company cars and fuel cards.

The Group organises various events for all its employees, including Christmas celebrations, summer events, birthday celebrations, and more.

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About this report

REPORT CONTENT

This marks the second annual sustainability report by Akropolis Group, released concurrently with the Group's consolidated annual report and financial statements. The meticulous preparation adheres to the latest international non-financial reporting standard by the Global Reporting Initiative, underscoring the Group's commitment to transparency and responsible business practices. Notably, Akropolis Group, though not legally obliged to publish sustainability reports, voluntarily undertakes this initiative.

Annually, during the information collection phase, a thorough review ensures the accuracy of data. Covering the period from January 1, 2023, to December 31, 2023, this comprehensive report encompasses all entities within the Group. While this year's report did not undergo external assurance, future considerations include independent verification. The report, along with past and upcoming editions, will be accessible on our website. A draft version has undergone scrutiny and approval by the Management Board.

Any inquiries related to this report are welcome at sustainability@akropolis.lt.

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SUSTAINABILITY REPORT 2023 / AKROPOLIS GROUP UAB

Akropolis Group, UAB

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023,
PREPARED ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARTS, AS ADOPTED BY THE EUROPEAN UNION,
PRESENTED TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

AKROPOLIS
REAL ESTATE DEVELOPMENT & MANAGEMENT COMPANY

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GENERAL INFORMATION

Registration

AKROPOLIS GROUP UAB is registered in Lithuania as a limited liability company under the Law on Companies of the Republic of Lithuania.

The Company's registration number is 302533135.

Director

Mr. Nerijus Maknevičius

pwc

Independent Auditor's Report

To the shareholder of AKROPOLIS GROUP UAB

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of AKROPOLIS GROUP UAB (the "Company") and its subsidiaries (together - the "Group") as at 31 December 2023, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 4 April 2024.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the Law of the Republic of Lithuania on the Audit of Financial Statements that are relevant to our audit of the consolidated financial statements in the Republic of Lithuania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Law of the Republic of Lithuania on the Audit of Financial Statements.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Group are in accordance with the applicable law and regulations in the Republic of Lithuania and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014 considering the exemptions of Regulation (EU) No 537/2014 endorsed in the Law of the Republic of Lithuania on the Audit of Financial Statements.

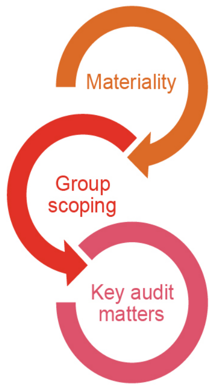
We have not provided the non-audit services to the Group in the period from 1 January 2023 – 31 December 2023.

PricewaterhouseCoopers UAB, J. Jasinskio str. 16B, 03163 Vilnius, Lithuania
+370 (5) 239 2300, lt_vilnius@pwc.com, www.pwc.lt

Company code 111473315, registered with the Legal Entities' Register of the Republic of Lithuania

Our audit approach

Overview



- Overall Group materiality: EUR 7,189 thousand

- The full scope audit was performed for the Company. The Group engagement team performed audit work on the selected balances and transactions of subsidiaries, which were assessed as material from the Group audit perspective.
- Our audit scope covered all of the Group's revenues and all of the Group's total assets.

- Valuation of investment properties

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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 the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	Overall materiality applied to the Group amounted to EUR 7,189 thousand (2022: EUR 6,324 thousand)
How we determined it	1% of total equity of the Group
Rationale for the materiality benchmark applied	We chose the Group's equity as the benchmark because, in our view, it is an appropriate measure of underlying performance, and it is the benchmark against which the performance of the Group and other companies in this industry is most commonly measured by users, and it is a generally accepted benchmark. The key driver of the business and determinant of the Group's value is investments into various properties. For this reason, the key area of focus in the audit of the financial statements of the Group is the valuation of investment properties. Accordingly, an overall Group materiality was based on total equity. We chose 1%, which is within the range of acceptable quantitative materiality thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above EUR 718 thousand (2022: EUR 632 thousand), as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
Refer to Note 6 to the financial statements on page 28. The Group's investment properties represent the most significant category of the Group's assets. Investment properties are accounted at fair value. Management estimated the fair value of the Group's investment properties to be EUR 1,062,965 thousand at 31 December 2023, as compared to EUR 1,019,720 thousand at 31 December 2022. Revaluation net gain of EUR 29,425 thousand (2022: EUR 10,585 thousand) was recorded as valuation gain from investment property in the consolidated statement of profit or loss and other comprehensive income. The valuation of investment properties was based on the values determined by independent valuers as at 31 December 2023. In determining the value of leased-out properties, the external valuers take into account property-specific current information such as current tenancy agreements and rental income earned by the asset. Subsequently, they apply assumptions in relation to capitalisation rates and current market rental prices and their growth, based	Our procedures in relation to management's valuation of investment properties included the following: • evaluation of the independent external valuers' competence, capabilities and objectivity; • assessment of the methodologies applied, and appropriateness of key assumptions based on our knowledge of real estate industry; • testing, on a sample basis, whether specific information supplied to the valuers reflected the underlying property records held by the Group; • testing the data inputs underpinning the valuation, including rental income, capital expenditure, by agreeing them back to the supporting documentation. Because of the subjectivity involved in determining the value of investment properties and existence of alternative assumptions and valuation methods, we have reviewed the sensitivity analyses of the fair value of investment properties to changes in key assumptions, which was prepared by the Group's management.

on available market data and transactions, to arrive at a range of valuation outcomes, from which they derive a point estimate.

Given the materiality of investment properties, the revaluation to fair value had a significant impact on the consolidated financial statements. We also focused on this area as the conclusions are dependent upon significant estimates involved in performing the valuation, and they are most sensitive to the assumptions underlying those valuations. In particular, the most significant estimates relate to capitalisation, discount rates and fair market rental prices as well as risk premium assumptions.

For the above-mentioned reasons, due to existence of significant estimation uncertainty, we gave specific audit focus and attention to this area.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of 12 entities: the Company and its subsidiaries. Six subsidiaries located in Lithuania, three subsidiaries located in Latvia and one subsidiary located in Estonia and Netherlands. A full scope audit was performed by us or, under our instructions, by PwC Latvia covering all of the Group's revenues and total assets. The remaining entities of the Group were immaterial, therefore, we performed selected audit procedures on these components relating to specified account balances or disclosures.

Reporting on other information including the consolidated annual report

Management is responsible for the other information. The other information comprises the consolidated annual report, including the corporate governance report and the social responsibility (sustainability) report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information, including the consolidated annual report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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.

With respect to the consolidated annual report, we considered whether the consolidated annual report includes the disclosures required by the Law of the Republic of Lithuania on Consolidated Reporting by Groups of Undertakings and Law of the Republic of Lithuania on Reporting of Undertakings.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the consolidated annual report for the financial year for which the consolidated financial statements are prepared, is consistent with the consolidated financial statements; and
- the consolidated annual report has been prepared in accordance with the Law of the Republic of Lithuania on Consolidated Reporting by Groups of Undertakings and Law of the Republic of Lithuania on Reporting of Undertakings.

The Group presented the social responsibility (sustainability) report as a part of the consolidated annual report.

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the consolidated annual report which we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

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 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the Group on 2 May 2019 and reappointed on 9 June 2022 and had an uninterrupted engagement appointment of 5 years.

The key audit partner on the audit resulting in this independent auditor's report is Rimvydas Jogėla.

On behalf of PricewaterhouseCoopers UAB

Rimvydas Jogėla

Partner
Auditor's Certificate No. 000457

Vilnius, Republic of Lithuania
4 April 2024

The auditor's electronic signature is used herein to sign only the Independent Auditor's Report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December 2023 EUR'000	At 31 December 2022 EUR'000
ASSETS			
Non-current assets		**1 069 455**	**1 028 596**
Property, plant and equipment	5	2 035	1 974
Investment property	6	1 062 965	1 019 720
Intangible assets		71	92
Right-of-use assets	7	118	113
Non-current amounts receivable	8	4 266	6 697
Current assets		**233 611**	**185 572**
Inventories		43	63
Amounts receivable and prepayments	8	5 958	6 170
Other current assets	8	2 708	3 578
Cash and cash equivalents	9	224 902	175 761
TOTAL ASSETS		**1 303 066**	**1 214 168**

The accompanying notes form an integral part of these consolidated financial statements.

The consolidated financial statements were approved and signed on 4 April 2024 by:

Nerijus Maknevičius CEO of AKROPOLIS GROUP UAB	Gabrielė Sapon CFO of AKROPOLIS GROUP UAB

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	At 31 December 2023 EUR'000	At 31 December 2022 EUR'000
EQUITY AND LIABILITIES			
Share capital	**10**	31 737	31 737
Legal reserve	**10**	752	4
Share premium	**10**	448 096	448 096
Retained earnings		238 284	152 532
Total equity		**718 869**	**632 369**
Non-current liabilities		**542 868**	**542 852**
Borrowings	**12**	439 420	446 556
Lease liabilities	**7**	59	60
Deferred income tax liabilities	**18**	95 074	88 225
Other non-current amounts payable	**13**	8 315	8 011
Current liabilities		**41 329**	**38 947**
Borrowings	**12**	13 006	13 006
Lease liabilities	**7**	58	58
Income tax liabilities		981	1 235
Trade and other payables	**13**	27 284	24 648
Total liabilities		**584 197**	**581 799**
TOTAL EQUITY AND LIABILITIES		**1 303 066**	**1 214 168**

The accompanying notes form an integral part of these consolidated financial statements.
The consolidated financial statements were approved and signed on 4 April 2024 by:

Nerijus Maknevičius	Gabrielė Sapon
CEO of AKROPOLIS GROUP UAB	CFO of AKROPOLIS GROUP UAB

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2023 EUR'000	Year ended 31 December 2022 EUR'000
Rental income	**4**	83 992	75 096
Service charge income		32 728	36 957
Service charge expenses	**14**	(30 412)	(38 128)
RENTAL INCOME, NET		**86 308**	**73 925**
Administrative expenses	**15**	(5 384)	(4 747)
Other income, net		1 062	861
Gain on revaluation of investment property	**6**	29 425	10 585
OPERATING PROFIT		**111 411**	**80 624**
Interest income	**16**	4 785	127
Interest expenses	**16**	(15 734)	(11 023)
Other finance costs		(1 475)	(1 655)
PROFIT BEFORE INCOME TAX		**98 987**	**68 073**
Income tax (expense)	**17**	(12 487)	(7 049)
NET PROFIT FOR THE YEAR		**86 500**	**61 024**
TOTAL COMPREHENSIVE INCOME		**86 500**	**61 024**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the parent		86 500	61 024
EARNINGS PER SHARE (EUR)			
Basic / diluted	**11**	0,790	0,558

The accompanying notes form an integral part of these consolidated financial statements.
The consolidated financial statements were approved and signed on 4 April 2024 by:

Nerijus Maknevičius	Gabrielė Sapon
CEO of AKROPOLIS GROUP UAB	CFO of AKROPOLIS GROUP UAB

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Share capital	Share premium	Legal reserve	Retained earnings	Total
		EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance at 31.12.2021		**31 737**	**448 096**	**4**	**91 508**	**571 345**
Transactions with owners:						
Total transactions with owners		**-**	**-**	**-**	**-**	**-**
Net profit for the year		-	-	-	61 024	61 024
Total comprehensive income		**-**	**-**	**-**	**61 024**	**61 024**
Balance at 31.12.2022		**31 737**	**448 096**	**4**	**152 532**	**632 369**
Transactions with owners:						
Transfers to reserves	**10**	-	-	748	(748)	-
Total transactions with owners		**-**	**-**	**748**	**(748)**	**-**
Net profit for the year		-	-	-	86 500	86 500
Total comprehensive income		**-**	**-**	**-**	**86 500**	**86 500**
Balance at 31.12.2023		**31 737**	**448 096**	**752**	**238 284**	**718 869**

The accompanying notes form an integral part of these consolidated financial statements.

The consolidated financial statements were approved and signed on 4 April 2024 by:

Nerijus Maknevičius CEO of AKROPOLIS GROUP UAB	Gabrielė Sapon CFO of AKROPOLIS GROUP UAB

AKROPOLIS GROUP UAB
Company code 302533135, Ozas St. 25, Vilnius

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2023 EUR'000	2022 EUR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		86 500	61 024
Adjustments for:			
Income tax expense	**17**	12 487	7 049
Depreciation and amortization		817	872
Write off and loss on disposal of PP&E	**5,6**	278	996
(Gain)/loss on revaluation of investment property	**6**	(29 425)	(10 585)
Interest expense	**16**	15 734	11 023
Interest income	**16**	(4 785)	(127)
Operating cash flows before movements in working capital		**81 606**	**70 252**
(Increase)/decrease amounts receivable, prepayments and other current assets		4 152	4 211
Decrease in inventories		20	5
Increase/(decrease) in amounts payable		3 615	4 585
Cash flows generated from operating activities		**89 393**	**79 053**
Interest paid		(15 696)	(10 965)
Income tax paid		(5 892)	(6 308)
Net cash generated from operating activities		**67 805**	**61 780**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of PP&E, investment property	**5,6**	(14 837)	(3 743)
Interest received		4 146	91
Net cash flows generated from/(used in) investing activities		**(10 691)**	**(3 652)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	42 200
Repayments of borrowings		(7 973)	(6 621)
Net cash flows generated from/(used in) financing activities		**(7 973)**	**35 579**
Net increase/(decrease) in cash and cash equivalents		**49 141**	**93 707**
Cash and cash equivalents in the beginning of the year		175 761	82 054
Cash and cash equivalents at the end of the year		**224 902**	**175 761**

The accompanying notes form an integral part of these consolidated financial statements.

The consolidated financial statements were approved and signed on 4 April 2024 by:

Nerijus Maknevičius CEO of AKROPOLIS GROUP UAB	Gabrielė Sapon CFO of AKROPOLIS GROUP UAB

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

AKROPOLIS GROUP UAB (hereafter "the Company") was incorporated on 30 July 2011 in Lithuania as a limited liability company under the Law on Companies of the Republic of Lithuania. The address of the Company's head office is Ozo g. 25, Vilnius, Lithuania.

The sole shareholder of the Company owning 100% of shares was Vilniaus Prekyba UAB, company code 302608755, address: Ozo g. 25, Vilnius. Metodika B.V., address: Parnassusweg 819, 1082 LZ., Amsterdam, operating in the Kingdom of the Netherlands, is the ultimate parent company and Mr Nerijus Numa is the ultimate controlling party.

The Group's bonds are traded on Euronext Dublin (Ireland) and Nasdaq Vilnius (Lithuania) stock exchanges.

The Group is comprised of the Company and its subsidiary undertakings (hereafter collectively referred as "the Group").

Consolidated Group composition

The details of subsidiaries owned by the Company are provided in the table below. The Group's main business activity is the development and lease of real estate owned by the Group to tenants in Lithuania and Latvia. The Group consists of the Company and its directly and indirectly controlled subsidiaries.

As at 31 December 2023 and 2022 the Group had no branches and representative offices.

As at 31 December 2023 and 2022 the Group had 121 and 127 employees, respectively.

As at 31 December 2023 and 2022, the Company directly or indirectly controlled the following subsidiaries:

Name	Country	Registered office address	Profile of activities	Controlled	Ownership interest	
					31.12.2023	31.12.2022
OZO TURTAS, UAB	Lithuania	Ozo str. 25, Vilnius	Real estate management and development	Indirectly	100%	100%
TAIKOS TURTAS, UAB	Lithuania	Ozo str. 25, Vilnius	Real estate management and development	Indirectly	100%	100%
AIDO TURTAS, UAB	Lithuania	Ozo str. 25, Vilnius	Real estate management and development	Indirectly	100%	100%
„M257", SIA	Latvia	Latgales iela 257, Riga	Real estate management and development	Indirectly	100%	100%
„Delta Property", SIA	Latvia	Brīvības gatve 372, Rīga	Real estate management and development	Directly	100%	100%
„Akropole Riga", SIA	Latvia	Latgales iela 257, Riga	Real estate management and development	Directly	100%	100%
„Vingio turtas", UAB	Lithuania	Ozo str. 25, Vilnius	Land plots for future developments	Indirectly	100%	100%
NARVA KVP, OU	Estonia	Mustamäe tee 45, Tallinn, 10619	Land plots for future developments	Indirectly	100%	100%
BIRULIŠKIŲ TURTAS, UAB	Lithuania	Ozo str. 25, Vilnius	Land plots for future developments	Indirectly	100%	100%
Akropolis Real Estate B.V.	Netherlands	Parnassusweg 819, 1082LZ Amsterdam	Real estate management and development	Directly	100%	100%
NM Projektas, UAB	Lithuania	Ozo str. 25, Vilnius	Land plot	Indirectly	100%	100%

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CONSOLIDATED FINANCIAL STATEMENTS
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2. MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Basis of preparation

These Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (the "EU"). These Consolidated financial statements have been prepared on a historical cost basis, except for investment property that have been measured at fair value.

Presentation currency

The consolidated financial statements are presented in a common currency of the European Union – the euro.

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as those of the parent company, using consistent accounting policies.

Revenue recognition

The Group generates revenue mostly from lease of investment property, as disclosed in Note 1. In addition to lease, the Group provides utility, repair and similar services, and other services relating to the activities of the shopping centres.

<u>Rental income</u>

Rental income is recognised in a manner that is described in section 'Leases' below. When a lease contract includes elements of service, the Group assesses whether the individual elements of service are separate services promised to a customer in a contract (performance obligations), and revenue from such services is recognised as described below.

<u>Service charge income</u>

Service charge income is recognised when a customer obtains control of service or good at the amount of consideration that the Group expects to receive in exchange for that service or good. The Group has determined that it acts as a principal in the revenue transactions because:

- the Group controls the specified good or service before that good or service is transferred to a customer;
- the Group is responsible for fulfilling the promise to provide the services and is exposed to non-performance risk;
- the Group has discretion, direct or indirect, in establishing the price for the specified good or service.

The Group's management has also determined that generally the control of the specified services is transferred to a customer over time, and accordingly, the Group satisfies the performance obligation and recognises revenue over time, because the customer simultaneously receives and consumes all of the benefits provided by the Group as the Group performs under a contract. Such revenue is recognised by measuring progress towards complete satisfaction of the performance obligation or by directly measuring the value of services transferred to a customer to date.

<u>Revenue from unused Akropolis gift cards</u>

The Group has signed the agreement with the suppliers on the distribution and administration of Akropolis gift cards. At the distribution locations of gift cards customers can acquire gift cards of different denominations which can be used instead to pay for goods at any store of the Akropolis shopping centres. Gift cards have a limited period of validity, i.e. they are valid for 12 months from the date of acquisition. Based on the Group's management judgement, unused gift cards that have already expired and that were acquired earlier than during the previous year are recognised as revenue earned by the Group. Such revenue is recognised using the agent accounting policies because:

- the Company is not primarily responsible for the services rendered;
- the Company has no discretion, direct or indirect, in establishing the prices.

<u>Balances under the contracts</u>

Trade receivables

A trade receivable represents the Group's right to the earned consideration that is unconditional (i.e. consideration becomes payable, without any exceptions, upon the agreed deadline). See the accounting policy for financial assets.

Contract liabilities - advance amounts received

A contract liability is the obligation to provide services to a customer in exchange for consideration received (receivable) by the Group from a customer. If a customer pays consideration before the Group provides the services, a contract liability is recognised when the payment is received. A contract liability is recognised as revenue when the Group satisfies the performance obligation contained in a contract.

In case of other income from unused Akropolis gift vouchers, a contract liability, i.e. the funds to be transferred to the distributor of the gif vouchers on sale of the gift vouchers, is accounted for as other amounts payable in the statement of financial position.

In view of the Group's business model, the management has not made any other significant accounting judgements, estimates or assumptions related to revenue from contracts with customers other than those described in this note, because there were no complex multicomponent goods or services, variable consideration, financing components, contract costs or amounts payable to customers.

Interest income

Interest income is accrued on a time proportion basis over the entire period to maturity by reference to the principal outstanding and the effective interest rate.

Dividend Income

Dividend income is recognized when the shareholders' rights to receive payment have been established.

Leases

Lease is recognised as finance lease when substantially all the risks and rewards of ownership of the assets are transferred under the lease terms and conditions. An operating lease is a lease other than a finance lease.

The Group as a lessor

Operating lease

Operating lease income is recognised on a straight-line basis over the lease period. Initial direct costs incurred in negotiating and arranging a lease are added to the carrying amount of the leased asset and recognised over the lease period.

Discounts/temporary rent reductions are treated as the Group's incentives used to retain the tenants at the shopping centre. The Group recognises accumulated incentive costs on a straight-line basis as a reduction of rental income over the remainder operating lease period.

Deposits from tenants

Liabilities for the deposits from tenants are initially recognised at fair value and subsequently measured at amortised cost, if material.

Depending on the lease contract term, the deposits from tenants are classified as either non-current or current. Advance amounts received under indefinite term contracts or contracts with validity term less than 12 months are classified as current liabilities, whereas advance amounts received under the rest contracts are classified as non-current liabilities.

The Group as a lessee

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Recognised right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term.

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Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period when they occur. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the carrying amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a change in the variable lease payments that depend on an index or a rate or there is a change in the lease term.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. leases with the lease term of 12 months or less from the commencement date and without a purchase option). The exemption is also applied to leases of office space and other equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Income tax

Income tax expense represents the sum of the current tax and deferred income tax expenses.

Current income tax

Current year income tax expenses are calculated on current year profit, as adjusted for certain non-deductible expenses/non-taxable income. The tax rate used to calculate the income tax expenses is a tax rate effective at the date of preparation of the financial statements.

Effective income tax rates that have been applied in calculation of current income tax:

	2023	2022
Lithuania	15%	15%
Latvia*	25%	25%
Estonia*	25%	25%
The Netherlands	20%	20%

*In Latvia and Estonia, the taxation of profit with income tax is postponed until that profit is distributed as dividends. Any undistributed profit is not subject to taxation, and accordingly, the effective income tax rate is 0%.

Deferred income tax

Deferred income tax assets and deferred income tax liabilities are recognised to reflect differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding tax base. Deferred income tax liabilities are recognised for all temporary differences that will subsequently increase taxable profit, and deferred income tax assets are recognised only to the extent to which they are expected to reduce taxable profit in the future. Such deferred income tax assets and liabilities are not recognised if temporary differences arise from the initial recognition of goodwill or from the initial recognition of assets and liabilities (other than in a business combination) in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred income tax liabilities are recognised for temporary taxable differences, except where the timing of the reversal of the temporary differences associated with investments in subsidiaries, entities under common control and associates is controlled by the Group, and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax assets are recognised for deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised and that the temporary differences will reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax liabilities and deferred income tax assets reflects the tax consequences that follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they are related to income taxes levied by the same taxing authority, and when the Group intends to settle the amounts of current tax assets and current tax liabilities on a net basis.

Current and deferred income tax for the period

Current and deferred income tax is included in profit or loss for the period, except to the extent that it relates to line items recognised in other comprehensive income or directly in equity, in which case income tax is also recognised in other comprehensive income/equity, or if it arose from initial recognition of the business combination.

Property, plant and equipment

Property, plant and equipment (hereafter - PP&E) is stated at acquisition cost less subsequent accumulated depreciation and accumulated impairment loss. The acquisition cost includes replacement costs of a part of PP&E when incurred and when these costs meet the recognition criteria. When a significant part of non-current assets needs to be replaced at regular intervals, the Group depreciates this PP&E separately in view of its useful life. Accordingly, when major repairs are carried out, their cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss of the period as incurred.

Depreciation is calculated monthly on a straight-line basis over the entire useful life of the asset using the average estimated useful lives of PP&E, as follows:

Equipment and other assets	3 - 15 years

All items of assets with the useful life longer than one year are capitalised.

Gains or losses on disposal or write-off of PP&E are determined by reference to the proceeds from disposal less the carrying amount of the asset concerned, and the result is recognised in profit or loss.

Investment property

Investment property is property held to earn rentals and/or for capital appreciation and property under construction which will be held to earn rentals and/or for capital appreciation. Property held under an operating lease is classified as investment property when the definition of an investment property is met. Investment property comprises principally retail property and offices that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

Such property is initially measured at cost including any transaction costs and subsequently carried at fair value. The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions. Fair value of investment property is reviewed at each reporting date, gains or losses arising from changes in the fair value of investment property are included in the statement of comprehensive income for the period in which they arise. For the purpose of the consolidated financial statements, in order to avoid double counting, the fair value reported in the consolidated financial statements is reduced by the carrying amount of any accrued income resulting from the distribution of lease incentives and/or minimum lease payments. Repair costs related to investment property reported at fair value are recognised as expenses in the period in which they are incurred.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of comprehensive income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with view to sale. For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy adopted for PP&E up to the date of change in use.

For evaluation of the Group's real estate, the following methods were used: the income approach (income capitalisation or discounted cash flow) for evaluation of income-generating investment property, and the sales comparison approach for evaluation of investment property under construction and vacant land plots.

The income approach (income capitalisation or discounted cash flow) is normally used for valuation of income-generating properties that are available for acquisition to an investor. This approach also relies on market data that are used to determine the current economical volumes of rent rates and expenses that form the basis of the estimated net income. Depending on the purpose of the property, the specifics of its operation and the character of cash flow as well as the typical expectations of buyers and sellers on the market, the appraiser may adopt the capitalisation approach to value. Under the direct capitalisation approach, the value of assets is calculated as net income (gain) divided by the capitalisation rate. When the discounted cash flow approach is applied, the value of the property is calculated as the sum of the present values of future cash flows, discounted at a discount rate. Both the direct capitalisation and the discounted cash flow approach are used to determine the market value. Under the income approach (income capitalisation or discounted cash flow), first of all, one must consider the overall income, from which the respective amounts are subtracted considering the losses for vacancies and levies, expenses and provisions. The resulting net income is capitalised or discounted at a specific rate, which is proportional to the risks arising from ownership of property under valuation. According to the direct capitalisation approach, one-year income and costs are stabilised, and the resulting net operating income is capitalised using a factor or rate of return, which is proportionate to the risk arising from ownership of the property under valuation.Such income capitalisation takes into account the competitive rate of return, which is delivered by alternative instruments of investment in real estate or other assets. The underlying assumption of the method is based on the assumption that the forecast cash flow will be generated for a unlimited period of time, however, this statement normally does not apply in case of compound investment into real estate. Group's income-generating properties for financial statements preparation purposes were valued using the discounted cash flow method.

Investment property under construction and vacant land plots are valued using sales comparison approach. Sales comparison approach relies on search for recent sales transactions involving comparable property and analysis of data related to the subject property. This approach is based on the price paid in actual market transactions over comparable properties to derive the market price of the subject property. This property valuation approach relies on data on fully comparable sales transactions concluded over a relatively long period of time that reflect the market conditions related to the subject property. Applying the sales comparison approach to value, the data interrelation allows determining the value of the subject property considering certain adjustments in view of the physical and economical characteristics of the property.

In 2023 the valuations of the investment property were carried out by independent property appraiser Colliers International Advisors UAB ir Colliers International Advisors SIA. In 2022 the valuations of the investment property were carried out by independent property appraiser CPB Real Estate Services UAB, CPB Real Estate Services SIA (CBRE Baltics). The valuations were prepared in accordance with the RICS 2022 Valuation – Professional Standards global, Lithuanian Law on Valuation, as well as International Valuation Standards IVS 2022 and European Valuation Standards EVS 2022. The valuation results were reflected in the consolidated financial statements as at 31 December 2023 and 2022 (Note 6).

Income-generating investment properties	**2023**	**2022**
Exit yields, %	7,3-8	7,3-7,8
Discount rates, %	9,8-11,2	8,7-9,5

Significant increase (decrease) in the discount rate and/or exit yield would lead to a significant decrease (increase) in the fair value of investment property.

Impairment of PP&E and intangible assets

At each reporting date the Group reviews the net book amount of its PP&E and intangible assets to assess whether there is an indication that an asset may be impaired. If any such indication exists, the Group estimates the asset's recoverable amount to assess impairment, if any. When the fair value of the asset cannot be estimated, the Group calculates the recoverable amount of a cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

When the calculated recoverable amount of an asset (or a cash-generating unit) is lower than its net book value, the net book value is written down to the fair value of an asset (or a cash-generating unit). An impairment loss is recognised immediately.

Where an impairment loss subsequently reverses, the net book amount of the asset (cash-generating uni t) is increased to the re-estimated recoverable amount to the extent that such increase does not exceed the net book amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. Any increase in the value of assets is recognised immediately in profit or loss.

Cash and cash equivalents

The Group's cash and cash equivalents in the statement of financial position and the statement of cash flows consist of cash on hand, demand deposits and short-term bank deposits with a maturity at inception date of three months or less. The cash and cash equivalents are measured at amortised cost and the carrying amount approximates their fair value.

Financial assets

Initial recognition and measurement

On initial recognition, financial assets are classified as subsequently measured at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets and the Group's business model for managing the financial assets. Except for trade receivables that do not contain a significant financing component, the Group initially recognises financial assets at fair value, plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined in accordance with IFRS 15.

For a financial asset to be designated and measured at amortised cost or fair value through other comprehensive income, cash flows arising from the financial asset should comprise solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is called the SPPI test and is performed individually for each financial instrument.

The Group's business model for managing financial assets indicates how the Group manages its financial assets in order to generate cash flows. The business model determines whether cash flows will be generated by collecting contractual cash flows, by selling the financial asset or by using both options.

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the financial asset.

Subsequent measurement

After initial recognition, the Group measures its financial assets at amortised cost (debt financial instruments).

Financial assets measured at amortised cost (debt financial instruments)

The Group classifies its financial assets as measured at amortised cost only if both of the following criteria are met:

i) the financial asset is held within a business model whose objective is to collect the contractual cash flows; and

ii) the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are subsequently recorded using the effective interest rate (EIR) method less impairment losses. Gains or losses are recognised in the statement of comprehensive income when the asset is derecognised, replaced or impaired.

The Group's financial assets measured at amortised cost include trade receivables, other current and non-current receivables, loans granted and assets from contracts with customers (if any).

Impairment of financial assets

According to IFRS 9, the Group generally recognises expected credit losses (ECLs) for all debt financial instruments that are not measured at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

(a) Assessment of impairment of trade receivables

For trade receivables the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The expected loss rates are based on the historical information about the delayed payments by customers. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the tenants to settle the receivable. Such forward-looking information would include: (1) changes in economic, regulatory, technological and environmental factors, (such as industry outlook, GDP, employment and politics), (2) external market indicators, (3) customers' base.

Trade receivables are written off when they meet both of the following criteria: (1) receivables are past due more than a year and (2) the recovery is impossible.

(b) Assessment of impairment of loans granted

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group follows a three-stage model for impairment for financial assets other than trade receivables and contract assets:

- Stage 1 – balances, for which the credit risk has not increased significantly since initial recognition, or that have low credit risk at the reporting date. For these assets, 12-month ECLs are recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for loss allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

- Stage 2 – balances for which there have been a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECLs are recognized, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECLs are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses are the weighted average credit losses with the probability of default ('PD') as the weight.

- Stage 3 – balances with objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognized and interest income is calculated on the net carrying amount (i.e. after adjusting for any loss allowance).

The financial assets are considered as credit-impaired, if objective evidence of impairment exist at the reporting date. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganization.

Financial assets are written off, in whole or in part, when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognized when they are assessed as uncollectible.

Financial liabilities

Initial recognition and measurement

On initial recognition, financial liabilities are classified into the following categories: financial liabilities at fair value through profit or loss, borrowings, and amounts payable. All financial liabilities are initially recognised at fair value, less directly attributable transactions costs in case of borrowings and amounts payable. The Group's financial liabilities include trade and other payables, borrowings, including lease liabilities.

Subsequent measurement of borrowings and other amounts payable

After initial recognition, borrowings and other amounts payable are accounted for at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the statement of comprehensive income when liabilities are derecognised, as well as through the amortisation process. Amortised cost is calculated by reference to the discount or premium on acquisition, as well as costs that are an integral part of the EIR. EIR amortisation is included in financing costs in the statement of comprehensive income.

Off-setting of financial instruments

Financial assets and financial liabilities are set off and the net amount is presented in the statement of financial position when there is an enforceable right to set off the recognised amounts and when there is intention to settle on a net basis, i.e. to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risk and rewards of the asset but has transferred the control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Fair value

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 principal or the most advantageous market must be accessible to the Group.

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 interest. 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.

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All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group's Finance Department includes a team that organizes the process of valuation of land and buildings required for financial reporting purposes, including fair value mesurements in levels 2 and 3. On an annual basis, the Group engages external independent and qualified valuers to determine the fair value of the Group's land and buildings. As at 31 December 2023, the fair values of the land and buildings were determined by the independent valuers Colliers International Advisors UAB and Colliers International Advisors SIA.

The external valuations of the level 3 land and buildings have were performed using the income approach, while relying partially on unobservable inputs. The external valuer, after discussion with the Group's internal valuation team, identified these inputs based on the size, age and condition of the land and buildings, the state of the local economy and real estate market in the corresponding national economy. The external valuations of the level 2 land and construction in progress were performed under the sales comparison approach, using the data from recent sales transactions involving comparable properties.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management performs the valuations at each reporting date. For the purpose of fair value disclosures, the Group has determined the categories of assets and liabilities on the basis of their nature, characteristics and specific risks, and the level of the fair value hierarchy as explained above.

Rounding

Due to rounding effect, the numbers in the consolidated financial statements may not add up.

Critical accounting estimates and judgements

In applying accounting policies the management is required to make estimates, judgements and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and the related assumptions are based on past experience and other directly related factors. Actual results may differ from estimates made.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a change in an accounting estimate is recognised in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both current and future periods. The areas of these financial statements that involve the use of accounting estimates are fair values of investment property (Note 6).

3. ADOPTION OF NEW AND/OR AMENDED IFRS AND INTERPRETATIONS OF THE INTERNATIONAL FINANCIAL REPORTING INTERPRETATIONS COMMITTEE (IFRIC)

1) Standards and amendments to existing standards effective on 1 January 2023.

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2023 that have a material effect on the financial statements of the Group.

2) New standards, amendments and interpretations that are effective after 1 January 2023 and have not been early adopted.

There is a number of new standards, amendments and interpretations that are effective for annual periods beginning after 1 January 2023, and have not been early adopted in preparing the consolidated financial statements. None of them are expected to have a material effect on the consolidated financial statements of the Group.

4. SEGMENT INFORMATION

The CEO of AKROPOLIS GROUP UAB and the Board of Directors of the AKROPOLIS GROUP UAB, acting in accordance with their authorizations established in the Articles of Association, are the Chief Operating Decision Maker in the Group. Segments are defined based on how the Board monitors operating results of the Group's business units for the purpose of making decisions about resource allocation and performance assessment. The Group's operations are organised and monitored by the Board by five segments, which represent each income-generating investment property:

- OZO TURTAS, UAB (Vilniaus Akropolis)
- TAIKOS TURTAS, UAB (Klaipėdos Akropolis)
- AIDO TURTAS, UAB (Šiaulių Akropolis)
- „M257", SIA (Akropole Riga)
- „Delta Property", SIA (Akropole Alfa)

The performance by country and property is assessed with reference to revenue, EBITDA and net profit. EBITDA is one of the key indicators used by the chief operating decision maker in making the financing, investment and other decisions. EBITDA is a non-IFRS measure, which is calculated as net profit - adjusted for (i.e. by adding or deducting the amount of) income tax expenses and income tax benefit, depreciation and amortisation, finance income and costs, impairment and write-off of PPE, investment properties and intangible assets, gain or loss from revaluation of investment property and profit from disposal of subsidiaries. Same measure was applied for both years. The chief operating decision maker does not analyse assets and liabilities by operating segment.

The accounting policies applied to operating segments are the same as the accounting policies applied in the preparation of the consolidated financial statements. "Adjustments" column reflects eliminations of intercompany transactions upon consolidation, together with the results of all other Group companies that are deemed insignificant to show as a separated operating segment. This also includes land (other than income-generating investment properties) revaluation effect of EUR (5 389) thousand as of 31 December 2023 (EUR 7 160 thousand as of 31 December 2022). IFRS 16 lease modification adjustments are reflected in "Lease incentive impact" column:

Year ended 31 December 2023 (EUR'000)	Akropolis Vilnius Lithuania	Akropolis Klaipėda Lithuania	Akropolis Šiauliai Lithuania	Akropole Riga Latvia	Akropole Alfa Latvia	Adjust-ments	Total before IFRS16	Lease incentive impact	The Group
Gross Leasable Area	**96 289**	**60 621**	**36 108**	**71 126**	**71 430**				
Revenue	**36 044**	**25 290**	**11 928**	**22 973**	**23 271**	**1 592**	**121 098**	**(3 316)**	**117 782**
Rental income	26 974	18 482	8 000	16 883	17 175	(206)	87 308	(3 316)	83 992
Additional fees income	7 812	6 112	3 551	5 197	5 777	(77)	28 372	-	28 372
Other income	1 258	696	377	893	319	1 875	5 418	-	5 418
Property operating expenses	(9 545)	(7 601)	(4 531)	(6 008)	(6 714)	(308)	(34 707)	-	(34 707)
EBITDA	**26 499**	**17 689**	**7 397**	**16 965**	**16 557**	**1 284**	**86 391**	**(3 316)**	**83 075**
NET PROFIT (LOSS)	**32 055**	**15 819**	**6 275**	**17 378**	**23 524**	**(8 551)**	**86 500**	**-**	**86 500**

Year ended 31 December 2022 (EUR'000)	Akropolis Vilnius Lithuania	Akropolis Klaipėda Lithuania	Akropolis Šiauliai Lithuania	Akropole Riga Latvia	Akropole Alfa Latvia	Adjust-ments	Total before IFRS16	Lease incentive impact	The Group
Gross Leasable Area	**94 900**	**60 642**	**36 091**	**70 980**	**71 333**				
Revenue	**36 782**	**26 015**	**12 280**	**22 384**	**19 706**	**333**	**117 500**	**(3 636)**	**113 864**
Rental income	24 943	17 023	7 420	15 440	14 075	(169)	78 732	(3 636)	75 096
Additional fees income	10 789	8 366	4 581	5 185	5 455	(72)	34 304	-	34 304
Other income	1 050	626	279	1 759	176	574	4 464	-	4 464
Property operating expenses	(12 889)	(10 805)	(6 400)	(5 859)	(5 584)	(420)	(41 957)	-	(41 957)
EBITDA	**23 893**	**15 210**	**5 880**	**16 525**	**14 122**	**(87)**	**75 543**	**(3 636)**	**71 907**
NET PROFIT (LOSS)	**17 666**	**11 760**	**4 592**	**13 437**	**10 600**	**2 969**	**61 024**	**-**	**61 024**

Tables below present reconciliation of EBITDA to the net profit for the years ended 31 December 2023 and 31 December 2022:

Year ended 31 December 2023 (EUR'000)	Akropolis Vilnius Lithuania	Akropolis Klaipėda Lithuania	Akropolis Šiauliai Lithuania	Akropole Riga Latvia	Akropole Alfa Latvia	Adjust-ments	Total before IFRS16	Lease incentive impact	The Group
EBITDA	**26 499**	**17 689**	**7 397**	**16 965**	**16 557**	**1 284**	**86 391**	**(3 316)**	**83 075**
Gain (loss) on revaluation of investment property	18 072	491	269	2 773	9 893	(5 389)	26 109	3 316	29 425
Interest income	687	502	161	754	374	2 307	4 785		4 785
Depreciation and amortization	(186)	(121)	(41)	(61)	(260)	(148)	(817)	-	(817)
Interest expense	(7 071)	(538)	(402)	(2 884)	(3 033)	(1 806)	(15 734)	-	(15 734)
Other financial costs	(357)	-	-	-	-	(1 118)	(1 475)	-	(1 475)
Income tax expense	(5 489)	(2 204)	(1 105)	(1)	(7)	(3 681)	(12 487)	-	(12 487)
Non-current assets write-off	(105)	-	(4)	(168)	-	(1)	(278)	-	(278)
Other	5	-	-	-	-	1	6	-	6
NET PROFIT (LOSS)	**32 055**	**15 819**	**6 275**	**17 378**	**23 524**	**(8 551)**	**86 500**	**-**	**86 500**

Year ended 31 December 2022 (EUR'000)	Akropolis Vilnius Lithuania	Akropolis Klaipėda Lithuania	Akropolis Šiauliai Lithuania	Akropole Riga Latvia	Akropole Alfa Latvia	Adjust-ments	Total before IFRS16	Lease incentive impact	The Group
EBITDA	**23 893**	**15 210**	**5 880**	**16 525**	**14 122**	**(87)**	**75 543**	**(3 636)**	**71 907**
Gain (loss) on revaluation of investment property	(2)	(1 205)	(47)	965	(24)	7 262	6 949	3 636	10 585
Interest income	12	24	9	33	8	41	127		127
Depreciation and amortization	(271)	(68)	(37)	(80)	(264)	(152)	(872)	-	(872)
Interest expense	(2 315)	(541)	(405)	(3 051)	(3 145)	(1 566)	(11 023)	-	(11 023)
Other financial costs	(549)	-	-	-	-	(1 106)	(1 655)	-	(1 655)
Income tax expense	(3 102)	(1 660)	(808)	(6)	(51)	(1 422)	(7 049)	-	(7 049)
Non-current assets write-off	-	-	-	(950)	(45)	(1)	(996)	-	(996)
Other	-	-	-	1	(1)	(0)	(0)	-	(0)
NET PROFIT (LOSS)	**17 666**	**11 760**	**4 592**	**13 437**	**10 600**	**2 969**	**61 024**	**-**	**61 024**

5. PROPERTY, PLANT AND EQUIPMENT

PP&E comprised the following as at 31 December:

	Property, plant and equipment
	EUR'000
Carrying amount at 31 December 2021	**2 257**
Additions	479
Disposals and write offs	(46)
Depreciation	(716)
Carrying amount at 31 December 2022	**1 974**
Acquisition cost	7 034
Accumulated amortization and impairment	(5 060)
Carrying amount at 31 December 2022	**1 974**
Carrying amount at 31 December 2022	**1 974**
Additions	490
Reclassifications (to) from investment property	254
Disposals and write offs	(5)
Depreciation	(678)
Carrying amount at 31 December 2023	**2 035**
Acquisition cost	7 653
Accumulated amortization and impairment	(5 618)
Carrying amount at 31 December 2023	**2 035**

As at 31 December 2023 and 2022, PP&E comprised mainly of fixtures, tools and equipment.

6. INVESTMENT PROPERTY

Investment property comprised the following as at 31 December:

	Land	Buildings	Total
	EUR'000	EUR'000	EUR'000
At 31 December 2021	**54 515**	**966 153**	**1 020 668**
Additions	-	3 264	3 264
Disposal of investment property	-	(950)	(950)
Fair value gain	7 160	(211)	6 949
Market value per external valuation report	**61 675**	**968 256**	**1 029 931**
Lease incentive impact for 2022	-	3 636	3 636
Lease incentive impact for all previous periods	-	(13 847)	(13 847)
Fair value at 31 December 2022	**61 675**	**958 045**	**1 019 720**
Additions	5	14 342	14 347
Disposal of investment property	-	(273)	(273)
Reclassifications (to) from PP&E	-	(254)	(254)
Fair value gain	(5 389)	31 498	26 109
Market value per external valuation report	**56 291**	**1 013 569**	**1 069 860**
Lease incentive impact for 2023		3 316	3 316
Lease incentive impact for all previous periods	-	(10 211)	(10 211)
Fair value at 31 December 2023	**56 291**	**1 006 674**	**1 062 965**

As at 31 December 2023 and 2022, investment property comprised five operating commercial properties, two land plots and a property under construction held for capital appreciation or future rental income. The consolidated Group's investment properties are measured at fair value.

Substantial change in fair value resulted from the revaluation of shopping centres Akropolis Vilnius and Akropole Alfa (Note 4), which was carried out by independent property appraiser Colliers International Advisors UAB and Colliers International Advisors SIA using an income approach method.

As at 31 December 2023, the investment property deemed as income-generating investment property of the Group with the carrying amount of EUR 337 400 thousand (31 December 2022: EUR 319 000 thousand) was pledged to the banks under the effective loan agreements (Note 12).

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets and liabilities into the three levels prescribed under the accounting standards.

There were no transfers between Levels 1, 2 or 3 during 2023 and 2022.

31 December 2023	Level 1 EUR'000	Level 2 EUR'000	Level 3 EUR'000	Total EUR'000
Shopping centre Akropolis Vilnius	-	-	337 400	337 400
Shopping centre Akropolis Klaipėda	-	-	206 400	206 400
Shopping centre Akropolis Šiauliai	-	-	78 700	78 700
Shopping centre Akropole Riga	-	-	200 020	200 020
Shopping centre Akropole Alfa	-	-	207 950	207 950
Land plot Vilnius	-	39 530	-	39 530
Land plot Šiauliai	-	671	-	671
Land plot Narva	-	1 150	-	1 150
Market value per external valuation report	**-**	**41 351**	**1 030 470**	**1 071 821**
Lease incentive impact of 2023	-	-	3 316	3 316
Lease incentive impact of all previous periods	-	-	(10 211)	(10 211)
PP&E elimination	-	-	(1 961)	(1 961)
Total	**-**	**41 351**	**1 021 614**	**1 062 965**

31 December 2022	Level 1 EUR'000	Level 2 EUR'000	Level 3 EUR'000	Total EUR'000
Shopping centre Akropolis Vilnius	-	-	319 000	319 000
Shopping centre Akropolis Klaipėda	-	-	203 000	203 000
Shopping centre Akropolis Šiauliai	-	-	78 200	78 200
Shopping centre Akropole Riga	-	-	197 000	197 000
Shopping centre Akropole Alfa	-	-	198 000	198 000
Land plot Vilnius	-	35 000	-	35 000
Land plot Šiauliai	-	660	-	660
Land plot Narva	-	1 000	-	1 000
Market value per external valuation report	**-**	**36 660**	**995 200**	**1 031 860**
Lease incentive impact of 2022	-	-	3 636	3 636
Lease incentive impact of all previous periods	-	-	(13 847)	(13 847)
PP&E elimination	-	-	(1 929)	(1 929)
Total	**-**	**36 660**	**983 060**	**1 019 720**

For valuation of all Level 3 investment properties amounting to EUR 1 030 470 thousand as at 31 December 2023 (31 December 2022: EUR 995 200 thousand), the discounted cash flow forecasts were used, based on significant unobservable inputs. These inputs included:

• Future rental cash inflows based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;

• Discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows;

• Estimated vacancy rates based on current and expected future market conditions after expiry of any current lease;

• Maintenance costs including necessary investments to maintain functionality of the property for its expected useful life;

• Capitalisation rates based on actual location, size and quality of the properties and taking into account market data at the valuation date; and

• Terminal value taking into account assumptions regarding maintenance costs, vacancy rates and market rents.

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Sensitivity analysis

Presented below is the sensitivity analysis of the market value of Level 3 investment property and associated PP&E, as per external valuation report, to changes in the exit yield and discount rate.

31 December 2023. EUR'000		**Change in exit yield**		
		-0,25%	**0,00%**	**+0,25%**
	-0,25%	1 065 720	1 040 750	1 017 460
Change in discount rate	**0,00%**	1 055 140	1 030 470	1 007 490
	+0,25%	1 044 700	1 020 340	997 570

31 December 2022. EUR'000		**Change in exit yield**		
		-0,25%	**0,00%**	**+0,25%**
	-0,25%	1 029 800	1 010 500	995 300
Change in discount rate	**0,00%**	1 010 500	995 200	980 000
	+0,25%	995 100	979 900	961 700

All rental income earned and all direct operating expenses incurred by the Group are attributed to the investment property. 14% of income is expected to be generated from related parties, as this was the consolidated ratio for all five operating commercial properties as of 31 December 2023 (Note 20). Future fixed minimum undiscounted lease receivable under operating leases are as follows as at 31 December:

	2023 EUR'000	2022 EUR'000
No later than 1 year	78 961	75 079
Between 1-2 years	65 791	58 659
Between 2-3 years	52 660	45 880
Between 3-4 years	42 376	34 732
Between 4-5 years	32 359	28 931
Later than 5 years	60 500	78 433
Total	**332 647**	**321 714**

7. RIGHT-OF-USE ASSETS

The Group leases a land plot and vehicles under operating lease contracts. Following the adoption of the provisions of IFRS 16, land lease expenses are recognised in the statement of financial position as right-of-use assets and lease liabilities. Lease payments for low-value office equipment are recognised as expenses on a straight-line basis over the lease term.

Statement of Financial Position shows the following amounts relating to leases:

Right-of-use assets	2023 EUR'000	2022 EUR'000
Land	1	1
Motor vehicles	117	112
Total	**118**	**113**

	2023	2022
Lease liabilities	EUR'000	EUR'000
Current portion of lease liabilities	58	58
Non-current portion of lease liabilities	59	60
Total	**117**	**118**
Impact on equity as of 31 December	**1**	**(5)**

Lease-related amounts presented in the statement of comprehensive income comprised depreciation of right-of-use assets of EUR 66 thousand as at 31 December 2023 (31 December 2022: EUR 53 thousand).

8. AMOUNTS RECEIVABLE, PREPAYMENTS AND OTHER CURRENT ASSETS

Amounts receivable, prepayments and other current assets comprised the following as at 31 December:

	2023	2022
	EUR'000	EUR'000
Non-current lease incentive receivables	3 983	6 263
Non-current lease incentive receivables from related parties (Note 20)	269	419
Other non-current receivables	14	15
Non-current receivables	**4 266**	**6 697**

	2023	2022
	EUR'000	EUR'000
Trade receivables	4 530	4 936
Trade receivables from related parties (Note 20)	416	628
Less: allowance for impairment of trade receivables	(307)	(491)
Trade receivables, net	**4 639**	**5 073**
Current lease incentive receivables	2 571	3 439
Current lease incentive receivables from related parties (Note 20)	72	91
Prepayments	770	626
Deferred expenses, accrued income and other accounts	549	465
Deferred expenses, accrued income and other accounts from related parties (Note 20)	-	6
Other current assets	65	48
Current receivables, prepayments and other current assets	**8 666**	**9 748**

The Group's trade receivables comprise lease and service charge receivables that are non-interest bearing and are typically due within 30 days.

During 2023, the Group provided tenants with EUR 273 thousand rental discounts, of which EUR 48 thousand was recognized in the statement of comprehensive income and EUR 225 thousand was included within lease incentive receivables. During 2022, the Group provided tenants with EUR 920 thousand rental discounts, of which EUR 194 thousand was recognized in the statement of comprehensive income and EUR 726 thousand was included within lease incentive receivables.

As at 31 December 2023, expected credit losses of EUR 307 thousand were recognised in relation to lease receivables. As at 31 December 2022, expected credit losses of EUR 491 thousand were recognised in relation to lease receivables.

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Provisions for impairment of receivables were determined as follows as at 31 December 2023:

	Not past due	<31 days	31-90 days	91-180 days	181-365 days	>365 days	Total
Expected credit loss rate, %	0,05	0,05	0,05	14,81	50,00	50,79	**6,21**
Carrying amount (EUR'000)	4 084	159	64	54	14	571	**4 946**
Expected credit loss (EUR'000)	2	-	-	8	7	290	**307**
Net amount (EUR'000)	**4 082**	**159**	**64**	**46**	**7**	**281**	**4 639**

Provisions for impairment of receivables were determined as follows as at 31 December 2022:

	Not past due	<31 days	31-90 days	91-180 days	181-365 days	>365 days	Total
Expected credit loss rate, %	0,05	0,05	0,05	52,63	51,32	51,86	**8,82**
Carrying amount (EUR'000)	4 194	363	63	38	152	754	**5 564**
Expected credit loss (EUR'000)	2	-	-	20	78	391	**491**
Net amount (EUR'000)	**4 192**	**363**	**63**	**18**	**74**	**363**	**5 073**

Ageing of trade receivables amounts past due but not impaired:

	2023	2022
	EUR'000	EUR'000
Not past due	4 082	4 192
Past due less than 30 days	159	363
Past due 31–60 days	42	39
Past due 61–90 days	22	24
Past due 91 days and more	334	455
Total	**4 639**	**5 073**

See Note 21 on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following as at 31 December:

	2023	2022
	EUR'000	EUR'000
Cash at bank	212 853	107 886
Time deposits (less than 3 months)	11 894	67 750
Cash on hand	75	58
Cash in transit	80	67
Total	**224 902**	**175 761**

As at 31 December 2023, cash balances in certain bank accounts and future cash inflows into these accounts with the carrying amount of EUR 19 001 thousand (31 December 2022: EUR 61 985 thousand) were pledged to the banks as collateral under the loan agreements (Note 12). Credit risk exposure is disclosed in Note 21.

10. SHARE CAPITAL, SHARE PREMIUM AND LEGAL RESERVE

As at 31 December 2023 and 2022 the Group's authorised share capital consisted of 109 438 674 ordinary registered shares of AKROPOLIS GROUP UAB with a par value of EUR 0.29 each (issue price EUR 4.39). The shares have voting rights at the general meeting of AKROPOLIS GROUP UAB and grant the right to make cash payments to the shareholder. All the shares were fully paid. The share premium is recognized as the difference between the proceeds received from the issue of shares and the nominal value of the shares issued.

A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of 5 per cent of net profit calculated in accordance with the Lithuanian regulatory legislation on accounting are required until the reserve reaches 10 per cent of the authorised share capital. The legal reserve is formed to cover possible losses of the Company and cannot be used for the payment of dividends or for any other purpose.

11. EARNINGS PER SHARE

As at 31 December 2023 and 2022, investments of the Group's parent company comprised ordinary registered shares of AKROPOLIS GROUP UAB.

The Group's basic and diluted earnings per share are equal. Calculation of basic / diluted earnings per share is presented below:

	2023	2022
Profit attributable to the shareholders of the Group (EUR'000)	86 500	61 024
Weighted average number of ordinary shares (in thousands)	109 439	109 439
Basic / diluted earnings per share (EUR/share)	0,790	0,558

12. BORROWINGS

In 2023 and 2022, all borrowings comprised bank borrowings and bonds.

The Company's 5-year Eurobond issue worth EUR 300 000 thousand was distributed on 3 June 2021. The bonds are listed on the Nasdaq Vilnius and Dublin Euronext stock exchanges. The issue of Eurobonds of AKROPOLIS GROUP UAB was distributed with an annual coupon rate of 2.875%, an annual yield of 3.00% and the final offer price of 99.428%. The bonds have been rated BB+ Fitch and BB+ S&P. The bonds mature on 2 June 2026.

In the above transaction, AKROPOLIS GROUP UAB was the Issuer, whereas AIDO TURTAS UAB, OZO TURTAS UAB, TAIKOS TURTAS UAB and M257 SIA, subsidiaries of Akropolis Real Estate B.V., were the Guarantors. On 21 June 2022, Delta Property SIA has acceded to the Trust Deed dated 2 June 2021 as an Additional Guarantor in respect of the bonds.

The market price of EUR 300 000 thousand bonds issued in 2021 was EUR 273 966 thousand as at 31 December 2023 (31 December 2022: EUR 251 163 thousand).

As at 31 December 2023 and 2022, the Group's bank borrowings were secured by the following assets pledged as collaterals:

- the Group's investment property with value of EUR 337 400 thousand as at 31 December 2023 (EUR 319 000 thousand as at 31 December 2022) (Note 6);
-The Group's cash balances in certain bank accounts and future cash inflows into these accounts with the carrying amount of EUR 19 001 thousand as at 31 December 2023 (EUR 61 985 thousand as at 31 December 2022) (Note 9);

As at 31 December 2023 and 2022, all bank borrowings and other borrowings of the Group were denominated in the euros.

As at 31 December 2023 and 2022, the Group's bank borrowings had a variable interest rate (linked to EURIBOR) with a margin meeting market conditions. The Group complied with the covenants (performance indicators) specified in the loan agreements as at 31 December 2023 and 2022.

The Group's borrowings were as follows as at 31 December 2023 and 2022:

	2023 EUR'000	2022 EUR'000
Non- current		
Bank borrowings	141 551	149 523
Bonds	297 869	297 033
Total	**439 420**	**446 556**
Current		
Bank borrowings	7 973	7 973
Bonds	5 033	5 033
Total	**13 006**	**13 006**

The Group's net debt was as follows at 31 December 2023 and 2022:

	2023 EUR'000	2022 EUR'000
Non-current borrowings	439 420	446 556
Current borrowings	13 006	13 006
(Less) Cash and cash equivalents	(224 902)	(175 761)
Net financial debt	**227 524**	**283 801**

13. TRADE AND OTHER AMOUNTS PAYABLE

Trade and other amounts payable comprised as follows as at 31 December:

	2023 EUR'000	2022 EUR'000
Non-current advance amounts received	8 278	7 974
Other non-current amounts payable	37	37
Non-current amounts payable	**8 315**	**8 011**
Current advance amounts received	3 485	2 704
Trade payables	5 748	4 725
VAT payable	1 392	1 340
Real estate tax payable	101	157
Advance amounts received from, and trade and other amounts payable to related parties (Note 20)	51	219
Other amounts payable and accrued expenses	16 507	15 503
Current amounts payable	**27 284**	**24 648**
Total	**35 599**	**32 659**

Other payables and accrued expenses of the Group as at 31 December 2023 and 2022 mainly comprise liability for Akropolis gift cards issued.

Advance amounts paid by customers under the lease contracts are refunded upon expiry of validity of the contract. Classification into current and non-current depends on the validity term of the contract. As at 31 December 2023, non-current portion of advance amounts received was EUR 8 278 thousand and it was recorded within non-current advance amounts received (31 December 2022: EUR 7 974 thousand). As at 31 December 2023, current portion of advance amounts received was EUR 3 485 thousand and it was recorded within current advance amounts received (31 December 2022: EUR 2 704 thousand).

Trade payables are interest free and they are usually due within 20 days. The same term is set for amounts payable to related parties. Other payables are interest free and they are usually due within 20 days.

14. SERVICE CHARGE EXPENSES

Service charge expenses comprised as follows for the year ended 31 December:

	2023 EUR'000	2022 EUR'000
Expenses of directly and indirectly sold utilities	**12 381**	**21 464**
Other indirect service charge expenses:		
Buildings repair and maintenance expenses	8 310	8 053
Advertising and marketing expenses	4 660	4 506
Taxes (other than income tax)	1 724	1 702
Wages and salaries of employes and related expenses	1 840	1 464
Depreciation and amortization	668	719
Consulting fees	159	178
Telecommunication expenses	48	36
Transport expenses	31	27
Other expenses	591	(21)
Total other indirect service charge expenses	**18 031**	**16 664**
Total	**30 412**	**38 128**

Significantly decreased energy prices had the greatest impact on the decrease in operating expenses.

15. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses comprised as follows for the year ended 31 December:

	2023 EUR'000	2022 EUR'000
Wages and salareis of employees and related expenses	3 785	3 225
Consulting fees	384	623
Write-offs of non-current assets	278	46
Taxes (other than income tax)	161	138
Depreciation and amortization	149	153
Short-term lease of low value assets	29	24
Utilities	28	42
Transport expenses	23	26
Telecommunication expenses	15	19
Advertising and marketing expenses	13	13
Audit services	111	116
Other expenses	408	322
Total	**5 384**	**4 747**

In 2023 and 2022, the Group's auditors did not provide non-audit services to the Group.

Information on compensation to Directors is disclosed in Note 20.

16. INTEREST INCOME AND EXPENSES

INTEREST INCOME	2023 EUR'000	2022 EUR'000
Bank interest	4 785	127
Total	**4 785**	**127**

INTEREST EXPENSES	2023 EUR'000	2022 EUR'000
Interest on bank borrowings	7 071	2 310
Interest on bonds	8 625	8 625
Lease liabilities - interest expense	38	34
Other interest	-	54
Total	**15 734**	**11 023**

17. INCOME TAX EXPENSE

The following table presents calculation of income tax expense using local tax rate of 15% effective in reporting period:

	2023 EUR'000	2022 EUR'000
Profit (loss) before income tax	98 987	68 073
Income tax at the 15 % tax rate applicable to the Group in Lithuania	14 848	10 211
Effect of income tax rate difference between countries	(1 663)	(3 544)
Tax effect of non-taxable income	(457)	(42)
Tax effect of non-deductible expenses	36	145
Utilisation of previously unrecognised tax losses	(278)	(1)
Other	1	280
Income tax expense	**12 487**	**7 049**
Effective income tax rate, %	**12,61**	**10,36**

Income tax expense comprised the following for the year ended 31 December:

	2023 EUR'000	2022 EUR'000
Current income tax expense	5 638	5 460
Deferred income tax expense	6 849	1 589
Income tax expense	**12 487**	**7 049**

18. DEFERRED TAX (ASSET) LIABILITIES

For the year ended 31 December the changes in deferred tax liabilities were as follows:

	Depreciattion and amortization	Revaluation of investment property	Other	Total
	EUR'000	EUR'000	EUR'000	EUR'000
At 31 December 2021	**34 555**	**52 385**	**(304)**	**86 636**
Recognized in profit or loss	1 399	(151)	341	1 589
At 31 December 2022	**35 954**	**52 234**	**37**	**88 225**
Recognized in profit or loss	(291)	2 639	4 501	6 849
At 31 December 2023	**35 663**	**54 873**	**4 538**	**95 074**

As at 31 December the balance of the deferred tax consisted of:

	2023	2022
	EUR'000	EUR'000
Deferred tax liability	(95 074)	(88 225)
Deferred tax liability, net	**(95 074)**	**(88 225)**

The change in deferred tax liability occurred from revaluation of investment property and taxable temporary differences on investments in subsidiaries. The deferred tax liability was recognized for amounts that the subsidiaries in Latvia are planning to distribute as dividends in the near future.

19. COMMITMENTS AND CONTINGENCIES

The Group is currently involved in legal proceedings (two cases) related to acquisitionof state-owned land by „Vingio Turtas" UAB on 4 November 2005, which is intended for the construction of Vingis Akropolis. The validity of part of the agreement on sale/purchase of state-owned land (Agreement) has been challenged due to an alleged breach of restoration of the claimants' ownership rights.

The National Land Service has adopted the decisions in favour of „Vingio Turtas" UAB, which have subsequently been appealed to Vilnius Regional Administrative Court (the court of first instance).

By its decision adopted on 21 February 2022, Vilnius Regional Administrative Court dismissed the claimants' appeal regarding the decisions adopted by the National Land Service. The claimants appealed against the decision of Vilnius Regional Administrative Court with the request to annul the decision and to refer the case back to the court of first instance for re-examination. By its ruling of 30 August 2023, the Supreme Administrative Court of Lithuania upheld the claimant's appeal and referred the case back to the court of first instance for re-examination. By its decision adopted on 22 February 2024, the Regional Administrative Court dismissed the claimants' appeal in the administrative case and awarded part of the litigation costs to „Vingio Turtas" UAB. It is likely that the claimants will be able to appeal the unfavorable court decision in the administrative case. The deadline for filing the appeal is 22 March 2024. The civil case has been suspended until the resolution of the administrative case, however, taking into account the changes in legal acts related to the restoration of ownership rights, „Vingio Turtas" UAB requested the court to resume the examination of the civil case in order to end, as soon as possible, the dispute regarding the purchase/sale of state-owned land.

The legal proceedings do not affect the development of Vingis Akropolis project. In the event of favourable outcome to the claimants, the land plot for the construction of Vingis Akropolis might be materially reduced in size, but the implementation of any decision in favour of the claimants would be legally complicated and would give rise to a number of legal issues.

20. RELATED-PARTY TRANSACTIONS

Related-party transactions were as follows during the year ended 31 December:

	2023	2022
	EUR'000	EUR'000
Sales to:		
Shareholders	68	77
Related companies	15 697	18 684
Total	**15 765**	**18 761**
Purchases (from):		
Shareholders	91	118
Related companies	672	1 343
Total	**763**	**1 461**
Prepayments to and amounts receivable from:		
Shareholders	1	7
Related companies	415	627
Lease incentives to related companies	341	510
Total	**757**	**1 144**
Advance amounts received from and amounts payable to:		
Shareholders	16	15
Related companies	35	204
Total	**51**	**219**

Sales to related parties mostly comprise lease income and other services. Purchases from related parties include utility, consultation services and other general and administrative expenses.

Terms and conditions of transactions with related parties

Average term of rent agreements with related parties operating in the shopping centres is 12 years or with indefinite term, while average term of rent agreements with related parties operating in the office buildings is 9 years or with indefinite term. All transactions with related parties were made on terms equivalent to those that prevail in arm's length transactions.

Compensation to key management personnel

The Group treats directors, head of departments' and Board of Directors as the key management (the "Directors").

For the years ended 31 December 2023 and 2022, compensation to the Group's Directors amounted to EUR 1 858 thousand and EUR 1 404 thousand, respectively.

21. FINANCIAL RISK MANAGEMENT

Credit risk. Credit risk is a risk of counterparty defaulting on its contractual obligations, thereby resulting in a financial loss to the Group. The Group's credit risk is attributable to its loans granted and trade and other receivables. The Group assesses the credit quality of the debtors and customers, taking into account their financial position, past experience and other factors. The amounts presented in the statement of financial position are net of allowances for doubtful loans and receivables estimated on prior experience and present economic situation. The Group has no significant concentration of credit risk with exposure spread over a number of counterparties and customers.

The credit risk arising from liquid cash balances (cash and time deposits) at banks is limited because the Group conducts transactions with the banks that have the investment grade credit ratings of Baa2 and above assigned by Moody's, an international credit-rating agency.

Interest rate risk. The Group's cash flows are exposed to interest rate fluctuations.

The Group's bank borrowings bear variable interest rates linked to variable base rate. Trade and other payables are interest free and their settlement term is one year.

The Group's cash flow and fair value interest rate risk is periodically monitored by the management. It analyses its interest rate exposure on a dynamic basis taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for receivables and liabilities that represent the major interest-bearing positions. The Group does not use any derivative financial instruments to manage the interest rate risk.

Based on the Group's estimate, an increase/decrease in variable interest rates by 100 basis points, given the Group's current debt level as at 31 December 2023 and with all other variables held constant, would result in an increase/decrease in the Group's interest expenses and decrease/increase in profit before income tax by EUR 1.5 million (31 December 2022: EUR 1.5 million).

Liquidity risk. Liquidity risk is managed according to the principles of prudence. The Group manages its cash flows and liquidity based on projected cash flows over periods of six months. According to the management, liquidity ratios for the Group are sufficient and prevalent for this type of business activity. Moreover, cash flows generated from operating activities are sufficient to continue business activities and to maintain liquidity.

The Group's current assets exceeded its current liabilities, which demonstrates the Group's ability to meet its obligations to the creditors. In addition, the Group's generated cash flows are sufficient to cover its current liabilities, a significant proportion of which are borrowings from credit institutions repayable on a monthly basis, as well as advance amounts received from the tenants, which become repayable only after termination of lease agreements under certain terms and conditions.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including interest payments) with variable interest rate effective as at 31 December 2023:

31 December 2023	**Less than 6 months**	**Between 6-12 months**	**Between 1-2 years**	**Between 2-5 years**	**Over 5 years**	**Total**
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Bank borrowings	8 131	8 019	15 703	146 696	-	178 549
Lease liabilities	30	28	34	25	-	117
Trade payables	5 748	-	-	-	-	5 748
Bonds	8 625	-	8 625	308 625	-	325 875
Total	**22 534**	**8 047**	**24 362**	**455 346**	**-**	**510 289**

31 December 2022	**Less than 6 months**	**Between 6-12 months**	**Between 1-2 years**	**Between 2-5 years**	**Over 5 years**	**Total**
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Bank borrowings	6 518	6 453	12 712	153 912	-	179 595
Lease liabilities	30	28	38	22	-	118
Trade payables	4 725	-	-	-	-	4 725
Bonds	8 625	-	8 625	317 250	-	334 500
Total	**19 898**	**6 481**	**21 375**	**471 184**	**-**	**518 938**

22. CAPITAL MANAGEMENT

For capital management purposes, the Group defines its capital as share capital, share premium, foreign currency translation reserve and retained earnings. The capital components were as follows as at 31 December:

	2023	**2022**
	EUR'000	EUR'000
Equity	718 869	632 369

The primary objective of the Group's capital management is to ensure that each of the Group entities complies with the externally imposed capital requirements and meets the respective capital ratios in order to preserve its business and maximise return to the shareholders. The Group has an adequate capital level to further maintain its business development.

The Group manages its capital structure and makes adjustments thereto in light of changes in economic conditions and risk characteristics of its activities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to the shareholders or issue new shares. No changes were made concerning the purpose, policies or processes of capital management during the periods ended 31 December 2023 and 2022.

According to the Law on Companies of the Republic of Lithuania, the equity of a private limited liability company shall be not less than 50% of the share capital. AKROPOLIS GROUP UAB complied with this requirement as of 31 December 2023.

23. FINANCIAL INSTRUMENTS

Financial instruments comprised as follows as at 31 December:

	2023	2022
	EUR'000	EUR'000
Financial assets		
Trade receivables	4 639	5 073
Cash and cash equivalents	224 902	175 761
Financial liabilities		
Bank borrowings	149 524	157 496
Bonds	302 902	302 066
Trade payables	5 748	4 725
Accrued expenses	517	282

According to the management's best estimate, the carrying amount of receivables, cash and cash equivalents and trade and other current payables approximates their fair value due to short contractual maturity terms.

Non-current payables are carried at amortized cost (calculated using the effective interest rate that approximates the market interest rate), and therefore, their carrying amount approximates the fair value.

24. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the end of the reporting period that might have significant impact on the consolidated financial statements, except for the court decision described in Note 19.

Other Information

Other Information

INFORMATION ON SECURITIES

In June 2021, Akropolis Group successfully placed a EUR 300 million issue of 5-year bonds. The bonds were listed on the Euronext Dublin and Nasdaq Vilnius stock exchanges.

Name	Nominal value	Issue value	ISIN code	Buy-out date
AKROPOLIS GROUP, UAB	100 000 EUR	EUR 300 million	XS2346869097	2026-06-02

INFORMATION ON CREDIT RATINGS

As Akropolis Group placed a five-year Eurobond issue of EUR 300 million in 2021, the ratings of the Group are regularly reviewed by international rating agencies. On 29 June 2023, S&P Global Ratings confirmed BB+ rating with a stable outlook granted to Akropolis Group, and on 20 July Fitch Ratings confirmed BB+ credit rating with a stable outlook.

INFORMATION ON COVENANTS

On 31 December 2023, Akropolis Group complied with all covenants under the bond issue terms and conditions set on 31 May 2021.

INFORMATION ON ENVIRONMENTAL ISSUES

Information on environmental issues is disclosed in the **Sustainability Report.**

Nasdaq Structured Table of Disclosure

The Company, acting in compliance with paragraph 24.5 of the Listing Rules of AB Nasdaq Vilnius, hereby discloses how it complies with the Corporate Governance Code for the Companies listed on Nasdaq Vilnius **(the Code)**, as well as its specific provisions or recommendations. In case of non-compliance with the Code or some of its provisions or recommendations, we specify it along with the reasons for such non-compliance. In addition, we provide other explanatory information in this form.

SUMMARY OF THE CORPORATE GOVERNANCE REPORT

The Company's bodies, as per its Articles of Association, are the general meeting of shareholders, the management board (the Board) and the CEO as a single-person management body. The Board is a collegial management body with three members who are elected by the general meeting of shareholders for a four-year term of office.

An audit committee (the Audit Committee) is also formed in the Company. It is composed of three members who are elected by the general meeting of shareholders for a term of office of four years. There are two independent members of the Audit Committee, including the chairman. The Audit Committee's functions are established by legal acts of the Republic of Lithuania and regulations of the Bank of Lithuania as well as the Audit Committee regulations approved by the sole shareholder of the Company.

Additional information about the Company's governance, activities and composition of the Company's management bodies and the Audit Committee, and other essential matters related to the Company's governance is provided in the Company's annual report for the financial year ended 31 December 2023.

PRINCIPLES / RECOMMENDATIONS	YES/NO/NOT APPLICABLE	COMMENTS
Principle 1: General meeting of shareholders, equitable treatment of shareholders, and shareholders' rights The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders.		
1.1. All shareholders should be provided with access to the information and/or documents established in the legal acts on equal terms. All shareholders should be furnished with equal opportunity to participate in the decision making process where significant corporate matters are discussed.	Not applicable	The Company has a sole shareholder.
1.2. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all of their holders.	Yes	All the Company's shares carry the same voting, ownership, dividend and other rights.
1.3. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Not applicable	The Company's shares are not offered publicly (i.e. only the Company's bonds are publicly traded).
1.4. Exclusive transactions that are particularly important to the company, such as transfer of all or almost all assets of the company which in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders.	Yes	The Company's Articles of Association provide that the Board must obtain approval of the shareholder of the Company prior to making any decisions relating to (among other matters): investments, transfers and/or leases of fixed assets, pledges or mortgages over fixed assets, guaranteeing or standing surety for the fulfilment of obligations of other persons, acquiring fixed assets, if the amount of such transactions exceeds EUR 1,000,000, also prior to making any decisions relating to acquisition of securities (regardless of value or type) and property and/or non-property rights carried by such securities by the right of ownership and/or any other right, as well as regarding transfer, pledge or other limitation or restriction of such securities and/or the property and/or non-property rights carried by such securities.
1.5. Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date, and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest.	Not applicable	The Company has a sole shareholder.
1.6. With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed.	Not applicable	The Company has a sole shareholder (a legal entity established in the Republic of Lithuania). In any case, all information to investors is published in Lithuanian and English.
1.7. Shareholders who are entitled to vote should be furnished with the opportunity to vote at the general meeting of shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	The Company has a sole shareholder who is able to exercise the right to vote at the general meeting of shareholders both in person, and by completing the general voting ballot.
1.8. With a view to increasing the shareholders' opportunities to participate effectively at general meetings of shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus provide shareholders with the conditions to participate and vote in general meetings of shareholders via electronic means of communication. In such cases the security of transmitted information must be ensured, and it must be possible to identify the participating and voting person.	Not applicable	The Company has a sole shareholder.

1.9. It is recommended that the notice on the draft decisions of the general meeting of shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit company if these issues are included into the agenda of the general meeting of shareholders. Where it is proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial positions held (or proposed) should be provided.	Yes	Every candidate to a collegial body must declare what positions they hold and how their activities are related to the Company and other persons associated with the Company, as it is required by Article 19(9) of the Law on Companies of the Republic of Lithuania. Information about educational background and work experience is also usually provided to the general meeting of shareholders (when needed). Information on proposed audit company is provided to the shareholder prior to adoption of the decision.
1.10. Members of the company's collegial management body, heads of the administration or other competent persons related to the company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.	Yes	When needed, members of the Company's collegial body, heads of the administration and other competent persons related to the Company who can provide information related to the agenda participate in the general meeting of shareholders. Proposed candidates to members of the collegial body participate in the general meeting of the shareholders if it is requested.

Principle 2: Supervisory Board
2.1. Functions and liability of the supervisory board

The supervisory board of the company should ensure representation of the interests of the company and its shareholders, accountability of this body to the shareholders and objective monitoring of the company's operations and its management bodies as well as constantly provide recommendations to the management bodies of the company.

The supervisory board should ensure the integrity and transparency of the company's financial accounting and control system.

2.1.1. Members of the supervisory board should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders and represent their interests, having regard to the interests of employees and public welfare.	Not applicable	The Company does not have the Supervisory Board.
2.1.2. Where decisions of the supervisory board may have a different effect on the interests of the company's shareholders, the supervisory board should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed about the company's strategy, risk management and control, and resolution of conflicts of interest.	Not applicable	The Company does not have the Supervisory Board.
2.1.3. The supervisory board should be impartial in passing decisions that are significant for the company's operations and strategy. Members of the supervisory board should act and pass decisions without an external influence from the persons who elected them.	Not applicable	The Company does not have the Supervisory Board.
2.1.4. Members of the supervisory board should clearly voice their objections in case they believe that a decision of the supervisory board is against the interests of the company. Independent members of the supervisory board should: a) maintain independence of their analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence.	Not applicable	The Company does not have the Supervisory Board.

2.1.5. The supervisory board should oversee that the company's tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the longterm interests of the company and its shareholders, which may give rise to reputational, legal or other risks.	Not applicable	The Company does not have the Supervisory Board.
2.1.6. The company should ensure that the supervisory board is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting, or other experts on matters pertaining to the competence of the supervisory board and its committees.	Not applicable	The Company does not have the Supervisory Board.

2.2. Formation of the supervisory board
The procedure of the formation of the supervisory board should ensure proper resolution of conflicts of interest and effective andfair corporate governance.

2.2.1. The members of the supervisory board elected by the general meeting of shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance between the qualifications of the members of the supervisory board, it should be ensured that members of the supervisory board, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks.	Not applicable	The Company does not have the Supervisory Board.
2.2.2. Members of the supervisory board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience.	Not applicable	The Company does not have the Supervisory Board.
2.2.3. Chair of the supervisory board should be a person whose current or past positions constituted no obstacle to carry out impartial activities. A former manager or management board member of the company should not be immediately appointed as chair of the supervisory board either. Where the company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.	Not applicable	The Company does not have the Supervisory Board.
2.2.4. Each member should devote sufficient time and attention to perform his duties as a member of the supervisory board. Each member of the supervisory board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the supervisory board. Should a member of the supervisory board attend less than a half of the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof.	Not applicable	The Company does not have the Supervisory Board.
2.2.5. When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company related circumstances.	Not applicable	The Company does not have the Supervisory Board.
2.2.6. The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders.	Not applicable	The Company does not have the Supervisory Board.
2.2.7. Every year the supervisory board should carry out an assessment of its activities. It should include evaluation of the structure of the supervisory board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its objectives. The supervisory board should, at least once a year, make public respective information about its internal structure and working procedures.	Not applicable	The Company does not have the Supervisory Board.

Principle 3: Management Board
3.1. Functions and liability of the management board

The management board should ensure the implementation of the company's strategy and good corporate governance with due regard to the interests of its shareholders, employees and other interest groups.

3.1.1. The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy.	Yes	The Company's strategy is approved by the Board and the Board follows its implementation.
3.1.2. As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the articles of association of the company, and in such cases where the supervisory board is not formed in the company, it performs inter alia the supervisory functions established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development.	Yes	The Board performs the functions assigned to it by the Law on Companies and by the Company's Articles of Association. The Board takes into account the needs of the Company's sole shareholder, employees and other interest groups, striving to achieve sustainable business development.
3.1.3. The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers.	Yes	The Board ensures compliance with the applicable laws and internal policies of the Company. The Board also establishes risk management and control measures to ensure the regular and direct accountability of managers, within the limits of its competence.
3.1.4. Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.	Yes	The Board ensures that indicated measures would apply in the Company, within the limits of its competence. The Company has an approved Corruption Prevention Policy in place, it is also guided by the Code of Business Ethics, which is common and mandatory for the companies of Vilniaus prekyba group.
3.1.5. When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence.	Yes	When appointing the CEO of the Company, the balance of the person's qualifications, experience and competence is taken into account.
3.2. Formation of the management board		
3.2.1. The members of the management board elected by the supervisory board or, if the supervisory board is not formed, by the general meeting of shareholders should collectively ensure the required diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the management board, it should be ensured that the members of the management board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks.	Yes	The members of the Board collectively have broad experience, qualifications, knowledge and competencies. The representation of both sexes is ensured as much as possible. More information about the experience and qualification of members of the Board is provided in the Company's annual report.

3.2.3. All new members of the management board should be familiarized with their duties and the structure and operations of the company.	Yes	All new members of the Board are familiarized with their duties and the structure and operations of the Company.
3.2.4. Members of the management board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience and sufficiently frequent reconfirmation of their status.	Yes	The Company's Articles of Association provide that members of the Board are elected for a specific term, i.e. for four years, new members are appointed until the end of the current term of office; members of the Board can be re-elected.
3.2.5. Chair of the management board should be a person whose current or past positions constitute no obstacle to carry out impartial activity. Where the supervisory board is not formed, the former manager of the company should not be immediately appointed as chair of the management board. When a company decides to depart from these recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision.	No	Historically, the CEO of the Company is usually also the chair of the Board. However, in the Company's view, the current and past positions of the chair of the Board do not constitute obstacles for the chair of the Board to impartially carry out his duties as the chair of the Board. The chair of the Board is elected after evaluation of his experience and qualifications. Each member of the Board has the duties assigned by the Law on Companies of the Republic of Lithuania and must ensure their impartial execution.
3.2.6. Each member should devote sufficient time and attention to perform his duties as a member of the management board. Should a member of the management board attend less than a half of the meetings of the management board throughout the financial year of the company, the supervisory board of the company or, if the supervisory board is not formed at the company, the general meeting of shareholders should be notified thereof.	Yes	Each member of the Board devotes sufficient time and attention to perform the duties as member of the Board. All meetings of the Board have been attended by all members so far.
3.2.7. In the event that the management board is elected in the cases established by the Law where the supervisory board is not formed at the company, and some of its members will be independent, it should be announced which members of the management board are deemed as independent. The management board may decide that, despite the fact that a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company related circumstances.	Not applicable	The Company's Articles of Association do not provide that the Board is to perform functions of the Supervisory Board, therefore the members of the Board are not subject to the requirement of independence.
3.2.8. The general meeting of shareholders of the company should approve the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board.	Yes	The general meeting of shareholders elects the members of the Board, therefore the general meeting of shareholders can approve the amount of remuneration to the members of the Board within the capacity prescribed by legal acts.
3.2.9. The members of the management board should act in good faith, with care and responsibility for the benefit and the interests of the company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to no-compete agreements and they should not use the business information or opportunities related to the company's operations in violation of the company's interests.	Yes	To the Company's knowledge, all members of the Board act in good faith, with care and responsibility for the benefit and the interest of the Company and its shareholders. The members of the Board are subject to confidentiality and other relevant obligations, this, inter alia, is provided for in the Rules of Procedure of the Board of the Company.
3.2.10. Every year the management board should carry out an assessment of its activities. It should include evaluation of the structure of the management board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the management board, and evaluation whether the management board has achieved its objectives. The management board should, at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.	Yes	The Rules of Procedure of the Board of the Company provide that the Board shall carry out an assessment of its activities every year, which should include evaluation whether the Board has achieved its objectives.

Principle 4: Rules of procedure of the supervisory board and the management board of the company.

The rules of procedure of the supervisory board, if it is formed at the company, and of the management board should ensure efficient operation and decision-making of these bodies and promote active cooperation between the company's management bodies.

4.1. The management board and the supervisory board, if the latter is formed at the company, should act in close cooperation in order to attain benefit for the company and its shareholders. Good corporate governance requires an open discussion between the management board and the supervisory board. The management board should regularly and, where necessary, immediately inform the supervisory board about any matters significant for the company that are related to planning, business development, risk management and control, and compliance with the obligations at the company. The management board should inform the supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.	Not applicable	The Company does not have the Supervisory Board.
4.2. It is recommended that meetings of the company's collegial bodies should be held at the respective intervals, according to the pre-approved schedule. Each company is free to decide how often meetings of the collegial bodies should be convened but it is recommended that these meetings should be convened at such intervals that uninterruptable resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter.	Yes	According to the Rules of Procedure of the Board of the Company, Board meetings must be convened at such intervals that uninterruptable resolution of essential corporate governance issues would be ensured, however, in any case, meetings must be convened at least once per quarter.
4.3. Members of a collegial body should be notified of the meeting being convened in advance so that they would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the company require immediate resolution.	Yes	Members of the Board are informed about meetings in advance and have sufficient time to prepare and familiarize with the provided information.
4.4. In order to coordinate the activities of the company's collegial bodies and ensure effective decision-making process, the chairs of the company's collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and closely cooperate in resolving other matters related to corporate governance. Meetings of the company's supervisory board should be open to members of the management board, particularly in such cases where issues concerning the removal of the management board members, their responsibility or remuneration are discussed.	Not applicable	The Company has only one collegial body, i.e. the Board.

Principle 5: Nomination, remuneration and audit committees
5.1. Purpose and formation of committees

The committees formed at the company should increase the work efficiency of the supervisory board or, where the supervisory board is not formed, of the management board which performs the supervisory functions by ensuring that decisions are based on due consideration and help organise its work in such a way that the decisions it takes would be free of material conflicts of interest. Committees should exercise independent judgment and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body.

5.1.1. Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory functions, establishes committees. It is recommended that the collegial body should form the nomination, remuneration and audit committees.	Not applicable	The Company does not have committees within the collegial body; however, the Audit Committee is formed in the Company by a decision of its sole shareholder.
5.1.2. Companies may decide to set up less than three committees. In such case companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees.	Yes	These functions are performed by the existing bodies of the Company within their competence prescribed by applicable legal acts.
5.1.3. In the cases established by the legal acts the functions assigned to the committees formed at companies may be performed by the collegial body itself. In such case the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole.	Yes	When necessary the Board performs these functions within its capacity prescribed by applicable legal acts.
5.1.4. Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.	Yes	The Audit Committee formed by the sole shareholder has three members. These members were selected based on their competences and experience. The chair of the Board is neither the chair, nor member of the Audit Committee.
5.1.5. The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.	Yes/No	The Audit Committee's regulations are approved by the sole shareholder of the Company. The Audit Committee submits its activity reports to the sole shareholder of the Company. Information about the composition, activities and functions of the Audit Committee is published in the Company's annual report.
5.1.6. With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee.	Yes	The Audit Committee may invite selected persons to its meetings. The chair of the Audit Committee has the possibility to directly communicate with the shareholder if necessary.
5.2. Nomination committee		

5.2.2. When dealing with issues related to members of the collegial body who have employment relationships with the company and the heads of the administration, the manager of the company should be consulted by granting him/her the right to submit proposals to the Nomination Committee.	Not applicable	This committee is not formed in the Company.
5.3. Remuneration committee		
5.3.1. The main functions of the remuneration committee should be as follows: 1) submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of the administration for approval. Such policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so; 2) submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned; 3) review, on a regular basis, the remuneration policy and its implementation.	Not applicable	This committee is not formed in the Company.
5.4. Audit committee		
5.4.1. The key functions of the audit committee are defined in the legal acts regulating the activities of the audit committee.	Yes	The Audit Committee performs functions defined in legal acts regulating the activities of the Audit Committee.
5.4.2. All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The heads of the company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches.	Yes	The representatives of the Company's administration, including external auditors, provide the Audit Committee with all relevant information.
5.4.3. The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.	Yes	The Audit Committee, when necessary, can invite any representative of the Company and external auditors to its meetings.
5.4.4. The audit committee should be informed about the internal auditor's work program and should be furnished with internal audit reports or periodic summaries. The audit committee should also be informed about the work program of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group.	Yes	The Company does not have an internal auditor, however these functions are performed by the Company's finance function, which provides the Audit Committee with necessary information. The Audit Committee also holds meetings with external auditors and receives information about audit status and results and about all relationships between the independent audit firm, the Company and its group.
5.4.5. The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.	Yes	The Audit Committee examines whether the Company complies with applicable provisions regulating the possibility of lodging a complaint or reporting suspicions of potential violations committed at the Company, acting within the limits of its competence. It should be noted that in order to implement the Law of the Republic of Lithuania on the Protection of Whistleblowers, the Company has arranged a special channel by which stakeholders can report any suspicions of potential violations.

5.4.6. The audit committee should submit to the supervisory board or, where the supervisory board is not formed, to the management board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved.	No	The regulations of the Audit Committee provide that the Audit Committee shall provide its activity report once a year to the body that elects the Audit Committee. In addition, the Audit Committee shall provide such report under the request of relevant body or whenever the Audit Committee deems necessary.

Principle 6: Prevention and disclosure of conflicts of interest

The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism of disclosure of conflicts of interest related to members of the supervisory and management bodies.

Any member of the company's supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the company which elected him/her or the company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.	Yes	Members of the Company's bodies have the duty to avoid conflicts of interests and declare them. The Rules of Procedure of the Board of the Company establish that each member of the Board must avoid a situation where his/her personal interests are or may be in conflict with the Company's interests, and in case such a situation does occur, a member of the Board must notify other members of the Board and the body that elected him/her.

Principle 7: Remuneration policy of the company

The remuneration policy and the procedure for review and disclosure of such policy established at the company should prevent potential conflicts of interest and abuse in determining remuneration of members of the collegial bodies and heads of the administration, in addition it should ensure the publicity and transparency of the company's remuneration policy and its long-term strategy.

7.1. The company should approve and post the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy.	Not applicable	The Company does not currently have an approved remuneration policy determining the remuneration of members of the collegial bodies. The Company considers that legal acts do not impose such an obligation, since only the Company's bonds are traded publicly. However, as far as the employees (including heads of the administration) of the Company are concerned, the Company has an approved remuneration policy, which is not public.
7.2. The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.	Not applicable	The remuneration policy for the employees of the Company includes such work remuneration forms, which are present in the Company.
7.3. With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.	Not applicable	No Supervisory Board, performing the supervisory functions, is formed in the Company.
7.4. The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in general should not be higher than the non-variable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.	Not applicable	In all cases, termination payments are made according to the provisions of the Labour Code and concluded employment agreements. The Company follows the principles indicated in paragraph 7.4 in respect of termination payments.

7.5. In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares.	Not applicable	No financial incentive scheme is applied in the Company.
7.6. The company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the company's remuneration policy, compared to the previous financial year.	Not applicable	The Company does not publish such information. The Company considers that legal acts do not impose such obligation, since only the Company's bonds are traded publicly.
7.7. It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the general meeting of shareholders. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the general meeting of shareholders.	Not applicable	The schemes under which members of a collegial body and employees receive remuneration in shares or share options do not apply in the Company.

Principle 8: Role of stakeholders in corporate governance

The corporate governance framework should recognize the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between companies and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interests in the company concerned.

8.1. The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.	Yes	The Company ensures that the rights and lawful interests of stakeholders are protected.
8.2. The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company's authorized capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc.	Yes	Stakeholders participate in the corporate governance of the Company in the manner established by applicable legal acts.
8.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	Yes	Relevant information is made available in compliance with applicable legal acts.
8.4. Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function.	No	The Company does not have a collegial body performing the supervisory function, but the stakeholders have a possibility of reporting any illegal or unethical practices by other channels available in the Company.

Principle 9: Disclosure of information

The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company.

9.1. In accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following:		
9.1.1. operating and financial results of the company;	Yes	This information is published in the Company's financial statements.
9.1.2. objectives and non-financial information of the company;	Yes	This information is published in the Company's annual report.
9.1.3. persons holding a stake in the company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary;	Yes	This information is published in the Company's financial statements and annual report to the extent the Company deemed necessary.
9.1.4. members of the company's supervisory and management bodies who are deemed independent, the manager of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration;	Yes	This information is published in the Company's annual report to the extent the Company deemed necessary according to applicable legal acts.
9.1.5. reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities;	Yes	Information about the Audit Committee is provided in the Company's annual report.
9.1.6. potential key risk factors, the company's risk management and supervision policy;	Yes	This information is published in the Company's annual report.
9.1.7. the company's transactions with related parties;	Yes	This information is published in the Company's financial statements.
9.1.8. main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the company's shares or share options as incentives, relationships with creditors, suppliers, local community, etc.)	Yes	The relevant information to the extent the Company deemed necessary is published in the Company's annual report.
9.1.9. structure and strategy of corporate governance;	Yes	This information is published in the Company's annual report.
9.1.10. initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects. This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not exempt companies from their obligation to disclose information as provided for in the applicable legal acts.	Yes	This information is disclosed in the Company's annual report.
9.2. When disclosing the information specified in paragraph 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies.	Yes	Consolidated information is disclosed.
9.3. When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and the manager of the company should be disclosed, as provided for in greater detail in Principle 7.	Yes	Information about the professional experience and qualifications of members of the Company's bodies is disclosed. As legal acts do not require to disclose the remuneration, this information is not disclosed.
9.4. Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.	Yes	Information is disclosed through securities exchanges in Lithuania and Ireland. Information is disclosed in Lithuanian and English languages.

Principle 10: Selection of the company's audit firm

The company's audit firm selection mechanism should ensure the independence of the report and opinion of the audit firm.

10.1. With a view to obtain an objective opinion on the company's financial condition and financial results, the company's annual financial statements and the financial information provided in its annual report should be audited by an independent audit firm.	Yes	Annual financial statements of the Company and its group are audited by an independent audit firm.

10.2. It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company.	Yes	The Company's external auditor was selected from tender applications and after the evaluation of all recommendations provided by the Company's bodies. In addition, the Audit Committee, having evaluated information presented on tender procedures performed, shall provide recommendation regarding appointment of external auditor.
10.3. In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders.	Yes	The Company discloses information about amounts it has paid the auditor for non-audit services in its annual report. The Company and the Audit Committee have approved a procedure, which establishes principles how the Audit Committee approves the purchase of non-audit services from the appointed auditor in advance.

4 April 2023

Responsibility statement of responsible persons

Hereby we confirm that, to the best of our knowledge and belief, the consolidated financial statements of Akropolis Group, UAB (hereinafter – "the Company") and its subsidiaries (hereinafter together "the Group") for the year ended 31 December 2023 prepared in accordance with International Financial Reporting Standards as adopted by the European Union, present fairly the financial position of the Group as of 31 December 2023 and its financial performance and cash flows for the year then ended.

In addition, we confirm that the consolidated annual report includes a fair view of the development and performance of the business of the Group, the Group's financial position together with a description of the principle risks and uncertainties the Group faces.

Nerijus Maknevičius	**Gabrielė Sapon**
Chief Executive Officer	Chief Financial Officer

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