

CONSOLIDATED INTERIM REPORT

UPP & CO KAUNO 53 OÜ

Beginning of reporting period: 1 January 2024
End of reporting period: 30 September 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 m² 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 3.7%, leading to a 11.2% 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 3Q and nine months of 2024 economic performance

Sales revenue was 338 kEUR in 3Q 2024 (330 kEUR in 3Q 2023) and 1.02 mEUR for the nine months of 2024 (990 kEUR for 9 months of 2023).

Operating profit was 277 kEUR in 3Q 2024 (250 kEUR in 3Q 2023) and 895 kEUR for the nine months of 2024 (753 kEUR for 9 months of 2023). EBITDA was 277 kEUR in 3Q 2024 (303 kEUR in 3Q 2023) and 895 kEUR for the 9 months of 2024 (914 kEUR for 9 months of 2023).

Net income was 55 kEUR in 3Q 2024 (69 kEUR in 3Q 2023) and 304 kEUR for the nine months of 2024 (236 kEUR for 9 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. Lower EBITDA and net profit for the reporting period were due to asphalt road repair costs incurred during the reporting period.

Financial ratios of the Group	9 months 2024	9 months 2023
Debt to equity ratio	3.23	3.92
Debt ratio	0.80	0.83
Long-term debt ratio	0.76	0.68
Return on equity %	9.15%	8.03%
Equity ratio	0.20	0.17
Return on assets %	1.85%	1.40%

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>30.09.2024</u>	<u>30.09.2023</u>
Cash	258,338	633,374
Receivables and prepayments	16,471	16,663
Total current assets	<u>274,809</u>	<u>650,037</u>
Investment properties	16,150,000	16,150,000
Tangible fixed assets	12	12
Goodwill	0	53,375
Total fixed assets	<u>16,150,012</u>	<u>16,203,387</u>
TOTAL ASSETS	<u>16,424,821</u>	<u>16,853,424</u>
Short-term loans payable	460,000	5,160,000
Payables and prepayments	80,366	93,948
Total current liabilities	<u>540,366</u>	<u>5,253,948</u>
Long-term loans payable	10,260,184	6,360,184
Long-term provisions	2,304,400	2,299,597
Total non-current liabilities	<u>12,564,584</u>	<u>8,659,781</u>
TOTAL LIABILITIES	<u>13,104,950</u>	<u>13,913,729</u>
Share capital	2,500	2,500
Retained earnings	3,317,371	2,937,195
TOTAL EQUITY	<u>3,319,871</u>	<u>2,939,695</u>
TOTAL LIABILITIES AND EQUITY	<u>16,424,821</u>	<u>16,853,424</u>

CONSOLIDATED INCOME STATEMENT

(EUR)

	2024 Q3	2024 9 months	2023 Q3	2023 9 months
Sales revenue	337,947	1,020,412	330,022	990,231
Total revenues from operating activities	337,947	1,020,412	330,022	990,231
Cost of goods sold	-36,672	-49,510	-3,392	-11,031
Other operating expenses	-23,758	-75,242	-23,456	-64,787
Staff costs	-129	-387	-126	-384
Depreciation of fixed assets	0	0	-53,367	-160,493
Operating profit	277,388	895,273	249,681	753,536
Financial income (expenses)	-207,900	-539,309	-171,630	-484,956
Profit before income tax	69,488	355,964	78,051	268,580
Income tax	-14,182	-52,093	-8,600	-32,631
Net profit for financial year	55,306	303,871	69,451	235,949
incl. net profit share of the owners of the parent company	55,306	303,871	69,451	235,949

CONSOLIDATED CASH FLOW STATEMENT

(EUR)

	2024 Q3	2024 9 months	2023 Q3	2023 9 months
Operating profit (loss)	277,388	895,273	249,681	753,536
Adjustments (depreciation of fixed assets)	0	0	53,367	160,493
Change in receivables and prepayments related to operating activities	1,233	-2,018	-8,225	1,082
Change in payables and prepayments related to operating activities	-13,550	-48,794	8,057	-2,400
Paid corporate tax	0	-20,638	-20,638	-52,746
Total cash flow from operating activities	265,071	823,823	282,242	859,965
Interest received	0	10,356	0	0
Total cash flow from investing activities	0	10,356	0	0
Loans received	1,150,000	1,150,000	0	0
Repayments of loans received and redemption of bonds	-1,605,000	-1,835,000	-215,000	-445,000
Interest paid	-196,141	-537,901	-171,630	-487,798
Total cash flow from financing activities	-651,141	-1,222,901	-386,630	-932,798
Total cash flow	-386,070	-388,722	-104,388	-72,833
Cash at beginning of period	644,408	647,060	737,761	706,207
Change in cash	-386,070	-388,722	-104,388	-72,833
Cash at end of period	258,338	258,338	633,374	633,374

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR)

	Share capital	Retained earnings	Total equity
As of 31.12.2023	2,500	3,013,500	3,016,000
Change during the reporting period	0	303,871	303,871
As of 30.09.2024	2,500	3,317,371	3,319,871
As of 31.12.2022	2,500	2,701,246	2,703,746
Change during the reporting period	0	312,254	312,254
As of 31.12.2023	2,500	3,013,500	3,016,000

Statement of the Management Board

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

Marko Tali
 Member of the Management Board
 Tallinn, 12.11.2024