Mainor Ülemiste AS

CONSOLIDATED ANNUAL REPORT 2024

Beginning of financial year: 1 January 2024

End of financial year: 31 December 2024

Registry code: 10348595

Address: Sepise 7, Tallinn 11415 Harju County

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Principal activity: renting and operating of own or leased real estate

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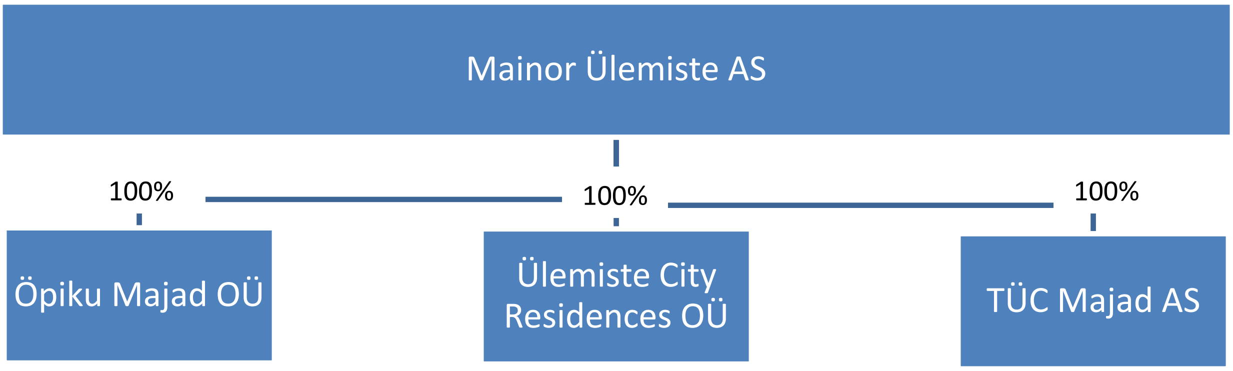
Structure of the consolidation group



In 2024, the principal activity of Mainor Ülemiste AS continued to be the development of Ülemiste City campus, including the development and construction of new and modernization of already existing buildings, renting premises and providing tenants with necessary services, and the creation and development of a people-friendly environment.

Significant events

On 9 February, Mainor Ülemiste AS signed a contract for the purchase of all shares of Technopolis Ülemiste AS, becoming once again the sole developer of Ülemiste City. The last time the largest business campus in the Baltics was owned by Estonian companies, predominantly led by Ülo Pärnits, was 15 years ago. In 2010, Mainor Ülemiste AS and the Finnish publicly listed company Technopolis Plc created a joint venture, Technopolis Ülemiste AS, of which Mainor Ülemiste AS owned 49% and Technopolis Baltic Holding OÜ 51%. On 7 March 2024, the Estonian Competition Authority granted the necessary approval to finalize the transaction. Through the purchase of these shares, Mainor Ülemiste AS became the largest real estate developer in the Tallinn region with 14.1% of the market. To finance the purchase of Technopolis Ülemiste shares, Mainor Ülemiste AS included a new investor. The shareholders of Mainor Ülemiste AS adopted a resolution to increase the share capital of Mainor Ülemiste AS by 6,956,651.4 euros by issuing 11,594,419 new shares with a nominal value of 0.6 euros per share. The new share capital of Mainor Ülemiste AS amounts to 25,156,651.2 euros. OÜ Mulligan Capital acquired 28.31% of Mainor Ülemiste AS.

As a result of the agreement, Technopolis Ülemiste AS, operating under the new business name of TÜC Majad AS, is a wholly-owned subsidiary of Mainor Ülemiste AS. The teams of Mainor Ülemiste AS and the former Technopolis Ülemiste AS were merged, resulting in a reduction of 9 positions. To provide clients with a unified and higher-quality service, Mainor Ülemiste's client and property management systems were expanded to include Technopolis's clients and buildings. In accordance with the sales transaction, the Technopolis trademark was completely abandoned, and all operations brought together under the Ülemiste City brand.

Ülemiste City development

In January 2023, Mainor Ülemiste AS's subsidiary Öpiku Majad OÜ started the construction of the new Baer health centre in Ülemiste City. The new health centre is a 7-story complex, covering a net area of 9,070.3 m². The Von Baer Health Centre was designed in cooperation with What If OÜ. The architectural solution was provided by Apex Arhitektuuribüroo OÜ, interior design by Studio Argus OÜ and the landscape architectural solution by Tajuruum OÜ. The main contractor for the construction was OÜ Fund Ehitus and the total cost of the project 20.5 million euros, of which 15.4 million euros was financed by a syndicate of SEB and Luminor banks. The building meets the Class A energy label due to the solar panels designed on the roof, as well as the district heating and cooling systems utilized. The exterior of the building is characterized by sustainability and biodiversity, which fully supports Ülemiste City's vision of a green and sustainable urban space.

The new Health Centre in the 7-story Von Baer building in Ülemiste City, which opened on 26 September, will expand the range of health services offered on the campus and focus on preventive healthcare, surgery, diagnostics and rehabilitation. The largest tenant of the new Health Centre is Tartu University Hospital (SA Tartu Ülikooli Kliinikum).

The newly completed Health Centre 2 complements the existing health cluster of Ülemiste City, which also includes the first Health Centre opened in 2020, the Ülemiste surgery clinic, and Health Founders, an accelerator for healthcare start-ups. In addition to SA Tartu Ülikooli Kliinikum, the tenants of the new building also include Tallinna Eriarstikeskus OÜ, SYNLAB Eesti OÜ, BENU pharmacy, MediPunkt OÜ, Tomson Tervisekeskus OÜ, Perekliinik OÜ, Valvekliinik OÜ, Ülemiste Physiotherapy Clinic and Health Tests (Health Tests OÜ), Med4U OÜ, Reio Vilipuu Rehabilitation Clinic (Tursekeskus OÜ), Heal Kliinik OÜ, Orthopedics and Physiotherapy (Ortopeedia ja Füsioteraapia OÜ), psychotherapist Margot Eimla, Therapium physiotherapy centre, Roseni Hambakliinik OÜ, PSI Laste ja noorukite psühhiaatria keskus OÜ, Meie Pereteraapia Keskus OÜ and Ülemiste Psühhiaatriakeskus OÜ.

In June 2023, Mainor Ülemiste AS signed a construction contract with NOBE OÜ for the construction of an educational quarter and a community center. The building was erected on the Valukoja 7/9 property and will have a net area of approximately 5,400 m^2. The new building will provide contemporary learning and growth opportunities for the International School of Tallinn and the Ülemiste community center. Mainor group company Tallinn International School OÜ offers educational services to the international community from kindergarten to high school. The total cost of the investment was approximately 17.5 million euros, excluding VAT. The project was financed by OP Corporate Bank plc Eesti filiaal. The building was move-in ready and handed over to the International School of Tallinn in December 2024.

In 2024, one of the clients of Öpiku Majad OÜ, My Fitness AS, increased the space used by them in the Sepise 10 building by an additional 458 m^2, now operating on a total of 2,983 m^2. The gym is now significantly bigger and a Fusion Pilates training room has been added.

Companies in the campus have found a hybrid work rhythm suitable for their specific needs. Many companies prefer working in the office, which supports company culture and efficiency. This has had a positive impact on the service providers in the campus, including a significant increase in visits to the MyFitness sports club, the use of campus-provided conference services and the revenues of catering companies. The leased office and service space in the campus grew to 165,000 m^2 by the end of 2024.

On 20 June, Mainor Ülemiste AS concluded a real right contract for the sale of the Suur-Sõjamäe 6 property to the Ministry of Climate.

On 12 December, Mainor Ülemiste AS concluded a real right contract for the sale of a property to Ericsson Eesti AS, who was planning to use the property for building a smart manufacturing and technology hub.

According to the annual Ülemiste City awareness and reputation survey, 84% of Estonian residents aged 16–84 know Ülemiste City, and its reputation score stands at 7.4 out of 10. Awareness of the campus has increased by a few percentage points compared to previous years, and its reputation has also shown a slight upward trend year on year. Compared to the last two years, the innovative image of the campus has improved, with terms like innovation and creative being mentioned more frequently. The survey was conducted by Kantar Emor between 12 and 19 December, with a sample size of 1,205 respondents.

Sustainable Ülemiste City

Mainor Ülemiste AS, together with its subsidiaries Öpiku Majad OÜ and TÜC Majad AS, is moving towards more and more sustainable business practices. In October 2024, the Green City service developed by Ülemiste City was upgraded with several new features. All users have now access to data such as the estimated number of employees in Ülemiste City, information on the most popular starting points and distances for commuting to the campus, and calculations of the carbon footprint of cars in the area. Additionally, a new feature for companies was introduced: a calculator for employees' commutes, simplifying and speeding up the process of measuring the carbon footprint.

Beyond data collection, Ülemiste City also brought mobility data to the streets of the campus, sharing information via various displays for both drivers and pedestrians. Using technology such as artificial intelligence and cameras, real-time mobility statistics can now be gathered within the campus.

In addition to the Green City service, most of the office buildings in Ülemiste City are LEED-certified. Ülemiste City switched to green energy in 2020. In 2021, Ülemiste City was connected to the district heating and cooling network of Utilitas AS.

The total amount of greenhouse gases emitted by Mainor Ülemiste AS, Öpiku Majad OÜ and TÜC Majad AS in 2024 was as follows:

Scope 1 – 2,914.55 tons of CO_2 equivalent

Scope 2 – 971 tons of CO_2 equivalent

Scope 1 includes direct emissions originating from sources owned or controlled by the company. The calculated greenhouse gas (GHG) emissions include the amount of greenhouse gases produced from energy (heat) generated by office and commercial buildings. The source of the heating-specific emission factor is natural gas. No refrigerants were added to the equipment, so there were no fugitive emissions.

Scope 2 includes indirect emissions associated with purchased energy, specifically the GHG emissions from purchased electricity that is not covered by a guarantee of origin and heat purchased from Utilitas.

Calculations include the consumption data of main energy consumers, such as office and commercial buildings. The results for 2024 differ significantly due to the acquired building portfolio of TÜC Majad AS. Calculations have been based on the emission factors of the 2024 GHG inventory report and the service provider Utilitas AS.

Green electricity consumption in office buildings: 100%

Water consumption per employee by 2025 target level: no more than 5000 l

Reduction of the amount of waste generated per person, 2026 target level: 12%

Proportion of waste sorted by type in the campus, 2026 target level: 56%

Proportion of travel in the campus other than by car by 2025: at least 50%

A large part of the environmental impacts in the real estate sector are related to spatial planning and mobility. In October, the reform of Tallinn's public transport network significantly reduced Ülemiste City's accessibility. The discontinuation of bus line No. 64 proved particularly problematic, removing a critical and fast connection for many people traveling from Väike-Õismäe and Mustamäe. The negative impact of this change was felt both on an individual level and across organizations.

In collaboration with active community members, Ülemiste City launched a petition on the online platform Rahvaalgatus.ee to restore this strategically important bus line. Morning commute time is a critical factor influencing whether people stick to public transport or switch to cars. Experiences from other European cities have shown that eliminating express lines between major districts has led to negative outcomes in the past.

The initiative was successful and reached the required 3,518 signatures by 19 December. The initiative has been submitted to the City of Tallinn for consideration, and Ülemiste City developers continue to work towards reinstating this essential bus line for the community.

In 2023, 66% of the employees of Mainor Ülemiste AS traveled to work by car. In 2024, the share of those commuting by car decreased to 48%. Mainor Ülemiste AS has set a goal that at least 50% of employees use public transport, bicycles or walk to work.

Together with Ülemiste Center OÜ and the City of Tallinn, the development of the concept of the European park continued. The Kantsi tunnel, designed in cooperation with the City of Tallinn, Rail Baltic Estonia and Mainor Ülemiste, is crucial for providing a cohesive urban space and the opportunity to move safely using alternative modes of movement such as walking, bicycles or personal light electric vehicles.

In 2024, Mainor Ülemiste AS engaged KPMG Estonia as its CISO service provider. During their first year, cybersecurity risks were mapped, cybersecurity documentation developed and employees trained. In terms of technological developments, the building of a secure network between different buildings across the campus started.

Healthy and happy people are the foundation of a sustainable company

In 2024, Ülemiste City Community Fund was established along with a dedicated advisory board to involve the talents of the campus in developing new ideas and proposals for the community and the environment. The companies on the campus contribute financially to the Community Fund, which then finances ideas considered necessary by the community.

Mainor Ülemiste AS has long prioritized employee well-being and health promotion. They consistently measure employee well-being through the Moticheck app. In 2024, it was 84%, with a response rate of 74%.

The company is also involved in raising health awareness in the Ülemiste City community and organizing health management campaigns based on the Ülemiste City health model developed by the University of Tartu.

In 2024, the Bike2Work campaign ran from the beginning of April to the end of September with the goal of making no less than 3,500 bike commutes by at least 300 different cyclists in the community. During this period, a total of 319 cyclists from 84 companies made 4,078 bike commutes in the community.

The company is developing the Ülemiste City environment to be inviting to move and offers opportunities to hold meetings on the walking meeting trail, encouraging stair use and developing a green environment both inside and outside the buildings. In addition to health management campaigns and challenges, people's awareness was also improved through various trainings and seminars.

Research and innovation

The innovation strategy is a consistent theme in the Mainor Ülemiste 2024–2026 strategy and contributes to the development of existing services, leading innovation in the real estate sector and aims at creating new business models that add value to the Estonian economy. An important input for the innovation strategy is the Test City service, launched in 2023, which enables innovators to test their new technological, green or health solutions in the Ülemiste city lab. Test City service clients in 2024 included a variety of different companies. Pilot projects and developments were aimed at further development of R8 Technologies solutions based on data from Kone Insights, prototyping and platform development for the Migrevention digital headache clinic concept, development and testing of Activate Health employer health management system, testing the concept of an autonomous store in cooperation with Grab2Go and Selver, testing iBio IoT sensors for waste containers, piloting the new collaboration offering by Bikeep and Clear Channel for financing smart bike parking stations with digital advertising, and much more.

On 5 June, Ülemiste City hosted their second health conference, where 25 different health specialists presented exciting scientific facts, future directions in health management, case studies and practical tools. Health was addressed from the perspectives of both the employer and the employee, focusing simultaneously on mental, physical and social health. Topics ranged from the integration of artificial intelligence, the body's warning signs and a balanced lifestyle to the impact of the COVID pandemic on office work. The health conference was attended by 140 health enthusiasts and 13 exhibitors. The next health conference will be organized by Ülemiste City in 2026.

Goals and activities for 2025

In January 2025, the grand opening of the Ülemiste City educational quarter and community center took place.

Following the decline in Euribor rates, the interest rates for Ülemiste City's development companies decreased in 2024 and are likely to continue to fall in 2025, which has a positive impact on real estate developers and allows them to consider investments in new projects more boldly. A building permit has been issued for the next development project of TÜC Majad AS, the Viktor Masing building, which will add approximately 20,000 m² of office and service space to the campus. The company aims to begin construction in 2025.

Öpiku Majad OÜ continues to design the third health centre for the campus and is negotiating with potential tenants with the aim of starting the construction in the second half of 2025.

The company continues to collaborate with the City of Tallinn, the Ministry of Climate and OÜ Rail Baltic Estonia on the design process for the Kantsi tunnel, ensuring that Ülemiste becomes a better connected and more human-friendly urban space.

In terms of the services provided in Ülemiste City, the company will continue to develop the Green City and Test City services as well as the B2B and talent platforms to offer companies opportunities to become more aware of their footprint, test new technological and urban solutions, collaborate with other companies and recruit the most suitable talent.

In collaboration with Mainor AS, development of the data strategy, the data-driven dashboard Ülemiste City Radar will continue, bringing together data on Ülemiste City's economy, environment, services, knowledge and community. The radar sets key data-based performance indicators for the development of the campus and ensures continuous and systematic data collection to monitor the company's movement towards strategic goals.

Financial results of Mainor Ülemiste AS

As at 31 December 2024, the fair value of Mainor Ülemiste AS's consolidated investment property amounted to 447,835 thousand euros (2023: 206,452 thousand euros). A total of 22,166 thousand euros was invested in the construction of buildings and improvement of equipment in 2024 (2023: 13,788 thousand euros).

Dividends in the amount of 2,244 thousand euros were distributed to owners (2023: 1,539 thousand euros).

As at the end of the year, Mainor Ülemiste AS had 33 employees (average number of employees for the reporting period was 28 in 2024 and 22 in 2023), who received a total of 1,798 thousand euros (2023: 1,087 thousand euros) in remuneration, including remuneration calculated for the members of the supervisory and management boards in the amount of 530 thousand euros (2023: 334 thousand euros). Refer to notes 23 and 28.

The consolidated turnover of Mainor Ülemiste AS in 2024 amounted to 52,453 thousand euros (2023: 18,142 thousand euros), other operating income was 10,141 thousand euros (2023: 4,614 thousand euros) and net profit 51,884 thousand euros (2023: 7,937 thousand euros), including revaluation of investment property in the amount of 7,615 thousand euros (2023: 4,584 thousand euros). As at 31 December 2024, the company's equity amounted to 233,170 thousand euros, and as at 31 December 2023, to 161,737 thousand euros.

Key financial ratios	31 December 2024	31 December 2023
Return on equity – ROE (%)	26.3%	5.0%
Return on assets – ROA (%)	13.5%	2.8%
Operating margin (%)	65.0%	82.4%
Net profit margin (%)	98.9%	43.7%
Dividend payout ratio (%)	28.3%	5.1%
Revenue growth rate (%)	189.1%	11.7%

Formulas used for the calculation of financial ratios:

Return on equity – ROE (%) = net profit / average equity for the reporting period x 100

Return on assets – ROA (%) = net profit / average assets for the reporting period x 100

Operating margin (%) = operating profit / revenue x 100

Net profit margin (%) = net profit / revenue x 100

Dividend payout ratio (%) = dividends paid / net profit for the previous year x 100

Revenue growth rate (%) = (revenue for the reporting period / revenue for the previous period – 1) x 100

At the time of preparing this report, Mainor Ülemiste AS and its subsidiaries were able to meet all their obligations and the financial statements of Mainor Ülemiste AS therefore continue to be prepared on a going concern basis.

Management confirmation and signatures

The Management Board of Mainor Ülemiste AS hereby confirms the correctness and completeness of the information presented in the consolidated financial statements for the year ended 31 December 2024, and also that:

- The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union
- The consolidated financial statements present a true and fair view of the group's financial position, cash flows and financial performance
- All known significant circumstances that occurred before these consolidated financial statements were authorized for issue have been properly considered and presented in the financial statements
- Mainor Ülemiste AS and its subsidiaries are going concern

The 2024 annual report of Mainor Ülemiste AS is signed by:

10.04.2025

(signature, date)

Ursel Velve

Member of the Management Board

10.04.2025

(signature, date)

Sten Pärnits

Member of the Management Board

10.04.2025

(signature, date)

Rauno Mätas

Member of the Management Board

Financial statements

Consolidated statement of financial position

(In thousands of euros)	Notes	31 December 2024	31 December 2023
ASSETS			
Investment property	6	447,835	204,410
Tangible assets		84	118
Intangible assets		74	44
Investment property held for sale	7	0	2,042
Inventories	8	0	8,700
Investment accounted for using the equity method	13	0	57,804
Prepayments		512	589
Trade and other receivables	9	2,652	11,547
Financial investments	14	2,000	0
Cash and cash equivalents	14	19,109	8,646
TOTAL ASSETS		**472,266**	**293,900**
EQUITY			
Share capital at nominal value	15	25,156	18,200
Share premium	15	22,377	0
Treasury shares		-1,326	0
Legal reserve	15	1,920	1,920
Retained earnings		133,159	133,680
Profit for the financial year		51,884	7,937
TOTAL EQUITY		**233,170**	**161,737**
LIABILITIES			
Provisions		189	172
Borrowings	16	228,006	124,273
Trade and other payables	17	7,504	6,034
Prepayments received	18	3,397	1,684
TOTAL LIABILITIES		**239,096**	**132,163**
TOTAL LIABILITIES AND EQUITY		**472,266**	**293,900**

Notes on pages 15–61 are an integral part of this annual report.

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Consolidated income statement and consolidated statement of comprehensive income

(In thousands of euros)	Notes	2024	2023
Revenue	19	52,453	18,142
Cost of sales	21	-24,540	-6,246
Gross profit		**27,913**	**11,896**
Marketing expenses		-350	-195
Administrative expenses	22	-4,489	-3,792
Income from investment accounted for using the equity method	13	932	2,448
Other operating income	20	10,141	4,614
Other operating expenses		-38	-20
Operating profit		**34,109**	**14,951**
Financial income and expenses			
Interest income	24	209	709
Interest expenses	25	-11,371	-7,368
Other financial income	12	30,133	0
Other financial expenses		-705	-355
Total financial income and expenses		**18,266**	**-7,014**
Profit before tax		**52,375**	**7,937**
Income tax	27	-491	0
Net profit for the financial year		**51,884**	**7,937**
Other comprehensive income for the financial year		**0**	**0**
Comprehensive income for the financial year		**51,884**	**7,937**
Attributable to owners of the parent company		51,884	7,937

Notes on pages 15–61 are an integral part of this annual report.

Consolidated statement of cash flows

(In thousands of euros)	Notes	2024	2023
Cash flows from operating activities			
Profit before tax		52,375	7,937
Adjustments:			
Depreciation, amortization and impairment	22	117	125
Profit (loss) from sale of investment property	7	-2,325	0
Change in the fair value of investment property	6	-7,615	-4,584
Profit (loss) from investment accounted for using the equity method	13	-932	-2,448
Other financial income	12	30,133	0
Other financial expenses		-705	355
Interest income	24	-209	-709
Interest expenses	25	11,371	7,368
Change in inventories related to operating activities	8	8,700	0
Change in receivables and prepayments related to operating activities		435	-177
Change in liabilities and prepayments related to operating activities		1,790	1,536
Net cash generated from operating activities		**34,279**	**9,403**
Cash flows from investing activities			
Acquisition of tangible and intangible assets		-88	-48
Acquisition and improvement of investment property	6	-23,153	-11,737
Sale of investment property	7	4,367	0
Loans granted		0	-25
Repayment of loans granted		6,205	1
Interest received		3,597	285
Dividends received	13, 28	0	1,539
Acquisition of other financial investments	14	-2,000	0
Other cash inflows from investing activities	13, 28	0	1,960
Net cash flow from acquisition of subsidiaries		-25,466	0
Net cash generated from investing activities		**-36,538**	**-8,025**
Cash flows from financing activities			
Loans received	16	34,628	6,940
Repayment of loans received	16	-28,007	-3,226
Payment of finance lease liabilities		-71	-88
Bond issue	16	0	8,484
Redemption of bonds	16	0	-6,378
Share issue		29,333	0
Repurchase of treasury shares	15	-8,208	0
Sale of treasury shares		667	0
Interest paid		-12,440	-7,402
Other financial expenses		-445	-355
Dividends paid	15	-2,244	-1,539
Income tax on dividends	27	-491	0

Net cash generated from financing activities		**12,722**	**-3,564**
Total cash flows		**10,463**	**-2,186**
Cash and cash equivalents at the beginning of the financial year	14	**8,646**	**10,832**
Change in cash and cash equivalents		10,463	-2,186
Cash and cash equivalents at the end of the financial year	14	**19,109**	**8,646**

Notes on pages 15–61 are an integral part of this annual report.

Consolidated statement of changes in equity

(In thousands of euros)	Share capital	Share premium	Treasury shares	Legal reserve	Retained earnings	Total
Balance as at 31 December 2022	**18,200**	**0**	**0**	**1,920**	**135,219**	**155,339**
Profit for the financial year	0	0	0	0	7,937	7,937
Other comprehensive income for the financial year	0	0	0	0	0	0
Total comprehensive income for the financial year	**0**	**0**	**0**	**0**	**7,937**	**7,937**
Dividends declared	0	0	0	0	-1,539	-1,539
Balance as at 31 December 2023	**18,200**	**0**	**0**	**1,920**	**141,617**	**161,737**
Issue of shares	6,956	22,377	0	0	0	29,333
Other changes in equity	0	0	-1,326	0	-6,214	-7,540
Profit for the financial year	0	0	0	0	51,884	51,884
Other comprehensive income for the financial year	0	0	0	0	0	0
Total comprehensive income for the financial year	**0**	**0**	**0**	**0**	**51,884**	**51,884**
Dividends declared	0	0	0	0	-2,244	-2,244
Balance as at 31 December 2024	**25,156**	**22,377**	**-1,326**	**1,920**	**185,043**	**233,170**

Additional information on changes in equity has been disclosed in Note 15.

Notes on pages 15–61 are an integral part of this annual report.

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Notes to the financial statements

Note 1. Reporting entity

Mainor Ülemiste AS (the Group or the Company) is an entity registered in the Republic of Estonia the principal activity of which is the development of the Ülemiste City business campus located next to Tallinn Airport on the territory of the former Dvigatel factory.

As at 31 December 2024, the shareholders of Mainor Ülemiste AS were the following companies registered in the Republic of Estonia: Smart City Group AS with a 60.10% holding, Mulligan Capital OÜ with a 28.31% holding and Logit Eesti OÜ with an 11.59% holding. As at 31 December 2023, the shareholders were Smart City Group AS with an 83.84% holding and Logit Eesti OÜ with a 16.16%.

In the financial statements prepared as at 31 December 2024, Mainor Ülemiste AS and its subsidiaries Öpiku Majad OÜ and Ülemiste City Residences OÜ have been combined line by line while TÜC Majad AS has been consolidated from 1 April 2024.

The consolidated financial statements of Mainor Ülemiste AS have been prepared for the period 1 January 2024 – 31 December 2024, the comparative period being 1 January 2023 – 31 December 2023. The financial statements have been prepared following the principles of consistency and comparability with the content and effects of any changes to methodology explained in the respective notes. The statement of financial position has been prepared in order of liquidity. The consolidated financial statements were authorized for issue by the Management Board on 10 April 2025. According to the Commercial Code of the Republic of Estonia, the annual report must also be approved by the Supervisory Board and shareholders. Shareholders have the right not to approve the annual report prepared by the Management Board and authorized by the Supervisory Board and request the preparation of a new report.

Note 2. Significant accounting and reporting principles

2.1 Basis of accounting

The consolidated financial statements of the Group have been prepared in accordance with the Accounting Act of the Republic of Estonia and International Financial Reporting Standards (IFRS) as adopted in the European Union.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including investment property and financial instruments) that have been measured at fair value.

The consolidated financial statements are presented in euros, which is the Group's functional currency. Unless otherwise stated, all amounts are presented in thousands of euros.

The main accounting principles used in the preparation of these consolidated financial statements have been set out below. These accounting principles have been consistently applied to all periods in the report, except when stated otherwise.

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International Financial Reporting Standards require the management to make certain judgments and estimates in the process of applying the Group's accounting principles. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements have been disclosed in Note 4.

2.2 Basis of consolidation

(a) Subsidiaries

The consolidated financial statements comprise the financial statements of Mainor Ülemiste AS and its subsidiaries.

Subsidiaries are all entities over which the Group has control. An entity is controlled by the Group if the Group is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Rights to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The acquisition of subsidiaries is accounted for using the purchase method. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. The acquired identifiable assets and liabilities and contingent liabilities are recognized at their fair value at the date of acquisition.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree (measured as at the reporting date closest to the acquisition date) over the Group's share of the net identifiable assets acquired and liabilities assumed is recorded as goodwill. If this is lower than the fair value of the net assets of a subsidiary acquired in a bargain purchase, the difference is recognized directly in the statement of comprehensive income.

In the consolidated financial statements, the financial information of all subsidiaries under the control of the parent company has been combined line by line. Subsidiaries are consolidated in the financial statements from the time control is obtained until the control is lost. All receivables, liabilities, income, expenses and unrealized gains and losses resulting from transactions between the parent company and its subsidiaries have been eliminated in the consolidated financial statements. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(b) Recognizing AS Technopolis Ülemiste in the consolidated balance sheet of Mainor Ülemiste AS as at 31 December 2023

Considering the following:

a) The activities of AS Technopolis Ülemiste are integrated with the Group's real estate development strategy and the Group considers the operations of AS Technopolis Ülemiste to be related to its important business segment
b) In the income statement, gains and losses on the shares in AS Technopolis Ülemiste are included in other operating income or other operating expenses respectively

According to the shareholders' agreement of AS Technopolis Ülemiste, Mainor Ülemiste AS has been granted a put option under which Mainor Ülemiste AS has the right to require Technopolis Holding OYJ to purchase the shares of AS Technopolis Ülemiste held by Mainor Ülemiste AS and to pay for the shares within six months. An annex to the shareholders' agreement stipulates that the selling price of these shares shall be their net asset value, which should not be less than their carrying amount at the end of the previous quarter.

Until 31 March 2024, investment in the shares of AS Technopolis Ülemiste was recognized in the consolidated financial statements using the equity method, under which the initial investment is adjusted for the profit/loss and any dividends received from the company.

Unrealized gains from transactions with the company are eliminated to the extent of the relevant holding. Unrealized losses are also eliminated, unless the reason for such loss is the impairment of assets.

If the Company's share of the losses of the investee recognized under the equity method equals or exceeds the carrying amount of the investee, the carrying amount of the investment is reduced to zero and subsequent losses recorded off-balance sheet. When the Company has guaranteed or is required to satisfy the liabilities of the investee, both the relevant liability and the loss under the equity method are recognized in the balance sheet. Accounting policies of the investee recognized under the equity method have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2.3 Foreign currencies

The financial statements of all group companies have been prepared in the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements have been prepared in euros (EUR), which is the functional currency of group companies and presentation currency of the parent company.

Foreign currency transactions are recorded at the official exchange rates of the European Central Bank at the date of the transaction. Gains and losses from foreign currency transactions are recognized in the statement of comprehensive income as income or expenses for the period. Monetary financial assets and liabilities denominated in foreign currencies are translated into euros using the official exchange rates of the European Central Bank at the balance sheet date. Gains and losses from foreign currency translation are recognized in profit or loss as income or expenses for the period.

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2.4 Investment property

Investment property is property held to earn rentals and/or for capital appreciation (including property that is being constructed for capital appreciation).

Land and buildings that are planned to be held for a long period of time and have a number of potential uses are also reported as investment property. If the usage of the investment property changes, the asset is reclassified in the statement of financial position and as of the date of this change accounting policies applicable to the asset group to which the investment property was reclassified are applied.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which is based on the market price determined annually by independent appraisers using the discounted cash flow method and the sales comparison approach. Gains or losses arising from changes in the fair values of investment properties are reported in the income statement under other operating income or expenses. No depreciation is calculated on investment properties recognized at fair value.

Investment property is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the withdrawal or disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss in the period of the withdrawal or disposal.

2.5 Investment property held for sale

Investment properties scheduled to be sold within the next 12 months are recognized as investment properties held for sale. Investment properties held for sale are carried at their fair value.

2.6 Inventories

Ongoing real estate development projects developed for sale are recorded as inventories. Upon reclassification, the fair value of investment property was taken to represent the cost of inventories. Development costs necessary to prepare the inventories for sale will be subsequently capitalized. Revenue from completed developments is recognized after a notarized real right contract for transfer of immovable property ownership has been concluded between the transferor and the acquirer. Inventories are expenses under cost of sales in the income statement.

2.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. Capitalization of borrowing costs begins when the Group:

- Incurs expenditures for the asset,
- Incurs borrowing costs, and
- Undertakes activities that are necessary to prepare the asset for its intended use or sale.

All other borrowing costs are expensed in the period in which they occur.

To the extent that the Group borrows funds for the purpose of developing a specific property, the amount of borrowing costs eligible for capitalization is determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that the Group borrows funds generally and uses them, among other purposes, for real estate development, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate that is the weighted average of the borrowing costs, excluding borrowing costs applicable to borrowings made for the purpose of developing specific assets.

2.8 Investments

Investments in subsidiaries

Investments in subsidiaries that are not held for sale are recognized in the unconsolidated financial statements of the parent company at cost; in the consolidated financial statements, the financial information of subsidiaries is combined line by line. In the consolidated financial statements, all receivables, liabilities, income, expenses and unrealized gains and losses resulting from transactions between the parent company and its subsidiaries have been eliminated. According to the Accounting Act of the Republic of Estonia, notes to the consolidated financial statements should include information regarding the unconsolidated main statements of the consolidating entity. The main statements of the parent company have been prepared using the same accounting policies and bases of estimations as the consolidated statements, except for investments in subsidiaries, which have been reported at cost in the parent company's main statements. The balance sheet, income statement, cash flows and statement of changes in equity of Mainor Ülemiste AS as the parent company have been presented in the respective notes.

Investments recognized in equity

Under the equity method, the investment is initially recognized at cost and adjusted in subsequent periods for the investor's share of the changes in the investee's equity and possible impairment of goodwill arisen on the acquisition.

2.9 Cash and cash equivalents

For the purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents include cash in hand, bank balances and short-term deposits with a term of three months or less from the date of their acquisition. Cash and cash equivalents are measured at amortized cost.

A cash flow statement presents the amounts received or paid out during the reporting period and classifies the cash flows according to their objective into cash flows from operating, investing or financial activities. Cash flows from operating activities are reported using the indirect method where the pre-tax profit (loss) for the reporting period is adjusted for the effects of non-cash business transactions, changes in the balances of assets and liabilities relating to operating activities and the income and expenses (profits and losses) relating to investing and financing activities. Cash flows from investing and financing activities are reported using the direct method, i.e., as gross receipts and payments for the reporting period.

2.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

Financial assets and liabilities are recognized when a group entity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are initially recognized at cost, being the fair value of the consideration received/paid. When recognizing financial assets and liabilities, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability (excluding financial assets and liabilities recognized at fair value through profit or loss) are added to or subtracted from their fair value, as appropriate. Transaction costs directly attributable financial assets or liabilities recognized at fair value through profit or loss are recognized immediately in profit or loss as income or expense.

2.11 Financial assets

Regular way purchases and sales of financial assets are recognized and derecognized using trade date accounting. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established by regulation or convention in the marketplace concerned. The subsequent measurement of financial assets is at either amortized cost or fair value, depending on the classification of the financial asset.

Classification

The Group classifies its financial assets as financial assets measured at amortized cost. The classification depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Management determines the classification of financial assets at their initial recognition.

Initial recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade date, i.e., the date the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value (unless it is a trade receivable that does not have a significant financing component and is initially measured at transaction price) plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost using the effective interest method. Impairment losses are deducted from amortized cost. Foreign exchange gains and losses and impairment losses are presented as separate line items in the consolidated income statement and consolidated statement of comprehensive income. Any gain or loss arising on derecognition is recognized directly in the consolidated income statement and consolidated statement of comprehensive income.

As at 31 December 2024 and 2023, all the Group's financial assets were classified in the amortized cost measurement category.

Impairment of financial assets

Financial assets measured at amortized cost are subject to impairment. Financial assets carried at amortized cost include trade receivables, cash and cash equivalents, loans granted and other receivables. Expected credit losses are a probability-weighted estimate of credit losses. A credit loss is measured as the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive discounted at the original effective interest rate.

The measurement of expected credit losses shall take into account: (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, (ii) the time value of money and (iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group measures loss allowances as follows:

- For trade receivables, at an amount equal to lifetime expected credit losses
- For cash and cash equivalents that are determined to have low credit risk at the reporting date (the management considers 'low credit risk' to be an investment grade credit rating with at least one major rating agency), at an amount equal to 12-month expected credit losses
- For all other financial assets, at an amount equal to 12-month expected credit losses, if the credit risk (i.e., the risk of default occurring over the expected life of the financial asset) has not increased significantly since initial recognition; if the risk has increased significantly, the loss allowance is measured at an amount equal to lifetime expected credit losses.

Effective interest rate is the rate that exactly discounts the estimated future cash flows of a financial asset or liability to the carrying amount of the financial asset or liability. The calculation includes all transaction costs, premiums and discounts related to the financial asset or liability.

2.12 Financial liabilities

Initial recognition and measurement

The Group's financial liabilities include interest-bearing borrowings, bonds, lease liabilities, and trade and other payables. All financial liabilities are recognized initially at fair value net of transaction costs.

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Subsequent measurement

Subsequent measurement of financial liabilities is at amortized cost using the effective interest method. The amortized cost of current financial liabilities generally equals their nominal value; therefore, current financial liabilities are carried in the statement of financial position at the amount payable. For determining the amortized cost of non-current financial liabilities, they are initially recognized at the fair value of the consideration received (less transaction costs) and interest expense on the liabilities calculated in subsequent periods using the effective interest method.

A financial liability is classified as current when it is due within 12 months after the reporting date or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Borrowings due within 12 months after the reporting date that are refinanced as long-term after the reporting date but before the annual report is authorized for issue are classified as short-term. Borrowings that the lender has the right to recall at the reporting date as a consequence of a breach of contractual terms are also recognized as short-term. Details on the current vs non-current classification of financial liabilities can be found in notes 16 and 17.

Derecognition

A financial liability is derecognized when it is discharged, canceled 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated income statement and consolidated statement of comprehensive income.

Borrowing costs that are directly attributable to the acquisition and/or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset until substantially all the activities necessary to prepare the asset for its intended use or sale are complete. All other borrowing costs are recognized as an expense in the period in which they are incurred.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on any future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.13 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because it is either not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Guarantees and other commitments that in certain conditions may become liabilities in the future are disclosed in the notes to the Group's consolidated financial statements as contingent liabilities.

2.14 Equity

Ordinary shares are classified as equity. If the share capital recorded as equity is repurchased, the amount paid is accounted for as a deduction from equity. Repurchased shares are classified as treasury shares and accounted for as a deduction from total equity. If treasury shares are sold, the amount received is recorded as an increase in equity, and the outcome of the transaction is transferred to retained earnings as either an increase or a decrease in retained earnings. The result of the cancellation of treasury shares is recognized as an adjustment to share premium or reserves, including retained earnings, or a combination thereof. Pursuant to the requirements of the Commercial Code of the Republic of Estonia, a legal reserve for the parent company has been formed from annual net profit transfers. Each year, at least 1/20 of the net profit for the reporting period shall be entered in the legal reserve until the reserve reaches 1/10 of the share capital.

2.15 Revenue recognition

The main sources of revenue for the Group are:

- Lease income
- Revenue from contracts with customers (services to tenants)
- Revenue from other services

(a) Lease income

The Group generates income from operating as a lessor in operating lease agreements where the Group does not transfer substantially all the risks and rewards incidental to ownership of the underlying asset. As this income is related to operating activities, lease income from operating leases is recognized within revenue in the consolidated income statement and consolidated statement of comprehensive income on a straight-line basis over the lease term, except for contingent rents, which are recognized as income as incurred. Initial direct costs incurred in negotiating and arranging an operating lease are recognized as expenses over the lease term on the same basis as lease income.

Lease incentives to tenants are deducted from lease payments. Lease incentives are therefore recognized on a straight-line basis over the lease term as a reduction of lease income. Lease term is the non-cancellable period of the lease together with any periods covered by an option to extend the lease if the Group is reasonably certain that the lessee will exercise that option.

The Group's lease income is recognized in the consolidated income statement and consolidated statement of comprehensive income under revenue.

(b) Revenue from contracts with customers

For investment property held primarily to earn rentals, the Group as a lessor enters into lease agreements within the scope of IFRS 16. These agreements cover certain services provided to the

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Group's tenants (i.e., customers), including maintenance of common areas (e.g., maintenance services) and utilities (electricity, water and sewerage, heating, ventilation and cooling). The fee charged for these services includes reimbursement of the costs incurred (accessory expenses). Accessory expenses are divided into two: fixed accessory expenses and costs calculated on the basis of actual consumption. These services have been specified in the lease agreements and are invoiced separately.

The Group has determined that these services constitute separate non-lease components (services are transferred separately from the right-of-use asset) and fall within the scope of IFRS 15. The Group allocates the consideration in the agreement to the lease and non-lease components on the basis of the relative stand-alone selling price.

From the point of view of revenue recognition, these services are services provided individually on a daily basis over time, since tenants receive and consume the benefits offered by the Group at the same time as the service is being provided. The Group measures the progress of the provision of the service based on time elapsed. Payment is made after the service has been provided.

Concluded lease agreements do not allow the clients to choose their own providers of utilities and administrative services. The Group has a performance obligation to provide the specified goods and services to its customers and is therefore acting as a principal in these sales transactions. When the performance obligation has been satisfied, the Group recognizes revenue at the gross amount of the consideration that the Group expects to be entitled to in exchange for those goods or services.

Other operating income

Other operating income includes income that is not related to the Group's principal activity, such as profits from the revaluation of investment property, income from government grants, gains from the sale of non-current assets.

Dividend and interest income

Dividend income from investments is recognized when the shareholders' right to receive payment has been established (provided that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the income can be measured reliably). Interest income from financial assets is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the income can be measured reliably. Interest income is recognized on an accrual basis taking into account the principal amount outstanding and the effective interest rate applicable.

2.16 Expenses

Cost of sales

Cost of sales includes expenses related to property rental, development, maintenance and utilities, as well as costs associated with the provision of other services, including the remuneration calculated for the administrative, sales and service departments.

Marketing expenses

Marketing expenses include marketing activities and marketing department's remuneration related to the sale of goods and services in the reporting period.

Administrative expenses

Administrative expenses include remuneration calculated for the members of the management and supervisory boards and the general department, legal, research and development expenses, management fees, IT expenses and software maintenance expenses, depreciation and amortization.

Other operating expenses

Other operating expenses include expenses that are not related to the Group's principal activity.

Financial expenses

Interest expenses directly related to the acquisition of assets constructed over a longer period of time are capitalized until the property is taken into use. Other interest and financial expenses are recognized on an accrual basis as financial expenses for the reporting period.

2.17 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is (or contains) a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group uses the lease definition provided in IFRS 16 to assess whether an agreement conveys the right to control the use of an asset.

Group as lessee

When concluding or amending a contract containing a lease component, the Group allocates the consideration in the contract to each lease component based on its stand-alone price.

The Group recognizes the right-of-use asset and the lease liability at the commencement date of the lease. Right-of-use assets are initially recognized at cost, including the amount of lease liabilities recognized, initial direct costs incurred and lease payments made at or before the commencement date, less any lease incentives received. The initial amount of lease liabilities is adjusted for prepayments made, direct costs incurred and restoration costs (arising from the dismantling and restoration of the property). Any rent concessions received are deducted from this amount.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease until the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the residual value of the right-of-use asset indicates that the Group intends to exercise the purchase option. In these cases, the right-of-use asset is depreciated over its useful life, determined on the same basis as these of the corresponding tangible assets held by the Group. In addition, the value of the right-of-use asset is reduced by any impairment losses identified. The value of the right-of-use asset is also adjusted when the lease liability in remeasured.

Lease liabilities are initially recognized at the present value of the lease payments that are not paid at the commencement date using the interest rate implicit in the lease.

Lease liabilities include the following lease payments:

- Fixed payments (including in-substance fixed lease payments)
- Penalties for terminating the lease (if the termination is reasonably certain)
- Exercise price of a purchase option (if the lessee is reasonably certain to exercise that option)
- Guaranteed residual value (amounts expected to be payable)
- Variable lease payments that depend on an index or a rate

Lease liabilities are measured at amortized cost. Lease liabilities are remeasured if there is a change in future lease payments resulting from a change in an index or a rate, there is a change in the amounts expected to be payable under a residual value guarantee or the Group changes its assessment as to whether the purchase, extension or termination option is to be exercised. Lease liabilities are also remeasured if there is a change in fixed payments (including in-substance fixed lease payments).

If lease liabilities are remeasured for any of the reasons listed above, the carrying amount of the right-of-use asset is adjusted accordingly. If the carrying amount of the right-of-use asset is reduced to zero, the effect of the change in lease liabilities is recognized in profit or loss.

The Group has decided not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes lease payments of these leases as an expense in profit or loss on a straight-line basis over the lease term under administrative expenses.

Group as lessor

The Group's accounting policies for recognizing lease income have been discussed in section 2.15(a).

2.18 Taxation and deferred income tax

According to the Income Tax Act of the Republic of Estonia, annual profits are not subject to corporate income tax if not distributed. Income tax is payable when profits are distributed (i.e., on dividends) and on transactions which can be regarded as indirect profit distribution (compensations, gifts, etc.).

The distribution of retained earnings is generally subject to taxation at the rate of 20/80 on the net amount of distributable dividends (equal to 20% of the gross amount of retained earnings). A lower tax rate of 14/86 can be used for regular dividend payments. Dividend payments are considered regular if the amount of distributed profit does not exceed the average distributed profit of the previous three calendar years from which income tax has been paid in Estonia. In 2024, the Company will be able to tax the dividend at a lower tax rate of 14/86 to the extent of the average taxable dividend payment of the previous three years. Starting from 2025, the distribution of retained earnings will be subject to taxation at the rate of 22/78 on the net amount of distributable dividends (equal to 22% of the gross amount of retained earnings).

The corporate income tax payable on the distribution of dividends is recognized as a liability and as income tax expense in the income statement in the period in which dividends are declared, regardless of the period for which the dividends are declared or the actual payment date. The income tax is due on the 10^{th} day of the month following the distribution of dividends. The provision for the income tax liability arising from the payment of dividends is not recognized until the dividends have been declared. The maximum possible contingent income tax liability that could result from the distribution of retained earnings in the form of dividends has been disclosed in Note 27 to the annual report.

Because of the nature of the Estonian taxation system, there are generally no temporary differences between the carrying amounts and tax bases of the assets of companies registered in Estonia that could result in deferred income tax assets or liabilities. The Group recognizes a deferred income tax liability for all taxable temporary differences associated with investments in subsidiaries and investment accounted for using the equity method, unless the Group is able to control the timing of the reversal of the taxable temporary difference and the temporary difference is not likely to reverse in the foreseeable future. Examples of the reversal of taxable temporary differences include distribution of dividends, disposal or liquidation of investments and other such transactions.

Since the Group controls the dividend policy of its subsidiaries, it is also able to control the timing of the reversal of temporary differences associated with these investments. When the parent company has decided that the profits of a subsidiary will not be distributed in the foreseeable future, the deferred income tax liability is not recognized. If the parent company estimates that dividends will be distributed in the foreseeable future, a deferred income tax liability is recognized in the amount of the planned dividends, provided that there are sufficient funds and equity as at the reporting date to distribute profits in the foreseeable future.

The Group measures deferred income tax liabilities using the tax rates that are expected to apply to deferred income tax liabilities in the period when the liabilities are expected to reverse, based on the tax rates that have been enacted by the end of the reporting period.

2.19 Fair value measurement

The Group measures investment property at fair value at each reporting date.

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. Fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:
(a) In the principal market for the asset or liability; or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

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.

The 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in these financial statements have been categorized within the fair value hierarchy described below based on the lowest level input that is significant to the fair value measurement in its entirety:

Level 1: quoted prices (unadjusted) 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 significant lowest level inputs are not directly or indirectly observable

The Group assesses at the end of each reporting period whether the assets and liabilities recognized in the financial statements on a recurring basis need to be transferred to another level (based on the lowest level input that is significant to the fair value measurement in its entirety).

2.20 Related parties

In the preparation of the annual report of Mainor Ülemiste AS, the following were considered as related parties:

- Owners (parent company and persons controlling or having significant influence over the parent company, other persons having significant influence over the Company)
- Other entities in the Mainor AS consolidation group
- Executive and senior management
- Close family members and companies under the control or significant influence of the above persons

2.21 Subsequent events

The consolidated financial statements reflect material circumstances that have an effect on the valuation of assets and liabilities and became evident between the end of the reporting period and the date that the management board of the parent company finished preparing the financial statements, but are related to events that took place in the reporting period or earlier periods.

Subsequent events that do not affect the valuation of assets and liabilities, but have a material effect on the financial result of the following financial years, have been disclosed in the notes to the consolidated financial statements.

Note 3. Application of International Financial Reporting Standards (IFRS)

<u>New and amended International Financial Reporting Standards (IFRS)</u>

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have issued the following standards, amendments and interpretations effective for annual periods beginning in or after 2024. Application of these standards by the Group implies that they have been also adopted in the European Union if the updates do not comply with previous IFRS requirements.

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The accounting policies adopted are consistent with those of the previous financial year except for the following IFRS and amendments to IFRS which have been adopted by the Company as of 1 January 2024:

IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, and are applied retrospectively. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. The Group assessed its classification of liabilities as either current or non-current and concluded that the amendments do not have a material impact on the Group's financial statements.

IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. Under the amendments, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognizing, in profit or loss, any gain or loss relating to the partial or full termination of a lease. The amendments apply retrospectively to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. The Group believes the amendment will have no material impact on their financial statements.

IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures – Supplier Finance Arrangements (Amendments)

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements. The Group believes the amendment will have no material impact on their financial statements.

Standards issued but not yet effective and not early adopted

The following new standards, amendments and interpretations issued by the International Accounting Standards Board (IASB) and adopted in the European Union will not apply for the reporting period ended 31 December 2024:

IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)
The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique. The Group believes the amendment will have no material impact on their financial statements.

New standards and amendments issued by the IASB that are not yet effective and have not yet been endorsed by the European Union

The IFRS standards adopted by the European Union do not significantly differ from those adopted by the International Accounting Standards Board (IASB), with the exception of the following new standards, amendments to existing standards and a new interpretation that had not been approved in the EU by the date of preparation of this report (the effective date below refers to the full IFRS):

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments (Amendments)
In May 2024, the IASB issued amendments to the Classification and Measurement of Financial Instruments which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early adoption of amendments related to the classification of financial assets and the related disclosures is permitted, with the option to apply the other amendments at a later date. The amendments clarify that a financial liability is derecognized on the 'settlement date', when the obligation is discharged, canceled, expired, or otherwise qualifies for derecognition. They introduce an accounting policy option to derecognize liabilities settled via electronic payment systems before the settlement date, subject to specific conditions. They also provide guidance on assessing the contractual cash flow characteristics of financial assets with environmental, social, and governance (ESG)-linked features or other similar contingent features. Additionally, they clarify the treatment of non-recourse assets and contractually linked instruments and require additional disclosures under IFRS 7 for financial assets and liabilities with contingent event references (including ESG-linked) and equity instruments classified at fair value through other comprehensive income. The amendments

have not yet been endorsed by the EU. The Group expects the amendment to have no material impact on their financial statements.

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity (Amendments)
In December 2024, the IASB issued targeted amendments for a better reflection of Contracts Referencing Nature-dependent Electricity, which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. The amendments include clarifying the application of the 'own-use' requirements, permitting hedge accounting if contracts in scope of the amendments are used as hedging instruments, and introduce new disclosure requirements to enable investors to understand the impact of these contracts on a company's financial performance and cash flows. The clarifications regarding the 'own-use' requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application. The Group expects the amendment to have no material impact on their financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements. In April 2024, the IASB issued the IFRS 18 – Presentation and Disclosure in Financial Statements which replaces IAS 1 – Presentation of Financial Statements. IFRS 18 introduces new requirements on presentation within the statement of profit or loss. It requires an entity to classify all income and expenses within its statement of profit or loss into one of the five categories: operating; investing; financing; income taxes; and discontinued operations. These categories are complemented by the requirements to present subtotals and totals for ‘operating profit or loss’, ‘profit or loss before financing and income taxes’ and ‘profit or loss’. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards. IFRS 18 is effective for reporting periods beginning on or after 1 January 2027, with earlier application permitted. Retrospective application is required in both annual and interim financial statements. In the following reporting periods, the Group will analyze the requirements of this newly issued standard and assess its impact.

IFRS 19 Subsidiaries without Public Accountability: Disclosures. In May 2024, the IASB issued the IFRS 19 – Subsidiaries without Public Accountability: Disclosures. IFRS 19 permits subsidiaries without public accountability to use reduced disclosure requirements if their parent company (either ultimate or intermediate) prepares publicly available consolidated financial statements in compliance with IFRS accounting standards. These subsidiaries must still apply the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards. IFRS 19 is effective for reporting periods beginning on or after 1 January 2027, with early application permitted. The Group expects the amendment to have no material impact on their financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11

The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2026. The Annual Improvements to IFRS Accounting Standards – Volume 11, includes amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7. These amendments aim to clarify wording, correct minor unintended consequences, oversights, or conflicts between requirements in the standards. The Group expects the amendment to have no material impact on their financial statements.

Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The Group expects the amendment to have no material impact on their financial statements.

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Note 4. Significant management judgments and estimates

According to the Group's accounting principles, which have been described in Note 2, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities information on which is not readily available from other sources. These estimates and judgments are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The following estimates made by the management in the implementation of the Group's accounting principles have the most significant impact on the information in the consolidated financial statements.

Fair value of investment property

Investment property is measured at fair value at the end of each reporting period. In determining the fair value of investment property, management estimates are used, which are based on the expert opinion of a certified real estate appraiser. The fair value is determined using the discounted cash flow method and the sales comparison approach. More information about the carrying amount of investment property has been disclosed in Note 6.

The construction and interest expenses related to investment property have been capitalized during the reporting year. The fair value of unfinished investment property is assessed by reference to the stage of completion, provided that the fair value can be measured reliably. An accurate cost accounting and forecasting model has been introduced to assess the stage of completion, the fair value calculation model is the same as for finished investment property and the amount is recorded under investment property in the financial statements.

When measuring the fair value of assets or liabilities, the Group always uses observable market data to the extent possible. Fair values have been categorized into different levels of the fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: inputs not based on market data are unobservable inputs, the Company uses the best information available in the circumstances, which may include the Company's own data

For assets and liabilities carried at fair value, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (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 significant inputs (future cash flows) underlying the calculation of the fair value of the investment property of Mainor Ülemiste AS are categorized into Level 3.

Collectability of receivables

The Group has applied the simplified approach described in IFRS 9 in recognizing lifetime expected credit losses for trade and lease receivables (see Note 5). The Group always recognizes loss allowances for trade and lease receivables at an amount equal to lifetime expected credit losses. The expected credit losses on these assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money, where appropriate. Lifetime expected credit losses represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For all other financial instruments, the Group recognizes loss allowances at an amount equal to lifetime expected credit losses if there has been a significant increase in credit risk since initial recognition. If the credit risk of the financial instrument has not increased significantly since initial recognition, loss allowance is measured at an amount equal to 12-month expected credit losses.

Even if assets have been written off, the Group may still continue to recover the debt by implementing measures designated in its debt collection procedures and, if necessary, the help of legal advisers.

More information about the carrying amount of receivables has been disclosed in notes 9 and 10.

Deferred income tax liability for taxable temporary differences associated with investments in subsidiaries and investments accounted for using the equity method

The subsidiaries of the Group recognize corporate income tax when dividends are paid out. The retained earnings of subsidiaries give rise to temporary differences, i.e., differences between the carrying amounts and tax bases of the investment. Since the parent company is able to control whether and when the retained earnings of subsidiaries are distributed and has decided that the retained earnings of the subsidiaries Õpiku Majad OÜ and TÜC Majad AS will not be distributed in the foreseeable future, the Group has not recognized the relevant deferred income tax liability. The Group's subsidiary Ülemiste City Residences OÜ had no retained earnings as at 31 December 2024.

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Note 5. Financial instruments and risk management

The Group's activities are exposed to a variety of financial risks: credit risk, liquidity risk and market risks (including interest rate risk and currency risk). The objective of financial risk management is to mitigate financial risks and reduce the volatility of financial results. The Company's risk management is based on the notion that economic success depends on ongoing monitoring, accurate measurement and skillful handling of risks. The key objective of risk management is to prevent losses that could put the equity of Mainor Ülemiste AS and business continuity at risk.

Financial instruments by category:

(In thousands of euros)			31 December 2024	
Class of financial instruments	Notes	Category	Carrying amount	Fair value
FINANCIAL ASSETS				
Trade receivables	10	At amortized cost	2,598	2,598
Other receivables	9	At amortized cost	54	54
Financial investments	14	At amortized cost	2,000	2,000
Cash and cash equivalents	14	At amortized cost	19,109	19,109
Total financial assets			**23,761**	**23,761**
FINANCIAL LIABILITIES				
Trade payables	17	At amortized cost	2,783	2,783
Borrowings	16	At amortized cost	228,006	228,006
Other payables	17	At amortized cost	1,144	1,144
Total financial liabilities			**231,933**	**231,933**

(In thousands of euros)			31 December 2023	
Class of financial instruments	Notes	Category	Carrying amount	Fair value
FINANCIAL ASSETS				
Trade receivables	10	At amortized cost	1,870	1,870
Other receivables	9	At amortized cost	9,677	9,677
Cash and cash equivalents	14	At amortized cost	8,646	8,646
Total financial assets			**20,193**	**20,193**
FINANCIAL LIABILITIES				
Trade payables	17	At amortized cost	4,241	4,241
Borrowings	16	At amortized cost	124,273	124,273
Other payables	17	At amortized cost	1,421	1,421
Total financial liabilities			**129,935**	**129,935**

Group's financial instruments in the fair value measurement hierarchy (described in section 2.19) as at 31 December 2024:

(In thousands of euros)	31 December 2024			
	Level I	Level II	Level III	**Total**
Financial liabilities for which fair value is disclosed				
Borrowings	0	228,006	0	**228,006**

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(In thousands of euros)	31 December 2023			
	Level I	Level II	Level III	**Total**
Financial liabilities for which fair value is disclosed				
Borrowings	0	124,273	0	**124,273**

Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations to the Company. Credit risk arises mostly in relation to trade receivables. To reduce credit risk, customers' payment profiles are continuously monitored. If due dates for payments have been exceeded, reminders and warnings are sent, and the customer contacted.

Maximum credit risk exposure:

(In thousands of euros)	Notes	31 December 2024	31 December 2023
Current accounts and cash in hand	14	19,109	8,646
Financial investments	14	2,000	0
Trade receivables	10	2,598	1,870
Other receivables	9	54	9,677
Total		**23,761**	**20,193**

Credit risk management is primarily focused on avoiding significant accumulated credit risk concentrations. The Group's credit risk prevention and minimization activities involve monitoring and directing their clients' payment behavior, which allows them to react quickly and take the necessary measures. To minimize credit risk, clients pay a deposit usually equaling two-month rent that is refundable at the end of the contract agreement or netted against their payables, or are required to present a bank guarantee. As at 31 December 2024, the Group has received a total of 3,093 thousand euros in deposits (31 December 2023: 866 thousand euros). The most significant financial instruments exposed to credit risk are receivables from customers outside the Mainor Ülemiste AS group, the allocation by remaining maturity of which as at the reporting date was as follows:

(In thousands of euros)	31 December 2024	31 December 2023
Receivables not yet due	1,658	972
Overdue 1–30 days	678	282
Overdue 31–90 days	160	311
Overdue more than 90 days	102	305
Total	**2,598**	**1,870**

To reduce credit risk, the Group classified receivables in the amount of 645 thousand euros as doubtful in 2024 (2023: 243 thousand euros). 296 thousand euros worth of receivables classified as doubtful in previous years were declared uncollectible (2023: 24 thousand euros). The Group has applied the simplified approach described in IFRS 9 in recognizing expected credit losses for trade receivables, according to which the loss allowance is measured at an amount equal to lifetime expected credit losses. In order to estimate expected credit losses, the Group has analyzed past periods and concluded that the expected monthly credit loss of trade receivables is approximately 2% of lease income.

For all other financial instruments (including loan receivables), the Group recognizes loss allowances at an amount equal to 12-month expected credit losses, unless there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the loss allowance is measured at an amount equal to lifetime expected credit losses.

Liquidity risk

The Group's liquidity or solvency reflects its ability to meet its financial obligations to creditors in a timely manner. The Group manages liquidity risk by continuously monitoring estimated and actual cash flows, and reconciling the maturities of financial assets and liabilities. Liquidity risk is mitigated by monitoring the liquidity position, analyzing various financing options on an ongoing basis and constantly negotiating with financiers.

In 2024, the Group's liquidity was most affected by the following events:

- Involving a new investor, issuing additional shares to pay for the holding in the subsidiary TÜC Majad AS
- Additional syndicated loan agreement concluded with AS SEB Pank and Luminor Bank AS in the amount of 9,407 thousand euros to cover the cost of construction of the 2nd building of Ülemiste Health Centre at Sepapaja 12
- Additional loan agreement concluded with OP Corporate Bank plc Eesti filiaal in the amount of 7,586 thousand euros to cover the cost of construction of the educational quarter at Valukoja 9
- Loan agreement concluded with OP Corporate Bank plc Eesti filiaal in the amount of 12,435 thousand euros for refinancing the loan from OP Corporate Bank plc Eesti filiaal in the amount of 6,435 thousand euros and the loan from LHV Pank AS in the amount of 6,000 thousand euros
- Unscheduled loan repayments to LHV Pank AS in the amount of 14,840 thousand euros

Liquidity risk is the risk that the Group will be unable to settle its financial liabilities as they fall due.

With the syndicated loan agreements concluded with AS SEB Pank and Luminor Bank AS, the group company Öpiku Majad OÜ has committed itself to ensuring that the debt service coverage ratio (DSCR) is at least 1.2 (for measurement periods ending on 31 March 2023 and 30 June 2023, 1.0) and the loan-to-value ratio (LTV) does not exceed 70% of the market value of properties pledged as collateral.

With the loan agreements concluded with Swedbank AS, the group company TÜC Majad AS has committed itself to ensuring that the debt service coverage ratio (DSCR) is at least 1.3 in all measurement periods and the loan-to-value ratio (LTV) does not exceed 70% of the market value of properties pledged as collateral.

With the loan agreement concluded between AS LHV Pank and Mainor Ülemiste AS, the Company has undertaken to ensure that the borrower's debt service coverage ratio (DSCR) is at least 1.1 and, if the conditions are not met, not to pay dividends without the bank's prior consent.

With the agreements concluded with OP Corporate Bank plc Eesti filiaal, group companies Mainor Ülemiste AS and Öpiku Majad OÜ have committed themselves to ensuring that the debt service coverage ratio (DSCR) is at least 1.1, the ratio of equity to total assets at least 35% and the loan-to-value ratio (LTV) does not exceed 70% of the market value of properties pledged as collateral.

As at 31 December 2024, all group companies were in compliance with these financial ratios.

The Company has secured these loan liabilities by establishing mortgages on most of their properties (Note 6).

The following table presents the Company's current and non-current liabilities by due dates. All presented amounts represent payable contractual undiscounted cash flows. The value of liabilities due within 12 months after the end of the reporting period is equal to their carrying amount (except for interest-bearing liabilities). Bank loans are the usual source of financing and their termination and modification is a part of the business and financing activities.

Contractual maturities of financial liabilities:

31 December 2024 *(In thousands of euros)*	Notes	Within 1 month	Within 2–3 months	Within 4–12 months	Within 2–5 years	Over 5 years	Total
Secured bank loans	16	1,360	2,643	86,019	132,191	0	222,213
Loans from related parties	16	31	60	2,396	840	3,251	6,578
Bonds	16	0	515	752	18,441	0	19,708
Lease liabilities	16	7	13	63	145	0	228
Trade payables	17	2,783	0	0	0	0	2,783
Other payables	17	352	28	125	0	0	505
Total		**4,533**	**3,259**	**89,355**	**151,617**	**3,251**	**252,015**

31 December 2023 *(In thousands of euros)*	Notes	Within 1 month	Within 2–3 months	Within 4–12 months	Within 2–5 years	Over 5 years	Total
Secured bank loans	16	877	1,775	27,999	92,089	0	122,740
Bonds	16	0	515	752	20,035	0	21,302
Lease liabilities	16	7	15	63	227	0	312
Trade payables	17	2,404	1,837	0	0	0	4,241
Other payables	17	977	147	47	304	0	1,475
Total		**4,265**	**4,289**	**28,861**	**112,655**	**0**	**150,070**

Interest rate risk

Interest rate risk arises from changes in interest rates on the money markets, which may result in the need to reevaluate the Company's financial assets and take into account increasing cost of financing in the future. The bonds issued by the Company have a fixed interest rate and are not affected by changes in the money market. Interest rates are also having an indirect impact on the value of real estate. The interest rates of the Company's bank loans and lease liabilities are tied to Euribor. As at 31 December 2024, the interest-bearing liabilities of the Company amounted to 228,006 thousand euros (31 December 2023: 124,273 thousand euros), around 92% (2023: 85%) of which had floating interest rates (tied to 3- and 6-month Euribor), see Note 16.

In managing short-term interest rate risks, the Company compares on a regular basis, potential losses arising from changes in interest rates to their hedging expenses.

As at 31 December 2024, 6-month Euribor was 2.562% (31 December 2023: 3.861%). If the 6-month Euribor were to increase by 1 percentage point, then as at 31 December 2024, the interest expense of the Group's borrowings tied to Euribor would increase by 2,280 thousand euros (2023: 1,057 thousand euros). If the 6-month Euribor were to decrease by 1 percentage point, then as at 31 December 2024, the interest expense of the Group's borrowings tied to Euribor would decrease by 2,280 thousand euros (2023: 1,057 thousand euros).

As at 31 December 2024, interest-bearing financial liabilities and receivables were as follows:

(In thousands of euros)	Notes	31 December 2024	31 December 2023
Fixed interest rate liabilities (1–12 months)	16	0	1,494
Fixed interest rate liabilities (12+ months)	16	17,106	17,106
Floating interest rate liabilities (1–12 months)	16	81,803	19,472
Floating interest rate liabilities (12+ months)	16	129,097	86,201
Fixed interest rate receivables (1–12 months)	9	5	6,204
Fixed interest rate receivables (12+ months)	9	15	20

Currency risk

Group companies carry out transactions in euros, currency risk arises from transactions conducted in currencies other than the euro. To hedge the currency risk, all important contracts in the Group are concluded in euros. The main currency risk therefore arises from the devaluation of currencies relative to the euro, against which the Group is not protected.

As the Group's liabilities are in euros and all of the Group's revenue is earned in euros, the Company's management estimates the currency risk to be immaterial.

Capital risk management

The purpose of capital risk management is to ensure the sustainability of the Group and secure returns for shareholders through an optimal capital structure. The Group uses both debt and equity instruments for financing business activities and monitors the equity ratio when designing its financial structure and performing risk assessments.

	31 December 2024	31 December 2023
Equity to total assets	49.4%	55.0%
Liabilities to total assets	50.6%	45.0%

Loan financing is planned and taken on project-by-project basis. Before applying for financing, the Group prepares a budget for the project, carefully considering its impact taking into account the interest rate risk. If there are any special terms or conditions in the financing agreement (rental income, vacancy rate, etc.), the Group pursues to meet them before the actual agreement is concluded.

All loans have to be approved by the Company's supervisory board before the loan liability is assumed. Short-term loans are used to cushion the seasonality of the Company's business and manage cash flows.

The Commercial Code imposes the following requirements on the share capital of companies registered in Estonia:

- The share capital of a public limited company shall be at least twenty-five thousand (25,000) euros.
- The net assets of a public limited company shall form at least one-half of its share capital.

The amount of the share capital or minimum and maximum capital of a public limited company have to be set out in the articles of association of the Company in such a way that the minimum capital is at least one-quarter of the maximum capital.

According to the articles of association of Mainor Ülemiste AS, the Company's minimum share capital is 12,800 thousand euros and maximum share capital 51,200 thousand euros. As at 31 December 2024, the share capital of Mainor Ülemiste AS was 25,156 thousand euros and net assets amounted to 233,170 thousand euros, thus meeting the share capital and equity requirements established in the Republic of Estonia.

Capital management is guided by the objective of ensuring the Company's credibility, sustainable development and growth of shareholders' assets throughout the business cycle, making sure that the Group's equity to assets ratio is at least 35% at any given time (31 December 2024: 49.4%, and 31 December 2023: 55.0%).

Note 6. Investment property

The Group's investment property consists of office and production buildings, which are rented out, and properties with development potential, for which their usage purpose is not yet clear. All investment property is located in Tallinn in the Ülemiste City business campus. As at 31 December 2024, their total rental space amounted to 195.4 thousand m² (31 December 2023: 103.9 thousand m²).

(In thousands of euros)	Notes	Investment property
Balance as at 31 December 2022		**196,780**
Acquisitions and additions		13,788
Profit from change in fair value	20	4,584
Reclassification to investment property held for sale	7	-2,042
Reclassification to inventories	8	-8,700
Balance as at 31 December 2023		**204,410**
Acquisitions and additions		22,166
Acquisition of subsidiary as at 31 March 2024	13	213,644
Profit from change in fair value	20	7,615
Balance as at 31 December 2024		**447,835**

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Under IFRS 13, investment property owned by the Group is classified to Level 3 of the fair value hierarchy. The valuation of such properties is based on unobservable inputs that are significant to the fair value measurement.

Valuation of the Group's investment property is carried out by independent certified experts. The fair value of investment property has been assessed using the discounted cash flow method, which is based on the expected cash flows, inflation, vacancy and capitalization rates for future periods. In addition, some investment properties were valued using the sales comparison approach. There have been no changes in the valuation approach during the financial year, the same principles were applied in the comparative period. The Company provides valuators with the following information: type of investment property, development plans, estimated construction costs and expected rental prices. The valuator uses assumptions and valuation models specific to the market, such as discount rates and exit yields. Valuation reports are reviewed and approved by the management board of the Group.

As at 31 December 2024, the total value of investment property in the Ülemiste City business campus owned by the Group amounted to 447,835 thousand euros (31 December 2023: 206,452 thousand euros), of which 370,215 thousand euros (2023: 174,650 thousand euros) is the value of real estate determined with reference to rental cash flows and 76,295 thousand euros (2023: 13,010 thousand euros) the value of building rights determined using the sales comparison approach.

Real estate valued with reference to rental cash flows is characterized by the following key parameters: rental area 186 thousand m² (2023: 86.4 thousand m²); based on current rental fees of 2.2–55.0 €/m² (2023: 2.0–35.0 €/m²), vacancy rate of up to 20% (2023: 24%), discount rate of 8.2–10.5% (2023: 8.5–10.5%), capitalization rate of 7.2–9.0% (2023: 7.0–9.0%) and length of rental agreements between 1 and 15 years (2023: 1–15 years).

The table below shows possible changes in the fair value of investment property (in thousands of euros) if there were changes in the key input data used in Colliers valuation reports:

	Fair value	Change in rental price/m²		Change in capitalization rate	
(In thousands of euros)		5%	-5%	5%	-5%
Valued with reference to rental cash flows	370,215	392,650	347,781	357,690	384,060
Building rights based on sales comparison approach	76,295	76,295	76,295	76,295	76,295
Investment property under development	1,325	1,325	1,325	1,325	1,325
TOTAL	**447,835**	**470,270**	**425,401**	**435,310**	**461,680**

Rental income of 22,544 thousand euros was earned from investment property in the reporting period, while rental income earned in the previous reporting period amounted to 11,394 thousand euros; real estate, accommodation and conference services (excluding one-time revenue) were provided in the amount of 10,633 thousand euros, in the previous reporting period, in the amount of 6,152 thousand euros (Note 19). Expenses directly related to the management of investment property (excluding one-time revenue) amounted to 11,195 thousand euros in the reporting period (2023:

6,632 thousand euros), including resold services in the amount of 4,121 thousand euros (2023: 3,136 thousand euros), see Note 21.

A total of 22,166 thousand euros was invested in investment property during the reporting period (including capitalized loan interests and commitment fees in the amount of 1,138 thousand euros, which is 10.0% of interest expenses, and capitalized loan and project management fees in the amount of 309 thousand euros). In the previous reporting period, these investments amounted to 13,788 thousand euros (including capitalized loan interests in the amount of 276 thousand euros, which was 3.6% of interest expenses, and capitalized loan and project management fees in the amount of 232 thousand euros). As at 31 December 2024, unpaid construction invoices in the amount of 1,057 thousand euros have been included in the purchase of investment properties (2023: 3,182 thousand euros). No leases were concluded in 2024 or 2023 for the acquisition of equipment and fittings that form an integral part of investment property and are subleased to tenants. Information about investment property pledged as collaterals has been disclosed in Note 16.

Note 7. Investment property held for sale

(In thousands of euros)	Notes	Investment property held for sale
Balance as at 31 December 2022		**0**
Reclassification from investment property	6	2,042
Balance as at 31 December 2023		**2,042**
Sale of investment property held for sale		-2,042
Balance as at 31 December 2024		**0**

Investment properties scheduled to be sold within the next 12 months are recognized as investment properties held for sale. As at 31 December 2023, investment property held for sale was carried at its fair value. The investment property held for sale was sold in the summer of 2024 for 4,367 thousand euros, resulting in a profit of 2,325 thousand euros. Refer to Note 20.

Note 8. Inventories

(In thousands of euros)	Notes	Real estate development projects developed for sale
Balance as at 31 December 2022		**0**
Reclassification from investment property	6	8,700
Balance as at 31 December 2023		**8,700**
Change in inventories		-8,700
Balance as at 31 December 2024		**0**

Real estate development projects developed for sale are recorded as inventories. Upon reclassification, the fair value of investment property was taken to represent the cost of inventories. The inventories were sold in the winter of 2024.

Note 9. Trade and other receivables

(In thousands of euros)	Notes	31 December 2024	Due within 1 year	Due within 1–5 years
Financial assets				
Trade receivables	10	3,750	3,750	0
Expected credit losses	10	-1,152	-1,152	0
Loan receivables		20	5	15
Interest receivables		2	2	0
Receivables from other entities in the Mainor AS consolidation group	28	32	32	0
Total financial assets		**2,652**	**2,637**	**15**

(In thousands of euros)	Notes	31 December 2023	Due within 1 year	Due within 1–5 years
Financial assets				
Trade receivables	10	2,521	2,521	0
Expected credit losses	10	-651	-651	0
Loan receivables		24	4	20
Interest receivables		250	250	0
Receivables from other entities in the Mainor AS consolidation group	28	9,403	9,403	0
Total financial assets		**11,547**	**11,527**	**20**

As at 31 December 2023, receivables from other entities in the Mainor AS consolidation group included a 9,340 thousand euro receivable (including interest) from the parent company AS Smart City Group. Interest in the amount of 186 thousand euros was calculated on this receivable in 2023 and in the amount of 40 thousand euros in 2024. The interest rate was 3%. The receivable from AS Smart City Group was collected in March 2024.

Additional information has been disclosed in Note 28.
Risks related to financial instruments have been disclosed in Note 5.

Note 10. Trade receivables

(In thousands of euros)	Notes	31 December 2024	31 December 2023
Trade receivables	9	3,750	2,521
Expected credit losses	9	-1,152	-651
Total		**2,598**	**1,870**
Doubtful receivables			
Doubtful receivables at the beginning of the period		-651	-431
Acquisition of subsidiary as at 31 March 2024		-153	0
Increase in doubtful receivables	21	-645	-244
Doubtful receivables classified as uncollectible		297	24
Doubtful receivables at the end of the period	9	-1,152	-651

Risks related to financial instruments have been disclosed in Note 5.

Note 11. Prepaid taxes and taxes payable

(In thousands of euros)		31 December 2024		31 December 2023	
	Notes	Prepayment	Payable	Prepayment	Payable
ETCB prepayment account balance		42	0	1	0
Value added tax		0	3,086	276	0
Personal income tax		0	57	0	37
Social tax		0	97	0	61
Other taxes		0	14	0	9
Total	17	**42**	**3,254**	**277**	**107**

Note 12. Investments in subsidiaries

The information about investments in subsidiaries disclosed in this note is relevant only as an addition to the unconsolidated statement of financial position of the parent company disclosed in the notes to the consolidated financial statements of Mainor Ülemiste AS. In the consolidated financial statements, the financial information of all subsidiaries has been combined line by line. TÜC Majad AS are consolidated from 1 April 2024.

Registry code	Name	Location	Principal activity	Ownership interest as at 31 December 2024 (%)	Ownership interest as at 31 December 2023 (%)
12804904	Öpiku Majad OÜ	Estonia	Real estate activities	100%	100%
14578228	Ülemiste City Residences OÜ	Estonia	Provision of accommodation service	100%	100%
11978111	TÜC Majad AS	Estonia	Real estate activities	100%	49%

Shares in subsidiaries using the cost method:

(In thousands of euros)	Notes	31 December 2023	Acquisition	31 December 2024
Öpiku Majad OÜ		10,250	0	10,250
Ülemiste City Residences OÜ		532	155	687
TÜC Majad AS	13	0	119,869	119,869
Total		**10,782**	**120,024**	**130,806**

In 2024, the parent company Mainor Ülemiste AS made a contribution to the voluntary reserve of the subsidiary Ülemiste City Residences OÜ in the amount of 155 thousand euros (2023: 100 thousand euros) to bring its equity into compliance with the requirements of the Commercial Code of the Republic of Estonia.

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The management board has decided not to consolidate Spacex Eesti OÜ because the company had not had any economic activity since June 2018. Liquidation proceedings were started in 2023 and the company was deleted from the commercial register in February 2024.

Technopolis Baltic Holding OÜ, Technopolis Holding Oyj and Mainor Ülemiste AS concluded a share sale agreement on 9 February 2024. According to the agreement, Mainor Ülemiste AS purchased 51% of the voting rights in AS Technopolis Ülemiste from Technopolis Baltic Holding OÜ. On 7 March 2024, the Competition Authority decided to grant permission for the concentration of Mainor Ülemiste AS and AS Technopolis Ülemiste, and the transaction took place on 21 March 2024. As a result of the transaction, TÜC Majad AS (formerly known as Technopolis Ülemiste AS) is now a wholly-owned subsidiary of Mainor Ülemiste AS. The investment accounted for using the equity method was reclassified as a subsidiary. The aim of the transaction was to consolidate the development activities of Ülemiste City campus. The acquisition of TÜC Majad AS has been accounted for using the purchase method. As the consideration specified in the contract was lower than the fair value of the net assets of the subsidiary acquired, the 30,133 thousand euro difference was recognized in the statement of comprehensive income under other financial income.

The turnover of TÜC Majad AS between 1 April and 31 December 2024 amounted to 15,138 thousand euros, profit (loss) before tax to 115 thousand euros and comprehensive income (loss) to -606 thousand euros. In October 2024, TÜC Majad AS paid dividends to Mainor Ülemiste AS in the amount of 3,020 thousand euros.

Note 13. Investment accounted for using the equity method

Shares, general information

Registry code	Name	Location	Principal activity	Ownership interest (%) as at 31 December 2023	Ownership interest (%) as at 31 December 2024
11978111	AS Technopolis Ülemiste	Estonia	Real estate activities	49%	100%

Shares, detailed information

(In thousands of euros)	31 December 2023	Profit under the equity method for the period from 1 January to 31 March 2024	Reclassification to a subsidiary	31 December 2024
AS Technopolis Ülemiste	57,804	932	-58,736	0
	57,804	**932**	**-58,736**	**0**

(In thousands of euros)	31 December 2022	Profit under the	Dividends	Repurchase of shares	31 December 2023

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		equity method			
AS Technopolis Ülemiste	58,855	2,448	-1,539	-1,960	57,804
	58,855	**2,448**	**-1,539**	**-1,960**	**57,804**

Key financial indicators of AS Technopolis Ülemiste:

(In thousands of euros)	Notes	31 March 2024	31 December 2023
Current assets		6,778	5,964
Non-current assets	6	213,644	213,645
Current liabilities		5,062	5,461
Non-current liabilities		95,491	96,181
Equity	12	119,869	117,967

	3 months of 2024	12 months of 2023
Revenue	5,618	22,020
Operating profit	3,398	10,739
Profit (loss) before tax	1,901	5,527
Comprehensive income	1,901	4,996

As at 31 December 2023, the equity of AS Technopolis Ülemiste amounted to 117,967 thousand euros and the holding of Mainor Ülemiste AS to 57,804 thousand euros. According to the shareholders' agreement of AS Technopolis Ülemiste, Mainor Ülemiste AS had been granted a put option under which Mainor Ülemiste AS has the right to require Technopolis Holding OYJ to purchase the shares of AS Technopolis Ülemiste held by Mainor Ülemiste AS and to pay for the shares within six months. An annex to the shareholders' agreement stipulated that the selling price of these shares shall be their net asset value, which should not be less than their carrying amount at the end of the previous quarter. In February 2023, AS Technopolis Ülemiste purchased shares in the amount of 4,000 thousand euros to be held as treasury shares, of which 1,960 thousand euros was paid to Mainor Ülemiste AS.

Note 14. Cash and cash equivalents

(In thousands of euros)	31 December 2024	31 December 2023
Current accounts in banks	19,109	8,645
Cash in hand	0	1
Total	**19,109**	**8,646**

For the purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents include cash in hand, bank balances and short-term deposits with a term of three months or less from the date of their acquisition. A 2,000 thousand euro term deposit with a term of up to 6 months has been recognized under financial investments from the date of its acquisition. The maturity date of the deposit is 12 March 2025 and interest rate 3.75%.

The table below provides information on the credit exposure of the Group's cash and short-term deposits according to the classification of the Group's counterparties by Moody’s Investors Service credit ratings:

(In thousands of euros)	31 December 2024	31 December 2023
Banks with credit rating A	5,760	7,963
Banks with credit rating B	13,349	682

Risks related to financial instruments have been disclosed in Note 5.

Note 15. Share capital

	31 December 2024	31 December 2023
Number of shares issued and fully paid for	41,927,752	30,333,333
Nominal value of shares (in euros)	0.60	0.60
Share capital (in thousands of euros)	25,156	18,200
Including shares belonging to Smart City Group AS	25,166,839	25,430,311
Including shares belonging to LOGiT Eesti OÜ	4,852,224	4,903,022
Including shares belonging to Mulligan Capital OÜ	11,857,891	0
Including treasury shares	50,798	0

In 2024, the shareholders of Mainor Ülemiste AS adopted a resolution to increase the share capital of Mainor Ülemiste AS by 6,956,651.4 euros by issuing 11,594,419 new shares with a nominal value of 0.6 euros per share. The share capital now amounts to 25,156,651.2 euros. Mainor Ülemiste AS included a new investor Mulligan Capital OÜ, who acquired 28.31% of Mainor Ülemiste AS, paying a total of 30,000 thousand euros for both the issued and treasury shares, of which 22,377 thousand euros was share premium.

Based on the decision of the shareholders of Mainor Ülemiste AS, 263,472 shares were acquired to be held as treasury shares from the parent company AS Smart City Group and transferred to a new investor OÜ Mulligan Capital. Based on the decision of the shareholders of Mainor Ülemiste AS, 50,798 shares were acquired to be held as treasury shares from LOGiT Estonia OÜ. A total of 8,208 thousand euros was paid for the treasury shares.

On 15 October 2024, the shareholders adopted a resolution to cancel 50,798 treasury shares and reduce the share capital by 30,478.80 euros. The shares were deleted from the commercial register on 20 January 2025.

All shares have been paid in full.

Each ordinary share gives the shareholder the right to receive dividends when they are announced and to participate in voting at general shareholders’ meetings with one vote per share. The Group has not issued any preference shares.

General meeting decides the amount that will be distributed as dividends on the basis of the Group's approved financial statements. Potential contingent income tax liabilities arising from the distribution of profits have been disclosed in Note 27.

In 2024, dividends in the amount of 2,244 thousand euros (2023: 1,539 thousand euros) were distributed to shareholders, i.e., dividends per share were 5.36 euro cents (2023: 5.07 euro cents per share).

According to the articles of association of Mainor Ülemiste AS and the Commercial Code, the legal reserve should amount to 1/10 of the share capital, which is formed from annual net profit transfers. The amount to be transferred to the legal reserve in each financial year is decided by the shareholders in accordance with the law and the articles of association, considering the statutory requirement to transfer at least 1/20 of the net profit for the reporting year to legal reserve until it reaches the limit laid down in the articles of association. The legal reserve may be used to cover losses by a decision of the shareholders. As at 31 December 2023, the legal reserve of Mainor Ülemiste AS exceeded the requirements established in the articles of association by 100 thousand euros.

Note 16. Borrowings

		Allocation by remaining maturity		
(In thousands of euros)	31 December 2024	Within 12 months	Within 1–5 years	Over 5 years
Bank loans	205,487	79,530	125,957	0
Including Coop Pank AS	*3,036*	*45*	*2,991*	*0*
Including LHV Pank AS	*5,000*	*5,000*	*0*	*0*
Including OP Bank Eesti filiaal	*31,231*	*614*	*30,617*	*0*
Including SEB Pank AS and Luminor Bank AS (syndicated loan)	*71,109*	*71,109*	*0*	*0*
Including Swedbank AS	*95,111*	*2,762*	*92,349*	*0*
Loans from related parties	5,200	2,200	0	3,000
Bonds	17,106	0	17,106	0
Finance lease liabilities	213	73	140	0
Total	**228,006**	**81,803**	**143,203**	**3,000**

(In thousands of euros)	31 December 2023	Within 12 months	Within 1–5 years	Over 5 years
Bank loans	106,883	20,895	85,988	0
Including Coop Pank AS	*3,190*	*280*	*2,910*	*0*
Including LHV Pank AS	*21,449*	*73*	*21,376*	*0*
Including OP Bank Eesti filiaal	*18,411*	*18,411*	*0*	*0*
Including SEB Pank AS and Luminor Bank AS (syndicated loan)	*63,833*	*2,131*	*61,702*	*0*
Bonds	17,106	0	17,106	0
Finance lease liabilities	284	71	213	0
Total	**124,273**	**20,966**	**103,307**	**0**

In 2024, bank loans in the total amount of 29,428 thousand euros (2023: 6,940 thousand euros) were received and in the amount of 28,007 thousand euros (2023: 3,226 thousand euros) repaid, and lease liabilities in the amount of 71 thousand euros settled (2023: 88 thousand euros). Loans in the total amount of 5,200 thousand euros were received from related parties in 2024 (2023: 0 euros).

Contractual interest rates on bank loans range from 1.75% to 4.95% + Euribor (2023: 1.9% to 4.95% + Euribor). The contractual interest on loans received from related parties is 4% + 6-month Euribor, but no less than 7%. The contractual interest on lease liabilities is 1.9% to 2.1% + 6-month Euribor.

Repayment dates for bank loans are in 2025–2029, for loans received from related parties in 2025–2031 and for lease liabilities in 2026–2027. Information on the allocation of payments related to the Group's borrowings by maturity has been disclosed in Note 5.

In September 2024, Mainor Ülemiste AS concluded a loan agreement with OP Corporate Bank plc Eesti filiaal in the amount of 12,435 thousand euros for refinancing the loan from OP Corporate Bank plc Eesti filiaal in the amount of 6,435 thousand euros and the loan from LHV Pank AS in the amount of 6,000 thousand euros.

During 2024, Mainor Ülemiste AS made a total of 16,425 thousand euros worth of partial early loan repayments to LHV Pank AS.

The classification of loans into short- and long-term is based on the contractual repayment terms of the loan. The short-term borrowings from LHV Pank AS in the amount 5,000 thousand euros and from SEB Pank AS and Luminor Bank AS in the amount of 68,978 thousand euros as at 31 December 2024 will be extended in the first half of 2025. As at 31 December 2023, borrowings from OP Corporate Bank plc Eesti filiaal were recognized as short-term due to certain loan covenants. According to the agreement with the bank, the loans become due in 2024-2028.

Loans have been secured with a majority of the properties belonging to Mainor Ülemiste AS, Öpiku Majad OÜ and TÜC Majad AS with a carrying amount of 447,835 thousand euros (31 December 2023: 204,410 thousand euros) and the shares of TÜC Majad AS with a carrying amount of 119,868 thousand euros as at 31 December 2024 (31 December 2023: 57,804 thousand euros).

Additional information on related parties has been disclosed in Note 28.

In February 2023, Mainor Ülemiste AS conducted a private placement of 4-year unsecured bonds in the total amount of 10 million euros (with the right to increase to 15 million euros). Investors subscribed for bonds worth a total of 12,106 thousand euros, which was 1.2 times more than the planned volume. The Management Board of Mainor Ülemiste AS decided to satisfy all subscriptions and increase the issue to 12,106 thousand euros. The offer price of the bonds was equal to their nominal value, and the bonds have a fixed interest rate of 8.5% per annum. The funds from the bond issue were used for the development of new projects in the Ülemiste City campus and for refinancing bonds issued by Mainor Ülemiste in April 2018 redeemable on 5 April 2023. A total of 8,484 thousand euros were received for the bonds issued. The amount paid on the redemption of bonds redeemable on 5 April 2023 was 6,378 thousand euros. The holders of 3,622 thousand euros worth of the bonds redeemable on 5 April 2023 decided to continue in the new issue, there was no monetary settlement. In June 2021, an unsecured bond issue was conducted in the amount of 5,000 thousand euros with a maturity date of 10 June 2026 and an interest rate of 4.75%.

Note 17. Trade and other payables

(In thousands of euros)			Allocation by remaining maturity	
	Notes	31 December 2024	12 months	1–5 years
Financial liabilities				
Trade payables		2,783	2,783	0
Other payables		701	701	0
Incl. interest payables		*534*	*534*	*0*
Liabilities to other entities in the Mainor AS consolidation group	28	443	443	0
Total financial liabilities		**3,927**	**3,927**	**0**
Non-financial liabilities				
Employee payables		323	323	0
Tax payables	11	3,254	3,254	0
Total non-financial liabilities		**3,577**	**3,577**	**0**
TOTAL		**7,504**	**7,504**	**0**

(In thousands of euros)			Allocation by remaining maturity	
	Notes	31 December 2023	12 months	1–5 years
Financial liabilities				
Trade payables		4,241	4,241	0
Other payables		842	675	167
Incl. interest payables		*490*	*490*	*0*
Liabilities to other entities in the Mainor AS consolidation group	28	579	579	0
Total financial liabilities		**5,662**	**5,495**	**167**
Non-financial liabilities				
Employee payables		265	265	0
Tax payables	11	107	107	0
Total non-financial liabilities		**372**	**372**	**0**
TOTAL		**6,034**	**5,867**	**167**

Risks related to financial liabilities have been disclosed in Note 5.

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are usually settled within 14–30 days
- Other payables are non-interest bearing and are settled within an average of 30 days
- Interest payables are settled within 30–180 days
- Additional information on related parties has been disclosed in Note 28.

Note 18. Prepayments received

(In thousands of euros)		Allocation by remaining maturity	
	31 December 2024	12 months	1–5 years
Prepayments received	3,397	1,409	1,988

(In thousands of euros)		Allocation by remaining maturity	
	31 December 2023	12 months	1–5 years
Prepayments received	1,684	1,089	595

Prepayments received include deposits from tenants in accordance with the concluded rental agreements and other deferred income.

Note 19. Revenue

(In thousands of euros)	Notes	1 January 2024 – 31 December 2024	1 January 2023 – 31 December 2023
Revenue from contracts with customers			
Other revenue		22,140	2,186
Revenue from administrative services		7,769	4,562
Total revenue from contracts with customers		**29,909**	**6,748**
Lease income			
Operating lease income	26	22,544	11,394
Total lease income		**22,544**	**11,394**
Total revenue		**52,453**	**18,142**

(In thousands of euros)	Notes	1 January 2024 – 31 December 2024	1 January 2023 – 31 December 2023
Revenue from contracts with customers			
Revenue from administrative services		3,927	1,639
Resold electricity, water, gas, heating and cooling		3,842	2,923
Revenue from conference services		457	117
Revenue from accommodation services		894	842
Revenue from parking		1,435	598
Revenue from illuminated advertisements		78	33
One-time revenue		19,276	596
Total revenue from contracts with customers		**29,909**	**6,748**
Lease income			
Shared office rent		186	191
Office rent		18,991	7,994
Industrial premises rent		812	1,364
Other rent		2,391	1,703
Parking house rent		164	142
Total lease income		**22,544**	**11,394**

Total revenue	**52,453**	**18,142**

Note 20. Other operating income

(In thousands of euros)	Notes	1 January 2024 – 31 December 2024	1 January 2023 – 31 December 2023
Profit from revaluation of investment property	6	7,615	4,584
Profit from sale of investment property	7	2,325	0
Compensations and penalties received		125	9
Penalties received		28	13
Other operating income		48	8
Total		**10,141**	**4,614**

Note 21. Cost of sales

(In thousands of euros)	Notes	1 January 2024 – 31 December 2024	1 January 2023 – 31 December 2023
Electricity		-2,863	-1,819
Heating		-1,133	-1,199
Water and sewage		-235	-184
Cleaning		-2,418	-1,208
State and local taxes		-115	-75
Property maintenance		-2,143	-951
Expected credit losses	10	-645	0
Personnel expenses		-936	0
Other expenses		-14,052	-810
Total		**-24,540**	**-6,246**

Note 22. Administrative expenses

(In thousands of euros)		1 January 2024 – 31 December 2024	1 January 2023 – 31 December 2023
Miscellaneous office expenses		-28	-19
Training expenses		-27	-18
Expected credit losses	10	0	-244
Personnel expenses		-1,015	-1,140
Compensation for incapacity for work		-55	-47
Depreciation and amortization		-117	-125
Insurance expenses		0	-61
Management fees		-432	-360
Bank fees		-35	-23
IT expenses and software maintenance		-272	-114
Legal, development, consultation and other expenses		-2,508	-1,641
Total		**-4,489**	**-3,792**

Note 23. Personnel expenses

(In thousands of euros)	1 January 2024 – 31 December 2024	1 January 2023 – 31 December 2023
Wages and salaries	-1,566	-945
Social and unemployment insurance taxes	-525	-314
Vacation reserve	5	12
Total	**-2,086**	**-1,247**
Average number of full-time employees (including members of the management board)	28	22
Average number of members of the supervisory board	5	3

Personnel expenses have been reduced by capitalized project management fees in the amount of 309 thousand euros (2023: 190 thousand euros), refer to Note 6. Remuneration paid to the members of the management and supervisory boards has been disclosed in Note 28.

Note 24 Interest income

(In thousands of euros)	Notes	1 January 2024 – 31 December 2024	1 January 2023 – 31 December 2023
Other interest income from deposits		112	6
Other interest income	28	58	247
Income from derivatives		39	456
Total		**209**	**709**

Note 25. Interest expenses

(In thousands of euros)	Notes	1 January 2024 – 31 December 2024	1 January 2023 – 31 December 2023
Interest expense from bank loans		-9,902	-6,091
Limit fees		-34	-17
Interest expense from lease liabilities		-15	-17
Interest expense from bonds		-1,266	-1,218
Other interest expenses	28	-154	-25
Total		**-11,371**	**-7,368**

Note 26. Operating lease

<u>Group as lessor</u>

(In thousands of euros)	Notes	2024	2023
Operating lease income	19	22,544	11,394

Future operating lease income from non-cancellable lease agreements:

Within 12 months		24,171	10,446
Within 1–5 years		46,172	24,528
Over 5 years		11,368	3,507
Carrying amount of leased assets	6	446,510	206,452

The consolidation group of Mainor Ülemiste AS has rented out office and production premises.

Non-cancellable period is considered to be equal to the term of agreements concluded for a specified term. For agreements the termination of which requires a period of notice, the non-cancellable period is considered to be equal to the period of notice. The Group usually concludes rental agreements for a period of 1–5 years. In some exceptional cases, when it comes to large-scale contracts, the lease period is 10–15 years.

Upon expiry of the contract, the contract is not automatically renewed. Upon expiry of the contract, the contract may become open-ended or be renewed by agreeing on new terms for the next rental period.

Every calendar year after the conclusion of the contract, the rental price is increased automatically once per year without any additional agreements by a percentage agreed in the contract or corresponding to the Estonian Consumer Price Index (CPI) published by Statistics Estonia for the previous calendar year, but there are also alternative arrangements and in some cases limitations set for the price increase.

Note 27. Income tax

(In thousands of euros)	2024	2023
Retained earnings	133,159	133,680
Profit for the financial year	51,884	7,937
Total profit before tax	**185,043**	**141,617**
Estimated income tax calculated at 20% tax rate	0	28,323
Estimated income tax calculated at 22% tax rate	40,709	0
Total estimated income tax	**40,709**	**28,323**
Dividends declared and distributed in the reporting period	2,244	1,539
Tax-exempt dividends paid	0	1,539
Estimated income tax calculated at 14% tax rate	-491	0
Income tax expense for the financial year	**-491**	**0**
Effective income tax rate	**0.946%**	**0%**

As at 31 December 2024, the retained earnings of the Group amounted to 185,043 thousand euros (31 December 2023: 141,617 thousand euros). From 1 January 2019, regularly payable dividends are taxed at 14% or 14/86 of the net amount of the dividends according to subsection 4 (5) and § 50^1 of the Income Tax Act. In 2024, the Company will be able to tax the dividend at a lower tax rate of 14/86 to the extent of the average taxable dividend payment of the previous three years. Starting from 1 January 2025, the distribution of retained earnings will be subject to taxation at the rate of 22/78 on the net amount of distributable dividends (equal to 22% of the gross amount of retained earnings).

The maximum possible income tax liability that could arise upon the payment of retained earnings as dividends is 40,709 thousand euros (31 December 2023: 28,323 thousand euros) and the corresponding maximum net dividend distribution 144,334 thousand euros (31 December 2023: 113,294 thousand euros). Mainor Ülemiste AS paid no additional income tax on the dividends paid out in 2023, as the amount of the dividends paid was equal to those received from AS Technopolis Ülemiste.

Note 28. Related party transactions

The related parties of Mainor Ülemiste AS include:

- The ultimate parent of the Group Mainor AS through the parent company AS Smart City Group
- Owners of the Company: Smart City Group AS (60.10%), Mulligan Capital OÜ (28.31%) and Logit Eesti AS (11.59%)
- Technopolis Ülemiste AS until 31 March 2024
- Other entities in the Mainor AS consolidation group
- Companies related to members of the management and supervisory boards
- Close family members and companies under the control or significant influence of the above persons

Share capital transactions have been described in more detail in Note 15 and investments in subsidiaries in Note 12.

Balances with related parties *(In thousands of euros)*	Receivables as at 31 December 2024	Liabilities as at 31 December 2024	Receivables as at 31 December 2023	Liabilities as at 31 December 2023
Parent company	0	2,304	9,340	0
Including borrowings	*0*	*2,200*	*0*	*0*
Other entities in the Mainor AS consolidation group	32	338	64	579
AS Technopolis Ülemiste	0	0	19	172
Companies associated with executive and senior management and their family members	0	3,169	103	1
Including borrowings	*0*	*3,000*	*0*	*0*
Total	32	5,811	9,526	752
Including loans received	0	5,200	0	0
Including interest payables calculated on loans	0	152	0	0
Including trade payables	0	460	0	752

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Transactions with related parties *(In thousands of euros)*	Services purchased in 2024	Services sold in 2024	Services purchased in 2023	Services sold in 2023
Other entities in the Mainor AS consolidation group	4,585	1,144	3,224	1,269
Technopolis Ülemiste AS 1 January - 31 March 2024	279	30	1,039	129
Companies associated with executive and senior management and their family members	760	89	77	91
Total	5,624	1,263	4,340	1,489

The contractual interest on loans received from related parties is 4% + 6-month Euribor, but no less than 7%, and the loans are due in 2025–2031. Interest expense calculated for 2024 amounted to 151 thousand euros.

In 2024, transactions with the following entities in the Mainor AS consolidation group were conducted: AS Eesti Ettevõtluskõrgkool Mainor, AS Dvigatel - Energeetika, OÜ Mairenestal, Tallinn International School OÜ and Mainor AS.

In 2024, transactions with the following companies associated with executive and senior management and their family members were conducted: Nets OÜ, Disain Pluss OÜ, RVVE Grupp OÜ, Live Nature OÜ, Nordic Financial Partners OÜ, Nordic Financial Group OÜ, Tooma Energia OÜ, Guide2Industry OÜ, Ekast AS, Ülemiste Center OÜ, Ülemiste Kirurgiakliinik AS, Neokapital OÜ, Neoinvesteeringud OÜ, SA Teadlik Valik, LogIT Eesti OÜ, Excedea OÜ and M.G.M Capital Partners.

Mainor AS is the company controlling the parent company Smart City Group AS with a holding of 73.69%.

As at 31 December 2024, 640 thousand euros worth of bonds of Mainor Ülemiste AS are owned by companies associated with executive and senior management and their family members.

Investments that form an integral part of investment property and inventories were acquired from group companies in the amount of 1,793 thousand euros in the reporting period (2023: 701 thousand euros).

Investments that form an integral part of intangible assets were acquired from group companies in the amount of 25 thousand euros in 2023.

Interest income of 58 thousand euros (2023: 247 thousand euros), interest expense of 2 thousand euros (2023: 25 euros) and other financial expenses of 70 thousand euros (2023: 134 thousand euros) was calculated on the receivable from the parent company, the parent company's group account and the use of mortgages provided to secure loans.

Remuneration calculated for the members of the supervisory and management boards amounted to 530 thousand euros in the reporting year (2023: 334 thousand euros).

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Note 29. Subsequent events

On 14 February 2025, Mainor Ülemiste AS signed a merger agreement with Smart City Group AS. Smart City Group AS is the parent company of Mainor Ülemiste AS, holding approximately 60.10% of the shares in Mainor Ülemiste AS. The purpose of the merger is to finalize the process of involving an investor by merging Mainor Ülemiste AS and Smart City Group AS in such a way that the assets of Smart City Group AS are combined with those of Mainor Ülemiste AS. As a result of the merger, Smart City Group AS will be deleted from the commercial register, with Mainor Ülemiste AS becoming its legal successor. All assets, including rights and obligations, of Smart City Group AS will be transferred in full to Mainor Ülemiste AS. The merger agreement will take effect upon the adoption of merger resolutions by the shareholders of both Mainor Ülemiste AS and Smart City Group AS. The merger is expected to be finalized in the second quarter of 2025.

Note 30. Parent company's financial information

According to the Accounting Act of the Republic of Estonia, notes to the consolidated financial statements should include unconsolidated main statements of the consolidating entity (the parent company). These main statements of the Group's parent company are not the parent's separate financial statements within the meaning of IAS 27 Separate Financial Statements. The main statements of the parent company have been prepared using the same accounting policies that have been used for the preparation of the consolidated financial statements, except for investments in subsidiaries, which have been reported at cost in the parent company's main statements.

Statement of financial position:

(In thousands of euros)	31 December 2024	31 December 2023
ASSETS		
Investment property	78,160	55,570
Tangible assets	84	117
Intangible assets	71	38
Investments in subsidiaries	130,806	10,782
Investment property held for sale	0	2,042
Inventories	0	8,700
Investment accounted for using the equity method	0	57,804
Prepayments	258	262
Trade and other receivables	19,686	28,560
Cash and cash equivalents	16,155	8,449
TOTAL ASSETS	**245,220**	**172,324**
EQUITY		
Share capital at nominal value	25,156	18,200
Share premium	22,377	0
Treasury shares	-1,326	0
Legal reserve	1,920	1,920
Retained earnings	86,884	93,447
Profit for the financial year	49,760	1,895
Total equity	**184,771**	**115,462**
LIABILITIES		
Provisions	189	172
Borrowings	52,684	50,962
Trade and other payables	7,412	4,751
Prepayments received	164	973
TOTAL LIABILITIES	**60,449**	**56,862**
TOTAL LIABILITIES AND EQUITY	**245,220**	**172,324**

Income statement and statement of comprehensive income:

(In thousands of euros)	2024	2023
Revenue	25,668	6,118
Cost of sales	-16,067	-2,423
Gross profit	**9,601**	**3,695**
Marketing expenses	-299	-190
Administrative expenses	-4,245	-3,751
Income from investment accounted for using the equity method	933	2,448
Other operating income	13,601	2,340
Other operating expenses	-36	-20
Operating profit	**19,555**	**4,522**
Financial income and expenses		
Interest income	1,096	1,276
Interest expenses	-3,340	-3,548
Other financial income and expenses	32,449	-355
Total financial income and expenses	**30,205**	**-2,627**
Profit before tax	49,760	1,895
Income tax	0	0
Net profit for the financial year	**49,760**	**1,895**
Other comprehensive income for the financial year	**0**	**0**
Comprehensive income for the financial year	**49,760**	**1,895**

Statement of cash flows:

(In thousands of euros)	2024	2023
Cash flows from operating activities		
Profit before tax	49,760	1,895
Adjustments:		
Depreciation, amortization and impairment	114	117
Profit (loss) from sale of investment property	-2,325	0
Change in the fair value of investment property	-11,117	-2,287
Profit (loss) from investment accounted for using the equity method	-932	-2,448
Other financial income and expenses	-32,449	355
Interest income	-1,096	-1,276
Interest expenses	3,340	3,548
Change in inventories related to operating activities	8,700	0
Change in receivables and prepayments related to operating activities	558	-1,004
Change in liabilities and prepayments related to operating activities	2,452	981
Net cash generated from operating activities	**17,005**	**-119**
Cash flows from investing activities		
Acquisition of tangible and intangible assets	-88	-45
Sale of investment property and establishment of right of superficies	4,367	1,968
Acquisition and improvement of investment property	-12,035	-2,502
Acquisition of subsidiaries	-31,000	0
Contribution to the equity of a subsidiary	-155	-100
Repayment of loans granted	6,200	0
Interest received	3,214	66
Dividends received	3,020	1,539
Other cash inflows from investing activities	0	1,960
Net cash generated from investing activities	**-26,477**	**2,886**
Cash flows from financing activities		
Loans received	25,221	2,344
Repayment of loans received	-23,493	-941
Bond issue	0	8,484
Redemption of bonds	0	-6,378
Finance lease principal payments	-5	-11
Share issue	29,333	0
Repurchase of treasury shares	-8,208	0
Sale of treasury shares	667	0
Interest paid	-3,649	-3,459
Other cash outflows from financing activities	-445	-355
Dividends paid	-2,244	-1,539
Net cash generated from financing activities	**17,177**	**-1,855**
Total cash flows	**7,705**	**912**

Cash and cash equivalents at the beginning of the financial year	8,450	7,538
Change in cash and cash equivalents	7,705	912
Cash and cash equivalents at the end of the financial year	16,155	8,450

Statement of changes in equity:

(In thousands of euros)	Share capital	Share premium	Treasury shares	Legal reserve	Retained earnings	Total
Balance as at 31 December 2022	**18,200**	**0**	**0**	**1,920**	**94,986**	**115,106**
Adjusted unconsolidated equity as at 31 December 2022	**18,200**	**0**	**0**	**1,920**	**135,284**	**155,404**
Profit for the financial year	0	0	0	0	1,895	1,895
Other comprehensive income for the financial year	0	0	0	0	0	0
Total comprehensive income for the financial year	**0**	**0**	**0**	**0**	**1,895**	**1,895**
Dividends paid	0	0	0	0	-1,539	-1,539
Balance as at 31 December 2023	**18,200**	**0**	**0**	**1,920**	**95,342**	**115,462**
Value of holdings under dominant or significant influence under the equity method	0	0	0	0	55,636	55,636
Carrying amount of holdings under dominant or significant influence	0	0	0	0	-10,782	-10,782
Adjusted unconsolidated equity as at 31 December 2023	**18,200**	**0**	**0**	**1,920**	**140,196**	**160,316**
Issue of shares	6,956	22,377	0	0	0	29,333
Other changes in equity	0	0	-1,326	0	-6,214	-7,540
Profit for the financial year	0	0	0	0	49,760	49,760
Other comprehensive income for the financial year	0	0	0	0	0	0
Total comprehensive income for the financial year	**0**	**0**	**0**	**0**	**49,760**	**49,760**
Dividends paid	0	0	0	0	-2,244	-2,244
Balance as at 31 December 2024	**25,156**	**22,377**	**-1,326**	**1,920**	**136,644**	**184,771**
Value of holdings under dominant or significant influence under the equity method	0	0	0	0	177,765	177,765
Carrying amount of holdings under dominant or significant influence	0	0	0	0	-130,806	-130,806
Adjusted unconsolidated equity as at 31 December 2024	**25,156**	**22,377**	**-1,326**	**1,920**	**183,603**	**231,730**

The difference between consolidated and unconsolidated equity comes from the transactions related to the right of superficies established by Mainor Ülemiste AS for the benefit of Öpiku Majad OÜ, as well as the negative equity of Ülemiste City Residences OÜ in 2023.

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Translation of the Estonian Original

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mainor Ülemiste AS

Opinion

We have audited the consolidated financial statements of Mainor Ülemiste AS and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Estonia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Other information

Management is responsible for the other information. Other information consists of Management report, but does not consist of the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as indicated below.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

With respect to the Management report, we also performed the procedures required by the Auditors Activities Act of the Republic of Estonia. Those procedures include considering whether the Management report is consistent, in all material respects, with the consolidated financial statements and is prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia.

Based on the work performed during our audit, in our opinion:

- the Management Report is consistent, in all material respects, with the consolidated financial statements;
- the Management Report has been prepared in accordance with the applicable requirements of the Accounting Act of the Republic of Estonia.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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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 International Standards on Auditing (Estonia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional skepticism 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;
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

Tallinn, 10 April 2025

Erki Usin
Authorised Auditor's number 496
Ernst & Young Baltic AS
Audit Company's Registration number 58

Profit allocation proposal

The Management Board of Mainor Ülemiste AS hereby proposes to allocate the Group's net profit for the financial year ended on 31 December 2024 in the amount of 51,884 thousand euros as follows:

(In thousands of euros)	31 December 2024
Group's retained earnings before profit allocation	133,159
Dividend distribution	2,469
Legal reserve	596
Profit for the financial year to be included in retained earnings	48,819
Group's retained earnings after profit allocation	**181,978**

Mainor Ülemiste AS unconsolidated revenue according to EMTAK 2025

EMTAK	Economic activity	1 January 2024 – 31 December 2024
68201	Renting and operating of own or leased real estate	2,705
68329	Other real estate management or related activities	20,299
70101	Activities of head offices	2,664
	Total revenue	25,668