

CONSOLIDATED INTERIM REPORT

UPP & CO KAUNO 53 OÜ

Beginning of reporting period: January 1st, 2022
End of reporting period: December 31st, 2022

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MANAGEMENT REPORT

General information

UPP & CO Kauno 53 OÜ, the parent company of the consolidation group, was founded in order to acquire and manage investment property and involve additional capital for these transactions.

In 2017, the company acquired 100% holding in Promalita UAB, a company registered in the Republic of Lithuania, which owns a logistics centre near Vilnius. The net internal area of the centre is 21,232 m² and it is fully rented out. Rimi retail chain is the anchor tenant.

The commercial activities of the consolidation group constitute collecting income from rent, managing the real estate object, and servicing loan obligations. Loan obligations comprise bonds with a fixed interest rate and an investment loan. In terms of income, there is stable triple net lease income from lessees that is for the most part fixed with medium to long-term contracts and indexed according to inflation. Arising from the commercial activities of the consolidation group, its economic activities and financial results are generally not easily affected by various external factors.

The consolidation group considers the macroeconomic condition of the operating environment to be uncertain, mainly because of rising interest rates and decline in economic activity, however, management estimates the impact of these conditions to the economic performance for the financial year 2022 to be neutral. Higher interest rates lead to an increase in the cost of credit, which affect the financial results of the year 2023 to a certain extent. Nevertheless the consolidation group's ability to service its debts remain strong in the year 2023, since the consolidation group has accumulated enough reserves and a large portion of the consolidation group's borrowing costs have been fixed.

The business operations of the consolidation group are not affected by seasonality as the economic activity is not cyclical by nature. The activities of the company have no major environmental and social impacts.

The consolidation group was created solely for managing the logistics centre and there are no planned structural changes in business operations.

The management is not in possession of any information concerning trends, uncertainties, claims, obligations or events that could likely have a significant impact on the prospects of the consolidation group in the period following the reporting period outside the regular commercial activities of the consolidation group.

Comment on economic performance and management report

Net rental income was 321 065 euros in 4Q 2022 (4Q 2021: 327 301) and 1 280 574 euros for the twelve months of 2022 (1 309 432 euros for 12 months of 2021) Operating profit was 246 232 euros in 4Q 2022 (4Q 2021: 252 848) and 1 386 191 euros for the twelve months of 2022 (983 305 euros for 12 months of 2021). Net income was 96 029 euros in 4Q 2022 (4Q 2021: 120 835) and 767 609 euros for the twelve months of 2022 (397 004 euros for 12 months 2021).

The decrease in net rental income and operating- and net profit in 4Q 2022 is due to absence of additional income from rent of equipment (racks) in 2022. The increase in twelve-month operating- and net profit is a result of the revaluation of the real estate investment in Q1 2022 by an accredited appraiser.

Financial ratios of the Group	2022 12 months	2021 12 months
Net profit margin %	59,94%	30,31%
Debt to equity ratio	4,43	6,42
Debt ratio	0,84	0,88
Long-term debt ratio	0,81	0,73
Return on equity %	31,68%	22,85%
Equity ratio	0,159	0,115
Return on assets %	4,50%	2,36%

Formulas for ratios

Net profit margin %, total comprehensive income for the period/net rental income

Debt to equity ratio = interest bearing liabilities/equity

Debt ratio = liabilities/(liabilities+ equity)

Long-term debt ratio = long-term loan liabilities/(long-term loan liabilities+ equity)

Return on equity (ROE %) = (net profit/average equity for 12 months)*100

Equity ratio = equity/(average assets for 12 months)

Return on assets (ROA %) = net profit/(average assets for 12 months)*100

Management board and Supervisory board

The management board of UPP & CO Kauno 53 OÜ consists of one member: Marko Tali, Chairman of the Management Board. The supervisory board of UPP & CO Kauno 53 OÜ consists of three members: Mart Tooming, Tarmo Rooteman, Hallar Loogma.

No remuneration or other benefits are provided to the members of the management board and the supervisory board.

The management board of Promalita UAB has also one member: Siim Sild, who receives symbolic remuneration.

Other than the management board and the supervisory board, the Company has no employees.

UPP & CO Kauno 53 OÜ and its subsidiary Promalita UAB are a going concern.

Member of Management Board
Marko Tali

CONSOLIDATED INTERIM ANNUAL ACCOUNTS

CONSOLIDATED BALANCE SHEET

(EUR)	<u>31.12.2022</u>	<u>31.12.2021</u>
Cash	706 207	597 244
Receivables and prepayments	<u>17 745</u>	<u>12 197</u>
Total current assets	<u>723 952</u>	<u>609 441</u>
Investment properties	16 150 000	15 750 000
Tangible fixed assets	404	2 941
Goodwill	<u>213 476</u>	<u>426 944</u>
Total fixed assets	<u>16 363 880</u>	<u>16 179 885</u>
TOTAL ASSETS	<u>17 087 832</u>	<u>16 789 326</u>
Short-term loans payable	460 000	7 053 334
Payables and prepayments	<u>104 893</u>	<u>154 786</u>
Total current liabilities	<u>564 893</u>	<u>7 208 120</u>
Long-term loans payable	11 505 184	5 371 850
Long-term provisions	<u>2 314 006</u>	<u>2 273 216</u>
Total non-current liabilities	<u>13 819 190</u>	<u>7 645 066</u>
TOTAL LIABILITIES	<u>14 384 083</u>	<u>14 853 186</u>
Share capital	2 500	2 500
Retained earnings	<u>2 701 249</u>	<u>1 933 640</u>
TOTAL EQUITY	<u>2 703 749</u>	<u>1 936 140</u>
TOTAL LIABILITIES AND EQUITY	<u>17 087 832</u>	<u>16 789 326</u>

CONSOLIDATED INCOME STATEMENT

(EUR)	2022 Q4	2022 12 months	2021 Q4	2021 12 months
Sales revenue	321 065	1 280 574	327 301	1 309 432
Other revenues	0	400 000	0	0
Total revenues from operating activities	321 065	1 680 574	327 301	1 309 432
Cost of goods sold	-2 784	-3 516	0	0
Other operating expenses	-18 274	-74 412	-19 871	-107 503
Staff costs	-114	-454	-100	-390
Depreciation of fixed assets	-53 661	-216 001	-54 482	-218 234
Operating profit	246 232	1 386 191	252 848	983 305
Financial income (expenses)	-136 254	-495 239	-113 901	-514 551
Profit before income tax	109 978	890 952	138 947	468 754
Income tax	-13 949	-123 343	-18 112	-71 750
Net profit for financial year	96 029	767 609	120 835	397 004
including the share of the owners of the parent company in net profit	96 029	767 609	120 835	397 004

CONSOLIDATED CASH FLOW STATEMENT

(EUR)	2022 Q4	2022 12 months	2021 Q4	2021 12 months
Operating profit (loss)	246 232	1 386 191	252 848	983 305
Adjustments (depreciation of fixed assets)	53 661	216 001	54 482	218 234
Other corrections	0	-400 000	0	0
Change in receivables and prepayments related to operating activities	-8 916	-5 546	-2 880	-5 714
Change in payables and prepayments related to operating activities	-11 783	-132 443	-2 864	-82 338
Total cash flow from operating activities	279 194	1 064 203	301 586	1 113 487
Loans issued and bonds purchased	0	0	0	0
Repayments of loans received and redemption of bonds	-115 000	-460 000	-115 000	-460 000
Interest paid	-149 690	-495 240	-122 861	-533 864
Paid dividends	0	0	0	0
Total cash flow from financing activities	-264 690	-955 240	-237 861	-993 864
Total cash flow	14 504	108 963	63 725	119 623
Cash at beginning of period	691 703	597 244	533 519	477 621
Change in cash	14 504	108 963	63 725	119 623
Cash at end of period	706 207	706 207	597 244	597 244

Statement of the Management Board

The financial and other additional information published in the Interim Report January – December 2022 is true and complete. Consolidated financial statements give a true and fair view of the actual financial position, results of operations and cash flows of the Company. According to the Terms and Conditions of the Note Issue, the Company confirms that during the interim report period there has been non-occurrence of an Extraordinary Early Redemption Event and according to Clause 3.4.12 of the Terms the Collateral is properly insured at all times.

Consolidated financial statements in the report for the period January – December 2022 are not audited.

Marko Tali
Member of the Management Board
Tallinn, 27.03.2023