



UNITED PARTNERS

Interim report for 6 months 2024

UPP Olaines OÜ



Interim report for 6 months 2024 (unaudited)

Reporting period: 01.01.2024 - 30.06.2024 ('6 months 2024')

Company name: UPP Olaines OÜ

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MANAGEMENT REPORT FOR SECOND QUARTER AND 6 MONTHS OF 2024

General information

UPP Olaines OÜ (hereafter 'the Company' and 'the Group' when referred together with subsidiaries) was established for the purpose of funding, acquiring and managing the real estate investment of Olaines Logistics Park: (buildings and land) located at "Šarlotes", Olaines county, Olaines parish, Latvia, cadastre number 8080 003 0029, registered in the Land Register compartment No.5439 of the city of Olaine parish.

The management board is aware of no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the period after the reporting period of these financial statements outside the course of its regular business activities.

UPP Olaines OÜ and its subsidiary Olaines Logistics SIA are operating based on going concern.

Financial commentary for the second quarter and six months of 2024

Sales revenue was 708 kEUR in 2Q 2024 (676 kEUR in 2Q 2023) and 1.410 mEUR for the six months of 2024 (1.361 mEUR for 6 months of 2023).

Operating profit was 645 kEUR in 2Q 2024 (608 kEUR in 2Q 2023) and 1.293 mEUR for the six months of 2024 (1.148 mEUR for 6 months of 2023). EBITDA was 645 kEUR in 2Q 2024 (608 kEUR in 2Q 2023) and 1.293 mEUR for the six months of 2024 (1.148 mEUR for 6 months of 2023).

Net income was 259 kEUR in 2Q 2024 (232 kEUR in 2Q 2023) and 396 kEUR for the six months of 2024 (440 kEUR for 6 months 2023).

The higher operating profit for the reporting period is due to higher cost of goods sold and general administrative expenses in the comparison period. The former was impacted by investment property improvements during the comparison period, while the latter was affected by auditing and loan refinancing costs in the comparison period.

The lower net profit for the reporting period is due to higher interest expenses during the reporting period, which increased by 190 kEUR in the first six months of 2024 compared to the first six months of 2023. The higher interest expenses are attributable to the interest expenses of the Luminor bank loan from December 2023, amounting to 108 kEUR, being carried over to January 2024, and the remaining 82 kEUR are due to the higher EURIBOR during the reporting period.

As of June 30, 2024, the Group's assets totaled 38.0 mEUR (34.0 mEUR as of the end of 2Q 2023), of which real estate investment accounted for 87%, a total of 32.9 mEUR. As of June 30, 2024, the Group's liabilities totaled 29.2 mEUR (26.0 mEUR as of the end of 2Q 2023),

of which loans to third parties accounted for 86%, a total of 25.0 mEUR. Loan obligations to third parties were divided into 18.8 mEUR Luminor bank loan and 6.2 mEUR subordinated bonds.

The increase in Group's assets and liabilities during the reporting period is related to the loan agreement amendment signed in March 2023, according to which the loan maturity was prolonged with the option to increase the loan principal up to the initial loan principal amount of 21.28mEUR.

Key indicators of financial performance and position for 6 months 2024

(in EUR)	6 months 2024	6 months 2023
Sales revenue	1,410,065	1,361,415
Operating income	1,293,023	1,147,680
EBITDA	1,293,023	1,147,680
Net income	396,181	439,999
(in EUR)	30.06.2024	30.06.2023
Investment property	32,920,081	32,870,000
Interest-bearing loans	28,009,822	24,884,494
Interest-bearing loans less shareholder's loan	25,016,794	21,911,466
	6 months 2024	6 months 2023
Net profit margin, % (Net income / Sales revenue)	28.10%	32.32%
ROA (Net income / Average fixed assets)	1.04%	1.30%
LTV (Interest-bearing loans less shareholder's loan / Investment property)	75.99 %	66.66%
DSCR (EBITA/ Loan principal and interest payments on interest-bearing loans)	1.2	1.1

Management board

The management board of UPP Olaines OÜ has one member: Marko Tali, the chairman of the board. The management board of Olaines Logistics SIA has also one member: Siim Sild, chairman of the board. No remuneration or other benefits have been allotted to the member of the management board of UPP Olaines OÜ. The member of board of Olaines Logistics SIA receives remuneration according to Latvian legislation. There are no employees in the company besides the members of the management board.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed consolidated interim statement of comprehensive income

(in EUR)	Note	2Q 2024	2Q 2023	6 months 2024	6 months 2023
Sales revenue	5	707,570	675,679	1,410,065	1,361,415
Cost of goods sold	8	-14,705	-24,102	-53,746	-114,146
Gross profit		692,865	651,577	1,356,319	1,247,269
General and administrative expenses	9	-47,680	-43,452	-63,296	-93,464
Other operating expenses		0	0	0	-6,125
Operating income		645,185	608,125	1,293,023	1,147,680
Financial income / (cost)		-386,307	-375,868	-896,842	-707,681
Profit before income tax		258,878	232,257	396,181	439,999
Income tax		0	0	0	0
Total comprehensive income for the period		258,878	232,257	396,181	439,999

Condensed consolidated interim statement of financial position

(in EUR)	Note	30.06.2024	30.06.2023
Cash and cash equivalents		840,602	661,540
Trade and other receivables		99,381	137,112
Short-term loan receivable	11	241,332	0
Total current assets		1,181,315	798,652
Investment property	5	32,920,081	32,870,000
Tangible fixed assets	6	689,712	295,288
Long-term loan receivable	11	3,177,557	0
Total non-current assets		36,787,350	33,165,288
TOTAL ASSETS		37,968,665	33,963,940
Trade and other payables		1,155,216	1,169,375
Loans and borrowings	7	25,016,794	1,064,000
Total current liabilities		26,172,010	2,233,375
Loans and borrowings	7	2,993,028	23,820,494
Total non-current liabilities		2,993,028	23,820,494
TOTAL LIABILITIES		29,165,038	26,053,869
Share capital		2,500	2,500
Retained earnings		8,801,127	7,907,571
TOTAL EQUITY		8,803,627	7,910,071
TOTAL EQUITY AND LIABILITIES		37,968,665	33,963,940

Condensed consolidated interim statement of cash flows

(in EUR)	Note	2Q 2024	2Q 2023	6 months 2024	6 months 2023
Operating income		645,185	608,125	1,293,023	1,147,680
Decrease / (increase) in receivables		8,418	-29,123	65,258	108,713
Increase / (decrease) in payables		-21,157	31,320	-71,194	-87,542
Cash flows from operating activities		632,446	610,322	1,287,087	1,168,851
Paid for fixed assets		6,086	-11,040	-7,928	-295,288
Paid for real estate investments		-44,087	0	-50,081	0
Repayment of issued loans		60,333	0	120,668	0
Interest received		73,506	0	148,294	0
Cash flows from investment activities		95,838	-11,040	210,953	-295,288
Loans received and bonds issued		6,000	6,000	11,000	316,000
Repayments of loans and borrowings		-248,481	-197,856	-496,964	-440,868
Interests paid		-415,728	-323,907	-832,785	-603,828
Cash flows from financing activities		-658,209	-515,763	-1,318,749	-728,696
Change in cash and cash equivalents		70,075	83,519	179,291	144,867
Cash and equivalents at the beginning of the period		770,527	578,021	661,311	516,673
Cash and cash equivalents and the end of the period		840,602	661,540	840,602	661,540

Condensed consolidated interim statement of changes in equity

(in EUR)	Share capital	Retained earnings	Equity
Balance at 31.12.2023	2,500	8,404,947	8,407,447
Total comprehensive income		396,180	396,180
Balance at 30.06.2024	2,500	8,801,127	8,803,627

(in EUR)	Share capital	Retained earnings	Equity
Balance at 31.12.2022	2,500	7,467,572	7,470,072
Total comprehensive income		937,375	937,375
Balance at 31.12.2023	2,500	8,404,947	8,407,447

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1 Corporate information

UPP Olaines OÜ is a company established on 24.08.2017 and incorporated in Estonia.

The structure of UPP Olaines OÜ as of 30.06.2024 is as follows:



More information on subsidiaries provided in Note 4.

NOTE 2 Summary of significant accounting policies

Basis of preparation

These unaudited condensed consolidated interim financial statements of UPP Olaines OÜ for 6 months 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31.12.2023. They do not include all of the information required for the complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the end of last annual financial statements.

Changes in significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements.

A number of new IFRS standards are effective from 01.01.2019, but they do not have a material effect on the Group's financial statements.

NOTE 3 Critical accounting estimates and assumptions

Management of the Group makes estimates and assumptions concerning the future when preparing the interim financial statements of the Group. Such estimates and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, and the disclosure of contingent assets and contingent liabilities.

Although estimates and underlying assumptions are reviewed on an ongoing basis and they are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances, actual results may differ from the estimates.

The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

NOTE 4 Subsidiaries

UPP Olaines OÜ has a dominant holding in the following companies:

Company name	Direct parent company	Country of location	Holding		Activities
			30.06.2024	30.06.2023	
Olaines Logistics SIA	UPP Olaines OÜ	Latvia	100%	100%	Asset-owning company

NOTE 5 Reportable segments

Area of activity (in EUR)	Income from third parties			
	2Q 2024	2Q 2023	6 months 2024	6 months 2023
Rental income	690,065	663,352	1,380,130	1,335,748
Other income	17,505	12,327	29,935	25,667
Total Sales revenue	707,570	675,679	1,410,065	1,361,415

Geographical region (in EUR)	Income from third parties			
	2Q 2024	2Q 2023	6 months 2024	6 months 2023
Total Sales revenue, Latvia	707,570	675,679	1,410,065	1,361,415
Total	707,570	675,679	1,410,065	1,361,415

Geographical region (in EUR)	Investment property	
	30.06.2024	30.06.2023
Latvia	32,920,081	32,870,000
Total	32,920,081	32,870,000

NOTE 6 Tangible fixed assets

	30.06.2024	30.06.2023
(in EUR)		
Land	284,249	295,288
Construction in progress	405,463	0
Total tangible fixed assets	689,712	295,288

"Land" includes the property under the solar park with the identifier 8080 003 0664, and "Construction in Progress" includes the first installment paid for the solar park.

NOTE 7 Loans and borrowings

30.06.2024		Loans and borrowings by maturity			
(in EUR)	0-12 months	1-5 years	Total	Interest rate	Maturity
Bank loan	18,801,794	0	18,801,794	3m EURIBOR +2.75%	25.02.2025
Subordinated bonds	6,215,000	0	6,215,000	6%	25.02.2025
Shareholder's loan	0	2,993,028	2,993,028	7%	Termless
Total loan liabilities	25,016,794	2,993,028	28,009,822		

30.06.2023		Loans and borrowings by maturity			
(in EUR)	0-12 months	1-5 years	Total	Interest rate	Maturity
Bank loan	1,064,000	14,632,466	15,696,466	3m EURIBOR +2.75%	25.02.2025
Subordinated bonds	0	6,215,000	6,215,000	6%	25.02.2025
Shareholder's loan	0	2,973,028	2,973,028	7%	Termless
Total loan liabilities	1,064,000	23,820,494	24,884,494		

NOTE 8 Cost of goods sold

(in EUR)	2Q 2024	2Q 2023	6 months 2024	6 months 2023
Current repairs and maintenance	-3,033	-12,687	-26,964	-85,033
Removal of snow	0	0	0	-4,677
Property insurance	-2,223	-762	-4,447	-2,514
Real estate- and Land taxes	-9,449	-9,421	-18,897	-18,842
Other services	0	-1,232	-3,438	-3,080
Total	-14,705	-24,102	-53,746	-114,146

NOTE 9 General administrative expenses

(in EUR)	2Q 2024	2Q 2023	6 months 2024	6 months 2023
Management fee (group companies)	-31,551	-25,593	-39,132	-51,186
Phone, post, office expenses	-190	-190	-420	-375
Bank fees	-56	-6,780	-772	-18,335
Nasdaq and depository fees	-1,444	-438	-5,937	-4,873
Legal, consulting	-1,863	-1,921	-1,863	-2,465
Accounting and auditing	-9,980	-5,400	-9,980	-10,800
Salaries	-2,100	-1,860	-4,200	-3,720
Social tax	-496	-441	-992	-882
Other administrative expenses	0	-829	0	-828
Total	-47,680	-43,452	-63,296	-93,464

NOTE 10 Fair value measurement

Financial assets and liabilities carried at fair value

The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Financial assets and liabilities not carried at fair value but for which fair value is disclosed

30.06.2024 (in EUR)	Level 1	Level 2	Level 3	Carrying amount
Financial assets	4,259,491		99,381	4,358,872
Cash and cash equivalents	840,602			840,602
Trade and other receivables			99,381	99,381
Short-term loan receivable	241,332			241,332
Long-term loan receivable	3,177,557			3,177,557
Financial liabilities			29,165,038	29,165,038
Interest-bearing loans and borrowings			28,009,822	28,009,822
Trade and other payables			1,155,216	1,155,216

30.06.2023				
(in EUR)	Level 1	Level 2	Level 3	Carrying amount
Financial assets	661,540		137,112	798,652
Cash and cash equivalents	661,540			661,540
Trade and other receivables			137,112	137,112
Financial liabilities			26,053,869	26,053,869
Interest-bearing loans and borrowings			24,884,494	24,884,494
Trade and other payables			1,169,375	1,169,375

The assets and liabilities included in the above table are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

NOTE 11 Transactions with related parties

Parent entities

The Company is controlled by the following entities:

Name	Type	Residence	Ownership interest	
			30.06.2024	30.06.2023
UPP Logistics Properties OÜ	Immediate parent company	Estonia	100%	100%

Related party transactions and balances

During 6 months 2024, related party transactions occurred regarding the loan granted by the parent UPP Logistics Properties OÜ as detailed below:

Loan from UPP Logistics Properties OÜ (in EUR)	6 months 2024	6 months 2023
Beginning of period loan balance	2,982,028	2,957,028
Interest expense	-104,556	-103,853
Interest paid	0	0
Balance correction	11,000	16,000
End of period loan balance	2,993,028	2,973,028

During 6 months 2024, related party transactions occurred regarding the loan granted to UPP Liepkalnio OÜ as detailed below:

Loan to UPP Liepkalnio OÜ (in EUR)	6 months 2024	6 months 2023
Beginning of period loan balance	3,539,556	0
Interest income	148,292	0
Interest received	148,292	0
Loan repayment	120,667	0
End of period loan balance	3,418,889	0

STATEMENT OF THE MANAGEMENT BOARD

The CEO and member of the management board confirms that financial and other information published in this interim report of UPP Olaines OÜ for the 6 months 2024 provides a true and fair view of the Company's business development, financial performance and financial position.

According to the Terms and Conditions of UPP Olaines OÜ Subordinated Note Issue section 3.5.3 and 3.5.4, the Management confirms that the Company's debt service coverage ratio on consolidated level is greater or equal than 1.1 and that there has been no occurrence of an Extraordinary Early Redemption Event in 6 months 2024.

Signed digitally,
Marko Tali
Chairman of board of UPP Olaines OÜ