

## CONSOLIDATED INTERIM REPORT

### UPP & CO KAUNO 53 OÜ

Beginning of reporting period: 1 January 2023  
End of reporting period: 30 September 2023

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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 21 224 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 activities of the company have no major environmental and social impacts.

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

The energy prices have come down from the highs of 2022 and settled at a more reasonable level, but are still considerably higher compared to the level before the price shock. This has had an impact on the operational costs of the Group's customers in the logistics center. The Group is investigating ways to make the logistics center more energy efficient in the medium-to-long term.

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 3Q and 9 months of 2023 economic performance

Sales revenue was 330 kEUR in 3Q 2023 (323 kEUR in 3Q 2022) and 993 kEUR for the nine months of 2023 (963 kEUR for 9 months of 2022).

Operating profit was 250 kEUR in 3Q 2023 (252 kEUR in 3Q 2022) and 756 kEUR for the nine months of 2023 (1.14 mEUR for 9 months of 2022). EBITDA was 303 kEUR in 3Q 2023 (305 kEUR in 3Q 2022) and EBITDA for the nine months of 2023 was 917 kEUR (902 kEUR for 9 months of 2022).

Net income was 69 kEUR in 3Q 2023 (117 kEUR in 3Q 2022) and 236 kEUR for the nine months of 2023 (672 kEUR for 9 months 2022).

The lower operating and net profit for the nine months is primarily attributed to higher comparison base in 2022 due to the revaluation of real estate on that year and to increased interest expenses, which have grown by ~40% during the 9 months of 2023. It is worth noting that ~52% of financial expenses (256 kEUR for 9 months of 2023) are fixed and not influenced by changes in 3-month EURIBOR.

<b>Financial ratios of the Group</b>	<b>9 months 2023</b>	<b>9 months 2022</b>
Debt to equity ratio	3.92	4.63
Debt ratio	0.83	0.85
Long-term debt ratio	0.70	0.82
Return on equity %	8.03%	25.75%
Equity ratio	0.17	0.15
Return on assets %	1.4%	3.92%

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**Formulas for ratios**

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Debt to equity ratio = interest bearing liabilities/equity

Debt ratio = liabilities/(liabilities+ equity)

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

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

Equity ratio = equity/average assets (12 months)

Return on fixed assets (ROA %) = net profit/fixed assets\*100

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**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>30.09.2023</u>	<u>30.09.2022</u>
Cash	633,374	691,703
Receivables and prepayments	16,662	8,830
<b>Total current assets</b>	<b><u>650,036</u></b>	<b><u>700,533</u></b>
Investment properties	16,150,000	16,150,000
Tangible fixed assets	12	699
Goodwill	53,375	266,843
<b>Total fixed assets</b>	<b><u>16,203,387</u></b>	<b><u>16,417,542</u></b>
<b>TOTAL ASSETS</b>	<b><u>16,853,423</u></b>	<b><u>17,118,075</u></b>
Short-term loans payable	5,160,000	460,000
Payables and prepayments	93,948	111,362
<b>Total current liabilities</b>	<b><u>5,253,948</u></b>	<b><u>571,362</u></b>
Long-term loans payable	6,360,184	11,620,184
Long-term provisions	2,299,597	2,318,808
<b>Total non-current liabilities</b>	<b><u>8,659,781</u></b>	<b><u>13,938,992</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>13,913,729</u></b>	<b><u>14,510,354</u></b>
Share capital	2,500	2,500
Retained earnings	2,937,194	2,605,221
<b>TOTAL EQUITY</b>	<b><u>2,939,694</u></b>	<b><u>2,607,721</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>16,853,423</u></b>	<b><u>17,118,075</u></b>

**CONSOLIDATED INCOME STATEMENT**

(EUR)

	2023 Q3	2023 9 months	2022 Q3	2022 9 months
Sales revenue	330,022	993,074	322,564	962,513
Other revenues	0	0	0	400,000
<b>Total revenues from operating activities</b>	<b>330,022</b>	<b>993,074</b>	<b>322,564</b>	<b>1,362,513</b>
Cost of goods sold	-3,392	-11,031	-3,116	-7,056
Other operating expenses	-23,456	-64,787	-14,393	-52,817
Staff costs	-127	-385	-112	-340
Depreciation of fixed assets	-53,367	-160,493	-53,380	-162,340
<b>Operating profit</b>	<b>249,680</b>	<b>756,378</b>	<b>251,563</b>	<b>1,139,960</b>
<b>Financial income (expenses)</b>	<b>-171,630</b>	<b>-487,799</b>	<b>-117,049</b>	<b>-358,985</b>
<b>Profit before income tax</b>	<b>78,050</b>	<b>268,579</b>	<b>134,514</b>	<b>780,975</b>
Income tax	-8,600	-32,631	-17,176	-109,394
<b>Net profit for financial year</b>	<b>69,450</b>	<b>235,948</b>	<b>117,338</b>	<b>671,581</b>
incl. net profit share of the owners of the parent company	69,450	235,948	117,338	671,581

**CONSOLIDATED CASH FLOW STATEMENT**

(EUR)

	2023 3Q	2023 9 months	2022 3Q	2022 9 months
<b>Operating profit (loss)</b>	<b>249,680</b>	<b>756,378</b>	<b>251,563</b>	<b>1,139,960</b>
Adjustments (depreciation of fixed assets)	53,367	160,493	53,380	162,340
Other corrections	0	0	0	-400,000
Change in receivables and prepayments related to operating activities	-8,225	2,481	-2,112	3,370
Change in payables and prepayments related to operating activities	8,059	-6,641	4,020	-14,596
Paid corporate tax	-20,638	-52,746	-22,741	-106,065
<b>Total cash flow from operating activities</b>	<b>282,243</b>	<b>859,965</b>	<b>284,110</b>	<b>785,009</b>
Repayments of loans received and redemption of bonds	-215,000	-445,000	-115,000	-345,000
Interest paid	-171,630	-487,798	-117,050	-345,550
<b>Total cash flow from financing activities</b>	<b>-386,630</b>	<b>-932,798</b>	<b>-232,050</b>	<b>-690,550</b>
<b>Total cash flow</b>	<b>-104,387</b>	<b>-72,833</b>	<b>52,060</b>	<b>94,459</b>
<b>Cash at beginning of period</b>	<b>737,761</b>	<b>706,207</b>	<b>639,643</b>	<b>597,244</b>
Change in cash	-104,387	-72,833	52,060	94,459
<b>Cash at end of period</b>	<b>633,374</b>	<b>633,374</b>	<b>691,703</b>	<b>691,703</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(EUR)

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>As of 31.12.2022</b>	<b>2,500</b>	<b>2,701,246</b>	<b>2,703,746</b>
Change during the reporting period	0	235,948	235,948
<b>As of 30.09.2023</b>	<b>2,500</b>	<b>2,937,194</b>	<b>2,939,694</b>
<b>As of 31.12.2021</b>	<b>2,500</b>	<b>1,933,640</b>	<b>1,936,140</b>
Change during the reporting period	0	671,581	671,581
<b>As of 30.09.2022</b>	<b>2,500</b>	<b>2,605,221</b>	<b>2,607,721</b>

**Statement of the Management Board**

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

Marko Tali  
 Member of the Management Board  
 Tallinn, 14.11.2023