

upb
since 1991

2021 | **UPB**
ANNUAL
REPORT

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INFORMATION ON THE COMPANY

NAME OF THE GROUP PARENT COMPANY	UPB
LEGAL STATUS OF THE GROUP PARENT COMPANY	Joint Stock Company
NUMBER, PLACE AND DATE OF REGISTRATION OF THE GROUP PARENT COMPANY	42103000187, Liepaja, 26 April 1991
PLACE OF OPERATION OF THE EXECUTIVE BODY OF THE GROUP PARENT COMPANY	Dzintaru Street 17, Liepaja, Latvia, LV-3401
MEMBERS OF THE BOARD OF THE GROUP PARENT COMPANY AND THEIR POSITIONS	Dainis Berzins, Chairman of the Board Ugis Grinbergs, Member of the Board Nora Kalna, Member of the Board
MEMBERS OF THE COUNCIL OF THE GROUP PARENT COMPANY AND THEIR POSITIONS	Uldis Pilens, Chairman of the Council Madara More, Deputy Chairperson of the Council Normunds Horsts, Member of the Council
REPORTING YEAR	01.01.2021 – 31.12.2021
AUDITORS	KPMG Baltics SIA Vesetas Street 7, Riga, Latvia, LV-1013 Licence No. 55

INFORMATION ON SUBSIDIARIES

SIA AILE GRUPA

Pulvera 28, Liepaja,
Latvia, LV-3405
AS UPB holding: 100%

SIA ALTO 4.0

Maskavas 246, Riga,
Latvia, LV-1063
AS UPB holding: 100%

SIA BUVMEHANIZACIJA

Martina 18, Liepaja,
Latvia, LV-3401
AS UPB holding: 100%

SIA ENNA

Rietumkrasta 3-18, Liepaja,
Latvia, LV-3416
AS UPB holding: 100%

SIA GROTTA

Maskavas 246, Riga,
Latvia, LV-1063
AS UPB Holding: 100%

SIA H&L STUDIJA

Katlakalna 6D, Riga,
Latvia, LV-1073
AS UPB holding: 100% - before 28.02.2022

SIA STRAKTA GROUP

(until 04.07.2022 – SIA HF Technology)
Pikurgas 46, Valodzes, Stopinu pagasts,
Ropazu novads, Latvia, LV-2130
AS UPB holding: 100% - before 01.07.2022

**SIA INZENIERU BIROJS
"BUVE UN FORMA"**

Maskavas 246, Riga,
Latvia, LV-1063
AS UPB holding: 100%

AS MB BETONS

Dzintaru 17, Liepaja,
Latvia, LV-3401
AS UPB holding: 93,5%

SIA RK METALS

Lauktehnikas 12, Grobina,
Latvia, LV-3430
AS UPB holding: 100%

SIA UPB ENERGY

Dzintaru 19, Liepaja,
Latvia, LV-3401
AS UPB holding 100%

SIA UPB NAMS

Dzintaru 19, Liepaja,
Latvia, LV-3401
AS UPB holding 100%

SIA UPB PROJEKTI

Dzintaru 17, Liepaja,
Latvia, LV-3401
AS UPB holding 100%

UAB UPB ENGINEERS

Savanoriu Square 2A, Panevezys,
LT 35201, Lithuania
AS UPB holding: 100%

AB UPB SWEDEN

c/o Advokatfirman Delphi, Master
Samuelsgatan 17, Box 1432, 111 84
Stockholm, Sweden
AS UPB holding: 100%

GMBH UPB AS

Schlossgasse 4, Munchenstein,
CH-4142, Switzerland
AS UPB holding: 100%

LTD UPB AS

4th floor Imperial house 8 Kean Street,
London, WC2B 4AS, Great Britain
AS UPB holding: 100%

MANAGEMENT REPORT

The joint-stock company UPB and its subsidiaries together form an industrial group whose business is based on the design and construction of complex buildings and technological facilities, including consultations during the early stages of the project, design, manufacturing and installation of building structures and facades. The UPB Group consists of glazed facade, steel and prefabricated concrete production units, a cogeneration module production unit, a mechanical engineering production unit, ready-mix concrete production units throughout Latvia, engineering and construction companies in Latvia, IT solution company and a full-cycle building management company.

UPB Group ensures its operation through companies and their representative offices in seven countries – Latvia, Sweden, Norway, Denmark, Lithuania, Great Britain and Switzerland, employing in total around 2000 people.

In 2021, the consolidated turnover of UPB Group reached 238.6 million euros, showing minor growth, compared to the previous year. In its turn, the increase in the construction costs, which intensified even more in early 2022 after Russia's invasion in Ukraine, left a significant impact on the Group's financial indicators, which resulted in closing the year 2021 with loss of 4 million euros.

In the reporting year, historically the highest amount of investment was made in the development of UPB Group – 16.9 million euros, most of which were invested in the construction of a new plant of prefabricated concrete structures in Liepaja. Also, the UPB Group companies have paid more than 35 million euros in taxes in this period.

In 2021, UPB Group successfully continued operations both on the export and local market, starting and implementing multiple large projects. The proportion of implemented volumes is 65 % in export and 35 % on the Latvian market.

On the Latvian market, the work on several large-scale construction sites was commenced, the largest of which is the 1st stage of Preses Nama Kvartāls in Riga, which includes construction of a modern A class office centre and multifunctional centre. Also, construction of the Children and Youth Mental Health Centre in the territory of the Children's Clinical University Hospital, renovation of the historical building of the Literature and Music Museum, as well as other projects, were started in 2021.

At the end of 2021, a new plant of prefabricated concrete structures was opened in Liepaja, in the design and construction of which several companies of UPB holding were involved, proving the capabilities of UPB to implement complex projects in an integrated and efficient way within the group. The new plant was built with a purpose to enhance the capabilities of UPB in manufacturing of complex prefabricated concrete structures, which is our focus on foreign markets.

In terms of the export market, the year 2021 can be described with growth in the combined three-construction (concrete, steel, glass) projects. In such projects, the customer entrusts to UPB a broader volume of works, thus gaining more efficient work organisation at the construction site, faster progress of the project and other advantages. The largest among the three-construction projects were Clarion Hotel Draken in Gothenburg, Forum Medicum building for Lund University and a new science building for the University of Gothenburg.

In the reporting year, UPB also completed works on the highest building so far, for which UPB has manufactured, supplied, and installed prefabricated concrete structures – the 36-floor high-rise building CityGate in Gothenburg, Sweden. Also, the biggest project to date on the Great Britain market – the façade of Bloom Clerkenwell office building in central London – was completed. Active work was implemented on Hyllie Terrass project in Malmo, which is a candidate for the status of the first climate neutral office building (NullCO2) in Sweden.

In the period from the end of the reporting period until the signing of this report, disruptions in the international supply chains, caused by Russia-Ukraine war, and the intensified increase in the construction costs continued. Assessment of the impact of these events will be possible only in 2022. No other events have occurred, which may affect the result of the annual report.

In 2022, we forecast similar consolidated turnover; however, it is expected that the constant increase in the costs of raw materials and energy resources will impact the result.



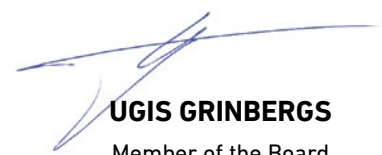
DAINIS BERZINS

Chairman of the Board



NORA KALNA

Member of the Board



UGIS GRINBERGS

Member of the Board

MAIN PROJECTS OF 2021

HAMPTON BY HILTON RIGA AIRPORT

HOTEL BUILDING
Marupe, Latvia



🏠 GENERAL CONSTRUCTION
D&B DESIGN & BUILD

PHARMACY STUDIES AND SCIENCE CENTRE

RIGA STRADINS UNIVERSITY
Riga, Latvia



🏠 GENERAL CONSTRUCTION

PRECAST CONCRETE FACTORY

INDUSTRIAL BUILDING
Liepaja, Latvia



🏠 GENERAL CONSTRUCTION
D&B DESIGN & BUILD

PRESES NAMA KVARTALS

OFFICE & MULTIFUNCTIONAL BUILDING
Riga, Latvia



🏠 GENERAL CONSTRUCTION

CITYGATE

OFFICE BUILDING
Gothenburg, Sweden



■ STEEL
■ CONCRETE

CLARION HOTEL DRAKEN

HOTEL BUILDING
Gothenburg, Sweden



■ GLASS
■ STEEL
■ CONCRETE

HYLLIE TERRASS

OFFICE BUILDING
Malmo, Sweden



■ STEEL
■ CONCRETE

NATRIUM

EDUCATIONAL BUILDING
Gothenburg, Sweden



■ GLASS
■ STEEL
■ CONCRETE

FORUM MEDICUM

EDUCATIONAL BUILDING
Lund, Sweden



■ GLASS
■ STEEL
■ CONCRETE

SUMMARY FINANCIAL STATEMENTS

PROFIT AND LOSS STATEMENT FOR 2021

	2021 (EUR)	2020 (EUR)
Net sales	207 673 178	223 345 396
Cost of goods sold, cost of goods and services	(197 305 800)	(212 902 532)
Gross profit	10 367 378	10 442 864
Selling expenses	(2 096 608)	(1 711 218)
Administrative expenses	(6 937 516)	(5 925 466)
Other operating income	260 388	448 387
Other operating expenses	(711 850)	(369 627)
Income from investments in related companies	5 514 286	5 157 560
Interest and similar income	79 239	227 805
Interest and similar expenses	(383 073)	(193 530)
Profit before tax	6 092 244	8 076 775
Corporate income tax	(195 011)	(261 451)
Profit of the reporting year	5 897 233	7 815 324

The accompanying note on page 13 form an integral part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2021

ASSETS

LONG-TERM INVESTMENTS	2021	2020
	(EUR)	(EUR)
Intangible assets		
Concessions, patents, licenses, trademarks and similar rights	504 872	803 440
Intangible assets in development	54 537	68 872
<i>Total intangible assets</i>	559 409	872 312
Fixed assets		
Land, buildings and engineering structures	21 772 956	13 717 019
Leasehold improvements	1 406 953	1 578 316
Equipment and machines	6 356 608	2 659 863
Other fixed assets	5 533 504	4 997 310
Construction in progress	157 252	1 268 130
Prepayments for fixed assets	990	31 568
<i>Total fixed assets</i>	35 228 263	24 252 206
Long-term financial investments		
Other securities and investments	2 860 066	2 860 066
Other loans and other long term receivables	226 580	395 880
Prepaid expenses	7 325	5 995
<i>Total long term financial investments</i>	3 093 971	3 261 941
Total long-term investments	38 881 643	28 386 459
CURRENT ASSETS		
Stock		
Raw materials	2 734 200	1 514 603
Work in progress and unfinished orders	2 860 826	3 537 440
Finished goods and goods for sale	20 980	8 051
Prepayments for stock	2 960 404	518 325
<i>Total stock</i>	8 576 410	5 578 419
Receivables		
Trade receivables	3 949 550	3 996 591
Due from related parties	12 011 317	11 755 220
Other receivables	11 203 964	12 348 346
Prepaid expenses	1 110 711	914 113
Accrued income	7 355 421	10 116 200
<i>Total receivables</i>	35 630 963	39 130 470
Cash	11 821 223	21 496 857
Total current assets	56 028 596	66 205 746
Total assets	94 910 239	94 592 205

The accompanying note on page 13 form an integral part of these financial statements.

EQUITY AND LIABILITIES

	2021 (EUR)	2020 (EUR)
Shareholder's equity		
Share capital	15 720 305	15 720 305
Retained earnings brought forward from previous years	16 417 582	14 902 258
Profit of the reporting year	5 897 233	7 815 324
Total shareholder's equity	38 035 120	38 437 887
Provisions		
Other provisions	4 814 281	4 196 133
Total provisions	4 814 281	4 196 133
LIABILITIES		
Long-term liabilities		
Loans from credit institutions	9 437 223	-
Other loans	554 710	506 142
<i>Total long-term liabilities</i>	9 991 933	506 142
Short-term liabilities		
Loans from credit institutions	857 143	4 447
Other loans	599 985	578 688
Customer advances	12 693 701	16 427 981
Trade payables	5 972 021	4 296 905
Due to related parties	9 419 384	15 117 647
Taxes and social contributions	1 090 255	1 452 073
Other liabilities	901 816	237 873
Deferred income	127	151 800
Dividends payable	-	1 600 000
Accrued liabilities	10 534 473	11 584 629
<i>Total current liabilities</i>	42 068 905	51 452 043
Total liabilities	52 060 838	51 958 185
Total equity and liabilities	94 910 239	94 592 205

The accompanying note on page 13 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR 2021

	2021 (EUR)	2020 (EUR)
CASH FLOWS FROM OPERATING ACTIVITIES		
1. Profit before tax	6 092 244	8 076 775
Adjustments for:		
Impairment of fixed assets	2 823 352	2 464 860
Impairment of intangible assets	851 467	631 478
Provisions	618 148	1 887 647
Income from investments in related companies	(5 514 286)	(5 557 560)
Other interest and similar income	(37 176)	(50 626)
Impairment adjustments of long term financial investments	469 000	400 000
Interest and similar expenses	63 508	93 755
2. Profit or loss before adjustments for the effect of changes to current assets and short term liabilities	5 366 257	7 946 329
Adjustments for:		
Increase/decrease of receivables	1 888 993	(4 702 644)
increase/decrease of stock;	(2 997 991)	2 045 173
Increase/decrease of accounts payable to suppliers, contractors and other creditors	(8 254 169)	11 332 873
3. Gross cash flows from operating activities	(3 996 910)	16 621 731
4. Interest paid	(63 508)	(93 755)
5. Corporate income tax	(330 354)	(452 713)
6. Refund of corporate income tax	14 466	32 838
<i>Net cash flows from operating activities</i>	(4 376 306)	16 108 101
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of shares of related companies	-	(2 845)
Acquisition of fixed and intangible assets	(13 637 565)	(4 577 222)
Income from disposal of fixed and intangible assets	76 276	77 017
Loans issued	(392 418)	(580 383)
Income from repayment of loans	981 861	569 704
Interest received	37 176	50 626
Dividends received	5 947 795	644 625
<i>Net cash flows from investing activities</i>	(6 986 875)	(3 818 478)
NET CASH FLOWS FROM FINANCING ACTIVITIES		
Loans received	10 298 813	4 447
Repayment of loans	(4 447)	(987 131)
Finance lease payments	(706 819)	(673 465)
Dividends paid	(7 900 000)	(7 673 915)
<i>Net cash flows used in financing activities</i>	1 687 547	(9 330 064)
Net cash flows for the reporting year	(9 675 634)	2 959 559
Cash and cash equivalents at the beginning of the year	21 496 857	18 537 298
Cash and cash equivalents at the end of the year	11 821 223	21 496 857

STATEMENT OF CHANGES TO THE SHAREHOLDERS' EQUITY FOR 2021

	Share capital	Retained earnings brought forward from previous years	Profit of the reporting year	Total shareholder's equity
	EUR	EUR	EUR	EUR
31.12.2019	15 720 305	9 567 956	8 734 302	34 022 563
Profit for 2019 transferred to retained earnings	-	8 734 302	(8 734 302)	-
Distribution of dividends	-	(3 400 000)	-	(3 400 000)
Profit of the reporting year	-	-	7 815 324	7 815 324
31.12.2020	15 720 305	14 902 258	7 815 324	38 437 887
Profit for 2020 transferred to retained earnings	-	7 815 324	(7 815 324)	-
Distribution of dividends	-	(6 300 000)	-	(6 300 000)
Profit of the reporting year	-	-	5 897 233	5 897 233
31.12.2021	15 720 305	16 417 582	5 897 233	38 035 120

The accompanying note on page 13 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

The summary financial statements comprise the balance sheet as at 31 December 2021 and the statements of profit and loss, cash flow and changes in equity for the year then ended derived from the audited financial statements of AS UPB in accordance with the Law on Annual Statements and Consolidated Annual Statements of the Republic of Latvia.

The audited financial statements of AS UPB and the Auditors' Report thereon is available at Dzintaru 17, Liepaja, Latvia.

Management believes that the content of the summary financial statements is consistent with the objective of the summary financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AS UPB

REPORT ON THE SUMMARY FINANCIAL STATEMENTS

OPINION

The accompanying summary financial statements on pages 8 to 13, which comprise the summary balance sheet as at 31 December 2021 and the summary statements of profit and loss, cash flow and changes in equity for the year then ended, and related note to the summary financial statements, are derived from the audited financial statements of AS UPB for the year ended 31 December 2021.

In our opinion, the summary financial statements derived from the audited financial statements of AS UPB for the year ended 31 December 2021 are consistent, in all material respects, with the audited financial statements on the basis described in the Note to the summary financial statements.

SUMMARY FINANCIAL STATEMENTS

The summary financial statements do not contain all the disclosures required by the 'Law on the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of AS UPB and our report thereon.

KPMG Baltics SIA
Licence No. 55



Irena Sarma
Member of the Board
Latvian Sworn Auditor
Certificate No. 151
Riga, Latvia

25 October 2022

THE AUDITED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on AS UPB financial statements in our report dated 25 October 2022.

MANAGEMENT'S RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

Management is responsible for the preparation of the summary financial statements based on audited financial statements on the basis described in the Note to the summary financial statements.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the summary financial statements whether based on our procedures, which were conducted in accordance with International Standard on Auditing 810, "Engagements to Report on Summary Financial Statements" summary financial statements are consistent, in all material respects, with the audited financial statements.

2021 ANNUAL REPORT

upb
since 1991

AILE
GRUPA

SC
STIKLU CENTRS

RK
METALS

RK
MACHINERY

MBGRUPA
DZELZSBETONS

MBGRUPA
TRANSPORTBETONS

MBGRUPA
INERTIE MATERIALI

MBGRUPA
BETONAPETIJUMU CENTRS

upb
PROJEKTI

**Būve
un
Forma**

upb
ENGINEERS

upbnams

GROTTA

ENNA

BM
BŪVMEHANIŽĀCIJA

ALTO 4.0

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