

## CONSOLIDATED INTERIM REPORT

### UPP & CO KAUNO 53 OÜ

Beginning of reporting period: January 1<sup>st</sup>, 2023  
End of reporting period: March 31<sup>st</sup>, 2023

Registry code: 14194597

Registered office: Pärnu mnt 141  
Tallinn  
11314  
Harju County

Telephone: +372 661 6450

e-mail address: [property@unitedpartners.ee](mailto:property@unitedpartners.ee)  
website address: [www.unitedpartners.ee](http://www.unitedpartners.ee)

# 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 m<sup>2</sup> 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. 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

Sales revenue was 331 391 euros in 1Q 2023 (1Q 2022: 317 039). Operating profit was 248 167 euros in 1Q 2023 (1Q 2022: 642 116). Net income was 83 263 euros in 1Q 2023 (1Q 2022: 442 283).

Lower operating- and net profit in 1Q 2023 is due to the revaluation of the real estate investment in Q1 2022 by an accredited appraiser.

<b>Financial ratios of the Group</b>	<b>2023 3 months</b>	<b>2022 3 months</b>
Net profit margin %	59,94%	139,50%
Debt to equity ratio	4,25	6,22
Debt ratio	0,84	0,86
Long-term debt ratio	0,80	0,72
Return on equity %	3,22%	18,59%
Equity ratio	0,163	0,14
Return on assets %	0,49%	2,58%

### Formulas for ratios

Net profit margin %, total comprehensive income for the period/sales revenue

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

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### **Recall of the council and amendment of the articles of association**

The Shareholder (UPP Logistics Properties OÜ) of the parent company decided on 26.04.2023 to recall the parent company's supervisory board and in connection with this to amend the parent company's articles of association. The decision and statute were published with the according company announcement in Nasdaq Baltic stock exchange on 26.04.2023.

The Shareholder decided to recall the council because the council had no function. Already in 2020, United Partners consolidated its commercial real estate investments under the Shareholder, and decisions regarding the parent company's business activities are made at the Shareholder level. In addition to the parent company's council, the councils of all other sister companies of the parent company were also recalled.

### **Management board**

The management board of UPP & CO Kauno 53 OÜ consists of one member: Marko Tali, Chairman of the Management Board.

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

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

Other than the management 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>31.03.2023</u>	<u>31.03.2022</u>
Cash	720 393	631 377
Receivables and prepayments	<u>16 801</u>	<u>12 521</u>
<b>Total current assets</b>	<b><u>737 194</u></b>	<b><u>643 898</u></b>
Investment properties	16 150 000	16 150 000
Tangible fixed assets	110	1 826
Goodwill	<u>160 108</u>	<u>373 577</u>
<b>Total fixed assets</b>	<b><u>16 310 218</u></b>	<b><u>16 525 403</u></b>
<b>TOTAL ASSETS</b>	<b><u>17 047 412</u></b>	<b><u>17 169 301</u></b>
Short-term loans payable	460 000	460 000
Payables and prepayments	<u>101 016</u>	<u>152 281</u>
<b>Total current liabilities</b>	<b><u>561 016</u></b>	<b><u>612 281</u></b>
Long-term loans payable	11 390 184	11 850 184
Long-term provisions	<u>2 309 203</u>	<u>2 328 413</u>
<b>Total non-current liabilities</b>	<b><u>13 699 387</u></b>	<b><u>14 178 597</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>14 260 403</u></b>	<b><u>14 790 878</u></b>
Share capital	2 500	2 500
Retained earnings	<u>2 784 509</u>	<u>2 375 923</u>
<b>TOTAL EQUITY</b>	<b><u>2 787 009</u></b>	<b><u>2 378 423</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>17 047 412</u></b>	<b><u>17 169 301</u></b>

## CONSOLIDATED INCOME STATEMENT

(EUR)	<u>2023</u> <u>Q1</u>	<u>2022</u> <u>Q1</u>
Sales revenue	331 391	317 039
Other revenues	0	400 000
<b>Total revenues from operating activities</b>	<b>331 391</b>	<b>717 039</b>
Cost of goods sold	-4 143	-1 992
Other operating expenses	-25 291	-18 337
Staff costs	-129	-114
Depreciation of fixed assets	-53 661	-54 480
<b>Operating profit</b>	<b>248 167</b>	<b>642 116</b>
<b>Financial income (expenses)</b>	<b>-152 073</b>	<b>-124 627</b>
<b>Profit before income tax</b>	<b>96 094</b>	<b>517 489</b>
Income tax	-12 831	-75 206
<b>Net profit for financial year</b>	<b>83 263</b>	<b>442 283</b>
including the share of the owners of the parent company in net profit	83 263	442 283

## CONSOLIDATED CASH FLOW STATEMENT

(EUR)	2023 Q1	2022 Q1
<b>Operating profit (loss)</b>	<b>248 167</b>	<b>642 116</b>
Adjustments (depreciation of fixed assets)	53 661	54 480
Other corrections	0	-400 000
Change in receivables and prepayments related to operating activities	941	-322
Change in payables and prepayments related to operating activities	1 230	-22 515
Paid corporate tax	-22 741	0
<b>Total cash flow from operating activities</b>	<b>281 258</b>	<b>273 759</b>
Loans issued and bonds purchased	0	0
Repayments of loans received and redemption of bonds	-115 000	-115 000
Interest paid	-152 072	-124 626
Paid dividends	0	0
<b>Total cash flow from financing activities</b>	<b>-267 072</b>	<b>-239 626</b>
<b>Total cash flow</b>	<b>14 186</b>	<b>34 133</b>
<b>Cash at beginning of period</b>	<b>706 207</b>	<b>597 244</b>
Change in cash	14 186	34 133
<b>Cash at end of period</b>	<b>720 393</b>	<b>631 377</b>

### Statement of the Management Board

The financial and other additional information published in the Interim Report January – March 2023 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 – March 2023 are not audited.

Marko Tali  
Member of the Management Board  
Tallinn, 19.06.2023