UAB „Partnerystės projektai keturi“

Consolidated financial statements and
consolidated annual report
for the year ended on 30 September 2023

CONTENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2023

(all the amounts are presented in euros, unless stated otherwise)

		Notes	30 September 2023	31 December 2022
	ASSETS			
A.	***NON-CURRENT ASSETS***			
I.	PROPERTY, PLANT AND EQUIPMENT		1 802	2 545
II.	CONTRACT ASSETS	4	17 393 409	2 422 808
	TOTAL NON-CURRENT ASSETS		**17 395 211**	**2 425 353**
B.	***CURRENT ASSETS***			
I.	PREPAYMENTS	5	579 332	321 175
II.	DEFERRED EXPENSES		21 202	21 726
III.	OTHER RECEIVABLE AMOUNTS WITHIN ONE YEAR	6	107 736	142 652
IV.	CASH AND CASH EQUIVALENTS	7	2 061 992	10 173
	TOTAL CURRENT ASSETS		**2 770 262**	**495 726**
	TOTAL ASSETS		***20 165 473***	***2 921 079***
	EQUITY AND LIABILITIES			
C.	***EQUITY***			
I.	SHARE CAPITAL	8	6 000 000	2 500
II.	LEGAL RESERVE	8	0	-
III.	RETAINED EARNINGS		-437 990	-101 909
	TOTAL EQUITY		**5 562 010**	**(99 409)**
D.	***ACCOUNTS PAYABLE AND OTHER LIABILITIES***			
I.	*NON-CURRENT LIABILITIES*			
I.1.	LOANS RECEIVED AND INTEREST PAYABLE	9, 15	13 806 258	2 575 143
I.2.	DEFERRED INCOME TAX		30 174	1 686
			13 836 432	**2 576 829**
II.	*CURRENT LIABILITIES*			
II.1.	TRADE PAYABLES		761 706	434 879
II.2.	EMPLOYMENT-RELATED LIABILITIES		463	-
II.3.	LOANS RECEIVED	9, 15	-	7 000
II.4.	PAYABLE CORPORATE INCOME TAX		4 862	1 659
II.5.	OTHER CURRENT ACCOUNTS PAYABLES AND LIABILITIES	15	-	121
			767 031	**443 659**
	TOTAL ACCOUNTS PAYABLE AND LIABILITIES		**14 603 463**	**3 020 488**
	TOTAL EQUITY AND LIABILITIES		***20 165 473***	***2 921 079***

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

The financial statements were signed on 12 January 2024:

Signed electronically	Signed electronically
Artūras Klangauskas Director	Živilė Jablonskytė Person acting under power of attorney – accountant of UAB „Eika“

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED AT 30 September 2023
(all the amounts are presented in euros, unless stated otherwise)

		Notes	30 September 2023	30 September 2022
I.	REVENUE	10	14 780 684	616 772
II.	COST OF SALES	11	(14 466 136)	(553 099)
III.	**GROSS PROFIT**		**314 548**	**63 673**
IV.	GENERAL AND ADMINISTRATIVE EXPENSES	12	(381 852)	(65 023)
V.	OTHER INCOME		-	-
VI.	OTHER EXPENSES		-	-
VII.	**OPERATING PROFIT (LOSS)**		**(67 304)**	**(1 350)**
VIII.	FINANCE INCOME	4	192 306	11 244
IX.	FINANCE COSTS	13	(427 318)	(16 848)
X.	**PROFIT (LOSS) BEFORE TAX**		**(302 316)**	**(6 954)**
XI.	INCOME TAX		(33 765)	(4 258)
XII.	**NET PROFIT (LOSS)**		**(336 081)**	**(11 212)**
XIII.	**OTHER COMPREHENSIVE INCOME**			
XIII.1.	*ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS*		-	-
XIII.2.	*ITEMS THAT ARE OR MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS*		-	-
XIV.	**TOTAL COMPREHENSIVE INCOME**		**(336 081)**	**(11 212)**

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Artūras Klangauskas	Živilė Jablonskytė
Director	Person acting under power of attorney – accountant of UAB „Eika“

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED AT 30 SEPTEMBER 2023
(all the amounts are presented in euros, unless stated otherwise)

	Share capital	Legal reserve	Retained earnings	Total
Balance on 31 December 2021	**2 500**	**-**	**(70 248)**	**(67 748)**
Net profit (loss) for the year	-	-	(31 661)	(31 661)
Other comprehensive income	-	-	-	-
Increase of authorized capital	-	-	-	-
Total comprehensive income	**-**	**-**	**(31 661)**	**(31 661)**
Balance on 31 December 2022	**2 500**	**-**	**(101 909)**	**(99 409)**
Net profit for the year	-	-	(336 081)	(336 081)
Other comprehensive income	-	-	-	-
Increase of authorized capital	5 997 500	-	-	-
Total comprehensive income	**5 997 500**	**-**	**(336 081)**	**5 661 419**
Balance on 30 September 2023	**6 000 000**	**-**	**(437 990)**	**5 562 010**

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Signed electronically

Artūras Klangauskas
Director

Signed electronically

Živilė Jablonskytė
Person acting under power of attorney –
accountant of UAB „Eika“

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED AT 30 SEPTEMBER 2023

(all the amounts are presented in euros, unless stated otherwise)

		30 September 2023	30 September 2022
I.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
I.1.	Net profit (loss) before tax	(304 391)	(83 312)
	Adjustments for non-monetary expenses (income)		
I.2.	Depreciation and amortisation expenses	743	743
I.3.	Elimination of financing and investing activities result	422 929	16 848
I.4.	Other non-monetary items	525	8 606
	Changes in working capital		
I.5.	(Increase) decrease in contract assets	(14 970 601)	(551 658)
I.6.	(Increase) decrease in prepayments	(258 157)	(69 167)
I.7.	(Increase) decrease in other receivables	34 916	(73 747)
I.8.	Increase (decrease) in trade payables and other payable amounts	327 169	107 666
I.9.	(Paid) interests	-	-
	NET CASH FLOWS FROM OPERATING ACTIVITIES	**(14 746 867)**	**(644 021)**
II.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
II.1.	Acquisition of intangible assets and property, plant and equipment	0	0
II.2.	Interest received	2 389	0
	NET CASH FLOWS FROM INVESTING ACTIVITIES	**2 389**	**0**
III.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
III.1	Issue of shares	5 997 500	0
III.2.	Loans received	18 426 319	670 000
III.3.	Loans returned	(7 497 000)	0
III.4.	Interest paid	(130 522)	0
	NET CASH FLOWS FROM FINANCING ACTIVITIES	**16 796 297**	**670 000**
IV.	**INCREASE (DECREASE) IN NET CASH FLOW**	**2 051 819**	**25 979**
V.	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD**	**10 173**	**5 060**
VI.	**CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD**	**2 061 992**	**31 039**

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1. General information

These consolidated financial statements have been prepared for UAB "Partnerystės projektai keturi" (hereinafter - the Company) and its controlled companies (hereinafter - the Group).

The Company was registered on 12 November 2018. The address of the Company is A. Goštauto st. 40B, LT-03163, Vilnius, Lithuania. The main activity of the Company is construction development.

In 2023 September 30 and 2022 December 31 the Group consisted of the Company and its subsidiary UAB "Samogitia miestelis", 100% of which shares were owned by the Company. UAB "Samogitia miestelis" was registered on 9 December 2020, its address is A. Goštauto st. 40B, LT-03163, Vilnius, Lithuania; its main activity is lease and exploitation of its owned or leased real estate.

The sole shareholder of the Group is UAB "Eika": company‘s registration number - 121191079, address - A. Goštauto str. 40B, LT-03163, Vilnius, Lithuania.

In 2023 September 30 the average number of the Group employees according to the list was 5 (in 2022 - 6).

2. Summary of significant accounting principles

2.1. Basis for preparation of financial statements

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

2.2. Consolidation principles

The financial statements comprise the financial statements of the parent company and its directly and indirectly controlled subsidiaries. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Control is generally obtained by holding more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The financial statements of subsidiaries have been prepared using uniform accounting policies and for the same reporting period as that covered by the financial statements of the Group. On consolidation, all inter-company transactions, balances and unrealized gains and/or losses on transactions among the Group companies are eliminated.

Non-controlling interest represents a part of net profit and net assets which is not controlled by the Group. Non-controlling interest is reported separately in the statement of profit or loss. The share of equity attributable to the non-controlling interest and to the owners of the parent is shown separately in the consolidated statement of financial position.

2.3. Application of new and amended IFRS

New and/or amended standards and interpretations effective from 1 January 2023

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current period and were adopted by the Group:

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (effective for annual periods beginning on or after 1 January 2022);
- Amendments to IFRS 16 Leases: Covid 19 - Related Rent Concessions beyond 30 June 2021 (effective for annual periods beginning on or after 1 April 2021).
- IFRS 17 Insurance Contracts; including Amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective for annual periods beginning on or after 1 January 2023);

- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023);
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023).

The application of these standards, amendments and interpretations had no material impact on the Group’s financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been endorsed by EU

IFRSs currently endorsed by EU are not significantly different from the standards, endorsed by IASB, except the standards, amendments and interpretations that were not endorsed by EU (the effective dates are applicable to IFRS to full extent). These standards, amendments and interpretations are listed below:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current Date; Classification of Liabilities as Current or Non-current – Deferral of Effective date; Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024);
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024).

The management of the Group does not expect that the adoption of these standards, amendments and interpretations listed above will have a material impact on the financial statements of the Group in future periods.

2.4. Functional and financial statements currency

The Group’s functional and financial statements currency is euro.

2.5. Intangible assets

Intangible assets are measured initially at cost. Intangible assets are recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Group and the cost of asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their estimated useful lives. The useful lives, residual values and the method of amortization are reviewed annually, to ensure that they are consistent with the expected pattern of use of intangible asset.

Costs incurred in order to restore or maintain the future economic benefits that the Group expects from the existing software are recognized as an expense when the restoration or maintenance work is carried out.

2.6. Property, plant and equipment

Property, plant and equipment are accounted for at acquisition cost less accumulated depreciation and the impairment losses, if any. The impairment losses are presented under general and administrative expenses.

The initial cost of property, plant and equipment comprises its acquisition price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repair and maintenance costs, are charged to profit or loss in the period when the costs are incurred.

The depreciation is calculated on the straight-line basis over the following estimated useful life periods:

Group of assets	Useful life period, in years
Buildings	30
Structure	15
Machinery and equipment	5
Vehicles	6
Other fittings and fixtures	4
Other tangible assets	4

Every component of property, plant and equipment the cost of which is significant in respect of the total acquisition cost, is depreciated within a different period of time, complying with the most economically useful life duration thereof. The assets' residual values and useful lives are reviewed periodically to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items in property, plant and equipment. The impact of revision, if any, is recognised perspectively. The depreciation costs are presented under cost of sales and general and administrative expenses.

When assets are sold or written-off, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is recognized in profit or loss.

2.7. Impairment of non-financial assets

At each financial reporting date, the Group reviews the carrying amount of intangible assets and property, plant and equipment to determine whether there is any indication that the value of an asset has decreased. If such indications exist, the Group assesses the recoverable amount of the asset in order to measure the impairment (if any). When it is impossible to assess the recoverable amount of the asset, the Group calculates the recoverable amount of the cash generating unit to which the asset belongs.

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

If it is determined that the recoverable amount of an asset (or cash generating unit) is less than the carrying amount of the asset, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are immediately recognized as expense.

If the impairment loss is subsequently reversed, the carrying amount of the asset (or cash generating unit) is increased to the recoverable amount of the asset, but in such a way that the increased carrying amount does not exceed the carrying amount that would be determined if, in the previous year, that asset (or cash generating unit) would not be recognized for impairment losses. Reversal of impairment losses is immediately recognized as income.

2.8. Financial instruments

Financial assets

The financial assets of the Group include cash and cash equivalents, trade debtors and other receivables.

Trade debtors are initially recognized when they arise. Upon initial recognition, other financial assets are recognized when the Company become parties to the contractual provisions of the instrument. Financial assets (except for trade debtors without a significant financing component), if not measured at fair value through profit or loss, are initially measured at fair value plus transaction costs directly attributable with acquisition or issue. Trade debtors without a significant financing component are initially recognized at the transaction price.

Financial assets are classified in three groups according to their measurement:
i. financial assets that are subsequently measured at amortized cost;
ii. financial assets that are subsequently measured at fair value through other comprehensive income;
iii. financial assets that are subsequently measured at fair value through profit or loss.

The classification of a financial asset depends on the financial asset management business model (assessing how the Group manages the financial assets to generate cash flows) and the characteristics of the contractual cash flows of the financial asset (whether contractual cash flows include only principal and interest payments).

Financial asset is stated at amortized cost if both of the following conditions are met:
1) financial asset is held within a business model the objective of which is to hold financial assets in order to collect contractual cash flows; and
2) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interests on the principal amount outstanding.

Financial assets that do not meet the above conditions are measured at fair value in profit or loss and other comprehensive income.

In 2023 and 2022 the Group had no financial assets, which, in subsequent periods, are measured at fair value in profit or loss and other comprehensive income.

Financial assets that are subsequently measured at amortized cost are measured using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating the interest income or expense over a period of time. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability or, where appropriate, a shorter period.

Financial assets at fair value through profit or loss are initially recognized at fair value in profit or loss. Subsequently, the fair value gain and loss, including any interest and dividends, is recognized in profit or loss and other comprehensive income.

Financial assets are derecognised when:
i. the right to receive cash flows from the financial asset expires;
ii. the Group retains the right to receive cash flows from the asset, but have agreed to pay in full without material delay to a third party under a ‘pass through’ arrangement;
iii. the Group transfers their right to receive cash flows from assets and/or: (a) have transferred substantially all the risks and rewards of the financial asset; (b) have neither transferred nor retained substantially all the risks and rewards of the financial assets but have transferred control of the assets.

When the Group transfers rights to receive cash flows from an asset but neither transfer nor retain substantially all the risks and rewards of the asset nor transfer control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset.

The Group reduces the gross carrying amount of their financial asset if they cannot reasonably expect to recover all or part of the financial asset. A write-off is an event of derecognition.

Financial liabilities

The Group's financial liabilities comprise loans received, trade payables and other payables.

At the time of initial recognition, financial liabilities are recognised when the Group becomes a party to the contractual terms of the instrument.

Financial liabilities are divided into two groups according to their measurement:
i. financial liabilities that are subsequently measured at amortised cost;
ii. financial liabilities that are subsequently measured at fair value through profit or loss.

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-sale, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group derecognises financial liabilities when their contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, the new financial liability is recognized at fair value under the modified terms of the contract.

In the event of derecognition of a financial liability, the difference between the carrying amount written off and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss in the statement of profit or loss and other comprehensive income.

Trade and other payables. Upon initial recognition, trade and other payables are recognized when the Group becomes a party to the contractual provisions. Trade and other payables are initially measured at fair value plus directly attributable transaction costs.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on the net basis or to realise the asset and settle the liability simultaneously.

2.9. Impairment of financial assets

Impairment losses on financial assets measured at amortized cost are measured using the expected credit loss (ECL) model. Credit losses are measured at the present value of all cash losses (the difference between the cash flows that the Group holds under the contract and the cash flows the Group expects to receive). ECLs are discounted applying an effective interest rate.

At the end of each reporting period, the Group recalculates and records the allowance for expected credit losses, taking into account past events, current market conditions and future prospects. At the end of each financial period, the Group assesses whether there has been a material change in the credit risk of the financial instrument since initial recognition.

Expected credit losses on financial assets are measured at the amount of the impairment loss:

(a) 12-month expected credit losses; it is the expected credit loss that arises from the default of financial liabilities that is possible within 12 months from the date of the financial statements, or

b) all expected credit losses; that is, for all expected credit losses that arise from all possible defaults during the life of a financial asset. Impairment losses on all expected credit losses are calculated if the credit risk on such financial assets has increased significantly since initial recognition. For all other financial assets, expected credit losses are calculated based on 12-month expected credit losses.

Expected credit losses are probabilistic weighted estimates of the present value of credit losses. They are measured as the difference between the present value of the cash inflows expected to be received from the Group’s contractual flows and the cash flows expected to be received by the Group as a result of a number of future economic events, discounted at the effective interest rate of the financial asset.

The carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering all or part of the asset. Non-recoverable assets are written off against recognized related impairment loss allowance, provided that all necessary steps have been taken to recover the asset and the amount of the loss has been determined. The amounts previously written off and collected in subsequent periods are credited to the impairment loss account within the statement of profit or loss and other comprehensive income.

2.10. Inventories

Inventories are initially recorded at acquisition cost. Subsequent to initial recognition, inventories are valued at the lower of cost or net realizable value. Net realizable value is the selling price in the ordinary course of business, less the costs related to sales. Cost of sale is determined by FIFO method. Net realizable value equals to estimated market price less the expenses related to disposal.

2.11. Lease

The Group first of all assesses whether the concluded contract qualifies for the lease. In case the contract qualifies for the lease (it provides the right to use defined asset for a certain period of time for a pre-defined price), the below described accounting principles are applied.

Finance and operating lease – the Group is the lessee

The Group recognises the right to use the assets and lease liability when the lease period commences. The right to use the asset during the initial recognition is accounted for at acquisition cost, which is composed of initial lease liability less discounts and lease contributions paid before the commencement of the lease period or on the first day of the lease period and increased by the amount of related direct expenses.

After the initial recognition the right to use the asset is depreciated on a straight-line basis over the period of the lease, except for the cases, when at the end of lease period the ownership of the asset is transferred to the Group or it is probable that at the end of the lease period the Group will exercise the option to purchase the asset. In such cases the right to use the asset is depreciated over the useful life of the assets. The right to use the asset is presented net of impairment losses (if any) and adjusted accordingly if the lease liability is reassessed due to the changes in the circumstances.

The initial amount of lease liability is recognized at present value of unpaid lease payments at the date of the lease period commencement. The discount rate applied equals to the interest rate indicated in the lease contract, if such is indicated, or to average alternative interest rate which the Group would likely pay to the borrower for the loan used for acquisition of the leased asset.

Short-term lease and lease of low-value assets

The Group decided not to recognise the right to use the assets and lease liability for short-term lease and lease of low-value assets. Such lease payments are recognised as expenses in profit or loss on straight-line basis over the period of the lease.

Operating lease – the Group as the lessor

Payments received under operating leases (net of any incentives given to the lessee) are recognized in profit or loss on a straight-line basis over the period of the lease.

2.12. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated. The provisions are reviewed at each statement of financial position date and adjusted in order to present the most accurate current estimate. If the effect of the time value of money is material, the amount of provision is equal to the present value of the expenses, which are expected to be incurred to settle the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

2.13. Corporate income tax and deferred tax

The corporate income tax is calculated in accordance with the requirements established under the Law on Taxes of the Republic of Lithuania. In 2023 and 2022 the standard corporate income tax rate charged in the Republic of Lithuania was 15 percent.

Deferred taxes are calculated using the liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse based on tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized in the statement of financial position to the extent the management believes it will be realized in the foreseeable future, based on taxable profit forecasts. If it is expected that part of the deferred tax asset is not going to be realized, this part of the deferred tax asset is not recognized in the financial statements. Deferred tax assets and liabilities are offset when they are related to taxes levied by the same tax authority and when there is a legally enforceable right to cover current payable taxes at net value.

Income tax and deferred tax expenses (income) are accounted for in profit or loss, except when they relate to items included directly to equity, in which case the deferred tax is also accounted for in other comprehensive income.

2.14. Revenue recognition

The Group recognizes revenue at such time and to such an extent that the transfer of goods or services to customers represents the consideration that the Group expects to receive in exchange for those goods or services.

The Group's revenue is recognized using the 5-step model:

Step 1 - Identify customer agreements.
A contract recognizes an agreement between two or more parties (subject to purchase / sale terms) that creates enforceable rights and enforceable obligations (not applicable if a joint venture agreement is signed). A contract is within the scope of IFRS 15 if all of the following criteria are met:

- the parties have approved the contract (in writing, orally or in accordance with any other normal commercial practice) and are bound by their obligations under the contract,
- it is possible to identify the rights of each party with regard to the goods and / or services to be transferred,
- it is possible to identify the payment terms for the goods and / or services to be transferred,
- the contract has commercial substance,
- it is probable that the consideration to which the Group is entitled to in exchange for the goods or services will be collected.

Contracts with the customer may be aggregated or disaggregated into several contracts, while retaining the criteria of former contracts. Such aggregation or disaggregation is considered modification of the contract.

Step 2 - Identify performance obligations in the contract.
Contractual commitment to deliver goods and (or) services to a customer. If separate goods and (or) services are identifiable, the liabilities are recognized separately. Each liability is identified in one of two ways:

- a good and (or) service is distinct, or
- a set of individual goods and (or) services that are substantially the same and have the same pattern of transfer to the customer.

Step 3 - Determine the transaction price.
The transaction price may be fixed, variable, or both. The transaction price is also adjusted considering the time value of money, if the contract includes a significant financing arrangement, and considering any consideration payable to the customer and non-cash consideration received, if any. The Group applies the following sales price calculation methods: adjusted market assessment approach, expected cost plus margin approach and residual approach. Similar transactions are measured equally.

Step 4 - Allocate the transaction price to each performance obligation.
A performance obligation is a contractual promise to deliver to the customer a separate good or service, or a set of individual goods or services that are substantially the same and have the same pattern of transfer to the customer. The transaction price is apportioned between each performance obligation based on the relative separate selling prices of the good or service promised in the contract. If the contracts do not specify separately the price of the service or good (for example, one price for two products), the Group shall determine it. In measuring the transaction price, the Group estimates a discount or variable amount of consideration that relates only to a particular portion of the contract.

Step 5 - Recognise revenue when (or as) the Group satisfies a performance obligation.
The Group recognizes revenue when it satisfies a performance obligation by transferring promised goods or services to the customer (i.e. when the customer obtains control of the mentioned goods or services). The recognized amount of revenue is equal to the amount of satisfied performance obligation. Performance obligation may be satisfied at a point of time or over time. A period of time is recognised as a calendar month.

The recognition of revenue depends on whether the obligation is satisfied over a period of time (continuous) or at a point in time. In any event, the transfer of control is taken into account. Revenue is recognized at the fair value of the consideration received or receivable. Revenue is reduced by the estimated amount of customer returns, discounts, and other similar provisions. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably. Revenue from sales is recognized net of VAT and discounts, including any cumulative expected discounts for the current year.

2.15. Recognition of expenses

Expenses are recognized on the basis of accrual and revenue and expense matching principles in the reporting period when the income related to these expenses was earned, irrespective of the time the money was spent. In those cases when the costs incurred cannot be directly attributed to the specific income and they will not bring income during the future periods, they are expensed as incurred.

The amount of expenses is usually accounted for as the amount paid or due, excluding VAT. In the cases when a long period of payment is established and the interest is not separated, the amount of expenses shall be estimated by discounting the amount of payment using the market interest rate.

2.16. Foreign currency transactions

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies on the statement of financial position date are recognized in profit or loss. Such balances are translated at period-end currency exchange rates. Non-monetary assets and liabilities that are measured in historical cost in a foreign currency are translated using the currency exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

2.17. Using the accounting estimates in preparation of financial statements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and costs and disclosure of contingencies, at the reporting date and within the next financial year.

Estimates and judgements are continually assessed and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Adjustments to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The significant areas of these financial statements, where the accounting estimates are used, include depreciation and impairment of property, plant and equipment (Notes 2.6 and 2.7), assessment of deferred tax asset (Notes 2.13), impairment of contract assets, trade and other receivables (Notes 2.9 and 4, 5, 6).

2.18. Fair value measurement

Some of the Group's accounting policies and disclosures require to estimate the fair value of financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell or paid to transfer a liability in an ordinary transaction between market participants on a principal market, or in the absence of a principal market, on the most advantageous market into which the Group may enter on the date of measurement. The fair value reflects the non-performance risk.

To measure the fair value of assets and liabilities, the Group, to the extent possible, rests on the available data on the market. For fair value measurement, a fair value hierarchy is used, on the basis of the inputs used in valuation:

• Level 1: the quoted prices of active markets for identical assets or liabilities (unadjusted);
• Level 2: other variables than the quoted prices included under level 1 that are observed for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices);
• Level 3: asset or liability variables, which are not based on the observed market data (unobserved variables).

If the inputs, used for measurement of the fair value, may be attributed to different levels of a fair value hierarchy, the level of the fair value hierarchy, to which the total measured value is attributed, shall be measured on the basis of the input of the lowest level, significant to the measurement of the total fair value.

The Group recognizes the amounts of transfers between levels of the fair value hierarchy at the end of the reporting period, when the change occurs.

2.19. Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

2.20. Events after the reporting period

Events after the reporting date that provide additional information about the Company position at the statement of financial position date (adjusting events) are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes when material.

3. Financial risk management

Financial risk is composed of credit, liquidity and market risks (foreign currency and interest rate risks). By managing these risks, the Group seeks to reduce the impact of factors that could negatively affect the Group's financial performance.

Credit risk

In 2023 and 2022 Group's credit risk is related to contract assets, cash and cash equivalents.

The Group holds its cash in Lithuanian banks appraised by international rating agencies, continuously monitors the changes in those ratings and also follows the related recommendations of the Central Bank of Lithuania.

The Group has only one client (to which the contract assets are related to) but a 15-year contract has been concluded with this client, which guarantees the Group's ability to continue as going concern. Since the mentioned contract was concluded with a public entity, i.e. Ministry of National Defense, and involves high revenue the Group is not seeking for new customers.

The carrying amount of financial assets reflects the highest possible credit risk. The maximum credit risk at the reporting date was:

	2023	**2022**
Contract assets	17 393 409	2 422 808
Cash and cash equivalents	2 061 992	10 173
Total	**19 455 401**	**2 432 981**

Market risk

The Group is not subject to foreign currency risk because all of its assets as well as liabilities are denominated in euros.

(all the amounts are presented in euros, unless stated otherwise)

Liquidity risk

Liquidity risk means that the Group may be not able to settle its financial liabilities on time. The Company seeks to ensure that its liquidity is always sufficient for timely settlement of its financial liabilities, without incurring unacceptable losses and without risking to damage to the reputation of the Group.

On 30 September 2023 and 31 December 2022 the current liquidity ratio and quick liquidity ratio was equal to 3,6 and 1,1 respectively.

The table below summarizes the terms of repayment of the Group's financial liabilities as at 30 September 2023 and 31 December 2022 under undiscounted contract payments:

	Up to 3 months	From 3 to 12 months	From 1 to 5 years	After 5 years	Total	Carrying amount
Loans received	306 000	-	13 500 258	-	13 806 258	13 806 258
Trade payables	761 706	-	-	-	434 879	434 879
Balance as of 30 September 2023	**1 067 706**	**-**	**13 500 258**	**-**	**14 567 964**	**14 567 964**
Loans received	-	7 840	2 923 987	-	2 931 827	2 582 143
Trade payables	434 879	-	-	-	434 879	434 879
Balance as of 31 December 2022	**434 879**	**7 840**	**2 923 987**	**-**	**3 366 706**	**3 017 022**

Capital risk management

Capital includes equity attributable to the shareholders. The Group manages its own capital in order to ensure the ability to continue as going concern, fulfil obligations to its customers and provide the returns to shareholders. The capital structure is managed considering the changes in economic conditions and risk characteristics of the Group's activities.

According to the Law on Joint-Stock Companies of the Republic of Lithuania, the Company must ensure that the equity is not less than 50% of share capital. The Company complies with the legal requirement and meets the ratio mentioned. If equity becomes less than 50% of share capital, loans received from the shareholder would be capitalized by increasing share capital of the Company.

Fair value of financial assets and liabilities

The carrying amount of Group's contract assets and trade payables is close to their fair value, as trade receivables and payables are receivable/payable within one year, and contract assets are discounted at an interest rate based on market conditions (level 3). The fair value of cash and cash equivalents and time deposits is also equal to their fair value (level 2).

4. Contract assets

Contract assets relate to accrued income accounted for in accordance with the level of completion of construction project at discounted value. In 2023 September 30 the applied discount rate was equal to 7,84 percent (31 December 2022 – 7,84 percent).

Change of contract assets during the year:

	2023	2022
1st of January	**2 422 808**	**143 443**
Revenue recognized according to the extent of construction works completed during the period (Note 10)	14 780 684	2 268 122
Unwind of discount	189 917	11 243
30 st of September / 31st of December	**17 393 409**	**2 422 808**

The Group carries out the construction works of a military unit in accordance with the partnership agreement signed with the Ministry of National Defense of the Republic of Lithuania. Construction is carried out by the subsidiary UAB "Samogitia miestelis". According to the partnership agreement, the Group will provide maintenance services for this facility after the completion of the construction works (the construction works are expected to be completed in early April of 2024). The partnership agreement was signed for a period of 15 years. The total unindexed value of the contract is 67 240 thousand Euros, of which the value of the construction works comprises 37 873 thousand Euros. By 30 September 2023 44 percent of construction works were completed.

(all the amounts are presented in euros, unless stated otherwise)

5. Prepayments

As at 30 of September 2023 / 31 December 2022 prepayments consisted of the following:

	2023	2022
Prepayments paid to third parties, gross value	579 332	321 175
Prepayments paid to related parties, gross value (Note 15)	-	-
	579 332	**321 175**
Less: impairment allowance	-	-
Total	**579 332**	**321 175**

6. Other receivable amounts within one year

As at 30 of September 2023 / 31 December 2022 other receivable amounts within one year consisted of the following:

	2023	2022
VAT receivable	107 721	142 636
Other receivables, gross value	15	16
	107 736	**142 652**
Less: impairment allowance	-	-
Total	**107 736**	**142 652**

7. Cash and cash equivalents

As at 30 September 2023 cash and cash equivalents comprised 2 061 992 euros of cash held in the accounts of the banks operating in the Republic of Lithuania (31 December 2022 – 10 173 euros).

8. Share capital and legal reserve

Share capital
As at 30 September 2022 and 31 December 2020 the share capital of the Company consisted of 240 000 ordinary shares, each of which had a nominal value of 25 euros. As at 30 September 2023 and 31 December 2022 all shares were fully paid. In 2023 and 2022 the Company did not acquire or transfer its own shares.

As at 30 September 2023 the sole shareholder of the Company and the Group was UAB "Eika": company‘s registration number - 121191079, address - A. Goštauto str. 40B, LT-03163, Vilnius, Lithuania.

Legal reserve
Legal reserve is a compulsory reserve under legislation of the Republic of Lithuania. Not less than 5 percent of the distributable profit is annually transferred to this reserve until the reserve reaches the amount equal to 10 percent of the owner’s capital value. The legal reserve can only be used to cover the future losses. As at 30 September 2023 and 31 December 2022 legal reserve was not formed.

(all the amounts are presented in euros, unless stated otherwise)

9. Loans

Loans received from sole shareholder UAB "Eika" and related interest payable consisted of:

	2023	2022
Loan: maturity date – 30 April 2025, annual interest rate – 5-6 percent	-	2 470 000
Loan: maturity date – 10 September 2024, annual interest rate – 4 percent	-	50 000
Loan: maturity date – 18 May 2024, annual interest rate – 4 percent	-	10 000
Loan: maturity date – 30 September 2023, annual interest rate – 4 percent	-	7 000
Interest payable	33 939	45 143
Total	**-**	**2 582 143**
Less: current part of loans	-	(7 000)
Total non-current part of loans and interest payable	**33 939**	**2 575 143**

Loans received from others:

	2023	2022
Luminor Bank AS Loan: maturity date – 20 April 2028, annual interest rate – 3,5 percent plus 3 months Euribor	5 466 319	-
Intertrust (Sweden) AB Bonds: maturity date – 28 April 2026, annual interest rate – 9 percent	8 000 000	-
Interest payable	306 000	-
Total	**-**	**-**
Less: current part of loans	-	-
Total non-current part of loans and interest payable	**13 772 319**	**-**

Change in loans during the reporting period:

	2023	2022
Balance of loans as of 1 January	**2 582 143**	**239 452**
Received during the reporting period	18 426 319	2 305 000
Returned during the reporting period	(7 497 000)	-
Interest calculated	425 318	37 691
Interest paid	(130 522)	-
Balance of loans as of 30 September 2023/31 December 2022	**13 806 258**	**2 582 143**

10. Revenue

For ended at 30 September 2023 / 31 December 2022 revenue consisted of the following:

	2023	2022
Revenue recognized according to the extent of construction works completed during the period (Note 4)	14 780 684	616 772
Other revenue	-	-
Total	**14 780 684**	**616 772**

(all the amounts are presented in euros, unless stated otherwise)

11. Cost of sales

For ended at 30 September 2023 / 31 December 2022 cost of sales consisted of the following:

	2023	2022
Construction subcontractors (works and materials)	14 140 645	246 208
Projection expenses	158 795	306 865
Other	166 696	26
Total	**14 466 136**	**553 099**

12. General and administrative expenses

For ended at 30 September 2023 / 31 December 2022 general and administrative expenses consisted of the following:

	2023	2022
Notary, legal services	51 125	22 610
Insurance	30 935	24 350
Employee related expenses	4 432	13 209
Representation expenses	-	-
Other expenses	295 360	4 854
Total	**381 852**	**65 023**

13. Finance costs

For ended at 30 September 2023 / 31 December 2022 finance costs consisted of the following:

	2023	2022
Interest expenses	425 318	16 848
Other	2 000	-
Total	**427 318**	**16 848**

14. Financial relations with the management of the Group

	2023	2022
Amounts calculated for the management for year related to work relations	935	1 425
The average number of executive officers per year	2	2

No guarantees were granted or assets transferred to the management of the Group in 2023 and 2022.

(all the amounts are presented in euros, unless stated otherwise)

15. Related party transactions

During 2023 (January-September) and 2022 the Group carried out transactions with the related parties. Parties are considered to be related when one party has the ability to control the other or can exercise significant influence over the other party's financial and operational decisions. The related parties of the Group are the sole shareholder UAB "Eika" and its related companies.

The table provided below reflects the transactions with related parties during the period ended at 30 September 2023:

Related party	Receivable amounts (incl. VAT and loans granted)	Payable amounts (incl. VAT and loans received)	Revenue (excl. VAT and incl. interest income)	Purchases (excl. VAT and incl. interest expenses)
UAB „Eika“	-	135 274	-	233 167
Total	**-**	**135 274**	**-**	**233 167**

The table provided below reflects the transactions with related parties during the period ended at 31 December 2022:

Related party	Receivable amounts (incl. VAT and loans granted)	Payable amounts (incl. VAT and loans received)	Revenue (excl. VAT and incl. interest income)	Purchases (excl. VAT and incl. interest expenses)
UAB „Eika“	-	2 582 264	-	41 224
Total	**-**	**2 582 264**	**-**	**41 224**

16. Contingent assets and liabilities

The Group did not take part in any court proceedings that according to the management would have a significant effect on financial statements or that would contain information that would have to be additionally disclosed.

17. Going concern

The Group plans to continue its activities because in 2023 has been successfully carrying out the construction of a military town. In in April, 2023 UAB "Partnerystės projektai keturi" issued bonds for the amount of 8 million euros. This money is loaned to the subsidiary company UAB "Samogitia miestelis" in order to keep the project running smoothly. Also UAB "Samogitia miestelis" in April, 2023 signed a credit agreement with Luminor Bank AS for the financing of the military campus project.

18. Events after the reporting period

After the end of the financial year until the approval of these financial statements, there have been no events after the reporting period, except for those mentioned in Note 17, that would have a material effect on the financial statements or should be additionally disclosed.

The financial statements were signed on 12 January 2024:

Signed electronically

Artūras Klangauskas
Director

Signed electronically

Živilė Jablonskytė
Person acting under power of attorney –
accountant of UAB „Eika“

Group overview

UAB "Partnerystės projektai keturi" was established on 12 November 2018. The activities of UAB "Partnerystės projektai keturi" include business consulting and other management activities. UAB "Partnerystės projektai keturi" has a subsidiary UAB "Samogitia miestelis".

The share capital of UAB "Partnerystės projektai keturi" is equal to 6 000 000 euros and is divided into 240 000 ordinary shares.

Performance review

In 2020 UAB "Partnerystės projektai keturi" won the project of the Šiauliai military unit that was one of the three public-private partnership projects announced by the Ministry of National Defense. The project implementation period is 15 years. The implementation of the project is carried out by the subsidiary company UAB Samogitia miestelis UAB. Given the war has been going on this object is important both for our group and for Lithuania as a whole.

Construction works of the military campus remain on track to be completed in early April 2024, which is in line with the contractual timeline agreed in the partnership agreement. After construction is completed, the Group will provide facility maintenance and administration services for the period of 12,5 years.

In Šiauliai, the town that will be built on an area of 7.8 hectares will accommodate the Kunigaikštis Margiris infantry battalion of the "Žemaitija" brigade. Administrative and special purpose buildings are planned in the territory: barracks, canteen, headquarters, medical station, sports facilities and fields are planned. Technical buildings are also under construction: warehouses, garages, gas station, car wash, shelter for technicians, as well as equipped lineups and technical squares, parking spaces.

UAB "Partnerystės projektai keturi" has issued three-year bonds for the amount of 8 million euros in April 2023 to finance this project. Luminor Bank took part in the distribution of this issue which is intended to be listed on the Nasdaq Vilnius (the Baltic Bond List). UAB "Samogitia miestelis" concluded a loan agreement of 28 million euros with Luminor Bank for the project of the military town under construction.

Expected trends:

Successful completion of the construction of the Šiauliai military unit and successful maintenance and administration services of the facility for the period of the next 12,5 years.

Product risk:

The quality of the products is maintained by applying the latest technologies, choosing reliable subcontractors who provide insurance guarantees for the warranty period.

Signed electronically

Director   Artūras Klangauskas

Vilnius, 12 January 2024