

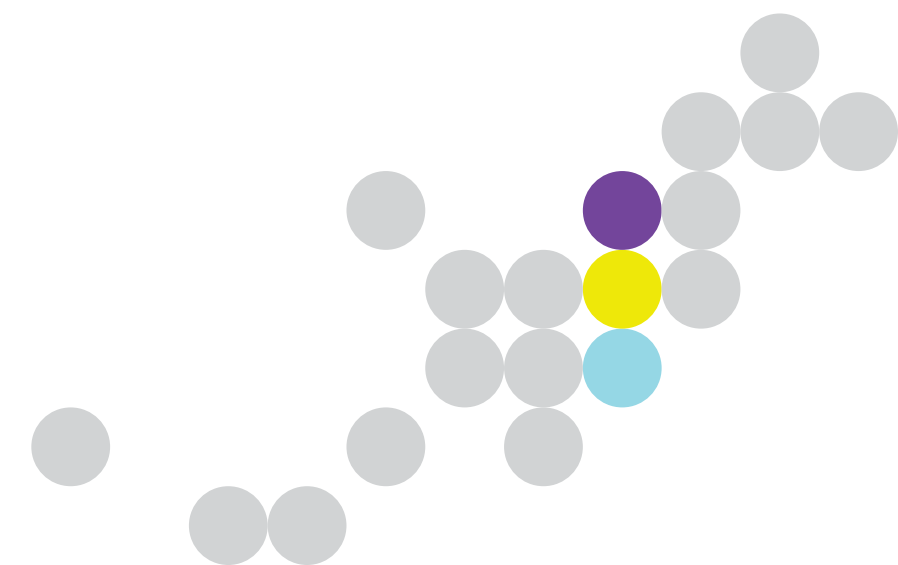
○ CLEANR GRUPA

SUSTAINABILITY AND CONSOLIDATED ANNUAL REPORT 2022



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About the report

Company	Joint-stock company AS “CleanR Grupa”
Registration number	40103799972
Legal address	Vietalvas iela 5, Riga, Latvia
Established	16 June 2014, in Riga
Type of activity under the NACE classification	64.20 Activities of holding companies 64.99 Other financial service activities, except insurance and pension funding n.e.c.
Reporting period	1 January 2022 to 31 December 2022
Reporting frequency	Annually, in 2023, AS “CleanR Grupa” publishes its first Consolidated Annual Report, which also includes the non-financial statements.
Date of publishing	28 April 2023
Date of previous consolidated report	The AS “CleanR Grupa” Consolidated Annual Report for 2021 was approved on 2 June 2022.
Content of the report; reporting guidelines and principles	The AS “CleanR Grupa” Sustainability and Consolidated Annual Report for 2022 was prepared in accordance with the Law on Annual Statements and Consolidated Annual Statements of the Republic of Latvia, considering the EU requirements for non-financial and corporate sustainability reporting.
Data acquisition methods and the scope of the Sustainability Report	<p>The report was prepared using the information provided by the companies of AS “CleanR Grupa” (hereinafter CleanR Grupa or the Group) and their business units, as well as using their operational data. The report includes only reliable and sound data. However, the report does not give a complete overview of the sustainability-related activities of all the Group’s companies.</p> <p>The 2022 sustainability approach and goals described herein concern CleanR Grupa’s main lines of business, which, at the time of publication of this report, include the following limited liability companies—SIA “Clean R”, SIA “CleanR Verso”, SIA “Vizii”, and SIA “Vizii Urban”. The data on the activities carried out in the field of sustainability in 2022 primarily refers to the aforementioned companies and their operations. In cases when the data refers to the whole Group or a company other than the previously mentioned, it has been duly noted.</p>
Approval of the report	The Sustainability and Consolidated Annual Report is signed electronically by CleanR Grupa’s Board and approved at the Shareholders' Meeting.
Independent Auditor’s Report	Applies only to the Consolidated Financial Statements from page 45 to page 71.
The Auditor	SIA “Potapoviča un Andersone”, commercial auditors' licence No. 99, Ūdens iela 12-45, Riga, LV-1007, Latvia Responsible sworn auditor: Kristīne Andersone, certificate No. 99
Format of the report	The report is available electronically on the CleanR Grupa homepage www.cleanrgrupa.lv (in Latvian and English) and on the Nasdaq Baltic homepage www.nasdaqbaltic.com (in Latvian and English).
Contact information	This is an email address for enquiries related to the Consolidated Financial Statement, as well as on enquiries related to the Sustainability Report: info@cleanrgrupa.lv

Keynote from the management

2022 – a year of change and growth

Last year for CleanR Grupa and its companies was marked by change and growth, where external challenges alternated with internal restructuring processes and growth. In 2022, the Group improved its corporate governance model by reorganizing its flagship company – Clean R – , creating separate businesses, with an aim for each of the set-up companies to focus on its core business area, thus facilitating more rapid growth.

Corporate governance is conducted by the parent company, defining a horizontal strategy in the area of environmental services and providing its subsidiary companies with the necessary tools, knowledge, and experience. Yet, the vertical development of subsidiary companies, including the planning of M&A deals, investments, and organic growth, is facilitated at each company individually. The management of the Group's companies has been put in the hands of industry professionals with extensive experience in the respective business fields, combining it with corporate governance experts, who joined the Group's management team last year, laying the foundation for faster organic growth in combination with conclusion of M&A deals. To finance more rapid development and growth of the Group's companies, in December 2022, CleanR Grupa issued corporate bonds, attracting funds worth EUR 15 million.

In 2022, CleanR Grupa concluded three major acquisition deals - acquiring SIA "RSC Noma", the largest construction waste management company in Latvia, SIA "ST Kūdra" and a

majority stake in company SIA "Zaļā josta", an extended producer responsibility system services provider. This has substantially strengthened the Group's presence in the commercial and industrial waste management segment, where the Group is represented through SIA "CleanR Verso", as well as in the segment of the extended producer responsibility system for packaging and environmentally hazardous goods.

In the area of waste management, last year in Latvia was marked by the achievement of one of the key goals of the circular economy. Along with the significant increase in the waste disposal tariff at the beginning of the year, economic justification has emerged for wider separate collection and sorting of waste, bringing as little as possible to landfill. In the context of these statutory changes, the Group's companies made significant investments in both the modernization of its packaging waste sorting facility in Riga, by automating its processes, and expanding its industrial material recovery centre "Nomaļes". Also, last year the Group launched its first plastic recycling facility, running it in a test mode. In addition, the Group continued running its social and environmental campaigns, such as "Nenoroc nākotni" (Don't Bury Your Future), where it keeps raising awareness of waste recycling in society. The Group's total investments in 2022 amounted to EUR 9.6 million, with the funds coming from the previous year's profits and operating cash flow.

The general economic and geopolitical climate had an impact on the Group's

performance in 2022, yet, despite the hikes in energy and fuel prices, which have had an adverse effect on the waste collection and recycling business, and inflationary pressures on employee pay and raw material supply for Vizii and Vizii Urban, the Group managed to both increase its turnover and profits, compared to 2021. Vertical integration in the area of waste management (from collection to recycling) will allow the Group to further diversify economic risks related to fluctuations in the raw material costs, which were profound in 2022.

2022 was also significant because, at the end of the year, we defined our Sustainability Goals for 2023–2025. This is our Group's first Consolidated Annual and Sustainability Report, which, as required by best practice and the EU's corporate sustainability reporting requirements, includes the Group's Statement on Sustainability. By publishing this report, we are initiating group-wide non-financial reporting, which we are committed to improve annually, including more and more of the Group's companies.

AS "CleanR Grupa" Management Board



Juris Gulbis



Inta Liepa



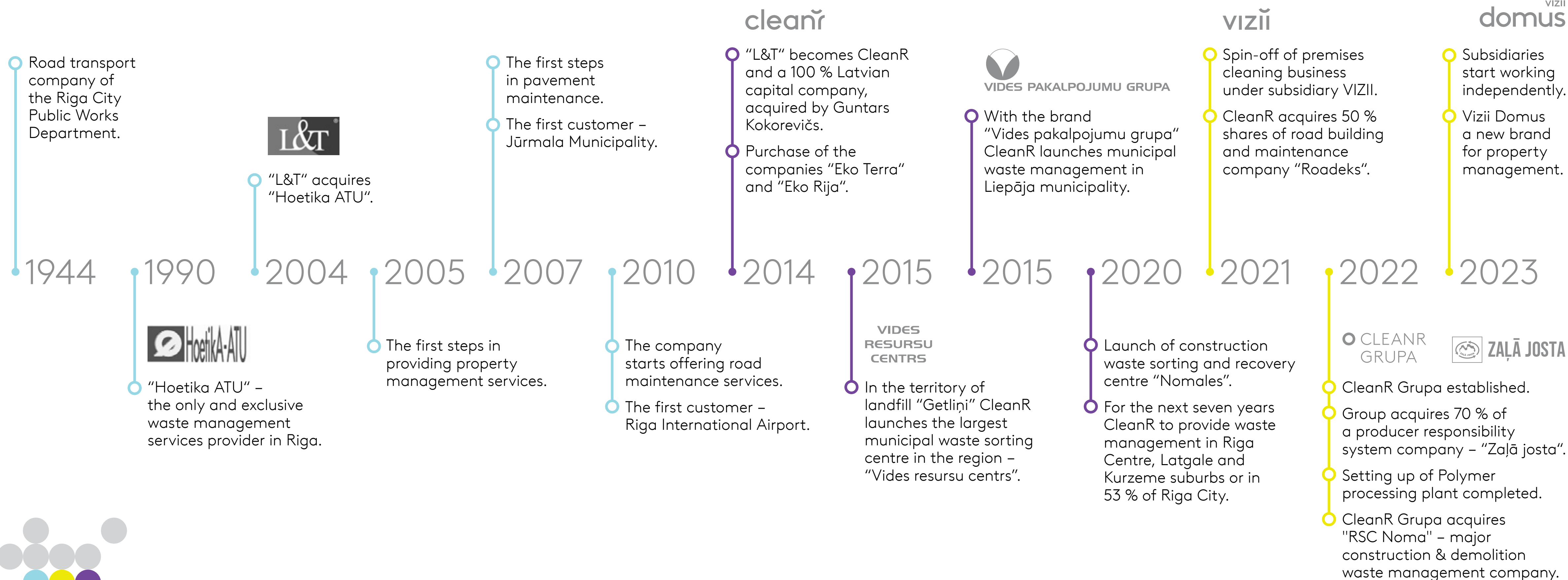
Guntars Levics

ABOUT CLEANR GRUPA

Group's history

AS "CleanR Grupa" is a 100% Latvian capital company, which manages the leading and most experienced environmental services companies in Latvia.

AS "CleanR Grupa" core operating activity is the management of long-term financial investments. The Group started operating as a holding company in 2014, setting up its current business model in 2022, which for the Group's companies was a year marked by significant change. Yet it all started nearly 80 years ago.



CleanR Grupa in Facts and Figures

The Group's largest companies operate in the waste management, premises, road, and urban environment maintenance, as well as property management sectors, every day serving over 50 thousand clients all over Latvia thus looking after over half a million Latvian people daily. By offering innovative, digitized, and tailor-made solutions, the Group ensures high quality of products and services, excellent customer service, and care for the environment.

In the pursuit of its mission to serve **PEOPLE AND THE PLANET**,
CleanR Grupa is guided by the following principles:

Grow and guide

A sustainable ecosystem for business development

Educate and reward

A supportive and growth-oriented workplace

Maintain and develop

Substantiable towns and cities, where the environment serves the people

Take care and preserve

Responsibility for positive climate impact



CleanR, the Group's largest company, **a Platinum member** of the Suitability Index, Latvia's leading sustainability ranking



CleanR – **a family-friendly company**



CleanR Grupa – **a member of Mission Zero**, a workplace safety initiative

Key figures in 2022

€ 14.9 million paid in taxes

€ 68 million turnover

€ 10.4 million EBITDA

€ 9.6 million investments

€ 240 000 allocated to employees to mitigate effects of energy crisis

3 M&A deals concluded:
"Zaļā Josta", "ST Kūdra" and "RSC Noma"

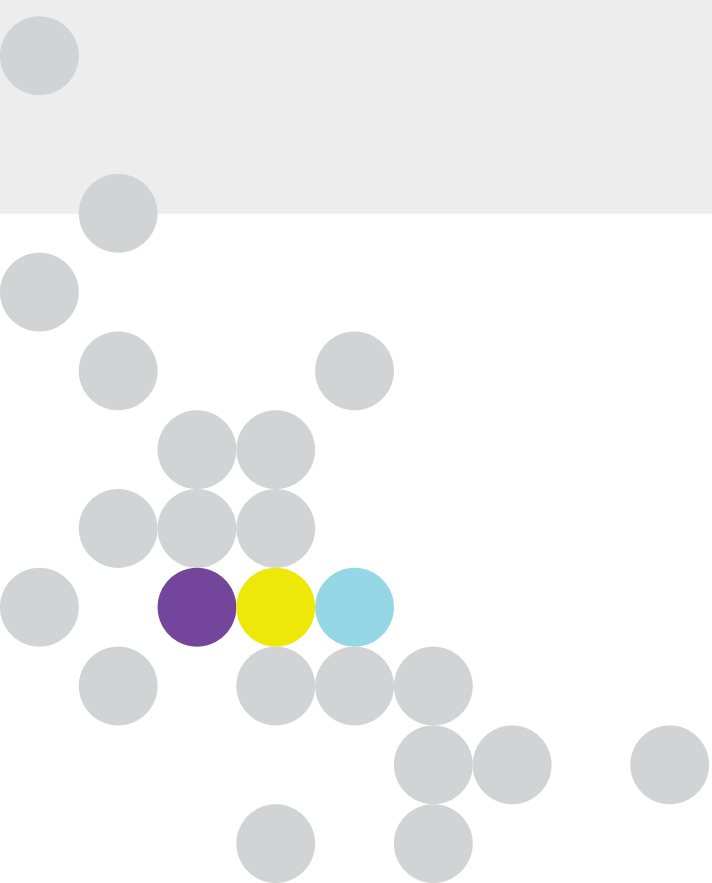
€ 15 000 000
worth of bonds issued

First **8** underground containers
installed in Riga

52 CleanR textile sorting
containers placed

133 835 tonnes
of solid household waste collected

>14 000 tonnes
of sorted packaging waste
(cardboard, plastic, glass)



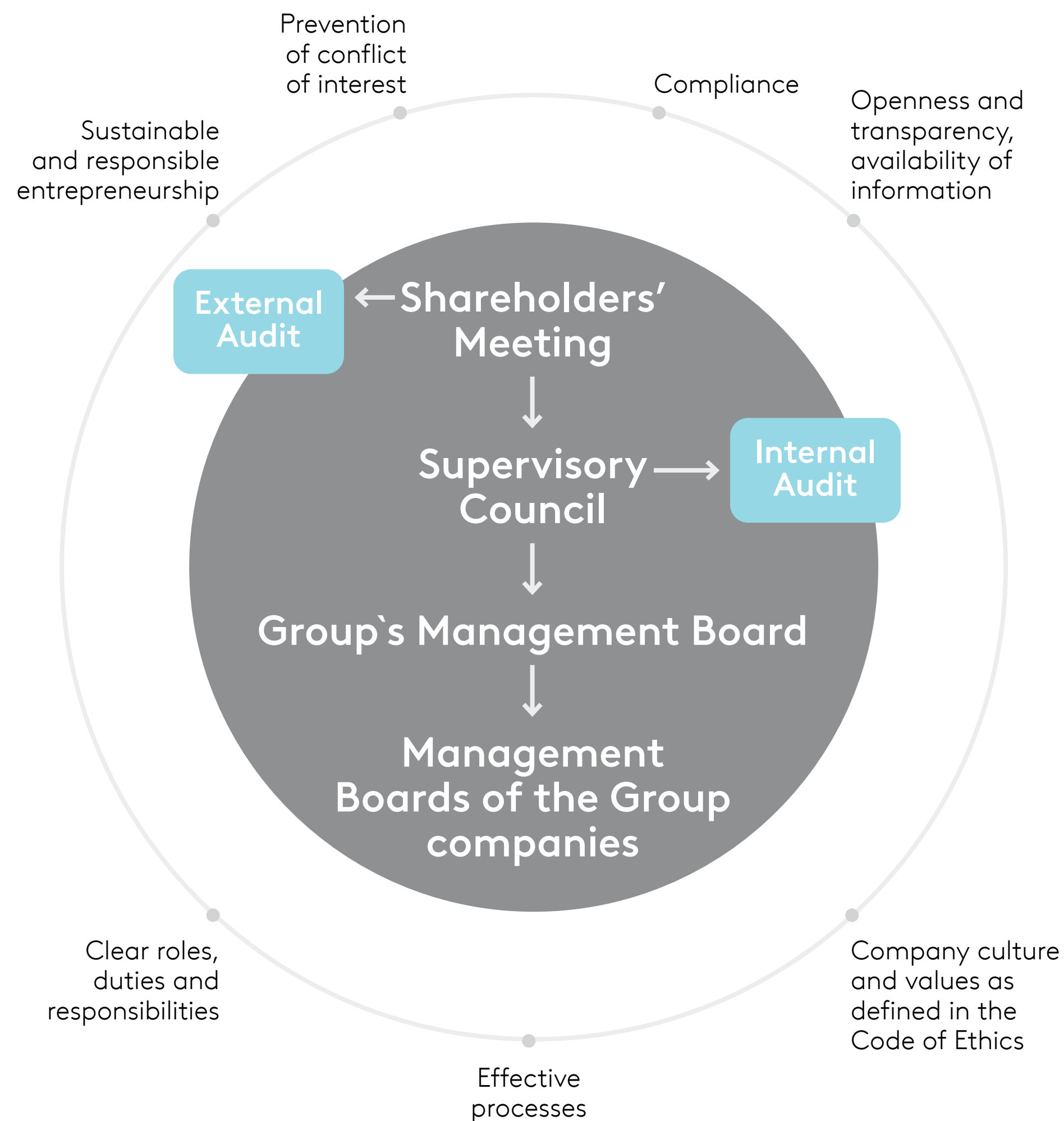
The Group's corporate governance

CleanR Grupa has ensured that, in line with best practice, it has a comprehensive corporate governance structure in place, allowing the Group to operate transparently and efficiently, to balance and to protect the interests of its stakeholders.

CleanR Grupa's governance model is designed to separate strategic and operative management. CleanR Grupa's corporate governance is overseen by the Group's Shareholders, the Council, and the Board, whereas the corporate governance of the Group's subsidiary companies is overseen by the company boards. Each of them, according to their Articles of Association, regulations, and Latvian Commercial Law has their own responsibilities and mandates.

The board members of the Group's subsidiary companies have joint rights of representation, at AS "CleanR Grupa" – every board member owns a right to represent the company together with at least one more board member. On the Group's Council, there is one independent Council member. Two of the board seats at CleanR Grupa and its subsidiary companies are held by women and 11 by men.

The restructuring of the Group at the end of 2022 initiated a major review of its policies and procedures to define common governance principles for the whole Group. Up-to-date information on the Group's corporate governance is available in the [Corporate governance](#) section of the Group's homepage.



Governance of the Group's companies

Those subsidiary companies of the Group where CleanR Grupa directly or indirectly holds a majority interest and is in control of the company are governed by commonly defined policies and procedures, as well as commonly devised business development strategy. The Group's strategy is developed by the boards of the Group's subsidiaries together with the Management Board of CleanR Grupa; it is then approved by the CleanR Grupa Council.

Internal audit

AS "CleanR Grupa" employs an independent auditor reporting directly to the CleanR Grupa Council. The auditor audits the efficiency of internal controls, risk management, and governance processes at the Group's subsidiary companies, with an aim to assess and improve them. Internal audits are conducted according to the Annual Audit Plan. At the Group's companies where CleanR Grupa holds a majority interest and exercises full operational and financial control, internal audit reports are submitted for review to the CleanR Grupa Management Board as the shareholder of the respective Group company. At least once a year, the Group's Board and Council receive a report on internal controls and risk management system at the Group, including proposals for the necessary improvements.

External audit

The external auditor is selected before the end of the current financial year through a tendering process, based on the most economically advantageous offer, considering the price of the service and the qualifications of the staff involved in the audit. The Group's external auditor is appointed by the Shareholder's decision of AS "CleanR Grupa". In 2022, the sworn auditors' firm SIA "POTAPOVIČA UN ANDERSONE" was selected to audit the Financial Statements of the Group's subsidiaries and the Consolidated Annual Report of AS "CleanR Grupa".

CleanR Grupa Management

Shareholders' Meeting

Majority shareholder (94 %) SIA "TAK Capital" (until 28 Sep 2022 SIA "Kapitāla Investīcijas")

- Appoints and removes board members, determines their remuneration;
- Approves amendments to the Articles of Association, decides on reorganization;
- Decides on changes in equity capital;
- Approves the Group's annual report and decides on the use of the previous year's profit;
- Appoints the external auditor.

AS "CleanR Grupa" Supervisory Council (until 1 Jun 2022 AS "TAK Investīcijas")

- Approves Group's business and sustainability strategy, monitors its implementation;
- Reviews and adopts annual budget and monitors its implementation;
- Oversees the work of the Group's Board;
- Appoints and removes Board Members, determines their remuneration;
- Coordinates general operational principles;
- Ensures that the company operates in compliance with the law, Articles of Association, and Shareholder's decisions.



Guntars Kokorevičs

Chairman of the Council

Founder and Chairman of the Supervisory Board of AS "CleanR Grupa". More than 17 years' experience in environmental industry, including partnership and regional representation of the global leading environmental services company "Veolia". Vice President of Employers' Confederation of Latvia (LDDK), Member of the Supervisory Board of Junior Achievement Latvia, Former CEO of Riga Stock exchange. Extensive experience in M&A transactions.



Harijs Krongorns

Deputy Chairman of the Council

Deputy Chairman of the Council of AS "CleanR Grupa" with extensive council work experience in large Latvian companies, including "Valmieras piens", "Latvijas balzams", "Laima". Recorded history in consulting major M&A transactions in the environmental services industry. ACCA member since 2001. Skilled in corporate finance, management consulting, private equity, and asset management, as well as corporate law.



Māris Mančinskis

Council Member

Mr. Mančinskis is the Independent Council Member of AS "CleanR Grupa" with substantial experience in the management of large companies. He was a long-standing Chairman of the Board of Swedbank Latvia, as well as a Council Member at KOOL, a gas station chain. Currently, he holds a seat on the Council of AS "Agrolats Holding", Executive Committee of the Latvian Olympic Committee, as well as on the Council of Victoriabank, a Moldovan bank, as a director appointed by the European Bank for Reconstruction and Development. He has acquired his education from the University of Latvia, Hofstra University in the United States, and London Business School.

CleanR Grupa Management (continued)

AS “CleanR Grupa” Management Board (until 01 June 2022 AS “TAK Investīcijas”)

- Jointly manage and represent the company;
- Make sure the company operates in compliance with the relevant laws and regulations, its Articles of Association, and the Council’s and Shareholder’s decisions;
- Manage company assets;
- Act as the Shareholder of the Group’s subsidiaries;
- Implement the Group’s strategy, development plans, goals, and policies;
- Ensure the execution of the Group’s annual budget.



Juris Gulbis

Chairman of the Board

Mr. Gulbis was a long-serving CEO of Tet, a technology and entertainment company, as well as Head of the A.C.B. group’s subsidiary companies “ACBR” and “8CBR”. Before that, he worked for several different food processing and financial companies in Latvia and abroad. Mr. Gulbis holds an honorary degree from Riga Technical University. He has also acquired an ACCA Certificate in Financial Management, as well as increased his entrepreneurial skills at INSEAD and Stanford University.

Competencies and areas of responsibility

- Administrative, human resources and finance management
- Change management and business development
- M&A
- PR & marketing
- Corporate governance and sustainability



Inta Liepa

Member of the Board

Ms. Liepa has more than 10 years of legal work experience in companies of various sizes, extensive experience in the development of legal acts and cooperation with state administration institutions. Considerable experience in the implementation of EU fund projects. Experience in improving the corporate governance of companies.

Competencies and areas of responsibility

- Legal support and compliance
- M&A



Guntars Levics

Member of the Board

Mr. Levics has 17 years of experience in the waste management industry. He has led several significant waste management projects at CleanR Grupa, for example, setting up of the largest household waste sorting facility in the Baltics and the first plastics recycling plant. Both projects were co-financed by the EU funds.

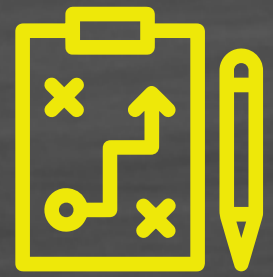
Competencies and areas of responsibility

- Manufacturing and services management
- M&A

Risk management at the Group

At CleanR Grupa's companies, identification and management of risks and opportunities underpins both the strategic planning processes and running of the daily operations. To date, risk management at the Group's companies was decentralized, leveraging various approaches. Yet, given the restructuring of the Group carried out in 2022, in 2023, the Group will seek to centralize its risk management processes to prevent potential losses or damage to the Group's reputation.

The risks associated with CleanR Grupa may be divided into four main areas – **strategic**, **financial**, **operational**, and **legislative** (legal, compliance). These risks inevitably also include sustainability risks, i.e., risks that are associated with the environmental, social, and corporate governance aspects.



STRATEGIC RISKS

Risks that may hinder the achievement of the Group's strategic goals and may arise because of various external factors, such as:

- political,
- social,
- geopolitical,
- climate, incl. pandemic,
- technological,
- macroeconomic factors.



FINANCIAL RISKS

Risks associated with financial management and planning, including changes in the Group's financial situation i.e., when financial forecasts may substantially differ from actual results. These risks are associated with:

- the prices of materials and resources,
- insufficient insurance/financial security cover, or warranties,
- interest rates,
- credit,
- liquidity, and
- cash flows.



OPERATIONAL RISKS

Risks associated with the continuity of the provision of services and operation of manufacturing sites, with Group's assets, as well as people's health and safety, IT security, and impact on the environment. They may arise from:

- incomplete/ineffective processes and systems,
- damaged machinery, or equipment,
- due to human error or lack of expertise.



LEGISLATIVE RISKS

Risks associated with the Group and its companies' compliance, regulatory changes governing the industry the Group operates in, especially, in the environmental services sector. Also, risks associated with:

- changes in tax laws,
- implementation of long-term agreements,
- litigation, as well as
- supply chain management.

Risk management at the Group (continued)

In 2023, we plan to draw up a group-wide risk management policy, which would set out joint principles and approach to risk management across the whole Group. It is envisaged that, at the Group level, risk management will be overseen by the CleanR Grupa Council, implementation ensured by the Group's Board, whereas the business-specific risk management processes will be coordinated by the boards of each respective subsidiary company. The next year's Sustainability Report will include an updated Group risk overview.

Due diligence

Due diligence is an important part of the Group's business. Due diligence is conducted to identify, prevent, and mitigate any potential adverse impact on the Group and to ensure its successful operation.

Research of the target market and potential business partners allows the Group to make the right decisions with respect to cooperation and the best business strategy to be employed in the respective market. Upon implementing or providing a new service in a new market or to a new client, the management of the respective line of business or company conducts appropriate market and customer research. Upon signing a contract, it is required to perform solvency, tax payment, sanctions check on the contracting party. In the future, when performing supplier assessment, we have planned to also include environmental and social criteria.

When concluding merger and acquisition deals, a more thorough due diligence process is carried out, which, inter alia, includes assessment of the target company's existing governance practices, business conduct and reputation checks, analysis of the financials and assets, analysis of the respective regulatory framework of the business, evaluation of the work environment and management competencies.



CleanR Grupa's key business lines

CleanR Grupa's companies provide a total of over 40 different services. They fall into two main areas – **waste management** and **environmental services**.

CleanR Grupa is a **customer-oriented group of companies**. By offering innovative, digitized, and tailor-made solutions, the Group ensures high quality of products and services and excellent customer service. The Group **seeks to offer integrated services**, which include both **full-cycle waste management** – collection, sorting, and recycling – and **environmental services**.

WASTE MANAGEMENT

SIA "Clean R" is the Group's largest company, which **handles collection of sorted and unsorted solid household waste** in the municipalities of Riga, Liepāja, Jūrmala, Stopiņi, Ozolnieki, Inčukalns, and Jelgava. CleanR also handles collection of sorted biodegradable waste and textile, providing the necessary infrastructure for it. The company operates 9 sorted waste collection sites. CleanR's share of the waste management market in Latvia reaches 40 %. At the end of 2022, the company opened its new plastic recycling plant. CleanR ensures the full cycle of the circular economy – collecting, sorting, and recycling plastic into new products.

cleanr

SIA "CleanR Verso", whose provided services had been one of CleanR's long-lasting lines of business, was set up as an independent legal entity in 2023. The company handles **commercial and industrial waste**, as well as **sorting of secondary materials** (paper, metal, cardboard, plastic, glass) collected from residents and businesses. Currently, these are the fastest-growing business segments in the Group's portfolio. The company operates two material sorting facilities in Riga, and an industrial waste sorting and recovery center "Nomaļes" in the Stopiņi municipality.

cleanr
verso

SIA "Zaļā josta" is an extended producer responsibility company, which became part of the Group at the end of 2022. The company **organises management of used packaging, disposable dishes and tableware, environmentally harmful products and electrical appliances** thus providing an opportunity for the producers to obtain a 100 % exemption from Natural Resources Tax as well as it ensures that waste generated by producers' economic activity is collected, recycled, and goes into repeated circulation. As of 2023, the existing Group's company SIA "Eko Rija" will be incorporated into the structure of "Zaļā josta", and further on, the "Eko Rija" clients will be served by a single "Zaļā josta" brand. CleanR Grupa owns 70 % of the "Zaļā josta" shares.

ZAĻĀ JOSTA

SIA "Vides resursu centrs" is **the largest municipal waste sorting facility in Latvia and the Baltics**, with an annual throughput of 270 000 tonnes. CleanR Grupa indirectly owns 53 % of the "Vides resursu centrs" shares.

VIDES
RESURSU
CENTRS

VIZĪ

SIA "Vizii" had been CleanR's key line of business for 15 years, was spun-off as an independent legal entity on 1 September 2021. Vizii provides **the daily cleaning of commercial, manufacturing, and public spaces and offices**, and general cleaning of premises. The company uses innovative cleaning solutions (utilizing robots and nanotechnology, including the spray-wash systems) and environment-friendly cleaning products. Vizii's services are used by "Rimi" and "Maxima", the leading retailers in Latvia, pharmaceutical company "Olainfarm", and others.

vizii
domus

Vizii Domus is a **property management business brand**, which comprises five Group companies with invaluable experience of almost 30 years in property management. Currently, Vizii Domus manages residential buildings and commercial property in 7 Latvian towns and cities – Riga, Jūrmala, Jelgava, Tukums, Sigulda, Cēsis, and Priekule.

vizii
urban

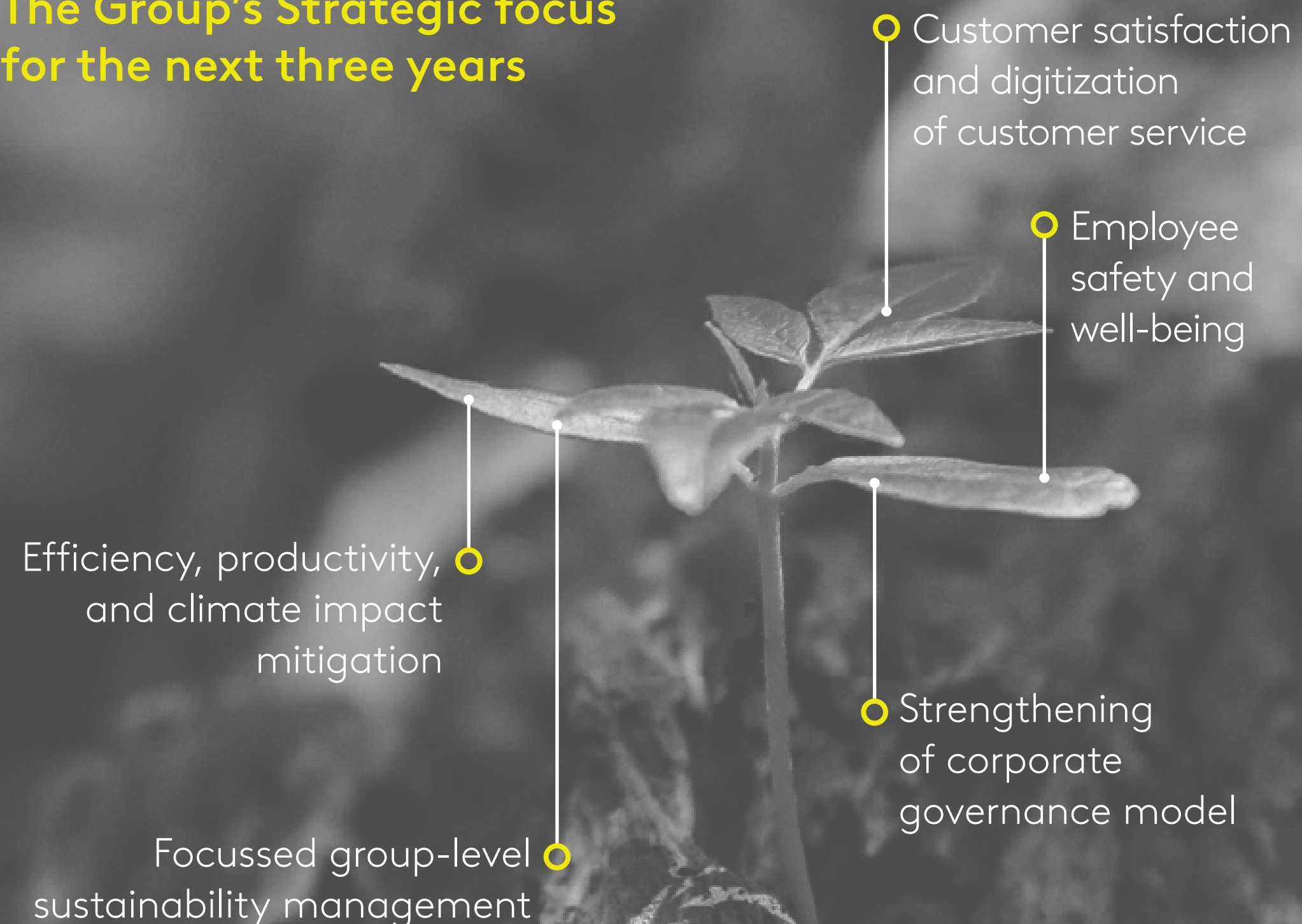
SIA "Vizii Urban" provides **territory, street, road, and urban environment maintenances services**. With its 20 years of experience in urban environment maintenance, having previously been one of CleanR's lines of business, Vizii Urban is a knowledgeable partner to municipalities and companies which care for neat and tidy public spaces. The Vizii Urban services also include planting of greenery, cleaning of beaches, daily maintenance and cleaning of public spaces and venues, as well as specialized public road maintenance services in winter. The largest Vizii Urban's clients are the municipalities of Jūrmala, Rēzekne, Tukums, Liepājas and Riga, as well as such well-known brands as "Maxima", "Rimi", "Neste", "Knauf".

ENVIRONMENTAL SERVICES



CleanR Grupa's Strategic Priorities 2023–2025

The Group's Strategic focus for the next three years



Efficiency, productivity, and climate impact mitigation

The Group will continue to invest in technology that not only improves and streamlines processes, **increases productivity**, and **reduces costs**, but also **mitigates the impact** the Group's companies have **on the environment**. This will contribute to the achievement of the Group's sustainability goals and the aims of the EU's Green Deal, as well as will facilitate Latvia's advancement towards the circular economy.

In recent years, the Group has invested over EUR 2.5 million in the more environment-friendly natural gas vehicles. In the coming years, the Group plans to continue modernizing its fleet of cars and trucks used in service provision by adding more environment-friendly and cost-efficient vehicles.

Over the next period, one of the key focuses of the Group is **to sort, recycle, and produce more**. The Group's companies have made substantial investments in the **modernization** of the packaging waste sorting facility by **automating** its operations and will continue investing in the expansion of "Nomaļas", a construction waste sorting and recycling center, with an aim to make it the first and largest in Eastern Europe. In 2022, CleanR launched a new line of business – polymer recycling. A new plastic recycling plant was built at "Gurnīcas", in Ķekava municipality. The new plant has been equipped with cutting-edge technology, which lets the plant produce up to 1000 tonnes of plastic pellets and flakes a month, nearly 100 % of them being exported.

Considering the planned increase in production capacity of the above business lines and the estimated rise in energy consumption, given the Group's sustainability targets, **the Group will seek to strike a balance between its business and environmental goals, controlling its resource consumption** and, potentially, investing into renewable energy solutions.

CleanR Grupa will seek to ensure that its investments, goals, and plans are compatible with the transition to a sustainable economy and with the limiting of global warming to 1,5 °C in line with the Paris Agreement. **The Group's aim is to become climate-neutral by 2050.**

A significant strategic element of the Group's companies is the implementation of **new, innovative services and infrastructure solutions** that foster the circular economy and climate neutrality. In 2022, CleanR started offering installation of underground containers, and has installed eight of them in Riga. The company will also continue expanding its textile sorting container network. By the end of 2023, CleanR has planned to put up total of 100 textile containers in Riga and other areas and municipalities serviced by the company. In addition, the company will put extra effort in informing and educating the society to encourage separate collection and composting of biodegradable waste.

In the area of industrial waste sorting and recycling, it is planned to significantly increase the sorting capacity of construction waste, increasing the amount of the recovered

CleanR Grupa's Strategic Priorities 2023–2025 (continued)

materials, and reducing the amount of refuse buried in landfills. In the segments of commercial cleaning and urban environment maintenance, the Group's companies will seek to apply environment-friendly cleaning products even more, as well as innovative and climate-neutral technical solutions for maintenance of urban territories.

The next period's strategic focus will also be on **innovation of services and processes**. We will continue the already started projects co-financed by the EU LIFE program that are aimed at devising and implementing solutions which raise awareness of waste as a resource, promote waste sorting and implementation of the circular economy.

Overall, in 2022, the Group continued to grow and expand, carrying out M&A deals in the construction waste management and extended producer responsibly areas. Over the next three years, the Group will seek to maintain and expand its presence in those regions and segments in Latvia where it is not represented or is a minority player at the moment. Also, it will consider providing its services outside Latvia.

Customer satisfaction and digitization of customer service

Over the next period, the Group's companies will seek **to improve and digitize customer service** as well as implement common customer service standards and metrics. Given the completed restructuring of the Group in 2022, during the coming years, the Group's aim is to develop MANAI VIDEI, a multi-channel

client service platform, and implement it in all the Group's companies. Offering convenient and fast self-service options, thus increasing customer satisfaction, will remain one of the Group's priorities.

Safety at work and employee well-being

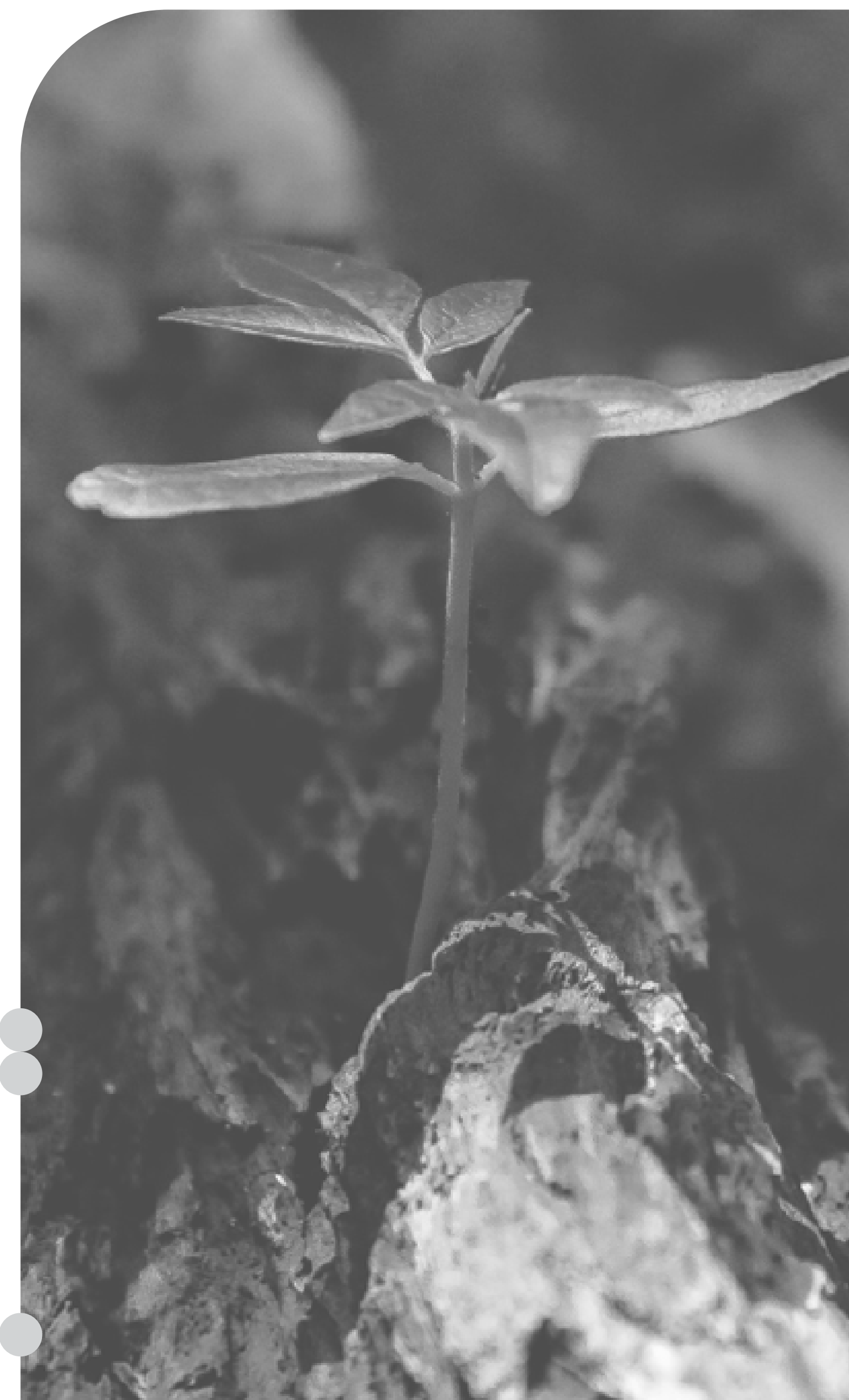
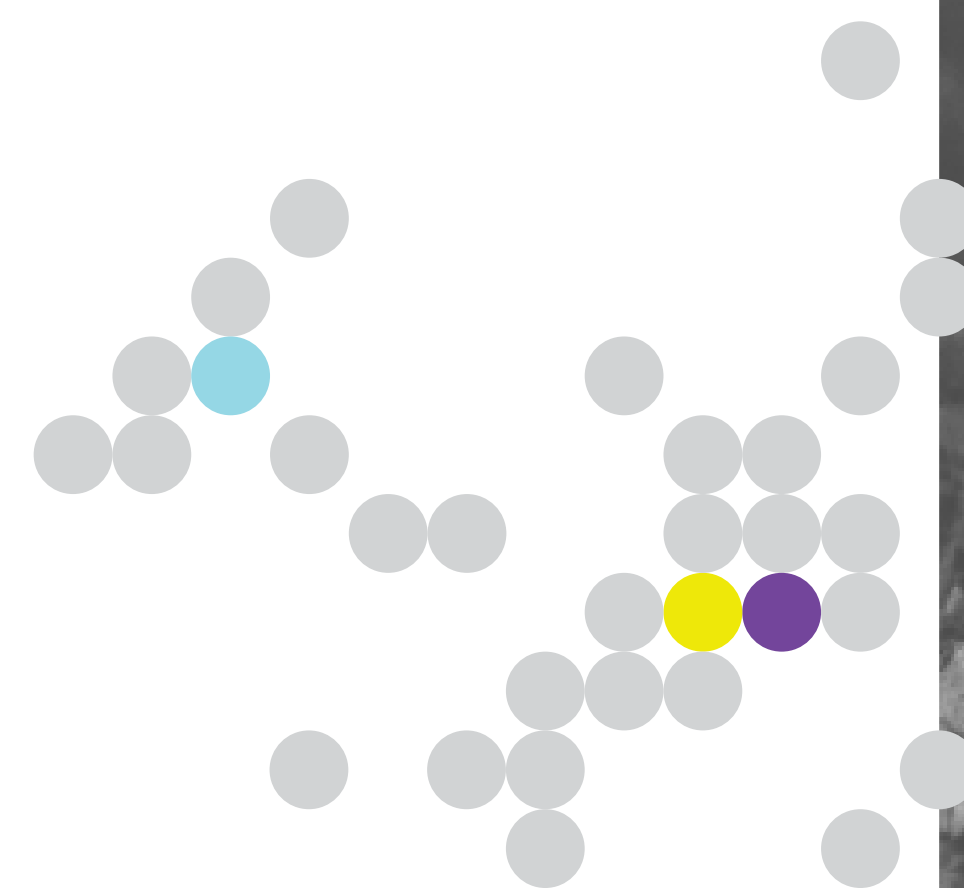
The success of the Group's companies depends on their employees. Therefore, over the next strategy period, the Group will concentrate on **employee growth, development, and health, with the key focus on employee well-being and safety at work**. The Group will continue running its Leader Development and Manager Assessment Program, as well as improve employee onboarding at the Group's companies. To boost employee engagement, loyalty, and sense of belonging, it is planned to set up an Employee Council, continue improving internal communication within the Group, as well as expand and diversify the benefits package.

At the end of 2022, CleanR Grupa joined the [Mission Zero](#) initiative; in 2023 we start a group-wide project called "Drošinātājs", with an aim to promote and build a safer workplace and meet our sustainability goal – zero accidents at the workplace.

Corporate governance and sustainability

Given the completed restructuring of the Group in 2022 and M&A deals, one of the priorities for the next period will be the **strengthening of the Group's corporate governance model**, following best practice.

Bearing in mind what has been achieved so far, we will seek to gradually put more and more of the Group's companies under the **Group's sustainability governance** umbrella to facilitate the implementation of the Group's sustainability strategy. In 2023, with the Group having started its annual non-financial reporting, reflecting its progress in the environmental, social, and governance areas, the Group will continue improving its system to control the implementation of the Group's sustainability goals. Also, the Group will continue calculating its carbon footprint and handprint, improve its business and sustainability risk and opportunity assessment, ensure integration of its sustainability goals into the management's incentive schemes. The Group will seek to regularly engage its stakeholders and inform them of the Group's sustainability ambitions and achievements.



Taxonomy-eligible and Taxonomy-aligned activities

To meet the aims of the EU's Green Deal and promote sustainable investments, in 2020, the European Commission passed [Regulation \(EU\) 2020/852](#), which provides a classification system, establishing a list of environmentally sustainable economic activities. The Taxonomy Regulation sets out 6 environmental objectives:

- Climate change mitigation;
- Climate change adaptation;
- The sustainable use and protection of water and marine resources;
- The transition to a circular economy;
- Pollution prevention and control;
- The protection and restoration of biodiversity and ecosystems.

To determine whether a particular economic activity of the CleanR Grupa companies may be regarded as environmentally sustainable, we assessed whether it:

- Has a substantial impact on one or more of the environmental objectives set forth by the Taxonomy Regulation;
- Does not cause serious harm to any of the environmental objectives;
- Is carried out, meeting the basic requirements of the social and governance area.

Under the Taxonomy Regulation, non-financial companies are required to disclose the share of their turnover, capital (capex), and operational expenditure (opex) associated with taxonomy-eligible economic activities and must assess which of these activities meet the technical screening criteria and therefore are considered taxonomy – aligned and must disclose their proportion in the above-mentioned financial criteria.

CleanR Grupa evaluated two of its key business activities according to the current Group structure in 2022, and their eligibility and alignment with the technical screening criteria set forth by the EU Taxonomy, and deemed the following economic activities as taxonomy-eligible:

Taxonomy-included/aligned activity	NACE Rev.2	Group company in 2022
5.5. Collection and transport of non-hazardous waste in source segregated fractions (Separate collection and transport of non-hazardous waste in single or comingled fractions aimed at preparing for reuse or recycling)	NACE 38.11 Collection of waste (excluding hazardous waste)	CleanR (Collection and transportation of municipal solid waste, secondary materials, construction waste)
5.9. Material recovery from non-hazardous waste (Construction and operation of facilities for the sorting and processing of separately collected non-hazardous waste streams into secondary raw materials involving mechanical reprocessing)	NACE 38.32 Recycling of sorted waste	CleanR (otriezējo materiālu, būvniecības atkritumu šķirošana un/vai pārstrāde)

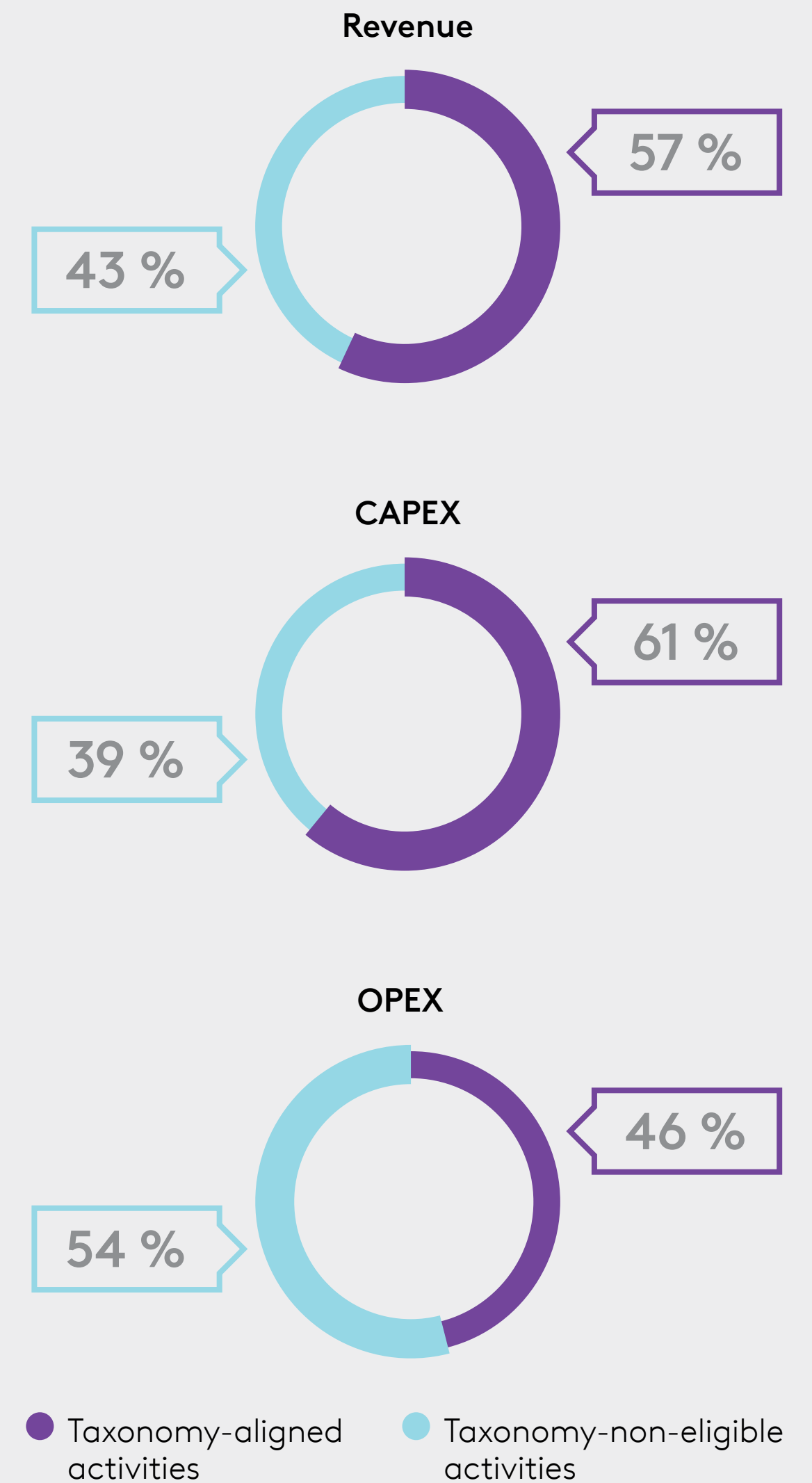
The main types of economic activity of CleanR Grupa that are not Taxonomy-eligible:

Vizii –
General cleaning of buildings (81.21),
Other building and industrial cleaning activities (81.22);

Vizii Urban –
Other cleaning activities (81.29);

Vizii Domus companies –
Management of real estate on a fee or contract basis (68.32).

In the next reporting period, the Group is committed to review and continue assessment of other of its economic activities according to the Taxonomy Regulation.



SUSTAINABILITY MANAGEMENT



Sustainability management at the Group

Ilgstpējas vadības struktūra

CleanR Grupa
Supervisory Council

CleanR Grupa
Management Board

The Group's Chief Officer
for Communication
and Sustainability

The Group's
Sustainability
Manager

ESG
working
groups

In 2022, CleanR Grupa drew up its first Environmental, Social, and Governance (ESG) or Sustainability Policy, setting out the strategic framework, approach, and main principles for managing sustainability at the Group, as well as the sustainability management structure.

Under this policy, the CleanR Grupa Board is responsible for the development and implementation of the Group's Sustainability Strategy. The Group's Council monitors the implementation thereof.

The Group's Chief Officer for Corporate Communication and Sustainability regularly reports to the Board on the sustainability-related issues, speaks of the roll-out of the Sustainability Strategy at the Group's Board meetings, and takes care of the necessary external communication related to the Group's sustainability plans and progress on the achievement of the set goals.

The Group's Sustainability Manager works out an action plan to achieve the strategic goals and ensures its implementation across the Group. Sustainability Manager also handles the daily management of sustainability-related issues and is responsible for appropriate internal communication and implementation of sustainability-related initiatives.

To ensure transparency and achievement of the set sustainability goals and objectives, dedicated working groups have been set up within the Group, which include the managers of the respective Group's companies, as well as heads of functions and specialists. Each ESG Working Group has been assigned a head, who is responsible for the implementation of procedures and controls to achieve the set goals and objectives. Both the Sustainability Manager and respective Heads of Working Groups take part in Board meetings, where they report on the implementation of sustainability goals.

Sustainability approach and scope

Sustainability is an integral part of CleanR Grupa's business strategy and decision-making. The operations of the Group's companies are underpinned by care for people and the environment, as well as fair and ethical governance. Considering the impact of its operations and responsibility towards the stakeholders, **the Group observes the following key sustainability principles:**

- We follow high legal, ethical, economic, social, and environmental standards and maintain open communication, including a dialogue with our stakeholders;
- Communication related to the impact the Group and its services have is based on complete, precise, comparable, and verifiable data;
- We regularly monitor the Group's use of resources and impact on the environment, and based on the obtained data, take the necessary measures to mitigate the impact and increase energy efficiency.
- By setting an example with our actions in the field of sustainability, we not only seek to inspire but also encourage other industry players, our suppliers, and clients to follow our lead.

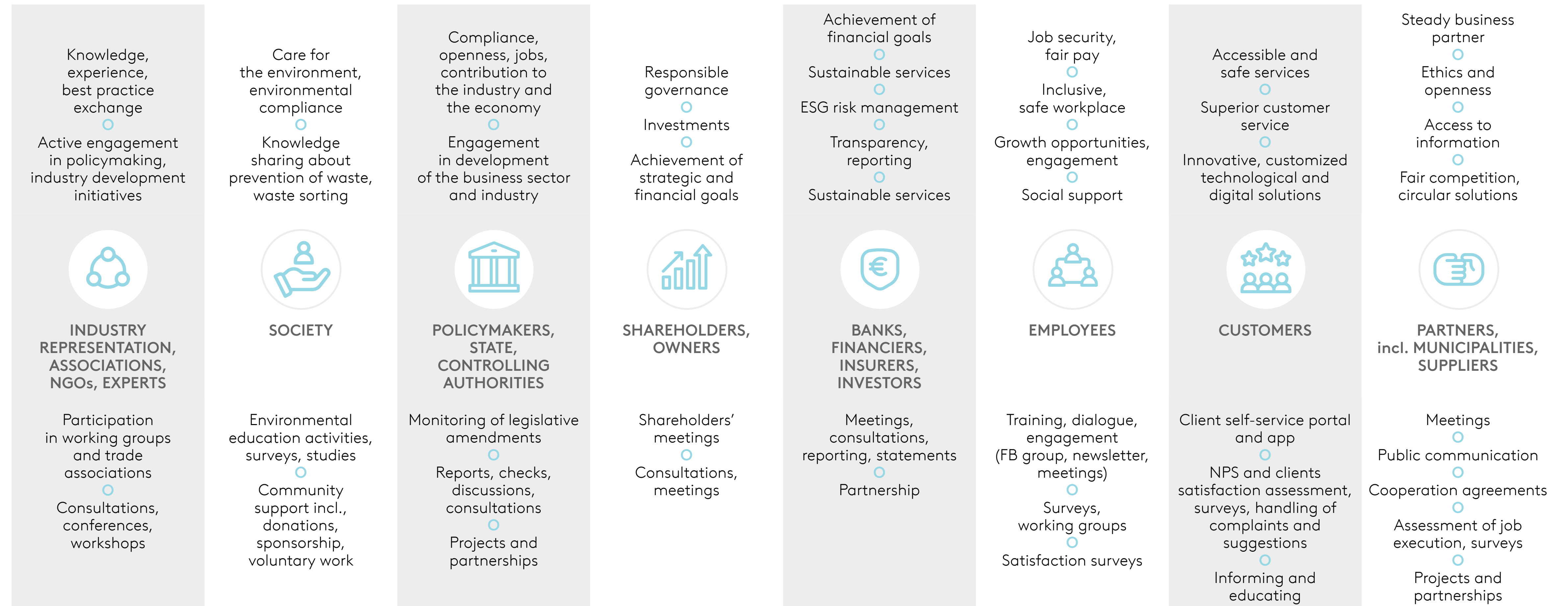
In 2022 CleanR Grupa's sustainability approach and strategic framework were initially devised for the Group's key business lines operated by SIA "Clean R", SIA "CleanR Verso", SIA "Vizii", and SIA "Vizii Urban". Yet, given the restructuring carried out at the end of 2022 and the Group's future development plans, it is envisaged to gradually include into the sustainability framework and strategy implementation also other Group's companies which are directly or indirectly owned by and in which AS "CleanR Grupa" is the majority shareholder and exercises full control.

This Sustainability Report has been prepared according to the requirements of the EU's corporate sustainability reporting framework, considering the needs of the financial sector, investors, and other stakeholders. Next year, we will continue to develop and improve our sustainability reporting and scope and will ensure that sustainable approach is the core of the CleanR Grupa's operation, and every employee and business partner knows their impact and role in it.

Stakeholder engagement

An important part of CleanR Grupa's responsible business practice is cooperation with the stakeholders. In 2022, upon devising the Group's sustainability framework, we identified our key stakeholders. The Group interacts and collaborates with its stakeholders on a regular basis and in a number of ways – through dialogue, exchange of opinions, consultations, engagement, and partnership.

CleanR Grupa always cares for its stakeholders' opinions and needs, as well as for the value it can create for them. Therefore, the Group regularly carries out activities aimed at finding out the stakeholders' needs and expectations. The Group's role and significance in society, as well as its stakeholders' opinion forms the basis for the Group's sustainability approach and strategy.



The Group’s key sustainability areas

In 2022, CleanR Grupa conducted a comprehensive materiality analysis to identify the key sustainability areas for the Group. As the strategic sustainability framework was devised for the whole Group, it considered the different sectors the Group’s companies operate in. It looked at the number of employees at each of the Group’s companies, and their contribution to the Group turnover, as that allowed to determine the “weight” of each individual company in the context of the Group.

As a result, the Group’s priorities were identified, based on:

- The trends stemming from the comparative analysis within the constraints of the industry;
- Requirements set out in the EU’s sustainability framework (including taxonomy and corporate sustainability reporting);
- The stakeholders’ opinion (online survey and 1:1 interviews);
- The Group’s management opinion (debates and workshops).

As a result of this analysis, the Group’s initial range of sustainability priorities were highlighted, which were discussed by the management team of the Group¹ companies, adjusting certain significant aspects. To find out the stakeholders’ opinion, all the areas were divided into five thematic blocks: corporate governance, environmental impact, work environment, sustainable services, and contribution to society.

In 2022, we carried out a stakeholder survey, where external stakeholders expressed their views on the performance of the Group’s companies to date, as well as their expectations and suggestions with respect to their future approach to social, environmental, and governance management. With certain key stakeholders, in-depth interviews were carried out to gain more valuable insight into both the existing performance and the necessary improvements. Also, during the conversations we heard a wealth of practical advice, which was then discussed in seminars and workshops with the Group’s management team.

Based on the double materiality assessment, a CleanR Grupa materiality matrix was designed, reflecting the Group’s key sustainability areas and their significance to both external stakeholders and the Group itself. As a result of the assessment, 17 key sustainability areas were identified. The Sustainability Report describes all the key areas².

For the purposes of CleanR Grupa’s 2023–2025 Strategic Sustainability Framework, nine of the topics have been identified as priorities, which render the four key sustainability areas for the Group:

- Climate impact mitigation, energy efficiency, circular solutions
- Employee well-being and development
- Access to services (innovation, digitization), environmental education.
- Sustainable procurement and responsible supply chain

Within each of these areas definite commitments have been made, and they will be paid special attention to across the Group.

Materiality matrix

ENVIRONMENT

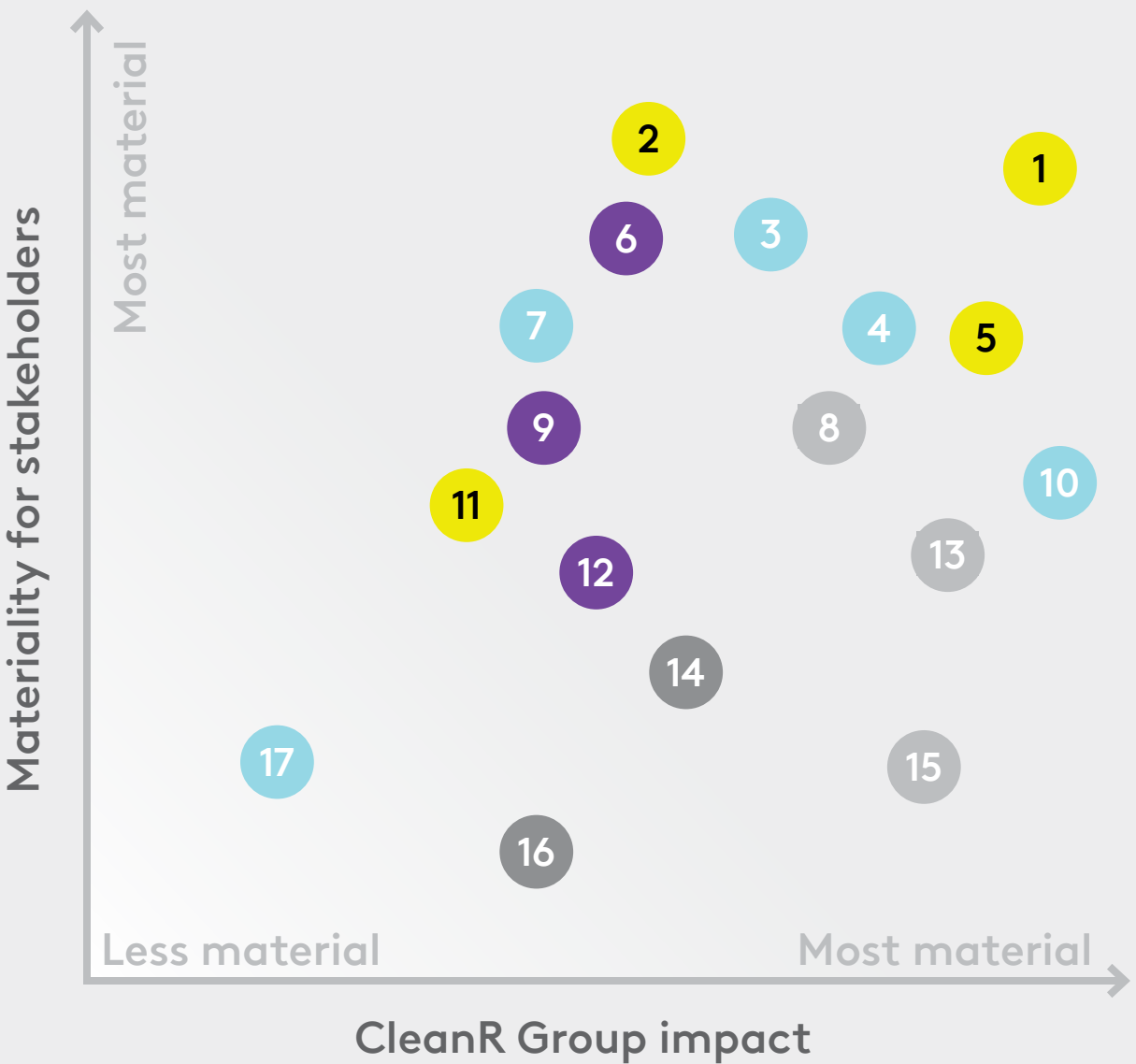
- 1 Circular solutions
- 2 Pollution prevention
- 5 Climate impact and energy efficiency
- 11 Protection of biodiversity and nature

SERVICES

- 3 Access to services
- 4 Services impact on health and safety
- 7 Responsible communication about services
- 10 Innovation and digitization
- 17 Data security and protection of privacy

WORK ENVIRONMENT

- 6 Employee health and safety
- 9 Inclusive, fair treatment of employees
- 12 Employee development, education



SOCIETY

- 14 Active and transparent engagement in industry policy-making
- 16 Environmental education opportunities, promotion of the use of sustainable solutions

GOVERNANCE

- 8 Business ethics and compliance
- 13 Open communication, active stakeholder engagement
- 15 Responsible supply chain and sustainable procurements

¹ The respondents were asked to give their answers, primarily bearing in mind the Group’s key lines of business – municipal waste management, sorting of secondary materials, handling and recycling of construction waste, territory and road maintenance, cleaning of premises.

² To consolidate information, the aspect “Open communication, active stakeholder engagement” has been covered under “Active and transparent engagement in industry policymaking”; the “Services impact on health and safety” is described in section: “Access to services, innovation and digitization”.

The Group's sustainability goals and contribution to the UN Sustainable Development Goals

To meet our commitments, we have set targets and key performance indicators (KPIs) to be attained by 2025 in each of the priority areas. Those targets have been described in detail in the respective sections of this report.

Sustainability goals

2023–2025



ENVIRONMENT

Pursuit of **climate neutrality** through implementing the key principles of the circular economy – in business and services.



SOCIETY

Care for **employee** well-being, offering safe and growth-oriented workplace.

Building responsible **society** through environmental education.

An industry leader in innovation, providing **clients** with access to services and digitized processes.



GOVERNANCE

Care for a responsible supply chain by implementing **sustainable procurements**.



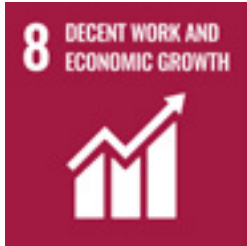



The Group's sustainability goals and contribution to the UN Sustainable Development Goals (continued)

By running its daily operations and pursuing its sustainability goals, CleanR Grupa also contributes to the achievement of the following United Nations (UN) [Sustainable Development Goals](#):

The Group make an indirect impact also on the following goals:



UN Sustainable Development Goal	Target	Relevant CleanR Grupa priority area
 Take urgent action to combat climate change and its impacts	13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.	Climate impact mitigation and energy efficiency.
 Ensure sustainable consumption and production patterns	12.2. By 2030, achieve the sustainable management and efficient use of natural resources. 12.4. Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment. 12.5. By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse. 12.7. Promote public procurement practices that are sustainable, in accordance with national policies and priorities.	Climate impact mitigation and energy efficiency Provide access to services. Reduce pollution. Promote the use of circular and sustainable solutions. Responsible supply chain and sustainable procurements.
 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors. 8.5. By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. 8.8. Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	Develop and use new and innovative technology, digitization. Inclusive, fair treatment of employees. Employee development. Employee health and safety.
 Ensure availability and sustainable management of water and sanitation for all	6.3. By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.	Climate impact mitigation . Promote the use of circular and sustainable solutions.



RESPONSIBILITY TOWARDS THE ENVIRONMENT

Climate impact mitigation and energy efficiency

Our commitment

We are committed to measuring, monitoring, and mitigating our impact on the environment in the long term, reviewing our habits and efficiency, as well as implementing new environment-friendly solutions. We seek to promote circularity by both creating new services and supporting initiatives fostering climate neutrality.



Taking care of our impact on the environment and energy efficiency are significant core aspects of the operations of the CleanR Grupa companies. Over the next three years, these aspects will be addressed more profoundly, especially our carbon footprint. We identify and monitor the key environmental aspects of the operations of each of the Group's companies, and each company seeks to reduce its resource consumption to the extent possible.

CleanR, Vizii, Vides resursu centrs

ISO 14001:2015

ISO 50001:2018

Vizii Urban

ISO 14001:2015

In 2022, the Group purchased eight new natural gas garbage trucks. Also, the Group took several measures to increase energy-efficiency – it continued installing LED lights as well as presence and motion detectors. In

2022, CleanR, the largest Group company, altered its heating system from gas boilers to wood pellet boilers. These measures will not only allow the Group to cut costs, but also will considerably reduce its impact on the environment.

The Group has set the aim to become climate-neutral by 2050. To achieve this, it will devise its long-term Climate Impact Mitigation Strategy. The Group has already created a data collection and analysis tool, which has been used to identify Scope 1 and Scope 2 emissions for the Group's key business lines, as per "The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard" guidelines, and to determine intensity of those emissions. However, the obtained data does not give a full picture of the Group's impact on the environment. Therefore, it has been decided to identify Scope 3 emissions, and taking into account that, by ensuring separate collection of waste, sorting, and recycling, the Group significantly contributes to the reduction of the carbon footprint of its clients and the whole country, more comprehensive calculations with respect to both – the Group's carbon footprint and handprint will be made and reported on in the next year.

Overall, we plan to keep reducing the Group's environmental impact gradually over the next years, in line with the available investments. We have already modernized our vehicle fleet by adding more environment-friendly, low emissions vehicles. In 2023, we plan to replace almost half of our light vehicle fleet with new, hybrid or electric cars. We will also optimize our waste hauling routes to reduce fuel consumption, and we will make infrastructure improvements not only to increase efficiency, but also to potentially start using renewable energy. In 2023, we will continue monitoring climate inside our offices and perform energy audits of the buildings, with an aim to attract funding to improve their energy efficiency.

According to best practice, we will engage and educate our employees about energy saving, safe and economical driving, as well as about meeting business-specific environmental requirements. The envisaged Group Employee Handbook will include a section devoted to the environment and energy efficiency topics.



Implementation and use of circular solutions



By 2035, the share of municipal waste landfilled in the EU must be **reduced to 10 %** of the total amount of municipal waste generated.

The services provided by the Group in the area of waste management contribute to the EU's Green Deal and UN Sustainable Development Goals by both reducing pollution and the amount of waste buried in landfills and considerably increasing waste recycling and production of new materials.

One of the tools to foster implementation of circular solutions is the attraction of EU financing. The Group's subsidiary company CleanR, in cooperation with the Ministry for Environmental Protection and Regional Development of Latvia and other industry players, is taking part in the LIFE integrated project by the European Union "Waste as a Resource in Latvia – Promotion of Regional Sustainability and Cycle by Implementing the Concept of Using Waste as a Resource". The project activities will focus on looking for circular solutions in construction waste management and promotion of separate collection of other types of waste.

For over two years now, CleanR Verso has been successfully using construction waste to produce new materials, for example, broken concrete and stone for building gabions or for road construction. To further promote circular principles and raise public awareness of industry-inherent risks and opportunities, it is planned, under the EU's LIFE program, to **design a digital solution for handling over construction waste and a solution for construction materials exchange**, as well as to create a **modern demo waste sorting site**, where possibilities of sorting of different types of waste will be shown.

At the end of 2022, the Group opened its **new plastic recycling plant**, which, as of 2023, has been running at full capacity, and is **contributing to the promotion of the circular economy**. The plant will recycle polyethylene (LDPE and LLDPE), colored (LDPE), high-density polyethylene (HDPE), and polypropylene (PP) waste. These plastics will be recycled into flakes or pellets, which will then be handed over to be recycled into new materials. This is the first plant in Latvia to recycle polystyrene, a plastic used in yogurt packaging, children's toys, dishes, and lights. Also, the plant will be able to process acrylonitrile butadiene styrene (ABS) resins and their composite materials, namely, plastic used to produce car parts, interior items, electronic device casing, textile, and building materials.

In 2022, the CleanR Verso secondary materials sorting sites **received by 29 % more separately collected household waste**

(light packaging – cardboard, metal plastic, glass) than in 2021. Although the overall trend is positive, the Group aims to further increase the volumes of separately collected and recyclable waste and to encourage society to continue to sort more correctly and more actively.

The Group's goal by 2025 is:

- To increase the proportion of separately collected and recyclable waste to achieve 50% of all the waste collected from customers by the Group;
- To develop and implement a carbon footprint and handprint calculation and data collection system in the Group. To set the targets and key performance indicators (KPIs) emission reduction, so that by 2050 the operations of the Group's companies are climate neutral.



Pollution prevention

Any waste handling activity – collection, transport, sorting, storage, recycling, and regeneration – according to the legal framework, qualifies as a polluting activity and therefore requires special permits pursuant to the Waste Management Law and Law on Pollution. The permits are issued by the State Environmental Service of Latvia, which also monitors compliance with the terms of the permit and relevant laws and regulations. The permit includes terms that a waste manager must fulfil – polluting activity limits (allowed waste flow and amount, allowed waste handling activities) and reporting procedures to report on the company's compliance with the permit terms thus seeking to decrease the adverse effects on the environment to the lowest level possible.

The Group's waste management companies have obtained the necessary permits to perform polluting activities and manage waste. **The Group regularly reviews the terms of the permits it operates to ensure compliance**

and to keep the permits up to date with the actual waste amounts and waste handling activities performed. The State Environmental Service of Latvia runs regular documentation and on-site checks to make sure the company acts in compliance with the set requirements.

In line with the issued permits and environmental program, the Group's manufacturing and waste management sites undergo regular rainwater, groundwater, air quality, smell and/or noise monitoring. The responsible environmental specialist in the Group follows the procedure and checks results to make sure they comply with the terms set out in the permits. In 2022, no provision set by the permits and relevant laws and regulation were exceeded.

Protection of biodiversity and nature

We organise the Group's activities not only to prevent pollution, but also **to protect nature and its biodiversity**. Through extensive environmental education activities and the provision of appropriate service infrastructure, we encourage the society to sort and dispose of waste correctly, thus ensuring that less waste ends up in landfill.

By ensuring collection, sorting, and recycling of separately collected – recyclable waste, we reduce the need to use natural resources to produce new materials. Every year CleanR provides detailed information to customers and organises free drop-off campaigns for different types of waste (electrical appliances, automotive tyres, bulky waste, etc.) in the municipalities served by the company, thus reducing the risk of environmental pollution that could result from the improper disposal of this waste. In the premises cleaning sector, we offer to our customers and use environmentally friendly cleaning products, which decompose naturally and do not cause harm

to people or the environment. In the next strategy period, the Group will consider ways to further enhance the positive impact of the Group's businesses by considering investments in the initiation and implementation of activities that contribute to the protection of nature and biodiversity and foster climate neutrality.



RESPONSIBILITY TOWARDS SOCIETY – SERVICES

Access to services, innovation, digitization, and safety

Our commitment

We are committed to investing in efficiency, modernization, and infrastructure to improve our services and increase customer satisfaction. At the same time, we consistently seek to increase our customers' understanding of environmental services and environmental protection. We implement cutting-edge IT solutions to facilitate the use of remote and self-service tools.



The Group provides **more than 40 different services** in the areas of waste management, premises, road, and urban territory maintenance, as well as property management. The Group's clients are both private persons and companies and organizations of various sizes and industries – private companies, state and municipal companies and institutions. The Group has **over 50 thousand clients all over Latvia**, the population served by the Group's companies – more than half a million.



66% of our clients
appreciate and
are highly satisfied
with our e-services

(2022 Customer Survey, ratings from 8 to 10)

CleanR Grupa not only seeks to ensure **physical access to services**, i.e., enough waste containers for various sorts of trash, properly-equipped [sorted waste collection sites](#), or duly maintained roads, outdoor spaces, and removed building refuse, but also **digital access to services** – providing the Group's clients with **fast and convenient remote self-service options**.

For our clients – municipalities, CleanR has developed a **digital solution** called VISZINIS, which enables the responsible municipality employees to check online on a map whether a waste management service contract has been concluded at the specific address. This solution facilitates the performance of municipal functions and makes it possible to verify and ensure that all households are part of the overall waste management system of the municipality.

The Group also focuses on the development of **innovative**, circular **solutions**. Last year, CleanR started offering installation of [under-ground containers](#), and has already built eight of them in Riga. Underground containers ensure tidier, safer, and more environment-friendly waste collection, as the containers are more capacious, and waste may be collected at longer intervals.

The Group makes sure that the **services** of its companies **in both – physical and digital settings are safe** for the Group's employees, clients, and the society. The safety of the Group's services is largely ensured through innovative solutions, digitization, and modernization – the Group is investing in a more environment-friendly and ergonomic vehicle fleet, modern, robotized cleaning equipment, convenient waste sorting lines and sites, and implementation of modern digital customer service tools.



Customer service and digital self-service opportunities



Our customer service provides **QUICK** and **HIGH-QUALITY SUPPORT** TO OUR CUSTOMERS, taking care of their needs for environmental services.

Considering the Group's customer base and structure, customer service is provided through different channels – **in person** at our Customer Service Center and **remotely** by phone or via our self-service portal.

The first-level customer service is organized in a centralized manner via the Group's Customer Service Center. The second-level customer service takes place via customer relations, sales managers, and customer service experts. Written customer complaints are reviewed and solved within 10 days. Oral complaints are dealt with immediately. Customer complaints are handled at each of the Group's companies individually. Each company also conducts regular customer satisfaction surveys. Based on the customers' feedback and comments, the Group's companies look for ways to improve their service.

Bearing in mind our customers' need to receive information about services quickly and conveniently, the Group has worked out and is constantly improving modern digital self-service tools:

- the online self-service portal manai.videl.lv
- mobile app [MANAI VIDEI](#)

The number of applications and contracts signed in e-services by self-service portal and app users is gradually increasing. The main challenge is to change our customers' habits from wishing to receive information about their invoice or apply for a service through our Customer Service Center rather than view their invoice or apply for a service online or via our app.

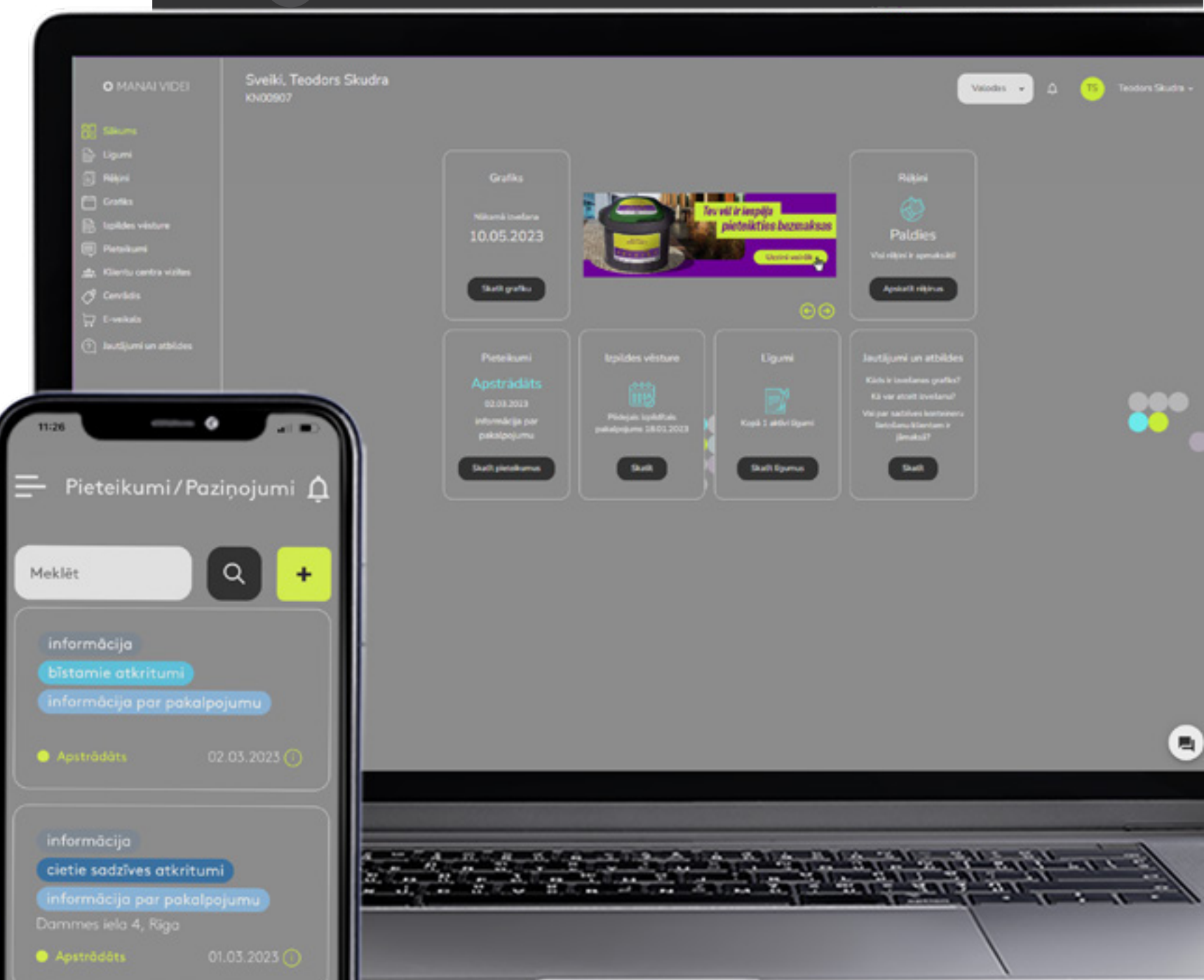
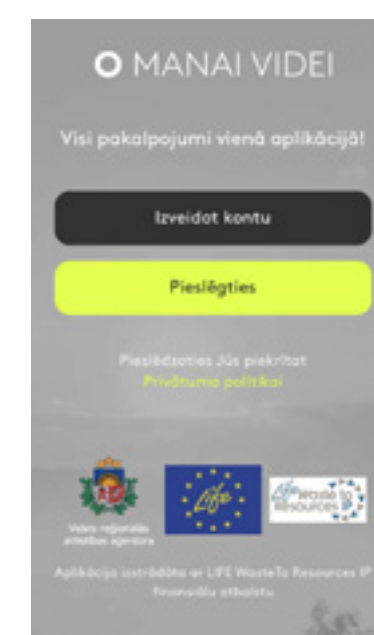
The Group seeks **to provide faster, more convenient, and easier access to information on services**, billing, contracts, their conclusion, and **further customer service remotely and self-service**, thus increasing not only customer satisfaction but also reducing the environmental impact arising from the customers' in-person visits.

In 2023, the Group will continue working on developing joint customer service standards and customer satisfaction metrics, the MANAI VIDEI app – by gradually adding more and more of its services –, as well as new functionalities, for example, e-commerce options. The Group will also continue informing

its clients of the benefits of the self-service and will carry out accessibility evaluation of the Portal and the App.

By 2025, with regard to customer satisfaction and digital access to services, we are set to achieve that:

- At least 75 % of the Group's clients have access to user-friendly, convenient, and accessible digital self-service tools;
- App-based applications and applications in e-services reach 60 % of all the applications received;
- The Group's Net Promoter Score stands at 50.



Data protection and privacy

CleanR Grupa takes all the necessary security measures (including administrative, technical, and physical) to protect personal data. The data may be disclosed to third parties only in cases set out in the relevant legal acts. CleanR Grupa's companies take care of their clients' privacy and protection of personal data, respecting clients' rights to appropriate handling of their data in compliance with the applicable legislative acts – Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and other applicable legislative acts in the area of privacy and data protection.

The Group has drawn up privacy policies, which are available on the homepages of the Group's companies, for example, [Privacy Policy of CleanR](#) or for [Vizii Privacy Policy](#).

The processing of data on the clients' portal and the app MANAI VIDEI, as well as during direct communication is organised to ensure confidentiality of personal data. In 2022, no complaints were received regarding violations of the personal data protection or privacy provisions.

Responsible communication about services

CleanR Grupa's companies make sure that all stakeholders can access and have complete and clear information about the Group's services, how to apply for and use them, and their benefits on the company homepages, social network accounts, at events, and through various campaigns, booklets, as well as via electronic newsletters.

The Group's companies ensure that their communication with clients as well as marketing and advertising activities comply with the relevant laws and regulations, fair competition standards, and the principles described in the [CleanR Grupa Code of Ethics](#) and [Principles for Marketing and Communication](#).



Environmental education, fostering sustainable solutions

Environmental education is an essential part of the Group's business. As a leader in the environmental services industry CleanR Group is aware of its role in achieving the Green Deal goals set by Latvia, including its ability to contribute to changing the habits of the society, which is particularly important for the implementation of the principles of the circular economy in the field of waste management – as its cornerstones are the active involvement of society and each individual.

To promote the involvement of the society in the creation of a zero-waste and sorting culture, CleanR Group companies regularly invest in environmental education activities with the aim to:

- Raise awareness
- Change mindsets and habits
- Motivate:
 - 1 Not to create waste!
 - 2 To sort!
 - 3 To use waste as a resource!

The Group's investment in education of the society has two dimensions – educational activities and investments in appropriate infrastructure development.

The Group's goal is to increase the audience reached by environmental education activities by 5 % every year.

CleanR Group's key public environmental education initiatives and activities in 2022:

Environmental education activities

- **The first online waste sorting workshop** in Latvia
- Regular electronic **newsletter** for CleanR customers
- Campaign **#biovaig** – organised in cooperation with Riga City Council, SIA "Rīgas namu pārvaldnieks", "CleanLiving", and landfill "Getliņi", to promote sorting of biodegradable (BIO) waste and offer easy solutions for sorting of BIO waste for residents of apartment buildings
- **Practical educational sessions on composting** for kindergarten teachers held in cooperation with Dzidra Kreišmane, Associate Professor and Senior Researcher at Latvia University of Life Sciences and Technologies
- **Waste sorting workshops** in five neighbourhoods of Riga City
- **Waste sorting workshops** in Jūrmala, Ulbroka (Ropaži Municipality), Carnikava (Ādaži Municipality) and Ikšķile (Ogre Municipality)
- **How to sort waste in Riga?** – a common waste sorting guide created in cooperation with Riga City Council
- Annual, free drop-off campaigns **"EKO dienas"** for different types of waste organized in the municipalities served by CleanR
- **Guidelines for organic composting:** "Compost in kindergarten. Guidelines for effective composting integrated into the educational curriculum in educational institutions"
- A booklet on sorting of textiles **"Viegli šķirot tekstilu"**
- A digital leaflet on easy sorting **"Viegli šķirot pareizi"**
- Information and education campaign **"Nenoroc nākotni!"** (Don't bury the future) with the theme "Waste sorting – an opportunity to care for the environment and your wallet!"
- Educational activities on waste sorting at various public events supported by the Group: youth camp **"Personality Academy"** organised by Latvian Olympic Committee, largest beach volleyball competition world tour **"Elite 16"** held in Jūrmala, and at **"Ghetto Games"** events all over Latvia

Infrastructure in Latvia

- **11 478** sorting containers (for paper, plastic, metal)
- **6 198** containers for glass
- **914** bio waste containers
- **52** containers for textile
- **8** underground containers in Riga Central Market
- **9** sorted waste **collection sites**
- **339** sorted waste **collection points**

RESPONSIBILITY TOWARDS EMPLOYEES

Working environment

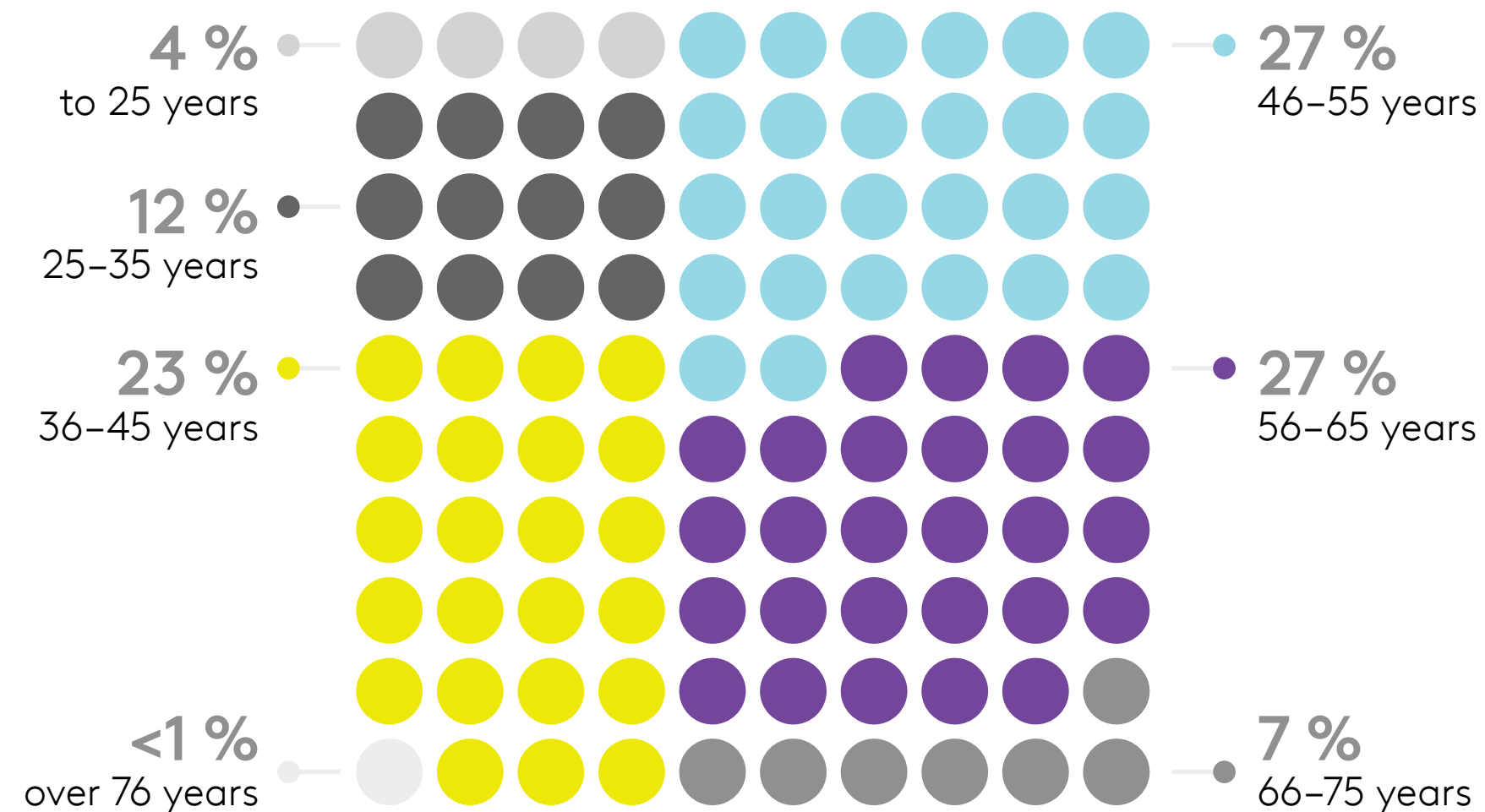
Our commitment

Employees are our key assets, representing the Group and the services we provide. One of our key values and priorities is safety at work. We seek to build an inclusive and growth-oriented workplace where everyone feels valued and is able to realize their full potential.



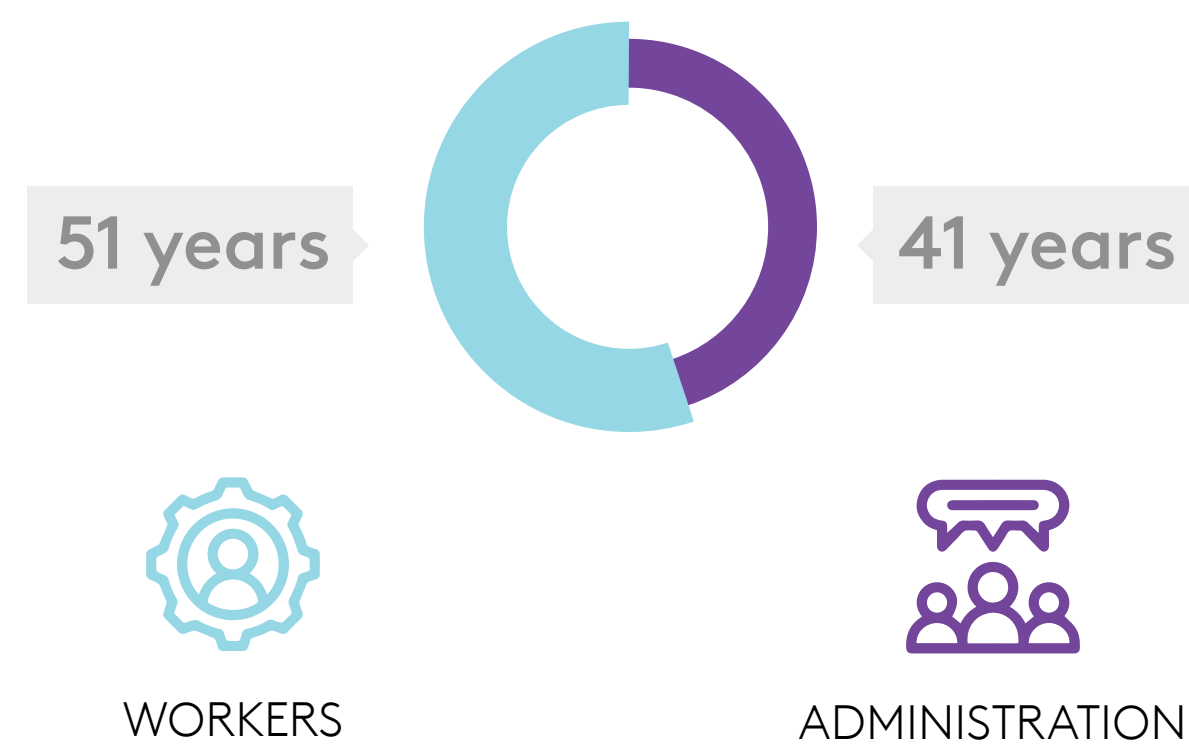
CleanR Grupa's Human Resources Policy sets out principles for sustainable personnel management. Its main objective is to implement joint, modern, and efficient personnel management across the Group to make sure the Group employs qualified, professional, and motivated staff to reach high efficiency of the Group's operations. Also, the Group makes sure to observe the rights of the Group and its employees during the employment relationship, improve work organization, and foster employee development and loyalty.

Employee breakout by age



As at the end of the reporting period, CleanR Grupa³ employed 1331 employee. The Group maintains a healthy gender balance, and its workforce includes people of various age groups. The mean age of the Group's staff is 49; the youngest employee is 17, and the oldest – 82. The mean length of service at the Group is 3.9 years, the longest – 42 years.

Mean age



	MEN	WOMEN
ALL EMPLOYEES	45 %	55 %
MANAGERS	56 %	44 %
EMPLOYEES' MEAN AGE	47 years	51 years

³ AS "CleanR Grupa", SIA "Clean R", SIA "CleanR Verso", SIA "Vizii", SIA "Vizii Urban", SIA "Vides resursu centrs", PS "Vides pakalpojumi Liepājai".

Working environment (continued)

Inclusive and fair treatment

CleanR Grupa maintains **an inclusive workplace** - one that **encourages diversity** and **precludes discrimination** based on ethnicity, age, gender, disability, sexual orientation, religious beliefs, political opinions, marital status, social background, and the like. During the reporting period, no discrimination complaints were received.

The Group's company culture encourages **cooperation, support, and respect**, thus increasing employee involvement and contribution. The Group seeks to build a workplace where employees feel engaged and contribute to the Group's business goals.

To increase employee sense of belonging and engagement, as well as awareness of Group's activities, in 2022, we held quarterly forums for administrative staff and organised engaging competitions, for example, on ways to save energy. We called on employees to take part in Drosmes kastes (Courage boxes), a social campaign for the Children's Clinical University Hospital, organized regular management road trips to employees in the regions, and created a new internal communication channel - a closed Facebook group "CleanR Grupas Balss" (The CleanR Grupa Voice).

To increase employee attachment and reward loyalty, the Group greets its employees on their work anniversary at the Group.

CleanR Grupa **engages its employees in decision-making** by conducting employee surveys, putting up employee suggestion boxes,

as well as by incentivizing them to help attract new employees, to develop new business and efficiency ideas by allocating bonuses in the benefits package.

The Group regularly conducts employee engagement and satisfaction surveys, employer branding surveys, and 360-degree manager evaluation to receive feedback and implement the necessary changes and improvements. To facilitate dialogue, one of the priorities of 2023 is to create the **Employee Council**, which will play a significant role in decision making and implementation of suggestions.

The Group also has devised its Whistleblowing Policy, which all employees have been duly informed about. Concerns may be reported via the Group's [homepage](#). The whistle-blowers are ensured protection and the disclosed information is of restricted access.

Fair pay

The Group makes sure its **employees receive fair and competitive pay and rewards, commensurate with their performance**. Our remuneration system stipulates equal pay for equal work to both men and women, regardless of their age. To make sure we pay competitive salaries in line with the company's financial abilities, we use qualitative data on pay in the market and remuneration studies. Every year, the Group participates in the Figure (earlier—Fontes) Salary Survey to assess our employee pay against the market rates.

The Group's remuneration system comprises compensation for work and fringe benefits. The remuneration system, as well as the procedure and criteria for granting fringe benefits, is described in the company's internal normative documents, which comply with the laws and regulations governing employment relationships. Our fringe benefits package is created to support and take care of our employees and their family members. At the same time, we make sure it offers equal treatment to men and women, regardless of their age.

We set annual goals to the CleanR Grupa companies with the most impact on the Group's financial results, which are then cascaded down to the department and division heads. We also set goals for certain job posts that have an impact on the business results, for example sales staff and work managers.

All the CleanR Grupa's employees have social insurance. The Group's companies ensure social protection to employees in the events of illness, unemployment, accidents, disability, childcare, and retirement.



Employee well-being – health and safety

Care for our employees' health, well-being, and safety is at the focal center of the CleanR Grupa companies.

The Group provides the employees with **health insurance** once they have passed the trial period. At some Group companies and job positions, where, due to the business specifics staff turnover is higher, employees get health insurance after their first year with the company. Employee insurance covers a number of services, including psychologist consultations, in-patient care, rehabilitation, dentistry, and vaccination. The Group also holds an open insurance policy. All CleanR Grupa employees receive **accident insurance** from their first working day for the company.

To promote a healthy and active lifestyle, over the past years, the Group's employees were offered a chance to take part in the Riga marathon both individually and as part of the company's team. In 2022, the Group's team took part in Krasta mači, a 24-hour open-air basketball event in Riga. In August 2022, the Group held its Sports Day. At the end of 2022, to promote the importance of mental health and work-life balance, we set up a well-being or quiet area at CleanR's office – a space where anyone may take a step back to, for example, read a book brought by fellow co-workers on stress management, effective communication, or meditation techniques.

To promote work-life balance, the Group's benefits package includes:

- A paid day off on an employee's birthday if that falls on a weekday;
- Additional holidays on:
 - The first school day if an employee's child is in the 1st to 3rd grade;
 - An employee's child's graduation day at kindergarten, school, college, university;
 - An employee's child's wedding day.

The Group also provides support in case of other important life events. It provides financial support for its employees on their weddings, in case of birth of a child, as well as upon a family member's death.

Given their business specifics, the Group's companies may offer their workers full- or part-time employment, regular working hours, and shift work. Office staff may do flexitime and work remotely.

Work safety at the Group

The Occupational Health and Safety system (OHSS) at the CleanR Grupa companies complies with the provisions of the relevant laws and regulations and ISO 45001:2018 standard. At the Group's companies where the OHS system is certified according to ISO, it is audited and certified externally. At the rest of the Group's companies, the OHSS is designed and

maintained to meet the regulatory requirements, and its control is ensured internally. The 2022 ISO recertification and surveillance audits did not reveal any non-compliance.

Employees receive regular updates on occupational health and safety and job-related workplace risks. In line with the relevant occupational health and safety legislation, we provide introductory trainings, initial workplace briefings, repeated and ad-hoc briefings, as well as purpose-based and thematic trainings. In line with the job duties, workplace risk assessment, and relevant legislation, employees must undergo mandatory health checks. Employees receive personal protective equipment, and we make sure our equipment, devices, and tools are safe by performing the necessary maintenance checks and replacements.

Every year, the Group's companies carry out workplace risk assessment and devise an Occupational Health and Safety Action Plan, setting actions to be performed in the current year. We have introduced regular workplace safety checks at the Group's companies and their business units also to discuss safety issues with our employees and duly identify risks, as well as to promote cooperation and employee engagement in maintaining a safe workplace.

CLEANR
VIZII
VIZII URBAN
VIDES RESURSU CENTRS
ISO 45001:2018
Occupational health and
safety system

Employee well-being – health and safety *(continued)*

Accidents at work

Accidents at work are recorded and investigated according to the procedure set forth by legislation. To improve the OHSS, we also record and examine near-accidents.

In 2022, eight workplace accidents were recorded at the Group, of which two resulted in serious injuries. Two of the cases involved sub-contractor workers. The accidents at work mostly arouse from employee negligence lifting or carrying heavy items; in two cases workplace safety rules had been violated. In 2022, the Group's TRIR (total recordable incident rate) stood at 0.83⁴.

To mitigate safety risks associated with sub-contractor work, as of 2023, the Group has planned to include a reference to its Code of Conduct for Suppliers in its service agreements, which, inter alia, will serve as a sub-contractor's acknowledgement that they have taken all the necessary occupational safety measures and provide safe working environment to their workers. In this regard, the Group's workplace safety officer will conduct random inspections.

In 2022, [CleanR Grupa joined the social initiative "Mission Zero"](#), uniting employers who care for their employees' health and safety. Upon signing this initiative, CleanR Grupa has committed to promote, implement, and follow business principles which place an individual's health and safety at the focal center, engage in creation of an experts' network, and exchange experience and best practice.

The Group's investments in occupational safety and workplace improvements increase every year. In previous years, in cooperation with the Latvian Ergonomics Society, the Group audited the ergonomic risks of several of its companies' workplaces and business functions and has started introducing the necessary improvements. Also, the workplace is being made increasingly friendly for people with disabilities. To improve occupational safety processes, in 2022, the Group decided to switch from outsourcing this function to setting up its own internal team of work safety officers. They conduct regular premises, manufacturing plant, and territory inspections, identify, and prevent workplace safety risks.

To reduce occupational safety risks and engage all the Group's employees, in 2023, the Group launches a new safety-at-work campaign called "Drošinātājs" (The one who secures). The aim of the campaign is to emphasize that every employee is responsible for his/her own safety, as well as everyone can prevent harm caused to others by taking initiative and reporting occupational safety risks and suggesting the necessary safety improvements.

In 2023, the Group will not only focus on its employees' physical safety but also on their mental health. This theme has been included in the Group's internal communication activities and training topics.

⁴ The total recordable incident rate measures the number of safety incidents against the total number of hours worked at the Group's companies*200 000. The measure uses 200 000 hours because it is the total number of hours (excluding holidays and sick leave) worked annually by 100 workers (100 workers * 40 hours* 50 weeks)



Employee development and education

The Group seeks to promote a culture of learning and knowledge exchange, aimed at employee personal growth, engagement, and interaction to increase the company's efficiency and competitiveness. The Group provides internal and external one-on-one and group training opportunities. Employees can develop their skills and knowledge on their own or manager's initiative.

The trainings are aimed at equipping employees with versatile skills and competences, and to raise qualifications. In 2022, the training budget reached 2.42 % of the personnel salary costs.

In 2022, the Group's employees took part in over 90 training events – seminars, webinars, conferences, and experience exchange events. Last year, one office employee devoted an average of 13 hours for learning. The Group also pays a special attention to assessing its managers' competencies annually and improving their communication and management skills. In 2022, 19 of the Group's managers underwent the 360-degree evaluation.

To improve digital skills, in the spring of 2022, every employee had an opportunity to remotely participate in "Morning Technology Workouts", where in two seminars employees perfected their Microsoft Teams and Microsoft PowerPoint skills. In 2022, the Group's board members and department managers received training in corporate sustainability and EU Taxonomy Regulation.

By 2025, CleanR Grupa's goals with respect to employee well-being and development are:

- Zero accidents at workplace;
- Increased employee satisfaction rate – e-NPS by 19.7 points (compared to 2021);
- Reduced staff voluntary turnover within the Group by 3 % (compared to 2022);
- At least 16 hours of training for each administrative staff annually.



RESPONSIBLE GOVERNANCE



Business ethics and compliance

Our commitment

Our responsibility reaches over the walls of our Group. Responsible business partners lead us closer to reaching our sustainability goals and help us run efficient everyday operations. We seek suppliers who follow the same principles as us.



CleanR Grupa's companies strive to run responsible, honest, ethical, and transparent business operations. This approach applies to all the Group's companies, as well as the Group's clients and partners. We make sure that the Group operates in line with all the applicable laws and regulations. In 2022, CleanR Grupa did not face any penalties of non-financial sanctions arising from non-compliance in the environmental, social, and governance areas.

The ethical side of the Group's operations is governed by the values set forth in the Group's [Code of Ethics](#). In all its operations and deals, the Group pursues openness, integrity, loyalty, honesty, confidentiality, and professionalism. The Group promotes a working environment free from conflicts of interests. The Group ensures that the Group companies and/or structural units between which a conflict of interest arises or may arise are independent of each other.

Sustainable procurements and a responsible supply chain

Based on the materiality analysis, the Group's Sustainability Strategy for 2023–2025 will also focus on running a responsible supply chain and responsible procurements. The services, goods, and construction procurements run by the Group's companies amount to several millions of euros annually.

>1300
The number of Group's suppliers

94 %
Latvia-based

6 %
foreign companies

By running sustainable procurements, the Group has a great opportunity to promote sustainability principles and a responsible approach to business at a larger scale.

At the end of 2022, the Group devised its [Code of Conduct for Suppliers](#), which was approved at the start of 2023. We have launched deployment of the code across the whole Group. Upon closing deals, the suppliers and business partners of CleanR Grupa's companies confirm their compliance with the Group's Code of Conduct for Suppliers and their commitment to follow it.

The Group's Code of Conduct for Suppliers **includes several essential pre-conditions to enter a business relationship with CleanR Grupa**, which have been defined in line with the principles set forth in the UN Global Compact. The code not only requires supplier to comply with the legislation governing their operations and non-violation of sanctions, but also to **observe human rights**, take responsibility for the workplace and **safety at work**, **ethical interaction** and actions, **fair competition**, and **prevention of a conflict of interest**, including **corruption** and **fraud**, **protection of data and privacy**, as well as **responsible attitude towards the environment**. The Group has also set up [Hotline](#), a digital whistleblowing solution where both employees and suppliers may raise concerns about possible breaches.

The Group is fully aware that an inability to maintain existing business relationships with suppliers and subcontractors may adversely affect the Group's operations, financial position, cash flow, operational results, and business opportunities. Therefore, alongside the implementation of our Code of Conduct for Suppliers, we will start devising a joint supplier management system, which will allow supplier mapping, regular assessment, and will include a supplier self-assessment questionnaire.

In general, the Group's procurements will be organized so that they promote effective use of resources, open tender procedure, free competition, equal and just treatment, and the use of green procurement principles where economically justified.

Following the restructuring of the Group in the second half of 2022, we have started revising our existing procurement procedure, defining a joint approach to procurements group wide.

A responsible supply chain is important not only to prevent risks for the Group but also to foster sustainable development of the industry. Therefore, once we have implemented a sustainable procurement system in our Group, we will promote its proliferation in the industry. At environmental services trade associations, we will call on other industry players to work out joint sustainable procurement principles and standards.

By 2025, CleanR Grupa's goals with respect to a responsible supply chain and sustainable procurements are:

- All the Group's suppliers have read and accepted the Group's Code of Conduct for Suppliers;
- A joint sustainable procurements system has been implemented group-wide.



Open and transparent engagement in industry policymaking, active engagement of stakeholders

Active engagement in industry policymaking is an integral part of the Group's operations, accompanied by active engagement of stakeholders.

In 2022, the CleanR Grupa company representatives took an active part in working groups, meetings, and industry conferences. By using their experience and expertise, they sought not only to promote the development of the environmental services industry but also the business sector and competitiveness of the Latvian companies.

The Group's interests are represented in drafting the EU directive amendments through communication with state institutions – primarily the Ministry for Environmental Protection and Regional Development (and the competent authorities subjected to it, for example, the State Environmental Service, the Latvian Environment, Geology and Meteorology Centre), and through communication with other ministries to formulate the national position, as well as through industry associations – Latvian Association of Waste Management Companies (LASUA), Latvian Waste Management Association (LASA), and European Waste Management Association (FEAD), which has a mandate to represent and lobby the interests of the industry before the European Commission.

The Group's key operations are governed by a set of environmental protection laws. The main legislative act governing the industry is the Waste Management Law, followed by the Law on Pollution, Natural Resources Tax Law, as well as a number of other laws and regulations directly or indirectly entailed with the industry. Over the course of 2022, CleanR Grupa has defended its position and submitted proposal with respect to the amendment to the three aforementioned laws, offering

solutions that would benefit not only the industry but the economy at large.

Upon assessing draft or amended laws, the development of the Group's position and its coordination with the involved parties takes place at various levels and cooperation models. A consensus must be reached at both the industry level (LASUA and LASA) and the Latvian Chamber of Commerce and Industry (LTRK), where interest often clash (producers, merchants, and waste management industry players). CleanR Grupa always seeks to reach an agreement or a similar position, also at the municipality level – with the Latvian Association of Local and Regional Governments and the Large Cities Association, whose members are important clients of the Group.

The Group is also represented at the meetings of the Social Security Subcommittee (SDA) and Work Affairs Tripartite Cooperation Subcommittee (DLTSA) of the National Tripartite Cooperation Council under the Employers' Confederation of Latvia, where important questions related to the labour rights and social security laws are initiated and resolved. The Group will keep working in these subcommittees also in 2023 to debate downtime and overtime pay and discuss changes in labour tax.

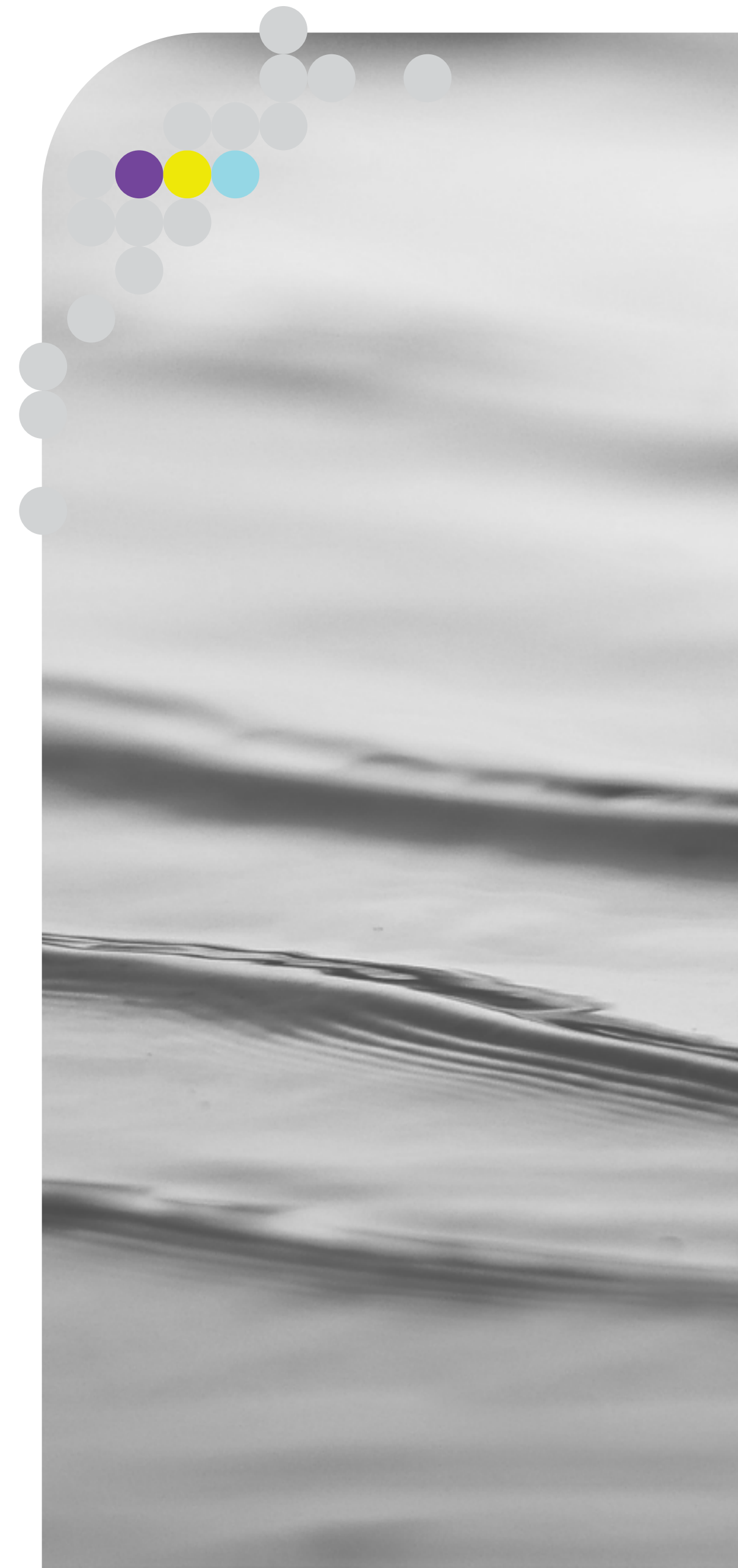
In 2022, the CleanR Grupa companies took part in a waste management industry conference organized by LASUA and SIA Liepājas RAS [Latvia's Green Deal in Waste Management](#). At the conference, we spoke about the private-public partnership models in waste management in different European countries, including the Baltics, emphasizing the importance of synergy between private capital and public stability to reach the recycling goals set out in the legislative acts, as

well as shared our experience in driving our customer service at CleanR towards process digitization and automation, including setting up of a customer self-service portal.

In April 2022, we participated in the conference [More recycled waste – less buried resources](#), organized in cooperation with Dienas bizness, a business newspaper, emphasizing the possibilities to use waste as an energy resource, as well as sharing the findings of our research into people's recycling habits. We also stressed the importance of environmental education and access to convenient and user-friendly waste sorting services all over Latvia. As a result of this research, CleanR designed the first waste container labels in Latvia based on the needs and sorting habits of the society. The labels are easy to see, read, and understand; they contain the information on the waste type to be put in the container and a QR code, which gives additional information on sorting.

In June 2022, we also shared our experience in improving customer service using digital technology at the Corporate Sustainability and Responsibility Institute's event [Responsible Ideas Market 2022](#) withing the Responsible Business Week campaign.

In December 2022, together with LASUA, we organized a webinar [Construction Waste Management – How to Promote Sustainable Development of the Industry](#), where, together with other environmental, waste management, and building experts and municipal authorities, we discussed the problems, challenges, and opportunities in the area of construction waste management.



Membership in industry associations, unions and organisations

CleanR Grupa's companies take an active part in various societies and associations, where they exchange experience with industry experts, participate in events, as well as suggest initiatives and discuss issues related not only to the development of the environmental services sector but also the Latvian economy and business environment.



Latvian Association of Waste Management Companies



European Waste Management Association



Latvian Waste Management Association



Professional Cleaning and Facility Management Association of Latvia



Employers' Confederation of Latvia



Latvian Chamber of Commerce and Industry



Latvian Construction Association



Latvian Association for Personnel Management



GS1 Latvia



Business Efficiency Association



BNI Latvia

Contribution to the community

Being aware of its impact on society, CleanR Grupa every year contributes to the community, supporting it the following priority areas—WELL-BEING, ENVIRONMENT, EDUCATION.

Key activities and projects supported in 2022:

- 19 waste sorting workshops all over Latvia
- The Junior Achievement Latvia Leadership program
- Personality Academy, Latvian Olympic Committee's youth camp
- Vītoli Fonds scholarship for talented youth
- Young "Elite 16" beach-volleyball talents Ardis Daniels Bedrītis and Artūrs Rinkevičs
- "Ghetto games" and "Krasta mači" event support
- General sponsor of Latvia's National Women's Volleyball Team and U-18 Youth Volleyball Team
- Latvian Handball Federation and Liepāja Basketball Club
- Goods and monetary donations worth over EUR 28 thousand in support of Ukraine



CONSOLIDATED FINANCIAL STATEMENTS

Information on the Company

Name of the holding company	CleanR Grupa (from 01.06.2022) TAK investīcijas (till 01.06.2022)
Legal status of the holding company	Joint stock company
Number, place and date of registration	40103799972, Riga, 16 June, 2014
NACE Code and type of operations	64.20 Activities of holding companies 64.99 Other financial service activities, except insurance and pension funding
Legal address	Vietalvas street 5, Riga, LV-1009
Names and positions of Board members	Juris Gulbis – Chairman of the Board from 23.03.2023 Inta Liepa – Member of the Board from 01.06.2022 Guntars Levics – Member of the Board from 18.02.2022 Gatis Sviklis – Member of the Board from 18.02.2022 till 01.06.2022 Ēriks Timpars – Member of the Board till 18.02.2022 Gatis Taurenis – Member of the Board till 18.02.2022
Names and positions of Council members	Guntars Kokorevičs – Chairman of the Council Harijs Krongorns – Deputy chairman of the Council Māris Mančinskis – Member of the Council from 3.10.2022 Jānis Bērziņš – Member of the Council till 01.06.2022
Person responsible for accounting	Gunta Kļava – Chief accountant
Financial year	1 January – 31 December 2022
Name and address of the auditor	Responsible Certified Auditor: Kristīne Andersone Certificate No. 99 SIA "Potapoviča un Andersone" Certified Auditors' Company Licence No. 99 Ūdens Street 12-45, Riga, LV-1007, Latvia

Information on the Company (continued)

Subsidiaries consolidated			
Holding company	Subsidiary	Participating interest in the subsidiary as at 31 December 2022	Legal address of the subsidiary
CleanR Grupa AS	Enerģijas risinājumi SIA	100 % (Sold on 14.10.2022)	Vietalvas street 5, Riga, LV - 1009, Latvia
Vizii Management SIA	ER Management SIA	100 % (29.12.2022 merged with Vizii Management SIA)	Cēsu street 31k-1, Riga, LV-1012, Latvia
Enerģijas risinājumi SIA	Enerģijas risinājumi.RIX SIA	100 % (Sold on 14.10.2022)	Vietalvas street 5, Riga, LV - 1009, Latvia
CDzP SIA	Vidzemes ESKO 1 SIA	100 %	Cēsu street 31k-1, Riga, LV-1012, Latvia
CleanR Grupa AS	Vizii Management SIA	100 %	Cēsu street 31k-1, Riga, LV-1012, Latvia
Vizii Management SIA	CDzP SIA	51.08 %	Gaujas street 7, Cēsis, LV - 4101, Latvia
Vizii Management SIA	Votum+ SIA	100 % (03.09.2021 merged with NĪA Nami SIA)	Cēsu street 31k-1, Riga, LV-1012, Latvia
Vizii Management SIA	NIA Nami SIA	100 %	Cēsu street 31k-1, Riga, LV-1012, Latvia
Vizii Management SIA	A.P.Financial group SIA	100 % (03.09.2021 merged with NĪA Nami SIA)	Cēsu street 31k-1, Riga, LV-1012, Latvia
Vizii Management SIA	S111H SIA	100 % b(03.09.2021 merged with NĪA Nami SIA)	Cēsu street 31k-1, Riga, LV-1012, Latvia
CleanR Grupa AS	Clean R SIA	100 %	Vietalvas street 5, Riga, LV - 1009, Latvia
Clean R SIA	Eko Terra SIA	73 %	Vietalvas street 5, Riga, LV - 1009, Latvia
Vizii Management SIA	Jauntukums SIA	100 %	Aviācijas street 18, Tukums, LV – 3001, Latvia
Clean R SIA	Eko Rija SIA	100 % (Sold on 14.10.2022)	Vietalvas street 5, Riga, LV - 1009, Latvia
Clean R SIA	Vides pakalpojumi Liepājai Pilnsabiedrība	51 %	Vietalvas street 5, Riga, LV - 1009, Latvia
CleanR Grupa AS	3E risinājumi SIA	100 % (Sold on 24.03.2021)	Vietalvas street 5, Riga, LV - 1009, Latvia
Clean R SIA	Vides resursu centrs SIA	53 %	Vietalvas street 5, Riga, LV - 1009, Latvia
Clean R SIA	CREB Pilnsabiedrība	90 % (Liquidated on 11.02.2021)	Vietalvas street 5, Riga, LV - 1009, Latvia
Clean R SIA	CREB Rīga SIA	80 %	Vietalvas street 5, Riga, LV - 1009, Latvia
CREB Rīga SIA	TĪRĪGA AS	90 %	Vietalvas street 5, Riga, LV - 1009, Latvia
Clean R SIA	Reģionālie vides pakalpojumi SIA	100 %	Vietalvas street 5, Riga, LV - 1009, Latvia
CleanR Grupa AS	Brīvais kalns SIA	100 % (Acquired on 28.06.2021)	Vietalvas street 5, Riga, LV - 1009, Latvia
Vizii Management SIA	Vizii SIA	100 % (01.09.2021 separated from Clean R SIA)	Vietalvas street 5, Riga, LV - 1009, Latvia
Vizii Management SIA	Nebruk Jelagava SIA	100 % (Acquired 22.11.2021)	Sudraba Edžus street 3, Jelgava, LV-3001, Latvia
CleanR Grupa AS	CleanR Verso SIA	100 % (Established on 16.03.2022)	Vietalvas street 5, Riga, LV - 1009, Latvia
CleanR Grupa AS	CleanR Trademark SIA	100 % (Established on 21.07.2022)	Vietalvas street 5, Riga, LV - 1009, Latvia
CleanR Grupa AS	Vizii Urban SIA	100 % (Established on 14.03.2022)	Vietalvas street 5, Riga, LV - 1009, Latvia
CleanR Grupa AS	ST Kūdra SIA	100 % (Acquired on 22.12.2022)	Vietalvas street 5, Riga, LV - 1009, Latvia
CleanR Grupa AS	RSC Noma SIA	100 % (Acquired on 22.12.2022)	Vietalvas street 5, Riga, LV - 1009, Latvia
CleanR Grupa AS	Zaļā josta SIA	70 % (Acquired on 16.12.2022)	Mūksalas street 42A, Riga, LV - 1004, Latvia
Zaļā josta SIA	Eko Rija SIA	100 % (Acquired on 16.12.2022)	Vietalvas street 5, Riga, LV - 1009, Latvia
Zaļā josta SIA	Eko Energy SIA	100 % (Acquired on 16.12.2022)	Radžu street 18, Riga, LV - 1057, Latvia
Zaļā josta SIA	Green Plastics SIA	50.98 % (Acquired on 16.12.2022)	Šķembu street 8, Riga, LV - 1057, Latvia

All subsidiaries of the Group are involved in the consolidation.

Management report

General Information

The key activities of the AS "CleanR Grupa" (also – the Group) is long – term financial investment management. The companies in which AS "CleanR Grupa" is holding investments perform the following operating activities: activities with investments, sorting of secondary materials separated from waste and sale of recyclable materials, cleaning services of premises and territories, management of residential buildings, provision of energy efficiency services for residents of apartment buildings and other forms of cooperation with the aim of managing residential housing management companies. The Group includes 25 companies, of which the largest net turnover is achieved by SIA "Clean R", SIA "Vides resursu centrs" and SIA "Vizii".

Information about the share capital of the parent company of the Group

The registered and fully paid share capital of the parent company of the Group was EUR 346 000 on 31 December 2022 consisting of 346 000 shares with a nominal value of EUR 1.00 each.

Financial indicators

Despite of the challenging conditions and the unpredictable situation in the Latvian financial market and the economy, the net turnover of the Group increased by 14.2 million or 26 % during the reporting period and reached 68.0 million EUR (2021: EUR 53.8 million). The largest share of revenues comes from waste management services, which has increased by 10.1 million EUR

in 2022 and amounted to 38.9 million EUR (2021: EUR 28.9 million), significantly affected by the increase in the waste disposal tariff set by the government and the subsequent indexation of tariffs for the clients of the Group companies.

Although in 2022 there was a significant increase in core operation costs – a significant increase in the price of energy resources, which affected the business lines of waste collection and sorting, and pressure of inflation on wages and supply chain resources, which affected the lines of environmental services – the Group managed to increase gross profit by 0.4 million EUR and reached 9.9 million EUR (2021: EUR 9,5 million). However, the profitability indicator of gross profit has slightly decreased and reached the limit of 15 %.

The group managed to maintain profitability indicators and increase EBITDA by 5 %, reaching 10.4 million EUR (2021: EUR 9.9 million).

The unfavourable effects of cost inflation, including labour and energy costs, was mitigated in 2022 by the indexation of tariffs for customers, as well as improvements in the efficiency of production equipment and processes by investing in sustainable solutions and modern technologies. Investments in automated sorting equipment and large volume underground waste containers are just a few of the many investment projects in 2022.

Comparison of financial indicators, including:

	Unit	2022	2021	Difference
Net sales	EUR '000	67 969	53 779	14 190
Income from waste processing	EUR '000	38 938	28 852	10 086
Income from cleaning services	EUR '000	13 513	13 348	165
Income from sorting and sale of waste	EUR '000	8 873	5 811	3 062
Other income	EUR '000	6 645	5 768	877
Gross operating profit	EUR '000	9 858	9 485	373
Gross profitability	%	15 %	17.6 %	-2.6 %
Return on assets	%	6.2 %	10.4 %	-4.2 %
Equity at the end of the year	EUR '000	39 096	37 327	1 769
Borrowings from credit institutions at the end of the year	EUR '000	215	1 409	-1 194
Bonds	EUR '000	14 077	-	14 077
Current assets to short-term liabilities		2.4	1.7	0.7
Average number of employees during the year	number	1 585	1 480	105
EBITDA	EUR '000	10 410	9 880	530
Depreciation	EUR '000	5 660	5 026	634

Financial indicators	31.12.2022.	31.12.2021.
Gross profit profitability	14.5 %	17.6 %
EBITDA ratio	15.3 %	18.4 %
Financial independence ratio	50.1 %	65.5 %
Interest coverage ratio	45	59
Leverage ratio	0.06	-0.13



Management report (continued)

Performance results

At the end of 2022 the Group performed substantial restructuring activities as a result of which business units operating in territory cleaning and industrial waste management, including sorting of recyclable materials, were separated aiming at increased focus on these types of operations thus facilitating their faster growth. Independent operations in separate companies were commenced at the beginning of 2023.

During 2022 significant acquisitions have taken place. AS "CleanR Grupa" has concluded three such transactions – the acquisition of the largest construction waste management company in Latvia SIA "RSC Noma", SIA "ST Kūdra" and SIA "Zaļā josta" which is a producers' responsibility system company. Thus, the Group's presence both in the segment of commercial and industrial waste and in the segment of liability systems for producers of packaging and environmentally harmful goods, has been significantly enhanced.

During the reporting year the Group continued to deliver municipal waste management services in two zone of Riga city: "Centre and Latgale suburb" and "Kurzeme suburb", several in the vicinity of Riga, including Jūrmala, Ozolnieki, Stopiņi, Carnikava, as well as in Vārkava and Dagda. Maintenance of municipal territories has been continuing in Rēzekne, Tukums, Jūrmala and winter road maintenance has been performed in Liepāja.

In the business segment of waste management the companies of the Group have

made significant investments both in the modernisation of the packaging sorting centre in Riga by automating it, and in the expansion of the Industrial Waste Sorting Centre in Suburbs "Nomaļes". The construction of the polymer processing plant was completed, starting its operations in a test mode. In 2022 total Group's investments have reached 9.6 million EUR, which were mainly financed from prior years' profits and cash flows from operating activities.

The general economic and geopolitical situation has affected the performance of the group in 2022, however, despite the significant increase in the prices of energy resources for fuel and electricity, both significantly influencing the directions of waste collecting and sorting – and the pressure of inflation on wages and raw materials in the area of inner and outer space maintenance services, compared to 2021 the Group has managed to both increase total turnover and improve profit indicators.

In order to accelerate even faster development and growth of the Group companies AS "CleanR Grupa" has issued bonds in December 2022 thus attracting funds at amount of 15 million EUR.

Statement of management responsibility

The management of the Group is responsible for the preparation of the enclosed financial statements. The financial statements are prepared based on accounting records and provide true and fair view on the Group's financial position.

The management of the Group believes that there are no significant risks regarding the continuation of the Group's operating activity. The operating risks are described in the notes to these financial statements. The development of the Group is carried out in accordance with the previously approved plan and the shareholder's vision regarding development opportunities in Latvia.

Scientific research and development activities

A fundamental element of the Group's strategy is to develop the Group into an efficient and sustainable group of companies aiming at investing in technologies that reduce production costs, improving customer service and optimizing processes.

Group's exposure to risks

The operations of the Group's companies are subject to various financial risks, including credit risk and liquidity risk. The management of the Group tries to minimize the negative impact of the potential financial risks on the financial position of the Group. Financial assets, which potentially expose the Group to a certain degree of concentration of credit risk, are mainly trade receivables. At the end of the reporting year, the Group was not exposed to a significant concentration of credit risk. Trade receivables are recorded at a recoverable amount. The Group will continue to monitor receivables so that the provision of services in the field of household waste management is ceased in time before long-term debts arise. In the cleaning sector,

Management report (continued)

the Group will ensure cooperation only with customers who have a positive credit history. The partners of the companies of the Group in transactions with funds are credit institutions with a good standing. In order to reduce the liquidity risk, the management of the Group controls the post – payment conditions of both debtors and creditors on a daily basis. Long-term financing is also attracted, namely, borrowings and financial leasing are used for the purpose of investing in long-term assets.

Future development of the Group

In future periods, taking into account the changes in the Group, targeted effort on stabilising and focused development of the separated and combined operations, along with strengthening of the corporate governance model will be carried on. Group companies will continue to elaborate on effectiveness and productivity aspects, development of client service processes and their digitalisation providing clients with more convenient online and self-service options.

Polymer processing plant will start full scope operations allowing to enter new markets for the outputs produced.

In the segment of sorting and processing of industrial waste the sorting capacity will be substantially increased over next year which will result in growing proportion of recyclable materials and reduced amounts to be disposed in polygons.

Use of financial instruments

The most important financial instruments of the group are long-term and short-term loans from credit institutions, trade receivables, debts to suppliers and contractors, as well as cash. The main purpose of loans from credit institutions is to ensure financing of the Group's operating activities and investments (capital investments).

Events after the end of the reporting period

In 2022 the shareholder of the Group Parent company decided to reorganise the Group subsidiary company SIA "Clean R" by way of separating certain parts of the subsidiary company's net assets in the amount of EUR 9.9 million, undistributed profit of the previous years in the amount of EUR 7.3 million, liabilities in the amount of EUR 2.1 million and paid-in share capital of EUR 403 thousand and merging them into companies SIA "CleanR Verso", SIA "Vizii Urban" and SIA "CleanR Trademark".

Within this reorganisation process the split of separate business directions and the assets and liabilities pertaining to them was aimed to increase focus by each of the companies on development of each of the respective directions as their key activity, thus promoting faster growth. Reorganisation becomes effective on 2 January 2023.

From the end of the reporting year to the date of these financial statements, there have been no events that would require any adjustments to be made to the financial statements or notes thereto.

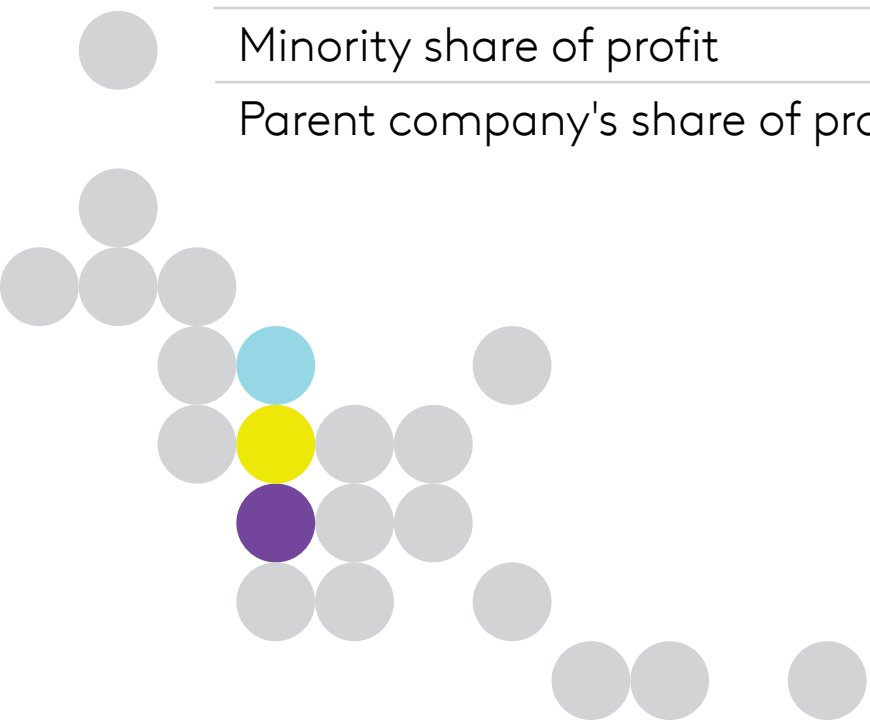
Distribution of profits proposed by the management of the Group

The management of the Group recommends that the decision on the distribution of the net profit for the reporting year is taken at the shareholders' meeting.



Consolidated profit or loss account

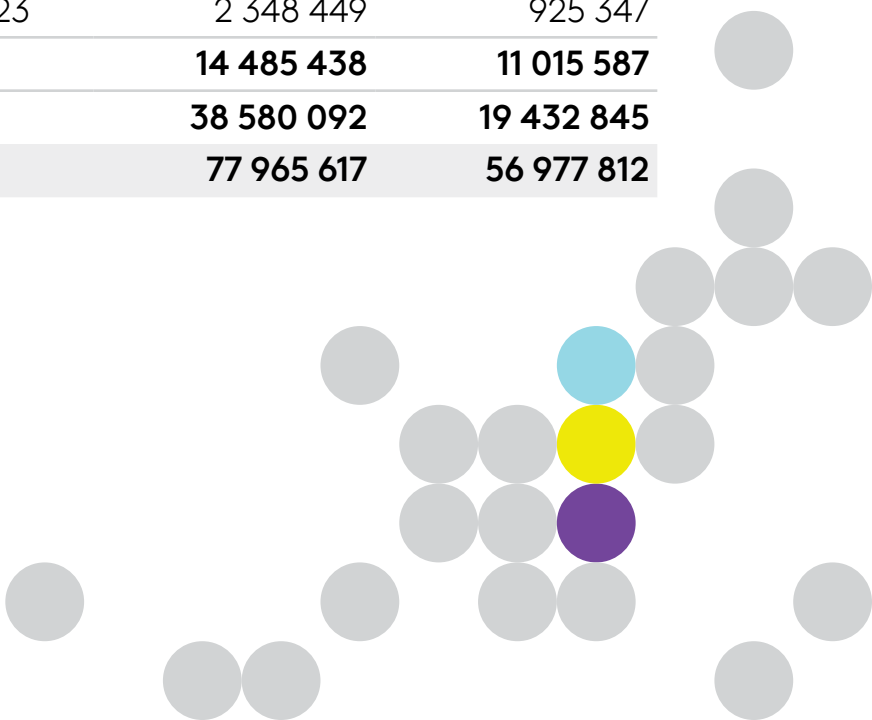
	Note	2022 EUR	2021 EUR
Net sales	1	67 968 607	53 778 895
Cost of sales, cost of goods sold, cost of services rendered	2	(58 111 070)	(44 294 071)
Gross profit		9 857 537	9 484 824
Selling expenses	3	(792 762)	(620 725)
Administrative expenses	4	(5 560 120)	(4 090 251)
Other operating income	5	2 653 419	1 737 200
Other operating expense	6	(1 483 845)	(1 250 227)
Income from investments:		559 740	334 078
in the capital of associated companies		559 740	334 078
Income from other securities and loans which formed long-term financial investments:	7	-	755 114
from associated companies and other companies, as well as from securities and other long-term debtors		-	755 114
Interest income and similar income:		2 186	7 986
from related companies		-	843
from other companies		2 186	7 143
Interest expenses and similar expenses		(231 884)	(169 861)
to other persons		(231 884)	(169 861)
Profit before corporate income tax		5 004 271	6 188 138
Corporate income tax for the reporting year		(143 997)	(238 215)
CURRENT YEAR'S PROFIT		4 860 274	5 949 923
Of which:			
Minority share of profit		387 238	524 514
Parent company's share of profit		4 473 036	5 425 409



Consolidated balance sheet

ASSETS		Note	31.12.2022. EUR	31.12.2021. EUR
LONG-TERM INVESTMENTS				
Intangible assets				
Concessions, patents, licences, trade marks and similar rights			4 070 631	4 798 050
Other intangibles			787 881	868 032
Goodwill			3 513 849	897 022
Development costs			174 793	18 435
TOTAL		9	8 547 154	6 581 539
Fixed assets				
Real estate			7 552 380	6 798 428
land, buildings and engineering structures			7 552 380	6 798 428
Leasehold improvements			153 606	196 983
Technological equipment and devices			9 978 791	10 084 814
Other fixed assets and inventory			4 171 353	3 003 622
Fixed assets under construction			5 621 771	213 485
Advances for fixed assets			184 780	1 485 544
TOTAL		10	27 662 681	21 782 876
Long-term financial investments				
Investments in asociated companies		11	6 184 209	5 381 473
Other securities and investments		12	7 100	3 765 476
Other loans and long-term debtors		13	401 979	864 063
Loans to shareholders and management			-	2 500
TOTAL			6 593 288	10 013 512
TOTAL LONG-TERM INVESTMENTS			42 803 123	38 377 927
CURRENT ASSETS				
Stock				
Raw materials and consumables		14	1 398 688	536 425
Finished goods and goods for sale			165 554	45 062
Advances for goods			10 679	19 910
TOTAL			1 574 921	601 397
Debtors				
Trade debtors		15	10 195 473	7 482 707
Other debtors		16	913 629	1 372 374
Short term loans to shareholders and management			-	15 048
Deferred expenses			278 921	187 482
Accrued income			4 020 489	1 474 908
TOTAL			15 408 512	10 532 519
Cash			18 179 061	7 465 969
TOTAL CURRENT ASSETS			35 162 494	18 599 885
TOTAL ASSETS			77 965 617	56 977 812

LIABILITIES		Note	31.12.2022. EUR	31.12.2021. EUR
SHAREHOLDERS' FUNDS				
Share capital		17	346 000	346 000
Retained earnings			30 558 495	29 797 086
Current year's profit			4 473 036	5 425 409
Minority share			3 718 601	1 758 436
TOTAL SHAREHOLDERS' FUNDS			39 096 132	37 326 931
PROVISIONS				
Other provisions			289 393	218 036
TOTAL PROVISIONS			289 393	218 036
CREDITORS				
Long-term creditors				
Loans against bonds		18	14 000 000	-
Loans from credit institutions		19	163 185	203 747
Other borrowings		20	3 425 968	3 498 864
Other creditors		21	2 967 666	1 795 660
Deferred income		22	2 359 122	1 871 956
Accrued liabilities		23	1 178 713	1 047 031
TOTAL			24 094 654	8 417 258
Short-term creditors				
Loans against bonds		18	76 625	-
Loans from credit institutions		19	52 157	1 205 195
Other borrowings		20	1 112 764	1 216 488
Advances from customers			190 114	136 184
Trade creditors			6 443 516	4 127 403
Taxes and social insurance payments		24	1 270 665	1 142 488
Other creditors		21	2 090 638	1 723 413
Deferred income		22	692 910	539 069
Unpaid dividends			207 600	-
Accrued liabilities		23	2 348 449	925 347
TOTAL			14 485 438	11 015 587
TOTAL CREDITORS			38 580 092	19 432 845
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS			77 965 617	56 977 812

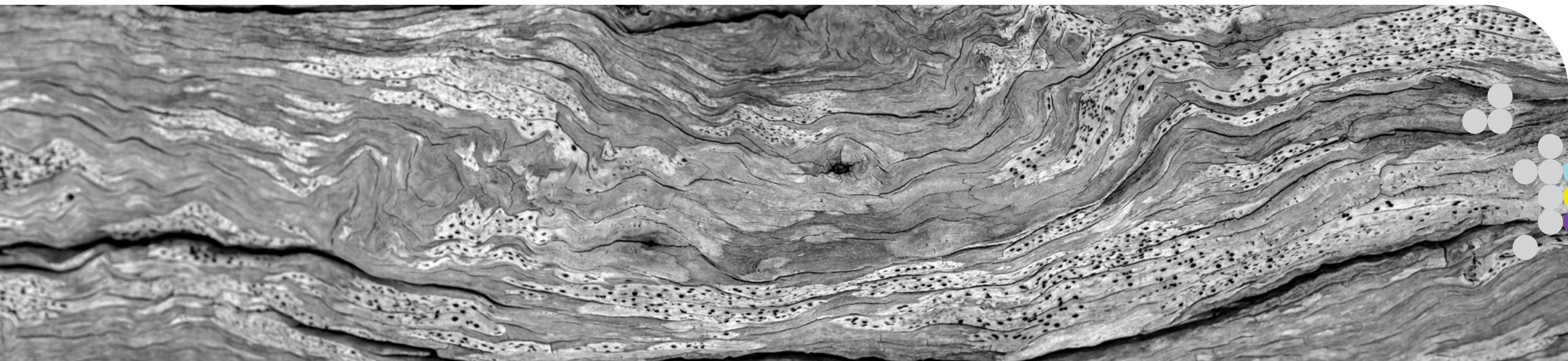


Consolidated cash flow statement

	2022	2021
	EUR	EUR
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before corporate income tax	5 004 271	6 188 138
Adjustments for		
adjustments of decrease in value of fixed assets	4 367 821	3 876 954
adjustments of decrease in value of intangibles assets	1 286 571	1 149 192
(profit)/loss on fixed assets disposal	91 538	(43 155)
revenue from participation in capital of affiliated and associated companies	(559 740)	(334 078)
revenue from other securities and loans that formed long-term investments	-	(755 114)
interest and similar income	(2 186)	(7 986)
(profit)/loss from disposal of capital shares of the subsidiary	21 976	(19 909)
interest and similar expense	231 884	169 861
recognition of deferred income	(586 212)	(544 037)
profit from revaluation of assets	-	(187 569)
accruals and provisions (except for provisions for bad debts)	2 150	93 590
Profit before adjustments of working capital and short-term liabilities	9 858 073	9 585 887
Trade debtors' increase	(1 055 694)	(1 832 194)
Stock increase	(822 620)	(146 335)
Trade creditors' increase	1 277 529	3 264 593
Gross cash flow from operating activities	9 257 288	10 871 951
Corporate income tax payments	(147 329)	(251 293)
Net cash flow from operating activities	9 109 959	10 620 658
CASH FLOW FROM INVESTING ACTIVITIES	EUR	EUR
Acquisition of stocks or shares of affiliated or associated companies	(2 971 225)	(4 847 289)
Revenue from alienation of stocks or shares of affiliated or associated companies	3 736 400	26 778
Acquisition of fixed assets and intangibles	(8 818 881)	(3 951 385)
Proceeds from sales of fixed assets and intangibles	423 664	176 208
Funds taken over as a result of the acquisition of the subsidiary	-	24 961
Repayment of the issued loans	42 616	546 256
Dividends received	373 497	755 114
Interest payments received	841	20 007
Loans issued	-	(177 450)
Net cash flow from investing activities	(7 213 088)	(7 426 800)
CASH FLOW FROM FINANCING ACTIVITIES	EUR	EUR
Repaid loans	(3 193 600)	(1 724 299)
Loans received	17 000 000	-
Grants and donations received	1 224 334	3 487
Finance lease payments	(1 400 946)	(1 752 691)
Interest paid	(155 259)	(169 861)
Dividends paid	(4 658 308)	(983 744)
Net cash flow from financing activities	8 816 221	(4 627 108)
Net cash flow of the reporting year	10 713 092	(1 433 250)
Cash and cash equivalents at the beginning of the reporting year	7 465 969	8 899 219
Cash and cash equivalents at the end of reporting year	18 179 061	7 465 969

Consolidated statement of changes in equity

	Share capital, EUR	Convertible bonds, EUR	Prior years' retained earnings, EUR	Current year's profit, EUR	Minority share, EUR	Total, EUR
As at 31 December 2020	36 000	310 000	25 446 500	5 179 325	1 682 665	32 654 490
Transfer of prior year's profit	-	-	5 179 325	(5 179 325)	-	-
Increase of share capital	310 000	(310 000)	-	-	-	-
Dividends	-	-	(828 739)	-	(448 743)	(1 277 482)
Profit for the year	-	-	-	5 425 409	524 514	5 949 923
As at 31 December 2021	346 000	-	29 797 086	5 425 409	1 758 436	37 326 931
Transfer of prior year's profit	-	-	5 425 409	(5 425 409)	-	-
Dividends	-	-	(4 664 000)	-	(201 908)	(4 865 908)
Acquisition of subsidiary	-	-	-	-	1 774 835	1 774 835
Profit for the year	-	-	-	4 473 036	387 238	4 860 274
As at 31 December 2022	346 000	-	30 558 495	4 473 036	3 718 601	39 096 132



Notes of the consolidated annual report

Notes

Accounting policies

a) General principles

The consolidated annual report is prepared in accordance with the laws of the Republic of Latvia "Accounting Law" and "Law On the Annual Financial Statements and Consolidated Financial Statements" and the Regulations No. 775 of the Cabinet of Ministers of the Republic of Latvia "On Application of the Law "On the Annual Reports and Consolidated Annual Reports". The profit and loss account is prepared in accordance with the format set in Appendix 3 of the "Law On the Annual Financial Statements and Consolidated Financial Statements" (classified in accordance with the expenditure function). In accordance with Article 6 of the "Law On the Annual Financial Statements and Consolidated Financial Statements" the Group is classified as a big group. The consolidated annual report is prepared in accordance with the requirements of Article 69 of the "Law On the Annual Financial Statements and Consolidated Financial Statements". There have been no changes in accounting policies and valuation methods used in prior years. In cases when reclassification of comparatives with no effect on prior year profit and equity is performed, relevant explanations are provided in the Notes to the financial statements or accounting policies. The consolidated annual report is prepared in accordance with the going concern principle.

Bonds convertible into shares issued by the parent company of the concern are listed in the equity item "Convertible bonds" in accordance with the requirements of International Financial Reporting Standards.

b) Information on the Group

Information on the Group is presented in a separate section of this annual report on pages 45 to 46.

c) Consolidation principles

Consolidated annual accounts are prepared using acquisition method. Consolidation involves the holding company and the subsidiary undertakings, which are those entities in which the holding company has direct or indirect interest of more than one half of the voting rights or otherwise has power to exercise control over the financial and operating policies of the entity. If the Group has an interest of more than one half of the voting rights, but no power to exercise the control, the respective company is not included in consolidation. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. In case the transfer of control date is considerably different from the date of official registration of transfer of the control, the consolidation is commenced in accordance with the date of actual transfer of control based on share purchase or sale agreement stipulations. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Minority shareholders' interests in share capital of the consolidated subsidiary undertakings and profit and loss for the year are presented separately.

d) Net sales

Net sales represent the total of goods and services sold during the year net of value added tax. Income from services is recognised when they are provided. Income from dividends is recognised when there are legal rights to receive the dividends.

e) Foreign currency translation

The Group maintains its accounts in Euros. During the reporting period transactions in foreign currencies are recorded using euro foreign exchange reference rates that are published based on a regular daily concertation procedure between central banks of the European System of Central Banks and other central banks. At the end of the reporting year foreign currency cash balance and balances of advances and loans denominated in foreign currencies as well as other debtors' or creditors' debts payable in foreign currencies are translated from the foreign currency to Euro in accordance with the foreign exchange rates in force on the last date of the reporting year. The resulting profit or loss is charged to the profit and loss account.

f) Intangible and tangible fixed assets

All intangibles and fixed assets are recorded at cost net of depreciation. Depreciation or amortisation is calculated on a straight-line basis to write down each asset to its estimated residual value over its estimated useful life as follows:

	% per annum
Intangibles	20–33
Buildings and engineering structures	2.5–10
Technological equipment	10–25
Other fixed assets and inventory	10–50

Interest costs on borrowings to finance the fixed assets under construction and other direct charges related to the particular fixed asset under construction are capitalised, during the period of time that is required to complete and prepare the asset for its intended use, as part of the cost of the asset. Capitalisation of the borrowing costs is suspended during extended periods in which active developments are interrupted.

Leasehold improvements are written down on a straight-line basis over the shorter of the estimated useful life of the leasehold improvement and the term of the lease.

Fixed asset current repairs and maintenance costs are included in the profit or loss account for the period when they arise.

Notes of the consolidated annual report (continued)

Notes (continued)

Accounting policies (continued)

g) Stock

The stock is recorded at the lower of cost and net realisable value. The stock cost has been determined using the FIFO method. Where required, slow moving, obsolete or damaged stock has been written down.

The Group lists and evaluates by-products (recyclable materials) at the net realizable value, recognizing the difference as a result of the reporting year, as well as making appropriate adjustments to the stock value.

h) Accounts receivable

Accounts receivable are recorded in the balance sheet at their net value less provisions made to cover anticipated loss on bad and doubtful accounts receivable. Specific provisions for doubtful accounts receivable are made when the recoverability of the specific debtor is considered by the Company's management to be uncertain. A general provision for doubtful accounts receivable is made in addition to the specific provisions based on accounts receivable ageing.

i) Finance leases

Leases of assets under which the Company has substantially all the risks and rewards of ownership are classified as financial leases. Financial leases are capitalised at the inception of the

lease at the present value of the minimum lease payments. Interest element of leasing payments is charged to the profit and loss account over the lease period.

j) Operating leases

The Group as a lessee

Lease in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any financial incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease.

The Group as a lessor

Assets that are leased out under operating lease terms are recorded within fixed assets at historic cost less depreciation. Depreciation is calculated on a straight-line basis to write down each asset to its estimated residual value over its estimated useful life using rates set for similar assets of the Company. Rental income from operating lease including advances received is recognised on a straight-line basis over the period of the lease.

k) Investments in associated companies

Investments in associated companies are stated using equity method. In accordance with this method, the value of investment in the associated company is revalued proportionately to the participating interest of the company in its associate and disclosed as sum of goodwill at the moment of acquisition and proportion of shareholding in associates equity.

At the end of the reporting period the balance sheet value of the associate is increased or decreased proportionately to the share of the holding company in the associate's profit or loss for the year or any other changes in equity and/or permanent decrease in goodwill value to its refundable amount. Profit distribution is recognised in the period subsequent to the reporting period subject to the shareholders decision on profit distribution.

l) Goodwill

Goodwill arising on an acquisition of subsidiary or associated company is carried at cost as established at the date of acquisition of subsidiary or associated company less accumulated amortisation.

Positive goodwill is tested for impairment annually and, if necessary, written down as impairment to its recoverable amount. Negative goodwill is recognized as income in at the date of acquisition of subsidiary or associated company. In cases when acquisition of subsidiary or associated company is done as several separate deals, positive and negative goodwill calculated from each deal is summed and recognized in net value.

In accordance with Article 31 of the "Law on Annual Reports and Consolidated Annual Reports", the Group amortizes goodwill over its useful life, 10 years.

m) Other investments

Long term investments are recognised at cost less impairment loss.

n) Grants

Grants received for specific capital-investments are accounted as deferred income that is recognized in profit or loss account on a systematic basis over the useful lives of the fixed assets received or purchased for grants.

o) Corporate income tax

Corporate income tax for the reporting period is included in the financial statements based on the management's calculations prepared in accordance with Latvian Republic tax legislation.

p) Provisions

Provisions are made in cases when the liability is clearly definable as at the balance sheet date and there is a reasonable possibility of realisation of the noted liability, although the timing and amount of the liability may vary.

q) Originated loans

Originated loans are recognised at the moment when cash outflow to the borrower. The loans are recognised at historic cost, which is diminished by the amounts of principal repayment received. Interest income is recognised on accruals basis in accordance with the provisions of the loan agreement.

Notes of the consolidated annual report (continued)

Notes (continued)

Accounting policies (continued)

r) Borrowings

Borrowings are recognised at historic cost which is diminished by the amounts of principal repayment made. The difference between the cash proceeds received net of transactions costs incurred and the net amount of borrowing principal repayable is released to the profit and loss account over the term of borrowing repayment. Interest expense is recognised on accruals basis in accordance with the provisions of the loan agreement.

s) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents comprise cash on hand, balances of current account with banks and short-term deposits with maturity up to 90 days.

t) Related parties

Related parties are defined as shareholders of the Holding Company, members of the Board of Directors, their close relatives and companies in which they have a significant influence or control. The term "Related parties" corresponds with the term used in annex IAS 24 "Related Party Disclosures" of COMMISSION REGULATION (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council.

u) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Future events occur which cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

v) Subsequent events

Post-period-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

w) Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

x) Research and development

Research is a set of activities aimed at acquiring new knowledge, exploring research results or other ways of applying knowledge, evaluation and final selection, as well as searching for alternatives in terms of materials, equipment, products,

processes, systems or services, formulation, development, evaluation and final selection. The costs of research are included in the profit or loss account for the reporting period.

Development activities include the development of tools and equipment associated with the use of new technologies, as well as the development and testing of selected alternatives for new or improved materials, equipment, products, processes, systems, or services. The costs of development are shown as a long-term intangible investment in the balance sheet as "Development costs". These costs include not only goods and services received from other companies, but also personnel, material and other costs incurred in research and development activities by the Company.



Notes of the consolidated annual report (continued)

Notes (continued)

1. Net sales

	2022 EUR	2021 EUR
Income from waste collection (NACE 38.11)	38 937 834	28 852 382
Income from cleaning activities (NACE 81.22)	13 512 609	13 347 908
Income from recycling (NACE 38.21)	8 873 354	5 810 745
Sale of goods (NACE 46.90)	3 168 972	2 656 537
Income from real estate management fees (NACE 68.32)	2 274 377	2 661 393
Income from sludge acceptance (NACE 38.11)	427 916	398 285
Construction services (NACE 43.11)	-	19 355
Other net sales	773 545	32 290
TOTAL	67 968 607	53 778 895

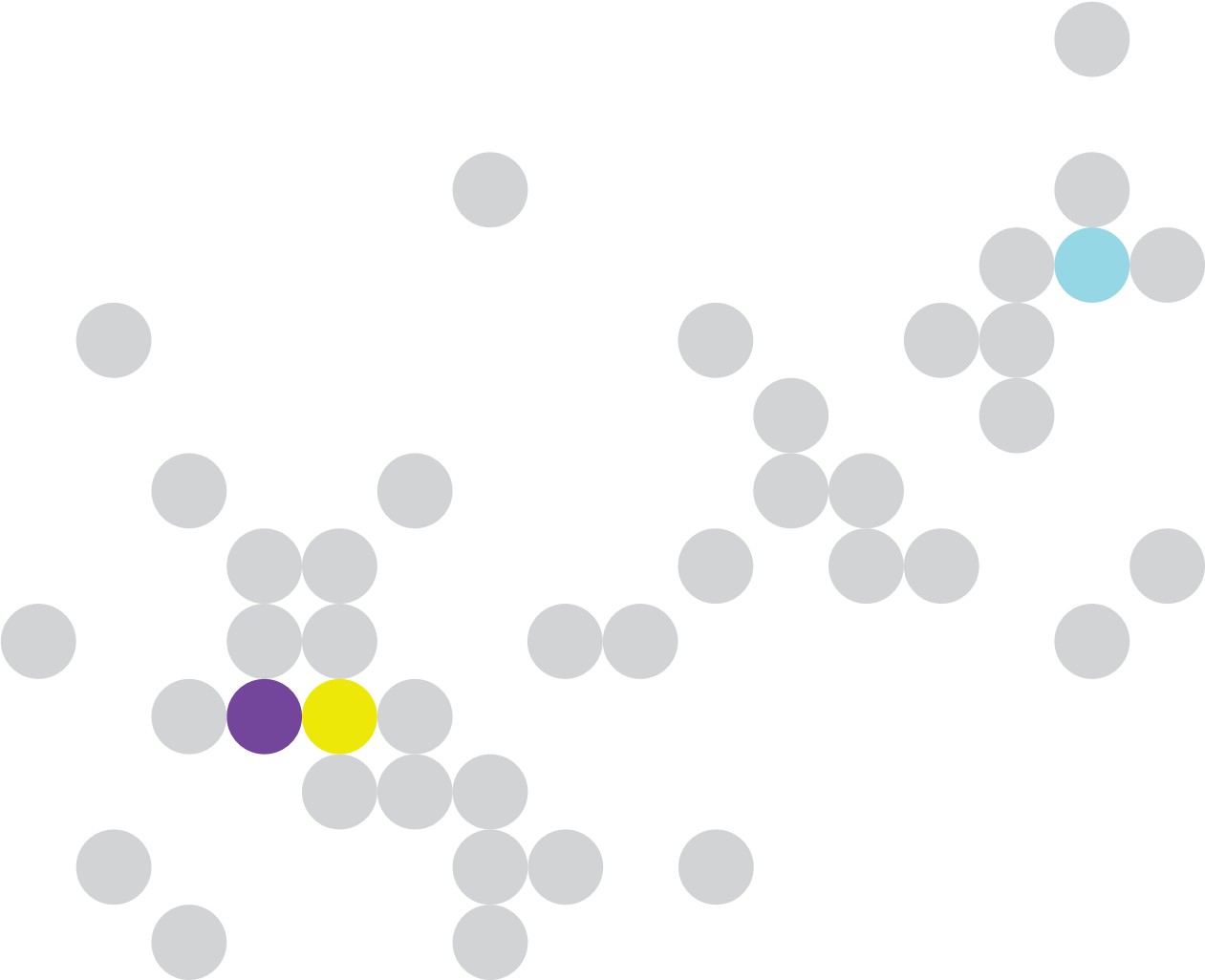
Net sales by geographic markets

	2022 EUR	2021 EUR
Latvia	65 991 945	51 994 318
European Union and EEZ	1 976 662	1 760 761
Other countries	-	23 816
TOTAL	67 968 607	53 778 895

2. Cost of sales

	2022 EUR	2021 EUR
Direct cost of waste management	26 930 574	18 230 008
Salaries*	14 541 586	12 688 455
Depreciation of fixed assets	4 312 358	3 855 554
Social insurance	3 467 870	2 975 142
Building management costs	1 547 046	528 311
Transportation and handling of goods	1 339 984	540 744
Energy costs	1 209 330	543 801
Repair of own and leased fixed assets	903 512	431 572
Depreciation of intangible assets	296 303	225 827
Other costs of sales	3 562 507	4 274 657
TOTAL	58 111 070	44 294 071

* Salaries include provisions for unused annual leave adjustments, as well as risk duty.



Notes of the consolidated annual report (continued)

Notes (continued)

3. Selling expenses

	2022 EUR	2021 EUR
Advertising expenses	578 792	457 000
Salaries*	106 697	75 990
Social insurance	25 168	17 352
Depreciation of fixed assets	397	26
Other selling expenses	81 708	70 357
TOTAL	792 762	620 725

* Salaries include provisions for unused annual leave adjustments, provisions for employee bonuses, as well as risk duty.

4. Administrative expenses

	2022 EUR	2021 EUR
Salaries**	2 054 008	1 999 933
Professional fees*	1 566 496	1 013 939
Social insurance	574 061	454 558
Office maintenance expenses	191 504	127 358
Car park and fuel expenses	173 463	30 332
Depreciation of fixed and intangible assets	95 893	42 257
Audit fees	73 001	48 049
Business trip expenses	60 552	14 797
Other administrative expenses	777 142	359 028
TOTAL	5 560 120	4 090 251

* Professional fees mainly include business development costs, financial and legal fees.

** Salaries include provisions for unused annual leave adjustments, provisions for employee bonuses, as well as risk duty.

5. Other operating income

	2022 EUR	2021 EUR
Income from the sublease of premises	626 173	340 208
Co-financing income	586 212	544 037
Capital gain	362 070	19 909
Penalties	247 232	245 154
Income from sale of fixed assets	66 557	43 155
The reverse of provision for bad and doubtful debtors	6 794	52 930
Income from revaluation	-	187 569
Other income	758 381	304 238
TOTAL	2 653 419	1 737 200

6. Other operating expenses

	2022 EUR	2021 EUR
Depreciation of goodwill	955 134	902 482
Penalties	77 772	47 000
Donations	52 500	19 710
Provisions for impairment of investment	-	9 036
Other expenses	398 439	271 999
TOTAL	1 483 845	1 250 227

Notes of the consolidated annual report (continued)

Notes (continued)

7. Income from other securities and loans that have formed long-term financial investments

	2022 EUR	2021 EUR
Dividends	-	755 114
TOTAL	-	755 114

8. Remuneration and average number of employees

Average number of employees during the reporting year	2022	2021
Average number of Council members during the reporting year	3	3
Average number of Board members during the reporting year	2	2
Average number of other employees during the reporting year	1 580	1 475
TOTAL	1 585	1 480

During the reporting year one Board member of the parent company of the Group received remuneration for performing the functions of a member of the Board. The total remuneration amounted to EUR 48 835 including MSSIC in the amount of EUR 9 321. In 2021 one Board member of the parent company of the Group received remuneration for performing the functions of a member of the Board. In 2021 the total remuneration amounted to EUR 14 089 including MSSIC in the amount of EUR 2 689.

One Council member of the parent company of the Group has received remuneration for performing the functions of a member of the Council. The total remuneration amounted to EUR 18 347 including MSSIC in the amount of EUR 3 502. Council members have received remuneration for performing the functions of members of the Council in a subsidiary company of the Group, see the respective information in the individual financial statements of the subsidiary of the Group SIA "Clean R".



Notes of the consolidated annual report (continued)

Notes (continued)

9. Intangible assets

	Concessions, patents, licenses, trademarks and similar rights, EUR	Other intangible assets, EUR	Goodwill, EUR	Development costs, EUR	Total, EUR
As at 31 December 2021					
Cost	7 387 157	1 612 393	1 511 265	18 435	10 529 250
Accumulated depreciation	(2 589 107)	(744 361)	(614 243)	-	(3 947 711)
Net book value as at 31 December 2021	4 798 050	868 032	897 022	18 435	6 581 539
2022					
Net book value as at 1 January	4 798 050	868 032	897 022	18 435	6 581 539
Additions	55 890	228 126	3 000 834	156 358	3 441 208
Result of acquisition and sale of subsidiaries (book value)	-	125 264	-	-	125 264
Cost of excluded intangible assets	(48 334)	(18 527)	(491 301)	-	(558 162)
Depreciation	(743 627)	(318 610)	(224 334)	-	(1 286 571)
Result of acquisition and sale of subsidiaries (accumulated depreciation)	-	(114 931)	-	-	(114 931)
Accumulated depreciation of excluded intangible assets	8 652	18 527	331 628	-	358 807
As at 31 December 2022	4 070 631	787 881	3 513 849	174 793	8 547 154
As at 31 December 2022					
Cost	7 394 713	1 947 256	4 020 798	174 793	13 537 560
Accumulated depreciation	(3 324 082)	(1 159 375)	(506 949)	-	(4 990 406)
Net book value as at 31 December 2022	4 070 631	787 881	3 513 849	174 793	8 547 154

Notes of the consolidated annual report (continued)

Notes (continued)

10. Fixed assets	Land, buildings and engineering structures, EUR	Leasehold improvements, EUR	Technological equipment and devices, EUR	Other fixed assets and inventory, EUR	Construction in progress, EUR	Advances for fixed assets, EUR	Total, EUR
As at 31 December 2021							
Cost	10 432 351	307 093	23 293 129	8 241 965	276 450	1 567 354	44 118 342
Accumulated depreciation	(3 624 887)	(110 110)	(13 208 315)	(5 238 343)	-	-	(22 181 655)
Provision for impairment	(9 036)	-	-	-	(62 965)	(81 810)	(153 811)
Net book value as at 31 December 2021	6 798 428	196 983	10 084 814	3 003 622	213 485	1 485 544	21 782 876
2022							
Net book value as at 1 January	6 798 428	196 983	10 084 814	3 003 622	213 485	1 485 544	21 782 876
Additions	1 265 347	-	2 098 171	1 781 498	1 626 855	2 707 928	9 479 799
Reselt of acquisition and sale of subsidiaries (book value)	250 000	-	131 678	1 800 889	-	3 456	2 186 023
Cost of excluded fixed assets	(66 228)	-	(868 259)	(581 812)	(11 448)	-	(1 527 747)
Reclassification	-	-	148 527	-	3 788 614	(4 093 958)	(156 817)
Depreciation	(724 864)	(43 377)	(2 348 530)	(1 251 050)	-	-	(4 367 821)
Result of acquisition and sale of subsidiaries (accumulated depreciation)	(20 648)	-	(65 536)	(1 103 518)	-	-	(1 189 702)
Accumulated depreciation of excluded fixed assets	50 345	-	797 926	521 724	-	-	1 369 995
Provision for impairment	-	-	-	-	4 265	81 810	86 075
Net book value as at 31 December	7 552 380	153 606	9 978 791	4 171 353	5 621 771	184 780	27 662 681
As at 31 December 2022							
Cost	11 881 470	307 093	24 803 246	11 242 540	5 680 471	184 780	54 099 600
Accumulated depreciation	(4 320 054)	(153 487)	(14 824 455)	(7 071 187)	-	-	(26 369 183)
Provision for impairment	(9 036)	-	-	-	(58 700)	-	(67 736)
Net book value as at 31 December 2022	7 552 380	153 606	9 978 791	4 171 353	5 621 771	184 780	27 662 681

Fixed assets of the Group have been pledged in favour of credit institutions and leasing companies and serves as collateral for the obligations of the Group. Please see note 19, note 20 and note 25.

Notes of the consolidated annual report (continued)

Notes (continued)

11. Investments in associated companies

(a) Investments in associated companies

Name of the Company	Balance sheet value of the participation share in the capital of associates		Participating interest in share capital of associates	
	31.12.2022.	31.12.2021.	31.12.2022.	31.12.2021.
	EUR	EUR	%	%
SIA Roadeks	5 376 375	5 315 529	50	50
SIA Midway	63 410	65 944	29.99	29.99
SIA Nulles Depozīts	-	-	36.46	-
SIA Zaļais Cikls	744 424	-	50	-
	6 184 209	5 381 473		

(b) Change in investments in associated companies report

	EUR
Balance sheet value at the beginning of the reporting period	5 381 473
Acquisition	744 425
The result of the reporting period	559 740
Dividends paid	(373 497)
Discontinued	(127 932)
Balance sheet value at the end of the reporting period	6 184 209

(c) Information on associated companies

Name of the company	Address	Share capital		Profit/ (loss) for the reporting year	
		31.12.2022.	31.12.2021.	2022	2021
		EUR	EUR	EUR	EUR
SIA Roadeks*	Kalnciema street 67, Riga	2 155 897	1 768 225	946 642	559 385
SIA Midway*	Mūkusalas street 42A, Riga	307 152	315 600	304 308	312 756
SIA Nulles Depozīts*	Dēļu street 5, Riga	(12 568)	-	(99)	-
SIA Zaļais Cikls	Radžu street 14, Riga	1 488 850	-	(53 463)	-

* Unaudited data of associated companies.

Notes of the consolidated annual report (continued)

Notes (continued)

12. Other securities and investments

	31.12.2022. EUR	31.12.2021. EUR
Participation share in AS Rīgas Siltums (2 %)	-	2 561 169
Participation share in SIA Liepājas Enerģija (10 %)	-	697 207
Participation share in SIA ExPorto (18 %)	-	500 000
Participation share in AS Rīgas namu apsaimniekotājs (3.33 %)	7 100	7 100
TOTAL	7 100	3 765 476

The Group owns 3.33% of AS "Rīgas namu apsaimniekotājs" shares (Registration number 50003748651). On 31 December 2022 the share capital of AS „Rīgas namu apsaimniekotājs” was 0.2 million EUR.

13. Other loans and long-term debtors

	31.12.2022. EUR	31.12.2021. EUR
Equity acquisition	-	400 000
Investments in the renovation project *	191 941	211 460
Repair work performed in multi-apartment buildings **	112 649	143 483
Loan to a Latvian legal entity***	72 872	71 458
Deferred expenses	24 517	37 662
TOTAL	401 979	864 063

* On October 2013 the subsidiary of the Group SIA “Vidzemes ESKO 1” completed renovation work on a project on Valmieras street 23, Cēsis. The total investments amounted to EUR 390 388. The investments made by SIA “Vidzemes ESKO 1” are to be written off gradually during the period of the renovation agreement, respectively 20 years.

** Repair work performed by the subsidiary of the Group SIA “CDzP”, which will be gradually repaid by the residents of the building during the loan repayment period.

*** The repayment term of the EUR 70 700 loan with a fixed annual interest rate has been set on 10 June 2028. On 31.12.2022 and 31.12.2021 the amount of claims includes accrued interest income.

14. Raw materials, basic materials and consumables

	31.12.2022. EUR	31.12.2021. EUR
Raw materials, basic materials and consumables	1 400 469	555 074
Provisions for impairment of slow-moving stock	(1 781)	(18 649)
TOTAL	1 398 688	536 425

15. Trade receivables

	31.12.2022. EUR	31.12.2021. EUR
Trade receivables	10 943 771	8 237 888
Provision for doubtful debts	(748 298)	(755 181)
TOTAL	10 195 473	7 482 707

16. Other debtors

	31.12.2022. EUR	31.12.2021. EUR
Cession fee **	207 641	-
Loan to a Latvian legal entity	164 386	-
Cession fee *	-	977 641
Tax overpaid	-	25 068
Other	541 602	369 665
TOTAL	913 629	1 372 374

* The right of claim against the legal entity for the cession compensation was received in 2022.

** The right of claim against the legal entity for cession compensation with a settlement date on 30 April 2023.

Notes of the consolidated annual report (continued)

Notes (continued)

17. Share capital

As at 31 December 2022 the subscribed and fully paid share capital of the Parent company is 346 000 EUR that consists of 346 000 ordinary shares with a nominal value of 1 EUR each.

In 2021 the share capital was increased by converting the convertible registered bonds issued by the Company, thereby increasing the share capital of the Company by EUR 310 000, by issuing 310 000 new Company shares.

18. Loans against bonds

The parent company of the Group has issued bonds (ISIN LV0000802676), the number of quoted financial instruments is 15 000 with a nominal value of 1 000 EUR each. The bonds are registered at the Latvian Central Depository and admitted to trading on AS "Nasdaq Riga" on 31 January 2023.

On 31 December 2022 the subsidiaries of the Group held bonds in the amount of EUR 1 000 000. As of 31 December 2022, the Group's liabilities for borrowing against bonds amount to EUR 14 000 000 and the accumulated coupon of EUR 76 625.

The value of the bonds will be redeemed in one payment on the bond maturity date. The repayment deadline of the principal amount is 9 December 2025. The coupon rate is 3M EURIBOR + 6.5 % and the coupon is paid on a quarterly basis.

Capital shares of the subsidiaries of the Group SIA "Clean R", SIA "CleanR Verso", SIA "Vizii Urban" serve as collateral against the bonds.

19. Loans from credit institutions

	31.12.2022. EUR	31.12.2021. EUR
Loan to be repaid in 2–5 years – long term part	163 185	203 747
Loan – short term part	52 157	1 205 195
TOTAL	215 342	1 408 942

The subsidiaries of the Group have signed loan agreements with several Latvian credit institutions and VAS "Attīstības finanšu institūciju Altum". The loans have variable base interest rates from 1 to 6 months EURIBOR + interest rates vary in the range from 2–5 %. Real estate, aggregation of assets, cession agreements to debtors of the Group's companies, capital shares of the Group's companies, funds of certain subsidiaries in bank accounts, commercial pledges on capital shares belonging to the Group in an associated company and guarantees of private entities are pledged to secure obligations.

20. Other borrowings

	31.12.2022. EUR	31.12.2021. EUR
Finance lease to be repaid in >5 years	516 374	959 979
Finance lease to be repaid in 2–5 years	2 909 594	2 538 885
Long-term part	3 425 968	3 498 864
Finance lease – short term part	912 564	1 066 288
Other	200 200	150 200
Short-term part	TOTAL	1 112 764
	OTHER BORROWINGS TOTAL	4 538 732

The subsidiary of the Group has acquired fixed assets on terms of finance lease. As at 31 December 2022 the interest rates were set at 3 and 6 months EURIBOR + 2.4 % to 2.65 %.

Notes of the consolidated annual report (continued)

Notes (continued)

21. Other creditors

	31.12.2022. EUR	31.12.2021. EUR
Prepaid in the building savings fund – long-term part	1 967 666	1 795 660
Liability towards a Latvian legal entity for the acquisition of capital shares	1 000 000	-
Long-term part	TOTAL 2 967 666	1 795 660
Prepaid in the building savings fund – short-term part	491 918	448 914
Other	1 598 720	1 274 499
Short-term part	TOTAL 2 090 638	1 723 413
OTHER CREDITORS TOTAL	5 058 304	3 519 073

22. Deferred income

	31.12.2022. EUR	31.12.2021. EUR
EU and other co-financing >5 years	1 096 877	196 656
EU and other co-financing 2-5 years	1 175 673	1 579 924
Financial support received from LIAA >5 years	51 356	60 160
Financial support received from LIAA 2-5 years	35 216	35 216
Long-term part	TOTAL 2 359 122	1 871 956
EU and other co-financing – short-term part	684 106	530 265
Financial support received from LIAA – short-term part	8 804	8 804
Short-term part	TOTAL 692 910	539 069
DEFERRED INCOME TOTAL	3 052 032	2 411 025

EU and other co-financing was received for the construction of a waste sorting plant, a polymer plant and workshop, as well as within the LIFE project.

Financing from the Investment and Development Agency of Latvia was received for building reconstruction work, bio boiler construction and heating circuit reconstructions.



Notes of the consolidated annual report (continued)

Notes (continued)

23. Accrued liabilities

	31.12.2022. EUR	31.12.2021. EUR
Accrued liabilities for unused annual leaves	1 178 713	1 047 031
Long-term part	TOTAL 1 178 713	1 047 031
Other accrued liabilities	2 348 449	925 347
Short-term part	TOTAL 2 348 449	925 347
ACCRUED LIABILITIES TOTAL	3 527 162	1 972 378

24. Taxes and social insurance payments

	31.12.2022. EUR	31.12.2021. EUR
Social insurance	603 832	492 566
Value added tax	352 910	405 486
Personal income tax	295 727	238 028
Company income tax	12 165	-
Natural resource tax	5 404	3 470
Vehicle operating tax	49	49
Risk duty	578	2 889
TOTAL	1 270 665	1 142 488

25. Financial and contingent liabilities

KReal estate and assets, excluding fixed assets, of the Group company SIA "Clean R" purchased with CFCA co-financing, is pledged in favour of the Latvian branch of "Luminor Bank" AS, and serves as a collateral for the performance of the Group company obligations. The maximum claim amount is EUR 2 600 000.

"Luminor Bank" AS has issued guarantees to secure offers and guarantees of performance for the total amount of 765 000 EUR on behalf of the Group company SIA "Clean R".

Insurance companies registered in the Republic of Latvia have issued performance security guarantees for the total amount of EUR 2 197 543 on behalf of the Group company SIA "Clean R".

Insurance companies registered in the Republic of Latvia have issued performance security guarantees for the total amount of EUR 384 574 on behalf of the Group company SIA "Vides resursu centrs".

Insurance companies registered in the Republic of Latvia have issued performance security guarantees for the total amount of EUR 100 000 on behalf of the Group company SIA "Eko Terra".

Insurance companies registered in the Republic of Latvia have issued performance security guarantees for the total amount of EUR 125 000 on behalf of the Group company PS "Vides pakalpojumi Liepājai".

The assets of the Group company SIA "Vidzemes ESKO 1" as an aggregation of property, including the right of claim against the apartment building (in which the company carried out insulation and energy efficiency improvement works) have been pledged in favour of the Latvian branch of "Luminor Bank" AS.

The pledge secures the subsidiary's debt to the credit institution in the amount of EUR 79 454 with a repayment term on 30.04.2024.

Several associations of apartment owners of buildings managed by SIA "CDzP" have attracted loans from credit institutions to finance the planned capital repairs:

- In order to secure the loans granted by "Swedbank" AS to apartment owners' associations with an outstanding loan principal of EUR 4 192 550 as at December 31, 2022, the Group company SIA "CDzP" has pledged the funds available in the respective association's renovation project current account and has entered into an agreement with the credit institution regarding the payment procedure, ensuring the timely payments of the loan principal and additional charges to the credit institution.
- In order to secure the loans granted by "SEB banka" AS branch for capital repairs of buildings with an outstanding loan principal of EUR 135 888 as at December 31, 2022, the Group company SIA "CDzP" has pledged its funds available in the accounts held with "SEB banka" AS in the amount of EUR 18 860 and has registered a commercial pledge on the claim rights of SIA "CDzP" against the respective apartment owners of the building.
- In order to secure the loans granted by "Citadele banka" AS to apartment owners' associations with an outstanding loan principal of EUR 326 053 as at December 31, 2022, the Group company SIA "CDzP" has entered into an agreement with the credit institution regarding the payment procedure, whereby, to extent of the funds received in the accounts of the associations, it ensures the timely payment of the loan principal and additional charges to the credit institution.



Notes of the consolidated annual report (continued)

Notes (continued)

26. Research and development

During the reporting period, the Group did not incur any research and development costs to be included in intangible assets and fixed assets, as well as to be reflected in the profit or loss account. No employees have been involved in research and development, and no state or municipality funding has been received. The Company does not have contracts for research work with other companies.

27. Information on the auditor

Administrative expenses (item “Audit fees”) includes remuneration to the auditors for the audit of annual accounts of Group companies and consolidated annual accounts of the Parent company of the Group. In addition to audit services in the reporting year the auditor has provided evaluation services for share capital registration purposes. The fee for these services amounted to EUR 3 700 and is included in the Administrative expenses (item “Professional fees”).

28. Subsequent events

In 2022 the shareholder of the Group Parent company decided to reorganise the Group subsidiary company SIA “Clean R” by way of separating certain parts of the subsidiary company’s net assets in the amount of EUR 9.9 million, undistributed profit of the previous years in the amount of EUR 7.3 million, liabilities in the amount of EUR 2.1 million and paid-up share capital of EUR 403 thousand and merging them into companies SIA “CleanR Verso”, SIA “Vizii Urban” and SIA “CleanR Trademark”.

Within this reorganisation process the split of separate business directions and the assets and liabilities pertaining to them was aimed to increase focus by each of the companies on development of each of the respective directions as their key activity, thus promoting faster growth. Reorganisation becomes effective on 2 January 2023.

From the end of the reporting year to the date of these financial statements, there have been no events that would require any adjustments to be made to the financial statements or which should be further explained in these financial statements.

29. Distribution of profit proposed by the management of the Group

The management of the Group suggests that the decision on the distribution of profit for the reporting year is made at the shareholders' meeting.

Juris Gulbis Chairman of the Board	Inta Liepa Member of the Board	Guntars Levics Member of the Board	Gunta Kļava Chief accountant
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ELECTRONIC SIGNATURES OF THE BOARD MEMBERS RELATE TO THE ANNUAL REPORT AS A SINGLE DOCUMENT FROM PAGE 44 TO 67.
ELECTRONIC SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTING RELATES TO THE FINANCIAL STATEMENTS FROM PAGE 45 TO 46 AND FROM PAGE 50 TO 67.

Independent Auditor's Report

To the shareholders of AS "CleanR Grupa"

Report on the audit of consolidated financial statements

POTAPOVIČA
ANDERSONE

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Our Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of AS "CleanR Grupa" and its subsidiaries ("the Group") of the accompanying consolidated annual accounts, which comprise:

- the consolidated profit or loss statement for the year ended 31 December 2022,
- the consolidated balance sheet as at 31 December, 2022,
- the consolidated statement of changes in equity for the year ended 31 December 2022,
- the consolidated statement of cash flows for the year ended 31 December 2022, and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of AS "CleanR Grupa" and its subsidiaries as at 31 December 2022, and of its financial performance and its consolidated cash flows for the year then ended in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Basis for Opinion

In accordance with the Law on Audit Services of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and independence requirements included in the Law on Audit Services of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) and Law on Audit Services of the Republic of Latvia.

Key Audit Matters

After the balance sheet date of the reporting year, but before the approval of the consolidated financial statements, bonds issued by AS "CleanR Grupa" have been admitted to trading in a regulated market. Accordingly, we have chosen to include a section on Key audit matters in our audit report in order to supply the users of the financial statements with additional information on important issues in the context of the audit.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (continued)

POTAPOVIČA
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Key audit matter	How our audit addressed the key audit matter
<p>Accuracy of accounting for acquisitions of subsidiaries and associated companies</p> <p>During the year three subsidiaries have been acquired by AS CleanR Grupa. One of them was acquired through a process of piecemeal acquisition and forms a group with several subsidiaries and associated companies on its own. Accordingly we considered obtaining sufficient evidence on accuracy of recognition and valuation of the acquired investments in subsidiaries and associated companies, as well as corresponding goodwill recorded at amount of 3 000 834 EUR to be a key audit matter.</p>	<p>Our audit procedures, amidst others, included the following:</p> <ul style="list-style-type: none"> ○ we obtained and verified detailed information on financial position of the acquired companies as at the dates of acquisition; ○ we analysed values of net assets acquired in order to identify the fair values of asset and liabilities and instances when they substantially differ from their carrying values; ○ we performed procedures to obtain evidence on recoverability of goodwill recognised, including: <ul style="list-style-type: none"> ○ we discussed matters related to acquisition with the management of the Group; ○ we identified cash-generating units; ○ we analysed future cashflow projections and their present values. <p>As a result of our procedures we did not identify material misstatements.</p>

Reporting on Other Information

Management is responsible for the other information. The other information comprises the Management report, as set out on pages 47 to 49 of the accompanying annual accounts.

Our opinion on the consolidated financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the Other reporting responsibilities in accordance with the legislation of the Republic of Latvia section of our report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the entity and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report (continued)

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Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and objectivity, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report (continued)

POTAPOVIČA
ANDERSONE

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Other reporting responsibilities in accordance with the legislation of the Republic of Latvia

In addition, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- the Management Report has been prepared in accordance with the requirements of the 'Law on the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

To the best of our knowledge and belief, we declare that we have not provided to the Group any non-audit services prohibited in accordance with Article 37.⁶ of the Law on Audit Services of the Republic of Latvia.

Appointment

We were first appointed as auditors for the Group's consolidated financial statements for the year ended 31 December 2016. This is the seventh consecutive year of our appointment as auditors.

The responsible certified auditor on the audit resulting in this independent auditor's report is Kristīne Andersone.

On behalf of
SIA Potapoviča un Andersone,
Ūdens street 12-45, Rīga, LV-1007
Certified Auditors Company licence No. 99

Kristīne Andersone
Responsible Certified Auditor
Certificate No. 99
Chairperson of the Board

28 APRIL 2023

THE ORIGINAL DOCUMENT IS SIGNED WITH SECURE ELECTRONIC SIGNATURES AND CONTAINS A TIME STAMP