



UNITED PARTNERS

Interim report for 9 months 2024

UPP Olaines OÜ



Interim report for 9 months 2024 (unaudited)

Reporting period: 01.01.2024 – 30.09.2024 ('9 months 2024')

Company name: UPP Olaines OÜ

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MANAGEMENT REPORT FOR THIRD QUARTER AND 9 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 third quarter and nine months of 2024

Sales revenue was 796 kEUR in 3Q 2024 (681 kEUR in 3Q 2023) and 2.206 mEUR for the nine months of 2024 (2.043 mEUR for 9 months of 2023).

Operating profit was 724 kEUR in 3Q 2024 (605 kEUR in 3Q 2023) and 2.017 mEUR for the nine months of 2024 (1.753 mEUR for 9 months of 2023). EBITDA was 724 kEUR in 3Q 2024 (605 kEUR in 3Q 2023) and 2.017 mEUR for the nine months of 2024 (1.753 mEUR for 9 months of 2023).

Net income was 350 kEUR in 3Q 2024 (209 kEUR in 3Q 2023) and 746 kEUR for the nine months of 2024 (649 kEUR for 9 months 2023).

The higher operating and net profit in Q3 2024 is mainly due to increased sales revenue during the reporting period. The higher operating and net profit for the first nine months of 2024 is, in addition to the above, due to the higher cost of goods and services sold during the comparison period.

As of September 30, 2024, the Group's assets totaled 37.9 mEUR (37.9 mEUR as of the end of 3Q 2023), of which real estate investment accounted for 87%, a total of 32.9 mEUR. As of September 30, 2024, the Group's liabilities totaled 28.8 mEUR (29.8 mEUR as of the end of 3Q 2023), of which loans to third parties accounted for 86%, a total of 24.7 mEUR. Loan obligations to third parties were divided into 18.5 mEUR Luminor bank loan and 6.2 mEUR subordinated bonds.

Key indicators of financial performance and position for 9 months 2024

(in EUR)	3Q 2024	3Q 2023	9 months 2024	9 months 2023
Sales revenue	795,880	681,466	2,205,945	2,042,881
Operating income	724,504	605,217	2,017,527	1,752,899
EBITDA	724,504	605,217	2,017,527	1,752,899
Net income	349,894	208,650	746,075	648,649

(in EUR)	30.09.2024	30.09.2023
Investment property	32,961,396	32,870,000
Interest-bearing loans	27,678,513	28,364,068
Interest-bearing loans less shareholder's loan	24,685,485	25,391,040

	9 months 2024	9 months 2023
Net profit margin, % (Net income / Sales revenue)	33.82%	31.75%
ROA (Net income / Average fixed assets)	1.97%	1.71%
LTV (Interest-bearing loans less shareholder's loan / Investment property)	74.89 %	77.25%
DSCR (EBITA/ Loan principal and interest payments on interest-bearing loans)	1.1	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	3Q 2024	3Q 2023	9 months 2024	9 months 2023
Sales revenue	5	795,880	681,466	2,205,945	2,042,881
Cost of goods sold	8	-35,305	-21,800	-89,051	-135,946
Gross profit		760,575	659,666	2,116,894	1,906,935
General and administrative expenses	9	-36,071	-54,449	-99,367	-147,911
Other operating expenses		0	0	0	-6,125
Operating income		724,504	605,217	2,017,527	1,752,899
Financial income / (cost)		-374,610	-396,569	-1,271,452	-1,104,250
Profit before income tax		349,894	208,650	746,075	648,649
Income tax		0	0	0	0
Total comprehensive income for the period		349,894	208,650	746,075	648,649

Condensed consolidated interim statement of financial position

(in EUR)	Note	30.09.2024	30.09.2023
Cash and cash equivalents		793,607	595,310
Trade and other receivables		121,154	553,685
Short-term loan receivable	11	241,333	0
Total current assets		1,156,094	1,148,995
Investment property	5	32,961,396	32,870,000
Tangible fixed assets	6	689,712	312,157
Long-term loan receivable	11	3,117,224	3,599,889
Total non-current assets		36,768,332	36,782,046
TOTAL ASSETS		37,924,426	37,931,041
Trade and other payables		1,092,393	1,448,252
Loans and borrowings	7	24,685,485	1,064,000
Total current liabilities		25,777,878	2,512,252
Loans and borrowings	7	2,993,028	27,300,068
Total non-current liabilities		2,993,028	27,300,068
TOTAL LIABILITIES		28,770,906	29,812,320
Share capital		2,500	2,500
Retained earnings		9,151,020	8,116,221
TOTAL EQUITY		9,153,520	8,118,721
TOTAL EQUITY AND LIABILITIES		37,924,426	37,931,041

Condensed consolidated interim statement of cash flows

(in EUR)	Note	3Q 2024	3Q 2023	9 months 2024	9 months 2023
Operating income		724,504	605,217	2,017,527	1,752,899
Decrease / (increase) in receivables		-21,773	-416,571	43,485	-307,859
Increase / (decrease) in payables		-7,407	-29,269	-78,601	-116,811
Cash flows from operating activities		695,324	159,377	1,982,411	1,328,229
Paid for fixed assets		0	-16,868	-7,928	-312,156
Paid for real estate investments		-41,315	0	-91,396	0
Repayment of issued loans		60,333	20,111	181,001	20,111
Interest received		74,634	28,182	222,928	28,182
Cash flows from investment activities		93,652	31,425	304,605	-263,863
Loans received and bonds issued		0	400,000	11,000	716,000
Repayments of loans and borrowings		-331,309	-390,426	-828,273	-831,294
Interests paid		-504,662	-266,606	-1,337,447	-870,435
Cash flows from financing activities		-835,971	-257,032	-2,154,720	-985,729
Change in cash and cash equivalents		-46,995	-66,230	132,296	78,637
Cash and equivalents at the beginning of the period		840,602	661,540	661,311	516,673
Cash and cash equivalents and the end of the period		793,607	595,310	793,607	595,310

Condensed consolidated interim statement of changes in equity

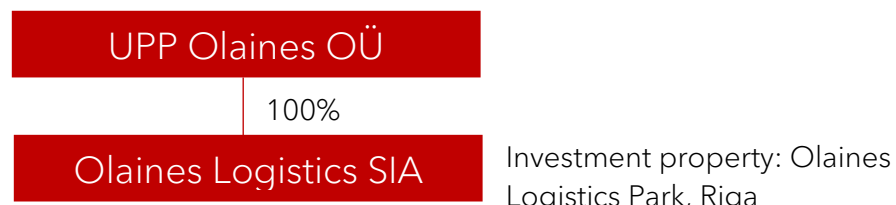
(in EUR)	Share capital	Retained earnings	Equity
Balance at 31.12.2023	2,500	8,404,945	8,407,445
Total comprehensive income		746,075	746,075
Balance at 30.09.2024	2,500	9,151,020	9,153,520
(in EUR)	Share capital	Retained earnings	Equity
Balance at 31.12.2022	2,500	7,467,572	7,470,072
Total comprehensive income		937,373	937,373
Balance at 31.12.2023	2,500	8,404,945	8,407,445

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 30.09.2024 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 9 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
			30.09.2024	30.09.2023	
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			
	3Q 2024	3Q 2023	9 months 2024	9 months 2023
Rental income	690,065	670,010	2,070,195	2,005,758
Other income	105,815	11,456	135,750	37,123
Total Sales revenue	795,880	681,466	2,205,945	2,042,881

Geographical region (in EUR)	Income from third parties			
	3Q 2024	3Q 2023	9 months 2024	9 months 2023
Total Sales revenue, Latvia	795,880	681,466	2,205,945	2,042,881
Total	795,880	681,466	2,205,945	2,042,881

Geographical region (in EUR)	Investment property	
	30.09.2024	30.09.2023
Latvia	32,961,396	32,870,000
Total	32,961,396	32,870,000

NOTE 6 Tangible fixed assets

	30.09.2024	30.09.2023
(in EUR)		
Land	284,249	284,249
Construction in progress	405,463	27,908
Total tangible fixed assets	689,712	312,157

"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

30.09.2024		Loans and borrowings by maturity			
(in EUR)	0-12 months	1-5 years	Total	Interest rate	Maturity
Bank loan	18,470,485	0	18,470,485	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	24,685,485	2,993,028	27,678,513		

30.09.2023		Loans and borrowings by maturity			
(in EUR)	0-12 months	1-5 years	Total	Interest rate	Maturity
Bank loan	1,064,000	18,112,040	19,176,040	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	27,300,068	28,364,068		

NOTE 8 Cost of goods sold

(in EUR)	3Q 2024	3Q 2023	9 months 2024	9 months 2023
Current repairs and maintenance	-23,478	-6,230	-50,440	-91,262
Removal of snow	0	0	0	-4,677
Property insurance	-2,378	-4,918	-6,825	-7,432
Real estate- and Land taxes	-9,449	-9,421	-28,346	-28,263
Other services	0	-1,231	-3,440	-4,311
Total	-35,305	-21,800	-89,051	-135,946

NOTE 9 General administrative expenses

(in EUR)	3Q 2024	3Q 2023	9 months 2024	9 months 2023
Management fee (group companies)	-31,551	-37,555	-70,683	-88,741
Phone, post, office expenses	-149	-189	-566	-565
Bank fees	-256	-4,471	-1,028	-22,806
Nasdaq and depository fees	-1,519	-2,507	-7,456	-7,380
Legal, consulting	0	-7,426	-1,863	-9,891
Accounting and auditing	0	0	-9,983	-10,800
Salaries	-2,100	-1,860	-6,300	-5,580
Social tax	-496	-441	-1,488	-1,323
Other administrative expenses	0	0	0	-825
Total	-36,071	-54,449	-99,367	-147,911

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

30.09.2024 (in EUR)	Level 1	Level 2	Level 3	Carrying amount
Financial assets	4,152,164		121,154	4,273,318
Cash and cash equivalents	793,607			793,607
Trade and other receivables			121,154	121,154
Short-term loan receivable	241,333			241,333
Long-term loan receivable	3,117,224			3,117,224
Financial liabilities			28,770,906	28,770,906
Interest-bearing loans and borrowings			27,678,513	27,678,513
Trade and other payables			1,092,393	1,092,393

30.09.2023				
(in EUR)	Level 1	Level 2	Level 3	Carrying amount
Financial assets	595,310		553,685	1,148,995
Cash and cash equivalents	595,310			595,310
Trade and other receivables			553,685	553,685
Financial liabilities				
Interest-bearing loans and borrowings			29,812,320	29,812,320
Trade and other payables			28,364,068	28,364,068
			1,448,252	1,448,252

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	
			30.09.2024	30.09.2023
UPP Logistics Properties OÜ	Immediate parent company	Estonia	100%	100%

Related party transactions and balances

During 9 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)	9 months 2024	9 months 2023
Beginning of period loan balance	2,982,028	2,957,028
Interest expense	-52,378	-155,881
Interest paid	0	0
Balance correction	11,000	16,000
End of period loan balance	2,993,028	2,973,028

During 9 months 2024, related party transactions occurred regarding the loan granted to UPP Liepkalnio OÜ as detailed below:

Loan to UPP Liepkalnio OÜ (in EUR)	9 months 2024	9 months 2023
Beginning of period loan balance	3,539,556	0
Issuing of the loan	0	3,620,000
Interest income	220,518	28,182
Interest received	220,518	28,182
Loan repayment	181,001	20,111
End of period loan balance	3,358,557	3,599,889

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 9 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 9 months 2024.

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