Consolidated Annual Report

Start of financial year: 01/01/2024
End of financial year: 31/12/2024

Business **name:** UPP & CO KAUNO 53 OÜ

Commercial register number: 14194597

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MANAGEMENT REPORT

General

The parent company UPP & CO Kauno 53 OÜ (hereinafter together with its Subsidiary Group referred to as the Group) was formed for the acquisition and management of investment property and for raising capital for this transaction.

In 2017, the company acquired a 100% ownership interest in the Group Promalita UAB, incorporated in the Republic of Lithuania, which owns a logistics centre near Vilnius. The net floor area of the centre is 21,232 m2 and it is fully leased out. The Rimi retail chain is the anchor tenant.

Management report

The Group's revenue for the financial year was EUR 1,358,070 (2023: EUR 1,323,920). Finance costs for the financial year were EUR 682,874 (2023: EUR 655,143). The increase in finance costs for the financial year was attributable to a partial bond redemption by UPP & CO Kauno 53 OÜ and the supplementary loan obtained from the Parent Group for such purposes, resulting in increased interest expense.

The Group employs no permanent staff and therefore pays no employee salaries, however it remunerates its Management Board members. Such expenses including taxes amounted to EUR 436 (2023: EUR 510) for the year, no other benefits were granted.

The Group continues to view the macroeconomic situation as complicated but with signs of improvement: interest rates have declined from their peak and a modest growth is expected in the Baltic economy. Customers are current on their obligations to the Group and based on conversations held with them on an ongoing basis there is no reason to doubt their ability to perform their obligations in the future.

During the reporting period, the average EURIBOR rate that underlies the Group's bank loan was 3.3%, which caused interest expense to increase by 12%. Despite higher interest expense, the Group maintained a strong debt service capacity. The Group has accumulated sufficient reserves and close to two-thirds of the Group's borrowing costs are fixed. Therefore, the Group continues to maintain a strong debt service capacity in 2025.

The leased out building is at full occupancy, all payments from customers are received on time and the Group has duly settled its liabilities as at the year-end.

As the Group was formed solely to operate this business, no structural change in business is planned for the financial year following the reporting year. The group has also not assumed liabilities or issued guarantees that may materially impact the results of future financial years.

During the financial year, the Group contracted experts to conduct a market value appraisal of investment property that was completed in January 2025 and which showed an increase in the value of investment property compared to the end of 2023. As the last value appraisal by a certified appraiser was conducted as at year-end 2021, the growth of the financial year is mainly attributable to rent indexation over the three-year period.

<u>Key events</u>

Amendment to the terms and conditions of the UPP & CO Kauno 53 OÜ bond issue and partial redemption

On 21 June 2024, UPP & CO Kauno 53 OÜ (the Issuer) requested for a waiver from Investors to amend the Covenants and Collateral Agent Agreements of the "Terms and Conditions of UPP & CO Kauno 53 OÜ Subordinated Note Issue Dated 7th April 2017 (As amended on 16th August 2017)" (the Terms). The amended covenants became effective on 15 July 2024 when at least 2/3 of Investors had consented to such amendment. The new Maturity Date of the issue is 17 July 2026 and the Interest Rate effective from 18 July 2024 is 7% per annum. The amended and approved Covenants are available in a stock exchange announcement published by the Issuer on 16 July 2024.

On 30 July 2024, mEUR 1.490 of the Issue was redeemed with funding from the Group's cash balance and a supplementary loan granted by the sole shareholder.

The Group's business is not seasonal, cyclical or subject to any significant environmental or social impacts. As the Group was formed solely to operate this business, no structural change in business is planned for the financial year following the reporting year.

During the financial year, the Group has not entered into contracts or issued guarantees that may impact its future financial position or financial performance.

Key financial ratios	2024	2023
Debt to equity ratio (times)	3.84	4.58
Debt ratio (times)	0.79	0.82
Long-term debt ratio (times)	0.75	0.67
Return on equity (ROE) %	12.88%	10.92%
Equity ratio (times)	0.21	0.18
ROA %	2.48%	1.84%

Formulas used to calculate ratios:
Debt to equity ratio = borrowings/equity
Debt ratio (times) = liabilities/(liabilities+equity)
Long-term debt ratio = long-term borrowings/(long-term borrowings+equity)
Return on equity (ROE) % = net profit/average equity (12 months) *100
Equity ratio = equity/average assets (12 months)
Return on assets (ROA) % = net profit/ average assets* 100

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

Marko Tali
Management Board member

Financial statements

Consolidated balance sheet
(euros)

	31/12/2024	31/12/2023	Notes
Assets			
Current assets			
Cash	285,241	647,060	2
Receivables and prepayments	31,034	25,235	3
Total current assets	**316,275**	**672,295**	
Non-current assets			
Investment property	16,300,000	16,150,000	6
Property, plant and equipment	12	12	
Total non-current assets	**16,300,012**	**16,150,012**	
Total assets	**16,616,287**	**16,822,307**	
Liabilities and equity			
Liabilities			
Current liabilities			
Borrowings	460,000	5,160,000	7
Payables and prepayments	94,490	106,329	8
Total current liabilities	**554,490**	**5,266,329**	
Non-current liabilities			
Borrowings	10,145,184	6,245,184	7
Provisions	2,485,442	2,294,794	9
Total non-current liabilities	**12,630,626**	**8,539,978**	
Total liabilities	**13,185,116**	**13,806,307**	
Equity			
Equity attributable to parent company's shareholders			
Share capital at nominal value	2,500	2,500	11
Retained earnings (accumulated deficit)	3,013,500	2,701,246	
Profit (loss) for the financial year	415,171	312,254	
Total equity attributable to parent company's shareholders	**3,431,171**	**3,016,000**	
Total equity	**3,431,171**	**3,016,000**	
Total liabilities and equity	**16,616,287**	**16,822,307**	

Consolidated income statement

(euros)

	2024	2023	Note
Revenue	1,358,070	1,323,920	12
Other income	150,000	0	13
Goods, raw materials and services	-53,308	-15,738	
Miscellaneous operating expenses	-105,827	-84,174	14
Staff costs	-436	-510	
Depreciation, amortisation and impairment	0	-213,868	
Other expenses	0	-40	
Operating profit (loss)	**1,348,499**	**1,009,590**	
Interest income	10,365	6,942	
Interest expenses	-693,239	-662,085	16
Profit (loss) before income tax	**665,625**	**354,447**	
Income tax	-250,454	-42,193	17
Profit (loss) for the financial year	**415,171**	**312,254**	
Profit (loss) attributable to parent company shareholders	415,171	312,254	

Consolidated statement of cash flows
(euros)

	2024	2023	Note
Cash flows from operating activities			
Operating profit (loss)	1,348,499	1,009,590	
Adjustments			
Depreciation, amortisation and impairment	0	213,868	
Other adjustments	-150,000	0	13
Total adjustments	**-150,000**	**213,868**	
Change in receivables and prepayments related to operating activities	-5,800	-7,493	
Change in liabilities and prepayments related to operating activities	-23,152	13,414	
Corporate income tax paid	-35,996	-73,384	
Total cash flows from operating activities	**1,133,551**	**1,155,995**	
Cash flows from investing activities			
Interest received	10,365	6,942	
Total cash flows from investing activities	**10,365**	**6,942**	
Cash flows from financing activities			
Loans received	1,150,000	0	7
Repayment of borrowings	-1,950,000	-560,000	7
Interest paid	-705,735	-662,084	
Total cash flows from financing activities	**-1,505,735**	**-1,222,084**	
Total cash flows	**-361,819**	**-59,147**	
Cash and cash equivalents at the beginning of the period	647,060	706,207	2
Change in cash and cash equivalents	**-361,819**	**-59,147**	
Cash and cash equivalents at the end of the period	285,241	647,060	2

Consolidated statement of changes in equity
(euros)

	Equity attributable to parent company's shareholders		Total
	Share capital at nominal value	Retained earnings (accumulated deficit)	
31/12/2022	2,500	2,701,246	2,703,746
Profit (loss) for the financial year	0	312,254	312,254
31/12/2023	2,500	3,013,500	3,016,000
Profit (loss) for the financial year	0	415,171	415,171
31/12/2024	2,500	3,428,671	3,431,171

Notes to the financial statements

Note 1 Accounting policies

General

UPP & CO Kauno 53 OÜ (hereinafter "Parent Company") is a company incorporated and operating in Estonia. The consolidated financial statements present the Parent Company’s and its Lithuanian subsidiary’s, Promalita UAB, (hereinafter collectively "Group") consolidated assets, liabilities, equity, results of their operations and cash flows.

The 2024 consolidated financial statements of UPP & CO Kauno 53 OÜ are prepared in accordance with the Estonian financial reporting standard. The Estonian financial reporting standard is based on internationally recognised accounting and reporting standards and is prescribed by the Accounting Act of Estonia and supplemented by the guidelines issued by the Accounting Standards Board.

The consolidated financial statements are presented in euros. The income statement has been prepared based on scheme No. 1.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

Preparation of consolidated financial statements

The consolidated financial statements are prepared by combining the financial indicators of the Parent Company and its subsidiaries based on the assumption that they operate as a single economic entity.

Subsidiaries are all companies controlled by the Parent Company. Control is presumed when the Parent Company owns, directly or through subsidiaries, more than 50% of the voting rights in its subsidiary or the Parent Company is otherwise able to control the operational or financial policy of subsidiaries.

In the consolidated statements, the financial indicators of the parent company and subsidiaries are added up on a line-by-line basis, eliminating entirely intra-group receivables, payables and transactions, and the unrealised gains and losses arising thereby. Investments in subsidiaries reported in the balance sheet of the Parent Company are eliminated against the holdings of the Parent Company in the equity of the subsidiaries. In subsidiaries where the Parent Company’s ownership interest is below 100%, minority interest in the net assets and profit/loss for the period of subsidiaries is reported separately.

Consolidated financial statements are prepared based on the accounting policies applied by the Parent Company and adjustments are made to subsidiaries’ financial statements where necessary to ensure consistency with the policies adopted by the Parent Company. Subsidiaries are consolidated from the date of acquisition until the date of disposal in the consolidated financial statements.

Investments in subsidiaries and associates in the Parent Company’s financial statements are accounted for using the equity method.

Dividends paid by the investee are recognised as a reduction in the investment when the investor becomes entitled to the dividends.

Financial assets

All financial assets are initially recognised at cost which is the fair value of the consideration paid for the financial asset. Cost also includes all directly attributable expenditure incurred in the acquisition, including fees and commissions paid to agents and advisers, non-refundable taxes arising from the transaction and other similar expenses, except for such financial assets that are measured at fair value through profit or loss.

Regular way purchases and sales of financial assets are recognised using trade date accounting, i.e. the date at which an entity commits itself (for example, concludes a contract) to purchase or sell a certain financial asset. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require the delivery of the asset within the time frame established or required by respective market regulations in the marketplace.

A financial asset is derecognised when the company loses its right to the cash flows arising from the financial asset or transfers to a third party the cash flows derived from the financial asset and substantially all risks and rewards of ownership of the financial asset.

Cash
The balance sheet item Cash comprises bank account balances. Cash payments are not accepted or made.
Cash flows from operations are prepared using the indirect method. Cash flows from investing and financing activities are presented by using the direct method, as gross receipts and payments for the reporting period.

Receivables and prepayments
Trade receivables, accrued income and other short and long-term receivables (including loans receivable and deposits) are measured at amortised cost. At each reporting date, an assessment is made whether there is any objective evidence that any such financial asset is impaired. If such evidence exists, financial assets measured at amortised cost are written down to the present value of estimated future cash flows. Impairment losses are recognised in profit or loss.

Investment property
Investment property is real estate which the Group holds mainly for the purpose of earning rental income and for capital appreciation, but not for the production of goods or services, administrative purposes or sale in the ordinary course of business.
Investment property is measured at fair value. The fair value method is applied by measuring investment property at fair value at each balance sheet date on the basis of the discounted cash flow method. Gains and losses from changes in fair value are presented in the income statement line Other income/Other expenses.

Leases

Any lease transactions which transfer all significant risks and rewards of ownership to the lessee are classified as finance leases.

All other leases are classified as operating leases.
The Group leases its assets on operating lease terms and therefore reports the assets in the balance sheet similarly to other balance sheet assets.

The lessor recognises rent earned from operating leases as revenue in the income statement over the lease period. Payments due to the lessor are inflation-adjusted based on published indices to compensate the lessor for its presumed increase in expenses due to inflation.

Financial liabilities

Financial liabilities are initially recognised at cost which is the fair value of the consideration paid or received for the financial liability. Initial cost includes all transaction costs directly attributable to the financial liabilities.

Financial liabilities are thereafter measured depending on their type either at cost or amortised cost. A financial liability is classified as current if it is due within one year from the balance sheet date or if the Group does not have an unconditional right to defer settlement of the liability by more than one year after balance sheet date. Other liabilities are classified as non-current.
A financial liability is derecognised when it is discharged, cancelled or it expires.

Interest-bearing bank loans are recognised in the proceeds received, less incurred transaction costs.
Such financial liabilities are thereafter measured at amortised cost, adjusted by principal repayments. Interest expenses are presented in the income statement line item Interest expenses as incurred.
Amortised transaction costs are expensed in the interest expenses line of the income statement.

Intra-group long-term loans received are accounted for at amortised cost, adjusted by contractual repayments over the loan term. Interest expenses are presented as incurred in the income statement line item Interest expenses at the interest rate stipulated in the relevant loan agreement.

Income
Revenue from rendering services is recognised in the period that the service is rendered if the revenue receivable can be measured reliably, receipt of payment is probable and costs incurred in respect of the transaction can be estimated reliably.
Revenue comprises sale of goods and services related to operating activities and the net method is applied to the recognition of resale of utility services.
Other income comprises irregular income outside of the ordinary course of business.
Interest income is recognised on an accrual basis when it is probable that future economic benefits associated with the transaction will flow to the Group and the interest income can be measured reliably.

Expenses

Expenses are recognised on an accrual basis, i.e. when the transaction occurs as opposed to settlement.

Expenses are recognised in the same period as the associated income. Expenses expected to participate in the generation of future economic benefits are capitalised when incurred and expensed in the same period(s) as the corresponding income.

The income statement line item Goods, raw materials and services comprises the cost of goods and services purchased directly for the purpose of operating activities. Miscellaneous operating expenses are expenses not directly attributable to services rendered. Other income comprises irregular income outside of the ordinary course of business. Interest expense is recognised on an accrual basis in the reporting period.

Taxation

Pursuant to the Income Tax Act, legal entities incorporated in Estonia are not subject to income tax on profits earned and profits distributed through bonus issue are also not taxable. Companies are subject to income tax on profit distributed as dividends or other distributions of earnings, including distributions from equity in excess of monetary and non-monetary contributions to equity upon monetary or non-monetary distribution. According to Estonian tax legislation the Company is unable to distribute all of its available equity without additional expenditure as some of the equity will cover the dividend tax. No provisions are made to cover future dividend taxes before such dividends are declared. However, disclosures are provided in the notes to the financial statements.
Corporate income tax arising from the payment of dividends or other distributions from equity is recognised as a liability and expensed when dividends or other distributions from equity are declared. Dividend tax is recognised as income tax expense in the income statement in the period in which dividends are declared, regardless of the period for which the dividends are declared or the actual payment date.
On this basis of the Act, profits distributed by the Company as dividends or other distributions are subject to income tax at the rate of 20/80 (with effect from 01/01/2025 at the rate of 22/78) on the distribution amount.

Taxation of subsidiaries with foreign incorporation.
Pursuant to income tax legislation, corporate net income adjusted by temporary and permanent differences set out in the income tax legislation is taxed at the income tax rate of 15% in Lithuania. Deferred income tax is provided, using the asset and liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised only when it is probable that profit will be available against which the deferred tax assets can be utilised.

Related parties

Entities are considered to be related if one party either controls the other party or has significant influence over the business decisions of the other party, including the parent entity, other companies in the same group, management board members of the group entities, their family members and companies under the control or significant influence of the aforementioned persons.

Note 2 Cash

(euros)

	31/12/2024	**31/12/2023**
Bank account balances	285,241	147,060
Term deposit	0	500,000
Total cash	**285,241**	**647,060**

The Group banks with OP Bank in Estonia and Lithuania. Cash payments are not accepted or made. Term deposits (of up to 3 months) earned interest income of EUR 10,356 (2023: 6,942) in the reporting period.

Note 3 Receivables and prepayments
(euros)

	31/12/2024	Within 12 months	Notes
Trade receivables	3,641	3,641	
Accounts receivable	3,641	3,641	
Prepaid taxes and receivables for reclaimed taxes	12,182	12,182	4
Prepayments	15,211	15,211	
Other prepayments made	15,211	15,211	
Total receivables and prepayments	**31,034**	**31,034**	
	31/12/2023	**Within 12 months**	**Notes**
Trade receivables	8,609	8,609	
Prepaid taxes and receivables for reclaimed taxes	3,550	3,550	4
Prepayments	13,076	13,076	
Deferred expenses	4,390	4,390	
Other prepayments made	8,686	8,686	
Total receivables and prepayments	**25,235**	**25,235**	

Note 4 Prepaid taxes and tax liabilities
(euros)

	31/12/2024		31/12/2023	
	Prepayment	Tax liability	Prepayment	Tax liability
Corporate income tax	12,182	0	3,550	0
Value added tax	0	23,776	0	24,464
Other prepaid taxes and tax liabilities	0	18,452	0	19,400
Total prepaid taxes and tax liabilities	**12,182**	**42,228**	**3,550**	**43,864**

See Note 3 and Note 8.

Note 5 Shares in subsidiaries
(euros)

Shares in subsidiaries, general information					
Reg. No. of subsidiary	**Name of subsidiary**	**Domicile**	**Industry**	**Ownership interest (%)**	
				31/12/2023	**31/12/2024**
30440634	Promalita UAB	Lithuania	Property management	100	100

Note 6 Investment property
(euros)

Fair value method	
31/12/2022	16,150,000
31/12/2023	**16,150,000**
Gain (loss) on change in fair value	150,000
31/12/2024	**16,300,000**

	2024	2023
Rental income earned on investment property	1,358,070	1,323,920
Direct administrative costs of investment property	-53,308	-15,738

The independent appraiser of investment property was Colliers International Advisors UAB during the reporting period. The appraisal report was completed in January 2025, showing an increase in the value of investment property compared to the end of 2023. As the last value appraisal by a certified appraiser was issued in 2022, the growth of the financial year is mainly attributable to rent indexation between the appraisal periods. Rent subject to appraisal has grown by 7% since the previous appraisal. However, discount rates and capitalization rates have also increased over that period.

According to the independent appraiser’s view of 2022 and the management’s view of 2023, the discount rate was 8.60% and the capitalization rate was 7.50%. The discount rate and capitalization rate applied by the independent appraiser for the reporting period were 9.95% and 7.75%, respectively.

Only costs borne by the Group itself are deemed direct administrative costs. The majority of costs are passed onto customers under agreement. See Note 12 and Note 13.

Note 7 Borrowings

(euros)

	31/12/2024	Classification by remaining maturity			Interest rate	Underlying currency	Maturity
		Within 12 months	From 1 to 5 years	Over 5 years			
Long-term loans							
OP Corporate Bank	5,673,334	460,000	5,213,334		3 month EURIBOR +1.91%	EUR	31/03/2027
Parent company	1,721,850	0	1,721,850		8%	EUR	Unspecified term
Total long-term loans	7,395,184	460,000	6,935,184				
Long-term bonds							
UPP&CO Kauno 53 subordinated bonds	3,210,000	0	3,210,000		7%	EUR	17/07/2026
Total long-term bonds	3,210,000	0	3,210,000				
Total borrowings	**10,605,184**	**460,000**	**10,145,184**				

	31/12/2023	Classification by remaining maturity			Interest rate	Underlying currency	Maturity
		Within 12 months	From 1 to 5 years	Over 5 years			
Short-term loans							
UPP&CO Kauno 53 subordinated bonds	4,700,000	4,700,000			6%	EUR	17/07/2024
Total short-term loans	4,700,000	4,700,000					
Long-term loans							
OP Corporate Bank	6,133,334	460,000	5,673,334		3 month EURIBOR +1.91%	EUR	31/03/2027
Parent company	571,850	0	571,850		8%	EUR	Unspecified term
Total long-term loans	6,705,184	460,000	6,245,184				
Total borrowings	**11,405,184**	**5,160,000**	**6,245,184**				

Collateral for loans and mortgages are set out below:

1. First lien mortgage on RIMI LC property at Vievis, Kauno g.53, Republic of Lithuania, in the amount of EUR 11,960,000, with a minimum property market value requirement of EUR 15,300,000;
2. Second lien mortgage on RIMI LC property at Vievis, Kauno g.53, Republic of Lithuania, in the amount of EUR 6,110,000 in favor of the collateral agent or pledgee (recorded in favor of the investors pursuant to the collateral agent agreement and terms and conditions).

Total interest accrued on loans and bonds during the reporting period was EUR 693,239 (2023: EUR 662,085).

See Note 16.

Note 8 Payables and prepayments
(euros)

	31/12/2024	Within 12 months	Notes
Trade payables	6,658	6,658	
Payables to employees	40	40	
Tax liabilities	42,228	42,228	4
Other payables	45,564	45,564	
Interest payable	45,564	45,564	
Total liabilities and prepayments	**94,490**	**94,490**	
	31/12/2023	**Within 12 months**	**Notes**
Trade payables	4,369	4,369	
Payables to employees	129	129	
Tax liabilities	43,864	43,864	4
Other payables	57,967	57,967	
Interest payable	57,967	57,967	
Total liabilities and prepayments	**106,329**	**106,329**	

Note 9 Provisions
(euros)

	31/12/2023	Recognition/ adjustment	31/12/2024
Total provisions	**2,294,794**	**190,648**	**2,485,442**
Long-term	**2,294,794**	**190,648**	**2,485,442**
Tax provision	2,294,794	190,648	2,485,442
	31/12/2022	**Recognition/ adjustment**	**31/12/2023**
Total provisions	**2,314,006**	**-19,212**	**2,294,794**
Long-term	**2,314,006**	**-19,212**	**2,294,794**
Tax provision	2,314,006	-19,212	2,294,794

Provisions are comprised of the Lithuanian subsidiary’s deferred tax liabilities.

Note 10 Contingent liabilities and assets
(euros)

	31/12/2024	31/12/2023
Contingent liabilities		
Potential dividends	3,428,671	3,013,500
Income tax liability on potential dividends	-754,308	-602,700
Total contingent liabilities	**2,674,363**	**2,410,800**

The Group's potential income tax liability.

The calculation of the maximum potential income tax liability is based on the assumption that the net dividends distributed and the arising income tax expense in total cannot exceed the profit eligible for distribution at 31 December 2024. A further factor considered is that the income tax rate has changed after the balance sheet date.

Note 11 Share capital

(euros)

	31/12/2024	31/12/2023
Share capital	2,500	2,500
Number of shares	1	1

Note 12 Revenue

(euros)

	2024	2023
Revenue by geographic region		
Sales to European Union Member States		
Lithuania	1,358,070	1,323,920
Total sales to European Union Member States	**1,358,070**	**1,323,920**
Total revenue	**1,358,070**	**1,323,920**
Revenue by industry sector		
Lease of premises	1,358,070	1,323,920
Total revenue	**1,358,070**	**1,323,920**

Note 13 Other income

(euros)

	2024	2023	Note
Gain on change in fair value of investment property	150,000	0	6
Total other income	**150,000**	**0**	

Note 14 Miscellaneous operating expenses

(euros)

	2024	2023	Note
Miscellaneous office expenses	-5,910	-999	
Management services	-61,077	-54,747	18
Securities custodian and commission fees	-16,797	-9,259	
Legal and other advisory service fee expenses	-22,043	-19,169	
Total miscellaneous operating expenses	**-105,827**	**-84,174**	

Note 15 Staff costs
(euros)

	2024	2023
Wages and salaries	-427	-499
Social taxes	-9	-11
Total staff costs	**-436**	**-510**
Average number of employees by employment type:		
Legal entity's management or supervisory body member	1	1

Note 16 Interest expense
(euros)

	2024	2023	Note
Interest expense on bonds	-266,614	-282,000	
Interest expense on loans	-426,625	-380,085	
Total interest expense	**-693,239**	**-662,085**	7

Note 17 Income tax
(euros)

The Group's income tax expense for the financial year was EUR 250,454 (2023: 42,193), arising from the Lithuanian subsidiary's tax liability.

Note 18 Related parties
(euros)

Name of parent of reporting entity	UPP Logistics Properties OÜ
Country of incorporation of reporting entity's parent	Estonia
Name of group of reporting entity's parent	United Partners Group OÜ
Country of incorporation of group's parent entity	Estonia

Related party balances by category

NON-CURRENT	31/12/2024	31/12/2023
Borrowings		
Parent entity	1,721,850	571,850
Total borrowings	**1,721,850**	**571,850**

BORROWINGS	31/12/2022	Proceeds from borrowings	Repayment of borrowings	31/12/2023
Parent entity	671,850	0	100,000	571,850
Total borrowings	**671,850**	**0**	**100,000**	**571,850**

BORROWINGS	31/12/2023	Proceeds from borrowings	Repayment of borrowings	31/12/2024
Parent entity	571,850	1,150,000	0	1,721,750
Total borrowings	**571,850**	**1,150,000**	**0**	**1,721,750**

PURCHASES	2024	2023
	Services	Services
Parent entity	61,077	54,747
Total purchases	**61,077**	**54,747**

Compensation and other significant benefits calculated to the management and senior management		
	2024	**2023**
Calculated compensation	436	499

Total interest accrued on the parent company loan during the reporting period was EUR 85,359 (2023: EUR 51,370). Interest was paid in full during the reporting period. There is no outstanding interest payable to the parent company as at 31 December 2024.

The company did not enter into discounted transactions with related parties during the period.

No additional benefits are due to Management Board members.

Note 19 Parent company’s balance sheet
(euros)

	31/12/2024	31/12/2023
Assets		
Current assets		
Cash	114,130	125,650
Receivables and prepayments	4,687	4,080
Total current assets	**118,817**	**129,730**
Non-current assets		
Investments in subsidiaries and associates	3,293,511	2,909,863
Receivables and prepayments	4,996,350	5,306,350
Total non-current assets	**8,289,861**	**8,216,213**
Total assets	**8,408,678**	**8,345,943**
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	0	4,700,000
Payables and prepayments	45,657	58,093
Total current liabilities	**45,657**	**4,758,093**
Non-current liabilities		
Borrowings	4,931,850	571,850
Total non-current liabilities	**4,931,850**	**571,850**
Total liabilities	**4,977,507**	**5,329,943**
Equity		
Share capital at nominal value	2,500	2,500
Retained earnings (accumulated deficit)	3,013,500	2,701,246
Profit (loss) for the financial year	415,171	312,254
Total equity	**3,431,171**	**3,016,000**
Total liabilities and equity	**8,408,678**	**8,345,943**

Note 20 Parent company’s income statement
(euros)

	2024	2023
Miscellaneous operating expenses	-29,379	-17,983
Total operating profit (loss)	**-29,379**	**-17,983**
Profit (loss) from subsidiaries	383,648	239,087
Interest income	412,875	424,516
Interest expenses	-351,973	-333,366
Profit (loss) before income tax	**415,171**	**312,254**
Profit (loss) for the financial year	**415,171**	**312,254**

Note 21 Parent company's statement of cash flows

(euros)

	2024	2023
Cash flows from operating activities		
Operating profit (loss)	-29,379	-17,983
Change in receivables and prepayments related to operating activities	-607	-180
Change in liabilities and prepayments related to operating activities	-33	1
Total cash flows from operating activities	**-30,019**	**-18,162**
Cash flows from investing activities		
Loan repayments received	310,000	0
Interest received	412,867	424,516
Total cash flows from investing activities	**722,867**	**424,516**
Cash flows from financing activities		
Loans received	1,150,000	0
Repayment of borrowings	-1,490,000	-100,000
Interest paid	-364,368	-333,366
Total cash flows from financing activities	**-704,368**	**-433,366**
Total cash flows	**-11,520**	**-27,012**
Cash and cash equivalents at the beginning of the period	125,650	152,662
Change in cash and cash equivalents	**-11,520**	**-27,012**
Cash and cash equivalents at the end of the period	114,130	125,650

Note 22 Parent company's statement of changes in equity

(euros)

				Total
	Share capital at nominal value	Statutory reserve capital	Retained earnings (accumulated deficit)	
31/12/2022	2,500	0	2,701,246	2,703,746
Profit (loss) for the financial year	0	0	312,254	312,254
31/12/2023	2,500	0	3,013,500	3,016,000
Carrying amount of holdings under control or significant influence	-2,500	-250	-2,907,113	-2,909,863
Value of holdings under control or significant influence under the equity method	2,500	250	2,907,113	2,909,863
Adjusted unconsolidated equity 31/12/2023	**2,500**	**0**	**3,013,500**	**3,016,000**
Profit (loss) for the financial year	0	0	415,171	415,171
31/12/2024	2,500	0	3,428,671	3,431,171
Carrying amount of holdings under control or significant influence	-2,500	-250	-3,290,761	-3,293,511
Value of holdings under control or significant influence under the equity method	2,500	250	3,290,761	3,293,511
Adjusted unconsolidated equity 31/12/2024	**2,500**	**0**	**3,428,671**	**3,431,171**

INDEPENDENT AUDITOR'S REPORT

(Translation of the Estonian original)

To the Shareholders of UPP &Co Kauno 53 OÜ

Opinion

We have audited the consolidated financial statements of UPP &Co Kauno 53 OÜ and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2024, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Estonian financial reporting standard.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia) (ISA (EE)s). 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 Code of Ethics for Professional Accountants (Estonia) (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management report but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with Estonian financial reporting standard, and for such internal control as management determines is necessary to enable the preparation of 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 ISA (EE)s 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 ISA (EE)s, 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

Name
Mart Nõmper
License number 499

Grant Thornton Baltic OÜ
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April 3, 2025