



RĪGAS NAMU PĀRVALDNIĒKS

SIA "RĪGAS NAMU PĀRVALDNIĒKS"

Unified registration number 40103362321



REPORT 2024

PREPARED IN ACCORDANCE WITH THE
REQUIREMENTS OF THE EU-APPROVED
IFRS ACCOUNTING STANDARDS AND
THE INDEPENDENT AUDITOR'S REPORT

Riga 2025

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INFORMATION ON THE COMPANY

| | |
|----------------------------------|---|
| Company | SIA "Rīgas namu pārvaldnieks" |
| Legal form | Limited Liability Company |
| Address | <i>Aleksandra Čaka iela 42</i> , Riga, Latvia, LV-1011 |
| Unified registration number | 40103362321 |
| Entry in the Commercial Register | 29/12/2010 |
| Place of registration | Riga |
| Shareholder | Local Government of Riga State City (100%) |
| Governing body | Board of the Company |
| Board | Māris Ozoliņš – Chairman of the Board from 24/07/2023 Mārtiņš Pauris – Board Member from 24/07/2023 Viktors Šeršņovs – Board Member from 03/07/2023 to 16/07/2024 Gunta Jēkabsone – Board Member from 17/07/2024 |
| Council | Ainārs Ozols – Chairman of the Council Mārcis Gaspažiņš – Deputy Chairman of the Council, Jānis Leimanis – Council Member |
| Reporting year | 1 January 2024 – 31 December 2024 |
| Auditors | SIA "KPMG Baltics" <i>Roberta Hirša iela 1</i> , Riga, Latvia, LV-1045 Licence No. 55 Responsible Sworn Auditor Rihards Grasis Sworn Auditor's Certificate No. 227 |

MANAGEMENT REPORT

SIA "Rīgas namu pārvaldnieks" is the largest company managing residential buildings in Riga. At the end of 2024, our management portfolio includes 3.5 thousand residential buildings, which amounts to 7.2 million m².

The company was established in 2010. Its capital shares are 100% owned by the Local Government of Riga State City, with the Riga City Executive Director acting as the shareholder's representative. We operate in a free market environment and generate profit. The company does not receive any municipal subsidies.

We have set as our mission to improve the quality of life for every resident of the apartment buildings under our management by providing top-level service, and to increase the value of our clients' property through high-quality and transparent property management services.

Our vision is to operate as a well-managed, predictable, and client-recognised company that maintains and increases the value of the buildings under its management, demonstrates stable and growing financial results, and remains attractive for private capital investment in the long term.

Our values are:

- responsibility – maintaining high-quality services and good reputation;
- competence – a team focusing on an excellent outcome, with appropriate knowledge, skills, and work experience;
- development – acquisition, implementation, and application of new knowledge, technologies, and innovations;
- respect and cooperation – professional and responsive communication with customers and employees.

We perform our daily work honestly and transparently, keeping our promises and being a reliable partner to Riga's residents. We care sincerely for the homes entrusted to us – selflessly, kindly, simply, and with empathy. In turn, we strive towards development with ambition, fostering growth by developing our employees, introducing new technologies and services, and boldly embracing innovation.

OUR PRINCIPAL BUSINESS ACTIVITY

The principal business activity of SIA "Rīgas namu pārvaldnieks" is the administrator of immovable properties, ensuring the mandatory activities provided for in the Law on Administration of Residential Buildings, such as the maintenance (physical preservation) of residential buildings, planning, organisation, and supervision of administration activities, as well as other administration-related tasks in accordance with the preferences and financial capabilities of the property owners.

With current sectoral developments and client needs in mind,

we offer new services that are of interest to residents of apartment buildings.

Customer service provided by SIA "Rīgas namu pārvaldnieks" is tailored to the different needs, interests, and capabilities of apartment owners. Residents may submit and resolve their relevant issues in the following ways:

- in person, at customer service centres;
- by calling the free information line 8900;
- by using remote communication and self-service solutions available on the website, the e-portal e-parvaldnieks.lv, and the mobile app "RNP";
- in case of emergencies, the emergency service is available 24/7 via the free hotline 80008989;
- since 2023, clients have also been supported by the virtual assistant Juris.

PRINCIPAL DEVELOPMENTS

Financial performance indicators

The Company's revenue from contracts with customers in 2024 amounted to EUR 80.6 million, which is EUR 6.4 million or 9% more than the previous year. From the Company's generated revenue, 74% comes from the administration of residential and non-residential buildings (excluding repair works), 25% from the execution of planned repair works, and 1% from other provided services. In 2024, more services were provided than in 2023. Routine repair work was performed for EUR 0.3 million, which is 2% less than in 2023, while management services were performed for EUR 7.0 million, which represents an increase by 13%.

Other revenue from economic activities in 2024 reached EUR 6.4 million, which is EUR 4.6 million more than the previous year. That increase is mainly associated with the receipt of guaranteed compensation from the Deposit Guarantee Fund in the amount of EUR 4.2 million.

Financial income in 2024 reached EUR 0.6 million, which is EUR 0.3 million, or twice as much as in the previous year. The increase in income, in turn, is associated with higher interest rates on term deposits and cash held with credit institutions.

The financial performance of the Company in 2024 resulted in a profit of EUR 9.0 million, which is EUR 3.9 million or 78% more than in 2023. EBITDA¹ margin in 2024 likewise reached 13.1%. In 2024, the Company's return on assets (ROA)² was 8.36 %, while the return on equity (ROE)³ stood at 48.5 %.

The following factors had a positive impact on our financial results:

- strong customer payment discipline;
- focused debt recollection – recovered provisions for doubtful debts exceeded new provisions created during 2024;
- receipt of guaranteed compensation of EUR 4.2 million from the Deposit Guarantee Fund;
- interest income on the Company's cash held in current

the reporting period.

³ Return on equity: calculated as net profit divided by the average amount of equity during the reporting period.

¹ Profit or loss before enterprise income tax, financial income, financial expenses, and depreciation.

² Return on assets: calculated as net profit divided by the average total assets during

accounts with credit institutions.

In 2024, the Company removed from its balance sheet those items related to its role as an intermediary (agent) between communities of apartment owners and service providers. As at 31 December 2024, our total assets amounted to EUR 111.0 million, including long-term investments of EUR 7.6 million or 7 % of the asset value, current assets of EUR 103.4 million or 93 % of the asset value, while 64 % of the current assets comprised cash accumulated by communities of apartment owners of residential buildings. The liability ratio was 81% of the total balance sheet, amounting to EUR 89.6 million (compared to EUR 88.6 million on 31 December 2023), with current liabilities accounting for EUR 60.2 million (compared to EUR 58.0 million on 31 December 2023).

Cash and term-deposit balances as at 31 December 2024 totalled EUR 97.9 million. Of this amount, EUR 65.8 million represents funds accumulated by communities of apartment owners for future-period expenses (repairs and unspent administration fees). Within that amount, EUR 45.0 million is placed in 12-month term deposits with the Treasury of the Republic of Latvia maturing on 4 August 2025, while EUR 20.8 million is held in current accounts with credit institutions. The remaining EUR 30.8 million of the cash balance comprises the Company's own funds.

As at the date of preparing the annual report, the Company's authorised fixed capital amounted to EUR 5.1 million.

Administration of buildings and renewal of the housing stock: daily work to ensure safe, comfortable, and modern living conditions in apartment buildings

One of the key tasks in property administration is maintaining and improving the technical condition of the housing stock, preserving its value, and carrying out complete renovation, while proactively reducing the need for emergency work and minimising the risk of accidents.

As part of administrating the residential building infrastructure, work at a total of 2557 properties was carried out in 2024, including:

- water supply and heating system repair work at 1004 properties;
- repair of structural elements of buildings at 693 properties;
- repair of electrical systems and elevators at 586 properties.

The public outdoor space is a key factor in the quality of life for our clients. To improve it, the following work was performed in the reporting year:

- 2294 tree and shrub maintenance tasks;
- asphalt paving work and installation of road signs and benches at 406 properties.

Each year, increasing importance is given to improving the energy efficiency of buildings, enabling reductions in heat and electricity consumption. During the reporting year, we carried out energy efficiency improvement work at 933 properties, including:

- renovation of the heat supply system at 441 properties;
- replacement of windows and doors at 296 properties;
- renovation of the electrical wiring system at 117 properties.

Comprehensive building renovation: gained experience and ensured quality have allowed to substantially increase the number of projects

One of our priority areas of activity is the implementation of energy efficiency improvement projects under the programme of AS "Attīstības finanšu institūcija ALTUM" (Development Financial Institution ALTUM), providing the apartment owners of administered buildings both informative and instructive support regarding project implementation opportunities, and assuming the management of building renovation projects.

During the reporting period, we commissioned eight buildings⁴ renovated under the ALTUM programme:⁴

- at Brīvības gatve 313;
- at Bruņinieku iela 149;
- at Kastrānes iela 2A;
- at Krapes iela 5 k-1;
- at Ķekavas iela 15;
- at Patversmes iela 22 k-4;
- at Stāmerienas iela 2 k-1;
- at Strēlnieku iela 15.

The total amount of co-financing attracted in accordance with the concluded contracts was EUR 2.03 million.

As a result of the dedicated efforts of our building renovation specialists, 55 communities of apartment owners in buildings under our administration have already decided to participate in the new ALTUM programme.⁵

Renovation of buildings under our administration



⁴ ALTUM has provided a final report on 5 properties.

⁵ 3 of the residential buildings changed their property administrator during the reporting year.

As part of informing the public about the opportunities offered by the ALTUM programme, in 2024 we implemented a variety of activities targeting communities of apartment owners. These included 11 public online consultations and numerous individual consultations. Moreover, considering the relevance of the issue in Riga, we held two public information meetings on the improvement of environmentally degraded buildings.

To increase apartment owners' awareness and understanding of property administration, we organised over 300 general meetings and events in 2024 for residents of apartment buildings, focusing on resident involvement in building administration and management, as well as the possibilities of attracting third-party financing.

A record number of historic buildings were renovated with municipal co-financing

In 2024, a total of 14 projects were implemented with the co-financing of the Local Government of Riga State City: 12 for the preservation of cultural and historical architectural heritage and 2 for the elimination of safety hazards. Within the framework of the municipality's support programmes, projects managed by SIA "Rīgas namu pārvaldnieks" were approved for a total co-financing amount of EUR 0.30 million in 2024.

Customer service: digital, accessible, and effective

Continuing the development of the Company's e-solutions, the services available to clients at e-parvaldnieks.lv and the app "RNP" were expanded in the reporting period.



Through the mobile app, clients can pay their bills, view the invoice archive and payment status, submit monthly water meter readings, submit requests, view interactive statistics on utility services, access information on their building's financial provisions and their use,

view property administration and management estimates, and access information on own and the building's total outstanding debts.

The new features introduced on our website allow users to schedule video consultations with specialists regarding the implementation and management of building renovation projects, installation of smart water meters, installation of electric vehicle charging stations, and land redemption for the termination of divided property ownership. To help potential clients evaluate SIA "Rīgas namu pārvaldnieks" as their prospective building administrator, a special calculator has been made available to estimate the indicative administration fee for their building.

In the reporting year, we installed queue management systems in all five customer service centres, providing data on customer service and waiting times, as well as employee

performance. In addition, customer service satisfaction assessment was introduced.

Services received at our customer service centres were rated positively: 92% of respondents gave the rating "satisfied".



To ensure that clients are aware of situations that affect or could affect other residents of the building (such as reminders about waste sorting procedures, emergency repairs and their costs, explanations of cost items, etc.), we prepare and send informative notifications to all residents of the relevant building whenever we receive multiple inquiries on similar topics. Important information relevant to all apartment owners is included in monthly bills.

We are developing new services thereby expanding the possibilities for residents to modernise and improve their buildings

In 2024, we developed a list of services, creating a customised service package for clients based on the principle of "Know Your Customer." Furthermore, we commenced working on the development of 11 new services that are to be introduced from 2025 to 2030. Priorities were set based on the Company's market development capacity and potential customer demand. We continue developing innovative, sustainable, and customer-oriented services, promoting modern and efficient property administration.

Smart water meters with remote reading capability not only ensure accurate consumption tracking, but also offer convenience and time savings for our clients. In 2024, smart water meters were successfully installed in four apartment buildings and three administrative buildings, with plans to accelerate the installation pace.

Forced termination of divided property ownership offers apartment owners in privatised residential buildings the opportunity to purchase the land functionally necessary for their building. This service offered by SIA "Rīgas namu pārvaldnieks" providing professional support in resolving property rights issues is becoming increasingly popular.

Service quality: we continue to improve, and clients appreciate it

During the reporting period, we continued efforts to ensure efficient management of our building portfolio, clients, and services. We successfully implemented structural and organisational changes within the Service Delivery Management Division, introducing specialisation of work and services, faster response times to clients' technical requests, and opportunities to improve the quality of tasks related to building administration. The improvement of our key business activities is ongoing.

As part of enhancing the client request handling process, we launched the implementation of a Work Order Management System in the reporting year, which will continue into 2025, enabling the remote management of technical service delivery. Thereby we are able to significantly improve work organisation and the monitoring of completed work through information technologies.

Those efforts resulted in a decrease in the number of client complaints by 32%.

Our offer attracts new clients

A total of 12 buildings selected SIA "Rīgas namu pārvaldnieks" as their new administrator in the course of 2024. This number marks a positive trend, exceeding the cumulative number of new clients over the past five years. We achieved this by proactively reaching out to potential clients while continuously improving the quality of the services provided by the Company, thereby enhancing our public reputation.

Innovations and cooperation: our investment in the future

In the reporting year, we concluded a contract with the Riga Technical University on cooperation in the implementation of scientific research initiatives, research activities, the improvement of an innovative study and work environment, and other areas. At the end of 2024, students, researchers, and innovation enthusiasts participated in the three-week hackathon *Rīgas namu pārvaldnieks Coopetition 2024*, where the winning team of young people presented a proposal for a multifunctional roof-cleaning system.

At the beginning of the year, we concluded the project initiated in 2023 under the Nordplus Adult sub-programme supported by the Nordic Council of Ministers, titled *Train the Teacher: Developing Skills of Adult Educators*.

In collaboration with project partners, the Riga Technical University, the Riga Energy Agency of the RVPA, and SIA "Renesco", we continued work on the three-year project co-financed by the EU LIFE Programme for Environment and Climate Action, titled *Neighbourhood Renewal through Energy Efficiency Contracting – RenewALL*.

We share our experience and knowledge as experts and thought leaders

SIA "Rīgas namu pārvaldnieks" actively participates in public events of various scales. To raise awareness of required investments to renew the housing stock and attract capital for the implementation of those projects, a discussion titled *The Challenge of Developing Sustainable Housing* was held on 26 February, targeted at sectoral representatives and key stakeholders.

Just like every year, we also took part in the *Māja I 2024* exhibition, where our specialists provided consultations to visitors on building insulation and renovation options. Our experts also participated in the international urban planning event *MadCity Riga* and the annual high-level expert conference *Cybernight*, with SIA "Rīgas namu pārvaldnieks" acting as a co-organiser of the industry conference *Housing*

2024.

Continuing the practice of previous years, we maintained proactive communication on "green initiatives" throughout the reporting period, encouraging clients to participate in waste sorting, energy efficiency efforts, and the sustainable use of resources.

Our performance: recognised and commended

During the reporting period, projects managed by SIA "Rīgas namu pārvaldnieks" received top honours in the competition *Most Energy-Efficient Building 2024*, organised by the Ministry of Economics: 1st place (building at *Dzelzavas iela 90*) and 3rd place (building at *Bauskas iela 53*) in the "Renovated Apartment Buildings" category.

In the Latvian Construction Annual Award 2023, the jury awarded 3rd place in the "Façade Renovation" category to the building at *Tallinas iela*, designed by architect Eižens Laube. 23. Meanwhile, in the "Timber Construction" category, the renovated wooden apartment building at *Lāčplēša iela 157* received praise.

Affirming the Company's achievements in strengthening corporate culture in the areas of environmental, social, and governance responsibility, SIA "Rīgas namu pārvaldnieks" was awarded the Gold Category for the second consecutive year in the Sustainability Index, organised by the Institute for Corporate Sustainability and Responsibility (InCSR).

Recognising the Company's support measures to promote balance between work and private life, the Society Integration Foundation granted SIA "Rīgas namu pārvaldnieks" the status of a "Family-Friendly Workplace." For its achievements in promoting diversity and commitment to achieve excellence in building an inclusive work environment, the Society Integration Foundation awarded SIA "Rīgas namu pārvaldnieks" a "Bronze" status in 2024 as part of the initiative *Strength in Diversity*.

Selection of executives: we recruit managers that share the Company's vision

Personnel recruitment at the Company is organised based on the Remuneration and Employee Recruitment Policy and internal regulatory framework, employing internal and external recruitment methods, direct search, or candidate selection through recruitment agencies. In 2024, we held 30 recruitment processes for senior, middle, and lower-level management positions. This included 21 internal selections, offering employees opportunities for professional growth within the Company in view of the reorganisation processes implemented in 2024.

The nomination process for the Company's board members is managed by the Supervisory Board in line with the regulatory framework.

On 10 June 2024, following the board member selection process, the Company's Board appointed Gunta Jēkabsons and Mārtiņš Pauris to the positions of Board Members. The candidate selection was organised by the company Astral Executive Search. The Selection Commission led by the Chairperson of the Council, Ainārs Ozols, included 10 experts, among them independent senior executives and experts from other companies and organisations.

Our employees are becoming increasingly engaged in the Company's activities

During the reporting year, our employee engagement score increased by 5.2 percentage points, reaching 73.5%.

This means that employees better understand and more strongly support the Company's goals, feel a sense of belonging, and are more committed in their daily work. This improvement was achieved in parallel with significant structural changes within the Company.

Participation in organisation and initiatives to adopt best practices and strengthen industry expertise through our experience

In the reporting year, SIA "Rīgas namu pārvaldnieks" joined the *Mission Zero* initiative. Its overarching goal is to eliminate fatalities resulting from occupational and related external conditions and to significantly reduce occupational accidents, aiming for zero incidents at the workplace. In 2024, the Company also joined the Zero Tolerance for Corruption initiative organised by the organisation *Sabiedrība par atklātību – DELNA*.

SIA "Rīgas namu pārvaldnieks" is a member of the Employers' Confederation of Latvia, the Latvian Chamber of Commerce and Industry, the Latvian Association of Building Administrators and Managers, and the Latvian Association of Personnel Management. In 2024, it also joined the Baltic Institute of Corporate Governance and the Latvian Association of Communities of Apartment Owners *Mājoklis*.

Strengthened financial management and cybersecurity

In response to the high-risk external threats in the field of cybersecurity, we commenced working on enhancing the security of information technologies in the reporting year.

In the reporting year, the Company developed the Financing Strategy 2025–2030 and the Roadmap for Attracting Private Capital, in line with the medium-term operational strategy for 2022–2026.

On 30 July 2024, the Bank of Latvia decided to disburse EUR 4.2 million from the Deposit Guarantee Fund to communities of apartment owners managed by SIA "Rīgas namu pārvaldnieks", in relation to funds previously deposited with AS "PNB Banka." After the insolvency proceedings of AS "PNB Banka" began in 2019, SIA "Rīgas namu pārvaldnieks" provisioned the funds from its own financial resources and continued to provide necessary services for the buildings, ensuring that apartment owners did not feel the impact of the unavailable funds and that planned repairs could proceed. The funds accumulated by communities of apartment owners for major renovations and building improvements are currently securely held in term deposits with the State Treasury, as well as distributed among several of Latvia's largest commercial banks.

Company's future development: broader and innovative support of higher quality to preserve and improve the value of apartment buildings

SIA "Rīgas namu pārvaldnieks" plays an important role in the market of apartment building administration. We will continue improving the quality of services provided to clients, while also enhancing apartment owners' awareness and understanding of their vital role and responsibility in administering their property, improving its technical condition, and exploring opportunities for third-party financing. We will continue working towards new services, introducing digital solutions, and using the opportunities offered by smart technologies.

In 2024, we commenced developing a medium-term operational strategy for 2026-2030 and will continue to do so in 2025.

Māris Ozoliņš
Chairman of the
Board

Mārtiņš Pauris
Board Member

Gunta Jēkabsons
Board Member

REPORT ON THE LIABILITY OF THE BOARD

The Board (hereinafter – the Management of SIA "Rīgas namu pārvaldnieks" (hereinafter – the Company) is in charge of preparing the financial statements of the Company.

The financial statements from page 10 to 54 have been prepared, based on accounting records and source documents, and they provide a true and clear representation of the Company's financial position on 31 December 2024, its operating results for the year 2024, and cash flows.

Those financial statements have been prepared in accordance with the EU-approved IFRS accounting standards, following the going concern principle.

The Management is responsible for ensuring an appropriate accounting system, preserving the Company's assets, as well as detecting and preventing fraud and other violations committed within the Company. It is also responsible for compliance with the legislation of the Republic of Latvia.

Māris Ozoliņš
Chairman of the
Board

Mārtiņš Pauris
Board Member

Gunta Jēkabsone
Board Member

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**STATEMENT OF COMPREHENSIVE
 INCOME**

(EUR)

| | Annex | 2024 | 2023 |
|---|-------|-------------------|-------------------|
| Revenue from contracts with customers | 4 | 80 569 545 | 74 216 801 |
| Production cost price of produce sold, purchase costs for goods sold or services provided | 5 | (69 243 743) | (63 849 129) |
| Gross profit | | 11 325 802 | 10 367 672 |
| Sales overheads | 6 | (863 004) | (693 697) |
| Administrative overheads | 7 | (6 159 980) | (5 406 137) |
| Other operating income | 8 | 6 433 459 | 1 829 424 |
| Other operating charges | 9 | (1 514 557) | (1 177 793) |
| Financial income | 10 | 641 147 | 296 898 |
| Financial expenses | 11 | (46 401) | (56 553) |
| Profit or loss before income tax | | 9 816 466 | 5 159 814 |
| Enterprise income tax for the reporting year | 12 | (812 500) | (105 312) |
| Profit or loss after calculation of enterprise income tax | | 9 003 966 | 5 054 502 |
| Profit or loss for the reporting period | | 9 003 966 | 5 054 502 |
| Consolidated income or losses attributable to shareholders | | 9 003 966 | 5 054 502 |

Annexes from page 15 to 54 form an integral part of these financial statements.

Māris Ozoliņš
 Chairman of the Board

Mārtiņš Pauris
 Board Member

Gunta Jēkabsone
 Board Member

Anita Zeikmane
 Head of the Accounting
 Department/Chief Accountant of
 Finance Department

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STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2024

| | | (EUR) | |
|--|-------|--------------------|--------------------|
| ASSETS | Annex | 31/12/2024 | 31/12/2023* |
| LONG-TERM INVESTMENTS | | | |
| Intangible assets | 13 | 597 425 | 181 688 |
| Fixed assets | 14 | 6 288 356 | 4 015 673 |
| Right to use the assets | 15 | 639 947 | 894 386 |
| Other loans and long-term debts | 17 | 76 935 | 77 042 |
| TOTAL LONG-TERM INVESTMENTS | | 7 602 663 | 5 168 789 |
| CURRENT ASSETS | | | |
| Reserves | 16 | 763 478 | 787 095 |
| Trade receivables | 17 | 3 441 570 | 2 393 440 |
| Receivables from related undertakings | 17 | 275 853 | 226 963 |
| Other debtors | 18 | 485 345 | 902 668 |
| Community funds in term-deposit accounts of the State Treasury | 20 | 45 000 000 | 45 000 000 |
| Prepaid expenses | 19 | 505 110 | 335 482 |
| Cash and cash equivalents | 20 | 52 935 593 | 49 511 425 |
| TOTAL CURRENT ASSETS | | 103 406 949 | 99 157 073 |
| TOTAL ASSETS | | 111 009 612 | 104 325 862 |

* During the reporting year, the Company has made adjustments of the comparative indicators (see Annex 2.1).

(continuation on the next page)

Annexes from page 15 to 54 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2024 (continuation)

| | | (EUR) | |
|--|-------|--------------------|--------------------|
| EQUITY AND LIABILITIES | Annex | 31/12/2024 | 31/12/2023* |
| EQUITY | | | |
| Share capital (fixed capital) | 21 | 5 116 844 | 5 116 844 |
| Other reserves | 21 | 5 485 655 | 5 485 655 |
| Undistributed profit or uncovered losses from previous years | 21 | 1 833 413 | 28 911 |
| Profit in the reporting year | 21 | 9 003 966 | 5 054 502 |
| TOTAL EQUITY | | 21 439 878 | 15 685 912 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Provisions for future repairs | 22 | 149 721 | 97 959 |
| Loans from credit institutions | 23 | 100 658 | 217 514 |
| Contract liabilities | 30 | 28 818 918 | 29 727 907 |
| Lease liabilities | 27 | 283 079 | 561 851 |
| TOTAL NON-CURRENT LIABILITIES | | 29 352 376 | 30 605 231 |
| CURRENT LIABILITIES | | | |
| Provisions for future repairs | 22 | 204 219 | 279 926 |
| Loans from credit institutions | 23 | 114 327 | 42 891 |
| Other companies | 24 | - | 4384 |
| Trade payables | 25 | 5 074 463 | 3 887 928 |
| Debts to related undertakings | 26 | 11 516 | 56 088 |
| Taxes and national mandatory social insurance contributions | 28 | 2 634 417 | 2 316 290 |
| Other creditors | 29 | 10 265 424 | 9 577 522 |
| Contract liabilities | 30 | 41 518 374 | 41 482 898 |
| Lease liabilities | 27 | 394 618 | 386 792 |
| TOTAL CURRENT LIABILITIES | | 60 217 358 | 58 034 719 |
| TOTAL LIABILITIES | | 89 569 734 | 88 639 950 |
| TOTAL EQUITY AND LIABILITIES | | 111 009 612 | 104 325 862 |

* During the reporting year, the Company has made adjustments of the comparative indicators (see Annex 2.1).

Annexes from page 15 to 54 form an integral part of these financial statements.

Māris Ozoliņš
 Chairman of the Board

Mārtiņš Pauris
 Board Member

Gunta Jēkabsone
 Board Member

Anita Zeikmane
 Head of the Accounting
 Department/Chief Accountant of
 Finance Department

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STATEMENT OF CHANGES IN EQUITY

| | (EUR) | | | | |
|--|------------------|------------------|--|--|-------------------|
| | Share capital* | Other reserves | Undistributed profit from previous years | Undistributed profit in the reporting year | Total |
| On 31 December 2022 | 5 116 844 | 5 485 655 | (876 513) | 4 535 424 | 14 261 410 |
| Increase or decrease in the undistributed profit | - | - | 4 535 424 | (4 535 424) | - |
| Profit in the reporting year | - | - | - | 5 054 502 | 5 054 502 |
| Transactions with the Company's shareholder | | | | | |
| Distribution of dividends | - | - | (3 630 000) | - | (3 630 000) |
| On 31 December 2023 | 5 116 844 | 5 485 655 | 28 911 | 5 054 502 | 15 685 912 |
| Increase or decrease in the undistributed profit | - | - | 5 054 502 | (5 054 502) | - |
| Profit in the reporting year | - | - | - | 9 003 966 | 9 003 966 |
| Transactions with the Company's shareholder | | | | | |
| Distribution of dividends | - | - | (3 250 000) | - | (3 250 000) |
| On 31 December 2024 | 5 116 844 | 5 485 655 | 1 833 413 | 9 003 966 | 21 439 878 |

See the description in Annex 21.

Annexes from page 15 to 54 form an integral part of these financial statements.

Māris Ozoliņš
 Chairman of the Board

Mārtiņš Pauris
 Board Member

Gunta Jēkabsone
 Board Member

Anita Zeikmane
 Head of the Accounting
 Department/Chief Accountant of
 Finance Department

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CASH FLOW STATEMENT REPORT 2024

| | Annex | 2024 | (EUR) 2023 |
|---|-----------|--------------------|---------------------|
| OPERATING CASH FLOW | | | |
| Revenue from contracts with customers, incl. payments with the Company as an agent | | 264 928 482 | 277 994 034 |
| Payments to suppliers, employees, and other operating expenses, incl. payments with the Company as an agent | | (260 364 144) | (283 762 666) |
| Enterprise income tax payments | 12 | (1 215 384) | (180 795) |
| Other operating income | | 176 580 | 50 772 |
| Guaranteed compensation from the Deposit Guarantee Fund | 8 | 4 167 807 | - |
| Gross operating cash flow | | 7 693 341 | (5 898 655) |
| Financial expenses | | (48 182) | (59 622) |
| NET OPERATING CASH FLOW | | 7 645 159 | (5 958 277) |
| INVESTMENT CASH FLOW | | | |
| Purchase of fixed and intangible assets | 13; 14 | (2 609 332) | (844 526) |
| Interest received | 10 | 2 078 653 | 296 898 |
| Deposits made | 20 | (45 000 000) | (45 000 000) |
| Deposits received | 20 | 45 000 000 | - |
| NET INVESTMENT CASH FLOW | | (530 679) | (45 547 628) |
| FINANCING CASH FLOW | | | |
| Principal lease payment | | (419 006) | (454 932) |
| Subsidies received | | 28 556 | 11 560 |
| Loan repayment expenses | 23 | (45 420) | (109 577) |
| Expenses for the purchase of leased fixed assets | 24 | (4384) | (9792) |
| Disbursed dividends | 21 | (3 250 000) | (3 630 000) |
| NET FINANCING CASH FLOW | | (3 690 254) | (4 192 741) |
| RESULT OF EXCHANGE RATE FLUCTUATIONS | | (58) | (22) |
| NET CASH FLOW IN THE REPORTING YEAR | | 3 424 168 | (55 698 668) |
| BALANCE OF CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING YEAR | | 49 511 425 | 105 210 093 |
| BALANCE OF CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING YEAR | 20 | 52 935 593 | 49 511 425 |

Annexes from page 15 to 54 form an integral part of these financial statements.

Māris Ozoliņš
 Chairman of the Board

Mārtiņš Pauris
 Board Member

Gunta Jēkabsone
 Board Member

Anita Zeikmane
 Head of the Accounting
 Department/Chief Accountant of
 Finance Department

THE DOCUMENT BEARS A SECURE ELECTRONIC SIGNATURE AND A TIMESTAMP.

ANNEXES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

SIA "Rīgas namu pārvaldnieks" (hereinafter – the Company) is the largest company managing residential buildings in the Baltics. At the end of 2024, its management portfolio includes 3.5 thousand residential buildings, which amounts to 7.2 million m². The Company holds an approximately 40% market share in Rīga.

The Company was established in 2010. Its capital shares are 100% owned by the Local Government of Rīga State City, with the Rīga City Executive Director acting as the shareholder's representative. The Company operates in a free market environment and generates profit. The Company does not receive any municipal subsidies.

The Local Government of Rīga State City (registered office: *Rātslaukums 1*, Rīga, LV-1539) includes the Company's annual report in the consolidated annual report. The consolidated annual report is available on the website of the Local Government of Rīga State City.

The Board of the Company has approved these financial statements for publishing. The financial statements are approved by the shareholder meeting which is convened by the Board of the Company upon receiving the auditor's opinion and the Council's report. The shareholders' meeting has the right to reject the financial statements prepared and submitted by the Board and to request the preparation of new financial statements.

2. PRINCIPLES OF ACCOUNTING AND VALUATION

These financial statements have been prepared, based on the accounting and valuation principles mentioned below. These principles are applied consistently to all comparative indicators unless otherwise indicated.

Continuation of the Company's operations

The financial statements are prepared on the assumption that the Company will continue its operations in the future.

In 2024, the Company concluded the year with a profit of EUR 9 million. A positive gross cash flow from economic activities and a consistent payment discipline of existing customers ensured a stable financial situation during the reporting year.

Towards the end of year 2024, the current assets amounted to EUR 104 million, while the current liabilities amount to EUR 61 million. The Company is working on improving the control of planning and performing financial operations and operations involving the maintenance and administration of buildings, and is also intensifying efforts to address debts.

2.1. Principles of accounting and valuation

These financial statements have been prepared in accordance with the EU-approved IFRS accounting standards. Given the European Union approval procedure, this Annex also includes standards and interpretations that have not been approved for application in the European Union, as these standards and interpretations may impact the Company's financial statements in future periods if approved.

The financial statements are prepared based on the historical cost accounting method. The Cash Flow Statement is prepared using the direct method, while the Statement of Comprehensive Income is prepared using the cost function. The financial statements use the euro (EUR) as the unit of currency.

According to the management's decision, in 2024, the Company removed from its balance sheet most of the items related to its role as an intermediary (agent) between residents and service providers (see Annex 3.2). Those changes have no impact on the financial result.

To reflect information more accurately, debtor items were reclassified. The calculated debt regarding the payment for the use of land amounting to EUR 665 076 has been reclassified from the balance sheet item "Other debtors" to the item "Trade receivables." This reclassification had no impact on total assets or liabilities and does not affect income or expenses.

In the 2024 financial statements, the comparative figures for 2023 have been classified and presented in accordance with the principles applied in 2024 and are comparable. The opening balance sheet of the reporting year before adjustments corresponds to the closing balance sheet of the previous year.

Summary of adjustments in the Statement of Financial Position as at 31 December 2023

| | | | | | | (EUR) |
|-----------------------------|-------|--|---|---|--|--------------------------|
| ASSETS | Annex | 31/12/2023 (as previously reported) | Adjustments | | Reclassification | 31/12/2023 (restated) |
| CURRENT ASSETS | | | <i>Trade receivables for transit services</i> | <i>Transit service fees collected from clients and transferred to the service provider 02/01/2024</i> | <i>Reclassification between receivable items</i> | |
| Trade receivables | 17 | 28 930 396 | (28 496 735) | 1 294 703 | 665 076 | 2 393 440 |
| Other debtors | 18 | 1 567 744 | - | - | (665 076) | 902 668 |
| CURRENT ASSETS TOTAL | | 126 359 105 | (28 496 735) | 1 294 703 | - | 99 157 073 |
| TOTAL ASSETS | | 131 527 894 | (28 496 735) | 1 294 703 | - | 104 325 862 |

| | | | | | | (EUR) |
|---------------------------------------|-------|--|---|---|---|--------------------------|
| EQUITY AND LIABILITIES | Annex | 31/12/2023 (as previously reported) | Adjustments | | | 31/12/2023 (restated) |
| CURRENT LIABILITIES | | | <i>Payables to suppliers for transit services</i> | <i>Transit service fees collected from clients and transferred to the service provider 02/01/2024</i> | | |
| Payables to suppliers and contractors | 25 | 5 456 508 | (1 568 580) | - | - | 3 887 928 |
| Debts to related undertakings | 26 | 26 984 243 | (26 928 155) | - | - | 56 088 |
| Other creditors | 29 | 8 282 819 | - | 1 294 703 | | 9 577 522 |
| TOTAL CURRENT LIABILITIES | | 85 236 751 | (28 496 735) | 1 294 703 | | 58 034 719 |
| TOTAL LIABILITIES | | 115 841 982 | (28 496 735) | 1 294 703 | | 88 639 950 |
| TOTAL EQUITY AND LIABILITIES | | 131 527 894 | (28 496 735) | 1 294 703 | | 104 325 862 |

The financial statements refer to the time period from 1 January 2024 to 31 December 2024.

In order to prepare the financial statements in accordance with the IFRS accounting standards, the Management relied on estimates and assumptions that affect the balances of items reported in certain financial statements, as well as the possible amount of liabilities.

Future events may affect the assumptions on which the respective estimates are based. Any impact of changes in estimates is reflected in the financial statements at the time of their determination. Although these estimates are prepared based on comprehensive information about current events and actions available to the Management, actual results may differ. Significant assumptions and judgements are described in Annex 3.

In preparing these financial statements, the Company has not applied several new standards and interpretations that have been published but will come into force on or after 1 January 2025, or have not yet been endorsed by the European Union, as they are not expected to have a material impact on the financial statements.

New standards and amendments that came into effect during the reporting year

1. **Amendments to IAS 1 – Presentation of Financial Statements: The classification of current or non-current liabilities** is effective for reporting periods beginning on or after 1 January 2024, allowing early adoption, and must be applied retrospectively in accordance with IAS 8. The aim of the amendments is to clarify the principles of classifying liabilities as current or non-current under IAS 1. The amendments specify the significance of the right to defer settlement, the requirement for this right to exist at the end of the reporting period, the management's intentions not affecting the current or non-current classification, and that the counterparty's ability to settle, which may involve delivering the company's own equity instruments, does not impact the current or non-current classification.

The amendments clarify that liability classification is influenced only by those financial conditions that the Company must comply with at the reporting date or before. Furthermore, additional disclosures are required for non-current liabilities arising from loan agreements subject to financial conditions that must be fulfilled within twelve months after the end of the reporting period.

The Company has no loan agreements or other liability documents in place that include rights to defer settlement of liabilities for at least twelve months after the end of the reporting period; therefore, these amendments have not affected the Company's financial statements.

2. **Amendments to IFRS 16 – Leases: Lease liabilities arising from sale and leaseback transactions** are effective for reporting periods beginning on or after 1 January 2024, allowing early adoption. The amendments aim to enhance seller-lessee accounting for lease liabilities arising from sale and leaseback transactions under IFRS 16 without making changes to the accounting applicable to unrelated sale and leaseback transactions. Specifically, in cases where the seller-lessee determines the "lease payments" or "revised lease payments" in a way that it does not recognise any amount of the gain or loss that relates to the right of use. The amendments do not prevent the seller-lessee from recognising any gains or losses associated with the partial or complete termination of the lease agreement. The seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the initial application date in the reporting period beginning when the Company first applied IFRS 16.

The Company does not enter into sale and leaseback transactions within the scope of IFRS 16; therefore, these amendments have not affected the Company's financial statements.

3. Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

The amendments are effective for reporting periods beginning on 1 January 2024 or later, allowing for early adoption. However, certain reliefs from providing specific disclosures are available in the year of initial application. The amendments mandate enhanced disclosures for companies entering such supplier finance arrangements. However, they do not affect the classification and presentation of related liabilities and cash flows.

The amendments apply to supplier finance arrangements that have all of the following characteristics:

- A finance provider pays amounts a company (the buyer) owes its suppliers.
- A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
- The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

The amendments do not apply to arrangements for financing receivables or inventory.

The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.

Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.

The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

The Company does not enter into supplier finance arrangements within the scope of IAS 7 and IFRS 7; therefore, these amendments have not affected the Company's financial statements.

New standards and their amendments that have been issued but have not yet come into effect

4. Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates

The amendments apply to annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

The amendments introduce new disclosure requirements. According to the amendments, entities will be required to disclose new information to help users assess the effects of using an estimated exchange rate in the financial statements in cases where the entity cannot exchange one currency for another at the measurement date and for a specific purpose. If the currency is not exchangeable, the entity must estimate the spot exchange rate.

When estimating the spot exchange rate, the entity must reflect the rate that would be used in an orderly exchange transaction between market participants under prevailing economic conditions at the measurement date. The amendments do not contain specific requirements for how to estimate the spot exchange rate.

The Company carries out foreign exchange transactions to an insignificant extent and only with freely and widely exchangeable currencies. These amendments will therefore not affect the Company's financial statements.

2.2. Foreign currency revaluation

Accounting and reporting currency

Items in the Company's financial statements are recorded in the currency of the economic environment in which the Company operates (accounting currency), which is euro (EUR). Financial statement items are presented in the official currency of the Republic of Latvia, the euro (EUR), which is the reporting currency of the Company.

Transactions and balances in foreign currencies

All transactions in foreign currencies are converted into euros using the exchange rate published by the European Central Bank in effect at the beginning of the transaction day. Monetary assets and liabilities in foreign currency are reported on the last day of the reporting period, converted into euros using the exchange rate of the foreign currency according to the exchange rate published by the European Central Bank in effect at the end of the last day of the reporting period.

Exchange rate differences resulting from currency settlements are recognised in the Profit or Loss Statement.

2.3. Intangible assets

Intangible assets primarily consist of software licenses. Initially, they are recognised at acquisition cost. Intangible assets have a specified and limited useful life. Subsequently, intangible assets are presented at acquisition value, net of accrued amortisation and impairment losses.

Impending expenses are capitalised, either by increasing the value of the existing intangible asset or recognised as a separate intangible asset, only if future economic benefits are expected from them, and these expenses can be reliably determined. Other expenses are written off in the Profit or Loss Statement at the time of their occurrence.

Depreciation of intangible assets is calculated using the straight-line method to write off their acquisition value over their useful life, and it is included in the Profit or Loss Statement for the respective period. Generally, intangible assets are amortised over a period of 3 to 5 years.

If events or changes in circumstances indicate that the book value of intangible assets may be unrecoverable, the value of the relevant intangible asset is reassessed to determine the impairment. Impairment losses are recognised if the book value of intangible assets exceeds their recoverable amount.

2.4. Fixed assets

Fixed assets are recognised, using the cost method, as described below, net of accumulated depreciation and any accumulated impairment loss, if necessary. The acquisition cost includes costs directly attributable to the acquisition of the fixed asset.

The value of Company's self-constructed fixed assets consists of the cost of materials and any other costs directly related to providing the fixed asset in working condition for its intended purpose, as well as the costs of dismantling and removal of the fixed asset and the restoration of the location where the fixed asset is supposed to be. The acquisition costs of computer software that are closely related to the functionality of the equipment and cannot be separated from it are capitalised as part of the equipment.

Investments in leased fixed assets are capitalised and reported as fixed assets.

If the useful service lives of individual components of fixed assets differ, they are accounted for as separate components of fixed assets. The estimated residual values and useful service lives of fixed assets are reviewed and, if necessary, adjusted at each reporting date.

Impending costs are included in the book amount of the asset or recognised as a separate asset only when there is a high probability that the future economic benefits associated with the item will flow to the Company, and the costs of this item can be reliably determined. Other ongoing repair and maintenance costs of fixed assets are included in the Profit or Loss Statement for the period in which they are incurred.

Profits or losses from the exclusion of fixed assets are calculated as the difference between the book value of the fixed asset and the proceeds from the sale and are included in the Profit or Loss Statement for the respective period.

In cases where the book value of a fixed asset is higher than its recoverable amount, the value of the respective fixed asset is immediately written down to its recoverable amount (see Paragraph 3).

Depreciation

The depreciation of fixed assets is calculated using the straight-line method. The depreciation is included in the Profit or Loss Statement.

Investments in leased fixed assets are depreciated over the shorter of the lease term or the useful life of a similar asset, based on the rates applicable to the category to which the investments in leased fixed assets belong. Land is not subject to depreciation.

The depreciation amount for the Company's fixed assets is calculated for each asset's remaining value by applying the relevant depreciation rate set for the respective category of assets:

| FIXED ASSETS | Depreciation rate |
|--|--------------------------|
| Buildings and structures | 5% |
| Technological, heating, welding, etc. equipment | 20% |
| Road, sewage treatment, etc. equipment | 33.33% |
| Vehicles | 20% |
| Computer equipment, data storage devices, office equipment, etc. | 33.33%–20% |
| Office furniture | 20% |
| Electrical tools | 50% |
| Other fixed assets | 33.33%–20% |

2.5. Impairment of tangible and intangible assets

All of the Company's tangible and intangible assets, except land, have an assigned useful life. The value of assets subject to depreciation or impairment is reassessed whenever events and circumstances indicate possible unrecoverability of their book value.

Impairment losses are recognised in the financial statements as the difference between the book value and the recoverable amount of the asset. The recoverable amount is the higher of the fair value of the asset, net of sales overheads, and its value in use. To determine impairment, assets are grouped based on the lowest level at which cash flows can be identified (cash-generating units). Impairment losses are recognised in the Profit or Loss Statement.

Impairment losses recognised in previous periods are reviewed at each balance sheet date to determine whether there is evidence that the losses have decreased or no longer exist. Impairment losses are reversed if there have been changes in the estimates used for determining the recoverable amount.

Impairment losses are reversed only to the extent that the book value of the asset does not exceed the book value, excluding depreciation, that would be determined if impairment losses were not recognised.

2.6. Financial instruments

The Company's financial instruments consist of financial assets (trade receivables, receivables from related undertakings, other debtors, and cash and cash equivalents) and financial liabilities (loans, debts towards suppliers and other creditors).

Classification of financial instruments

The Company's financial instruments consist of financial assets (financial assets at amortised acquisition cost) and financial liabilities (financial liabilities at amortised acquisition cost).

The classification of debt instruments depends on the business model introduced by the Company's financial asset management, as well as whether contractual cash flows consist solely of payment of principal and interest (SPPI). If a debt instrument is held to collect cash flows, it can be accounted for at amortized acquisition cost if it meets the SPPI requirements. Financial assets the cash flows of which do not meet the SPPI requirements (for instance, financial derivatives) must be assessed based at the fair value through profit or loss (FVTPL). Embedded derivative instruments are not separated from financial assets, but when included in the composition of financial assets, SPPI requirements are evaluated.

Recognition and derecognition

Financial instruments (assets and liabilities) are recognised at the moment when the Company becomes a contracting party according to the contractual provisions of the instrument. A "contract" does not have to be in written form, but it must involve an agreement that has "clear economic consequences" and cannot be avoided by the parties.

The Company derecognises financial assets and liabilities by removing them from the balance sheet if the financial assets and liabilities meet the following criteria:

- The Company acts as an intermediary.
- The Company has no risks, benefits, or other rights and obligations in relation to such assets. The Company has a legally established responsibility and obligation to third parties concerning payments it receives and subsequently transfers on behalf of those third parties.
- The Company retains contractual rights to receive the cash flows from the financial asset while simultaneously assuming a contractual obligation to pay those cash flows to one or more recipients, provided the following conditions are met:
 - equivalent amounts are collected from the original asset;
 - the terms of the transfer agreement prohibit the Company from selling or pledging the original asset, except when it is used as collateral for the obligation to transfer the relevant cash flows to the ultimate recipients;
 - the Company is obliged to remit the collected cash flows to the ultimate recipients without significant delay and to ensure the timely transfer of these amounts.

If any of the above criteria are not met, the recognition of the financial asset and liability is not discontinued, and they continue to be presented on the balance sheet.

Measurement

Upon initial recognition, financial instruments are measured at their fair value. For financial assets and financial liabilities measured at amortised acquisition cost, the fair value upon the initial recognition is adjusted for transaction costs directly attributable to that financial instrument.

Financial assets at amortised acquisition value

Financial assets at amortised acquisition value are debt instruments with a fixed or determinable payment schedule that are not held for trading and the future cash flows of which consist solely of payment of principal and interest. Financial assets at amortised acquisition value include trade receivables, other debtors, and term deposits, as well as receivables from related undertakings and cash and cash equivalents. Financial assets at amortised acquisition value are classified as current assets if the payment term is one year or less. If the payment term exceeds one year, those assets are reported as non-current assets. Current receivables are not discounted.

Financial assets at amortised acquisition value are initially recognised at their fair value and subsequently presented at amortised value, using the effective interest rate method, net the provisions for impairment.

Cash and cash equivalents

Cash and cash equivalents consist of balances held with VAS "Latvijas Pasts", settlement accounts with credit institutions, deposit accounts with credit institutions, and term deposit accounts with the State Treasury.

Transfers made by the Company at the end of a business day or before public holidays, for which confirmation of receipt has not been received on the same day, are reported as cash in transit.

Impairment of financial assets at amortised acquisition value

Impairment is recognised according to the Expected Credit Loss (ECL) model. The model follows a three-stage approach based on changes in the credit quality of the financial asset compared to its initial recognition. The Company recognises immediate losses equal to the 12-month ECL upon the initial recognition of financial assets, even if there are no indications of impairment (it recognises the lifetime ECL for trade receivables). In the case of a significant increase in credit risk, impairment is measured using the lifetime ECL rather than the 12-month ECL. The model includes operational accommodations for trade receivables.

The Company has applied operational accommodations allowed by IFRS 9 for the evaluation of trade receivables (including related party receivables), grouping trade receivables based on their credit quality and days past due, applying the expected credit loss percentage to each respective group. ECL rates are calculated taking into account the payment history of the last year, adjusting this indicator to incorporate information about the present and future forecasts if it has a significant impact.

Provisions for impairment are included in a separate allowance account, and losses are recognised in the Profit or Loss Statement. If in the subsequent period after recognising impairment, the amount of losses decreases, and this decrease can be objectively related to an event after the recognition of impairment (e.g., an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed and recognised in the Profit or Loss Statement.

Financial liabilities at amortised acquisition value

Financial liabilities at amortised acquisition value are presented under "Loans from credit institutions", "Other loans", "Trade payables", "Other creditors", and "Debts to related undertakings".

Financial liabilities at amortised acquisition value are initially recognised at their fair value. In subsequent periods, financial liabilities at amortised acquisition value are reflected at amortised acquisition value, applying the effective interest rate. Financial liabilities at amortised acquisition value are classified as current liabilities if the payment term is one year or less. If the payment term exceeds one year, those liabilities are reported as non-current liabilities.

Loans are initially recognised at fair value, net the costs directly attributable to the borrowing. In subsequent periods, loans are presented at amortised acquisition value, applying the effective interest rate.

The difference between the amount of cash received, net the costs directly attributable to the borrowing, and the loan repayment value are gradually included in the Profit or Loss Statement using the effective interest rate of the loan. This difference is recognised as part of financial expenses.

Loans are classified as current liabilities, except when the Company has irrevocable rights to defer the settlement of the liability for at least 12 months after the balance sheet date.

The financial liabilities are derecognised when the underlying obligation is withdrawn, cancelled, or when it expires.

Offsetting of financial assets and liabilities

Financial assets and liabilities are mutually offset and presented in the balance sheet in net amounts if there are legal rights to set off, and it is intended to settle on a net basis or to simultaneously transfer the asset and settle the liability.

2.7. Reserves

Reserves are recorded at the lower of prime cost or net realisable value. The net realisable value is determined by the normal selling price of reserves in the ordinary course of Company's business, excluding the costs of completing and selling reserves. The acquisition value is determined using the weighted average valuation method for fuel and fuel oil and the FIFO (first in, first out) method for other components of reserves. The inventory acquisition/creation value, which is less than EUR 1000, is included in the Profit or Loss Statement.

In case of necessity, provisions for impairment are established for the impairment of obsolete, slow-moving, or damaged reserves. The amount of reserves is included in the Profit or Loss Statement.

2.8. Trade receivables and other debtors

Trade receivables are recorded and reflected in the balance sheet based on the initial invoice amount, net the expected credit losses recognised for doubtful debts (see Annex 2.6). Debts are written off when their recoverability is considered impossible.

The main scope of the Company's activities is the management and administration of residential buildings, which involves the most significant resources of the Company. Based on contracts concluded with the Local Government of Riga State City and the Company's customers, the Company performs the management and administration of residential buildings, auxiliary buildings related to them, and functionally necessary (adjacent) land plots and other real estate owned or held by the Local Government of Riga State City, as well as other legal entities and individuals. The Company operates as an appointed representative – agent of service users (apartment owners) based on the joint property management agreement. It collects financial resources and transfers them to service providers such as heating, water supply and sewage, household waste management, electricity, and construction service providers (see Annex 3.2).



Figure 1 – Schematic diagram of Company's operations

The repair works financed by the Company are listed as other debtors in accordance with the agreements on the reimbursement of expenses for the maintenance of residential buildings.

Other long-term debtors include amounts the payment term of which extends beyond 12 months after the end of the respective reporting year.

2.9. Prepaid expenses

Expenses that have incurred before the balance sheet date but pertain to future reporting periods are recorded as prepaid expenses.

2.10. Other reserves

Other reserves of the Company include the difference between the total value of the equity of reorganized capital companies and the value of the equity determined at the time of establishing the Company.

2.11. Accrued unused vacation expenses

The accrued unused vacation expenses are calculated by multiplying the number of unused vacation days at the end of the reporting year by the average daily wage over the last six months of the reporting year.

2.12. Provisions for future repairs

Provisions are created only in cases where the Company has a current obligation related to a specific past event, and it is probable that, in future reporting years, the Company will have to carry out certain actions in favour of another party based on legislation, contract, or established practice and that the fulfilment of this obligation will require an outflow of resources that provide economic benefits, and the Company can reliably assess (estimate) the amount required for the performance of the obligation.

Provisions are recognised when there is a high probability that there will be an outflow of resources that provide economic benefits (an outflow is considered probable if there is a greater likelihood (more than 50 per cent) that these benefits will flow out rather than not). In situations where there are multiple similar obligations, the probability should be assessed, taking into account the entire set of similar obligations. Provisions are intended to cover liabilities related to transactions of the current or previous reporting years, which are foreseeable or known during the preparation of the financial statements but for which the exact value or the date of occurrence or coverage of specific obligations is not precisely known.

Provisions are recognised at the value that represents the most accurate estimate of the expenditure at the balance sheet date:

- This involves determining the most accurate estimate, i.e., the amount that the Company would reasonably pay to fulfil a current obligation as of the balance sheet date or transfer its execution to a third party at the balance sheet date.
- The value of the provisions is assessed, using available information, evidence, and experience. If a reliable assessment of the provisions cannot be conducted, they are not recognised, but information about possible obligations is disclosed in the sub-balance notes to the financial statements.
- When calculating the most accurate estimate of the provisions, risks and uncertainties affecting the value of resources required for the coverage of provisions are taken into account.

If it is anticipated that the expenses required to cover the liabilities, which are included in the provisions, will be fully or partially reimbursed by a third party, the reimbursement of expenses is recognised only when the expenses are actually reimbursed. The amount recognised for reimbursement must not exceed the total amount of the provisions.

Expenses and revenue from reimbursement of expenses related to the provisions are disclosed separately, specifying both the expenses and the revenue gained from such expense reimbursements.

The value of provisions is adjusted only for those expenses for which the provisions were initially recognised.

The Company creates provisions for anticipated liabilities related to litigations in which the Company is involved as a defendant, including provisions for labour disputes, land lease issues, and other litigations.

2.13. Deferred revenue

The Company's deferred revenue consist of co-financing for repair works received and contract liabilities.

At the end of each reporting year, in accordance with the Cabinet Regulation No. 408 of 11 July 2017, Regulations on the Calculation of the Fee for the Administration and Management of a Residential Building (hereinafter – the Regulation), the Company prepares an estimate of the maintenance and management of a residential building (hereinafter – the estimate) for the respective calendar year,

including the calculation of planned repair works for the next year and the calculation of fees for the management and administration of the residential building for the owner of an apartment, artist's workshop, and non-residential premises.

In accordance with IFRS 15, the Company recognises contract liabilities at the moment when it incurs an obligation to provide services to customers in future periods, regardless of when the payment is received. Occurrence of the obligation is considered to be the moment of issuing an invoice for services that are not related to the Company's costs in the reporting year.

The costs of mandatory administration services include direct costs, indirect costs, and remuneration for administration. The procedures of calculating the expenses included in the items of the estimate are established in the internal regulatory framework of the Company.

Mandatory expenses for the repair at residential buildings, as well as payments for repair work at residential buildings to be carried out in future periods within the scope of the mandatory administrative activities are included in the estimate if damages to the residential building are identified during visual or technical inspection.

Mandatory expenses for the renovation or reconstruction of residential buildings, as well as payments for the renovation or reconstruction of residential buildings to be carried out in future periods within the scope of the mandatory administrative activities are included in the estimate if the technical inspection report concludes that the prerequisite for the future operation of the residential building is the renovation or reconstruction.

The following are classified as contract liabilities:

- Payments to the fund of provisions for planned repair, renovation, or reconstruction of residential buildings to be carried out in future periods within the scope of the mandatory administrative activities.
- According to the Regulation, the accumulated administration fee balance at the end of the calendar year, which is used in future periods to cover emergency and maintenance works.

The short-term portion includes the 2025 contract liabilities for planned works (obligations towards customers) in accordance with the maintenance work plan. The maintenance plan is prepared for the full year, and procurement and implementation contracts are concluded to carry out the planned works. However, during the year, the Company's clients may cancel the execution of works, change the execution order, or reprioritise. Likewise, the planned works may not be executed within the intended timeframe due to various operational challenges (such as lack of access to the work site, emergencies, damages, or defects that were not detectable during the visual inspections), resulting in the execution of works being postponed to future periods. The Company recognises revenue based on actual performance (see Annex 2.14).

Contract liabilities related to obligations towards customers that are not expected to be fulfilled in 2025 are presented as a long-term portion.

2.14. Recognition of revenue

Revenue is the compensation received as a result of performing the principal business activities. The transaction price is the amount that the Company expects to receive after transferring control of goods or services, excluding amounts collected on behalf of third parties. The transaction price is reduced by granted discounts or other benefits provided to the purchaser. Specific criteria for recognising the Company's revenue for each type of revenue are detailed below.

The Company does not have any contracts with customers that include a settlement period of more than one year. Therefore, the Company does not make adjustments to reflect changes in the time value of money. Additionally, variable consideration is not contemplated in settlements.

Revenue from the sales of goods is recognised at the point of transferring control, i.e., at the moment the Company has delivered the respective goods to the customer, and the customer has accepted the goods, with a reasonable expectation that the receivable is recoverable.

Revenue from the provision of services is recognised in the financial period when the services are provided, taking into account the total service ratio relative to the total service stipulated in the contract, where applicable.

The Company's principal business activity includes the provision of administration services, in accordance with the estimate of the planned revenue and expenses for mandatory maintenance and management residential buildings.

The Company also provides other fee-based services that are not included in the administration service fee and are performed upon separate request from the owners of residential buildings. These services include:

- disconnection (draining) and reconnection (filling) of the cold water pipeline in an apartment;
- monthly invoice delivery by post;
- preparation of a separate (split) invoice for co-owners of apartments in residential buildings;
- issuing of a tripartite agreement for invoicing of management and provided services in the case of rental/lease of an apartment or non-residential premises;
- issuance of a parking permit to a natural or legal person for one vehicle.

The Company provides the following services (recognised in accordance with IFRS 15):

1. Administration services

Revenue from administration services is recognised in the reporting period in which the services were provided. The previously listed types of services are not separable and are considered as one performance obligation. Invoices for these services are issued and recorded on a monthly basis, in accordance with a previously approved estimate. Revenue from contracts with customers is recognised when these services are delivered to the customer for an amount reflecting the consideration to which the Company is entitled in exchange for these services. Revenue from administration services is recognised over time, given that the Company's customers simultaneously receive and consume the services provided by the Company. Revenue is recognised using the cost method.

2. Revenue from repairs

Revenue from repairs, including emergency work, renovation or reconstruction, is recognised in the reporting period in which these services are provided. Repairs are funded either from provisions for future repairs or the cost is billed to customers in addition to the administration service fee. Revenue from repairs is recognised over time. Revenue is recognised using the cost method.

3. Transactions in which the Company acts as an agent and the agent services provided

The Management has assessed that the Company has no influence and control over the utility services provided by other service providers, which include heating, water supply, electricity provision, and waste removal, and the collection of land use fees from residents, and therefore operates as an agent. In particular, the Management has evaluated the following indicators, determining that the Company operates as an agent:

- It does not have any control over the provision of utility services.
- On behalf of utility service providers, it includes utility services in the invoices issued to clients and collects fees for them, but it is not entitled to receive revenue.
- It does not have the authority to directly or indirectly set the service prices.

The Company includes the fees for services in the unified invoices issued to customers on behalf of the utility service providers, and subsequently transfers these fees to the respective service providers. The Company considers itself an agent in these transactions. In accordance with IFRS 9 "Financial Instruments" and IAS 32 "Financial Instruments: Presentation", the Company presents the amounts collected on behalf of third parties and transferred to the service providers on a gross basis in the statement of cash flows (prepared using the direct method), whereas in the statement of profit or loss, these amounts are presented on a net basis, applying the agent accounting principle. For the presentation in the statement of financial position, see Annex 3.2.

Other revenue

Other revenue from the provision of services is recognised in the period in which they are provided. Other revenue include additional services to customers provided by the Company, including cleaning services and compensation for bailiff services.

Late payment interest and penalties for delayed payment of services (invoice payment) are classified as other operating income.

Interest income

Interest income is recognised using the accrual method, applying the effective interest rate. Interest income from cash and cash equivalents is classified as financial income.

Income from fines

Income from fines, including late payment penalties for delayed settlements, is recognised in income only upon receipt, following the prudence principle.

2.15. Lease

Classification

Upon concluding a contract, the Company assesses whether the contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To evaluate whether a contract is or contains a lease, the Company assesses whether:

- The contract stipulates the use of an identified asset – the asset must be specified either directly or indirectly, and it must be physically distinct or represent the entire capacity of a physically distinct asset. If the supplier has a substantive right to substitute an asset, the asset is not considered identified.
- The Company has the right to obtain all of the economic benefits from the use of that asset throughout the period of use.
- The Company has the right to determine the manner of using an identified asset. The Company has the right to determine the manner of use when it can make decisions about how and for what purpose the asset will be used. In cases where decisions on how and for what purpose the asset will be used have been predetermined, the Company evaluates whether it has the right to operate the asset or direct the operation of the asset in a specified manner, or whether the Company has specified the use of the asset in a manner that predetermines how and for what purpose the asset will be used.

For a lease that includes a lease component or multiple lease components, in the initial or subsequent assessment, the Company allocates to each lease component its relative standalone price.

Lessee

Lease is recognised as the right to use an asset and the corresponding lease liabilities on the date on which the leased asset becomes available to the Company for use. The costs of the right-of-use asset include:

- The initial measurement of lease liabilities.
- Any lease payments made on or before the commencement date, excluding any lease incentives received.
- Any initial direct costs.

The right-of-use asset is amortised using the straight-line method from the commencement date to the end of the useful life of the underlying asset. Depreciation is calculated using the straight-line method from the start of the lease term to the end of the lease term unless the purchase of the assets is planned. The right-of-use asset is periodically reduced for impairment losses, if any, and adjusted for the revaluation of lease liabilities.

Assets and liabilities arising from leases are initially measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of interest at the commencement date of the lease. Lease liabilities include the present value of the following lease payments:

- Fixed lease payments (including in-substance fixed lease payments), excluding lease incentives.
- Variable lease payments that depend on an index or rate.
- Payments to be made by the lessee under residual value guarantees.
- The exercise price of a purchase option if it is reasonably certain that the lessee will exercise this option.
- Penalties for terminating a lease if the lease term reflects the lessee exercising an option to terminate the lease.

Lease liabilities are reassessed when there are changes in future lease payments due to changes in the index or rate used to determine these payments, changes in the Company's estimate of the expected payment amount, or if the Company changes its assessment of the exercise of a purchase option, extension, or termination of the lease term. When lease liabilities are reassessed, the corresponding adjustment is made to the book value of the right-of-use asset or recognised in the Profit or Loss Statement if the book value of the right-of-use asset is reduced to zero.

The lease term is extended by mutual agreement if both parties wish to continue the lease relationship, or if the Company, as the lessee, initiates the continuation of the lease and the lessor agrees, the lease is extended for a fixed or indefinite period.

Lease terms are reviewed if the contract includes provisions for regular review, e.g., if the lease payments are adjusted for inflation or market conditions, or where the lease agreement provides specific terms or conditions under which the contract terms must be reviewed.

Automatic lease term extensions are applied if the lease includes an option to extend, or in cases where the lease contains a clause stipulating that the lease term is automatically extended unless the Company, as the lessee, notifies termination within a specified period.

Each lease payment is split between lease liabilities and interest expenses on lease liabilities. Interest expenses on lease liabilities are recognised in the Profit or Loss Statement over the lease term to create a constant periodic interest rate on the remaining lease liability in each period.

Investments in leased fixed assets are written off during the initial lease period.

Short-term leases or leases with a low-value underlying asset

Lease payments associated with short-term leases or leases with a low-value underlying asset are recognised as expenses using the straight-line method in the Profit or Loss Statement. A short-term lease is a lease with a term of 12 months or less at the commencement date. An asset is considered to be of low value if the value of the leased item is below EUR 5000.

2.16. Related parties

Related parties are considered to be the Local Government of Riga and its capital companies, the Board Members and Council of the Company, their close family members and companies in which these individuals have control or significant influence.

2.17. Contingent assets and liabilities

Contingent liabilities are not recognised in this financial statement. Liabilities are only recognised in cases where the likelihood that the resources will be expended becomes sufficiently justified. Information about contingent liabilities is disclosed in the Annex.

Contingent assets are not recognised in this financial statement but are reflected only in cases where the likelihood that the economic benefits associated with a transaction will flow to the Company is sufficiently justified.

2.18. Corporate income tax

The corporate income tax is calculated in accordance with the legislation in force at the end of the reporting period. The prevailing legislation establishes a tax rate of 20 per cent on the calculated taxable base, which is divided by a coefficient of 0.8 before the application of the tax rate. The enterprise income tax calculated from profit distribution in dividends is separately disclosed in the Profit or Loss Statement, while in other cases, it is included in the other operating charges.

2.19. Events occurring after the balance sheet date

Events occurring after the balance sheet date are reflected in the financial statements when they provide additional information about the Company's financial position at the date of preparing the balance sheet (adjusting events). If the events occurring after the balance sheet date are not adjusting, they are disclosed in the financial statement notes only if they are significant.

3. SIGNIFICANT ASSUMPTIONS AND JUDGEMENTS

In order to prepare the financial statements in accordance with the Accounting Standards, it is necessary to make significant assumptions. Similarly, when preparing the statements, the Management must make significant assumptions and judgements in accordance with the accounting policies chosen by the Company.

The preparation of financial statements in accordance with the Accounting Standards requires the use of estimates and assumptions that affect the values of assets and liabilities presented in the financial statements and the information provided in the annexes as of the financial statement date, as well as the income and expenses recognised during the reporting period. Actual results may differ from those estimates.

Areas that may be more influenced by assumptions include the Management's assumptions and calculations in determining the recoverable amount of assets and the amount of provisions, as described below.

3.1 Provisions for expected credit losses (ECL)

Provisions for ECL are created for doubtful receivables.

Provisions for ECL from doubtful debtors are categorised into groups based on specific characteristics such as debt age, length of overdue payments, demographic features, write-off terms, debtor's debt recovery stage, and other parameters.

Debts are considered doubtful if:

- The payment deadline according to issued invoices is overdue.
- There is a dispute as to the repayment of the debt.
- Insolvency proceedings have been initiated against the debtor.
- There are justified reasons that cast doubt on the recovery of the debt.

The claims that meet the specified criteria and have overdue payment terms are classified into groups based on their specific characteristics and the delay in the payment terms. Correspondingly, the amount of ECL provisions is calculated by applying the specified ECL interest rate.

Provisions for ECL from doubtful receivables are created, starting from the invoice issue date, by dividing them into two groups:

1. Group 1 for debtors without specific characteristics (customers with active contracts who delay invoice payments) with the following payment delay periods:
 - 0 days (past due in the morning of the following day) – 4% of the applicable debt amount (2023: 4%);
 - 1 to 90 days – 21% of the applicable debt amount (2023: 21%);
 - 91 to 180 days – 35% of the applicable debt amount (2023: 35%);
 - 181 to 360 days – 47% of the applicable debt amount (2023: 47%);
 - 361 to 1080 days – 65% of the applicable debt amount (2023: 65%);
 - Over 1081 days – 100% of the applicable debt amount.
2. Group 2 for debtors with specific characteristics, 100% of the total overdue debt amount if:
 - One contract invoice debt is overdue for >3 years.
 - Former customers and separated contracts are subject to litigation.
 - The current or former customer is deceased.
 - The debtor, who is a current or former customer, has initiated insolvency proceedings, legal protection proceedings, or out-of-court legal protection proceedings, regardless of the age of the debt.
 - A notice has been received from a sworn bailiff indicating the impossibility of debt recovery for the debtor.

For more detailed information on assumptions regarding the provisions for doubtful debtors, see Paragraph 2.6 *Impairment of financial assets at amortised acquisition value* and Annex 17.

3.2 Accounting and presentation of transactions where the Company acts as an intermediary (agent)

The Company includes the fees for services in the unified invoices issued to customers on behalf of the utility service providers, and subsequently transfers these fees to the respective service providers. The Company considers itself an agent in these transactions (see Annex 2.14).

In 2024, the Company completed a multi-year process aimed at legally formalising its responsibility and risks towards third parties (service providers) in relation to payments it has contractual rights to receive as an intermediary (agent) and contractual obligations to transfer to the final recipients (i.e. the service providers) on behalf of its clients, as well as ensuring the timely forwarding of such payments without significant delay.

Accordingly, the Company (being legally designated as an agent) does not bear the risks or rewards (nor any other rights or obligations) associated with the amounts received from clients, except for its contractual right to collect and the obligation to transfer the equivalent amounts to the final recipients without undue delay.

In light of the above, the Company does not recognise in its Statement of Financial Position the balances it has the right to collect from clients and is obligated to forward to service providers.

| | 31/12/2024 | 31/12/2023 |
|--|---------------------|---------------------|
| Settlements for rent, management, and services related to the use of residential spaces, etc. services | 8 276 915 | 7 825 509 |
| Settlements for utility services and services related to the use of residential spaces | 17 742 330 | 20 671 226 |
| TOTAL RECEIVABLE AMOUNTS | 26 019 245 | 28 496 735 |
| To AS "RĪGAS SILTUMS" for the provided thermal energy services | (19 691 962) | (23 605 889) |
| To SIA "Rīgas ūdens" for water supply and sewage services | (3 774 649) | (3 322 266) |
| Settlements with other suppliers and contractors | (2 552 634) | (1 568 580) |
| TOTAL AMOUNTS TO BE TRANSFERRED | (26 019 245) | (28 496 735) |

Considering the time required for payment processing, the Company presents, in the Statement of Financial Position at the end of the reporting year, the amounts actually received on behalf of third parties (see Annex 20) and the corresponding liability amounts (see Annex 29), which are to be transferred to third parties without significant delay.

In certain transactions, even where the Company acts as an intermediary (agent), based on concluded agreements (e.g., waste management services for which the supplier is paid in full) or applicable regulatory framework (e.g., land use fees collected from residents, which are paid to landowners in advance for each quarter), the Company incurs credit risk in relation to the amounts receivable from its clients. For such transactions, the Company recognises and presents financial assets (trade receivables) and financial liabilities (amounts payable to suppliers).

3.3 Provisions

When assessing the volume of provisions, the Management relies on estimates of the amount of contingent liabilities as well as the timeframe within which the liabilities could materialize. In the event that these events do not occur or occur differently, the actual amount of expenses may differ from the estimated amount. For more detailed information on assumptions regarding the provisions, see Paragraph 2.12 and Annex 22.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

(EUR)

| REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15) | 2024 | 2023 |
|---|-------------------|-------------------|
| Revenue from the administration of residential spaces | 54 446 978 | 47 294 878 |
| Revenue from repairs in residential buildings | 12 919 103 | 14 592 436 |
| Revenue from self-performed repairs in residential buildings | 6 996 774 | 5 629 085 |
| Revenue from emergency repairs in residential buildings | 3 418 713 | 3 750 337 |
| Revenue from the administration of non-residential spaces | 1 296 425 | 1 162 990 |
| Revenue from fee-based services | 578 694 | 514 113 |
| Revenue from self-performed emergency repairs in residential buildings | 346 736 | 295 114 |
| Revenue from residents for thermal energy from local boiler houses | 116 473 | 143 606 |
| Revenue from repairs in residential buildings within projects co-funded by the EU | 21 612 | 28 719 |
| Revenue from the installation of water meters and the implementation of a remote reading system | 7543 | 6779 |
| Revenue regarding thermal energy from local boiler houses for non-residential premises | 4190 | 11 203 |
| Other revenue | 416 304 | 787 541 |
| TOTAL: | 80 569 545 | 74 216 801 |

| | (EUR) | |
|--|-------------------|-------------------|
| OUTLET | 2024 | 2023 |
| Revenue from the sale of goods and provision of services in the Latvian market | 80 569 545 | 74 216 801 |
| TOTAL: | 80 569 545 | 74 216 801 |

| REVENUE BREAKDOWN BY METHOD OF RECOGNITION | 2024 | 2023 |
|--|-------------------|-------------------|
| Point in time | 124 016 | 154 809 |
| Over time | 80 445 529 | 74 061 992 |
| TOTAL: | 80 569 545 | 74 216 801 |

| REVENUE BREAKDOWN BY NACE CODES | 2024 | 2023 |
|--|-------------------|-------------------|
| 6832 – Management of real estate on a fee or contract basis, including rent collection agency activities | 80 569 545 | 74 216 801 |
| TOTAL: | 80 569 545 | 74 216 801 |

5. PRODUCTION COSTS OF SOLD GOODS

| | (EUR) | |
|---|-------------------|-------------------|
| | 2024 | 2023 |
| Personnel costs | 37 268 666 | 32 383 149 |
| Routine maintenance, emergency repairs, emergency service services | 15 812 217 | 17 909 203 |
| Maintenance of systems | 6 852 974 | 5 780 791 |
| Cost of materials and writing down of the value of current assets | 3 415 970 | 3 142 774 |
| Sanitary maintenance of the building and the adjacent land plot | 3 316 986 | 2 701 320 |
| Depreciation of fixed assets | 613 263 | 430 812 |
| Fuel, spare parts, vehicle repair, and insurance costs | 544 581 | 400 916 |
| Office expenses for production personnel needs* | 389 900 | 253 581 |
| Recovery of debts, legal expenses, and fees | 340 647 | 264 192 |
| Maintenance of production facilities | 244 442 | 275 484 |
| Costs of building maintenance services | 152 926 | 109 984 |
| Communication services, expenses of the preparation and delivery of invoices | 86 070 | 101 694 |
| Lease of production facilities | 21 271 | 9183 |
| Immovable property tax for the premises owned by the Company and leased for production purposes | 18 180 | 21 229 |
| Other production costs of sold goods | 165 650 | 64 817 |
| TOTAL: | 69 243 743 | 63 849 129 |

* The Company has reclassified office expenses for the year 2023 in the amount of EUR 253 581, transferring them from the profit or loss statement line item "Administrative overheads" to the item "Production costs of sold goods." This reclassification was made in connection with structural changes implemented by the Company in 2024, in order to ensure the comparability of the financial information provided. The change has no impact on the Company's financial result.

6. SALES OVERHEADS

| | (EUR) | |
|------------------------|----------------|----------------|
| | 2024 | 2023 |
| Unified call centre | 539 373 | 657 064 |
| Advertising expenses | 118 486 | 30 356 |
| Sales personnel costs* | 205 145 | - |
| Other sales overheads | - | 6277 |
| TOTAL: | 863 004 | 693 697 |

In 2024, the Company established a new structural unit – the Service Management and Development Department, whose main function is the acquisition of new clients.

7. ADMINISTRATIVE OVERHEADS

| | (EUR) | |
|---|------------------|------------------|
| | 2024 | 2023 |
| Personnel costs | 4 603 599 | 3 976 337 |
| Office expenses* | 355 892 | 252 339 |
| Depreciation of fixed assets | 331 036 | 346 627 |
| Maintenance and repair of administration premises | 229 271 | 295 170 |
| Ancillary expenses of turnover of cash | 47 956 | 242 765 |
| Immovable property tax for the premises owned by the Company and leased for administration purposes | 56 303 | 46 697 |
| Remuneration to a sworn auditor company in the Republic of Latvia | 41 300 | 41 300 |
| Legal services | 50 833 | 32 407 |
| Lease of premises | 9213 | 16 002 |
| Other administrative overheads** | 434 577 | 156 493 |
| TOTAL: | 6 159 980 | 5 406 137 |

* The Company has reclassified office expenses for the year 2023 in the amount of EUR 253 581, transferring them from the profit or loss statement line item "Administrative overheads" to the item "Production costs of sold goods." This reclassification was made in connection with structural changes implemented by the Company in 2024, in order to ensure the comparability of the financial information provided. The change has no impact on the Company's financial result.

** Including expenses for 2024 comprise consultant remuneration to ensure guaranteed compensation from the Deposit Guarantee in the amount of EUR 129 700, consultancy services for the development of a long-term financing strategy in the amount of EUR 47 730, and consultancy services for conducting an agreed-upon procedure and preparing an opinion in the amount of EUR 20 300.

Distribution of the total remuneration calculated for the sworn auditor company by types of services provided:

| | (EUR) | |
|--------------------------------------|---------------|---------------|
| | 2024 | 2023 |
| Mandatory audit of the annual report | 41 300 | 41 300 |
| TOTAL: | 41 300 | 41 300 |

8. OTHER OPERATING INCOME

(EUR)

| | 2024 | 2023 |
|--|------------------|------------------|
| Income from changes in provisions for doubtful debtors and write-offs of receivables, net* | 5 613 829 | 716 955 |
| Received late payment and penalty fees | 628 785 | 319 212 |
| Income from the decrease in the provisions for litigations | 23 946 | 95 705 |
| Other operating income | 166 899 | 697 552 |
| TOTAL: | 6 433 459 | 1 829 424 |

* On 30 July 2024, the Bank of Latvia decided to disburse EUR 4 167 807 from the Deposit Guarantee Fund to communities of apartment owners managed by SIA "Rīgas namu pārvaldnieks", in relation to funds previously deposited with AS "PNB Banka." After the insolvency proceedings of AS "PNB Banka" began in 2019, the Company provisioned the funds from its own financial resources, recognising a provision for doubtful debts, and continued to provide necessary services for the buildings, ensuring that apartment owners did not feel the impact of the unavailable funds and that planned repairs could proceed.

(EUR)

| | 2024 | 2023 |
|---|------------------|----------------|
| Decrease in provisions for doubtful debtors | 7 148 788 | 5 794 775 |
| Increase in provisions for doubtful debtors | (3 973 446) | (4 372 660) |
| Write-off of hopeless receivables | (1 729 320) | (705 160) |
| Guaranteed compensation from the Deposit Guarantee Fund – reimbursement of funds deposited in the insolvent AS "PNB Banka" belonging to communities of apartment owners | 4 167 807 | - |
| Reduction of provisions for funds deposited in the insolvent AS "PNB Banka" due to their irrecoverability | 1 801 771 | - |
| Write-off of funds deposited by the Company in the insolvent AS "PNB Banka" due to their irrecoverability | (1 801 771) | - |
| TOTAL: | 5 613 829 | 716 955 |

9. OTHER OPERATING CHARGES

(EUR)

| | 2024 | 2023 |
|---|------------------|------------------|
| Costs after court rulings | 655 393 | 320 570 |
| Corporate income tax on expenses not related to economic activity | 424 298 | 352 197 |
| Immovable property tax | 7326 | 4552 |
| Other operating charges | 427 540 | 500 474 |
| TOTAL: | 1 514 557 | 1 177 793 |

10. FINANCIAL INCOME

(EUR)

| | 2024 | 2023 |
|--|----------------|----------------|
| Interest income from account balances and term deposits* | 622 943 | 277 053 |
| Other interest income | 18 204 | 19 845 |
| TOTAL: | 641 147 | 296 898 |

* Interest from AS "Citadele banka", Luminor Bank AS Latvian branch, AS "SEB banka", and OP Corporate Bank plc Latvian branch on cash balances in current accounts is calculated daily and paid monthly.

As of 31 December 2023, the euro short-term rate (€STR) was 2.905%, while the 1-week EURIBOR rate stood at 2.924%.

AS "Swedbank" does not offer interest on account balances. Therefore, the Company has entered into an Agreement on Automatic Overnight Deposit, under which funds are placed in an overnight term deposit: at the end of each day, after 22:00, the bank debits the Company's account balance in full, which is returned at the beginning of the next day by 07:00 along with the accrued interest.

| CREDIT INSTITUTION | Interest rates on account balances or term deposits, % | Effective interest rates 31/12/2024 % |
|--------------------------------------|--|---------------------------------------|
| AS "Citadele banka" | 0.25 | 0.250 |
| "Luminor Bank" AS, Latvian Branch | 2.000 | 2.000 |
| AS "SEB banka" | €STR*0.7 | 2.178 |
| AS "Swedbank" | 1-week EURIBOR – 1.5 | 1.424 |
| OP Corporate Bank plc Latvian branch | €STR – 1.50 | 1.405 |
| State Treasury | 1.762 | 1.762 |

The Company allocates received interest income from current account balances and term deposits as follows:

- Interest income received on community funds is allocated to buildings proportionally to each community's deposited funds.
- Interest income on the Company's own funds is recognised as the Company's income.

11. FINANCIAL EXPENSES

(EUR)

| Financial expenses by types of costs | 2024 | 2023 |
|--|---------------|---------------|
| Interest expenses on a loan from a credit institution to implement EU projects | 17 958 | 19 726 |
| Interest expenses on lease liabilities | 28 443 | 36 827 |
| TOTAL: | 46 401 | 56 553 |

12. CORPORATE INCOME TAX

The Company calculates the corporate income tax in accordance with the legislation of the Republic of Latvia. The Company, using the right provided for in the Corporate Income Tax Law, reduces the taxable base for corporate income tax during the taxation period for receivables.

(EUR)

| Corporate income tax | 2024 | 2023 |
|--|------------------|------------------|
| Overpayment on 1 January | - | - |
| (Liabilities) on 1 January | (263 250) | (6568) |
| Calculated for the reporting year | (1 236 798) | (457 509) |
| Paid in the reporting year | 1 215 384 | 180 795 |
| Added to "-"/deducted from "+" other taxes | - | 20 032 |
| Overpayment on 31 December | - | - |
| (Liabilities) on 31 December | (284 664) | (263 250) |

(EUR)

| Enterprise income tax | 2024 | 2023 |
|--|---------|---------|
| Calculated on expenses not related to economic activity (see also Annex 6) | 424 298 | 352 197 |
| Calculated on dividends distributed during the reporting year | 812 500 | 105 312 |

| | | |
|---------------|------------------|----------------|
| TOTAL: | 1 236 798 | 457 509 |
|---------------|------------------|----------------|

13. INTANGIBLE ASSETS

| | Advance payments | Other intangible assets | (EUR) TOTAL |
|--|------------------|-------------------------|----------------|
| On 31 December 2022 | | | |
| Initial value | 3290 | 3 584 712 | 3 588 002 |
| Accrued amortisation and impairment | - | (3 484 732) | (3 484 732) |
| Book value on 31 December | 3290 | 99 980 | 103 270 |
| Year 2023 | | | |
| Book value on 1 January | 3290 | 99 980 | 103 270 |
| Purchase/reconstruction | - | 184 741 | 184 741 |
| Movement | (3290) | - | (3290) |
| Exclusion | - | (201) | (201) |
| Depreciation | - | (103 033) | (103 033) |
| Accumulated amortisation of derecognised intangible assets | - | 201 | 201 |
| Book value on 31 December | - | 181 688 | 181,688 |
| On 31 December 2023 | | | |
| Initial value | - | 3 769 252 | 3 769 252 |
| Accrued amortisation and impairment | - | (3 587 564) | (3 587 564) |
| Book value on 31 December | - | 181 688 | 181 688 |
| Year 2024 | | | |
| Book value on 1 January | - | 181 688 | 181 688 |
| Purchase/reconstruction | - | 504 705 | 504 705 |
| Exclusion | - | (1 024 741) | (1 024 741) |
| Depreciation | - | (88 968) | (88 968) |
| Accrued amortisation of the excluded intangible assets | - | 1 024 741 | 1 024 741 |
| Book value on 31 December | - | 597 425 | 597 425 |
| On 31 December 2024 | | | |
| Initial value | - | 3 249 215 | 3 249 215 |
| Accrued amortisation and impairment | - | (2 651 790) | (2 651 790) |
| Book value on 31 December | - | 597 425 | 597 425 |

On 31 December 2024, the fixed assets of the Company included assets at acquisition value amounting to EUR 2 561 868 (on 31 December 2023 – EUR 3 508 048) that were completely depreciated but are still actively used in the economic activities.

14. FIXED ASSETS

(EUR)

| | Land | Buildings and structures | Technological equipment and devices | Other fixed assets | Creation of fixed assets and costs of unfinished construction objects | Investments in leased properties | TOTAL |
|---|------------------|--------------------------|-------------------------------------|--------------------|---|----------------------------------|------------------|
| 31 December 2022 | | | | | | | |
| Initial value | 1 682 312 | 2 428 778 | 1 839 983 | 2 602 621 | 60 353 | 119 493 | 8 733 540 |
| Accumulated depreciation and impairment | - | (890 152) | (1 804 477) | (2 341 567) | - | (118 419) | (5 154 615) |
| Book value on 31 December | 1 682 312 | 1 538 626 | 35 506 | 261 054 | 60 353 | 1074 | 3 578 925 |
| Year 2023 | | | | | | | |
| Book value on 1 January | 1 682 312 | 1 538 626 | 35 506 | 261 054 | 60 353 | 1074 | 3 578 925 |
| Purchase/reconstruction | | 54 916 | - | 19 024 | 645 251 | - | 719 191 |
| Initial value of derecognised fixed assets | - | - | (79 440) | (706 684) | (785) | - | (786 909) |
| Accumulated depreciation of derecognised fixed assets | - | - | 79 440 | 689 662 | - | - | 769 102 |
| Movement | - | - | 531 087 | 138 102 | (669 189) | - | - |
| Depreciation | - | (124 081) | (12 114) | (127 367) | | (1074) | (264 636) |
| Book value on 31 December | 1 682 312 | 1 469 461 | 554 479 | 273 791 | 35 630 | - | 4 015 673 |
| 31 December 2023 | | | | | | | |
| Initial value | 1 682 312 | 2 483 693 | 2 291 630 | 2 053 063 | 35 630 | 119 493 | 8 665 821 |
| Accumulated depreciation and impairment | - | (1 014 232) | (1 737 151) | (1 779 272) | - | (119 493) | (4 650 148) |
| Book value on 31 December | 1 682 312 | 1 469 461 | 554 479 | 273 791 | 35 630 | - | 4 015 673 |
| Year 2024 | | | | | | | |
| Book value on 1 January | 1 682 312 | 1 469 461 | 554 479 | 273 791 | 35 630 | - | 4 015 673 |
| Purchase/reconstruction | | 215 259 | 219 425 | 1674 | 2 289 614 | - | 2 725 972 |
| Initial value of derecognised fixed assets | - | - | (631 741) | (667 362) | - | - | (1 299 103) |
| Accumulated depreciation of derecognised fixed assets | - | - | 631 741 | 666 905 | - | - | 1 298 646 |
| Movement | - | - | 1 260 528 | 443 754 | (1 704 282) | - | - |
| Depreciation | - | (136 905) | (219 663) | (96 264) | | - | (452 832) |
| Book value on 31 December | 1 682 312 | 1 547 815 | 1 814 769 | 622 498 | 620 962 | - | 6 288 356 |
| 31 December 2024 | | | | | | | |
| Initial value | 1 682 312 | 2 698 952 | 3 139 842 | 1 831 129 | 620 962 | 119 493 | 10 092 690 |
| Accrued depreciation and impairment | - | (1 151 137) | (1 325 073) | (1 208 631) | - | (119 493) | (3 804 334) |
| Book value on 31 December | 1 682 312 | 1 547 815 | 1 814 769 | 622 498 | 620 962 | - | 6 288 356 |

On 31 December 2024, the fixed assets of the Company included assets at acquisition value amounting to EUR 2 257 727 (on 31/12/2023 – EUR 3 476 830), that were completely depreciated but are still actively used in the economic activities.

Information on profit or loss from the disposal of long-term investment assets

| | Long-term investment asset (or group of assets) | Carrying amount at the time of derecognition | Disposal revenue | Disposal expenses | Gross revenue or expenses | Profit or loss from disposal of the asset |
|---|---|--|------------------|-------------------|---------------------------|---|
| 1 | Other fixed assets | 457 | 50 100 | - | 50 100 | 49 643 |
| | Total | 457 | 50 100 | - | 50 100 | 49 643 |

15. RIGHT TO USE THE ASSETS

(EUR)

| | Right to use buildings and structures | Right to use other fixed assets | Total |
|---|---------------------------------------|---------------------------------|--------------------|
| Initial value on 31/12/2022 | 619 602 | 1 228 031 | 1 847 633 |
| New lease contracts/ amendments to contracts | 185 820 | (3136) | 182 684 |
| Initial value on 31/12/2023 | 805 422 | 1 224 895 | 2 030 317 |
| Accrued depreciation on 31/12/2022 | (350 151) | (376 010) | (726 161) |
| Calculated depreciation | (169 086) | (240 684) | (409 770) |
| Accrued depreciation on 31/12/2023 | (519 237) | (616 694) | (1 135 931) |
| Residual value on 31/12/2022 | 269 451 | 852 021 | 1 121 472 |
| Residual value on 31/12/2023 | 286 185 | 608 201 | 894 386 |
| Initial value on 31/12/2023 | 805 422 | 1 224 895 | 2 030 317 |
| New lease contracts/ amendments to contracts | 148 060 | - | 148 060 |
| Derecognised lease contracts/ amendments to contracts | (13 274) | - | (13 274) |
| Initial value on 31/12/2024 | 940 208 | 1 224 895 | 2 165 103 |
| Accrued depreciation on 31/12/2023 | (519 237) | (616 694) | (1 135 931) |
| Calculated depreciation | (161 994) | (240 505) | (402 499) |
| Accrued depreciation for excluded lease contracts | 13 274 | - | 13 274 |
| Accrued depreciation on 31/12/2024 | (667 957) | (857 199) | (1 525 156) |
| Residual value on 31/12/2023 | 286 185 | 608 201 | 894 386 |
| Residual value on 31/12/2024 | 272 251 | 367 696 | 639 947 |

Lease contracts concluded by the Company

In 2014, the item "Long-term investments in leased fixed assets" included the costs of reconstruction of the building in Rīga, at *Aleksandra Čaka iela 42A*, which was initially leased from SIA "LNS nekustamie īpašumi" for a lease period of 11 years.

In 2022, the Lease Agreement No. 6 39/961 concluded with SIA "LNS nekustamie īpašumi" (hereinafter – the Agreement) was extended until 19 September 2023 for the purpose of ensuring the Company's commercial activities. The Agreement includes a provision that, unless either party notifies of the termination of the Agreement at least three months before the expiry of the term, the Agreement shall be extended for each subsequent year.

16. RESERVES

(EUR)

| | 31/12/2024 | 31/12/2023 |
|---|----------------|----------------|
| Raw materials, direct materials, and auxiliary materials | 763 478 | 787 092 |
| Advance payments for inventories | - | 3 |
| TOTAL: | 763 478 | 787 095 |

17. TRADE RECEIVABLES

(EUR)

| | 31/12/2024 | 31/12/2023 |
|---------------------------------------|-------------------|-------------------|
| Other loans and long-term debts | 76 935 | 77 042 |
| Trade receivables* | 27 543 134 | 29 685 281 |
| Receivables from related undertakings | 275 853 | 226 963 |
| Gross book value | 27 895 922 | 29 989 286 |
| Provisions for doubtful debts | (24 101 564) | (27 291 841) |
| Book value | 3 794 358 | 2 697 445 |

(EUR)

| PROVISIONS FOR DOUBTFUL DEBTS (TRADE RECEIVABLES) | 31/12/2024 | 31/12/2023 |
|---|-------------------|-------------------|
| Provisions for doubtful debts at the beginning of the year | 27 291 841 | 28 734 500 |
| Decrease in provisions due to debt recovery | (5 108 435) | (4 892 139) |
| Decrease in provisions due to write-off of debts | (1 855 681) | (883 870) |
| Additional provisions | 3 773 839 | 4 333 350 |
| Provisions for doubtful debts at the end of the year | 24 101 564 | 27 291 841 |

(EUR)

| TRADE RECEIVABLES BY TYPES OF SERVICES* | 31/12/2024 | 31/12/2023 |
|---|-------------------|-------------------|
| Settlements for rent, management, and services related to the use of residential spaces, etc. services* | 23 922 769 | 26 696 476 |
| Settlements with the lessees of non-residential spaces | 1 470 969 | 1 651 364 |
| Settlements for repairs within projects co-funded by European Structural Funds and other fee-based services | 9339 | 8608 |
| Settlements for transit services and services related to the use of residential spaces | 991 862 | 261 306 |
| Settlements for financed repair services | 81 119 | 88 114 |
| Accrued revenue for emergency repairs | 1 419 864 | 1 077 931 |
| Accrued liabilities from the positive balance of the management fee (VAT adjustments) | - | 205 487 |
| Provisions for doubtful debts | (24 101 564) | (27 291 841) |
| TOTAL: | 3 794 358 | 2 697 445 |

To reflect information more accurately, debtor items were reclassified. The calculated debt regarding the payment for the use of land amounting to EUR 665 076 has been reclassified from the balance sheet item "Other debtors" to the item "Trade receivables." This reclassification had no impact on total assets or liabilities and does not affect income or expenses. See also Annex 2.1.

In order to estimate the ECL, the receivables were grouped by their risk characteristics and days overdue (for more detailed information, see Annex 31). ECL rates are based on historical repayment indicators, defined as the ratio of lost debts to the corresponding revenue over the last 12 months (counting from 31 December 2024, respectively).

Historical credit loss rates are adjusted, if necessary, to reflect current and future information about macroeconomic factors influencing the client's ability to cover the receivables.

The ECL calculation model enables the analysis short-term (one-year) future macroeconomic indicators and forecasts, as the settlement period for debtors is short, and changes in payment discipline are assumed to be visible in a monthly rather than yearly perspective.

When calculating forward-looking ECL, data from the Central Statistical Bureau (CSB) as at the end of 2024 are used, including the unemployment rate, average gross wages, the consumer price index, and changes in the average price level of housing-related goods and services, as well as publicly available analysts' forecasts for the following year.

In the ECL calculations, changes in the unemployment rate, the consumer price index, and the prices of housing-related goods and services are considered negative factors that deteriorate payment discipline, whereas changes in average gross wages are considered a positive factor that improves it.

Overall, when analysing these indicators, the Company concluded that in 2025, the previously identified conditions that had significantly influenced macroeconomic trends and had a negative impact on clients' payment capacity were no longer expected. As a result, forward-looking ECL in the amount of EUR 647 863 recognised as at 31 December 2023 were reversed in 2024.

Changes in the increase and decrease in the provisions are included in the Profit or Loss Statement, under the item "Other operating charges" or "Other operating income".

18. OTHER DEBTORS

(EUR)

| Provisions for doubtful other debts | 31/12/2024 | 31/12/2023 |
|---|----------------|------------------|
| Provisions for doubtful debts at the beginning of the year | 6 328 133 | 6 307 590 |
| Decrease in provisions due to debt recovery | (4 226 396) | (18 212) |
| Decrease in provisions due to write-off of debts | (1 801 771) | (554) |
| Additional provisions | 98 047 | 39 309 |
| Provisions for doubtful debts at the end of the year | 398 013 | 6 328 133 |

(EUR)

| Other debtors by types of services: | 31/12/2024 | 31/12/2023 |
|---|----------------|----------------|
| Settlement of accounts with AS "PNB Banka" | - | 6 069 578 |
| Provisions for doubtful assets | - | (5 969 578) |
| TOTAL: | - | 100 000 |
| Settlement of accounts with other debtors* | 578 665 | 495 207 |
| Settlement of accounts for placement of advertisements and similar services | 273 901 | 217 462 |
| Provisions for other doubtful debts | (398 013) | (358 555) |
| TOTAL: | 454 553 | 354 114 |
| Overpayment in the unified tax account | 30 791 | 440 542 |
| Settlement of accounts with the personnel | 1 | 8012 |
| TOTAL: | 485 345 | 902 668 |

To reflect information more accurately, debtor items were reclassified. The calculated debt regarding the payment for the use of land amounting to EUR 665 076 has been reclassified from the balance sheet item "Other debtors" to the item "Trade receivables." This reclassification had no impact on total assets or liabilities and does not affect income or expenses. See also Annex 2.1.

19. PREPAID EXPENSES

| | (EUR) | |
|--|----------------|----------------|
| | 31/12/2024 | 31/12/2023 |
| Prepaid expenses | | |
| Prepaid expenses for EU projects | 90 625 | 112 239 |
| Insurance costs | 108 702 | 95 414 |
| Maintenance of computer equipment | 233 453 | 48 360 |
| Prepaid expenses for wages (vacations) | 52 526 | 44 126 |
| Costs related to subscriptions to periodicals and communication services | 390 | 794 |
| Other prepaid expenses | 19 414 | 34 549 |
| TOTAL: | 505 110 | 335 482 |

20. CASH AND CASH EQUIVALENTS, AND TERM DEPOSITS

| | (EUR) | |
|---|-------------------|-------------------|
| | 31/12/2024 | 31/12/2023 |
| a) CASH AND CASH EQUIVALENTS | | |
| Money in current accounts in credit institutions | 30 681 906 | 26 261 610 |
| Transit service fees collected from clients and transferred to the service provider without significant delay | 1 311 353 | 1 294 703 |
| Restricted cash* – Community funds in current accounts with credit institutions | 20 799 308 | 21 467 127 |
| Cash in transit | 143 026 | 487 985 |
| TOTAL: | 52 935 593 | 49 511 425 |

| | 31/12/2024 | 31/12/2023 |
|--|-------------------|-------------------|
| b) TERM DEPOSITS WITH THE STATE TREASURY | | |
| Community funds in term-deposit accounts of the State Treasury | 45 000 000 | 45 000 000 |
| TOTAL: | 45 000 000 | 45 000 000 |

The accumulated funds of communities of apartment owners of residential buildings (hereinafter – the Community), totalling EUR 65 799 308 (as at 31 December 2023: EUR 66 467 127), are intended for restricted-use purposes – provisions for planned repairs and the positive balance of the administration fee for financing future maintenance works (see Annex 30).

As at 31 December 2024, the accumulated funds include:

- 1) term deposits in the amount of EUR 45 000 000 in four deposit accounts opened with the State Treasury, with an initial term of 12 months, in accordance with the agreements concluded between the State Treasury and the Company;
- 2) cash held in credit institution accounts in the amount of EUR 20 799 308.*

21. EQUITY

The authorised and paid-up fixed capital of the Company

The authorised and paid-up fixed capital of the Company amounts to EUR 5 116 844. The Company's fixed capital is divided into 5 116 844 shares. The nominal value of each Company's share is one euro (EUR).

Undistributed profit of the reporting year and previous years

The reporting year 2024 was concluded with a profit of EUR 9 003 966.

In the 2025 reporting year, the Company's Board will propose to distribute a portion of the profit and pay it out as dividends in accordance with the binding regulations of Riga Council No. 4 of 21 August 2020.

In the 2024 reporting year, a profit of EUR 3 250 000 for 2023 was distributed and paid out as dividends.

Other reserves

Other reserves of the Company include the difference between the total value of the equity of reorganized capital companies and the value of the equity determined at the time of establishing the Company. The reserves are not available for distribution to the Company's shareholders.

22. PROVISIONS

| (EUR) | | |
|---------------------------------|----------------|----------------|
| OTHER PROVISIONS | 31/12/2024 | 31/12/2023 |
| Other provisions | 149 721 | 97 959 |
| Total long-term portion | 149 721 | 97 959 |
| Other provisions | 204 219 | 279 926 |
| Total short-term portion | 204 219 | 279 926 |
| TOTAL: | 353 940 | 377 885 |

Distribution of provisions by types of litigation

| (EUR) | | |
|---------------------------------|----------------|---------------|
| PROVISIONS | 31/12/2024 | 31/12/2023 |
| Regarding land lease | 5356 | 11 870 |
| Regarding labour disputes | - | 7658 |
| Compensation of losses | 144 365 | 78 431 |
| Total long-term portion: | 149 721 | 97 959 |

| (EUR) | | |
|----------------------------------|----------------|----------------|
| PROVISIONS | 31/12/2024 | 31/12/2023 |
| Regarding land lease | 7820 | 1699 |
| Regarding labour disputes | 7658 | 50 335 |
| Compensation of losses | 188 741 | 227 892 |
| Total short-term portion: | 204 219 | 279 926 |
| TOTAL: | 353 940 | 377 885 |

Provisions are created for anticipated liabilities related to litigations in which the Company is involved as a defendant.

Provisions for litigation expected to be settled within the next 12 months are recognised under current liabilities, while provisions for litigation with expected settlement beyond one year are recognised under non-current liabilities.

Movements in provisions by types of provisions in 2024

| (EUR) | | | | | |
|------------------|------------|------------------------|------------------------|-------------------|------------|
| | 31/12/2023 | Increase in provisions | Decrease in provisions | Use of provisions | 31/12/2024 |
| Other provisions | 377 885 | 161 764 | (32 661) | (153 048) | 353 940 |

Movements in provisions by types of provisions in 2023:

| (EUR) | | | | | |
|------------------|------------|------------------------|------------------------|-------------------|------------|
| | 31/12/2022 | Increase in provisions | Decrease in provisions | Use of provisions | 31/12/2023 |
| Other provisions | 473 590 | 329 865 | (172 229) | (253 341) | 377 885 |

Changes in the increase and decrease in the provisions are included in the Profit or Loss Statement, under the item "Other operating charges" and "Other operating income".

23. LOANS FROM CREDIT INSTITUTIONS

| LONG-TERM PORTION: | Loan Agreement No. | Currency | Maturity | 31/12/2024 | 31/12/2023 |
|---|--------------------|----------|------------|----------------|----------------|
| Loan from SWEDBANK AS | 15-009371-IN | (EUR) | 16/03/2025 | - | 72 850 |
| Loan from SWEDBANK AS | 15-003028-IN | (EUR) | 16/03/2025 | - | 20 323 |
| Loan from CITADELE AS | 659-10/18-04 | (EUR) | 12/04/2028 | 15 505 | 21 459 |
| Loan from SWEDBANK AS | 19-043786-IN | (EUR) | 30/11/2029 | 28 278 | 34 273 |
| Loan from SWEDBANK AS | 19-043754-IN | (EUR) | 09/12/2029 | 31 618 | 38 141 |
| Loan from SWEDBANK AS | 19-043766-IN | (EUR) | 09/12/2029 | 25 257 | 30 468 |
| Total long-term loans from credit institutions | | | | 100 658 | 217 514 |

| SHORT-TERM PORTION | Loan Agreement No. | Currency | Maturity | 31/12/2024 | 31/12/2023 |
|---|--------------------|----------|------------|----------------|----------------|
| Loan from SWEDBANK AS | 14-041851-IN | (EUR) | 30/12/2024 | - | 7288 |
| Loan from SWEDBANK AS | 14-004630-IN | (EUR) | 27/02/2024 | - | 698 |
| Loan from SWEDBANK AS | 15-009371-IN | (EUR) | 16/03/2025 | 70 266 | 10 925 |
| Loan from SWEDBANK AS | 15-003028-IN | (EUR) | 16/03/2025 | 20 606 | 3018 |
| Loan from CITADELE AS | 659-10/18-04 | (EUR) | 12/04/2028 | 5792 | 5277 |
| Loan from SWEDBANK AS | 19-043786-IN | (EUR) | 30/11/2029 | 5958 | 5288 |
| Loan from SWEDBANK AS | 19-043754-IN | (EUR) | 09/12/2029 | 6507 | 5780 |
| Loan from SWEDBANK AS | 19-043766-IN | (EUR) | 09/12/2029 | 5198 | 4617 |
| TOTAL short-term loans from credit institutions: | | | | 114 327 | 42 891 |
| TOTAL loans from credit institutions: | | | | 214 985 | 260 405 |

(EUR)

| | 31/12/2024 | 31/12/2023 |
|--|----------------|----------------|
| Within one year | 114 327 | 42 891 |
| With a term longer than one year but shorter than five years | 100 658 | 193 646 |
| With a term longer than five years | - | 23 868 |
| TOTAL: | 214 985 | 260 405 |

| MOVEMENT OF LIABILITIES | 31/12/2024 | 31/12/2023 |
|---|----------------|----------------|
| At the beginning of the reporting year | 260 405 | 377 709 |
| Loans repaid | (45 420) | (117 304) |
| At the end of the reporting year | 214 985 | 260 405 |

Loan interest rates

In 2024, the average interest rate for long-term loans was 8.04% (compared to 5.91% in 2023).

Information on pledged assets

The Company has pledged a portion of its assets as collateral for loans from credit institutions.

In 2014, the Company concluded a commercial pledge agreement, in which the subject of the commercial pledge was defined as the commercial pledge provider's right to bring a claim against the residential building at *Bauskas iela 51* in Rīga, amounting to EUR 199 782. The loan related to this agreement was fully repaid in 2024.

In 2015, the Company concluded commercial pledge agreements, in which the subject of the commercial pledge was defined as the commercial pledge provider's right to bring a claim against the following residential buildings at:

- *Finiera iela 15* in Rīga (*Platā iela 28 k-2*), amounting to EUR 200 912. The loan related to this agreement was fully repaid in 2024.
- *Vija Plūdoņa iela 8* in Rīga (formerly *Ļermontova iela 8*), amounting to EUR 110 298.
- *Dombrovska iela 49* in Rīga, amounting to EUR 386 390.

In 2018, the Company concluded a commercial pledge agreement, in which the subject of the commercial pledge was defined as the commercial pledge provider's right to bring a claim against the following residential building at:

- *Viestura prospekts 83* in Rīga, amounting to EUR 146 862.

In 2019, the Company concluded commercial pledge agreements, in which the subject of the commercial pledge was defined as the commercial pledge provider's right to bring a claim against the following residential buildings at:

- *Dzirnavu iela 3* in Rīga, amounting to EUR 134 400.
- *Dzirnavu iela 3A* in Rīga, amounting to EUR 138 600.
- *Skolas iela 36A* in Rīga, amounting to EUR 106 400.

From 2021 to 2024, no new commercial pledge agreements were concluded.

24. OTHER LOANS

| FINANCIAL LEASE LIABILITIES | Amount | Liabilities with a term longer than five years | Liabilities with a term longer than one year but shorter than five years | Liabilities within one year |
|----------------------------------|-------------|--|--|-----------------------------|
| Total on 31/12/2024 | - | - | - | - |
| SIA "Latvijas Mobilais telefons" | 4384 | - | 4090 | 294 |
| Total on 31/12/2023 | 4384 | - | 4090 | 294 |

In 2024, EUR 4384 were expenses for the acquisition of leased fixed assets.

25. TRADE PAYABLES

(EUR)

| | 31/12/2024 | 31/12/2023 |
|---|------------------|------------------|
| Debts for intermediation (agent) services (waste, shared-use electricity, payments to communities)* | 1 250 234 | 770 568 |
| Debts for the received services | 1 203 656 | 2 068 389 |
| Debts for the performed construction contract work | 1 755 220 | 780 975 |
| Debts for the received goods and raw materials | 300 423 | 193 937 |
| Liabilities for the acquisition of fixed assets | 564 930 | 74 059 |
| TOTAL: | 5 074 463 | 3 887 928 |

* The Company recognises and presents in the balance sheet separate liabilities for the services received by its clients, in which the Company acts as an agent., taking into account the method and frequency of settlements with the service providers (see also Annexes 2.1 and 3.2).

26. DEBTS TO RELATED UNDERTAKINGS

Related undertakings are capital companies in which the Rīga City Council owns shares, and issues related to capital shares and the management of capital companies are addressed separately.

Transactions with related undertakings are conducted at market prices.

Below are the transactions and balances with related undertakings:

| | (EUR) | |
|---|---------------|---------------|
| | 31/12/2024 | 31/12/2023 |
| To AS "RĪGAS SILTUMS" for the provided thermal energy services* | 10 600 | 45 098 |
| To SIA "Rīgas ūdens" for water supply and sewage services* | 193 | 8515 |
| Company's debt for utilities to SIA "Rīgas nami" | - | 2395 |
| Company's debt to the Local Government of Riga City | 723 | 80 |
| TOTAL: | 11 516 | 56 088 |

The Company includes the fees for utility services in the unified invoices issued to clients on behalf of the utility service providers, and subsequently transfers these fees to the respective service providers in the amount of the funds received. The Company considers itself an agent in these transactions and does not recognise the related liabilities in the balance sheet.

The Company recognises and presents in the balance sheet liabilities for the heating, water supply, and sewerage services it has received (see also Annexes 2.1 and 3.2).

27. LEASE LIABILITIES

| | (EUR) | |
|--------------------------------------|----------------|----------------|
| | 31/12/2024 | 31/12/2023 |
| Short-term lease liabilities portion | 394 618 | 386 792 |
| Long-term lease liabilities portion | 283 079 | 561 851 |
| TOTAL: | 677 697 | 948 643 |

| | (EUR) | |
|---|----------------|------------------|
| | 31/12/2024 | 31/12/2023 |
| RECONCILIATION OF LEASE LIABILITIES MOVEMENT WITH FINANCING CASH FLOW: | | |
| Balance sheet at the beginning | 948 643 | 1 182 750 |
| Lease payments | (419 006) | (416 790) |
| Total changes from financing cash flows: | 529 637 | 765 960 |
| Changes in lease contracts | 148 060 | 182 683 |
| Interest expenses | 28 444 | 36 827 |
| Paid interest | (28 444) | (36 827) |
| Total changes related to liabilities: | 148 060 | 182 683 |
| Balance sheet at the end: | 677 697 | 948 643 |

| | 2024 | 2023 |
|---|----------------|----------------|
| TOTAL LEASE CASH FLOW FOR THE REPORTING YEAR | | |
| Repayment of lease liabilities | 419 006 | 416 790 |
| Paid interest | 28 444 | 36 827 |
| Expenses related to low-value asset leases | 41 332 | 35 470 |
| TOTAL: | 488 782 | 489 087 |

Amounts recognised in the Profit or Loss Statement

| | 2024 | 2023 |
|--|----------------|----------------|
| Right to use the assets | 402 499 | 409 769 |
| Interest payments on lease | 28 444 | 36 827 |
| Expenses related to low-value asset leases | 41 332 | 35 422 |
| TOTAL: | 472 275 | 482 018 |

Lease liabilities by maturity based on the discounted lease liability amounts specified in the contracts

| On 31 December 2024 | Up to 3 months | 3 to 12 months | 1 to 5 years | Over 5 years | Total |
|---------------------|----------------|----------------|----------------|--------------|----------------|
| Lease of vehicles | - | - | 396 057 | - | 396 057 |
| Lease of premises | - | 55 220 | 226 420 | - | 281 640 |
| Total | - | 55 220 | 622 477 | - | 677 697 |

28. TAXES AND NATIONAL MANDATORY SOCIAL INSURANCE CONTRIBUTIONS

(EUR)

| | 31/12/2024 | 31/12/2023 |
|--|------------------|------------------|
| National mandatory social insurance contributions | 1 288 273 | 1 165 635 |
| Personal income tax | 742 026 | 662 106 |
| Value added tax | 301 019 | 216 098 |
| Enterprise income tax | 284 664 | 263 250 |
| Tax on company cars | 9497 | - |
| Immovable property tax | 5824 | 5962 |
| State and municipal fees | 1257 | 1260 |
| Natural resources consumption tax | 1152 | 1263 |
| Entrepreneurial risk fee | 705 | 716 |
| Overpayment in the unified tax account | (30 791) | (440 542) |
| TOTAL: | 2 603 626 | 1 875 748 |
| Total receivables (included in the item "Other debtors"): | 30 791 | 440 542 |
| Total liabilities: | 2 634 417 | 2 316 290 |

29. OTHER CREDITORS

(EUR)

| | 31/12/2024 | 31/12/2023 |
|---|-------------------|------------------|
| Accrued unused vacation expenses | 3 135 165 | 2 751 525 |
| Remuneration for work | 1 687 855 | 1 530 248 |
| Amounts actually received on behalf of third parties | 1 311 353 | 1 294 703 |
| Land lease and IPT compensation payments to land owners | 978 997 | 1 122 562 |
| Provisions for departed buildings | 238 506 | 232 981 |
| Liabilities for erroneous payments | 211 091 | 208 950 |
| Untransferred liabilities for utility service payments* | 50 197 | 197 730 |
| Other creditors and other accrued liabilities** | 2 652 260 | 2 238 823 |
| TOTAL: | 10 265 424 | 9 577 522 |

* For heat supply EUR 0 (EUR 148 143 in 2023), for water supply and sewerage EUR 50 197 (EUR 49 587 in 2023).

** Including accrued liabilities for services related to the reporting year but invoiced at the beginning of the following year in the amount of EUR 1 548 972 (EUR 1 331 294 in 2023), advance payments from residents for land use fee in the amount of EUR 450 939 (EUR 110 696 in 2023), retained guarantee deposits in the amount of EUR 327 257 (EUR 135 165 in 2023), and amounts collected from the Communities for loan repayment in the amount of EUR 174 949 (EUR 135 165 in 2023).

30. CONTRACT LIABILITIES

(EUR)

| LONG-TERM PORTION | 31/12/2024 | 31/12/2023 |
|---|-------------------|-------------------|
| Deferred revenue for planned repairs | 22 440 253 | 20 725 984 |
| Deferred revenue (administration fee balance) | 6 378 665 | 9 001 923 |
| TOTAL: | 28 818 918 | 29 727 907 |

| SHORT-TERM PORTION | 31/12/2024 | 31/12/2023 |
|--|-------------------|-------------------|
| Deferred revenue for planned repairs* | 33 910 545 | 32 031 813 |
| Deferred revenue (administration fee balance)* | 2 831 340 | 4 707 408 |
| Deferred revenue (administration fee balance_ unpaid) | 1 991 630 | 2 481 907 |
| Advances from buyers and customers for goods | 1 756 328 | 1 844 981 |
| Other contract liabilities in accordance with the decisions of the communities of apartment owners | 289 963 | 10 253 |
| Other deferred revenue | 738 568 | 406 536 |
| TOTAL: | 41 518 374 | 41 482 898 |
| Contract liabilities TOTAL: | 70 337 292 | 71 210 805 |

* During the reporting year, EUR 16 391 606 from the contract liabilities recognised at the beginning of the reporting year were recognised as revenue.

31. FINANCIAL RISK MANAGEMENT

The most significant risks for the Company are related to the economic situation in the country, geopolitical conditions, financial risks, the regulatory framework, and shifts in the priorities and solvency of residents. The goal of the Company's risk management is to promote the achievement of strategic objectives, including reducing the impact of risks on the costs and quality of services provided to customers. The management of corruption risks and risks related to a conflict of interest is an essential component of the risk management process.

The Company has developed a Corruption and Conflict of Interest Risk Assessment Policy with the aim of ensuring effective management of corruption and conflict of interest risks within the Company, including preventive measures to be taken and actions for mitigating such risks.

The mitigation of the impact of risks allows the Company to establish accurate process flows, process controls, and the distribution of duties and responsibilities. Regular risk analysis is an essential component of the risk management process. No instances of fraud were identified within the Company in either 2024 or the previous year, 2023. The level of fraud risk was assessed in November 2024 as part of the Company's annual risk assessment.

In the operational risk self-assessment survey, which involved 30 heads of departments and divisions, internal and external fraud risk was rated as one of the lowest among operational risks

The Company's financial instruments can be divided into the following categories:

(EUR)

| FINANCIAL ASSETS | 31/12/2024 | 31/12/2023 |
|--|--------------------|-------------------|
| Other loans and long-term debts | 76 935 | 77 042 |
| Trade receivables and other debtors (excluding tax overpayment)* | 3 441 570 | 2 393 440 |
| Receivables from related undertakings | 275 853 | 226 963 |
| Community funds in term-deposit accounts of the State Treasury | 45 000 000 | 45 000 000 |
| Other debtors | 454 554 | 462 126 |
| Cash and cash equivalents | 52 935 593 | 49 511 425 |
| Total financial assets: | 102 184 505 | 97 670 996 |
| * Overpayment in the unified tax account | 30 791 | 440 542 |

| | (EUR) | |
|---|-------------------|-------------------|
| FINANCIAL LIABILITIES | 31/12/2024 | 31/12/2023 |
| Loans from credit institutions | 214 985 | 260 405 |
| Other companies | - | 4384 |
| Lease liabilities | 677 697 | 948 643 |
| Accounts payable to suppliers and contractors, debts to related undertakings, and other creditors | 12 187 882 | 9 228 575 |
| Total financial liabilities: | 13 080 564 | 10 442 007 |

Market risk

Increasing the costs and services, and the average level of wages leads to an increase in the Company's expenses, resulting in a rise in administration fees.

In cases where the administration right is terminated, the Company's turnover decreases, and there is a risk that the proportion of debtors will remain higher in the Company's balance sheets in the case of a change of administrators, and there is a risk that the proportion of debtors will remain higher in the Company's balance sheets, which means that the new administrator will not ensure the coverage of previous debts.

Additionally, with the growing competition in the property management industry, there is a risk that Communities show greater interest in changing the administrator. The option to change the administrator is exercised by buildings that have a positive balance of the administration fee, accumulated funds for planned repairs, and good payment discipline.

Interest rate risk

The interest rate risk is the risk of incurring losses due to changes in interest rates on the Company's assets and liabilities. The Company is exposed to interest rate risk primarily concerning its short-term and long-term loans. The interest rate for the major portion of the Company's loans is variable.

The Management of the Company has decided not to use financial derivatives to manage the interest rate risk.

Interest rate sensitivity

On 31 December 2024, the Company's loans from credit institutions amount to EUR 215.0 thousand (with EUR 100.7 thousand classified as non-current liabilities and EUR 114.3 thousand classified as current liabilities). The Company's interest expenses for loans in 2024 amounted to EUR 18.0 thousand. On 31 December 2024, the Company's cash and term deposit balance amounts to EUR 97.9 million. In 2024, the Company received interest income in the amount of EUR 622.9 thousand from deposits of its own funds with credit institutions.

The Company's interest expenses for loans would increase if the ECB rate increased. In the case of an increase in the ECB rate to 5%, the Company's interest expenses would increase by EUR 6.9 thousand.

Foreign exchange risk

Foreign exchange risk is the risk of losses due to unfavourable fluctuations in currency rates related to assets and liabilities in foreign currencies.

The Company's trade receivables, accounts payable to suppliers, and loans from credit institutions are recorded in EUR. The Company is not exposed to significant foreign exchange rate fluctuations risk.

Credit risk

Credit risk is the risk that a business partner may fail to fulfil its liabilities towards the Company, resulting in significant financial losses. The Company is exposed to credit risk arising directly from its economic activities, primarily the trade receivables, and credit risk related to the Company's financing activities, mainly cash held in settlement accounts and term deposits with credit institutions.

The Company classifies its provided services and goods deliveries, considering the nature and essence of economic transactions, into transactions where the Company acts as the actual service provider or goods supplier and transactions where the Company acts as an intermediary (agent).

To manage credit risk, the Company continually evaluates the repayment history of customer debts. When initiating the recovery process, the Company manages credit risks according to the nature and essence of the transaction.

The Company consistently monitors the balances of receivables to reduce the possibility of uncollectible debts, controlling and analysing outstanding debt amounts. The Company does not have a significant credit concentration on a specific business partner or customer group within its trade and customer receivables.

Term deposits with the State Treasury

As a residential building manager, the Company ensures the secure and economically efficient management of its own and the Community's funds. A significant portion of the total cash balance comprises funds accumulated by the Communities for future period expenses (repairs and unspent administration fees). In accordance with the agreement concluded between the State Treasury and the Company, funds of Communities in the amount of EUR 45.0 million have been placed in 12-month term deposits with the State Treasury of the Republic of Latvia maturing on 4 August 2025. The applied interest rate for the deposit is 1.762%. The credit risk of the State Treasury is assessed as insignificant. See Annex 17.

Trade receivables

The Company manages the credit risk of trade receivables in accordance with its policies. The solvency of purchasers and customers is assessed before entering into a contract. The Company consistently monitors the balances of receivables to reduce the possibility of uncollectible debts. The possible impairment of trade receivables is constantly analysed.

In 2024, the Company did not receive any collateral as security for trade receivables.

The Company does not have an internal credit rating system for evaluating the trade receivables.

Write-offs of trade receivables occur only when recovery is not expected. Indicators that signal the impossibility of recovery include, among others, the debtor's inability to agree on a repayment schedule, accompanied by insolvency, bankruptcy, or liquidation.

The Company is exposed to credit risk, as reflected in the table below:

| | (EUR) | |
|--|--------------------|--------------------|
| | 31/12/2024 | 31/12/2023 |
| Cash and cash equivalents | 52 935 593 | 49 511 425 |
| Community funds in term-deposit accounts of the State Treasury | 45 000 000 | 45 000 000 |
| Trade receivables and other debtors (gross amount), excluding advance payments and prepayments | 28 748 489 | 36 779 546 |
| TOTAL: | 126 684 082 | 131 290 971 |

The expected credit losses (trade receivables) are determined, applying the following ECL rates (hereinafter – ECL):

| | | | | | | | (EUR) |
|--|----------|-------------------|-------------------|----------|-------------------|-------------------|-------|
| DAYS PAST DUE | ECL rate | Debt | Impairment | ECL rate | Debt | Impairment | |
| Trade receivables | | 31/12/2024 | | | 31/12/2023 | | |
| Intermediation/ advance payments/not yet due | 0% | 2 039 697 | - | 0% | 1 383 282 | - | |
| 0 days | 4% | 994 588 | 39 784 | 4% | 1 093 431 | 43 737 | |
| 1-90 days | 21% | 472 025 | 99 126 | 21% | 459 336 | 96 458 | |
| 91-180 days | 35% | 365 290 | 127 844 | 35% | 356 374 | 124 727 | |
| 181-360 days | 47% | 400 904 | 188 423 | 47% | 390 422 | 183 497 | |
| 361-1080 days | 65% | 285 554 | 185 606 | 65% | 316 816 | 205 928 | |
| Over 1081 days and for debtors with specific characteristics** | 100% | 23 337 864 | 23 337 863 | 100% | 25 989 625 | 25 989 625 | |
| Total trade receivables: | - | 27 895 922 | 23 978 646 | - | 29 989 286 | 26 643 972 | |

* For trade receivables from transactions in which the Company acts as an agent, ECL are not recognised. This ECL recognition policy applies only to such receivables that have arisen on or after 1 January 2022. For trade receivables from transactions in which the Company acted as an agent during the period up to 31 December 2021, ECL is recognised, as the Company used its own free financial resources to settle with service providers, thereby incurring credit risk towards clients for the respective trade receivables.

** The client or former client is deceased; the debtor (client or former client) is subject to insolvency proceedings, legal protection proceedings, or out-of-court legal protection proceedings, regardless of the age of the debt; a notice has been received from a sworn bailiff indicating the impossibility of debt recovery for the debtor; a single invoice debt under the contract has been overdue for at least 1081 days.

The expected credit losses (other debtors) are determined, applying the following ECL rates:

General government sector

(EUR)

| DAYS PAST DUE | ECL rate | Debt | Value impairment | ECL rate | Debt | Value impairment |
|--|----------|-------------------|------------------|----------|-------------------|------------------|
| General government sector | | 31/12/2024 | | | 31/12/2023 | |
| Not overdue | 0% | 13 826 | - | 0% | 110 993 | - |
| Less than 30 days | 4% | - | - | 21% | 973 | 204 |
| 31-60 days | 21% | - | - | 21% | - | - |
| 61-90 days | 21% | - | - | 21% | - | - |
| After 91-360 days | 44% | 82 | 36 | 44% | 1112 | 523 |
| 361 days and more | 94% | 5675 | 5164 | 94% | 6156 | 4001 |
| Total general government sector | | 19 583 | 5200 | | 119 234 | 4728 |

Other debtors

(EUR)

| DAYS PAST DUE | ECL rate | Debt | Value impairment | ECL rate | Debt | Value impairment |
|--|----------|-------------------|------------------|----------|-------------------|------------------|
| Other debtors | | 31/12/2024 | | | 31/12/2023 | |
| Intermediation/ advance payments/not yet due | 0% | 310 675 | - | 0% | 300 209 | - |
| Less than 30 days | 4% | 16 284 | 651 | 21% | 4625 | 963 |
| 31-60 days | 21% | 7617 | 1600 | 21% | 2699 | 562 |
| 61-90 days | 21% | 41 059 | 8622 | 21% | 1363 | 282 |
| After 91-360 days | 44% | 73 467 | 32 291 | 44% | 40 667 | 17 953 |
| 361 days and more | 94% | 383 882 | 349 649 | 94% | 351 884 | 334 067 |
| Over 360 days (PNB) | 100% | - | - | 100% | 5 969 578 | 5 969 578 |
| TOTAL other debtors: | | 832 984 | 392 813 | | 6 671 025 | 6 323 405 |
| Total: | | 852 567 | 398 013 | | 6 790 259 | 6 328 133 |

Cash

Credit risk arising from the Company's cash in credit institutions is managed in accordance with the Company's financial management policy. According to this policy, the Company's free resources are allowed to be invested only in deposits or money market funds. Before placing cash in credit institutions (term deposits or current accounts), the Company evaluates the credit ratings of credit institutions and offered interest rates.

The Management of the Company has an action plan in place to limit risks associated with the operations of Latvian credit institutions, ensuring the safety of the financial assets of clients and the Company by setting maximum permissible cash balances in current accounts at credit institutions and implementing regular limit control mechanisms.

The credit ratings of credit institutions used by the Company are from Moody's for long-term bank deposits, and the cash balances held in those credit institutions were as follows:

| CREDIT RATING | (EUR) | |
|----------------|-------------------|-------------------|
| | 31/12/2024 | 31/12/2023 |
| Aa2 | - | - |
| Aa3 | - | - |
| A3 | 26 430 281 | 25 987 517 |
| Baa1 | 17 261 699 | 13 777 011 |
| Ba1 | 3 059 233 | 3 226 817 |
| Baa2 | 6 041 354 | - |
| Baa3 | - | 6 032 095 |
| TOTAL*: | 52 792 567 | 49 023 440 |

*Excluding cash in transit and the Communities' funds held in term deposit accounts with the State Treasury (credit risk assessed as insignificant).

Liquidity risk

Liquidity risk is the risk that the Company may not be able to fulfil its financial liabilities within the specified timeframe. The Company controls its liquidity and cash flow risk by maintaining sufficient cash balances in credit institutions, holding an appropriate amount of cash and cash equivalents, and ensuring adequate financing. The Company analyses the terms of assets and liabilities to ensure the availability of sufficient funds to cover the Company's liabilities within the specified timeframes.

Diversification of assets held at credit institutions is carried out to minimise liquidity and cash flow risk. The Company monitors and plans the incoming and outgoing cash flows and analyses the implementation of schedules. In 2024, operational banking risk assessments were conducted quarterly, taking into account factors such as the financial indicators of credit institutions, applicable penalty sanctions, information on deposits, applicable interest rates on account balances, reputation and credit ratings of credit institutions, and other publicly available information. To minimise risks, the majority of the funds accumulated by the Communities is stored in the State Treasury. See explanations in Annex 10.

The following tables analyse the Company's financial liabilities based on their maturity, using the undiscounted amounts of financial liabilities specified in contracts, including interest payments:

| On 31 December 2024 | (EUR) | | | | |
|--|-------------------|------------------|----------------|--------------|-------------------|
| | Up to 3 months | 3 to 12 months | 1 to 5 years | Over 5 years | Total |
| Loans from credit institutions | 96 635 | 17 692 | 100 658 | - | 214 985 |
| Other liabilities (including other loans, trade payables, and other creditors) | 12 564 905 | 2 735 849 | 50 649 | - | 15 351 403 |
| TOTAL: | 12 661 540 | 2 753 541 | 151 307 | - | 15 566 388 |

| On 31 December 2023 | (EUR) | | | | |
|--|------------------|------------------|----------------|---------------|-------------------|
| | Up to 3 months | 3 to 12 months | 1 to 5 years | Over 5 years | Total |
| Loans from credit institutions | 10 981 | 31 910 | 193 646 | 23 868 | 260 405 |
| Other liabilities (including other loans, trade payables, and other creditors) | 9 147 945 | 3 936 716 | 441 261 | - | 13 525 922 |
| TOTAL: | 9 158 926 | 3 968 626 | 634 907 | 23 868 | 13 786 327 |

32. FAIR VALUE CONSIDERATIONS

IFRS 13 establishes a hierarchy of valuation techniques based on whether observable market data is used in the valuation technique or whether market data is unobservable. Observable market data is obtained from independent sources. If the market data is unobservable, the valuation technique reflects the Company's assumptions about the market situation.

This hierarchy determines that observable market data should be used whenever available. In the case of revaluation, the Company takes into account appropriate observable market prices, if possible.

The goal of determining the fair value, even if the market is inactive, is to establish the transaction price at which market participants would be willing to sell the asset or assume the liabilities at the valuation date under current market conditions.

To determine the fair value of a financial instrument, various methods are used: quoted prices or a valuation technique that includes observable market data and is based on internal models. Based on the fair value hierarchy, all valuation techniques are categorised into Level 1, Level 2, and Level 3.

The fair value hierarchy level for a financial instrument should be determined as the lowest level if a significant portion of its value consists of Level 3 data.

Classification of a financial instrument in the fair value hierarchy occurs in two stages:

1. To classify each level of data to determine the fair value hierarchy.
2. To classify the financial instrument itself based on the lowest level if a significant portion of its value consists of lower-level data

Quoted market prices – Level 1.

Level 1 of valuation technique uses unadjusted quoted active market prices for identical assets or liabilities when quoted prices are readily available and represent actual market conditions in transactions under fair competitive conditions.

Valuation technique using market data – Level 2.

In models used at Level 2 of valuation technique, all significant data is directly or indirectly observable from the asset or liability side. The model incorporates market data that is not quoted prices included in Level 1, but is observable either directly (i.e., the price) or indirectly (i.e., derived from the price). The financial instruments evaluated at Level 2 by the Company are cash equivalents in credit institutions. The fair value of these financial assets on 31 December 2024 coincides with their book value.

Valuation technique using market data not based on observable market data – Level 3.

In the valuation technique using market data not based on observable market data (unobservable market data), the data is classified at Level 3. Unobservable market data refers to information that is not readily available in the active market due to illiquid market or the complexity of the financial instrument. Level 3 data is mostly determined based on similar observable market data, historical observations, or using analytical approaches.

The financial instruments of the Company that correspond to Level 3 valuation technique are the receivables and accounts payable. The fair value of these financial assets and financial liabilities on 31 December 2024 and on 31 December 2023 coincides with their book value.

Assets and liabilities for which the fair value is disclosed

The book value of liquid and short-term (with a maturity of up to three months) financial instruments, such as cash and cash equivalents, short-term deposits, short-term receivables, and short-term trade payables, approximately corresponds to their fair value.

The fair value of loans from banks, lease liabilities, and other non-current liabilities is measured by discounting future cash flows using market interest rates. As the interest rates applied to borrowings from credit institutions and lease liabilities are mostly variable and do not significantly differ from market interest rates, and the risk premium applicable to the Company has not significantly changed, the fair value of non-current liabilities approximately corresponds to their book value.

Capital management

The Local Government of Riga State City owns 100% of the share capital of SIA "Rīgas namu pārvaldnieks".

The Company's objectives regarding capital management are to ensure its ability to continue its operations and to provide the return on equity determined by the general meetings of the Company's shareholders. As the sole owner of the Company's capital, the Local Government of Riga State City has the right to make decisions related to increasing or decreasing the Company's capital, distribution and paying out dividends, or allocating funds for the development of the Company.

33. NUMBER OF EMPLOYEES AT THE COMPANY

| | 2024 | 2023 |
|---|-------------|-------------|
| Average number of Council Members in the reporting year | 3 | 3 |
| Average number of Board Members in the reporting year | 3 | 3 |
| Average number of remaining employees in the reporting year | 1936 | 1976 |
| TOTAL: | 1942 | 1982 |

34. PERSONNEL COSTS

(EUR)

| | 2024 | 2023 |
|---|------------|------------|
| Remuneration for work | 33 565 931 | 29 189 768 |
| National mandatory social insurance contributions | 7 802 844 | 6 780 389 |
| Other social security costs | 470 656 | 451 350 |

35. INFORMATION ON REMUNERATION FOR BOARD AND COUNCIL MEMBERS OF THE COMPANY

(EUR)

| REMUNERATION FOR SENIOR MANAGEMENT EXECUTIVES IS INCLUDED IN PERSONNEL EXPENSES | 2024 | 2023 |
|---|----------------|----------------|
| Board Members | | |
| Remuneration for work | 294 859 | 226 072 |
| National mandatory social insurance contributions | 69 557 | 53 327 |
| Council Members | | |
| Remuneration for work | 100 800 | 100 800 |
| National mandatory social insurance contributions | 23 779 | 23 779 |
| TOTAL: | 488 995 | 403 978 |

The remuneration for Board and Council Members is calculated in accordance with Cabinet Regulation No. 63 of 4 February 2020, Regulations on the Number of Board and Council Members and the Maximum Monthly Remuneration of Board and Council Members in Publicly Owned and Public-Private Capital Companies.

36. TRANSACTIONS WITH RELATED PARTIES

| RELATED PARTY | Time period | Services provided to related parties | Services received from related parties | Related party receivables | Debts towards related parties |
|--------------------------------------|-------------------|--------------------------------------|--|---------------------------|-------------------------------|
| | | EUR | EUR | EUR | (EUR) |
| AS "RĪGAS SILTUMS" * | 31/12/2023 | | | | 45 098 |
| | 2023 | - | 129 475 469 | | |
| | 2024 | 60 | 104 059 045 | | |
| | 31/12/2024 | | | | 10 600 |
| SIA "Rīgas ūdens"*** | 31/12/2023 | | | - | 8515 |
| | 2023 | | 26 298 650 | | |
| | 2024 | | 25 163 736 | | |
| | 31/12/2024 | | | - | 193 |
| SIA "Rīgas nami" | 31/12/2023 | | | 243 | 2395 |
| | 2023 | 243 | 50 785 | | |
| | 2024 | - | 42 950 | | |
| | 31/12/2024 | | | 243 | - |
| SIA "Rīgas Satiksme" | 31/12/2023 | | | - | - |
| | 2023 | - | 39 429 | | |
| | 2024 | - | 36 881 | | |
| | 31/12/2024 | | | - | - |
| Local Government of Riga City | 31/12/2023 | | | 226720 | 80 |
| | 2023 | 1 530 785 | 100 092 | | |
| | 2024 | 1 601 852 | 102 670 | | |
| | 31/12/2024 | | | 275 610 | 723 |
| TOTAL: | 31/12/2023 | | | 226 963 | 56 088 |
| | 2023 | 1 531 028 | 155 964 425 | | |
| | 2024 | 1 601 912 | 129 405 282 | | |
| | 31/12/2024 | | | 275 853 | 11 516 |

* In 2024, the services received from **AS "Rīgas siltums"** totalled EUR 104 059 045, including: EUR 103 930 888 – transit services for thermal energy; EUR 18 122 – other services, and EUR 110 035 – services received by the Company.

* In 2023, the services received from **AS "Rīgas siltums"** totalled EUR 129 475 469, including: EUR 129 195 787 – transit services for thermal energy; EUR 20 963 – other services, and EUR 258 719 – services received by the Company.

** In 2024, the services received from **SIA "Rīgas ūdens"** totalled EUR 25 163 736, including: EUR 25 133 182 – transit services; EUR 3856 – other services, and EUR 26 698 – services received by the Company.

** In 2023, the services received from **SIA "Rīgas ūdens"** totalled EUR 26 298 650, including: EUR 26 283 685 – transit services; EUR 4461 – other services, and EUR 10 504 – services received by the Company.

For transactions with the Company's Board and Council Members, see Annex 35.

37. CONTINGENT LIABILITIES

Contingent liabilities are recorded if the liabilities are more likely to occur than not. In the Company, contingent liabilities that may arise from a specific past event are listed in the sub-balance notes, and they relate to issues such as land lease, labour disputes, or compensation for losses.

The contingent liabilities increase if evidence from current litigation suggests that the liabilities are more likely to occur than not, while they decrease if evidence from current litigation suggests that potential liabilities are unlikely to occur.

38. FUTURE LIABILITIES

In 2024, the Company concluded construction contracts amounting to EUR 32 789 399, including an outstanding (unfulfilled) balance of active construction contracts as of 31 December 2024 in the amount of EUR 22 647 613.

(EUR)

| START DATE | Contract performance term | Status | Contractual amount incl. VAT | Contract balance incl. VAT |
|---------------|--|-----------------------|------------------------------|----------------------------|
| 2024 | 2024 | Active | 2 777 325 | 688 301 |
| 2024 | 2024 | Liabilities fulfilled | 902 176 | 145 563 |
| 2024 | 2025 | Active | 22 248 259 | 15 715 541 |
| 2024 | 2025 | Liabilities fulfilled | 51 002 | 15 128 |
| 2024 | 2026 | Active | 4 558 794 | 4 359 405 |
| 2024 | <i>n months or until full performance of the obligations</i> | Active | 2 251 843 | 1 723 675 |
| TOTAL: | | | 32 789 399 | 22 647 613 |

On 31 December 2024, the total amount of active construction contracts amounts to EUR 52 726 880, including an outstanding (unfulfilled) balance of active construction contracts as of 31 December 2024 in the amount of EUR 28 333 810.

| START DATE | Contract performance term | Status | Contractual amount incl. VAT | Contract balance incl. VAT |
|---------------|--|--------|------------------------------|----------------------------|
| 2022 | 2024 | Active | 7 046 845 | 199 147 |
| 2022 | 2025 | Active | 2 601 500 | 1 162 274 |
| 2022 | 2026 | Active | 4 719 000 | 2 204 186 |
| 2022 | <i>n months or until full performance of the obligations</i> | Active | 81 | - |
| Total: | | | 14 367 426 | 3 565 607 |
| 2023 | 2024 | Active | 5 712 355 | 2 173 909 |
| 2023 | 2025 | Active | 513 240 | 95 139 |
| 2023 | 2026 | Active | 5288 | - |
| 2023 | 2028 | Active | 1210 | 968 |
| 2023 | <i>n months or until full performance of the obligations</i> | Active | 291 140 | 11 265 |
| Total: | | | 6 523 233 | 2 281 281 |
| 2024 | 2024 | Active | 2 777 325 | 688 301 |
| 2024 | 2025 | Active | 22 248 259 | 15 715 541 |
| 2024 | 2026 | Active | 4 558 794 | 4 359 405 |
| 2024 | <i>n months or until full performance of the obligations</i> | Active | 2 251 843 | 1 723 675 |
| TOTAL: | | | 31 836 221 | 22 486 922 |
| Total: | | | 52 726 880 | 28 333 810 |

The outstanding balances of the construction contracts concluded by the Company are primarily intended to ensure the continuity of the planned repair works. Given that procurement procedures are time-consuming and the number of planned repair works is increasing in the future, contracts are concluded based on an assessment of all short-term and long-term planned repair works for each building. The outstanding contract balances will help ensure the implementation of these works in future periods.

39. EVENTS OCCURRING AFTER THE END OF THE REPORTING YEAR

Since the last day of the reporting year, there have been no events that significantly affect the Company's financial position as of 31 December 2024.

Māris Ozoliņš
Chairman of the Board

Mārtiņš Pauris
Board Member

Gunta Jēkabsone
Board Member

Anita Zeikmane
Head of the Accounting
Department/Chief Accountant of
Finance Department

THE DOCUMENT BEARS A SECURE ELECTRONIC SIGNATURE AND A TIMESTAMP.