

upb
since 1991

2021

**UPB GROUP
ANNUAL
REPORT**

TABLE OF CONTENTS

INFORMATION ON THE GROUP	3
INFORMATION ON SUBSIDIARIES	4
MANAGEMENT REPORT	5
UPB IN 2021	6
MAIN PROJECTS OF 2021	7
SUMMARY	
CONSOLIDATED FINANCIAL STATEMENTS	
PROFIT AND LOSS STATEMENT	9
BALANCE SHEET	10
STATEMENT OF CASH FLOWS	12
STATEMENT OF CHANGES TO THE SHAREHOLDERS' EQUITY	13
NOTES TO THE FINANCIAL STATEMENTS	14
AUDITORS' REPORT	15

INFORMATION ON THE GROUP

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 BETONA PETIJUMU CENTRS

Maskavas 246, Riga,
Latvia, LV-1063
Indirect AS UPB holding through
AS MB Betons – 93.5%

SIA BUVMECHANIZACIJA

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

SIA DAUGAVPILS DZELZSBETONS

Rūpniecības 1a, Daugavpils,
Latvia, LV-5404
Indirect AS UPB holding through
AS MB Betons – 93.5%

SIA DZELZSBETONS MB

Cukura 34, Liepaja,
Latvia, LV-3414
Indirect AS UPB holding through
AS MB Betons – 93.5%

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 INERTO MATERIALU SERVISS

Dzintaru 19, Liepaja,
Latvia, LV-3401
Indirect AS UPB holding through
AS MB Betons – 93.5%

SIA INZENIERU BIROJS “BUVE UN FORMA”

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

SIA JELGAVAS MB

Graudu 4, Jelgava,
Latvia, LV-3001
Indirect AS UPB holding through
AS MB Betons – 93.5%

AS MB BETONS

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

AS MBD

Rupniecības 1M, Daugavpils,
Latvia, LV-5404
Indirect AS UPB holding through
AS MB Betons: 93,5%

SIA RK METALS

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

SIA STIKLU CENTRS

Pulvera 20, Liepaja,
Latvia, LV-3405
Indirect AS UPB holding through
SIA Aile Grupa – 100%

SIA TRANSPORTBETONS MB

Graudu 4, Jelgava,
Latvia, LV-3001
Indirect AS UPB holding through
AS MB Betons – 93.5%

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%

OOO UPB ENGINEERING

Gintovta 1, kabinet 603 (БЦ -100), Minsk,
220125, Belarus
Indirect AS UPB holding through
SIA HF Technology and SIA UPB Projekti:
100% - before 01.07.2022

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.



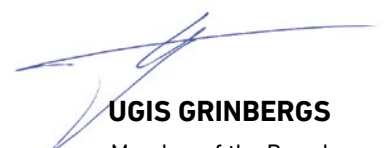
DAINIS BERZINS

Chairman of the Board



NORA KALNA

Member of the Board



UGIS GRINBERGS

Member of the Board

UPB GROUP IN 2021

UPB IS ONE OF THE LEADING INDUSTRIAL HOLDINGS IN THE BALTIC STATES.

30+

years in business

238 M

consolidated turnover
in 2021 (EUR)

2000+

employees

16.9 M

invested internally

40%

equity ratio

35 M

taxes paid (EUR)



65 %

export

35 %

local projects

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

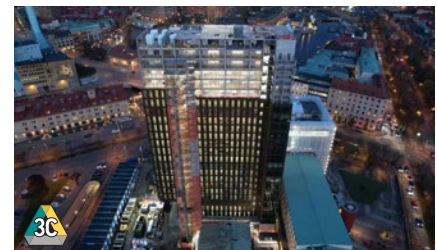
OFFICE BUILDING
Gothenburg, Sweden



■ 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 CONSOLIDATED FINANCIAL STATEMENTS

PROFIT AND LOSS STATEMENT FOR 2021

	2021 (EUR)	2020 (EUR)
Net sales	238 570 800	237 550 782
Cost of goods sold, cost of services	(226 957 967)	(210 945 265)
Gross profit	11 612 833	26 605 517
Selling expenses	(3 272 057)	(2 802 928)
Administrative expenses	(10 389 404)	(9 514 792)
Other operating income	433 646	708 022
Other operating expenses	(443 772)	(520 342)
Profit/(loss) from disposal of long-term financial investments	-	18 148
Interest and similar income	70 757	179 066
Interest and similar expenses	(464 163)	(230 223)
Profit before tax	(2 452 160)	14 442 468
Corporate income tax	(1 649 652)	(940 647)
Profit of the reporting year	(4 101 812)	13 501 821
Minority interest	61 916	(197 607)
Profit after minority interest	(4 039 896)	13 304 214

The accompanying note on page 14 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		
Development costs	700 227	-
Concessions patents, licenses, trademarks and similar rights	1 051 663	1 416 156
Intangible assets in development	54 537	68 872
<i>Total intangible assets</i>	1 806 427	1 485 028
Fixed assets		
Land, buildings and engineering structures	23 803 658	16 040 538
Leasehold improvements	1 529 307	1 665 833
Equipment and machines	11 282 753	10 166 705
Other fixed assets	8 739 335	6 098 893
Construction in progress	326 042	1 851 891
Prepayments for fixed assets	35 155	31 568
<i>Total fixed assets</i>	45 716 250	35 855 428
Long-term financial investments		
Other securities and investments	400	400
Other loans and other long term receivables	7 325	5 995
Prepaid expenses	88 495	75 400
<i>Total long term financial investments</i>	96 220	81 795
Total long-term investments	47 618 897	37 422 251
CURRENT ASSETS		
Stock		
Raw materials	18 785 533	8 896 382
Work in progress and unfinished orders	4 874 998	4 951 873
Finished goods and goods for sale	1 562 780	1 555 382
Prepayments for goods	3 089 870	989 256
<i>Total stock</i>	28 313 181	16 392 893
Receivables		
Trade receivables	6 937 131	6 278 956
Other receivables	11 696 255	11 838 060
Prepaid expenses	1 605 764	1 271 700
Accrued income	15 451 518	14 921 144
<i>Total receivables</i>	35 690 668	34 309 860
Cash		
	13 184 247	29 825 243
Total current assets	77 188 096	80 527 996
Total assets	124 806 993	117 950 247

The accompanying note on page 14 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
Foreign exchange revaluation reserve	(57 411)	(55 687)
Other reserves	683	379
Retained earnings brought forward from previous years	37 423 850	30 419 940
Profit of the reporting year	(4 039 896)	13 304 214
Minority interest	999 234	1 096 864
Total shareholder's equity	50 046 765	60 486 015
Provisions		
Other provisions	7 507 240	6 557 857
Total provisions	7 507 240	6 557 857
LIABILITIES		
Long-term liabilities		
Loans from credit institutions	9 437 223	-
Other loans	1 875 376	1 889 612
Other liabilities	833 305	426 850
Deferred income	65 603	87 472
<i>Total long-term liabilities</i>	12 211 507	2 403 934
Short-term liabilities		
Loans from credit institutions	857 143	4 447
Other loans	1 360 375	1 291 099
Customer advances	16 452 914	17 852 926
Trade payables	15 805 638	10 776 993
Taxes and social contributions	3 738 093	3 857 423
Other liabilities	2 025 085	1 215 437
Deferred income	136 648	245 324
Dividends payable	35 714	1 662 122
Accrued liabilities	14 629 871	11 596 670
<i>Total current liabilities</i>	55 041 481	48 502 441
Total liabilities	67 252 988	50 906 375
Total equity and liabilities	124 806 993	117 950 247

The accompanying note on page 14 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	(2 452 160)	14 442 468
Adjustments for:		
Depreciation and adjustments to impairment of fixed assets	5 210 944	4 761 937
Amortization and adjustment of impairment of intangible assets	1 163 222	1 128 507
Change in provisions (except allowances for doubtful debts)	949 383	2 370 641
Profit or loss from foreign exchange rate fluctuations	(1 724)	(35 172)
Net loss/(profit) from transactions with subsidiary shares	-	(18 148)
Other interest and similar income	(9 351)	(18 042)
Interest and similar expenses	102 615	127 803
2. Profit or loss before adjustments for the effect of changes to current assets and short term liabilities	4 962 929	22 759 994
Adjustments for:		
(Increase)/decrease of receivables	(1 283 474)	(3 956 647)
(Increase)/decrease of stock	(11 920 288)	5 170 642
Increase or (decrease) of accounts payable to suppliers, contractors and other creditors	6 900 026	(621 078)
3. Gross cash flows from operating activities	(1 340 807)	23 352 911
4. Interest paid	(102 615)	(127 803)
5. Corporate income tax	(1 055 817)	(470 811)
6. Received overpaid corporate income tax	14 466	32 838
<i>Net cash flows from operating activities</i>	(2 484 773)	22 787 135
CASH FLOWS USED IN INVESTING ACTIVITIES		
Investments in related or associated companies	-	(102 845)
Cash and cash equivalents obtained through acquisition of related companies	-	178 646
Income from disposal of investments in related companies	-	116 800
Purchase of fixed and intangible assets	(15 293 338)	(6 813 414)
Income from disposal of fixed and intangible assets	325 451	205 939
Loans issued	(1 330)	(117 830)
Income from repayment of loans	66 180	252 259
Interest received	9 351	18 042
<i>Net cash flows from investing activities</i>	(14 893 686)	(6 262 403)
NET CASH FLOWS FROM FINANCING ACTIVITIES		
Loans received	10 294 366	4 447
Subsidies, grants, donations or gifts received	(56 874)	-
Repayment of loans	(4 447)	(987 131)
Finance lease payments	(1 533 460)	(1 472 394)
Dividends paid	(7 962 122)	(7 810 203)
<i>Net cash flows used in financing activities</i>	737 463	(10 265 281)
Net cash flows for the reporting year	(16 640 996)	6 259 451
Cash and cash equivalents at the beginning of the year	29 825 243	23 565 792
Cash and cash equivalents at the end of the year	13 184 247	29 825 243

STATEMENT OF CHANGES TO THE SHAREHOLDERS' EQUITY FOR 2021

	Share capital (EUR)	Foreign exchange revaluation reserve (EUR)	Other reserves (EUR)	Retained earnings brought forward from previous years (EUR)	Profit of the reporting year (EUR)	Minority interest (EUR)	Total shareholders' equity (EUR)
31.12.2019	15 720 305	(20 515)	287	20 409 524	13 410 508	961 379	50 481 488
Profit for 2019 transferred to retained earnings	-	-	-	13 410 416	(13 410 416)	-	-
Profit of 2019 transferred to reserves	-	-	92	-	(92)	-	-
Distribution of dividends	-	-	-	(3 400 000)	-	(62 122)	(3 462 122)
Foreign exchange revaluation result	-	(35 172)	-	-	-	-	(35 172)
Profit of the reporting year	-	-	-	-	13 304 214	197 607	13 501 821
31.12.2020	15 720 305	(55 687)	379	30 419 940	13 304 214	1 096 864	60 486 015
Profit of the reporting year transferred to retained earnings of previous years	-	-	304	13 303 910	(13 304 214)	-	-
Distribution of dividends	-	-	-	(6 300 000)	-	(35 714)	(6 335 714)
Foreign exchange revaluation result	-	(1 724)	-	-	-	-	(1 724)
Profit of the reporting year	-	-	-	-	(4 039 896)	(61 916)	(4 101 812)
31.12.2021	15 720 305	(57 411)	683	37 423 850	(4 039 896)	999 234	50 046 765

The accompanying note on page 14 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

The audited consolidated 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 consolidated financial statements is consistent with the objective of the summary consolidated financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AS UPB

REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

OPINION

The accompanying summary consolidated financial statements on pages 9 to 14, which comprise the summary consolidated balance sheet as at 31 December 2021 and the summary consolidated statements of profit and loss, cash flow and changes in equity for the year then ended, and related note to the summary consolidated financial statements, are derived from the audited consolidated financial statements of AS UPB and its subsidiaries for the year ended 31 December 2021.

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

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The summary consolidated 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 consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of AS UPB and its subsidiaries, 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 CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

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

MANAGEMENT'S RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the summary consolidated 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 consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements.

2021 ANNUAL REPORT

upb
since 1991

AILE[®]
GRUPA

SC
STIKLU CENTRS

RK
METALS

RK
MACHINERY

MBGRUPA
DZELZSBETONS

MBGRUPA
TRANSPORTBETONS

MBGRUPA
INERTIE MATERIĀLI

MBGRUPA
BETONAPĒTĪJUMU CENTRS

upb
PROJEKTI

 Būve
un
Forma

upb
ENGINEERS

upbnams

GROTTA

ENNA

BM
BŪVMEHANIĀCIJA

ALTO 4.0

upbenergy