Skala Holding OÜ

Special Purpose Consolidated Financial Statements as at and for the year ended 31 December 2025

Contents

Information on the Company

Name of Company	Skala Holding OÜ
Legal status	Private limited company
Registration number, place and date of registration	17350230, Tallinn, 15 October 2025
Legal and postal address	Kai street 4, Tallinn, Harju County, 10111, Estonia
Board members	Vitali Kõllomets Maksims Mališko
Reporting period	01.01.2025-31.12.2025
Information on shareholders	2M Investments OÜ 85% Tailor Consult OÜ 15%
Auditor	Ernst & Young Baltic AS

Management Report

Skala Holding OÜ is the parent company of a commercial real estate group operating in Estonia and Latvia, together with its subsidiaries hereinafter referred to as the “Group”. The Group’s business is focused on the ownership, leasing and active management of cash flow generating commercial real estate properties. The portfolio consists primarily of retail, stock-office, warehouse, office and production premises, which are leased to a diversified tenant base.

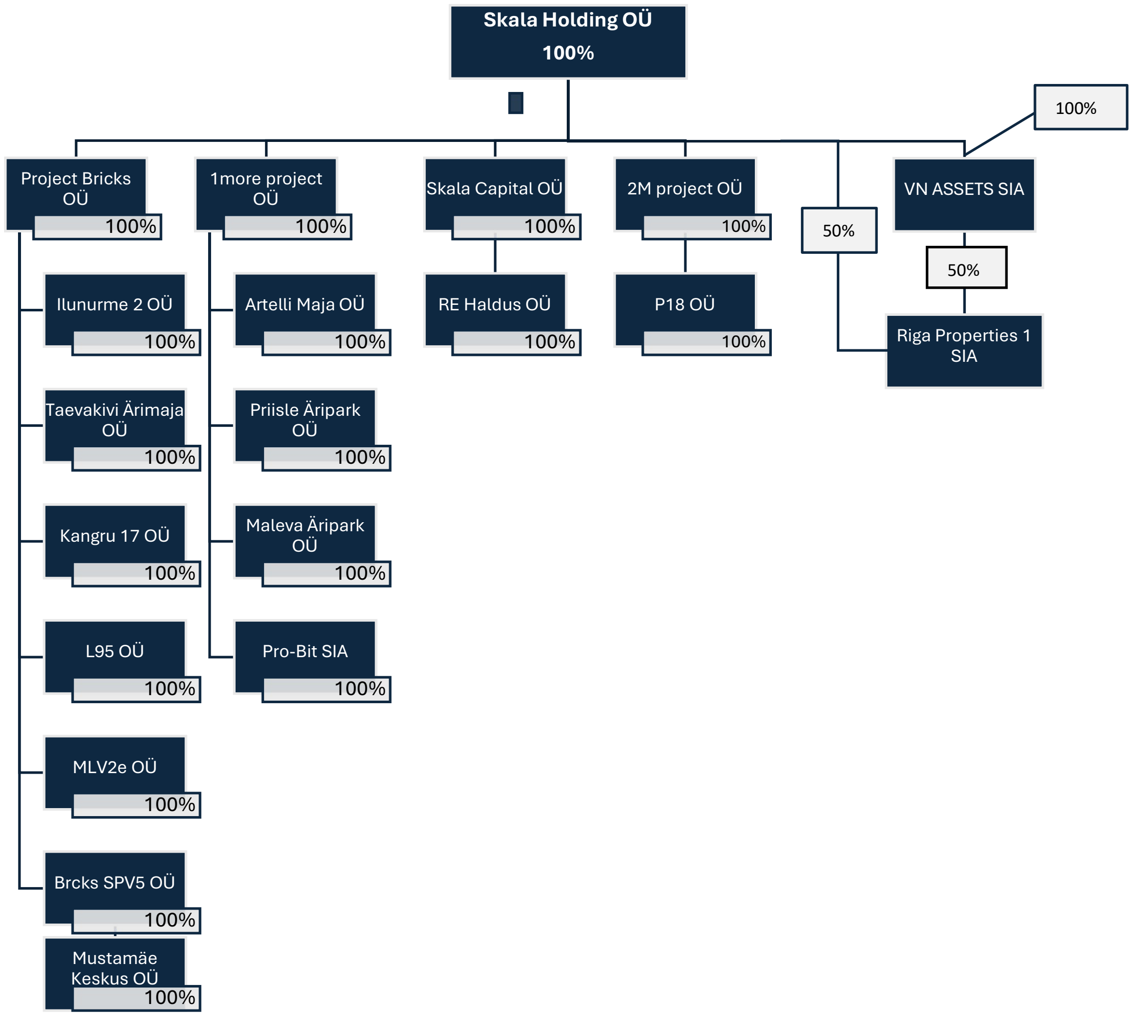
As at 31 December 2025, the Group’s real estate portfolio comprised 13 commercial properties with a total fair value of 110,0 million euros and a total leasable area of 69 356 square metres. The portfolio is mainly concentrated in Estonia, where the Group’s key management team is located, with additional exposure to the Latvian market. The portfolio is diversified across different commercial real estate segments and tenants, which reduces dependence on any single property, tenant or sector.

Skala Holding OÜ was incorporated on 15 October 2025. The consolidation group was legally formed on 31 October 2025, when the parent company obtained control over its subsidiaries. For the purpose of this pro forma report, however, the financial information has been prepared on the assumption that the consolidation group had been formed on 31 December 2024 and that the Group had operated in its current structure throughout the pro forma reporting period.

Skala Holding OÜ is the parent company of a consolidation group comprising companies that directly or indirectly own and manage commercial real estate properties. The Group’s real estate investments are generally structured as complete business units, including developed properties and the related rights, obligations and contracts, such as lease agreements, property management arrangements and construction warranties.

The Group’s structure is based on separate special purpose vehicles (SPVs) through which individual real estate investments are held and managed. Each real estate property or project is typically structured as a separate company, which supports the segregation of investment risks, enables financing to be linked to specific assets and provides a transparent framework for operational and financial management. SPVs are grouped under various holding companies through which financing, investments and projects of a similar nature are managed. This structure enables flexible capital raising, efficient investment management and, where necessary, the disposal of individual assets or projects.

The group structure of Skala Holding OÜ is presented below:



The Group's portfolio is managed with the objective of maintaining stable cash flow, high occupancy and long-term growth in the value of its real estate assets. Management focuses on maintaining a diversified tenant base, avoiding excessive concentration of rental income, efficient operation of the properties, and active management of costs and vacancy. Lease terms are improved gradually to the extent permitted by market conditions and tenant relationships. The Group's rental income is supported by the diversified nature of the portfolio and the relatively low seasonality of the underlying commercial real estate activities.

The main properties included in the Group's real estate portfolio are presented below:

Company	**Property**	**Segment**	**Leasable area (m²)**	**Acquired**
ILUNURME 2 OÜ	Ilunurme 2, Loo	production	5 385	2021
TAEVAKIVI ÄRIMAJA OÜ	Taevakivi 1, Tallinn	stock-office	5 643	2021
KANGRU 17 OÜ	Kangru 17, Vaela	production, stock-office	4 788	2021
L95 OÜ	Linnamäe 95, Tallinn	retail	4 560	2021
MLV2E OÜ	Maleva 2E, Tallinn	production	3 168	2021
MUSTAMÄE KESKUS OÜ	Tammsaare 104a, Tallinn	retail	14 318	2021
ARTELLI MAJA OÜ	Artelli 19, Tallinn	stock-office	2 745	2020
PRIISLE ÄRIPARK OÜ	Priisle 10, 16, Ussimäe 12, Tallinn	stock-office	11 010	2020
MALEVA ÄRIPARK OÜ	Maleva 2, 2c, 2j, Tallinn	stock-office	8 339	2021
PRO-BIT SIA	Maza Nometnu 31, Riga	office	1 504	2021
2M PROJECT OÜ	Marati 3, Tallinn	warehouse	1 123	2021
P18 OÜ	Priisle 18, Tallinn	stock-office	3 632	2021
RIGA PROPERTIES 1 SIA	Juglas 95, Riga	retail	3 141	2025

Skala Capital OÜ, together with RE Haldus OÜ, supports the operation of the Group's real estate portfolio by providing management services and performing administrative functions.

Key metrics of Skala Holding OÜ's real estate portfolio as at the reporting date were as follows:

Real estate portfolio overview	**31.12.2025**
Number of properties	13
Total property value (EUR)	110 040 000
Occupancy rate	97,4%
WAULT	4,83
Number of tenants	214
Total leasable area (m²)	69 356

In the pro forma reporting period from 1 January 2025 to 31 December 2025, the Group's revenue amounted to 10 924 073 euros and the profit for the year amounted to 5 402 326 euros. The Group's operating profit amounted to 11 314 236 euros. The result was significantly affected by the valuation of investment properties and finance costs related to the Group's financing structure.

As at 31 December 2025, the Group's total assets amounted to 112 720 616 euros, of which investment properties represented 110 040 000 euros. Total liabilities amounted to 96 410 169 euros and total equity amounted to 16 310 448 euros. The Group's assets are primarily invested in long-term real estate investments, and its financing structure includes both bank financing and investor debt capital.

As at 31 December 2025, current assets amounted to 1 609 909 euros and current liabilities amounted to 25 625 957 euros. The low current ratio reflects the nature of the Group's activities, where a significant part of the assets consists of long-term investment properties, while part of the financing is classified as current based on contractual maturities. Management does not consider the low current ratio to indicate solvency issues, as the Group's operating cash flows are primarily generated from rental income. After balance sheet date, bank loan agreements in the amount of 4 794 175 euros were extended in 2026 and bank loans in the amount of 1 200 000 euros were repaid. Management is also in negotiations to extend a further bank loan in the amount of 3,9 million euros. These measures support the Group's long-term financing structure and management's plan to extend the maturity profile of the Group's loan obligations.

The Group's business strategy is to continue focusing on the active management of the existing real estate portfolio, supporting the long-term value of the properties and strengthening the Group's financial position. Accumulated profits are reinvested, and dividend distributions are not a priority in the near term. Management intends to allocate available cash flows primarily towards the development of the investment portfolio and the gradual reduction of leverage.

No research and development expenditure was incurred in 2025.

The Management Board of Skala Holding OÜ consists of two members. The members of the Management Board did not receive any remuneration in 2025.

Vitali Kõllomets
Member of Management Board

Pro Forma Consolidated Statement of Financial Position

	31.12.2025 EUR	31.12.2024 EUR	Note
Assets			
Current assets			
Cash	480 409	241 144	
Financial investments	68 000	70 000	
Receivables and prepayments	1 061 501	3 668 126	2
Total current assets	**1 609 910**	**3 979 269**	
Non-current assets			
Receivables and prepayments	609 418	608 257	2
Investment property	110 040 000	105 590 000	3
Property, plant and equipment	461 289	479 232	
Total non-current assets	**111 110 707**	**106 677 488**	
Total assets	**112 720 617**	**110 656 758**	
Liabilities and shareholder's equity			
Liabilities			
Short-term liabilities			
Interest bearing loans and borrowings	23 614 660	2 356 119	4
Payables and prepayments received	2 181 913	1 264 959	5
Total short-term liabilities	**25 796 573**	**3 621 078**	
Long-term liabilities			
Interest bearing loans and borrowings	69 541 297	94 436 677	4
Payables and prepayments received	1 072 299	1 690 882	5
Total long-term liabilities	**70 613 596**	**96 127 558**	
Total liabilities	**96 410 169**	**99 748 636**	
Equity			
Share capital belonging to the shareholders of the parent company			
Nominal value of share capital	10 000	10 000	
Other reserves	12 581 323	12 581 323	
Retained earnings (accumulated loss)	3 161 256	-1 430 721	
Total share capital belonging to the shareholders of the parent company	**15 752 579**	**11 160 602**	
Minority interest	557 869	-252 480	
Total equity	**16 310 448**	**10 908 121**	
Total liabilities and shareholder's equity	**112 720 617**	**110 656 758**	

Pro Forma Consolidated Income Statement

	01.01.2025-31.12.2025 EUR	Note
Revenue	10 924 073	6
Other income	4 371 725	7
Goods, raw materials, and services	-3 122 351	8
Other operating expenses	-675 304	
Staff costs	-32 522	
Depreciation and impairment of noncurrent assets	-42 984	
Significant impairment of current assets	-108 078	
Other expenses	-322	
Operating profit (loss)	**11 314 236**	
Interest income	83 609	
Interest expenses	-5 755 561	9
Other financial income and expenses	-239 958	
Profit (loss) before tax	**5 402 326**	
Profit (loss) of the current year	**5 402 326**	
Share of profit belonging to the shareholders of the parent company	4 591 977	
Share of profit attributable to the minority shareholders	810 349	

Pro Forma Consolidated Statement of Cash Flows

	01.01.2025 - 31.12.2025 EUR	**Note**
Cash flows from operating activities		
Operating profit (loss)	11 314 236	
Adjustments		
Depreciation, amortisation and impairment of non-current assets	42 984	
Change in fair value of investment property	-4 277 618	7
Impairment loss on receivables	108 078	
Other adjustments	258 286	
Total adjustments	**-3 868 270**	
Change in receivables and prepayments related to operating activities	210 788	
Change in liabilities and prepayments related to operating activities	207 887	
Total cash flows from operating activities	**7 864 642**	
Cash flows from investing activities		
Paid upon acquisition of property, plant and equipment	-25 042	
Loans granted	-336 000	
Loan repayments received	309 096	
Interest received	41 449	
Total cash flows from investing activities	**-10 497**	
Cash flows from financing activities		
Proceeds from borrowings	2 022 171	4
Loan repayments made	-4 186 693	4
Finance lease principal payments	-13 490	
Interest paid	-5 436 869	9
Total cash flow from financing activities	**-7 614 880**	
Total cash flow	**239 264**	
Cash and cash equivalents at the beginning of period	241 144	
Change in cash and cash equivalents	**239 264**	
Cash and cash equivalents at the end of period	480 408	

Pro Forma Consolidated Statement of Changes in Equity

	Share capital belonging to the shareholders of the parent company			Minority interest	**Total**
	Share capital at nominal value	Voluntary reserve capital	Retained earnings (accumulated losses)		
31.12.2024	**10 000**	**12 581 323**	**-1 430 721**	**-252 480**	**10 908 121**
Profit (loss) of the reporting period	0	0	4 591 977	810 349	5 402 326
31.12.2025	**10 000**	**12 581 323**	**3 161 256**	**557 869**	**16 310 448**

As part of the Group formation, the owners made a non-cash contribution to voluntary reserve capital in the amount of 12 581 323 euros. The contribution represented ownership interests in 1more project OÜ and Project Bricks OÜ. The value of the interests was determined based on the valuation of these entities, taking into account the fair values of the investment properties owned by them as at 31 December 2024. As the transaction was carried out between entities under common control, it decreased retained earnings attributable to the owners of the parent company by 1 430 721 euros and non-controlling interests by 252 480 euros in the pro forma consolidated report..

Notes to the Pro Forma Consolidated Financial Statements

Note 1 Accounting Policies Applied in Preparing the Pro Forma Report

Basis of Preparation and Assumptions Used in Preparing the Pro Forma Report

Skala Holding OÜ was incorporated on 15 October 2025 and the consolidation group was legally formed on 31 October 2025. For the purpose of preparing this pro forma report, it has been assumed that the consolidation group of Skala Holding OÜ had been formed on 31 December 2024 and that all consolidation principles had been applied as if they had been in effect from 31 December 2024.

The pro forma report has been prepared based on the following key assumptions:

1. The pro forma consolidated financial information has been prepared on the basis of the stand-alone financial statements of the parent company and the subsidiaries included in the consolidation group. The pro forma consolidated statement of financial position has been prepared based on the stand-alone financial information as at 31 December 2025 and 31 December 2024, while the pro forma consolidated income statement, pro forma consolidated statement of cash flow and pro forma statement of changes in equity have been prepared based on the stand-alone financial information for the period from 1 January 2025 to 31 December 2025;
2. The financial year of the pro forma report is the period from 1 January 2025 to 31 December 2025;
3. For the purpose of the pro forma report, the consolidation group is deemed to have been formed on 31 December 2024. Accordingly, the comparative statement of financial position as at 31 December 2024 has been prepared as if the consolidation group had already existed at that date;
4. All intra-group balances as at 31 December 2024 and 31 December 2025 have been eliminated in full;
5. Intra-group transactions, income and expenses during the period from 1 January 2025 to 31 December 2025, have been eliminated as if the consolidation group had existed throughout the year;
6. The financial information of the subsidiaries has been included in the pro forma consolidated report from 31 December2024, based on the assumption that control over the subsidiaries existed from that date;

7. The pro forma report does not take into account any potential costs, taxes or other effects that may have arisen in connection with the restructuring of the group or the formation of the ownership structure, unless such effects have been separately reflected in the report;
8. The pro forma report has been prepared solely for the purpose of the planned bond issue and is intended to illustrate the possible financial position and financial performance of the Skala Holding OÜ consolidation group on the assumption that the described group structure had existed from 31 December 2024.

Nature and Limitations of the Pro Forma Financial Information

The pro forma financial information is hypothetical in nature and does not represent the actual historical financial position or financial performance of the Skala Holding OÜ consolidation group. The pro forma financial information should also not be regarded as a forecast of future periods. Accordingly, the actual financial position, financial performance and cash flows of the consolidation group may differ from the information presented in this pro forma report.

General information

The pro forma consolidated report of Skala Holding OÜ has been prepared in accordance with the accounting and reporting principles set out in the Estonian Financial Reporting Standard, taking into account the pro forma assumptions described in this report. The Estonian Financial Reporting Standard is a set of financial reporting requirements based on internationally recognised accounting and reporting principles, the main requirements of which are established by the Accounting Act of the Republic of Estonia and supplemented by the guidelines issued by the Estonian Accounting Standards Board.

The pro forma report has been prepared using the same accounting policies as those applied by Skala Holding OÜ in preparing its consolidated annual financial statements, except to the extent that the pro forma assumptions described in this report require a different presentation or treatment.

Skala Holding OÜ prepares its income statement using income statement format No. 1 as set out in Appendix 2 to the Accounting Act of the Republic of Estonia.

The pro forma consolidated report has been prepared in euros.

Skala Holding OÜ was incorporated on 15 October 2025 and the consolidation group was legally formed on 31 October 2025, when the parent company obtained control over the subsidiaries. Unlike the actual consolidated annual financial statements, this pro forma report has been prepared on the assumption that the consolidation group had been formed on 31 December 2024 and that control over the subsidiaries had existed from that date.

The pro forma consolidated report has been prepared on the historical cost basis, except for investment properties, which are measured at fair value or revalued in accordance with the group's accounting policies.

The principal accounting policies applied in preparing the pro forma consolidated report are set out below.

Basis of consolidation

Principles of Consolidation

The pro forma consolidated report presents the financial information of Skala Holding OÜ, as the parent company, and its subsidiaries, together referred to as "Skala Holding" or the "Group", as if they constituted a single economic entity.

In preparing the pro forma consolidated report, the financial information of the parent company and the subsidiaries has been combined on a line-by-line basis. All intra-group receivables, liabilities, transactions, income and expenses, as well as unrealised gains and losses arising from intra-group transactions, have been eliminated in full.

Investments in subsidiaries recognised in the parent company's statement of financial position have been eliminated against the parent company's share in the equity of the subsidiaries. In subsidiaries where the parent company's ownership interest is less than 100%, the portion of the subsidiaries' net assets and profit or loss for the reporting period attributable to non-controlling interests has been presented separately.

The pro forma consolidated report has been prepared using the accounting policies applied by Skala Holding. Where necessary, the financial information of the subsidiaries has been adjusted to ensure consistency with the accounting policies applied by the parent company.

For the purpose of this pro forma report, the subsidiaries have been consolidated as if the parent company had obtained control over them on 31 December 2024. Accordingly, the financial information of the subsidiaries has been included in the pro forma consolidated report from 31 December2024, rather than from the actual date on which control was obtained.

Business combinations under common control

Business combinations involving entities under common control are accounted for using the adjusted acquisition method. Under this method, the assets and liabilities of the acquired entities are recognised in the pro forma consolidated financial statements at their carrying amounts. No goodwill is recognised in respect of such transactions.

Any difference arising between the cost of the acquired interests and the carrying amount of the acquired net assets is recognised directly in pro forma consolidated equity. Depending on the ownership structure, the effect is allocated between retained earnings attributable to the owners of the parent company and non-controlling interests.

As part of the legal formation of the Group, the owners made a non-cash contribution to voluntary reserve capital. In the pro forma consolidated financial statements, the contribution and the related common control transaction have been reflected as if the Group structure had existed as at 31 December 2024.

Transactions with non-controlling interests

Non-controlling interests are presented in the pro forma consolidated statement of financial position within equity, separately from the equity attributable to the owners of the parent company. The share of profit or loss attributable to non-controlling interests is presented separately in the pro forma consolidated income statement.

The share of losses of a consolidated subsidiary attributable to non-controlling interests is allocated to non-controlling interests even if this results in a negative balance of non-controlling interests in the statement of financial position.

Transactions whereby the parent company increases or decreases its ownership interest in a subsidiary that is already controlled by the parent company are accounted for as transactions between owners. Such transactions do not give rise to goodwill or to a gain or loss in the income statement. Any difference between the consideration paid or received and the change in non-controlling interests is recognised directly in equity.

Financial assets

Financial assets comprise cash and contractual rights to receive cash or another financial asset from another party, for example trade receivables. Financial assets are initially recognised at cost, being the fair value of the consideration paid for the financial asset.

The initial cost includes all transaction costs directly attributable to the financial asset.

Purchases and sales of financial instruments under normal market conditions are recognised on the trade date. Subsequent measurement of financial assets depends on their classification and is carried out either at fair value or at amortised cost.

A financial asset is derecognised when Skala Holding loses the contractual rights to the cash flows from the financial asset or transfers the contractual rights to receive the cash flows from the financial asset and transfers substantially all the risks and rewards of ownership of the financial asset to a third party.

Cash

Cash presented in the statement of financial position comprises balances on bank accounts.

The statement of cash flows has been prepared using the indirect method. Under this method, cash flows from operating activities are determined by adjusting the operating profit or loss for the effects of non-cash transactions, changes in the balances of assets and liabilities related to operating activities, and gains and losses related to investing and financing activities.

Cash flows from investing and financing activities are presented using the direct method, meaning that they are presented as gross cash receipts and gross cash payments for the reporting period.

Shares and interests in subsidiaries and associates

Subsidiaries are entities controlled by the parent company. Control is presumed to exist when the parent company owns, directly or through its subsidiaries, more than 50% of the voting rights of the subsidiary, or when the parent company is otherwise able to control the operating and financial policies of the subsidiary.

Business combinations are accounted for using the acquisition method, except for business combinations involving entities under common control. Business combinations involving entities under common control are accounted for using the adjusted acquisition method. Under this method, the assets and liabilities of the acquired entity are recognised in the statement of financial position of the acquiring entity at their carrying amounts. The difference between the cost of the acquired interest and the carrying amount of the acquired net assets is recognised as an increase or decrease in the equity of the acquiring entity.

For the purpose of this pro forma report, subsidiaries have been treated as if they had been controlled by the parent company from 31 December 2024, in accordance with the assumptions described in the section “Basis of Preparation and Assumptions Used in Preparing the Pro Forma Report”.

An impairment test is performed when there are indications that the value of an asset may have decreased. In performing the impairment test, it is assessed whether the recoverable amount of the investment, being the higher of fair value less costs to sell and value in use, has fallen below its carrying amount.

Any impairment loss is recognised in the income statement as a financial expense. If circumstances change and the impairment is no longer justified, the previously recognised impairment loss is reversed. The reversal of an impairment loss is recognised as financial income in the period in which the reversal occurs.

Receivables and prepayments

Trade receivables

Trade receivables are measured at amortised cost, i.e. at the present value of the amounts receivable, less amounts considered doubtful.

The amortised cost of short-term receivables generally equals their nominal value, less any impairment losses. Therefore, short-term receivables are recognised in the statement of financial position at the amount expected to be collected.

When collection of trade receivables is considered doubtful, an impairment loss is recognised in the statement of profit or loss under “Impairment losses on current assets”. Trade receivables for which collection measures are not possible or economically justified are assessed as uncollectible and written off from the statement of financial position.

The assessment of doubtful receivables is performed using an individual approach, meaning that each receivable is assessed separately.

If a previous estimate of doubtful receivables subsequently changes, the change is recognised in the income statement in the period in which the estimate changes. The collection of a receivable previously assessed as doubtful or uncollectible is recognised as a reduction of expenses in the period in which the collection occurs.

Loans granted

Long-term loans granted are measured at amortised cost, i.e. at the present value of the amounts receivable, less amounts considered doubtful. The difference between the nominal amount and the present value of receivables expected to be collected is recognised as interest income over the remaining period to maturity in the statement of profit or loss under “Other finance income and expenses”, using the effective interest rate of the respective receivable.

Investment property

Investment property is land or a building held to earn rentals or for capital appreciation, or both, and which is not used in the Company's own business operations.

Investment property is initially recognised at cost, including directly attributable acquisition costs.

After initial recognition, investment property whose fair value can be measured reliably without undue cost or effort is measured at fair value.

In determining fair value, management relies on the best available information and, where necessary, uses the assistance of independent professional valuers. Gains/losses arising from changes in fair value are recognised in the income statement under "other income" or "other expenses".

Investment property measured under the fair value model is not depreciated.

Property, plant and equipment and intangible assets

Property, plant and equipment comprise assets used in the Company's own business operations with a useful life of more than one year. Property, plant and equipment are initially recognised at cost, which comprises the purchase price, including customs duties and other non-refundable taxes, and any directly attributable costs necessary to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment are carried in the statement of financial position at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure on an item of property, plant and equipment is capitalised when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. Other maintenance and repair costs are recognised as an expense when incurred.

Depreciation is calculated using the straight-line method. The depreciation rate is determined separately for each item of property, plant and equipment based on its useful life. For assets with a significant residual value, only the depreciable amount, being the cost of the asset less its residual value, is depreciated over the useful life of the asset.

Where an item of property, plant and equipment consists of separately identifiable components with different useful lives, those components are accounted for as separate assets and depreciated separately over their respective useful lives.

Depreciation begins when the asset is available for use in the manner intended by management. Depreciation ceases when the asset's residual value exceeds its carrying amount, when the asset is permanently withdrawn from use, or when the asset is reclassified.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition is recognised in the statement of profit or loss under "Other income" or "Other expenses".

The capitalisation threshold for non-current assets is 5 000 euros.

Useful lives by class of property, plant and equipment

Class of asset	**Useful life**
Vehicles	10 years
Computers and computer systems	3–5 years
Other property, plant and equipment	5 years
Right of superficies (building right) over land	100 years

Leases

Skala Holding as lessor

Leases in which substantially all the risks and rewards incidental to ownership of the asset are transferred to the lessee are classified as finance leases. In such cases, the lessor derecognises the leased asset from its statement of financial position and recognises a finance lease receivable. The finance lease receivable is equal to the sum of the present value of the lease payments receivable and the present value of the estimated residual value of the leased asset at the end of the lease term.

Lease payments received from the lessee are allocated between the reduction of the principal amount of the finance lease receivable and finance income, i.e. interest income. Finance income is allocated over the lease term so as to produce a constant periodic rate of return on the lessor's net investment in the finance lease.

All other leases are classified as operating leases.

Assets leased out under operating leases are recognised in the statement of financial position in the same manner as other assets held by the Company. Rental income from operating leases is recognised by the lessor as income in the statement of profit or loss over the lease term. Lease payments payable to the lessor are structured to increase in line with expected general inflation based on the published consumer price index, in order to compensate the lessor for the expected increase in costs caused by inflation.

Financial liabilities

Financial liabilities are initially recognised at cost, which includes all directly attributable transaction costs. Subsequent measurement is carried out using the amortised cost method.

The amortised cost of current financial liabilities generally approximates their nominal amount. Accordingly, current financial liabilities are recognised in the statement of financial position at the amount payable.

For the purpose of measuring long-term financial liabilities at amortised cost, they are initially recognised at the fair value of the consideration received, less transaction costs. In subsequent periods, interest expense is recognised using the effective interest method. Transaction costs are included in the calculation of the effective interest rate and are recognised as an expense over the term of the financial liability.

Interest expense related to financial liabilities is recognised on an accrual basis as an expense for the period in the statement of profit or loss under “Interest expenses”.

A financial liability is classified as current if it is due to be settled within twelve months after the reporting date, if the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, or if, at the reporting date, the lender had the right to demand repayment of the financial liability due to a breach of the terms of the loan agreement.

A financial liability is derecognised when it is discharged, cancelled or expires.

Revenue

Revenue from the sale of services is recognised in the period in which the service is rendered, provided that the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, and the costs incurred in respect of the transaction can be measured reliably.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, it is probable that the consideration associated with the transaction will be received, and the amount of revenue and the costs incurred in respect of the transaction can be measured reliably.

Skala Holding recognises as revenue rental income from operating leases of investment property. Such rental income is recognised on a straight-line basis over the lease term. Recharges of ancillary costs to tenants during the reporting period are recognised at cost and in the same period in which the related service costs are incurred.

Other operating income comprises income that is irregular in nature and not directly related to the Group's principal activities.

Interest income is recognised on an accrual basis when it is probable that the economic benefits associated with the transaction will flow to the recipient and the amount of interest income can be measured reliably.

Expenses

The main characteristic of expenses is that they decrease the Group's net assets without distributions being made to the owners of the Group. Both, income and expenses are recognised on an accrual basis, i.e. when the economic effect of a transaction on the Group's net assets occurs in substance, rather than when the related cash flows occur.

Expenses are recognised in the same period as the related income, in accordance with the matching principle. Expenditure that is expected to contribute to the generation of economic benefits in future periods is recognised as an asset when incurred and expensed in the period or periods in which the related economic benefits are generated, for example expenditure on property, plant and equipment.

The line item "Goods, raw materials and services" in the statement of profit or loss includes the cost of services purchased directly for the purposes of the Group's principal activities. "Other operating expenses" include expenses that are not treated as direct costs of rendering services. Expenses that are irregular in nature and not related to the Group's principal activities are recognised as other operating expenses.

Interest expense is recognised on an accrual basis as a finance cost of the reporting period.

Taxation

Corporate income tax

In accordance with Estonian legislation, corporate profits are not taxed when earned. Taxation occurs only upon the distribution of profits in the form of dividends or other profit distributions. From 2025, the net amount of dividends is subject to income tax at the rate of 22/78.

Corporate income tax arising on the payment of dividends is recognised in the statement of profit or loss as income tax expense in the same period in which the dividends are declared, irrespective of the period for which the dividends are declared or the period in which they are actually paid.

Due to the specific nature of the Estonian corporate income tax system, entities registered in Estonia do not have differences between the tax bases and carrying amounts of assets and liabilities and, therefore, no deferred tax assets or deferred tax liabilities arise. No contingent income tax liability that would arise upon the distribution of retained earnings as dividends is recognised in the statement of financial position.

Related parties

A related party is a person or entity that is related to Skala Holding OÜ (hereinafter the “Company”) to such an extent that transactions between them may not be conducted on market terms.

A person, or a close member of that person’s family, i.e. a family member who may be expected to exercise significant influence, such as a spouse, partner or child, is related to the Company if that person:

(a) is a member of the management of the Company or its parent, i.e. a person having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly; or

(b) has control or significant influence over the Company, for example through an ownership interest.

An entity is related to another entity if one or more of the following conditions apply:

(a) the other entity and the Company are under common control, i.e. they are members of the same group or are controlled by the same person, or by a close member of that person’s family;

(b) one entity is controlled by a third party, which may be either an entity or a person, and the other entity is under the significant influence of that third party, or, if the third party is a person, of that person or a close member of that person’s family;

(c) the other entity has control or significant influence over the Company;
(d) the other entity is under the control or significant influence of the Company;

(e) other entities over which a member of the management of the Company’s parent, or close members of their families, have control or significant influence;

(f) other entities whose management includes persons, or close members of their families, who have control or significant influence over the Company.

In identifying possible related party relationships, the substance of the relationship must be considered and not merely its legal form.

Events after the reporting date

Events occurring between the reporting date and the date on which the consolidated annual financial statements are authorised for issue have been taken into account in preparing the consolidated annual financial statements.

Events after the reporting date are classified as adjusting events and non-adjusting events. Adjusting events are events that provide additional evidence of conditions that existed at the reporting date, and their effects are recognised in the annual financial statements.

Non-adjusting events are events that do not affect the measurement of assets and liabilities as at the reporting date. Material non-adjusting events are disclosed in the notes to the annual financial statements.

Note 2 Receivables and prepayments

(Euros)

	31.12.2025	**Allocation based on remaining term**		
		up to 12 months	**1-5 years**	**more than 5 years**
Trade receivables	854 295	854 295	0	0
Trade receivable	930 943	930 943	0	0
Allowance for doubtful receivables	-76 648	-76 648	0	0
Prepaid taxes and receivables for reclaimed taxes	2 200	2 200	0	0
Loans granted	670 981	109 743	10 738	550 500
Other receivables	81 692	42 090	1 151	38 450
Interest receivables	39 602	0	1 151	38 450
Accrued income	42 090	42 090	0	0
Prepayments for services	32 044	32 044	0	0
Prepaid expenses	32 044	32 044	0	0
Other receivables	29 707	21 129	8 578	0
Total receivables and prepayments	**1 670 919**	**1 061 501**	**20 468**	**588 950**

	31.12.2024	**Allocation based on remaining term**		
		up to 12 months	**1-5 years**	**more than 5 years**
Trade receivables	878 643	878 643	0	0
Trade receivable	884 599	884 599	0	0
Allowance for doubtful receivables	-5 956	-5 956	0	0
Prepaid taxes and receivables for reclaimed taxes	7 274	7 274	0	0
Loans granted	1 715 500	1 131 089	65 911	518 500
Other receivables	599 203	580 240	773	18 190
Interest receivables	566 473	547 510	773	18 190
Accrued income	32 730	32 730	0	0
Prepayments for services	133 932	133 932	0	0
Prepaid expenses	133 932	133 932	0	0
Other receivables	941 830	936 947	4 882	0
Total receivables and prepayments	**4 276 382**	**3 668 126**	**71 566**	**536 690**

Note 3 Investment Properties

(Euros)

Fair value method		**Note**
31.12.2024	**105 590 000**	
Acquisitions and improvements	172 382	
Profit from revaluation of investment property	4 277 618	7
31.12.2025	**110 040 000**	

	01.01.2025 - 31.12.2025	**Note**
Rent income earned from investment properties	7 974 003	7
Direct operating expenses of investment properties	1 768 996	8

Investment property is property, land or a building, or part of a building, or both, held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation, or both.

Acquisitions and improvements include the cost of the property and any directly attributable expenditure. Direct operating expenses include utilities, security, insurance, cleaning, communication services, waste disposal and other property maintenance costs.

Investment properties are subsequently measured at fair value. Fair value as at 31 December 2025 was determined using the discounted cash flow method, taking into account the actual cash flows generated by the investment properties, market-based discount rates, yield rates and the long-term market vacancy rate. The discount rates applied to different properties ranged from 8,50% to 9,30% (2024: 8,50% to 9,30%), the yield rates ranged from 7,25% to 8,00% (2024: 7,25% to 8,00%), and the long-term market vacancy rate ranged from 3% to 5% (2024: 3% to 5%).

Note 4 Interest-bearing loans and borrowings

(Euros)

	31.12.2025	Allocation based on remaining term			Currency
		up to 12 months	1-5 years	more than 5 years	
Bank loans	56 553 750	11 546 947	45 006 803	0	EUR
Non-related unsecured loans	32 285 940	7 913 712	24 372 228	0	EUR
Related parties' unsecured loans	4 316 267	4 154 000	162 267	0	EUR
Total interest-bearing loans and borrowings	**93 155 957**	**23 614 660**	**69 541 297**	**0**	EUR

	31.12.2024	Allocation based on remaining term			Currency
		up to 12 months	1-5 years	more than 5 years	
Bank loans	63 212 796	1 771 119	61 441 677	0	EUR
Non-related unsecured loans	27 785 000	585 000	27 200 000	0	EUR
Related parties' unsecured loans	5 795 000	0	5 333 000	462 000	EUR
Total interest-bearing loans and borrowings	**96 792 796**	**2 356 119**	**93 974 677**	**462 000**	EUR

Carrying amount of assets pledged as collateral	**31.12.2025**
Buildings	110 040 000
Total	**110 040 000**

The bank loans are secured by properties with a carrying amount of 110 million euros as at 31 December 2025. Investment properties recognised by the Group's subsidiaries have also been used as cross-collateral. This means that, in certain cases, a bank loan of one subsidiary is secured both by investment property recognised by that subsidiary and by investment property recognised by another subsidiary of the Group. Accordingly, investment properties recognised in the consolidated financial statements may serve as collateral for bank borrowings of more than one Group entity.

In 2025, the Group received new loans in the amount of 2 million euros and made loan repayments in the amount of 4,2 million euros.

In 2026, bank loan agreements in the amount of 4,8 million euros were extended, with the new repayment maturity set for 2031.

Note 5 Payables and prepayments received

(Euros)

	31.12.2025	Allocation based on remaining term		
		up to 12 months	1-5 years	more than 5 years
Trade payables	335 794	335 794	0	0
Payables to employees	920	920	0	0
Tax liabilities	142 833	142 833	0	0
Interest payables	1 369 534	1 214 616	154 918	0
Interest payables (bank)	19 873	19 873	0	0
Interest payables (non-related)	949 299	799 573	149 726	0
Interest payables (related parties)	400 363	395 171	5 192	0
Accrued expenses	154 388	154 388	0	0
Prepayments received	3 885	3 885	0	0
Tenant's deposits	1 140 850	223 469	917 381	0
Other liabilities	13 008	13 008	0	0
Other liabilities (related parties)	93 000	93 000	0	0
Total payables and prepayments received	**3 254 212**	**2 181 913**	**1 072 299**	**0**

	31.12.2024	Allocation based on remaining term		
		up to 12 months	1-5 years	more than 5 years
Trade payables	351 510	351 510	0	0
Payables to employees	2 603	2 603	0	0
Tax liabilities	136 624	136 624	0	0
Interest payables	1 279 050	463 019	791 496	24 535
Interest payables (bank)	44 796	44 796	0	0
Interest payables (non-related)	830 117	418 222	411 894	0
Interest payables (related parties)	404 137	0	379 602	24 535
Accrued expenses	100 327	100 327	0	0
Prepayments received	5 457	5 457	0	0
Tenant's deposits	1 057 654	182 804	874 850	0
Other liabilities	22 615	22 615	0	0
Total payables and prepayments received	**2 955 841**	**1 264 959**	**1 666 347**	**24 535**

Note 6 Revenue

(Euros)

	2025
Revenue by geographic areas	
Estonia	9 670 536
Latvia	1 253 537
Total revenue by geographic areas	**10 924 073**
Revenue by field of activity	
Rental income	7 974 003
Property management	2 688 175
Other revenue (not related to core business)	261 895
Total revenue	**10 924 073**

Note 7 Other income

(Euros)

	2025	Note
Profit from revaluation of investment property	4 277 618	3
Income from claims, arrears interest	59 403	
Other income	34 704	
Total other income	**4 371 725**	

Note 8 Goods, raw materials and services

(Euros)

	2025	Note
Utility costs	1 768 996	3
Property management, maintenance, and repair costs	1 245 717	
State and local tax	93 095	
Other expenses	14 543	
Total goods, raw materials, and services	**3 122 351**	

Note 9 Interest expense

(Euros)

	2025
Interest expense on bank loans	3 136 579
Interest expense on non-related unsecured loans	2 399 354
Interest expense on related parties' unsecured loans	219 627
Total interest expense	**5 755 561**

In 2025, the Group paid interest in the amount of 5,2 million euros.

Independent Auditors' Report