

## CONSOLIDATED INTERIM REPORT

### UPP & CO KAUNO 53 OÜ

Beginning of reporting period: 1 January 2024  
End of reporting period: 30 June 2024

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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 due to increased interest rates and decline in economic activity. EURIBOR level in the reporting period related to the Group's bank loans was approximately 3,9%, leading to a 5.8% increase in interest expenses. Despite higher interest costs, the Group's loan servicing capability remained strong. The Group has accumulated sufficient reserves, and about two-thirds of the Group's loan cost is fixed. Therefore, the Group's ability to service loans is expected to remain strong also in 2024.

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 2Q and six months of 2024 economic performance

Sales revenue was 345 kEUR in 2Q 2024 (329 kEUR in 2Q 2023) and 682 kEUR for the six months of 2024 (660 kEUR for 6 months of 2023).

Operating profit was 312 kEUR in 2Q 2024 (256 kEUR in 2Q 2023) and 618 kEUR for the six months of 2024 (504 kEUR for 6 months of 2023). EBITDA was 312 kEUR in 2Q 2024 (309 kEUR in 2Q 2023) and 618 kEUR for the 6 months of 2024 (611 kEUR for 6 months of 2023).

Net income was 132 kEUR in 2Q 2024 (83 kEUR in 2Q 2023) and 249 kEUR for the six months of 2024 (166 kEUR for 6 months 2023).

The higher operating and net profit for the reporting period resulted from the absence of amortization costs related to goodwill during the reporting period, as the goodwill had been fully amortized by December 31, 2023.

## Events after the reporting period

### Ammendments to final terms and partial redemption of UPP & CO Kauno 53 OÜ Bond issue

On 21.06.2024 UPP & CO Kauno 53 OÜ (the Issuer) submitted to the Note Investors an application for the waiver to alter Final Terms 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) and the Collateral Agent Agreement. New terms of the Final Terms entered into force on July 15th, 2024 when the Issuer received the consent at least from 2/3 of Investors.

New Maturity Date of the Note Issue is July 17th, 2026, and the Interest rate is 7% p.a. starting from July 18th, 2024. The amended Final Terms are available in the exchange notice published by the Issuer on July 16th, 2024.

<b>Financial ratios of the Group</b>	<b>6 months 2024</b>	<b>6 months 2023</b>
Debt to equity ratio	3.42	4.09
Debt ratio	0.81	0.83
Long-term debt ratio	0.66	0.80
Return on equity %	7.61%	5.80%
Equity ratio	0.19	0.17
Return on assets %	1.48%	0.98%

### Formulas for ratios

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

## 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>30.06.2024</u>	<u>30.06.2023</u>
Cash	644,408	737,761
Receivables and prepayments	17,704	8,436
<b>Total current assets</b>	<b><u>662,112</u></b>	<b><u>746,197</u></b>
Investment properties	16,150,000	16,150,000
Tangible fixed assets	12	12
Goodwill	0	106,742
<b>Total fixed assets</b>	<b><u>16,150,012</u></b>	<b><u>16,256,754</u></b>
<b>TOTAL ASSETS</b>	<b><u>16,812,124</u></b>	<b><u>17,002,951</u></b>
Short-term loans payable	5,160,000	460,000
Payables and prepayments	71,178	93,123
<b>Total current liabilities</b>	<b><u>5,231,178</u></b>	<b><u>553,123</u></b>
Long-term loans payable	6,015,184	11,275,184
Long-term provisions	2,301,197	2,304,400
<b>Total non-current liabilities</b>	<b><u>8,316,381</u></b>	<b><u>13,579,584</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>13,547,559</u></b>	<b><u>14,132,707</u></b>
Share capital	2,500	2,500
Retained earnings	3,262,065	2,867,744
<b>TOTAL EQUITY</b>	<b><u>3,264,565</u></b>	<b><u>2,870,244</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>16,812,124</u></b>	<b><u>17,002,951</u></b>

**CONSOLIDATED INCOME STATEMENT**

(EUR)

	2024 Q2	2024 6 months	2023 Q2	2023 6 months
Sales revenue	344,900	682,195	328,817	660,208
<b>Total revenues from operating activities</b>	<b>344,900</b>	<b>682,195</b>	<b>328,817</b>	<b>660,208</b>
Cost of goods sold	-1,617	-12,568	-3,496	-7,639
Other operating expenses	-31,189	-51,484	-16,040	-41,331
Staff costs	-129	-258	-129	-258
Depreciation of fixed assets	0	0	-53,465	-107,126
<b>Operating profit</b>	<b>311,965</b>	<b>617,885</b>	<b>255,687</b>	<b>503,854</b>
<b>Financial income (expenses)</b>	<b>-159,550</b>	<b>-331,409</b>	<b>-161,253</b>	<b>-313,325</b>
<b>Profit before income tax</b>	<b>152,415</b>	<b>286,476</b>	<b>94,434</b>	<b>190,529</b>
Income tax	-20,843	-37,911	-11,200	-24,031
<b>Net profit for financial year</b>	<b>131,572</b>	<b>248,565</b>	<b>83,234</b>	<b>166,498</b>
incl. net profit share of the owners of the parent company	131,572	248,565	83,234	166,498

**CONSOLIDATED CASH FLOW STATEMENT**

(EUR)

	2024 Q2	2024 6 months	2023 Q2	2023 6 months
<b>Operating profit (loss)</b>	<b>311,965</b>	<b>617,885</b>	<b>255,687</b>	<b>503,854</b>
Adjustments (depreciation of fixed assets)	0	0	53,465	107,126
Change in receivables and prepayments related to operating activities	-13,348	-3,251	8,366	9,307
Change in payables and prepayments related to operating activities	3,404	-35,244	-11,687	-10,457
Paid corporate tax	0	-20,638	-9,367	-32,108
<b>Total cash flow from operating activities</b>	<b>302,021</b>	<b>558,752</b>	<b>296,464</b>	<b>577,722</b>
Interest received	10,356	10,356	0	0
<b>Total cash flow from investing activities</b>	<b>10,356</b>	<b>10,356</b>	<b>0</b>	<b>0</b>
Repayments of loans received and redemption of bonds	-115,000	-230,000	-115,000	-230,000
Interest paid	-181,337	-341,760	-164,096	-316,168
<b>Total cash flow from financing activities</b>	<b>-296,337</b>	<b>-571,760</b>	<b>-279,096</b>	<b>-546,168</b>
<b>Total cash flow</b>	<b>16,040</b>	<b>-2,652</b>	<b>17,368</b>	<b>31,554</b>
<b>Cash at beginning of period</b>	<b>628,368</b>	<b>647,060</b>	<b>720,393</b>	<b>706,207</b>
Change in cash	16,040	-2,652	17,368	31,554
<b>Cash at end of period</b>	<b>644,408</b>	<b>644,408</b>	<b>737,761</b>	<b>737,761</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(EUR)

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>As of 31.12.2023</b>	<b>2,500</b>	<b>3,013,500</b>	<b>3,016,000</b>
Change during the reporting period	0	248,565	248,565
<b>As of 30.06.2024</b>	<b>2,500</b>	<b>3,262,065</b>	<b>3,264,565</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	312,254	312,254
<b>As of 31.12.2023</b>	<b>2,500</b>	<b>3,013,500</b>	<b>3,016,000</b>

**Statement of the Management Board**

The financial and other additional information published in the Interim Report January – June 2024 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 – June 2024 are not audited.

Marko Tali  
 Member of the Management Board  
 Tallinn, 19.08.2024