Urban Hub Investments UAB

CONSOLIDATED FINANCIAL STATEMENTS FOR 2024
PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS, AS ADOPTED BY THE EUROPEAN UNION, PRESENTED TOGETHER WITH INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED MANAGEMENT REPORT

Translation note:
This version of the accompanying documents is a translation from the original, which was prepared in Lithuanian. All reasonable care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the accompanying documents takes precedence over this translation

CONTENT

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Code of legal entity 110878442
VAT payer code LT108784411
Register of Legal Entities

To the Management of Urban hub investments UAB

5 September 2025

Ernst & Young Baltic UAB has performed the audit of the financial statements of Urban hub investments UAB (the "Company") for the year ended 31 December 2024 prepared by the management in Lithuanian language. In this Letter we have included a translation of our opinion from the original, which was prepared in the Lithuanian language.

All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

"INDEPENDENT AUDITOR'S REPORT

To the shareholder of UAB Urban hub investments

Opinion

We have audited the accompanying consolidated financial statements of **UAB Urban hub investments** and its subsidiaries (hereinafter the Group), which comprise the consolidated statement of financial position as of 31 December 2024, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of the Financial Statements and Other Assurance Services of the Republic of Lithuania that are relevant to the audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of the 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

Other information consists of the information included in the 2024 consolidated management report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information presentation.

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

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

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We also have to evaluate, if the consolidated financial information included in the consolidated management report corresponds to the consolidated financial statements for the same financial year and if the consolidated management report has been prepared in accordance with the relevant legal requirements. In our opinion, based on the work performed in the course of the audit of the consolidated financial statements, in all material respects:

- The financial information included in the consolidated management report corresponds to the financial information included in the consolidated financial statements for the same year; and
- The consolidated management report has been prepared in accordance with the requirements of the Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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‣ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

‣ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

‣ Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

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

UAB ERNST & YOUNG BALTIC
Audit company's licence No. 001335

Inga Gudinaitė
Auditor's licence
No. 000366
20 June 2025"

Inga Gudinaite
Partner

(all amounts in tables are in EUR thousand unless otherwise stated)

Consolidated statement of financial position

	Notes	As of 31 December 2024	As of 31 December 2023
ASSETS			
Non-current assets			
Intangible assets		20	24
Investment property	3	90,311	47,870
Deferred tax asset	15	68	81
Total non-current assets		**90,399**	**47,975**
Current assets			
Trade receivables	4	113	12
Taxes receivable		194	357
Other current assets	5	642	-
Prepayments		57	659
Cash	6	11,609	1,412
Total current assets		**12,615**	**2,440**
Total assets		**103,014**	**50,415**
EQUITY AND LIABILITIES			
Equity			
Capital	7	4	4
Retained (loss)		(6,405)	(3,058)
Equity		**(6,401)**	**(3,054)**
Non-current payables and liabilities			
Borrowings	9	94,824	29,205
Issue of bonds	10	-	8,000
Deferred tax liabilities	15	385	8
Total non-current payables and liabilities		**95,209**	**37,213**
Current payables and liabilities			
Current portion of long-term loans	9	299	1,853
Issue of bonds	10	8,208	208
Trade payables	11	4,582	13,357
Security deposits under lease contracts	2.14	960	184
Other current liabilities		157	654
Total current payables and liabilities		**14,206**	**16,256**
Total equity and liabilities		**103,014**	**50,415**

The accompanying notes are an integral part of these financial statements.

Chief Executive Officer	Kasparas Juška		20 June 2025
Head of Accounting of UAB SBA Competence and Service Center	Dovilė Bučienė		20 June 2025

(all amounts in tables are in EUR thousand unless otherwise stated)

Consolidated statement of comprehensive income

	Notes	2024	2023
Revenue	12		
Lease income		534	-
Revenue from contracts with customers		250	-
Cost of sales	13	(591)	-
Gross profit		**193**	**-**
Operating expenses	14	(368)	(298)
Change in fair value of investment property	3	1,679	(1,516)
Operating profit (loss)		**1,504**	**(1,814)**
Finance income			
Interest		11	16
Other finance income		2	12
Finance expenses			
Interest		(4,458)	(1,167)
Other finance expenses		(58)	-
(Loss) before tax		**(2,999)**	**(2,953)**
Income tax benefit (expense)	15	(348)	447
Net (loss)		**(3,347)**	**(2,506)**
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive income (loss) after tax		**(3,347)**	**(2,506)**

The accompanying notes are an integral part of these financial statements.

Chief Executive Officer	Kasparas Juška		20 June 2025
Head of Accounting of UAB SBA Competence and Service Center	Dovilė Bučienė		20 June 2025

(all amounts in tables are in EUR thousand unless otherwise stated)

Consolidated statement of changes in equity

	Capital	Retained earnings (loss)	Total
Balance as of 1 January 2023	5	1,735	1,740
Net (loss) for the year	-	(2,506)	(2,506)
Total comprehensive income (loss)	-	(2,506)	(2,506)
Establishment of issued capital (Note 1)	4	-	4
Business combinations under common control (Note 2.14)	(5)	(2,287)	(2,292)
Balance as of 31 December 2023	4	(3,058)	(3,054)
Net (loss) for the year	-	(3,347)	(3,347)
Total comprehensive income (loss)	-	(3,347)	(3,347)
Balance as of 31 December 2024	4	(6,405)	(6,401)

The accompanying notes are an integral part of these financial statements.

Chief Executive Officer	Kasparas Juška		20 June 2025
Head of Accounting of UAB SBA Competence and Service Center	Dovilė Bučienė		20 June 2025

(all amounts in tables are in EUR thousand unless otherwise stated)

Consolidated statement of cash flows

	Notes	2024	2023
Operating activities			
Net (loss)		(3,347)	(2,506)
Adjustments to non-cash items and financing and investing activities:			
Income tax expense (benefit)	15	348	(447)
Amortisation	14	7	6
Change in fair value of investment property	3	(1,679)	1,516
Change in accrued expenses		(600)	654
Elimination of results from financing activities		4,503	1,139
		(768)	362
Changes in working capital:			
(Increase) decrease in trade, other receivables		107	(148)
(Increase) in other current assets		(642)	-
(Increase) decrease in prepayments		601	(621)
Increase in trade payables		2,098	455
Increase in security deposits and other current liabilities		821	177
Net cash flows from operating activities		**2,217**	**225**
Investing activities			
(Acquisition) of investment property and intangible assets		(47,206)	(25,269)
Interest received		11	16
Net cash flows used in investing activities		**(47,195)**	**(25,253)**

(continued on the next page)

(all amounts in tables are in EUR thousand unless otherwise stated)

Consolidated statement of cash flows (continued)

	Notes	As at 31 December 2024	As at 31 December 2023
Financing activities			
Shareholders' contributions		-	4
Loans received	16	57,913	18,518
(Repayment) of loans	16	(8)	-
Bonds issued	16	-	8,000
Interest (paid)	16	(2,730)	(110)
Net cash flows from financing activities		**55,175**	**26,412**
Net increase in cash flows		**10,197**	**1,384**
Cash at the beginning of the period		**1,412**	**28**
Cash at the end of the period		**11,609**	**1,412**
Supplementary cash flow information:			
Non-cash investing activities:			
Acquisition of investment property not paid for in cash		4,567	12,113
Non-cash financing activities:			
Obligation to pay for investment property converted into loan obligation	16	3,327	-
Obligation to pay for acquisition of subsidiary converted into loan obligation	16	-	2,291

The accompanying notes are an integral part of these financial statements.

Chief Executive Officer	Kasparas Juška		20 June 2025
Head of Accounting of UAB SBA Competence and Service Center	Dovilė Bučienė		20 June 2025

(all amounts in tables are in EUR thousand unless otherwise stated)

1. General information

Urban Hub Investments UAB (hereinafter the "Company") is a private limited liability company, which was registered in the Republic of Lithuania on 30 March 2023. The registered address is Upės st. 21-1, Vilnius.

The Company is a holding company of the real estate development group Urban HUB. The Company is mainly engaged in management of real estate entities and investments.

On 31 December 2024 and 2023, the issued capital amounted to EUR 3,571 and was divided into 3,571 ordinary registered share with the nominal value of EUR 1 each. Urban Hub Holding UAB had a holding of 70% in the Company, and TABA Invest UAB – 30%.

As of 31 December 2024, the ultimate controlling shareholder was Scitus Investments UAB (SBA Grupė UAB as of 31 December 2023).

The Company did not hold its own shares as of 31 December 2024 and 2023.

The Group of Urban Hub Investments consisted of the Company and the following directly and indirectly controlled subsidiaries (hereinafter the "Group"):

Company	Country	Part of shares held by the Group (%) as of 31 December 2024	Part of shares held by the Group (%) as of 31 December 2023*	Principal activities
UH1 UAB	Lithuania	100	100	Development and lease of real estate
UH2 UAB	Lithuania	100	100	Development and lease of real estate
UH3 UAB	Lithuania	100	-	Development and lease of real estate
INNO Slėnis UAB	Lithuania	100	100	Development and lease of real estate

* In 2023, Urban Hub Holding UAB, a subsidiary of SBA Urban UAB, established a management company Urban Hub Investments UAB, which became the parent company of UH1 UAB, UH2 UAB, and INNO Slėnis UAB. Management carried out the assessment of the establishment of the Company (a new management company) and the merger of subsidiaries, given the purpose for which the Company was established, the impact on third parties, the operations of the existing subsidiaries, and whether the transactions were carried out at a carrying value or market value. After considering all the circumstances, the Company's management chose to account for the acquisition of the subsidiaries at their carrying values, considering that the inclusion of a management company into the structure does not represent the start of a new group of companies, but rather the continuity of the activities of the previously established subsidiaries.

In December 2024, UH3 UAB was established, to which, in December 2024, a part of the assets and liabilities of a subsidiary UH1 UAB was transferred after the subsidiary's reorganisation.

In April 2023, the Company acquired UH1 UAB and INNO Slėnis UAB.

In October 2023, UH2 UAB was established, to which, in December 2023, a part of the assets and liabilities of a subsidiary UH1 UAB was transferred after the subsidiary's reorganisation.

As at 31 December 2024 and 2023, there was 1 and 1, respectively, employee working in all the Group companies.

The Group management approved these financial statements on 20 June 2025. The shareholder of the Group has the right to either approve these financial statements or not approve them and require the management to prepare a new set of financial statements.

2. Material accounting policy information

The material accounting policy applied in the preparation of these financial statements is set out below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of preparation

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

The Group's financial statements are prepared on a historical cost basis, except for investment property measured at fair value, and based on the assumption that the Group will continue as a going concern, as disclosed in Note 2.14.

Adoption of new and/or amended IFRSs and International Financial Reporting Interpretations Committee's (IFRIC) interpretations

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

2. Material accounting policy information (continued)

2.1. Basis of preparation (continued)

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**
- **IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)**
- **IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures - Supplier Finance Arrangements (Amendments)**

The said newly adopted IFRS and amendments to IAS did not have a material impact on the Group's financial statements.

The standards/amendments issued but not yet effective and not early adopted

The Group has not applied the following issued but not yet approved amendments to the standards and interpretations. The Group intends to adopt these amendments on their effective date.

- **IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments).**

The amendment applies to annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted. The Group does not have foreign currency transactions.

The standards/amendments that are not yet effective and they have not yet been endorsed by the European Union

- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments (Amendments).**

In May 2024, the IASB issued amendments to the Classification and Measurement of Financial Instruments which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures and they become effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. The management has not yet made an assessment of the potential effect of application of the amendments on the Group's financial statements.

- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity (Amendments)**

In December 2024, the IASB issued targeted amendments for a better reflection of Contracts Referencing Nature-dependent Electricity, which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures and they become effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. The management has not yet made an assessment of the potential effect of application of the amendments on the Group's financial statements.

- **IFRS 18 Presentation and Disclosures in Financial Statements.**

In April 2024, the IASB issued the IFRS 18 - Presentation and Disclosure in Financial Statements which replaces IAS 1 - Presentation of Financial Statements and it becomes effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The management has not yet made an assessment of the potential effect of application of the amendment on the Group's financial statements.

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures.**

In May 2024, the IASB issued the IFRS 19 - Subsidiaries without Public Accountability: Disclosures, and it becomes effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The management has not yet made an assessment of the potential effect of application of the standards on the Group's financial statements.

- **Annual Improvements to IFRS Accounting Standards – Volume 11**

In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards — Volume 11. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. The management has not yet made an assessment of the potential effect of application of the amendment on the Group's financial statements.

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

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

The Group expects to apply the standards and interpretations described above from the date of their entry into force if they are approved for use in the EU.

2. Material accounting policy information (continued)

2.2. Currency of the financial statements

The Company and its subsidiaries keep their accounting records and all amounts in these financial statements have been recorded and presented in euros, which is a national currency of the Republic of Lithuania. The amounts in financial statements are rounded to thousand EUR if it is not stated otherwise, and may not reconcile in notes due to rounding. Such rounding bias is immaterial in these financial statements.

2.3. Principles of consolidation

The consolidated financial statements of the Group include the Company and its subsidiaries. Financial statements of subsidiaries are prepared for the same reporting year, using consistent accounting policies.

Control is obtained when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group controls an investee if the Group has:
- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure or rights to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Subsidiaries are consolidated from the date when the control is transferred to the Group and cease to be consolidated from the date when the control is transferred out of the Group. All intergroup transactions, balances and unrealised gains and losses on transactions among the Group companies have been eliminated.

<u>Business combinations under common control</u>

The pooling of interests' method is applied for a business combination of entities under common control. By applying the pooling of interests' method, the business combination of entities under common control is accounted for according to the following procedures:
– the assets and liabilities of the entities in business combinations are stated at their carrying amounts. Corrections are made only for the unification of accounting policies;
– no newly arising goodwill is recognised on a business combination;
– any differences between consideration paid and the carrying amount of net assets acquired as at the date of acquisition is recognised directly in equity;
– the operational results of the combining entities for the financial year are reflected in the statement of comprehensive income from the date of the business combination;
– comparative information is not restated.

2.4. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

2.5. Investment property

Investment property at initial recognition is accounted for at cost including transaction costs.

Subsequently, the Group measures investment property at fair value.

The market value of the Group's investment property is derived from reports prepared by an independent valuers who hold a recognised and relevant professional qualification and have recent experience in the location and category of the investment property being valued, when an independent valuation is commissioned or the value is estimated by the management on the basis of discounted future cash flows or market price of similar assets. Lease income earned is recognised in sales revenue. Gains and losses arising from changes in the fair values of investment property are recognised in the statement of comprehensive income as a separate line item.

Maintenance expenses of investment property are recognised in the statement of comprehensive income during the financial period in which they are incurred. Costs are capitalised only when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the property can be reliably measured.

A transfer to and from investment property is performed when there is clear indication of changes in property use.

2.6. Financial Instruments

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

2. Material accounting policy information (continued)

2.6. Financial instruments (continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is known as the SPPI test and is performed for each financial instrument.

Subsequent measurement

The Company considers a financial asset in default when contractual payments are 90 days past due or when indications exist that the debtors or a group of debtors are experiencing significant financial difficulty, they breach the contract (such as a default or delinquency in interest or principal payments), there exists a probability that they will enter bankruptcy or other financial reorganisation, and in cases where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Impairment losses on other receivables are 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

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans received and payables. All financial liabilities are recognised initially at fair value and, in the case of loans received and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, and loans received.

Subsequent measurement

Measurement of financial liabilities depends on their assignment as described below.

<u>Loans received and other payables</u>

After initial recognition, loans and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of comprehensive income, when the liabilities are written off or amortised. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as financial costs in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is an enforceable right to settle the amounts recognised and is intended to be settled net, i.e. to realise the assets and fulfil their obligations at the same time.

2.7. Derecognition of financial assets and liabilities

<u>Financial assets</u>

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

- The rights to receive cash flows from the asset have expired.
- The Group retain the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; and

2. Material accounting policy information (continued)

2.7. Derecognition of financial assets and liabilities (continued)

- The Group has transferred its rights to receive cash flows from the asset and/or (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

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

2.8. Cash

Cash includes cash at banks.

2.9. Lease

The Group is a lessor

At inception of a contract, the Group, as a lessor, determines whether the lease is a finance lease or an operating lease. If the Group determines that the lease transfers substantially all of the risks and rewards of ownership of the underlying asset, the lease is a finance lease. Leases in which the Group do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Lease payments are accounted for on a straight-line basis over the lease term and recognised as revenue in the statement of comprehensive income based on its lease nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as lease income.
Contingent payments are recognised as revenue in the period in which they are earned.

2.10. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each date of the statement of financial position and adjusted to reflect the most accurate recent assessments. When the impact of time value of money is significant, the amount of provision represents the present value of costs expected to be incurred for the settlement of the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as interest expense.

2.11. Income tax

The Group companies are taxed individually, irrespective of the total Group results. Income tax charge is based on profit for the year and considers deferred taxation. Income tax is accounted for in the statement of comprehensive income.

The standard income tax rate in Lithuania was 15% in 2024 and 2023. Starting from 1 January 2025 the standard income tax rate in Lithuania is 16%.

Tax losses in Lithuania can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and (or) derivatives. Such carrying forward is disrupted if the entity changes its activities due to which these losses incurred except when the entity does not continue its activities due to reasons which do not depend on the entity itself. The losses from disposal of securities and/or derivatives can be carried forward for five consecutive years and can only be used to reduce the taxable income earned from the transactions of the same nature. Starting from 1 January 2014, tax losses carried forward can be used to reduce the taxable income earned during the reporting year by maximum 70%.

Deferred taxes are calculated using the liability method. Deferred tax is recognised, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets have been recognised in the statement of financial position to the extent the management believes it will be realised in the foreseeable future, based on taxable profit forecasts. If it is likely that part of the deferred tax is not going to be realised, this part of the deferred tax asset is not recognised in the financial statements.

2.12. Revenue recognition

The Group is engaged in lease and development of investment property.

2. Material accounting policy information (continued)

2.12. Revenue recognition (continued)

Income from lease

The Group earns income from acting as lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property. Income is recognised less VAT and discounts.

Income from operating lease of investment property is recognised on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as expenses over the lease term on the same basis as lease income.

Income from services to lessees

Lease contracts include certain services offered to lessees, including maintenance services of common areas (e.g. cleaning of common areas, security, landscaping, etc. – collectively referred to as utilities) and other ancillary services (e.g. marketing fee, arranging conferences/meetings, occasional one-off services). The Group considers these services to be a separate lease components (transferred separately from the right to use an underlying asset), that are within the scope of IFRS 15, and allocates a consideration to separate components, i.e. lease and other (non-lease) income, based on the relative standalone selling price. The Group agrees that third parties will provide certain services to its lessees and concludes that it acts as a principal in respect of those services because it controls these services before transferring them to the customer. The Group accounts for revenue from the resale of utilities and other ancillary services on a gross basis in the month in which the services are provided.

Interest income

Interest income or expenses are accounted for using EIR which precisely discounts expected future cash payments or income within the useful lives of financial instruments to the net carrying amount of financial assets or liabilities. They are included in financial income or expenses in profit or loss.

2.13. 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 presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses measurement techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

2.14. Use of estimates in preparation of financial statements

The preparation of financial statements in conformity with International Financial Reporting Standards requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The significant areas of estimation used in the preparation of the accompanying financial statements relate to the determination of the fair value of investment property (Notes 2.5, 2.13, 3), assessment of deferred tax asset and liability (Notes 2.11, 15). Future events may change the assumptions used in arriving at the estimates. The effect of changes in estimates will be recorded in the financial statements, when determinable.

In preparing the financial statements, significant management judgements regarding the accounting treatment of transactions in accordance with IFRS include the following:

(all amounts in tables are in EUR thousand unless otherwise stated)

2. Material accounting policy information (continued)

2.14. Use of estimates in preparation of financial statements (continued)

Classification of cash (security) deposits from lessees as current liabilities

Under the lease, the Lessor is entitled to satisfy its claims under the Contract by enforcing the cash deposit / guarantee provided for in the contracts, due to the Lessee's failure to perform its obligations in a satisfactory or timely manner. The deposit / guarantee is also used to secure the fulfilment of the Lessor's claims against the Lessee arising from the termination or other expiry of the Contract. Cash deposits received are intended to secure the Lessee's failure to meet all potential monetary obligations at any time during the term of the lease, and are, therefore, classified as current liabilities.

Assessment of the going concern assumption

As of 31 December 2024, the Group's current liabilities exceeded the current assets by EUR 1,591 million (as of 31 December 2023, the current assets exceeded the current liabilities by EUR 24,403 million).

The Group successfully develops the URBAN HUB business town projects in Kaunas and Vilnius. As of Q3 2024, these projects started generating rental income that will ensure financial stability. The real estate under development is planned to be sold, once fully leased. The project in Kaunas includes further development of other project stages and envisages continuous expansion of Urban HUB business town in other locations.

The Management is confident that the Group will be able to continue its activities in 2025 and sees no risk on going concern, therefore the financial statements for the year ended 31 December 2024 were prepared based on the assumption that the Group will be able to continue as a going concern for a period of at least one year from the date of these financial statements. Firstly, the Group has unused credits and loans granted, the balance of which as of 31 December 2024 was EUR 2,777 thousand, where the latest date of use the balance is 30 December 2027. Secondly, during the investment round of KHUB 2A, the Group invested equity in the amount of EUR 2,944 thousand, exceeding the Bank's requirements, therefore this amount can be refinanced using the loan of EUR 6,150 thousand granted by Šiaulių Bankas. Moreover, the Company's shareholders are planning to make EUR 3 million contributions in 2025 in the form of shareholders' loans for the fulfilment of existing obligations.

Merger of subsidiaries

In 2023, Urban Hub Holding UAB, a subsidiary of SBA Urban UAB, established a management company Urban Hub Investments UAB, which became the parent company of UH1 UAB, UH2 UAB, and INNO Slėnis UAB. The Company's management carried out the assessment of the establishment of the Company (a new management company) and the merger of subsidiaries, given the purpose for which the Company (a new management company) was established, the impact on third parties, the operations of the existing subsidiaries, and whether the transactions were carried out at a carrying value or market value. After considering all the circumstances, the Company's management elected to account for the acquisition of the subsidiaries at their carrying values in accordance with International Financial Reporting Standards defining business combinations under common control, given that the inclusion of a management company into the structure does not represent the start of a new group of companies, but rather the continuity of the activities of the previously established subsidiaries.

At the date of preparing these financial statements, the underlying assumptions and estimates were not subject to a significant risk that from today's point of view it is likely that the carrying value of assets and liabilities will have to be adjusted significantly in the subsequent fiscal year, except for the determination of the fair value of investment property described in Note 3.

3. Investment property

	Land	Buildings and structures	Investment property under construction	Total
Fair value:				
Balance as of 1 January 2023	10,100	-	1,844	11,944
Additions	-	-	37,442	37,442
Change in fair value	(1,955)	-	439	(1,516)
Balance as of 31 December 2023	8,145	-	39,725	47,870
Additions	-	-	40,762	40,762
Reclassifications between items	-	80,278	(80,278)	-
Change in fair value	591	1,088	-	1,679
Balance as of 31 December 2024	8,736	81,366	209	90,311

The Group's contractual investment property purchase commitments to suppliers as of 31 December 2024 amounted to EUR 5,701 thousand (as of 31 December 2023, EUR 19,204 thousand).

As disclosed in the Note 9, the Group company's Inno Slėnis UAB investment property, with the fair value of EUR 32,730 as at 31 December 2024, is pledged to banks for loans received. As at 31 December 2023, the investment property was not pledged.

(all amounts in tables are in EUR thousand unless otherwise stated)

3. Investment property (continued)

In the management's opinion, the fair value of the investment property under construction corresponds to the carrying amount, since the services and works were purchased from third parties at market prices, the projects are ongoing and no significant period of time has elapsed between the date of investments in the property under construction and the reporting date

The table below represents fair values of investment property items and key fair value measurement assumptions:

Item of investment property	Fair value as of 31 December 2024	Fair value as of 31 December 2023	Measurement approach	Inputs significant to the fair value measurement	Value in 2024	Value in 2023
Investment property of UH1 UAB Level 3 in fair value hierarchy	16,464	12,947*	Income approach	Annual growth of lease income	2.5–2.7%	2.3–2.8%
				Weighted occupancy rate	95.1%	98%
				Capitalisation rate	7.0%	6.75%
				Discount rate	8.9%	9.3%
Investment property of UH2 UAB Level 3 in fair value hierarchy	31,661	17,473*	Income approach	Annual growth of lease income	2.5–2.7%	2.3–2.8%
				Weighted occupancy rate	95.1%	98%
				Capitalisation rate	7.0%	6.75%
				Discount rate	8.9%	9.3%
Investment property of UH3 UAB Level 3 in fair value hierarchy	9,456	-	Income approach (2024)	Annual growth of lease income	2.5–2.7%	-
				Weighted occupancy rate	95.1%	-
				Capitalisation rate	7.0%	-
				Discount rate	8.9%	-
Investment property of Inno Slėnis UAB Level 3 in fair value hierarchy	32,730	17,450*	Income approach	Annual growth of lease income	0.7–2.7%	2.3–2.8%
				Weighted occupancy rate	95.1%	98%
				Capitalisation rate	7.0%	6.75%
				Discount rate	8.9%	9.3%
	90,311	47,870				

* At the end of the year, the fair value of the property comprise the investment property under construction (see comments at the end of this Note).

A quantitative sensitivity analysis is presented in the table below:

	Impact on the fair value of investment property		
	Indicator value	**As of 31 December 2024**	**As of 31 December 2023***
Increase in capitalisation and discount rates	0.50%	(4,910)	(4,760)
Decrease in lease income	5.00%	(4,630)	(3,570)

* In the management's opinion, sensitivity of the investment property under construction (its fair value corresponds to the carrying amount, since the services and works were purchased from third parties at market prices) to changes in indicators is insignificant, therefore it is not disclosed.

The market value of UH1 UAB, UH2 UAB and UH3 UAB (Kaunas HUB) estimated by independent appraiser Newsec Valuations UAB as at 30 September 2024 amounted to EUR 57,581 thousand. In the appraisers' and the Group's view, there were no significant changes in the market from the valuation date to 31 December 2024, therefore there were no significant changes in the fair value of investment property as at 31 December 2024. Taking into account an increase of 0.5% in the capitalisation and discount rate applied to the discounted cash flows, and with no change in the other inputs, the fair value of Kaunas HUB as at 31 December 2024 would be EUR 2,610 thousand lower. Taking into account a decrease of 5% in lease income used for estimating discounted cash flows, the fair value of the investment property as at 31 December 2024 would be lower by EUR 2,500 thousand.

The market value of UH1 UAB and UH2 UAB (Kaunas HUB) estimated by independent appraiser Newsec Valuations UAB as at 31 December 2023 amounted to EUR 30,420 thousand: of which EUR 4,609 thousand was the land market value and EUR 25,811 thousand was investments stated at acquisition cost. The investments made were accounted for at cost which, in the management's opinion, approximates the fair value of the investments, since the services and works were purchased from third parties at market prices. Taking into account an increase of 0.5% in the capitalisation and discount rate applied to the discounted cash flows, and with no change in the other inputs, the fair value of Stage 1 as at 31 December 2023 would be lower by EUR 2,320 thousand. Taking into account a decrease of 5% in income used for estimating discounted cash flows, the fair value of the Stage 1 as at 31 December 2023 would be lower by EUR 1,740 thousand.

(all amounts in tables are in EUR thousand unless otherwise stated)

3. Investment property (continued)

The market value of investment property held by Inno slėnis UAB (Vilnius HUB), asestimated by independent appraiser Newsec Valuations UAB as at 31 December 2024 amounted to EUR 32,730 thousand. Taking into account an increase of 0.5% in the capitalisation and discount rate applied to the discounted cash flows, and with no change in the other inputs, the fair value as at 31 December 2024 would be lower by EUR 2,300 thousand. Taking into account a decrease of 5% in lease income used for estimating discounted cash flows, the fair value of the investment property as at 31 December 2024 would be lower by EUR 2,130 thousand.

The market value of investment property (Vilnius HUB) estimated by independent appraiser Newsec Valuations UAB as at 31 December 2023 amounted to EUR 17,450 thousand: of which EUR 3,536 thousand was the land market value and EUR 13,914 thousand was investments stated at acquisition cost. The investments made were stated at acquisition cost which, in the management's opinion, approximates the fair value of the investments, since the services and works were purchased from third parties at market prices. Taking into account an increase of 0.5% in the capitalisation and discount rate applied to the discounted cash flows, and with no change in the other inputs, the fair value as at 31 December 2023 would be lower by EUR 2,440 thousand. Taking into account a decrease of 5% in income used for estimating discounted cash flows, the fair value as at 31 December 2023 would be lower by EUR 1,830 thousand.

In 2024, the Group's income from lease of investment property amounted to EUR 534 thousand (2023: the Group did not receive such income).

Future minimal lease payments receivable according to the signed lease contracts are as follows:

	2024	2023
Within one year	4,517	-
From one to five years	17,697	-
After five years	2,859	-
	25,073	-

4. Trade receivables

	As of 31 December 2024	As of 31 December 2023
Trade receivables, gross	113	12
Less: impairment of doubtful trade receivables	-	-
	113	12

The ageing analysis of trade receivables as at 31 December was as follows:

		Trade receivables past due but not impaired					
	Trade receivables neither past due nor impaired	Less than 30 days	30–60 days	60–180 days	180–360 days	More than 360 days	Total
As of 31 December 2023	-	-	12	-	-	-	12
As of 31 December 2024	6	75	23	9	-	-	113

Trade receivables are non-interest bearing and are collectible on 30 days term.

5. Other current assets

In accordance with the terms of the loan agreement and deposit agreement between the Company's subsidiary UH2 UAB and Artea Bankas AB (former Šiaulių Bankas AB, hereinafter the "Bank"), the financial collateral of EUR 700 thousand was lodged with the Bank to guarantee fulfilment of obligations of the subsidiary. The collateral used has to be restored in 10 business days. As of 31 December 2024, the collateral amounted to EUR 642 thousand, and was restored to EUR 700 thousand on 2 January 2025.

6. Cash

As of 31 December 2024 and 2023, cash comprised cash at the bank. As of 31 December 2024 and 2023, the Group did not have any restricted cash.

7. Capital

As of 31 December 2024 and 2023, the issued capital amounted to EUR 4 thousand and was divided into 3,571 ordinary registered share with the nominal value of EUR 1 each. All the shares were fully paid as of 31 December 2024 and 2023.

(all amounts in tables are in EUR thousand unless otherwise stated)

7. Capital (continued)

As of 31 December 2024 and 2023, the Company had not issued any convertible securities, exchangeable securities or warranty securities, and did not have outstanding unpaid acquisition rights or obligations to increase share capital.

The actions taken by the management to comply with the statutory capital requirement are disclosed in Note 17.

8. Reserves

Legal reserve

The legal reserve is mandatory under the legislation of the Republic of Lithuania. Annual transfers of not less than 5% of net profit are compulsory until the reserve reaches 10% of the share capital.

As of 31 December 2024 and 2023, the legal reserve was not established, because the Company had accumulated losses.

9. Borrowings

	As of 31 December 2024	As of 31 December 2023
Non-current borrowings:		
Bank loans	47,886	1,953
Borrowings from related parties (Note 18)	35,342	20,392
Other loans	11,895	8,713
Current portion of long-term loans	(299)	(1,853)
	94,824	29,205

All borrowings of the Group are denominated in euros.

All borrowings of the Group are with variable interest rate which depends on 3-month or 6-month EURIBOR. Weighted average interest rates of borrowings outstanding at the year-end were as follows:

	As of 31 December 2024	As of 31 December 2023
Non-current borrowings	7.77	6.44

Terms of repayment of long-term borrowings are as follows:	As of 31 December 2024	As of 31 December 2023
Within one year	299	1,853
After one but no later than five years	94,824	29,205
After five years	-	-
	95,123	31,058

To secure repayment of loans, the Group has pledged 100% of shares, and investment property of INNO Slėnis UAB (Note 3).

Compliance with covenants

Under the loan agreements with banks, the Group companies are committed to maintaining certain financial ratios during the term of the agreements. As of 31 December 2024 and 2023, the Group complied with all the financial covenants under the loan agreements.

As of 31 December 2024 and 2023, the Group had EUR 2,777 thousand and EUR 46,418 thousand, respectively, of undrawn loans with different maturity terms, but, as at 31 December 2024, the latest term set was 30 December 2027 (as at 31 December 2023, the latest term was 30 December 2027). These loans must be repaid not later than by 7 December 2028. The Group complied with all the loan covenants as at 31 December 2024 and 2023.

10. Issue of bonds

In accordance with Information document for the offering of bonds of 20 September 2023 and the shareholders' decision of 18 September 2023, the Group company issued 8,000 units of bonds with the nominal value of EUR 1,000 each on 5 October 2023. These 2-year bonds earn 10.75% annual interest. As of 31 December 2024 the balance of bonds issued and paid was EUR 8,208 thousand, and recorded under current liabilities (as of 31 December 2023, EUR 8,208 thousand of which EUR 8,000 thousand was recorded under non-current liabilities, and EUR 208 thousand under current liabilities).

As of 31 December 2024 and 2023, the Group complied with all the financial covenants implicit in the bond agreement.

11. Trade payables

Current trade payables are non-interest bearing and are normally settled on 30 days term.

12. Revenue

	2024	2023
Lease income from investment property	534	-
Revenue from contracts with customers:		
Income from resale of utility services	114	-
Revenue from other services provided	136	-
	250	-
	784	-

13. Cost of sales

	2024	2023
The cost of investment property lease and other related services:		
Utilities	355	-
Taxes (other than income tax)	34	-
Security services	71	-
Other expenses	123	-
	583	-
Cost of other services provided	8	-
	591	-

14. Operating expenses

	2024	2023
Marketing expenses	144	208
Audit services	63	40
Services from companies	58	25
Taxes (other than income tax)	53	10
Services of financial institutions	18	4
Charity	15	-
Amortisation	7	6
Representation	3	2
Salaries and social security	2	2
Other	5	1
	368	298

(all amounts in tables are in EUR thousand unless otherwise stated)

15. Income tax

	2024	2023
Income tax benefit (expense) comprised as follows:		
Current income tax (expense)	-	-
Income tax benefit for tax losses disposed	42	20
Deferred income tax benefit (expense)	(390)	427
Income tax benefit (expense) accounted for in the statement of comprehensive income	(348)	447

	As of 31 December 2024	As of 31 December 2023
Deferred tax asset		
Tax losses	398	134
Investment property	57	12
Deferred tax asset before valuation allowance	455	146
Less: valuation allowance	-	-
	455	146
Deferred tax liability		
Investment property	(772)	(73)
Deferred tax liability	(772)	(73)
	(317)	73
Disclosed in the statement of financial position as:		
Deferred tax asset	68	81
Deferred tax liability	(385)	(8)

Deferred tax was recognised for all temporary differences and tax losses carried forward. In 2024, it was subject to a 16%, and, in 2023, to a 15% income tax rate.

Changes in the Group’s temporary differences before and after the tax effect was as follows:

	Balance as of 1 January 2024	Recognised in profit or loss	Balance as of 31 December 2024
Tax losses	894	1,596	2,490
Investment property	(404)	(4,068)	(4,472)
Total temporary differences before valuation allowance	490	(2,472)	(1,982)
Decrease in net realisable value	-	-	-
Total temporary differences	490	(2,472)	(1,982)
Deferred tax, net	73	(390)	(317)

	Balance as of 1 January 2023	Recognised in profit or loss	Balance as of 31 December 2023
Tax losses	-	894	894
Investment property	(2,359)	1,955	(404)
Total temporary differences before valuation allowance	(2,359)	2,849	490
Decrease in net realisable value	-	-	-
Total temporary differences	(2,359)	2,849	490
Deferred tax, net	(354)	427	73

(all amounts in tables are in EUR thousand unless otherwise stated)

15. Income tax (continued)

The income tax can be reconciled to income tax expenses, which would be calculated by applying the statutory income tax rate to the Group's profit before tax as follows:

	2024	2023
Income tax expenses (benefit) calculated at 15% rate	(450)	(443)
Tax losses disposed	42	20
Permanent differences	756	(24)
Income tax expenses (benefit) accounted for in the statement of comprehensive income	348	(447)

16. Financial assets and liabilities and risk management

The Group faces various financial risks when performing its activity. Risk management is conducted by the Company's Board. The main financial risk management procedures applied in the Group's activity were as follows:

Credit risk

Credit risk or risk that a counterparty will not fulfil its obligations is controlled by applying a prepayment system, credit conditions and monitoring procedures.

The Group does not guarantee obligations of other parties and Group companies. The maximum exposure to credit risk is represented by the carrying amount of each financial asset item, including derivatives, if there are any. The Group's management, therefore, believes that the maximum credit risk is equal to the cash balances with banks, trade and other receivables and loans granted less impairment losses recognised at the date of the statement of financial position.

Interest rate risk

All the Group's borrowings consist of loans with a variable interest rate, which is linked to EURIBOR and creates interest rate risk (Note 9).

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates, with all other variables held constant, of the Group's profit before tax. Except for the current year's profit, there is no impact on the equity of the Group.

	Increase/decrease in basis points	Impact on profit before tax
2024		
EUR	+50	(457)
EUR	-10	91
2023		
EUR	+50	(142)
EUR	-10	28

Foreign exchange risk

The Group does not use any financial instruments to manage foreign exchange risk, as the Group is not exposed to foreign exchange risk. As of 31 December 2024 and 2023, monetary assets and liabilities denominated were denominated in the euro.

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its obligations at a given date in accordance with its strategic plans. The Group's liquidity (current assets / current liabilities) and quick ratios ((current assets – inventory) / current liabilities) as of 31 December 2024 were 0.89 and 0.89, respectively (as of 31 December 2023, 0.15 and 0.15, respectively). As disclosed in Note 2.14, as of Q3 2024, the Urban HUB business town developed by the Group started generating rental income that will ensure financial stability. Additionally, as disclosed in Note 9, the Group had EUR 2,777 thousand of unused loans as at 31 December 2024.

(all amounts in tables are in EUR thousand unless otherwise stated)

16. Financial assets and liabilities and risk management (continued)

The table below summarizes the maturity profile of the Group's financial liabilities as of 31 December 2024 and 2023 based on contractual undiscounted payments:

	On demand	Less than 3 months	From 3 to 12 months	From 1 and 5 years	After 5 years	Total
Borrowings	-	1,043	2,550	115,241	-	118,834
Issue of bonds	-	208	8,655	-	-	8,863
Trade payables	2,247	2,335	-	-	-	4,582
Other current payables	28	-	53	-	-	81
Balance as of 31 December 2024	**2,275**	**3,586**	**11,258**	**115,241**	**-**	**132,360**
Borrowings	-	47	1,858	36,627	-	38,532
Issue of bonds	-	217	643	8,858	-	9,718
Trade payables	3,730	9,627	-	-	-	13,357
Other current payables	-	654	-	-	-	654
Balance as of 31 December 2023	**3,730**	**10,545**	**2,501**	**45,485**	**-**	**62,261**

It is not expected that the cash flows presented in the term analysis can appear early or that their amounts can differ significantly.

Changes in financial liabilities:

	As of 1 January 2024	Received	Interest charged	Payments	Non-cash activities	As of 31 December 2024
Borrowings	31,058	57,913	4,703*	(1,878)	3,327	95,123
Issue of bonds	8,208	-	860	(860)	-	8,208
Total	**39,266**	**57,913**	**5,563**	**(2,738)**	**3,327**	**103,331**

* Interest charge of EUR 3,598 thousand was recorded under interest expenses in the statement of comprehensive income, whereas EUR 1,105 thousand of interest were capitalised.

	As of 1 January 2023	Received	Interest charged	Payments	Non-cash activities	As of 31 December 2023
Borrowings	9,138	18,518	1,098*	(110)	2,414	31,058
Issue of bonds	-	8,000	208	-	-	8,208
Total	**9,138**	**26,518**	**1,306**	**(110)**	**2,414**	**39,266**

* Interest charge of EUR 959 thousand was recorded under interest expenses in the statement of comprehensive income, whereas EUR 139 thousand of interest were capitalised.

Fair value of financial assets and liabilities

The Group's principal financial instruments that are not carried at fair value are trade, related party and other receivables, trade, with related parties and other payables, non-current and current loans, cash and cash equivalents.

The following methods and assumptions are used to determine the fair value of each class of financial assets and liabilities:

(a) The carrying amount of current trade and other accounts receivable, current accounts payable and short-term borrowings (granted/received at arm's length transactions) approximates fair value (estimated based on Level 3 of fair value hierarchy);

(b) The fair value of non-current borrowings is based on the quoted market price for the same or similar issues or on the current rates available for borrowings with the same maturity profile. The fair value of non-current borrowings with fixed interest rates approximates their carrying amounts (estimated based on Level 3 of fair value hierarchy).

The fair value of the Group's financial assets and liabilities as of 31 December 2024 and 2023 approximated their carrying value.

(all amounts in tables are in EUR thousand unless otherwise stated)

17. Capital management

‘Capital’ in the meaning of IAS 1 comprises the equity presented in the financial statements.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes of capital management during the years ended 31 December 2024 and 2023.

The Group is obliged to keep its equity at not less than 50% of the Group companies’ issued capital, as imposed by the Law on Companies of the Republic of Lithuania. As at 31 December 2024 and 2023, all the Group companies’ capital did not comply with statutory requirements due to significant investments into the development projects. The shareholders decided to make contributions in the form of loans rather than to increase issued capital. This decision was taken with the purpose of maintaining the existing share capital structure. The real estate projects developed by the Group started generating income as of Q3 2024. The real estate under development is planned to be sold, once fully leased. In January 2025, the Group’s shareholders increased issued capital of subsidiaries UH1 UAB and UH2 UAB. The issued capital of other Group companies are planned to be increased in July 2025 through the capitalisation of loans granted to the companies. This will enable the Group to ensure its financial stability and comply with the statutory capital requirement.

The Group monitors capital using debt to equity ratio. The capital consists of ordinary shares, reserves, and retained earnings. There is no specific debt to equity ratio target set out by the Group’s management.

	As of 31 December 2024	As of 31 December 2023
Non-current liabilities	95,209	37,213
Current liabilities	14,206	16,256
Total liabilities	**109,415**	**53,469**
Equity	**(6,401)**	**(3,054)**
Liabilities to equity ratio	**(17.09)**	**(17.51)**

18. Related party transactions

The parties are considered related when one party has the possibility to control the other one or have significant influence over the other party in making financial and operating decisions. The related parties of the Group are as follows:

- Mr. Martinkevičius (ultimate controlling shareholder);
- Scitus Investments UAB (ultimate shareholder of the Company since December 2024);
- SBA Grupė UAB (ultimate shareholder of the Company until December 2024);
- Urban Hub Holding UAB (shareholder of the Company);
- SBA Group companies (subsidiaries of SBA Grupė UAB).

Transactions with related parties during 2024 and 2023, and balances as of 31 December 2024 and 2023:

2024	**Purchases**	**Sales**	**Receivables**	**Payables***
Company’s shareholder	1,968	-	-	35,342
SBA Group companies	1,276	-	-	797
	3,244	-	-	36,139

2023	**Purchases**	**Sales**	**Receivables**	**Payables***
Company’s shareholder	619	-	-	20,392
SBA Group companies	1,033	-	-	1,639
	1,652	-	-	22,031

18. Related party transactions (continued)

* As of 31 December 2024 and 2023, payables included loans received, plus accumulated interest, as disclosed in Note 9.

There are no guarantees or pledges given or received in respect of the related party payables and receivables. Related party payables are expected to be settled in cash or set-off against relevant receivables from respective related parties.

Remuneration of the management and other payments

The Group's management is considered to be the Company's Chief Executive Officer and directors of all subsidiaries.

In 2024, the Group's management remuneration totalled EUR 2 thousand (2023: EUR 2 thousand).

Apart of the contracts disclosed in this note, the Group management did not receive any loans, guarantees and other significant amounts paid or charged or asset transfers during 2024 and 2023.

19. Subsequent events

There were no significant events after the end of the reporting period and until the date of approval of the financial statements.

CONSOLIDATED MANAGEMENT REPORT FOR 2024 OF Urban Hub Investments UAB

General information about the Company

Urban Hub Investments UAB (hereinafter the "Company") is a private limited liability company, which was registered in the Republic of Lithuania on 30 March 2023, registered office at Upės st. 21-1, Vilnius.

The Company is a holding company of the real estate development group Urban HUB. The Company is mainly engaged in management of real estate entities and investments.

On 31 December 2024, the issued capital amounted to EUR 3,571 and was divided into 3,571 ordinary registered share with the nominal value of EUR 1 each. Urban Hub Holding UAB had a holding of 70% in the Company, and TABA UAB – 30%.

As at 31 December 2024, the ultimate controlling shareholder was Scitus Investments UAB (SBA Grupė UAB until 31 December 2023).

As at 31 December 2024, the Company had control over the following subsidiaries: UH1 UAB, UH2 UAB, UH3 UAB, Inno Slėnis UAB.

Review of activities in 2024

In 2024, the Group earned EUR 784 thousand in revenue (2023: the Group did not earn revenue).

In 2024, a gross profit was estimated at EUR 193 thousand (2023: there were gross profit estimated).

In 2024, the Group's operating income totalled EUR 1,504 thousand (2023: incurred a loss of EUR 1,814 thousand).

In 2024, the Group's consolidated loss before tax amounted to EUR 2,999 thousand (EUR 2,953 thousand in 2023).

In 2024, the Group incurred a net loss of EUR 3,347 thousand (2023: EUR 2,506 thousand).

As at 31 December 2024 and 2023, the Group's consolidated assets amounted to EUR 103,014 thousand and EUR 50,415 thousand, respectively.

As at 31 December 2024 and 2023, there was 1 employee working in the Group companies.

Description of main risks

In its activities, the Group is exposed to various risks. The Company's Chief Executive Officer is responsible for managing the Group's risks and assessing the adverse effect on its objectives and performance. The identification and management of specific risks is assigned to the relevant functions within the Group companies. Given the external and internal environment, the risk level is assessed when adopting both strategic and operational decisions. Risk management forms an integral part of the Group companies' operational processes, therefore potential risks are under permanent monitoring and evaluation.

Risk management is carried out by the Company's Chief Executive Officer. For more information on financial risk management see Note 16 to the financial statements.

Social and HR risk management The Group companies seek to increase its employees interest in personal and the Group companies' performance, improving working conditions, and responding to their financial, social and self-expression needs. The Group companies have the employee performance appraisal and development system in place. Employees are provided with the feedback on their performance, and, wherever possible, the Group companies consider their preferences regarding development and career. Each year, the employees are provided with the development plans and training to enhance motivation and respond to their needs and those of the Group companies. To increase employee engagement and satisfaction with the Group companies, an employee opinion survey is conducted on regular basis to identify areas for improvement, and the Group companies prepare, communicate to the employees and implement the employee opinion survey improvement plan. In response to the social and self-expression needs of employees, various events are organised on regular basis, the employees are encouraged to engage in community and volunteering activities.

Environmental risk. The environmental risk is relatively low: office-based operations without using hazardous substances and with minimum waste generation. However, the Group is committed to reduce environmental impact by saving energy and choosing environmental goods. To reduce pollution, we are constantly renewing our vehicle fleet with greener cars. The Group companies are nearly paper-free in almost every area, and has switched to digital process and document management. The Group's declared values highlight the environmental aspect, and its social campaigns are related to environmental issues, e.g. tree planting, dune cleaning.

Corruption risk. The Group complies with international legal norms governing human rights and labour relations, and the highest anti-corruption and environmental standards. SBA Group and its companies are guided by the SBA Group Code of Corporate Culture, which establishes standards and norms for transparent work, business ethics and anti-corruption behaviour for all employees (avoidance of conflict of interests, neutrality in political processes, and prohibition of gifts or services if they are intended to unfairly confer an advantage or a bias on the decisions made). Across all countries where the companies part of the SBA Group operate, we base our business on statutory and regulatory requirements, including but not limited to anti-corruption legislation. Acting in the business interests of the companies part of the SBA Group, we shall not offer bribes or make any other unlawful payments to the representatives of public authorities, including facilitation payments (low value informal payments). Both internal and external reporting channels (pasitikejimolinija@sba.lt) are also in place and available to employees and/or business partners of SBA Group companies to report potentially corrupt practices.

In 2024, the Company neither acquired, nor transferred its own shares.

Significant events after the end of the financial year.

There were no significant events after the financial year-end, except for the ones disclosed in Note 19 to the financial statements.

The Group did not perform any research and development activities.

The Group has no derivatives.

Plans and forecasts of operations of the Group.

The goal of the real estate group in 2025 is further development of the Urban HUB business town.

Information on the other executive positions held by the Company's Manager.

Mr. Giedrius Muliuolis was the Company's manager until 17 June 2025. Until 17 June 2025, he also held a position of a Director at Urban HUB UAB (company code 306149947, address Upės st. 21-1, Vilnius), INNO Slėnis UAB (company code 305690572, address Upės st. 21-1, Vilnius), UH1 UAB (company code 305579771, address Upės st. 23, Vilnius), UAB UH2 (company code 306556900, address Upės st. 21-1, Vilnius), UH3 UAB (company code 307038775, address Upės st. 21-1, Vilnius). Mr. Giedrius Muliuolis still serves as a Director at Urban Hub Holding UAB (company code 306282698, address Upės st. 21-1, Vilnius).

As of 18 June 2025, Mr. Kasparas Juška is a manager of the Company. As of 19 June 2025, he also serves as a Director at INNO Slėnis UAB (company code 305690572, Upės st. 21-1, Vilnius), UH1 UAB (company code 305579771, Upės st. 23, Vilnius), UH2 UAB (company code 306556900, Upės st. 21-1, Vilnius), UH3 UAB (company code 307038775, Upės st. 21-1, Vilnius), Urban Hub Holding UAB (company code 306282698, Upės st. 21-1, Vilnius), a Member of the Board at Urban 1 SIA (company code 40203273119, Kristijana Valmiera st. 21-11, Riga) and an Investment Manager at SBA Urban UAB (company code 302675889, address Upės st. 21-1, Vilnius).

Chief Executive Officer Kasparas Juška

20 June 2025