

(TRANSLATION FROM LITHUANIAN)

UAB "S3 BUSINESS"

THE COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR 2023,
PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION,
SUBMITTED TOGETHER WITH THE INDEPENDENT AUDITOR'S OPINION
AND THE ANNUAL REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of "S3 BUSINESS", UAB

Opinion

We have audited the financial statements of "S3 BUSINESS", UAB (the Company), which comprise the statement of financial position as at December 31, 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 requirements of the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania 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

The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as specified below.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

In addition, our responsibility is to consider whether financial information included in the Company's annual report for the financial year for which the financial statements are prepared is consistent with the financial statements and whether annual report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of financial statements, in our opinion, in all material respects:

- The information given in the Company's annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Company's annual report has been prepared in accordance with the requirements of the Law on Financial Reporting by Undertakings of the Republic of Lithuania.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We shall 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.

Auditor Eglė Žiemienė
Auditor's licence No. 000344

Audit was completed on January 29, 2025

Audito UAB "In salvo"
Audit company's licence No. 001474

Gedimino str. 47, Kaunas, Lithuania

Statement of financial position

	Notes	2023-12-31	2022-12-31
ASSETS			
Fixed assets			
Investment assets			
Land	3	2 007 000	2 924 731
Investment assets under construction	3	1 160 636	1 030 858
Total investment assets		3 167 636	3 955 589
Total fixed assets		3 167 636	3 955 589
Current assets			
Receivable taxes		27 555	-
Cash and cash equivalents	4	4 264	-
Total current assets		31 819	-
Total assets		3 199 455	3 955 589
EQUITY AND LIABILITIES			
Equity			
Authorised (subscribed) capital	5	3 620	3 620
Share premium		825 474	825 474
Retained profit	6	806 197	1 582 531
Total equity		1 635 291	2 411 625
Long-term payable amounts and liabilities			
Loans received from related parties	7,12	1 211 352	-
Liabilities of the deferred tax on profit	10	222 079	368 338
Total long-term payable amounts and liabilities		1 433 431	368 338
Short-term payable amounts and liabilities			
Current year share of long-term loans received from related parties	7,12	-	1 114 591
Amounts payable to related parties	8,12	129 660	61 035
Trade payables	8	1 073	-
Total short-term payable amounts and liabilities		130 733	1 175 626
Total equity and liabilities		3 199 455	3 955 589

The following explanatory note forms an integral part of these financial statements.

General Manager	Andrius Mikalauskas	2025-01-29
Senior accountant of UAB „SBA Competence and Service Center“	Birutė Mazaliauskaitė	2025-01-29

Statement of comprehensive income

	Notes	2023	2022
Operating expenses	9	(4 633)	-
Change in fair value of investment property		(917 731)	-
Operating (loss)		(922 364)	-
Financial (expenses)			
Interest		(229)	-
(Loss) before tax		(922 593)	-
Corporate tax benefits	10	146 259	-
Net (loss)		(776 334)	-

The following explanatory note forms an integral part of these financial statements.

General Manager	Andrius Mikalauskas		2025-01-29
Senior accountant of UAB „SBA Competence and Service Center“	Birutė Mazaliauskaitė		2025-01-29

Statement of changes in equity

	Equity	Stock add-ons	Retained profit	Total
27 December 2022	-	-	-	-
Formation of authorized capital	3 620	-	-	3 620
Reorganization	-	825 474	1 582 531	2 408 005
Residual at 31 December 2022	3 620	825 474	1 582 531	2 411 625
Net (loss)	-	-	(776 334)	(776 334)
Total of general (loss)	-	-	(776 334)	(776 334)
Residual at 31 December 2023	3 620	825 474	806 197	1 635 291

The following explanatory note forms an integral part of these financial statements.

General Manager	Andrius Mikalauskas		2025-01-29
Senior accountant of UAB „SBA Competence and Service Center“	Birutė Mazaliauskaitė		2025-01-29

Statement of cash flows

	Notes	2023	27 December 2022 – 31 December 2022
Cash flows from operating activities			
Net (loss)		(776 334)	-
Corrections of non-monetary costs (income):			
Corporate tax (benefit)	10	(146 259)	-
Change in fair value of investment property		917 731	-
Interest expenses		229	-
		(4 633)	-
Receivables from buyers and related parties, other receivables (increase) decrease		(16 489)	-
Trade payables (decrease) increase		12 240	-
Net operating cash flows		(8 882)	-
Cash flows from investing activities			
Investment property (acquisition)		(19 854)	-
Net cash flows from investing activities		(19 854)	-
Cash flows from financial activities			
Loans received	7,11	33 000	-
Net cash flows from financial activities		33 000	-
Net increase (decrease) in cash flows		4 264	-
Cash at the beginning of the period		-	-
Cash at the end of period		4 264	-

The following explanatory note forms an integral part of these financial statements.

General Manager	Andrius Mikalauskas		2025-01-29
Senior accountant of UAB „SBA Competence and Service Center“	Birutė Mazaliauskaitė		2025-01-29

UAB "S3 Business"**Financial statements of the Company for 2023**

(all amounts are in euros unless otherwise stated)

1 General Information

UAB S3 Business (hereinafter – the Company) is a closed joint-stock company, registered in the Republic of Lithuania on December 27, 2022. The Company's address is K. Donelaičio st. 62-1, Kaunas. The Company's code 306204660.

The Company's main activity is real estate project development.

On December 31, 2023, the shareholder of the Company was UAB Urban LIVE (company code 306150789, registered address: Upės st. 21-1, Vilnius).

On December 31, 2022, the shareholder of the Company was UAB SBA Urban (company code 306150789, registered address: Upės st. 21-1, Vilnius).

On December 31, 2023 and December 31, 2022, the authorized capital of the Company – 3 620 EUR, which consist of 125 unit ordinary shares of 28,96 EUR par value each, all of which were fully paid as of both dates.

On December 31, 2023 and December 31, 2022, the Company did not hold any own shares. The Company's share capital remained unchanged during 2023 and 2022.

On December 31, 2023 and December 31, 2022, the Company had no branches or representative offices.

On December 31, 2023 and December 31, 2022, the Company employed one person.

On August 24, 2022, UAB SBA Urban (company code 302675889, registered address: Upės st. 21-1, Vilnius) adopted a decision to approve the preparation of the terms of separation, under which a part of the subsidiary UAB "S3 invest" (company code 303358639, address: K. Donelaičio st. 62-1, Kaunas), including certain assets, rights, obligations and equity attributable to it, would be separated and used as the basis for the establishment of the Company.

On December 31, 2022, the assets, liabilities and equity transferred to the Company were as follows:

ASSETS**Fixed assets**

Investment assets

Land	2 924 731
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Investment assets under construction	1 030 858
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Total investment assets	3 955 589
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Total fixed assets	3 955 589
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Total assets	3 955 589
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EQUITY AND LIABILITIES**Equity**

Authorised (subscribed) capital	3 620
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Share premium	825 474
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Retained earnings	1 582 531
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Total equity	2 411 625
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Long-term payable amounts and liabilities

Liabilities of the deferred tax on profit	368 338
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Total long-term payable amounts and liabilities	368 338
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Short-term payable amounts and liabilities

Current year share of long-term loans received from related parties	1 114 591
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Amounts payable to related parties	61 035
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Total short-term payable amounts and liabilities	1 175 626
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Total equity and liabilities	3 955 589
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The Company's management approved these financial statements on January 29, 2025. The Company's shareholder has the statutory right to approve or reject these financial statements and require the management to prepare new financial statements.

2 Significant Accounting Policies' Information

Below are the significant accounting policies followed in the preparation of these financial statements. These accounting policies have been consistently applied to all periods presented, unless otherwise stated.

2.1. Basis of Preparation of the Financial Statements

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The Company's financial statements are prepared on the historical cost basis, except for investment assets, which is measured at fair value, and in accordance with the going concern assumption.

Application of new and/or amended IFRS and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

Compared to the previous financial year, the Company's accounting policies and measurement procedures have not changed, except for the following IFRS and IFRS amendments, which the Company began applying from January 1, 2023:

- **IFRS 17 "Insurance Contracts"**
- **Amendments to IAS 1 "Presentation of Financial Statements" and IAS 2 "Management Commentary Practice Statement" - "Disclosure of Accounting Policies"**
- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - "Definition of Accounting Estimates"**
- **Amendments to IAS 12 "Income Taxes" - "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"**
- **Amendments to IAS 12 "Income Taxes" - "International Tax Reform – Pillar Two Model Rules"**

The newly adopted IFRS and IFRS amendments were not relevant to the Company, except for those described below.

- **Amendments to IAS 1 "Presentation of Financial Statements" and IAS 2 "Practice Statement on Management Commentary" - "Disclosure of Accounting Policies"**

The amendments are applicable to annual reporting periods beginning on or after January 1, 2023. The amendments provide guidelines for making significant decisions regarding the disclosure of accounting policies. It is important to note that the IAS 1 amendments replace the requirement to disclose "material" accounting policy information with a requirement to disclose "significant" accounting policy information. Furthermore, the Practice Statement provides guidelines and an example to help apply the concept of significance when deciding on the disclosure of accounting policies. The Company has made adjustments to the accounting policy disclosures. The Company has removed information that, in management's judgment, was not considered significant.

- **Amendments to IAS 12 "Income Taxes" - "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"**

The amendments are applicable to annual reporting periods beginning on or after January 1, 2023. Early application is permitted. The amendments narrow the scope of the exemption for initial recognition provided in IAS 12 and clarify how companies should account for deferred taxes related to transactions such as leases and decommissioning obligations. The amendments clarify that when payments related to an obligation are considered deductible when calculating income taxes, the decision is made based on the applicable tax law, or whether such deductions are attributable to the obligation or the associated asset component. The amendments specify that the exemption from initial recognition does not apply to transactions where, at the time of initial recognition, there are temporary differences that are both taxable and deductible. It only applies when no such temporary differences arise when recognizing lease assets or lease liabilities (decommissioning liabilities and decommissioning asset components). The Company has applied the requirements of IAS 12, and these are disclosed in Note 10.

Approved but not yet effective standards and amendments

The Company has not applied the below-mentioned approved standards and amendments that are not yet effective. The Company plans to apply these changes from their effective date.

1) Standards and amendments to standards that have not yet come into effect but have been adopted for use in the EU:

- **Amendments to IAS 1 "Presentation of Financial Statements" - "Classification of Liabilities as Current or Non-current"**

2 Significant Accounting Policies' Information (continued)

2.1. Basis of Preparation of the Financial Statements (continued)

The amendments are applicable to annual reporting periods beginning on or after January 1, 2024. Early application is permitted. According to IAS 8, the amendments must be applied retrospectively. The amendments aim to clarify the principles in IAS 1 regarding the classification of liabilities as current or non-current. The amendments clarify what is meant by the right to defer settlement, explain the requirement that this right must exist at the reporting date, and state that management's intent does not affect the classification of liabilities as current or non-current. Additionally, the amendments specify that the choice of the counterparty to settle by transferring the entity's own equity instruments does not affect the classification of liabilities as current or non-current. The amendments also indicate that the classification of liabilities will only be affected by contract terms that the entity must comply with as of or before the financial statements date. Furthermore, additional information must be disclosed regarding long-term liabilities arising from loan agreements with terms that must be met within less than twelve months after the reporting period's end. Management has not yet assessed the impact of these amendments on the Company's financial statements.

- **Amendments to IFRS 16 "Leases - Lease Liabilities in Sale and Leaseback Transactions"**

The amendments are applicable to annual reporting periods beginning on or after January 1, 2024. Early application is permitted. The amendments aim to improve the requirements that a seller-lessee applies when accounting for lease liabilities arising from sale and leaseback transactions under IFRS 16. However, they do not change the accounting for leases that are not related to sale and leaseback transactions. Specifically, the seller-lessee determines "lease payments" or "revised lease payments" so that the seller-lessee does not recognize any profit or loss related to the right-of-use asset that it retains. Under these requirements, the seller-lessee is not prohibited from recognizing any profit or loss related to the partial or full termination of the lease agreement in the profit or loss. The seller-lessee applies these amendments retrospectively, in accordance with IAS 8, to sale and leaseback transactions entered into after the first application date, which is the first annual reporting period in which the entity first applies IFRS 16. Management has not yet assessed the impact of these amendments on the Company's financial statements.

2) Standards / amendments to standards that have not yet come into effect and have not yet been adopted by the EU:

- **IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" amendments "Supplier Financing Arrangements"**

The amendments apply to annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted. The amendments, which supplement existing IFRS provisions, require entities to disclose information about the terms of supplier financing arrangements. Additionally, entities must disclose the carrying amounts of financial liabilities arising from supplier financing arrangements and the line items in which these liabilities are presented at the beginning and end of the reporting period. They must also disclose the carrying amounts of financial liabilities and line items settled by suppliers paying the corresponding trade payables. Furthermore, the amendments require entities to disclose the impact of changes in the carrying amounts of non-cash financial liabilities arising from supplier financing arrangements, which make it difficult to compare the carrying amounts of financial liabilities. The amendments also require entities to disclose the payment terms intervals for financial liabilities to suppliers and similar trade payables not part of such arrangements at the beginning and end of the reporting period. These amendments have not yet been approved by the EU. Management has not yet assessed the impact of the amendments on the Company's financial statements.

- **IAS 21 "The Effects of Changes in Foreign Exchange Rates" amendments "Currency Inconvertibility"**

The amendments apply to annual reporting periods beginning on or after January 1, 2025. Early adoption is permitted. Management has conducted preliminary assessments and determined that the Company does not have significant foreign currency transactions. Therefore, no significant impact on the financial statements is expected.

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

In December 2015, the IASB deferred the effective date of these amendments indefinitely, pending the outcome of its research project on the equity method of accounting. Based on a preliminary assessment, this amendment is not relevant to the Company.

2.2. Currency of the Financial Statements

The Company maintains its accounting records, and all amounts in these financial statements are presented in the national currency of the Republic of Lithuania, the euro (EUR).

2.3. Investment assets

Investment assets are initially recognized at acquisition cost, including transaction costs.

2 Significant Accounting Policies' Information (continued)

2.3. Investment assets (continued)

Investment assets are accounted for at fair value. The fair value of investment assets is derived from reports prepared by independent assets appraisers who have recognized and appropriate professional qualifications and recent experience in valuing similar assets in the same location and of similar category, when an independent appraisal is commissioned, or it is assessed by management based on discounted future cash flows or the market price of similar assets. Rental income earned is recognized under revenue from sales. Profits and losses arising from changes in the fair value of investment assets are recognized in the statement of comprehensive income and are presented separately.

Expenses related to the maintenance of investment assets are recognized in the statement of comprehensive income in the period in which they are incurred. Costs are capitalized only if it is probable that the Company will obtain future economic benefits from the assets and the cost of the assets can be reliably measured.

Transfers to and from investment assets are made when, and only when, there is a clear change in the asset's intended use.

2.4. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition of an asset that requires a period of time to prepare it for its intended use or construction are capitalized as part of the cost of the related asset. All other borrowing costs are recognized as an expense when incurred.

2.5. Financial Instruments

A financial instrument is any contract that results in a financial asset for one entity and a financial liability or equity instrument for another entity.

Financial Asset

Initial Recognition and Measurement

At initial recognition, a financial asset is classified as subsequently measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss.

The classification of a financial asset at initial recognition depends on the contractual cash flow characteristics of the financial asset and the Company's business model that defines the management of the financial asset. Except for trade receivables that do not contain a significant financing component, the Company measures the financial asset at fair value, adding transaction costs, unless the financial asset is measured at fair value through profit or loss. Trade receivables, excluding those with a significant financing component, are measured at the transaction price as determined by IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or at fair value through other comprehensive income, the cash flows arising from the financial asset must consist solely of payments of principal and interest (SPPI) on the outstanding principal amount. This assessment is known as the SPPI test and is performed for each financial instrument.

Subsequent Measurement

The Company considers a borrower to have defaulted on its financial asset obligations if contractual payments are overdue by more than 90 days, or when there are indications that the borrower or a group of borrowers is experiencing significant financial difficulties, is unable to meet its obligations (principal or interest payments), is likely to begin bankruptcy or reorganization proceedings, or when observed data suggests a foreseeable reduction in future cash flows, such as changes in payment arrears or economic conditions correlated with defaults.

The credit loss on receivables and other receivables is recognized in profit or loss. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial Recognition and Measurement

At initial recognition, financial liabilities are classified as either financial liabilities measured at fair value through profit or loss, loans and borrowings, or payables. All financial liabilities are initially recognized at fair value. The Company's financial liabilities include trade and other payables, loans received, including bank overdrafts.

2 Significant Accounting Policies' Information (continued)

2.5. Financial Instruments (continued)

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below.

Loans Received and Other Payables

After initial recognition, loans and other payables are measured at amortized cost using the effective interest rate (EIR) method. Profit and losses are recognized in the statement of comprehensive income when the liabilities are derecognized or amortized. Amortized cost is calculated considering any discount or premium on acquisition, as well as fees or costs that are an integral part of the EIR. EIR amortization is included in finance costs in the statement of comprehensive income.

Offsetting of Financial Instruments

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

2.6. Derecognition of Financial Assets and Financial Liabilities

Financial Assets

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

- the rights to receive cash flows from the asset have expired;
- the Company retains the rights to the cash flows from the asset but has assumed an obligation to pay them in full to a third party under a "pass-through" arrangement; and
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of ownership of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of ownership but has transferred control of the asset.

Financial Liabilities

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

2.7. Cash

Cash comprises funds held in bank accounts. Cash equivalents are short-term, highly liquid investments.

2.8. Fair Value Measurement

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. The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is determined using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value 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 who would use the asset in its highest and best use.

2 Significant Accounting Policies' Information (continued)

2.8. Fair Value Measurement (continued)

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

Fair Value Hierarchy:

- Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, and that are significant to the fair value measurement.
- Level 3 – Valuation techniques using unobservable inputs that are significant to the fair value measurement.

For assets and liabilities that are remeasured in the financial statements, the Company determines at the end of each reporting period whether transfers have occurred between levels of the fair value hierarchy (based on the lowest level input that is significant to the fair value measurement as a whole).

Valuations are performed by the Company's management at each statement of financial position date. For fair value disclosure purposes, the Company has classified assets and liabilities into classes that reflect the nature, characteristics, and risks of the items and the level of the fair value hierarchy as described above.

Management's fair value assessments are disclosed in Notes 3 and 11.

2.9. Income Tax

The calculation of income tax is based on the annual profit, considering deferred income tax. Income tax is calculated in accordance with the requirements of the tax laws of the Republic of Lithuania. The standard corporate income tax rate applicable in the Republic of Lithuania for the years 2023 and 2022 was 15%.

Tax losses may be carried forward indefinitely, except for losses arising from the transfer of securities and/or derivative financial instruments. Such carry forward is discontinued if the Company discontinues the activity that gave rise to these losses, unless the Company discontinues the activity for reasons beyond its control. Losses from the transfer of securities and/or derivative financial instruments may be carried forward for 5 years and can only be offset against profits from transactions of the same nature.

Starting from January 1, 2014, carried forward tax losses can offset no more than 70% of the taxable income for the current tax year.

Deferred taxes are calculated using the balance sheet liability method. The deferred tax reflects the net tax effect of temporary differences between the carrying amount of assets and liabilities and their tax bases. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which the asset is realized or the liability is settled, taking into account the tax rates that have been enacted or substantially enacted as of the balance sheet date.

Deferred tax assets are recognized in the balance sheet to the extent that it is probable that they will be realized in the near future, based on taxable profit forecasts. If it is likely that part of the deferred tax will not be realized that portion of the deferred tax is not recognized in the financial statements.

2.10. Use of Estimates in the Preparation of Financial Statements

In preparing the financial statements in accordance with International Financial Reporting Standards, management is required to make certain assumptions and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses, as well as the disclosure of uncertainties. Significant areas in these financial statements where estimates are used include the measurement of the deferred income tax liability (Notes 2.9 and 10), the impairment of asset values (Note 3), and the consideration of the going concern assumption, as outlined in the note below. Future events may alter the assumptions used in making these estimates. The effect of such changes in estimates will be recognized in the financial statements when they are determined.

Assessment of the Going Concern Assumption

These financial statements have been prepared on the basis of the going concern assumption.

3 Investment assets

	Investment assets under construction		
	Land		Total
Fair value:			
Balance at December 27, 2022	-	-	-
Reorganization	2 924 731	1 030 858	3 955 589
Balance at December 31, 2022	2 924 731	1 030 858	3 955 589
Acquisitions	-	129 778	129 778
Change in fair value	(917 731)	-	(917 731)
Balance at December 31, 2023	2 007 000	1 160 636	3 167 636

In 2023, the Company incurred interest expenses, of which 52 thousand EUR were capitalized.

4 Cash

Cash consisted of bank funds at December 31, 2023, and December 31, 2022.

The Company had no restrictions on its cash funds at December 31, 2023, and December 31, 2022.

5 Capital

The Company's shareholder was UAB Urban LIVE (company code 306150789, registered address Upės st. 21-1, Vilnius) at December 31, 2023.

The Company's shareholder was UAB SBA Urban (company code 302675889, registered address Upės st. 21-1, Vilnius) at December 31, 2022.

All 125 shares, each with a nominal value of 28,96 euros, are ordinary shares and were fully paid at December 31, 2023, and December 31, 2022.

The Company had not issued any convertible securities, exchangeable securities, or warrant securities, nor did it have any unpaid acquisition rights or obligations to increase the share capital at December 31, 2023, and December 31, 2022.

6 Reserves and retained earnings (losses)

Compulsory reserve

The compulsory reserve is required by the laws of the Republic of Lithuania. It must be formed by an annual transfer of at least 5 percent of net profit until the reserve reaches 10 percent of authorized capital.

The compulsory reserve can only be used to cover the Company's losses. The portion of the compulsory reserve exceeding 10 percent of the share capital may be redistributed when distributing the profit of the following year.

The compulsory reserve had not been formed at December 31, 2023, and December 31, 2022.

Retained profit (loss)

The profit (loss) distribution for 2023 was approved by the sole shareholder's decision on June 28, 2024.

7 Loans

	At December 31, 2023	At December 31, 2022
Long-term loans:		
Loans received from related parties (Note 12)	1 211 352	1 114 591
Balance at December 31	1 211 352	1 114 591
<i>Including:</i>		
Amounts payable after one year	1 211 352	-
Amounts payable within one year	-	1 114 591

8 Trade payables and contract liabilities

Short-term trade payables are not subject to interest and are usually settled within 30 days.

Trade payables and other short-term liabilities amounted to 131 thousand EUR at December 31, 2023, and 61 thousand EUR at December 31, 2022.

9 Operating expenses

	In 2023	In 2022
Tax expenses	(2 394)	-
Services of other companies	(1 351)	-
Wages and social security	(619)	-
Information technology services	(224)	-
Other	(45)	-
	(4 633)	-

10 Income tax

The amount of income tax expense may be reconciled with the income tax expense calculated using the statutory income tax rate on the Company's profit before tax:

	In 2023	In 2022
Profit before tax	(922 593)	-
Increase in profit before tax	865 264	-
Decrease in profit before tax	-	-
Taxable revenue (+)/ Tax losses (-) in total:	(57 329)	-
Income tax rate	15%	15%
Income tax expense for the reporting period	-	-
Deferred income tax benefit	146 259	-
Income tax benefit in the statement of comprehensive income	146 259	-

The deferred income tax at December 31, 2023, was accounted for using a 15% rate.

Taxable and deductible temporary differences	Deferred tax base	Deferred income tax asset (liability)
2023-12-31		
Tax losses	57 329	8 599
Deferred income tax asset	57 329	8 599
Temporary differences related to investment property, giving rise to a deferred income tax liability	(1 537 856)	(230 678)
Deferred income tax liability	(1 537 856)	(230 678)
Total:	(1 480 527)	(222 079)

10 Income tax (continued)

Taxable and deductible temporary differences	Deferred tax base	Deferred income tax asset (liability)
2022-12-31		
Deferred income tax asset	-	-
Temporary differences related to investment property, giving rise to a deferred income tax liability	(2 455 587)	(368 338)
Deferred income tax liability	(2 455 587)	(368 338)
Total:	(2 455 587)	(368 338)

11 Financial assets and liabilities and risk managementCredit risk

The Company's credit risk is represented by the carrying amount of each financial asset, i.e., trade and other receivables, bank balances, less recognized impairment losses as of the statement of financial position date.

The credit risk of cash deposits in banks and funds in bank current accounts is low, as the Company holds its funds in banks with international credit ratings set by international credit rating agencies or in subsidiaries of such banks.

The maximum credit risk is represented by the carrying amount of each financial asset, so the Company's management believes that the maximum risk is equal to the sum of cash balances in banks, long-term and short-term receivables, less recognized impairment losses at the statement of financial position date.

Interest rate risk

The Company's loans consist of loans received with a variable interest rate, which is linked to EURIBOR, creating interest rate risk.

The table below discloses the Company's sensitivity of profit before tax to potential changes in interest rates, holding all other variables constant (considering loans and borrowings with variable interest rates). There is no impact on the Company's equity, except for the effect on the current year's profit.

	Increase/ decrease in basis points	Impact on profit before tax
In 2023		
In euros	+50	(5 579)
In euros	-10	1 116
In 2022		
In euros	+50	(5 414)
In euros	-10	1 083

Liquidity risk

The Company's policy is to maintain sufficient cash and cash equivalents or secure financing through an appropriate amount of credit lines to fulfill its obligations as outlined in its strategic plans. The Company's liquidity (total current assets/ total current liabilities) and quick ratio ((total current assets – inventories) / total current liabilities) at December 31, 2023, were 0,24 and 0,24, respectively (0,00 and 0,00 at December 31, 2022).

The table below summarizes the Company's financial liabilities repayment terms at 31 December 2023 and 2022 based on undiscounted contractual payments:

UAB "S3 Business"**Financial statements of the Company for 2023**

(all amounts are in euros unless otherwise stated)

11 Financial assets and liabilities and risk management (continued)

	Past due	Up to 3 months	From 3 to 12 months	From 1 to 5 years	After 5 years	Total
Loans and borrowings subject to interest	-	-	-	1 442 253	-	1 442 253
Amounts payable to related parties	114 355	15 305	-	-	-	129 660
Trade payables	1 073	-	-	-	-	1 073
Balance at December 31, 2023	115 428	15 305	-	1 442 253	-	1 572 986

	Past due	Up to 3 months	From 3 to 12 months	From 1 to 5 years	After 5 years	Total
Loans and borrowings subject to interest	-	-	1 147 075	-	-	1 147 075
Amounts payable to related parties	-	61 035	-	-	-	61 035
Balance at December 31, 2022	-	61 035	1 147 075	-	-	1 208 110

Changes in financial liabilities

	January 1, 2023	Receipt	Interest accruals	Payments	Non-cash activities	December 31, 2023
Loans from related parties	1 114 591	33 000	63 761	-	-	1 211 352
Total	1 114 591	33 000	63 761	-	-	1 211 352

	January 1, 2022	Receipt	Interest accruals	Payments	Non-cash activities	December 31, 2022
Loans from related parties	-	1 114 591	-	-	-	1 114 591
Total	-	1 114 591	-	-	-	1 114 591

Foreign currency risk

The Company does not use any financial instruments to manage foreign currency risk, as the Company has no foreign currency risk. Monetary assets and liabilities were expressed in euros at December 31, 2023, and December 31, 2022.

Fair value of financial assets and liabilities

The main financial assets and liabilities of the Company, which are not reflected at fair value, include receivables from related parties and other receivables, payables to related parties and other payables, as well as long-term and short-term loans.

When evaluating the fair value of financial assets and liabilities, the following assumptions apply:

- The carrying amount of short-term trade receivables, receivables from related parties, short-term trade payables, payables to related parties, and short-term borrowings with interest is approximately equal to their fair value (determined based on the third level of the fair value hierarchy)
- The fair value of long-term receivables and payables is determined based on the market price or interest rate applicable at that time for loans of the same or similar terms. The fair value of long-term borrowings with variable interest rates is approximately equal to their carrying amount (determined based on the third level of the fair value hierarchy).

The fair value of the Company's financial assets and liabilities at 31 December 2023 and 2022 was close to their carrying amount.

11 Financial assets and liabilities and risk management (continued)Capital management

The primary objective of the Company's capital management is to ensure that the Company meets external capital requirements and that the Company maintains appropriate capital ratios in order to strengthen its operations and maximize shareholder value ("capital" as defined in IAS 1 corresponds to equity as presented in the financial statements).

The Company manages its capital structure and adjusts it in response to changes in economic conditions and the specific risk characteristics of its operations. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares. No changes were made to the Company's capital management objectives, policies, or processes in 2023 and 2022.

According to the Law on Companies of the Republic of Lithuania, the Company's equity must not be less than 50 percent of its share capital. The Company is not subject to any other externally imposed capital requirements. The Company was in compliance with this requirement at 31 December 2023 and 2022.

The Company monitors capital using the debt-to-equity ratio. Capital is defined as ordinary shares and retained earnings (or accumulated losses). The Company's management has not set a specific target level for the debt-to-equity ratio:

	In 2023	In 2022
Current liabilities	130 733	1 175 626
Total liabilities	130 733	1 175 626
Equity	1 635 291	2 411 625
Liabilities to equity ratio	0,08	0,49

12 Related party transactions

Parties are considered related when one party has the ability to control the other or to exercise significant influence over the other party in making financial and operating decisions. The Company's related parties are the following:

- Mr. A. Martinkevičius (shareholder of UAB SBA Grupė);
- UAB SBA Group (final controlling shareholder of the Company);
- UAB Urban LIVE (sole shareholder of the Company);
- Other SBA Group companies (UAB SBA Grupė and subsidiaries).

Transactions with related parties during 2023 and 2022 and balances at 31 December 2023 and 2022:

In 2023	Purchases	Sales	Amounts receivable	Amounts payables
Shareholder of the company	6 846	-	-	8 284
Other SBA Group companies	103 784	-	-	1 332 728
	110 630	-	-	1 341 012

In 2022	Purchases	Sales	Amounts receivable	Amounts payables
Shareholder of the company	1 114 591	-	-	1 114 591
Other SBA Group companies	61 035	-	-	61 035
	1 175 626	-	-	1 175 626

In the normal course of business, the Company enters into transactions with related parties. When determining the pricing of these transactions, estimates/assumptions are made regarding the compliance of the transaction terms with market conditions. The decisions made are based on the prices of similar types of transactions with unrelated parties, if such information is available to the Company.

12 Related party transactions (continued)

Transactions with related parties include the normal purchase and sale of goods and services related to operations. Amounts receivable and payable from related parties are expected to be settled in cash or by offsetting against the amounts payable to/receivable from the relevant related parties. The collection periods for trade receivables from related parties do not exceed 30 days.

All loans of the Company, received from the Company's related party UAB SBA Urban, are subject to a variable interest rate, which varies depending on the 3-month or 6-month EURIBOR and a borrowing risk and profit margin of 2,5-3,00 percent per year.

The repayment schedule for loans received from the Company's related parties in 2023 and 2022 is as follows:

	At December 31, 2023	At December 31, 2022
Within one year	-	1 114 591
After one year, but no later than five years	1 211 352	
	1 211 352	1 114 591

Management salaries and other benefits

The director is considered the head of the company.

The remuneration accrued to the Company's manager in 2023 and 2022 is disclosed in Note 9 to the financial statements.

During 2023 and 2022, no loans, guarantees or other significant amounts paid or accrued, or assets transferred were granted to management.

13 Contingencies

For the date of preparation of the Company's financial statements there were no announced and ongoing significant lawsuits for any claims of the Company.

There is no information about other circumstances or events which could signal any additional claims made against the Company.

There is no information about other unfulfilled or improperly fulfilled obligations of third parties that would have been referred to the Company.

14 Subsequent events

On the date of preparation of the financial statements, the Company's management had approved the distribution of profit (loss) for 2023.

In June 2024, a shareholders' agreement was signed with UAB TABA Invest, and in September 2024, a share subscription agreement was signed, because of which the Company's authorized capital was increased by an additional contribution from UAB TABA Invest. After signing this agreement, UAB TABA Invest acquired a 50% right to the Company's shares and management.

In June 2024, a building permit was obtained for the construction of the "Hermanas" business center and an above-ground parking facility, and in September 2024, construction works on these facilities were commenced.

**ANNUAL REPORT OF UAB S3 BUSINESS
FOR 2023**

General information about the Company

UAB S3 Business (hereinafter – The Company) is a closed joint-stock company registered in the Republic of Lithuania on 27 December 2022, whose registered office address is K. Donelaičio str. 62-1, Kaunas.

On 31 December 2023 the authorized capital concludes 3.620 euros, divided into 125 units of ordinary registered shares for 28,96 each, of which 100% managed by UAB Urban LIVE (company code 306150789, registration address Upės st. 21-1, Vilnius).

Overview of the Company's activities in 2023

The main activity of the Company is the development of real estate projects.

The Company incurs 4.633 euros of operating costs in 2023.

The Company incurs a net loss of 776.334 euros in 2023.

The Company's assets conclude 3.199.455 euros and 3.955.589 euros accordingly on 31 December 2023 and 31 December 2022.

The Company had 1 employee on 31 December 2023 and 31 December 2022.

Description of the main types of risk

The Company faces various risks in the course of its activities. The Company's management is responsible for managing the Company's risks and assessing the negative impact on the set goals and results. The identification and management of specific risks is assigned to the relevant functions operating in the Company. When making both strategic and specific operational decisions, the level of risk is assessed taking into account the external and internal environment. Risk management is integrated into the Company's operational processes, potential risks are constantly monitored and analyzed.

Financial risk management is performed by the Company's management.

Social and personnel risk management in the Company is carried out in accordance with the general policy principles of the SBA Group, increasing employee's interest in their own and the Company's work results, improving working conditions, meeting the employee's economic, social and self-expression needs. The Company has an employee performance evaluation and training system. Employees are given feedback on the results achieved. In order to increase employee involvement and satisfaction in the Company, a survey of employees' opinions is regularly conducted, during which the company's areas for improvement are identified. Responding to the social and self-expression needs of employees, various events are regularly organized, involvement in community activities and volunteering is encouraged.

Ecological risk. The ecological risk is relatively low: activities are carried out in the office, no hazardous substances are used, and a minimal amount of waste is generated. However, the aim is to reduce the impact on the environment by saving energy and choosing organic products. The Company abandoned the use of paper as much as possible, switched to electronic management of processes and documents. The Company is guided by the declared values of the SBA group, which emphasizes environmental protection, and organizes social-type actions related to environmental protection, e.g. tree planting, dune maintenance.

Risk of corruption. The Company adheres to international legal norms establishing human rights and labor relations, as well as the highest anti-corruption and environmental protection standards. The SBA Group and its affiliated companies follow the SBA Group Business Culture Code, which establishes the standards and norms of transparent activity, business ethics and anti-corruption behavior of all employees (avoidance of conflicts of interest, neutrality in political processes, prohibition of the provision of any gifts or services if they aim to unfairly secure an advantage or bias the decisions made). In all countries where SBA Group companies operate, we base our operations on the requirements of laws and by-laws, including, but not limited to, anti-corruption legislation. Acting in the business interests of SBA Group companies, we do not give bribes or make any other illegal payments to representatives of public authorities, including facilitation fees (low-value informal payments). Both internal and external reporting channels (pasitikejimo linija@sba.lt) have also been implemented and are in operation, through which employees and/or business partners of SBA Group companies can provide information about possible cases of corruption.

The Company did not acquire or transfer its own shares in 2023. On 31 December 2023 has not acquired its own shares.

The Company had no branches and representative offices at 31 December 2023.

There have been no significant events in the Company since the end of the previous financial year.

The Company's activity plans and forecasts.

The Company will continue its activities, developing the business center "Hermanas" and multi-storey parking lot projects in 2024.

The Company does not carry out research and development activities.

The Company does not own shares of the parent company.

The Company had no financial means.

The Company's manager and board members hold other managerial positions.

The Company does not have a board or supervisory board.

The head of the Company Andrius Mikalauskas is also the director of UAB Urban LIVE (306150789, address Upės st. 21-1, Vilnius), UAB Urban River (306243108, address Lvivo st. 25-104, Vilnius), UAB River residential (306422132, address K. Donelaičio g. 62-1, Kaunas), the board member of SIA Urban1 (40203273119, address Kristijana Valmiera iela 21-11, Riga), SIA Urban2 (40203329573, address Kristijana Valmiera iela 21-11, Riga), SIA Urban3 (40203358002, address Kristijana Valmiera iela 21-11, Riga) and general manager of MB "Ilgi vakarai" (306786374, address M. Daukšas str. 5-21, Vilnius).

General Manager

Andrius Mikalauskas

2025.01.29

DETALŪS METADUOMENYS	
Dokumento sudarytojas (-ai)	S3 Business, UAB 306204660, K. Donelaičio g. 62-1, LT-44248 Kaunas
Dokumento pavadinimas (antraštė)	UAB “S3 BUSINESS” THE COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR 2023, SUBMITTED TOGETHER WITH THE INDEPENDENT AUDITOR'S OPINION AND THE ANNUAL REPORT
Dokumento registracijos data ir numeris	2025-05-13 Nr. S3B-FA-2025/3
Dokumento gavimo data ir dokumento gavimo registracijos numeris	–
Dokumento specifikacijos identifikavimo žymuo	PDF-LT-V1.0
Parašo paskirtis	Pasirašymas
Parašą sukūrusio asmens vardas, pavardė ir pareigos	Andrius Mikalauskas
Sertifikatas išduotas	ANDRIUS MIKALAUSKAS LT
Parašo sukūrimo data ir laikas	2025-05-13 15:23:50 (GMT+03:00)
Parašo formatas	PAdES-BES
Laiko žymoje nurodytas laikas	2025-05-13 15:24:14 (GMT+03:00)
Informacija apie sertifikavimo paslaugų teikėją	EID-SK 2016, AS Sertifitseerimiskeskus EE
Sertifikato galiojimo laikas	2023-06-27 10:26:43 – 2028-06-25 23:59:59
Parašo paskirtis	Pasirašymas
Parašą sukūrusio asmens vardas, pavardė ir pareigos	EGLĖ ŽIEMIENĖ
Sertifikatas išduotas	EGLĖ ŽIEMIENĖ LT
Parašo sukūrimo data ir laikas	2025-05-13 16:38:44 (GMT+03:00)
Parašo formatas	PAdES-BES
Laiko žymoje nurodytas laikas	2025-05-13 16:39:22 (GMT+03:00)
Informacija apie sertifikavimo paslaugų teikėją	EID-SK 2016, AS Sertifitseerimiskeskus EE
Sertifikato galiojimo laikas	2023-05-10 19:00:08 – 2028-05-08 23:59:59
Informacija apie būdus, naudotus metaduomenų vientisumui užtikrinti	"Registravimas" paskirties metaduomenų vientisumas užtikrintas naudojant "RCSC IssuingCA-2, VI Registru Centras - i.k. 124110246 LT" išduotą sertifikatą "Dokumentų valdymo sistema Avilys, SBA Competence and Service Center, UAB, į.k. 304960328 LT", sertifikatas galioja nuo 2024-12-18 13:21:06 iki 2027-12-18 13:21:06
Pagrindinio dokumento priedų skaičius	–
Pagrindinio dokumento pridedamų dokumentų skaičius	–
Priedamo dokumento sudarytojas (-ai)	–
Priedamo dokumento pavadinimas (antraštė)	–
Priedamo dokumento registracijos data ir numeris	–
Programinės įrangos, kuria naudojantis sudarytas elektroninis dokumentas, pavadinimas	Dokumentų valdymo sistema Avilys, versija 3.5.80.5
Informacija apie elektroninio dokumento ir elektroninio (-ių) parašo (-ų) tikrinimą (tikrinimo data)	Atitinka specifikacijos keliamus reikalavimus. Visi dokumente esantys elektroniniai parašai galioja (2025-05-13 16:42:00)
Paieškos nuoroda	–
Papildomi metaduomenys	Nuorašą suformavo 2025-05-13 16:42:00 Dokumentų valdymo sistema Avilys