"CleanR Grupa" AS

CONSOLIDATED ANNUAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2024

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION
TOGETHER WITH INDEPENDENT AUDITORS' REPORT
(TRANSLATION FROM LATVIAN)

Riga, 2025

** This version of annual report is a translation from the original, which was prepared in the Latvian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of annual report takes precedence over this translation.*

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General Information

Name of the Parent company	AS "CleanR Grupa"	
Legal status of the Parent company	Joint stock company	
Number, place and date of registration of the Parent company	40103799972, Riga, 16 June, 2014	
NACE Code and type of operations of the Parent company	6421 Activities of holding companies 7010 Activities of head offices	
Legal address of the Parent company	Vietalvas street 5, Riga, LV-1009	
Board members of the Parent company	Juris Gulbis – Chairman of the Board from 23.03.2023 Inta Liepa – Member of the Board Guntars Levics – Member of the Board Agita Baltbārde – Member of the Board from 18.07.2023	
Council members of the Parent company	Guntars Kokorevičs – Chairman of the Council Harijs Krongorns – Deputy chairman of the Council Māris Mančinskis – Member of the Council	
Person responsible for accounting in the Parent company	Anžela Vjaževiča – Chief accountant	
Financial year	1 January - 31 December 2024	
Previous financial year	1 January – 31 December 2023	
Name and address of the auditor	Responsible Certified Auditor: Raivis Irbītis Certificate No. 205	SIA "Grant Thornton Baltic Audit" Certified Auditors' Company Licence No. 183 Blaumana street 22, Riga, LV-1011 Latvia

General Information (continued)

Subsidiaries consolidated

Parent company	Subsidiary	Participating interest in the subsidiary	Type of operations of the subsidiary	Legal address of the subsidiary
AS “CleanR Grupa”	SIA “Vizii Management”	100%	Activities of holding companies, Activities of head offices	Vietalvas street 5, Riga, LV - 1009, Latvia
Vizii Management SIA	SIA “CDzP”	51.08%	Real estate brokerage; Real estate management for fee or on agreement basis	Tirgoņu street 1, Cēsis, LV - 4101, Latvia
SIA “CDzP”	SIA “Vidzemes ESKO 1”	100%	Engineering and related technical consulting services	Tirgoņu street 1, Cēsis, LV - 4101, Latvia
SIA “Vizii Management”	SIA “NIA Nami”	100% (sold 08.03.2024)	Lease and management of own or leased real estate; Real estate management for fee or on agreement basis	Brīvības street 155a, Riga, LV-1012, Latvia
SIA “Vizii Management”	SIA “Jauntukums”	100% (sold 08.03.2024)	Real estate management for fee or on agreement basis	Brīvības street 155a, Riga, LV-1012, Latvia
SIA “Vizii Management”	SIA “Vizii”	100%	General cleaning services; Other operations related to cleaning and maintenance of buildings and production plants	Vietalvas street 5, Riga, LV - 1009, Latvia
SIA “Vizii Management”	SIA “Nebruk Jelgava”	100% (sold 08.03.2024)	Real estate management for fee or on agreement basis	Krišjāņa Barona street 40a, Jelgava, LV-3001, Latvia
AS “CleanR Grupa”	SIA “Clean R”	100%	Collection of non-hazardous waste	Vietalvas street 5, Riga, LV - 1009, Latvia
SIA “Clean R”	SIA “Eko Terra”	73%	Collection of non-hazardous waste; Material recovery; Other resource recovery from waste	Vietalvas street 5, Riga, LV - 1009, Latvia
SIA “Clean R”	Pilnsabiedrība “Vides pakalpojumi Liepājai”	51%	Collection of non-hazardous waste	Vietalvas street 5, Riga, LV - 1009, Latvia
SIA “Clean R”	SIA “Vides resursu centrs”	53%	Material recovery; Energy recovery	Vietalvas street 5, Riga, LV - 1009, Latvia
SIA “Clean R”	SIA “CREB Rīga”	100%	Activities of holding companies	Vietalvas street 5, Riga, LV - 1009, Latvia
SIA “CREB Rīga”	AS “TĪRĪGA”	90%	Collection of non-hazardous waste	Vietalvas street 5a, Riga, LV - 1009, Latvia
SIA “Clean R”	SIA “Reģionālie vides pakalpojumi”	100%	Collection of non-hazardous waste	Vietalvas street 5, Riga, LV - 1009, Latvia
AS “CleanR Grupa”	SIA “Brīvais kalns”	100%	Activities of holding companies	Vietalvas street 5, Riga, LV - 1009, Latvia

Parent company	Subsidiary	Participating interest in the subsidiary	Type of operations of the subsidiary	Legal address of the subsidiary
AS “CleanR Grupa”	SIA “CleanR Verso”	100%	Collection of non-hazardous waste	Vietalvas street 5, Riga, LV - 1009, Latvia
AS “CleanR Grupa”	SIA “CleanR Trademark”	100% (merged with AS “CleanR Grupa” on 01.12.2023)	Lease of intellectual rights and similar rights (except for copyrights)	Vietalvas street 5, Riga, LV - 1009, Latvia
AS “CleanR Grupa”	SIA “Vizii Urban”	100%	Other cleaning services	Vietalvas street 5, Riga, LV - 1009, Latvia
AS “CleanR Grupa”	SIA “ST Kūdra”	100% (merged with SIA “CleanR Verso” on 20.12.2023)	Waste collection (except for dangerous waste)	Vietalvas street 5, Riga, LV - 1009, Latvia
AS “CleanR Grupa”	SIA “RSC Noma”	100% (merged with SIA “ST Kūdra” on 17.10.2023)	Waste collection (except for dangerous waste)	Vietalvas street 5, Riga, LV - 1009, Latvia
AS “CleanR Grupa”	SIA “Zaļā josta”	70% (until 21.02.2024) 55% (from 21.02.2024)	Material recovery	Mūkusalas street 42A, Riga, LV - 1004, Latvia
SIA “Zaļā josta”	SIA “Eko Rija”	100% (merged with SIA “Zaļā Josta” on 30.11.2023)	Waste collection (except for dangerous waste)	Vietalvas street 5, Riga, LV - 1009, Latvia
SIA “Zaļā josta”	SIA “Eko Energy”	100% (liquidated 11.09.2024)	Recycling of sorted materials	Radžu street 18, Riga, LV - 1057, Latvia
SIA “Zaļā josta”	SIA “Green Plastics”	50.98% (sold 10.12.2024)	Production of initial forms of plastic	Šķembu street 8, Riga, LV - 1057, Latvia
SIA “Zaļā josta”	SIA “Nulles depozīts”	100% (liquidated 20.08.2024)	Recycling of sorted materials	Dēļu street 5, Riga, LV - 1004, Latvia
SIA “Vizii Urban”	SIA “KOM-AUTO”	100% (acquired on 28.04.2023)	Other cleaning services	Celtnieku street 3, Cēsis, LV - 4101, Latvia
SIA “Clean R”	SIA “Lautus”	100% (acquired on 31.10.2024)	Waste collection; Non-hazardous waste collection; Hazardous waste collection	Gurnicas, Ķekava Parish, LV-2123, Latvia
AS “CleanR Grupa”	SIA “CleanR Industry”	100% (from 01.08.2024)	Manufacture of plastics in primary forms	Vietalvas street 5, Riga, LV - 1009, Latvia
AS “CleanR Grupa”	SIA “CleanR NĪ”	100% (from 05.08.2024)	Renting and operating of own or leased real estate	Vietalvas street 5, Riga, LV - 1009, Latvia

All subsidiaries of the Group are involved in the consolidation.

Management report

The principal activity of **CleanR Grupa AS** (hereinafter also referred to as the Parent Company of the Group) is the management of long-term financial investments. The companies in which CleanR Grupa AS has invested carry out the following business activities: investment operations, waste management, sorting of recyclable materials separated from waste and the sale of sorted materials, urban maintenance, cleaning of premises and outdoor areas, management of residential buildings, provision of energy efficiency services to apartment residents, and other forms of cooperation aimed at the management and operation of residential property management companies. The Group comprises 20 companies, with SIA “Clean R”, SIA “Zaļā Josta”, SIA “Vizii Urban” and SIA “CleanR Verso” generating the highest net turnover.

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

As at 31 December 2024, the registered and fully paid share capital of the Parent Company amounted to EUR 13,580,000, consisting of 13,580,000 shares, of which 13,300,000 are Class A shares and 280,000 are staff shares. The nominal value of each share is EUR 1.

Financial indicators of the Group

The Group's net turnover increased by EUR 19.1 million or 19%, reaching EUR 121.1 million in the reporting period (2023: EUR 102.0 million). The largest portion of revenue is generated by waste management services, which increased by EUR 7.8 million in 2024 and amounted to EUR 57.5 million (2023: EUR 49.7 million), as they were significantly affected by the state-imposed increase in the waste disposal tariff and the subsequent tariff indexation for the Group companies’ clients.

In 2024, the Group’s subsidiaries actively participated in public tenders announced by municipalities and other clients for the provision of municipal waste management services.

The Group increased its gross profit by EUR 4.4 million, reaching EUR 24.2 million (2023: EUR 19.8 million). The gross profit margin improved to 20.0% (2023: 19.4%).

The Group also improved its profitability indicators, increasing EBITDA by 28% to EUR 25.5 million (2023: EUR 19.9 million).

The adverse effects of cost increases in 2024, including labour and waste disposal expenses, were mitigated by tariff indexation for customers, as well as improvements in the efficiency of production facilities and processes. These improvements were supported by investments in sustainable solutions and modern technologies, including automated sorting equipment, large-capacity underground waste containers, and CNG-powered waste collection vehicles.

Comparison of financial indicators of the Group:

	Unit	2024	2023	Difference
Net sales, including:	*EUR '000*	121 101	102 023	*19 078*
- Income from waste processing	*EUR '000*	57 516	49 688	*7 828*
- Income from cleaning services	*EUR '000*	26 210	17 849	*8 361*
- Income from sorting and sale of waste	*EUR '000*	17 088	14 699	*2 389*
- Income from waste sorting and sale	*EUR '000*	10 290	8 700	*1 590*
- Other income	*EUR '000*	9 997	11 087	*-1 090*
Gross operating profit	*EUR '000*	24 223	19 809	*4 414*
Gross profitability	*%*	20.0%	19.4%	*0.6 pp*
Return on assets (ROA)	*%*	11.5%	9.5%	*2.0 pp*
Equity at the end of the reporting year	*EUR '000*	53 675	46 505	*7 170*
Current assets to short-term liabilities		1.2x	2.2x	*-1.0*
Average number of employees during the year	*number*	1 924	1 717	*+207*
EBITDA	*EUR '000*	25 502	19 893	*5 610*
Depreciation	*EUR '000*	8 519	7 114	*1 405*

Financial indicators	31.12.2024	31.12.2023	Difference
Gross profit margin, %	20.0%	19.4%	*0.6 pp*
EBITDA ratio, %	21.1%	19.5%	*1.6 pp*
Financial independence ratio	51.3%	51.0%	*0.4 pp*
Interest coverage ratio	13	11	*2*
Leverage ratio	0.06	0.07	*0.0*

Performance of the Group

In the reporting year, AS “CleanR Grupa” focused on the strategic restructuring of the Group and business expansion, purposefully acquiring new companies and strengthening its position in the waste management and environmental services sectors. Particular attention was paid to improving efficiency, digitalisation, and the integration of sustainable business principles across all Group companies.

As part of the reorganisation, the Group continued to strengthen its corporate governance model by separating two new companies that had previously operated within the structure of SIA “Clean R”. SIA “CleanR Industry” combines the plastics recycling plant and industrial waste processing centre opened in 2023, while SIA “CleanR NĪ” took over the Group’s real estate management. The reorganisation, completed in October, enables CleanR Grupa to use its resources more efficiently and focus on the development of each business line, ensuring specialisation and competitiveness in the market.

In the urban environment maintenance sector, to strengthen its position, the Group company Vizii Urban acquired 49% of the share capital of SIA “Tranzīts L” during the reporting year. This investment will promote the company’s regional growth and transfer of expertise, ensuring service provision across various regions of Latvia.

Expanding into new business segments, in November 2024, SIA “Clean R” acquired SIA “Lautus” – a company specialising in the management of medical and hazardous waste, as well as the provision of sanitation (septic waste removal) services. This transaction further broadens SIA “Clean R”’s competence and is particularly significant from both an ecological safety and public health perspective.

While maintaining their affiliation with the Group and shared development goals, each of AS “CleanR Grupa”’s subsidiaries continued to provide clients with a wide range of services – not only those specific to each company, but also services of other Group companies. The separation of specialised functions into distinct companies has demonstrated that with a concentrated administrative structure and precise business focus, growth becomes more dynamic and effective.

During the reporting year, the CleanR Grupa Group strategy for 2025–2027 was developed, outlining strategic priorities and setting the main directions for development to support the achievement of defined goals. The core element of the strategy is efficiency across all areas of the Group’s operations.

The overall economic and geopolitical situation affected the performance of the Group’s companies in 2024; nevertheless, the Group succeeded in significantly increasing both total turnover and improving profit indicators.

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 Group actively seeks to minimize the potential adverse impact of financial risks on its financial position. The Group’s principal financial instruments include issued bonds, lease liabilities, trade and other receivables, and cash balances. The primary purpose of the issued bonds is to ensure financing for the Group’s operational activities and capital investment projects.

The Group recognizes that financial instruments such as trade and other receivables may expose the Group to a certain degree of credit risk concentration. However, as of the end of the reporting period, the Group was not subject to any significant concentration of credit risk. Trade and other receivables are accounted for at their recoverable value, and the Group continues to apply a strict monitoring policy for receivables to ensure timely discontinuation of services before the accumulation of long-term debts. The Group ensures cooperation only with clients whose credit history has been properly assessed and considered positive.

For the management of cash resources, the Group collaborates with financial institutions of strong financial standing and reputable market presence.

To mitigate liquidity risk, the Group’s management closely monitors the payment terms of both receivables and payables on a daily basis and ensures the availability of long-term financing through the use of borrowings and financial leases to support investments in long-term assets.

Fire risk is a significant operational and safety challenge in the waste management sector, especially in activities related to waste sorting, storage, and recycling. The Group recognises that fire can cause not only direct material losses but also affect business continuity, the environment, and public safety.

To reduce the likelihood and potential impact of this risk, the Group has implemented several preventive and responsive measures, including:

- Improvements to fire safety systems, including automatic alarm systems and localised fire suppression equipment in strategically important locations;
- Regular inspections and audits of fire safety systems according to internal schedules and regulatory requirements, including the maintenance of audit protocols and documentation;
- Staff training and fire safety drills, including evacuation exercises;
- Careful control of waste storage to prevent self-heating and other forms of spontaneous combustion, particularly for flammable materials;
- Regular review of fire safety policies and procedures based on incident analysis, industry best practices, and risk management recommendations.

In addition, the Group maintains insurance coverage against fire-related losses, including damage to assets. At the same time, it should be noted that the waste management sector is considered a high-risk segment by insurers, which in practice creates challenges in terms of both obtaining appropriate coverage and determining economically justified insurance premiums. In this context, the Group places special emphasis on the effectiveness of preventive fire safety measures and the strengthening of internal controls, thereby aiming to reduce its risk profile and ensure the long-term sustainability of insurance availability.

The Group continues to cooperate with national and municipal fire safety services and complies with all regulatory requirements governing fire safety in waste management companies.

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 through investments in technologies that reduce production costs, improvement of customer service and optimization of processes.

Future development of the Group

In 2025, the management of the Group's parent company will continue to strengthen the Group's corporate governance model, adhering to global best practices and ensuring the application of transparency and openness principles in stakeholder relations. At the same time, in line with the defined strategy, improvements will be made to the Group's structure and process efficiency. All business development activities and investments aimed at streamlining the business model and processes will focus on the organic growth of the Group's companies, supported by both completed and potential Merge and acquisition transactions.

AS "CleanR Grupa", as a unifier of leading companies in the environmental sector, recognises its economic, social, and environmental impact. Therefore, in 2025, strategic sustainability management will continue at the Group level, balancing business development goals with the requirements of European Union regulations and best practices. Despite potential regulatory changes, the non-financial reporting practice launched in 2022 will be continued, with the publication of an integrated annual report combining sustainability and financial information.

Events after the end of the reporting period

At the beginning of 2025, the conditional increase of the share capital (conditional share capital) of the Group’s parent company was registered, raising it to EUR 409,074 in connection with additional personnel stock options issued by AS “CleanR Grupa”.

Also at the beginning of 2025, the Group's parent company issued a guarantee to SIA "Swedbank Līzings" for securing the leasing obligations of the Group's subsidiary in the amount of EUR 1,136,800, with the guarantee valid until January 2032.

At the end of the reporting year, the Group company SIA “Vizii Urban” has concluded an agreement for the acquisition of 51.02% of the share capital of SIA “Tranzīts L”, the completion of which requires the approval of the Competition Council. The transaction is planned to be completed in 2025.

In January 2025, in order to implement the reorganisation of the Group company SIA “Vides resursu centrs”, by separating the waste recovery business into an independent business unit, SIA “WasteTech” was established. Following the incorporation of SIA “WasteTech”, the reorganisation process of SIA “Vides resursu centrs” was carried out.

On 28 February 2025, the Group company SIA “Clean R” acquired 10% of the share capital of SIA “Ķilupe”.

From the end of the reporting year until the date of signing these financial statements, no events have occurred that would require adjustments to these financial statements or their notes.

Juris Gulbis	Guntars Levics	Inta Liepa	Agita Baltbārde
Chairman of the Board	Member of the Board	Member of the Board	Member of the Board

Statement of Management Responsibilities

The Board of the Parent company of the Group (hereinafter – the Management) is responsible for the preparation of the enclosed Consolidated financial statements.

The financial statements on pages 11 to 53 are prepared based on accounting records and supporting documents, and provide true and fair view on the Group's financial position as at 31 December 2024 and its financial performance and cash flows for the year then ended.

The financial statements have been prepared according to the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), on a going concern basis.

This is the second year when IFRS have been applied to the preparation of the financial statements. Estimates and judgements made during preparation of these financial statements by the Management have been prudent and reasonable.

The Management is also responsible for maintaining appropriate accounting records that would provide a true and fair presentation of the financial position of the Group at a particular date and financial performance and cash flows and enable the Management to prepare the financial statements according to the International Financial Reporting Standards as adopted by the European union.

___________________	_________________	__________________	__________________
Juris Gulbis Chairman of the Board	Guntars Levics Member of the Board	Inta Liepa Member of the Board	Agita Baltbārde Member of the Board

Consolidated statement of comprehensive income

	Note	2024 EUR	2023 EUR
Revenue	1	121 101 456	102 022 728
Cost of sales	2	(96 878 386)	(82 213 862)
Gross profit		**24 223 070**	**19 808 866**
Selling expenses	3	(2 489 628)	(2 123 082)
Administrative expenses	4	(6 576 868)	(6 050 924)
Other operating income	5	2 736 756	1 761 642
Other operating expense	6	(1 309 531)	(1 386 087)
Profit from investments in associates	14 (b)	213 067	770 412
Profit/ (loss) from revaluation of investments		(42 900)	(11 131)
EBIT*		**16 753 966**	**12 769 696**
Interest income and similar income		528 130	186 531
Interest expenses and similar expenses	8	(2 006 096)	(1 780 712)
Profit before corporate income tax		**15 276 000**	**11 175 515**
Corporate income tax	9	(1 805 269)	(930 525)
Profit and comprehensive income for the reporting year		**13 470 731**	**10 244 990**
Of which:			
Share of profit attributable to non-controlling interests		1 484 572	1 597 929
Share of profit attributable to the shareholders of the Parent company		11 986 159	8 647 061

Notes on pages 16 to 53 are an integral part of these financial statements.

* See section a) of the Significant accounting policies of the Group for an explanation on the addition of a non-IFRS indicator.

Juris Gulbis
Chairman of the Board

Guntars Levics
Member of the Board

Inta Liepa
Member of the Board

Agita Baltbārde
Member of the Board

Anžela Vjaževiča
Chief accountant

Consolidated statement of financial position

ASSETS	Note	31.12.2024. EUR	31.12.2023. EUR
NON-CURRENT ASSETS			
Goodwill	10	8 010 727	4 895 188
Intangible assets	11	3 687 191	4 457 021
Property, plant and equipment	12	28 604 643	24 282 113
Right of use assets	13	10 523 218	7 972 837
Advance payments for property, plant and equipment	12	564 223	1 427 019
Investments in associates	14	6 423 369	6 128 574
Other securities and investments	15	-	50 000
Other non-current assets	16	825 640	464 292
TOTAL NON-CURRENT ASSETS		**58 639 011**	**49 677 044**
CURRENT ASSETS			
Inventory	17	1 846 482	2 012 706
Trade receivables and contract assets	18	20 227 861	18 066 588
Other current assets	19	1 572 356	1 022 274
Cash and cash equivalents	20	22 254 601	20 449 571
TOTAL CURRENT ASSETS		**45 901 300**	**41 551 139**
TOTAL ASSETS		**104 540 311**	**91 228 183**

Notes on pages 16 to 53 are an integral part of these financial statements.

Consolidated statement of financial position (continued)

EQUITY AND LIABILITIES	Note	31.12.2024. EUR	31.12.2023. EUR
EQUITY			
Share capital	21	13 580 000	346 000
Reserves	21	10 926	-
Retained earnings		35 275 979	41 058 416
Equity attributable to the shareholders of the Parent company		**48 866 905**	**41 404 416**
Non-controlling interest		4 807 843	5 100 595
TOTAL EQUITY		**53 674 748**	**46 505 011**
LIABILITIES			
NON-CURRENT LIABILITIES			
Issued debt securities	23	-	13 752 808
Loans from credit institutions and other borrowings	24	7 240 720	6 029 724
Deferred tax liabilities	9	1 933 340	1 321 874
Deferred income	25	1 359 515	1 963 217
Other non-current liabilities	26	2 307 510	3 144 671
TOTAL NON-CURRENT LIABILITIES		**12 841 085**	**26 212 294**
CURRENT LIABILITIES			
Issued debt securities	23	13 874 316	-
Loans from credit institutions and other borrowings	24	2 763 918	2 051 721
Trade payables		6 833 722	7 711 278
Taxes and state mandatory social insurance payments	27	2 282 893	1 776 647
Deferred income	25	839 508	665 560
Unpaid dividends		1 945 000	-
Other current liabilities	26	9 485 121	6 305 672
TOTAL CURRENT LIABILITIES		**38 024 478**	**18 510 878**
TOTAL LIABILITIES		**50 865 563**	**44 723 172**
TOTAL EQUITY AND LIABILITIES		**104 540 311**	**91 228 183**

Notes on pages 16 to 53 are an integral part of these financial statements.

Juris Gulbis Chairman of the Board	Guntars Levics Member of the Board	Inta Liepa Member of the Board	Agita Baltbārde Member of the Board

Anžela Vjaževiča
Chief accountant

Consolidated statement of cash flows

	Note	2024	2023
Cash flow from operating activities		**EUR**	**EUR**
Profit before corporate income tax		**15 276 000**	**11 175 515**
Adjustments for			
decrease in value of property, plant and equipment and right of use assets		7 319 067	7 111 944
decrease in value of intangible assets		1 490 243	458 546
(profit)/ loss on disposal of property, plant and equipment		(37 941)	145 761
profit from investments in associates		(507 055)	(770 412)
profit from other non-current investments		-	11 131
interest and similar income		(528 130)	(186 531)
interest and similar expense		1 884 588	1 668 239
Profit before adjustments of working capital and non-current liabilities		***24 896 772***	***19 614 193***
Increase in receivables		(1 022 667)	(4 098 309)
Increase in inventory		188 956	(431 254)
(Decrease)/increase in payables		(28 150)	1 582 061
Gross cash flow from operating activities		**24 034 911**	**16 666 691**
Corporate income tax payments		(1 095 730)	(216 589)
Net cash flow from operating activities		**22 939 181**	**16 450 102**
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash		(6 421 817)	(1 676 732)
Acquisition of property, plant and equipment and intangibles		(6 656 143)	(8 556 848)
Proceeds from sales of property, plant and equipment and intangibles		874 525	565 915
Dividends received		818 272	826 047
Interest received		518 536	186 531
Net cash flow from investing activities		**(10 866 627)**	**(8 655 087)**
Cash flow from financing activities			
Repayment of borrowings		(104 941)	(51 827)
Grants and donations received		341 593	252 284
Payments for leased assets		(3 120 612)	(1 763 436)
Interest paid		(1 842 570)	(1 744 864)
Dividends paid		(18 494 994)	(2 216 662)
Increase of share capital		12 954 000	-
Net cash flow from financing activities		**(10 267 524)**	**(5 524 505)**
Net cash flow of the reporting year		**1 805 030**	**2 270 510**
Cash and cash equivalents at the beginning of the reporting year		**20 449 571**	**18 179 061**
Cash and cash equivalents at the end of reporting year	20	**22 254 601**	**20 449 571**

Notes on pages 16 to 53 are an integral part of these financial statements.

Juris Gulbis	Guntars Levics	Inta Liepa	Agita Baltbārde
Chairman of the Board	Member of the Board	Member of the Board	Member of the Board

Anželа Vjaževiča
Chief accountant

Consolidated statement of changes in equity

	Share capital	Reserves	Retained earnings	Equity attributable to the shareholders of the Parent company	Non-controlling interest	Total equity
	EUR	EUR	EUR	EUR	EUR	EUR
As at 31 December 2022	**346 000**	**-**	**34 225 053**	**34 571 053**	**3 718 601**	**38 289 654**
Comprehensive income						
Profit for the year	-	-	8 647 061	8 647 061	1 597 929	10 244 990
Transactions with the shareholders of the Group						
Dividends	-	-	(1 815 000)	(1 815 000)	(194 062)	(2 009 062)
Acquisition of subsidiary	-	-	1 302	1 302	(21 873)	(20 571)
As at 31 December 2023	**346 000**	**-**	**41 058 416**	**41 404 416**	**5 100 595**	**46 505 011**
Comprehensive income						
Profit for the year	-	-	11 986 159	11 986 159	1 484 572	13 470 731
Transactions with the shareholders of the Group						
Increase of share capital	13 234 000	-	(280 000)	12 954 000	-	12 954 000
Reserves	-	10 926	(10 926)	-	-	-
Dividends	-	-	(17 832 765)	(17 832 765)	(2 607 229)	(20 439 994)
Acquisition of subsidiary	-	-	355 095	355 095	829 905	1 185 000
As at 31 December 2024	**13 580 000**	**10 926**	**35 275 979**	**48 866 905**	**4 807 843**	**53 674 748**

Notes on pages 16 to 53 are an integral part of these financial statements.

Juris Gulbis
Chairman of the Board

Guntars Levics
Member of the Board

Inta Liepa
Member of the Board

Agita Baltbārde
Member of the Board

Anžela Vjaževiča
Chief accountant

Notes to the consolidated financial statements

General information on the Group

AS “CleanR Grupa” and its subsidiaries (hereinafter – the Group) provide a wide range of services: investment activities, waste management, sorting of recyclable materials separated from waste and the sale of sorted materials, indoor and outdoor cleaning services, residential property management, provision of energy efficiency services to residents of multi-apartment buildings, and other forms of cooperation aimed at managing and servicing residential property management companies. The Group consists of 20 companies, with the largest net turnover generated by SIA “Clean R”, SIA “Zaļā Josta”, SIA “Vizii Urban”, and SIA “CleanR Verso”. Information about the Group is provided in a separate section of this annual report on pages 3 to 5.

In 2024, the parent company of the Group made a decision on the reorganisation of the Group’s subsidiary SIA “Clean R”, by separating the assets of SIA “Clean R” as a set of items and transferring them to SIA “CleanR Industry” and SIA “CleanR NĪ”. As part of the reorganisation, separate business lines and their related assets and liabilities were split off as a set of items with the objective of allowing each acquiring company to focus on its core business activities, thus promoting faster growth. The reorganisation was completed in October 2024, and as a result, SIA “Clean R”, through the transfer of a set of items, transferred assets in the amount of EUR 10.7 million, retained earnings from previous years in the amount of EUR 8.7 million, and liabilities in the amount of EUR 2 million to the acquiring companies.

This reorganisation had no impact on the consolidated financial statements, as it was accounted for as a transaction under common control.

Expanding into new business segments, in November 2024, the Group’s subsidiary SIA “Clean R” acquired SIA “Lautus”. SIA “Lautus” is engaged in the collection and transportation of healthcare, bulky, and hazardous waste; maintenance of separate waste collection systems; processing of collected healthcare waste, ensuring complete and safe neutralisation of infectious waste; as well as collection of liquid waste using vacuum methods and sanitation services throughout Latvia.

The financial statements were approved by the Board of the Parent company on 29 April 2025. Financial statements are subject to approval by the Shareholder meeting, which is appointed by the Board of the Parent company after receipt of the independent auditors’ report.

Summary of Group’s significant accounting policies

This section sets out the significant accounting policies and valuation methods that have been applied in the preparation of these financial statements. These policies are applied consistently in the presentation of all comparative information unless stated otherwise.

a) General accounting and valuation principles

These Group’s consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the EU. Due to the European Union endorsement process, this note also includes standards and interpretations that have not yet been endorsed for use in the European Union, as these standards and interpretations may have an impact on the financial statements of future periods when they are endorsed.

The financial statements are prepared on the historical cost basis. The statement of cash flows is prepared using the indirect method. The income statement is classified by function of expense.

The non- IFRS indicator EBIT is presented on the income statement. This is customary in the industry and enables investors with a better comparability with other companies operating in the same industry. For the purpose of these financial statements, EBIT is calculated as profit before finance income, finance expenses and corporate income tax. EBIT may be calculated differently in the financial statements of other companies.

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

Notes to the consolidated financial statements (continued)

Summary of Group's significant accounting policies (continued)

b) Consolidation principles

Business combinations

Business combinations are accounted for using the acquisition method other than those acquired from parties under common control. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree and previously interest held in acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. The cost method is used to account for the acquisition of subsidiaries, other than those acquired from parties under common control.

Subsidiaries

The consolidated financial statements include subsidiaries that are controlled by the Parent company of the Group.

Control is achieved when the Parent company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Parent company of the Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Parent company of the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

Consolidation of a subsidiary begins when the Parent company of the Group obtains control over the subsidiary and ceases when the Parent company of the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Parent company of the Group gains control until the date when the Parent company of the Group ceases to control the subsidiary. If the purchase date of shares as per agreement significantly differs from the date disclosed by the Company register, the purchase date used for consolidation purposes is the date as per agreement, unless specified otherwise in the agreement.

Periods for the preparation of financial statements of the Parent company of the Group and subsidiaries are equal. Consolidated financial statements are prepared using uniform accounting policies. Where necessary, the accounting policies and valuation principles applied by the subsidiaries of the Group are changed to ensure consistency with the Group's accounting policies and valuation principles.

Financial statements of the Parent company of the Group and subsidiaries thereof have been consolidated in the Group's financial statements by consolidating the respective assets, liabilities, revenue and expense items.

Non-controlling interest in the performance of the subsidiaries and equity, is presented separately within the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position.

Elimination of intra-group transactions

The consolidated financial statements comprise the financial statements of the Parent company and its subsidiaries for the year ended 31 December 2024. All intragroup transactions, intragroup balances and unrealised gains on intragroup transactions are eliminated during consolidation.

Notes to the consolidated financial statements (continued)

Summary of Group's significant accounting policies (continued)

Goodwill

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in income statement as incurred. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Impairment test is performed annually or more frequently if events or changes in circumstances indicate that it might be impaired. Loss from goodwill impairment is recognized in consolidated statement of comprehensive income.

Any negative amount of goodwill is recognized in income statement, after the management reassesses whether it has identified all the assets acquired and all liabilities and contingent liabilities assumed and reviews appropriateness of their measurement.

Goodwill is not amortized; instead, it is tested for impairment at the end of each financial period. Following initial recognition, goodwill is measured at purchase cost less any accumulated impairment losses. An impairment loss in respect of goodwill is not reversed.

c) Investments in associated companies

Investments in associated companies are presented using equity method. In accordance with this method, the value of investment in the associated company is disclosed as a sum of goodwill at the acquisition date and proportion of shareholding in associates' equity at the balance sheet date.

At the end of the reporting period the balance sheet value of the associate is increased or decreased proportionately to the share of the Group in the associate's profit or loss for the year (after the acquisition date) or any other changes in equity and/or permanent decrease in goodwill value to its refundable amount. Where necessary, the accounting policies and valuation principles applied by the associated companies of the Group are changed to ensure consistency with the Group's accounting policies and valuation principles. Profit distribution is recognised in the period subsequent to the reporting period subject to the shareholders decision on profit distribution.

d) Foreign currency translation

Functional and presentation currency

The financial statements are prepared, and all items are presented in euro (EUR), which is the functional and presentation currency of the Group and the Parent company. All items in the Group's financial statements are presented in EUR, unless stated otherwise.

Transactions and balances in foreign currencies

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 reconciliation 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, loans issued and borrowings taken 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 income statement.

Notes to the consolidated financial statements (continued)

Summary of Group’s significant accounting policies (continued)

e) Intangible assets

Intangible assets are mainly comprised of costs of software and licences, as well as patents and trademarks. Where computer software is an integral part of the related hardware that cannot operate without that specific software, it is treated as property, plant and equipment.

Intangible assets are initially recognised at cost. Intangible assets have a finite useful life. After initial recognition, intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and, where the carrying amount of the intangible investment is greater than its estimated recoverable amount, which is the highest of the fair value less costs to sell and the value in use of the intangible investment, the carrying amounts thereof are immediately reduced to the recoverable value by recognising the difference in the income statement. Impairment indicators are assessed at the end of each reporting date.

Recoverable value of intangible assets, which are not yet ready to be used, is determined annually, irrespective of whether there is any indication that it may be impaired. For the purposes of assessing impairment, intangible assets are grouped at the lowest level, for which there are separately identifiable cash flows.

Subsequent costs are included in the carrying amount of an intangible asset or recognised as a separate intangible asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Other costs are expensed in the income statement as incurred.

Intangible assets are amortized using the straight-line method over their useful lives. Intangible assets are amortised by 20% - 33% per annum.

f) Property, plant and equipment

Property, plant and equipment items are carried at cost less accumulated depreciation and impairment losses, if any. Depreciation 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
Buildings and engineering structures	2.5 – 10
Technological equipment	10 – 25
Other fixed assets and inventory	10 – 50

Land is not depreciated, as its useful life is assumed to be infinite.

If separate components of one property, plant and equipment item have different useful lives, such components are accounted separately with property, plant and equipment. Residual values and useful lives of property, plant and equipment items are reviewed and adjusted (if necessary) at each balance sheet date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to the recoverable amount, which is the higher of an asset’s fair value less costs to sell and its value in use, recognizing the difference in income statement. Impairment assessment is carried out at each reporting date. For the purposes of assessing impairment, assets are grouped at the lowest level, for which there are separately identifiable incoming cash flows.

Any profit or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss statement in the year the property, plant and equipment item is derecognised.

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.

Purchase costs of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Interest costs on borrowings to finance the construction of property, plant and equipment and other operating costs directly attributable to the construction of property, plant and equipment (costs of own labour, materials and other costs) are capitalized as part of the cost of the asset during the period that is required to complete and prepare the property for its intended use. Capitalisation of the borrowing costs is suspended during extended periods in which active developments are interrupted.

Notes to the consolidated financial statements (continued)

Summary of Group’s significant accounting policies (continued)

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

g) Inventories

Inventories are carried at the lower of cost or net realisable value. Cost is calculated using the FIFO method. Net realisable value is the estimated selling price in the ordinary course of business less applicable costs to complete and variable selling costs. Where required, slow moving, obsolete or damaged inventories are written down.

The Group accounts for and values by-products (recyclable materials) at their net realizable value, recognizing any difference in the income statement for the reporting year, as well as making appropriate adjustments to the inventories value.

h) Financial instruments

Financial assets and financial liabilities are recognised in the Group’s statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

i) Financial assets

Group's financial assets include other securities and investments, loans issued, trade receivables, contract assets, and cash and cash equivalents. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Subsequent measurement

After the initial measurement, financial assets, except for the assets recognized at fair value, are measured at the amortised cost by applying effective interest rate method less impairment. Amortised cost is calculated taking into account the purchase discount or bonus, as well as fees or costs, which form integral part of the effective interest rate.

Notes to the consolidated financial statements (continued)

Summary of Group’s significant accounting policies (continued)

Financial assets recognised at fair value are remeasured at each balance sheet date. The Group’s FVTPL are comprised of other securities and investments, which the management of the Group has elected to present as such. Fair value of these instruments is determined based on the fair value of the underlying net assets.

Derecognition

A financial asset is derecognized if:
- the contractual rights to the cash flows from the financial asset expire;
- the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay cash flows without material delay to a third party based on and earlier arrangement without any profit arising
- the Group transfers the contractual rights to receive the cash flows of the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset to a third party, or (b) it neither transfers no retains substantially all the risks and rewards of ownership of these assets but has transferred control over the item of financial asset.

If the Group transfers the contractual rights to receive cash flows from the respective financial assets but does not transfer the risks and rewards, nor transfers control over the respective financial asset, the asset continues to be recognized to the extent of the Group’s continuing involvement. When the Group’s continuing involvement takes the form of guaranteeing the transferred asset, the extent of the Group’s continued involvement is the lower of the amount of the asset and the maximum amount of the consideration received that the Group may be required to repay.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances of current account with banks and short-term deposits with maturity up to 90 days.

Impairment of financial assets

The Group assess on a forward-looking basis the expected credit losses (“ECL”) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The measurement of ECL reflects:
- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes,
- time value of money and
- all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

For trade receivables and contract assets without a significant financing component, the Group applies a simplified approach permitted by IFRS 9 and measures the allowance for impairment losses at expected lifetime credit losses from initial recognition of the receivables.

The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

As individual assessment is not possible due to the large number of individual balances, only the significant debtors are assessed individually. Receivables that are not individually assessed for impairment are classified into groups of receivables based on days overdue and are collectively assessed for impairment.

j) Financial liabilities

Initial recognition and measurement

The Group's financial liabilities consist of borrowings, issued debt securities, contract liabilities, accounts payable to suppliers and contractors and other liabilities. Financial liabilities are classified as financial liabilities at amortised cost. Group determines classification of financial liabilities at the moment of initial recognition thereof. All the financial liabilities are initially measured at their fair value, plus directly attributable transaction costs.

Notes to the consolidated financial statements (continued)

Summary of Group’s significant accounting policies (continued)

Subsequent measurement

After the initial recognition, financial liabilities are measured at their amortised cost by applying effective interest rate method.

Amortised cost is calculated taking into account the purchase discount or bonus, as well as fees or costs, which form integral part of the effective interest rate. Interest calculated under effective interest rate method is included in the income statement line item “interest expenses and other similar expenses”.

Derecognition

A financial liability is derecognized, if the obligation specified in the contract is discharged, cancelled or expired. Where there has been an exchange of existing financial instrument and new financial instrument, involving an existing lender, however with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the respective carrying amounts is recognized in consolidated statement of comprehensive income.

k) Offsetting financial instruments

Financial assets and liabilities are offset and net amount is presented in the statement on financial position only in case of valid legal rights to perform mutual offsetting and recognise the amounts, and there is intent to perform net settlements or sell the asset and settle the liabilities at the same time.

l) Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

Notes to the consolidated financial statements (continued)

Summary of Group's significant accounting policies (continued)

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the property, plant and equipment' policy (section f) of the Summary of Group's significant accounting policies).

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in income statement accordingly.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient for all such leases where there is a non-lease component and its separation is impracticable.

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

m) Grants

Grants received for specific capital-investments are accounted as deferred income that is recognized in income statement on a systematic basis over the useful lives of the property, plant and equipment items received or purchased for grants.

n) Employees' benefits

Short-term employee benefits are recognized as a current expense in the period when employees render services. These include salaries, social insurance contributions, bonuses, accruals for unused annual leave and other benefits.

The Group makes social insurance contributions to the state-funded pension scheme in accordance with Latvian laws. The state-funded pension scheme is a defined contribution pension plan, and the Group is required to make contributions of statutory amount. The Group does not incur any additional legal or constructive obligations to make additional payments if the state-funded pension scheme is unable to meet its obligations to employees. Social insurance contributions are recognised as an expense on an accrual basis and recognised under Personnel expenses.

Notes to the consolidated financial statements (continued)

Summary of Group’s significant accounting policies (continued)

The accrued unused annual leave expenses are calculated by multiplying the number of days of unused leave at the end of the accounting year by the average daily salary during the last six months of the reporting year.

o) Corporate income tax and deferred income tax

The corporate income tax consists of the income tax calculated for the reporting year and deferred income tax.

Current tax

Corporate income tax is calculated based on legislation enforced at the end of the reporting year. In case of reinvestment of profit, corporate income tax rate on retained earnings is 0%. Distributed profits are taxed at a rate of 20% of their gross amount or 20/80 of net expenses.

Corporate income tax on dividends is recognised as an expense in the income statement in the accounting period in which the dividend is declared and, for other items of deemed profit, when the cost is incurred within the accounting year, irrespective of when the payment is made. Corporate income tax on deemed profit distribution is recognised in the income statement as part of “Other operating expenses”.

Deferred income tax

Deferred taxes are calculated using the balance sheet liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantially enacted at the statement of financial position date.

In accordance with IAS 12 Income Taxes, when the income tax is payable at a higher or lower rate, depending on whether the profit is distributed, the current and deferred tax assets and liabilities are measured at the tax rate applicable to undistributed profits. In Latvia the applicable rate for undistributed profits is 0%.

As a Parent company controls the dividend policy of its subsidiaries, it is able to control the timing of the reversal of temporary differences associated with these investments including the temporary differences arising from undistributed profits. Therefore, in the consolidated financial statements the Group recognizes deferred tax liabilities in the respect of its investments in subsidiaries using tax rate applicable to distributed profits. In cases the Parent company of the Group has determined that subsidiary’s profits will not be distributed in the foreseeable future, no deferred tax liability is recognised.

p) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the liability.

If the Group expects to receive reimbursement for some or all of the costs required to create the provisions, the reimbursement of those costs is recognised as a separate asset if, and only if, it is virtually certain that the expenses will actually be reimbursed. The cost of provisions is recognised in the Consolidated income statement, net of amounts recovered.

q) Revenue recognition

Revenue is recognised in accordance with IFRS 15 “Revenue from contracts with customers”, whereas principles for revenue recognition are prescribed. In order to determine, when and in what amount revenue should be recognised, the Group applies five-step revenue recognition model. Depending on compliance with particular criteria, revenue is recognized:

- over the time by reflecting the Group company's fulfilment of the contract; or
- at a certain point in time.

IFRS 15 stipulates principles the Group should comply with to present qualitative and quantitative information, which would provide the users of the financial statements with useful information on the nature, amount, time and uncertainty of revenue and cash flow, which originates from a contract with customer.

Notes to the consolidated financial statements (continued)

Summary of Group’s significant accounting policies (continued)

IFRS 15 provides that the asset should be recognised for extra costs, arising from the acquisition of the contracts with customers, when the recovery of such expenses is expected over time. Taking into account the specifics of the operations of the Group, there are no contractual costs to be capitalised.

Revenue from contracts with customers is recognised based on fulfilment of performance obligations towards the customer. Revenue is recognised to the extent that reflects the remuneration expected by the Group to be received in exchange for goods or services provided. Model provides for revenue recognition once the services are provided and accepted by the customer even if these services are not invoiced, however, there is a high probability that the Group will receive the economic benefits arising from the transaction. Accounting policies for main types of revenue of the Group are described below.

Provision of services

Revenue generated from the services is recognised during the period of provision of these services according to the requirements and conditions of the contract.

Services included in the contract may be separated, and they are priced separately. Revenue from these services is recognised separately – in the period of provision of the service.

Key types of the services provided by the Group are:

1) Waste management

The Group provides the collection of sorted and unsorted household waste in Rīga, Jūrmala, Ogre, Ķekava and Ropaži municipalities, Inčukalns, Carnikava, Ikšķile, Tīnūži, Ozolnieki, Cena and Nīca parishes, as well as in the territory of Dagda Association. It also carries out separate collection of biodegradable and textile waste, providing the necessary infrastructure for this purpose. In parallel, the Group operates in the field of commercial and industrial waste management.

The Group also provides management of used packaging, single-use tableware and cutlery, textiles, plastic-containing products, environmentally harmful goods, and waste from electrical and electronic equipment, enabling producers to obtain exemption from the Natural Resources Tax.

The Group ensures that waste generated as a result of producers’ economic activities is collected, processed, and returned to secondary circulation.

The Group is also engaged in hazardous waste management, including the collection and treatment of healthcare waste, ensuring complete and safe neutralisation of infectious waste, as well as the collection of liquid waste using vacuum technology and the performance of sanitation works throughout Latvia.

2) Waste sorting

The Group owns the largest household waste sorting centre in Latvia and the Baltics, with an annual capacity of 270,000 tonnes of waste per year. The Group also operates 13 sorted waste collection sites and carries out the sorting and further sale for recycling into new materials of separately collected and recyclable materials from residents and businesses – paper, cardboard, metal, plastic, glass.

The Group’s construction waste sorting and recycling centre provides construction waste sorting of up to 25 tonnes per hour, with the volume of recovered and reusable materials reaching more than 90%.

3) Recycling of waste

The Group’s plastics recycling plant specialises in the processing of various types of used polymer packaging. From recyclable plastic waste, high-quality polyethylene or polypropylene pellets are produced, which are used as raw materials in the manufacture of various new products. In addition, at waste processing centres, high-quality fuel material (referred to locally as NAIK), produced from non-recyclable waste residues, is used as an alternative fuel in cement production, as well as in recovery stations as fuel for heat and electricity generation.

4) Revenue from cleaning services

The Group provides daily cleaning services for commercial, industrial, public spaces, and office premises of varying complexity, as well as general deep cleaning. In its operations, it uses innovative, robotic cleaning solutions and environmentally friendly cleaning agents.

5) Revenue from real estate management and maintenance fees

The Group provides residential building management and commercial property maintenance services in Latvian cities – Rīga, Cēsis, Sigulda, and Valmiera.

Notes to the consolidated financial statements (continued)

Summary of Group’s significant accounting policies (continued)

6) Services related to the environmental maintenance

The Group provides maintenance of territories, streets, roads, and urban environments. Maintenance services also include landscaping, beach cleaning, daily all-season area maintenance, cleaning of public spaces including event venues, as well as specialised services for the upkeep of public roads during the winter season.

Sale of goods

Revenue from sale of goods is recognised at the moment of transfer of control over the respective goods, which is usually the moment, when the Group has sold or supplied goods to the client, the client has accepted the goods, and the receipt of payment is reasonably certain.

Other income

Other revenue from provision of services is recognised during the period of provision thereof. Other revenue from selling of materials is recognised, when the buyer has accepted them.

r) Related parties

Related parties are defined as shareholders of the Group companies, members of the Council and the Board, their close relatives and companies in which they have a significant influence or control.

s) Subsequent events

Post-year-end events that provide additional information about the Group’s position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post-year-end events that are not adjusting events are disclosed in the notes only when material.

t) Contingent liabilities and assets

Contingent liabilities are not recognised in these 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 these financial statements but disclosed when an inflow of economic benefits is probable.

u) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/ non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed within the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled within the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

v) Research and development costs

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 income statement for the respective reporting period.

Notes to the consolidated financial statements (continued)

Summary of Group’s significant accounting policies (continued)

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 Group.

w) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset’s highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Information to be disclosed as part of the Group’s accounting policy and consolidated financial statements, foresees measurement of fair value of financial and non-financial assets and liabilities.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for respective assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable in the market;
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

When applicable, further information about the assumptions made in determining fair values is disclosed in the consolidated financial statements specific to that asset or liability.

The carrying value of the Group’s current financial assets and liabilities is assumed to approximate to their fair value. Fair value of the remaining financial instruments is estimated by discounting the expected future cash flows to net present values using appropriate market interest rates available at the end of the reporting period.

Notes to the consolidated financial statements (continued)

Summary of Group's significant accounting policies (continued)

x) Estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS as adopted by the EU requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. The significant areas of estimation used in the preparation of the accompanying consolidated financial statements relate to useful lives of property, plant and equipment, estimated credit losses for financial assets, as well as goodwill impairment evaluation. Although these estimates are based on the management's best knowledge of current events and actions, the actual results may ultimately differ from those estimates. Key estimates and assumptions used in the preparation of these consolidated financial statements are described below.

Useful lives of property, plant and equipment

Useful lives of property, plant and equipment are assessed annually and changed, if necessary, to reflect the management's current view in the light of technological changes, the remaining prospective economic useful life of assets and their physical condition. Information on the useful lives of property, plant and equipment has been presented in section f) to the accounting policy.

Impairment of financial assets

The Group assess on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. Principles of impairment calculations are described in the section i) to the accounting policy.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value (see Note 10).

Notes to the consolidated financial statements (continued)

1. Revenue

	2024 EUR	2023 EUR
Revenue from contracts with customers (IFRS 15):		
Income from waste collection (NACE 38.11)	57 516 116	49 687 545
Income from cleaning activities (NACE 81.22)	26 210 251	17 849 147
Income from the management of packaging, environmentally harmful goods, and electrical and electronic equipment (NACE 38.32)	17 088 019	14 699 186
Income from recycling (NACE 38.21)	10 290 159	8 699 813
Sale of goods (NACE 46.90)	6 102 275	4 975 036
Income from real estate management (NACE 68.32)	1 726 865	2 885 470
Income from technical maintenance services (NACE 81.00)	1 006 810	955 860
Income from sludge acceptance (NACE 38.11)	345 177	432 893
Construction services (NACE 43.11)	134 268	8 228
Other revenue	681 516	1 829 550
TOTAL:	**121 101 456**	**102 022 728**

Net sales by geographic markets	2024 EUR	2023 EUR
Latvia	115 702 427	97 599 928
European Union and EEA	5 045 271	4 420 750
Other countries	353 758	2 050
TOTAL:	**121 101 456**	**102 022 728**

In both 2024 and 2023, the Group had one customer whose revenue accounted for more than 10% of the Group’s total revenue.

2. Cost of sales

	2024 EUR	2023 EUR
Direct cost of waste management	24 901 618	19 267 566
Salaries (see Note 7)	23 553 471	20 261 488
Cost of packaging, environmentally harmful goods, and electrical and electronic equipment collection and recycling	12 703 433	10 280 983
Depreciation of property, plant and equipment	7 162 302	5 893 667
Social insurance contributions (see Note 7)	5 324 876	4 752 152
Transportation and handling of goods	3 281 525	1 737 129
Energy costs	2 161 183	2 253 863
Amortisation of intangible assets	1 167 615	433 715
Repair of own and leased assets	372 409	174 233
Cost of property management	234 602	1 553 470
Other costs of sales	16 015 352	15 605 596
TOTAL:	**96 878 386**	**82 213 862**

Notes to the consolidated financial statements (continued)

3. Selling expenses

		2024	2023
		EUR	*EUR*
Advertising expenses		1 607 432	1 181 171
Salaries (see Note 7)		482 670	404 582
Social insurance contributions (see Note 7)		113 887	97 416
Depreciation of property, plant and equipment		11 737	1 836
Other selling expenses		273 902	438 077
	TOTAL:	**2 489 628**	**2 123 082**

4. Administrative expenses

		2024	2023
		EUR	*EUR*
Salaries (see Note 7)		3 079 614	2 761 933
Professional fees*		1 883 354	1 871 350
Social insurance contributions (see Note 7)		695 745	644 798
Rental expenses (short term lease) and fuel expenses		210 243	173 565
Depreciation of property, plant and equipment and intangible assets		108 703	115 287
Office maintenance expenses		138 445	202 043
Audit fees		137 553	104 205
Business trip expenses		58 682	49 028
Other administrative expenses		264 529	128 715
	TOTAL:	**6 576 868**	**6 050 924**

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

5. Other operating income

		2024	2023
		EUR	*EUR*
Release of deferred income		771 347	648 659
Profit on sale of shares		715 763	-
Penalties received		446 886	404 976
Income from the sublease of premises		247 518	242 966
Income from sale of property, plant and equipment		-	71 973
Decrease of expected credit losses		-	202 084
Other income		555 242	190 984
	TOTAL:	**2 736 756**	**1 761 642**

Notes to the consolidated financial statements (continued)

6. Other operating expense

		2024	2023
		EUR	*EUR*
Donations		508 250	21 500
Provisions for doubtful receivables		84 974	-
Loss on disposal of fixed assets		37 941	-
Depreciation of fixed assets		36 326	-
Penalties		35 720	21 405
Amortisation of intangible assets		-	669 900
Other expenses		606 320	673 282
	TOTAL:	**1 309 531**	**1 386 087**

7. Remuneration and average number of employees

Average number of employees during the reporting year		**2024**	**2023**
Average number of Council members during the reporting year		3	3
Average number of Board members during the reporting year		4	4
Average number of other employees during the reporting year		1 917	1 710
	TOTAL:	**1 924**	**1 717**

		2024	2023
		EUR	*EUR*
Salary		22 819 327	20 399 377
State social insurance contributions		6 141 209	5 440 889
Bonuses		2 244 947	2 201 632
Health, life and accident insurance expenses		265 202	238 679
Other employee related costs		247 737	263 316
	TOTAL:	**31 718 422**	**28 543 893**

Notes to the consolidated financial statements (continued)

8. Interest expenses and similar expenses

	2024	2023
	EUR	*EUR*
Interest expenses on borrowings from credit institutions	7 282	12 639
Interest expenses on bonds issued	1 556 618	1 454 324
Interest expenses on lease liabilities	441 541	310 434
Other interest expenses and similar expenses	655	4 315
TOTAL:	**2 006 096**	**1 780 712**

9. Corporate income tax and deferred income tax

	2024	2023
	EUR	*EUR*
Corporate income tax for the reporting year	1 193 803	216 589
Deferred income tax expenses	611 466	713 936
TOTAL:	**1 805 269**	**930 525**

Corporate income tax is presented under following consolidated financial statement line items:

	31/12/2024	31/12/2023
	EUR	*EUR*
Liabilities		
Taxes and state mandatory social insurance payments	169 018	70 945
Deferred tax liabilities	1 933 340	1 321 874

During the reporting period the Group recognised deferred tax on dividends from the subsidiaries of the Group that are to be distributed in the foreseeable future. Movement in deferred tax was as follows:

	2024	2023
	EUR	EUR
At the beginning of the reporting year	**1 321 874**	**607 938**
Increase of deferred tax	611 466	713 936
At the end of the reporting year	**1 933 340**	**1 321 874**

Notes to the consolidated financial statements (continued)

10. Goodwill

	2024	2023
	EUR	EUR
Balance as at 1 January	**4 895 188**	**3 278 881**
Purchase of SIA "KOM-AUTO" (see note 34)	-	1 616 307
Purchase of SIA "LAUTUS" (see note 34)	3 115 539	-
Balance as at 31 December	**8 010 727**	**4 895 188**

Assessment of recoverable value

The management of the Group reviewed recoverability of goodwill, as well as property, plant and equipment and intangible assets. Recoverable value was determined by applying the income approach, which is based on the assumption that the current value is closely related to the future income to be generated by the Group’s companies.

Calculation of value is based on several assumptions:

- Cash flow forecast is prepared on the basis of the management forecasts for a period not exceeding five years, with a terminal value estimate at the end of 2029.
- Income and expenses are forecasted on the basis of actual performance indicators for the last three years, taking into account changes in the service contract pipeline, operational volume, prices, and planned development trends in the relevant sectors.
- In order to calculate current value of the relevant company, the Group's management applied discount rates (weighed average cost of capital) of 14%.
- Terminal value is estimated based on Gordon growth model in perpetuity with 0.5% perpetual growth rate of cash flows, setting rather conservative approach towards impairment assessment.

No impairment was recognised in the Group in 2023 and 2024.

Results of sensitivity analysis:

Management of the Group has determined that from all the variables used in calculations, the most significant impact on the results is from the changes in discount rate. If the discount rate would increase by 1%, results of the assessment would stay the same. Only in the case of a 5% increase in the discount rate, reaching 19%, an impairment of approximately EUR 160 thousand would need to be recognised (2023: approximately EUR 27 thousand). A decrease in the discount rate does not affect the outcome of the assessment.

Notes to the consolidated financial statements (continued)

11. Intangible assets

	Concessions, patents, licenses, trademarks and similar rights	Other intangible assets	Intangible asset development costs	Total
	EUR	**EUR**	**EUR**	**EUR**
As at 31 December 2022				
Cost	7 394 713	1 947 256	174 793	9 516 762
Accumulated depreciation	(3 324 082)	(1 159 375)	-	(4 483 457)
Net book value as at 31 December 2022	**4 070 631**	**787 881**	**174 793**	**5 033 305**
2023				
Net book value as at 1 January	**4 070 631**	**787 881**	**174 793**	**5 033 305**
Additions	50 879	103 461	15 007	169 347
Cost of excluded intangible assets	(3 364)	(7 797)	(13 232)	(24 393)
Reclassification	571 091	166 469	(173 849)	563 711
Depreciation	(105 025)	(353 520)	-	(458 545)
Accumulated depreciation of excluded intangible assets	765	7 797	-	8 562
Reclassification	(834 966)	-	-	(834 966)
Net book value as at 31 December	**3 750 011**	**704 291**	**2 719**	**4 457 021**
As at 31 December 2023				
Cost	8 013 319	2 209 389	2 719	10 225 427
Accumulated depreciation	(4 263 308)	(1 505 098)	-	(5 768 406)
Net book value as at 31 December 2023	**3 750 011**	**704 291**	**2 719**	**4 457 021**

Notes to the consolidated financial statements (continued)

	Concessions, patents, licenses, trademarks and similar rights	Other intangible assets	Intangible asset development costs	Total
	EUR	EUR	EUR	EUR
As at 31 December 2023				
Cost	8 013 319	2 209 389	2 719	10 225 427
Accumulated depreciation	(4 263 308)	(1 505 098)	-	(5 768 406)
Net book value as at 31 December 2023	**3 750 011**	**704 291**	**2 719**	**4 457 021**
2024				
Net book value as at 1 January	**3 750 011**	**704 291**	**2 719**	**4 457 021**
Additions	121 928	199 622	87 908	409 458
Result of acquisition and sale of subsidiaries (book value)	132 529	-	-	132 529
Cost of excluded intangible assets	(7 810)	(79 263)	(2 719)	(89 792)
Reclassification	56 488	67 773	(59 977)	64 284
Depreciation	(790 759)	(405 498)	-	(1 196 257)
Result of acquisition and sale of subsidiaries (accumulated depreciation)	(126 431)	-	-	(126 431)
Accumulated depreciation of excluded intangible assets	7 086	42 603	-	49 689
Reclassification	(5 514)	(7 796)	-	(13 310)
Net book value as at 31 December	**3 137 528**	**521 732**	**27 931**	**3 687 191**
As at 31 December 2024				
Cost	8 316 454	2 397 521	27 931	10 741 906
Accumulated depreciation	(5 178 926)	(1 875 789)	-	(7 054 715)
Net book value as at 31 December 2024	**3 137 528**	**521 732**	**27 931**	**3 687 191**

The CleanR trademark is recognised under intangible assets, with a remaining carrying amount of EUR 2,557,800 as of 31 December 2024 (31 December 2023: EUR 3,288,600). The remaining useful life of this trademark is 3.5 years. The Group has no other individually significant intangible assets.

Notes to the consolidated financial statements (continued)

12. Property, plant and equipment

	Land, buildings and engineering structures	Leasehold improvements	Technological equipment and devices	Other fixed assets and inventory	Construc-tion in progress	Advances for fixed assets	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
As at 31 December 2022							
Cost	11 600 595	587 968	17 824 843	11 242 540	5 680 471	184 780	47 121 197
Accumulated depreciation	(4 319 115)	(154 426)	(12 798 571)	(7 071 187)	-	-	(24 343 299)
Accumulated impairment charge	(9 036)	-	-	-	(58 700)	-	(67 736)
Net book value as at 31 December 2022	**7 272 444**	**433 542**	**5 026 271**	**4 171 353**	**5 621 771**	**184 780**	**22 710 161**
2023							
Net book value as at 1 January	**7 272 444**	**433 542**	**5 026 271**	**4 171 353**	**5 621 771**	**184 780**	**22 710 161**
Additions	277 939	100 772	1 088 093	3 314 487	1 940 819	1 707 740	8 429 850
Cost of excluded PPE	(45 318)	(7 403)	(959 776)	(770 037)	(24 385)	-	(1 806 919)
Reclassification	16 657	1 098 935	2 100 785	2 171 677	(851 611)	(405 748)	4 130 695
Reclassified from right of use assets (cost)	-	-	703 302	-	-	-	703 302
Depreciation	(794 496)	(84 013)	(2 365 776)	(1 801 194)	-	-	(5 045 479)
Accumulated depreciation of excluded PPE	3 736	7 403	857 798	710 612	-	-	1 579 549
Reclassification	609	(609)	2 746 805	(1 473 826)	(5 407 503)	(59 753)	(4 194 277)
Reclassification from right of use assets (accumulated depreciation)	-	-	(412 338)	-	-	-	(412 338)
Provision for impairment	(385 412)	-	-	-	-	-	(385 412)
Net book value as at 31 December	**6 346 159**	**1 548 627**	**8 785 164**	**6 323 072**	**1 279 091**	**1 427 019**	**25 709 132**
As at 31 December 2023							
Cost	11 849 873	1 780 272	20 757 247	15 958 667	6 745 294	1 486 772	58 578 125
Accumulated depreciation	(5 109 266)	(231 645)	(11 972 083)	(9 635 595)	(5 407 503)	(59 753)	(32 415 845)
Accumulated impairment charge	(394 448)	-	-	-	(58 700)	-	(453 148)
Net book value as at 31 December 2023	**6 346 159**	**1 548 627**	**8 785 164**	**6 323 072**	**1 279 091**	**1 427 019**	**25 709 132**

Notes to the consolidated financial statements (continued)

	Land, buildings and engineering structures	Leasehold improvements	Technological equipment and devices	Other fixed assets and inventory	Construc-tion in progress	Advances for fixed assets	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
As at 31 December 2023							
Cost	11 849 873	1 780 272	20 757 247	15 958 667	6 745 294	1 486 772	58 578 125
Accumulated depreciation	(5 109 266)	(231 645)	(11 972 082)	(9 635 595)	(5 407 503)	(59 753)	(32 415 844)
Accumulated impairment charge	(394 448)	-	-	-	(58 700)	-	(453 148)
Net book value as at 31 December 2023	**6 346 159**	**1 548 627**	**8 785 164**	**6 323 072**	**1 279 091**	**1 427 019**	**25 709 132**
2024							
Net book value as at 1 January	**6 346 159**	**1 548 627**	**8 785 164**	**6 323 072**	**1 279 091**	**1 427 019**	**25 709 132**
Additions	529 625	64 555	31 585	1 454 328	3 182 828	1 357 075	6 619 996
Result of acquisition and sale of subsidiaries (cost)	3 187 058	30 097	1 116 094	2 439 914	117 753	-	6 890 916
Cost of excluded PPE	(783 030)	-	(1 558 951)	(979 388)	(66 307)	(11 536)	(3 399 212)
Reclassification	697 254	796 101	8 024 797	(3 940 246)	(3 408 016)	(2 208 335)	(38 445)
Reclassified from right of use assets (cost)	-	-	252 189	-	-	-	252 189
Depreciation	(834 214)	(166 618)	(2 524 111)	(1 696 343)	-	-	(5 221 286)
Result of acquisition and sale of subsidiaries (accumulated depreciation)	(1 603 926)	(17 902)	(921 283)	(1 524 582)	-	-	(4 067 693)
Accumulated depreciation of excluded PPE	267 703	-	1 455 678	889 411	-	-	2 612 792
Reclassification from right of use assets (accumulated depreciation)	-	-	(173 030)	-	-	-	(173 030)
Reclassification	-	5 513	(2 308 901)	2 284 995	1 900	-	(16 493)
Net book value as at 31 December	**7 806 629**	**2 260 373**	**12 179 231**	**5 251 161**	**1 107 249**	**564 223**	**29 168 866**
As at 31 December 2024							
Cost	15 480 780	2 671 025	28 622 961	14 933 275	6 571 552	623 976	68 903 569
Accumulated depreciation	(7 279 703)	(410 652)	(16 443 729)	(9 682 114)	(5 405 603)	(59 753)	(39 281 554)
Accumulated impairment charge	(394 448)	-	-	-	(58 700)	-	(453 148)
Net book value as at 31 December 2024	**7 806 629**	**2 260 373**	**12 179 231**	**5 251 161**	**1 107 249**	**564 223**	**29 168 866**

Property, plant and equipment 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 Notes 23 and 24.

Total depreciation for property, plant and equipment and right of use assets is presented within following income statement line items:

	2024	2023
	EUR	EUR
Cost of sales (Note 2)	7 162 302	5 893 667
Administration expenses (Note 4)	108 703	115 287
Other operating expenses (Note 6)	36 326	-
Selling expenses (Note 3)	11 737	1 836
Total	**7 319 068**	**6 010 790**

At 31 December 2024, the Group’s property, plant and equipment comprised fully depreciated property, plant and equipment with historical cost of EUR 8 538 293 (at 31 December 2023: EUR 4 790 595), which is still actively used in the operating activities.

Notes to the consolidated financial statements (continued)

13. Right of use assets

	Right of use land, buildings and engineering structures	Right of use technological equipment and devices	Right of use other assets	Total
	EUR	EUR	EUR	EUR
As at 31 December 2022				
Cost	2 943 266	8 139 602	2 716	11 085 584
Accumulated depreciation	(1 029 531)	(2 662 643)	(1 552)	(3 693 726)
Net book value as at 31 December 2022	**1 913 735**	**5 476 959**	**1 164**	**7 391 857**
2023				
Net book value as at 1 January	**1 913 735**	**5 476 959**	**1 164**	**7 391 857**
New lease agreements	303 050	1 554 788	2 474	1 860 312
Amendments to lease agreements	21 883	(129)	-	21 754
Changes in estimates	670 931	-	-	670 931
Termination of lease (cost)	(68 001)	(434 474)	(2 716)	(505 191)
Reclassification to property, plant and equipment (cost)	-	(703 302)	-	(703 302)
Depreciation	(443 017)	(1 235 524)	(2 513)	(1 681 054)
Termination of lease (accumulated depreciation)	68 001	434 474	2 716	505 191
Reclassification to property, plant and equipment (accumulated depreciation)	-	412 338	-	412 338
Net book value as at 31 December	**2 466 583**	**5 505 130**	**1 124**	**7 972 837**
As at 31 December 2023				
Cost	3 871 130	8 556 485	2 474	12 430 089
Accumulated depreciation	(1 404 547)	(3 051 355)	(1 349)	(4 457 251)
Net book value as at 31 December 2023	**2 466 583**	**5 505 130**	**1 124**	**7 972 837**

Notes to the consolidated financial statements (continued)

	Right of use land, buildings and engineering structures	Right of use technological equipment and devices	Right of use other assets	Total
	EUR	EUR	EUR	EUR
As at 31 December 2023				
Cost	3 871 130	8 556 485	2 474	12 430 089
Accumulated depreciation	(1 404 547)	(3 051 355)	(1 349)	(4 457 251)
Net book value as at 31 December 2023	**2 466 583**	**5 505 130**	**1 124**	**7 972 837**
2024				
Net book value as at 1 January	**2 466 583**	**5 505 130**	**1 124**	**7 972 837**
New lease agreements	920 954	4 647 807	1 130 572	6 699 332
Amendments to lease agreements	37 869	20 461	1 463	59 793
Changes in estimates	1 690	380	-	2 069
Termination of lease (cost)	(2 918 840)	(475 712)	-	(3 394 552)
Reclassification to property, plant and equipment (cost)	-	(252 189)	-	(252 189)
Depreciation	(442 128)	(1 627 436)	(28 218)	(2 097 782)
Termination of lease (accumulated depreciation)	1 177 904	182 776	-	1 360 680
Reclassification to property, plant and equipment (accumulated depreciation)	-	173 030	-	173 030
Net book value as at 31 December	**1 244 032**	**8 174 245**	**1 104 941**	**10 523 218**
As at 31 December 2024				
Cost	1 912 802	12 497 231	1 134 508	15 544 542
Accumulated depreciation	(668 771)	(4 322 985)	(29 568)	(5 021 324)
Net book value as at 31 December 2024	**1 244 032**	**8 174 245**	**1 104 941**	**10 523 218**

The Group leases a number of assets, including production equipment, cars, machinery, production premises and office premises. Average lease term is 5 years (2023: 5 years). The Group has a right to purchase some of production equipment and cars at the end of the lease term.

Lease liabilities are presented in Note 24.

Amounts included into consolidated income statement are as follows:

	2024	2023
	EUR	*EUR*
Depreciation for right of use assets	2 097 782	1 681 054
Interest expenses on lease liabilities	441 541	310 434
TOTAL:	**2 539 323**	**1 991 488**

Notes to the consolidated financial statements (continued)

14. Investments in associates

(a) Investments in associates

Name of the Company	Balance sheet value of the investment in associate 31.12.2024. EUR	31.12.2023. EUR	Participating interest in share capital of associates 31.12.2024. %	31.12.2023. %
SIA "Roadeks"	5 523 369	5 441 632	50	50
SIA "Nulles Depozīts" *	-	-	-	-
SIA "Zaļais Cikls" **	-	686 942	50	50
SIA "Tranzīts L" ***	900 000	-	49	-
	6 423 369	**6 128 574**		

(b) Movement table on changes in investments in associated companies

	2024 EUR	2023 EUR
Balance sheet value at the beginning of the reporting period	**6 128 574**	**6 184 209**
Acquisition	900 000	-
Profit/ (loss) from investments in associates	857 186	770 412
Dividends paid	(818 272)	(546 354)
Exclusions	(644 119)	(279 693)
Balance sheet value at the end of the reporting period	**6 423 369**	**6 128 574**

* Considering that SIA "Nulles Depozīts" has negative equity and losses, its value in the consolidated financial statements is zero. In 2023, following changes in the ownership structure of SIA "Nulles Depozīts", the Group gained control over this associate, making it a subsidiary of the Group. More detailed information is provided in Note 34. During the reporting year, SIA "Nulles Depozīts" was liquidated.

** At the end of the reporting year, a subsidiary of the Group sold its shareholding in SIA "Zaļais cikls".

*** In December of the reporting year, a subsidiary of the Group acquired a 49% shareholding in SIA "Tranzīts L".

(c) Information on associated companies

Name of the company	Address	Share capital 31.12.2024. EUR	31.12.2023. EUR	Profit/ (loss) for the reporting year 2024 EUR	2023 EUR
SIA "Roadeks"	Kalnciema street 67, Riga	3 001 324	2 845 413	1 792 454	1 636 543
SIA "Tranzīts L"	Tērauda street 3, Liepāja	-	-	-	-

15. Other securities and investments

	31.12.2024. EUR	31.12.2023. EUR
Investment in AS" Rīgas namu apsaimniekotājs" (3.33%)	-	50 000
TOTAL:	**-**	**50 000**

During the reporting year, a subsidiary of the Group disposed of 3.33% of the shares in AS "Rīgas namu apsaimniekotājs" (unified registration number 50003748651). This investment was classified as a financial asset at fair value through revaluation in the statement of profit or loss.

Notes to the consolidated financial statements (continued)

16. Other non-current assets

		31.12.2024. *EUR*	31.12.2023. *EUR*
Payment for acquisition of subsidiary		298 633	-
Investments in the renovation project *		152 902	172 422
Repair work performed in apartment buildings **		57 103	77 395
Loans to Latvian legal entities ***		220 596	209 898
Deferred expenses		76 887	4 577
Other assets		19 519	-
,	**TOTAL:**	**825 640**	**464 292**

* 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 31.12.2024 and 31.12.2023 the amount of claims includes accrued interest income. Loan issued has no pledge as at 31.12.2024. and 31.12.2023.

In 2023, a loan in the amount of EUR 133,000 was issued with a repayment date of 30 September 2027 and a fixed annual interest rate. The receivable amount includes accrued interest income. As of 31 December 2024, the issued loan was unsecured.

Estimated credit losses on contract assets have not been recognised as estimated amounts are immaterial.

17. Inventory

		31.12.2024. *EUR*	31.12.2023. *EUR*
Raw materials and consumables		1 436 004	1 471 279
Finished goods and goods for sale		405 847	520 741
Advances for inventory		10 049	31 172
Provisions for impairment of slow-moving stock		(5 418)	(10 486)
	TOTAL:	**1 846 482**	**2 012 706**

18. Trade receivables and contract assets

		31.12.2024. EUR	31.12.2023. EUR
Trade receivables from contracts with customers		14 510 911	13 439 901
Contract assets		6 739 838	5 756 775
Provision for expected credit loss		(1 022 888)	(1 130 088)
	TOTAL:	**20 227 861**	**18 066 588**

Trade receivables are not secured by pledges or other credit enhancements.

Notes to the consolidated financial statements (continued)

Contract assets (accrued income) mainly include rights to receive remuneration for the provided organisation of packaging management system services, for which invoices have not yet been issued. These rights are recognised as part of current assets by confirming exact volume of the service with customers and issuing respective invoices after the end of the reporting period.

Changes in provision for expected credit loss:

	2024 EUR	2023 EUR
At the beginning of the reporting year	**1 130 088**	**1 114 012**
Increase of allowances	203 924	119 774
Decrease of allowances	(311 124)	(103 699)
At the end of the reporting year	**1 022 888**	**1 130 088**

Expected credit loss on 31 December 2024 is determined by applying the following average expected credit loss rates:

	Not overdue EUR	Overdue by less than 30 days EUR	31 to 60 days overdue EUR	61 to 90 days overdue EUR	91 to 180 days overdue EUR	181 to 365 days overdue EUR	Overdue by more than 365 days EUR	Total EUR
Expected credit loss rate	0.84%	3.14%	7.68%	10.33%	18.11%	26.05%	88.22%	4.81%
Trade receivables and contract assets (gross amounts)	18 213 164	1 165 278	190 095	437 509	225 417	269 424	749 863	21 250 749
Expected credit loss	**153 891**	**36 618**	**14 604**	**45 194**	**40 833**	**70 184**	**661 564**	**1 022 888**

Expected credit loss on 31 December 2023 is determined by applying the following average expected credit loss rates:

	Not overdue EUR	Overdue by less than 30 days EUR	31 to 60 days overdue EUR	61 to 90 days overdue EUR	91 to 180 days overdue EUR	181 to 365 days overdue EUR	Overdue by more than 365 days EUR	Total EUR
Expected credit loss rate	0.82%	1.13%	3.30%	8.68%	18.96%	18.22%	80.58%	5.89%
Trade receivables and contract assets (gross amounts)	15 365 417	1 473 748	355 415	480 516	210 057	261 673	1 049 850	19 196 676
Expected credit loss	**126 499**	**16 682**	**11 725**	**41 698**	**39 822**	**47 666**	**845 996**	**1 130 088**

Notes to the consolidated financial statements (continued)

19. Other current assets

	31.12.2024. *EUR*	31.12.2023. *EUR*
Deferred expenses	487 178	350 797
Tax overpaiment	232 997	193 496
Loan to a Latvian legal entity	62 414	-
Other assets	789 767	477 981
TOTAL:	**1 572 356**	**1 022 274**

Estimated credit losses on other current assets have not been recognised as estimated amounts are immaterial.

20. Cash and cash equivalents

	31.12.2024. *EUR*	31.12.2023. *EUR*
Cash in bank	22 251 978	20 422 347
Cash on hand	2 623	1 114
Cash in transit	-	26 110
TOTAL:	**22 254 601**	**20 449 571**

Estimated credit losses on cash and cash equivalents have not been recognised as estimated amounts are immaterial.

Some Group companies use Group account services, see section a) of Note 24 on borrowings from credit institutions.

Credit rating as assigned by the Moody’s credit rating agency and balances with the banks used by the Group are as follows:

Credit rating	**31.12.2024. EUR**	**31.12.2023. EUR**
Aa3	15 976 362	8 522 236
A2	4 814 174	9 815 863
Baa1	315 261	1 021 382
No rating assigned	1 146 181	1 062 866
TOTAL:	**22 251 978**	**20 422 347**

Credit rating of foreign banks’ branches in Latvia is presented based on the rating of their head company. Credit rating of subsidiaries of foreign banks without individual rating in Latvia is presented based on their foreign parent company credit ratings.

Majority of the Group's funds are held with banks, which have received good credit ratings, and it is expected that these credit institutions will be able to comply with all of their financial liabilities on timely basis.

Notes to the consolidated financial statements (continued)

21. Share capital

As of 31 December 2024, the registered and fully paid share capital of the Group's parent company is EUR 13,580,000, consisting of 13,580,000 shares, of which 13,300,000 are Category A shares and 280,000 are staff shares. The nominal value of each share is 1 euro. The ultimate beneficial owner of the Group's parent company is Guntars Kokorevičs.

22. Non-controlling interest

Non-controlling interest is comprised of investments by other shareholders (not the Parent company of the Group) in the following subsidiaries of the Group:

Subsidiary of the Group	Non-controlling interest, %	31.12.2024. EUR	31.12.2023. EUR
SIA "CDzP"	48.92%	499 358	485 663
SIA "Vidzemes ESKO 1"	48.92%	(3 318)	(4 548)
SIA "Eko Terra"	26.99%	60 536	90 160
PS "Vides pakalpojumi Liepājai"	49.00%	463 290	242 826
SIA "Vides resursu centrs"	47.00%	1 599 949	2 133 848
AS "TĪRĪGA"	10.00%	(86 116)	(82 978)
SIA "Zaļā josta"	45.00%	2 274 144	2 007 011
SIA "Nulles deposits"	30.00%	-	(7 554)
SIA "Eko Energy"	30.00%	-	6 092
SIA "GREEN PLASTICS"	64.31%	-	230 075
		4 807 843	**5 100 595**

23. Issued debt securities

The parent company of the Group has issued bonds (ISIN LV0000802676) with the total value of 15 000 000 EUR, 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 2024 and 31 December 2023 the subsidiaries of the Group held bonds in the amount of EUR 1 000 000.

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.

Movement in issued debt securities (financial liabilities at amortised cost) during the reporting period:

	2024 EUR	2023 EUR
Issued debt securities at the beginning of the reporting period	**13 752 808**	**13 716 960**
Accrued interest	1 556 618	1 453 324
Interest paid	(1 435 110)	(1 417 476)
Issued debt securities at the end of the reporting period	**13 874 316**	**13 752 808**
incl. current portion	13 874 316	-
non-current portion (2 – 5 years)	-	13 752 808

Notes to the consolidated financial statements (continued)

24. Loans from credit institutions and other borrowings

Loans from credit institutions and other borrowings are mainly comprised of loans from banks and lease liabilities.

	31.12.2024. EUR	31.12.2023. EUR
Loans from credit institutions	58 574	163 515
Lease liabilities	9 903 040	7 745 975
Other current borrowings	43 024	171 955
	10 004 638	**8 081 445**

a) Loans from credit institutions

	31.12.2024. EUR	31.12.2023. EUR
Non-current portion of loans with repayment term 2 – 5 years	37 678	58 349
Current portion of loans	20 896	105 166
	58 574	**163 515**

The Group’s subsidiaries have entered into loan agreements with various Latvian credit institutions and VAS “Attīstības finanšu institūcija Altum”. The loans are subject to variable base interest rates tied to 1 to 6-month EURIBOR, with margins ranging from 2% to 5%.

To secure the fulfilment of these obligations, the following assets of Group companies have been pledged: real estate owned by companies within the Group, the Group company’s assets as a set of items, assignment agreements over the Group company’s receivables, equity interests in Group companies, and cash held in bank accounts of the Group’s subsidiaries.

The Group uses cash pooling accounts in its operations. The primary function of the cash pool is the virtual consolidation of funds across multiple settlement accounts within the Group. Under the terms of the cash pooling agreements, companies may borrow or lend funds within the limits of available balances in the pool, up to the individually assigned limits for each company. Overdrafts are not allowed under the cash pooling structure, and therefore, the Group does not bear liabilities in respect of the total balance of the pooled accounts.

Movement in loans from credit institutions:

	2024 EUR	2023 EUR
Loans at the beginning of the year	**163 515**	**215 342**
Loans repaid	(104 941)	(51 827)
Accrued interest	7 282	12 639
Interest paid	(7 282)	(12 639)
Loans at the end of the reporting year	**58 574**	**163 515**

b) Lease liabilities

		31.12.2024. EUR	31.12.2023. EUR
Lease liabilities with repayment term >5 years		538 235	992 131
Lease liabilities with repayment term 2-5 years		6 625 914	4 881 472
Non-current portion	**TOTAL:**	**7 164 149**	**5 873 603**
Current lease liabilities		2 738 891	1 872 372
Current portion	**TOTAL:**	**2 738 891**	**1 872 372**
	TOTAL:	**9 903 040**	**7 745 975**

Notes to the consolidated financial statements (continued)

The subsidiaries of the Group have acquired assets (mainly means of transportation, heavy machinery and office premises) on lease terms. As at 31 December 2024 the interest rates were set at 3 and 6 months EURIBOR + 2.1% to 3.2% (31 December 2023 the interest rates were set at 3 and 6 months EURIBOR + 2.4% to 2.65%).

Movement in lease liabilities during the reporting period:

	2024 EUR	2023 EUR
Lease liabilities at the beginning of the year	**7 745 975**	**6 845 969**
New leases	7 078 741	1 942 512
Amendments to existing lease agreements	58 793	21 754
Changes in estimates	2 069	670 931
Terminated lease agreements	(2 115 093)	-
Lease payments	(2 868 445)	(1 735 191)
Accrued interest	441 541	310 434
Interest paid	(441 541)	(310 434)
Lease liabilities at the end of the reporting year	**9 903 039**	**7 745 975**

25. Deferred income

		31.12.2024. EUR	31.12.2023. EUR
EU and other co-financing >5 years		794 346	962 601
EU and other co-financing 2-5 years		496 205	922 848
Financial support received from LIAA >5 years		68 964	77 768
Non-current portion	**TOTAL:**	**1 359 515**	**1 963 217**
EU and other co-financing – short term part		722 884	656 756
Financial support received from LIAA – short term part		8 804	8 804
Other deferred income – short-term part		107 820	-
Current portion	**TOTAL:**	**839 508**	**665 560**
	TOTAL:	**2 199 023**	**2 628 777**

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 (LIAA) was received for reconstruction of the building, bio boiler construction and heating circuit reconstructions.

26. Other liabilities

		31.12.2024. EUR	31.12.2023. EUR
Savings fund of apartment buildings		1 787 510	2 079 004
Liability towards a Latvian legal entity for the acquisition of capital shares		500 000	750 000
Accrued liabilities		-	315 667
Other liabilities		20 000	-
Non-current portion	**TOTAL:**	**2 307 510**	**3 144 671**
Savings fund of apartment buildings		540 108	519 750
Accrued liabilities		6 292 954	4 229 831
Other liabilities		2 652 059	1 556 091
Current portion	**TOTAL:**	**9 485 121**	**6 305 672**
	TOTAL:	**11 792 631**	**9 450 343**

Notes to the consolidated financial statements (continued)

27. Taxes and state mandatory social insurance payments

		31.12.2024. *EUR*	31.12.2023. *EUR*
State mandatory social insurance payments		878 275	716 524
Value added tax		755 246	603 548
Personal income tax		476 618	381 063
Corporate income tax		169 018	70 945
Natural resource tax		2 709	3 426
Vehicle operating tax		277	545
Risk duty		750	596
	TOTAL:	**2 282 893**	**1 776 647**

28. Related party transactions

Mutual balances and transactions between the Group Parent company AS “CleanR Grupa” and its subsidiaries, which are related companies, are eliminated for consolidation purposes and are not disclosed in this note. In the reporting year, the Group companies were involved in the following transactions with the top management and shareholders.

Accounts receivable from related parties:	**31.12.2024.** *EUR*	**31.12.2024.** *EUR*	**31.12.2023.** *EUR*	**31.12.2023.** *EUR*
	Companies controlled by the beneficial owner	**Associated companies**	**Companies controlled by the beneficial owner**	**Associated companies**
Receivables from related parties	-	10 183	302	842

Revenue and expenses from transactions with related parties:	**2024** *EUR*	**2024** *EUR*	**2023** *EUR*	**2023** *EUR*
	Companies controlled by the beneficial owner	**Associated companies**	**Companies controlled by the beneficial owner**	**Associated companies**
Revenue	2 288	1 052 371	4 451	723 371
Expenses	(57 500)	(445 313)	(107 750)	(924 436)

Outstanding balances as at the year-end are unsecured, and settlements are expected to take place. There have been no guarantees provided or received for any related party receivables.

Dividends to related parties:

	Year	**Dividends paid, EUR**
To the shareholders of the Parent company	2024	17 832 765
To the shareholders of the Parent company	2023	1 815 000

Notes to the consolidated financial statements (continued)

29. Financial risk management

The Group is exposed to market, credit and liquidity risks that arise from its financial instruments. Financial risk management is ensured by the Board and Finance director of the Parent company of the Group. Financial risk management actions are aimed at supporting operating activities of the Group. Group companies do not engage with risky operations that might increase their exposition towards currency or interest rate risks.

Financial instruments owned by the Group are classified as follows:

	31.12.2024. EUR	31.12.2023. EUR
Financial assets at amortised cost		
Other non-current financial assets	595 851	287 293
Trade receivables and contract assets	20 227 861	18 066 588
Other current financial assets	62 414	-
Cash and cash equivalents	22 254 601	20 449 571
Financial assets at fair value with revaluation through profit or loss		
Other securities and investments	-	50 000
Total financial assets	**43 140 727**	**38 853 452**
Financial liabilities at amortised cost		
Issued debt securities	13 874 316	13 752 808
Loans from credit institutions	58 574	163 515
Lease liabilities	9 903 040	7 745 975
Other borrowings	43 024	171 955
Trade payables	6 833 722	7 711 278
Unpaid dividends	1 945 000	-
Other liabilities (including non-current portion)	6 812 954	5 295 498
Total financial liabilities	**39 470 630**	**34 841 029**

Market risk

Market risk is a risk that due to changes in the market factors, e.g., foreign currency rates, interest rates and commodity prices, value of financial instruments owned by the Group will change. Market risk is formed by foreign currency risk and interest rate risk.

Interest rate risk

Interest rate risk is a risk of financial loss due to adverse interest rate fluctuations on the Group’s financial assets and financial liabilities. The Group is exposed to interest rate risk mainly through its non-current and current loans from credit institutions and lease liabilities bearing interest at floating rates.

All Group’s loans and part of lease liabilities are with floating interest rates. Detailed description of interest rates is available in Note 24. The Group manages interest rate risk by regularly evaluating market interest rates. If market offers lower interest rates that existing, the management of the Group evaluates financial feasibility of changing counterparty. The management of the Group has decided not to use derivative financial instruments for interest rate risk management.

The following table shows the sensitivity of the Group’s profit before tax to reasonably possible changes in interest rates at the end of each reporting period, with all other variables held constant. Equity of the Group, except for current year result, is not impacted.

	2024		2023	
	Increase/ decrease in interest rate (percentage)	**Impact on profit before tax (EUR)**	**Increase/ decrease in interest rate (percentage)**	**Impact on profit before tax (EUR)**
EURIBOR	(+1%)	(228 566)	(+1%)	(214 064)
	(-1%)	228 566	(-1%)	214 064

Notes to the consolidated financial statements (continued)

Foreign currency risk

Foreign currency risk is a risk of financial loss incurred by the Group companies due to adverse currency fluctuations and their impact on assets and liabilities denominated in foreign currencies. This risk arises when financial assets denominated in a foreign currency do not match with financial liabilities in the same currency, thereby leading to open currency positions. The Group does not have significant financial assets and liabilities denominated in currencies other than euro. Therefore, during reporting period and prior periods, the Group was not significantly exposed to the foreign currency risk.

Credit risk

Credit risk arises when a partner of the Group is unable to meet their contractual obligations, resulting in a loss to the Group. Credit risk arises from the Group's operating activities – mainly trade receivables; as well as financing activities of the Group – mainly loans issued and cash and cash equivalents.

Group's maximum exposure to credit risk is:

	31.12.2024. EUR	31.12.2023. EUR
Cash and cash equivalents	22 254 601	20 449 571
Loans issued	658 265	287 293
Trade receivables and other receivables (gross amounts)	20 227 861	18 066 588
TOTAL:	**43 140 727**	**38 803 452**

Cash and cash equivalents

Credit risk arising from Group's cash in bank is managed by the Finance management team of the Parent company. Free financial resources of the subsidiaries of the Group can be invested only into deposits or money market funds. Before placement of cash in bank (as a deposit or current account) the Finance management team of the Parent company evaluates credit rating of the bank and interest rates offered. More details on credit ratings of the banks used by the Group are available in Note 20.

Trade receivables

The Group assesses its concentration risk of trade receivables as low. AS at 31 December 2024 the Group had 1 counterparty (2023: 1 counterparty), which owed the Group more than 1 million EUR and comprised approximately 12% (2023: 11%) of the total trade receivables.

The Group controls its credit risk by continuously assessing the credit history of customers and setting permissible credit limits. The Group's maximum exposure to credit risk is defined with reference to the balance sheet value of each debtor. The Group companies monitor overdue trade receivables on a regular basis. Balance sheet value of trade receivables is reduced by allowances made for expected credit losses.

The Group has not received any collateral as a pledge for its trade receivables.

Issued non-current and current loans

The Group controls its credit risk by continuously assessing the financial performance, sufficiency and quality of collateral and credit histories of borrowers. Balance sheet value of granted loans is reduced by expected credit losses.

Liquidity risk

Liquidity risk is a risk that the Group companies will default on their full obligations. Liquidity risk is managed by the Finance management of the Parent company, ensuring availability of sufficient cash reserves and ensuring availability of funding, continuously monitoring planned and actual cash flows and matching maturity terms of financial assets and financial liabilities.

Management of the Group is preparing annual cash flow forecasts and monthly cash flow forecasts to ensure sufficiency of cash resources available to the Group companies to finance operations, settle financial liabilities and make required investments.

Notes to the consolidated financial statements (continued)

The following table analyses the financial liabilities of the Group by maturity date, based on contractual undiscounted cash flows (including interest payments):

31 December 2024	Book value EUR	Less than 3 months EUR	3 to 12 months EUR	1 to 5 years EUR	More than 5 years EUR	Total EUR
Issued debt securities	13 874 316	387 788	16 072 879	-	-	16 460 666
Loans from credit institutions and other borrowings	10 004 638	3 085 604	5 117 399	1 894 284	872 810	10 970 097
Other liabilities	15 591 676	14 865 676	206 000	520 000	-	15 591 676
TOTAL:	**39 470 630**	**18 339 068**	**21 396 278**	**2 414 284**	**872 810**	**43 022 439**

31 December 2023	Book value EUR	Less than 3 months EUR	3 to 12 months EUR	1 to 5 years EUR	More than 5 years EUR	Total EUR
Issued debt securities	13 752 808	387 788	1 163 363	16 460 666	-	18 011 816
Loans from credit institutions and other borrowings	8 081 445	2 164 120	3 739 709	1 634 786	1 080 951	8 619 566
Other liabilities	13 006 776	10 401 734	-	1 247 988	-	11 649 722
TOTAL:	**34 841 029**	**12 953 642**	**4 903 071**	**19 343 440**	**1 080 951**	**38 281 104**

30. Fair value measurements

Based on the Group’s management’s assessment, the carrying amounts of financial assets and liabilities approximated to their fair value as at 31 December 2024 and 31 December 2023.

31. Capital management

The Group manages its capital to ensure that the Group companies will be able to continue as a going concern, meanwhile maximizing the return to shareholders through the optimization of debt and equity balance. Group's management reviews the capital structure of the Group on an annual basis. Under these consolidated financial statements, the Group's management considers the capital structure and the risks associated with each class of capital.

The Group’s capital structure consists of net debt (borrowings and leases, as detailed in Note 24 offset by cash at bank) and equity of the Group (comprising issued capital, retained earnings and non-controlling interests).

Financial covenants are set for debt securities issued by the Group. As at 31 December 2024 and 31 December 2023 financial covenants were not breached.

Covenants related to the debt securities issued by the Parent company of the Group are as follows:

- Equity ratio being above 30% – as at 31 December 2024 this indicator was 51% (31.12.2023.: 51%)
- Interest coverage ratio being above 3 – as at 31 December 2024 this indicator was 13 (31.12.2023.: 11)
- Net debt leverage ratio being less than 3.5 – as at 31 December 2024 this indicator was 0.06 (31.12.2023.: 0.07)

Notes to the consolidated financial statements (continued)

32. Financial and contingent liabilities

As of 31 December 2024, the fixed assets owned by the Group company SIA “Clean R” were pledged in favour of “Luminor Bank” AS and served as collateral for the fulfilment of obligations. On 13 March 2025, the aforementioned commercial pledge was cancelled, and on 17 March 2025, a new commercial pledge was registered in favour of AS “Swedbank”, serving as collateral for the performance guarantees issued on behalf of the Group company SIA “Clean R”.

As of 31 December 2024, AS “Luminor Bank” had issued tender and performance guarantees on behalf of the Group company SIA “Clean R” in the total amount of EUR 1,049,179. At the beginning of 2025, the Company transferred the tender and performance guarantees to AS “Swedbank”.

Insurance companies registered in the Republic of Latvia have issued performance guarantees on behalf of the Group company SIA “Clean R” in the total amount of EUR 3,011,414.

SIA “Luminor Līzings” has issued a guarantee in the amount of EUR 1,000,390 on behalf of the Group company SIA “Clean R” as collateral for lease obligations.

Insurance companies registered in the Republic of Latvia have issued performance guarantees on behalf of the Group company SIA “Vides resursu centrs” in the total amount of EUR 737,619.

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

Insurance companies registered in the Republic of Latvia have issued performance guarantees on behalf of the Group company SIA “Vizii” in the total amount of EUR 883,879.

Insurance companies registered in the Republic of Latvia have issued financial guarantees for waste management in favour of the State Environmental Service on behalf of the Group company PS “Vides pakalpojumi Liepājai”, with a maximum claim amount of EUR 125,000. Additionally, performance guarantees in the total amount of EUR 166,667 have been issued on behalf of the aforementioned company.

Insurance companies registered in the Republic of Latvia have issued performance guarantees on behalf of the Group company SIA “CleanR Verso” in the total amount of EUR 278,560.

The assets of the Group company SIA “Vidzemes ESKO 1” as a set of items, including receivables from a multi-apartment building where the Group company performed insulation and energy efficiency improvement works, are pledged in favour of AS “Luminor Bank” Latvian branch. The commercial pledge was registered in the Latvian Register of Enterprises on 7 May 2013. The maximum amount of the secured claim is EUR 517,925.

Several apartment owners' associations of buildings managed by the Group company SIA “CDzP” have secured loans from credit institutions to finance planned capital repair works:

- In order to secure the loans granted by AS ‘Swedbank” to apartment owners' associations with an outstanding loan principal of EUR 5 148 294 as at 31 December 2024, 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 AS “SEB banka” for capital repairs of buildings with an outstanding loan principal of EUR 58 574 as at 31 December 2024, the Group company SIA "CDzP" has pledged its funds available in the accounts held with AS “SEB banka” 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 AS “Citadele banka” to apartment owners' associations with an outstanding loan principal of EUR 267 710 as at 31 December 2024, 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.

33. Capital commitments

As at the end of financial year, the Group has no capital commitments for construction works to be undertaken during subsequent accounting periods.

Notes to the consolidated financial statements (continued)

34. Business combinations and sale of subsidiaries

In 2024 and 2023 several purchases and sales of subsidiaries have taken place.

One subsidiary was purchased in 2023. The fair values of the identifiable assets and liabilities at the acquisition date were:

	Fair value at the acquisition date EUR SIA "KOM-AUTO"
Assets	
Non-current assets	133 638
Inventory	6 531
Receivables	11 595
Cash	53 268
Liabilities	
Borrowings	39 851
Other liabilities	1 488
Total	**163 693**
Group's share of fair value of net assets acquired	163 693
Goodwill	1 616 307
Purchase consideration	**1 780 000**

100% shares of SIA "KOM-AUTO" were acquired in 2023 as part of plan to strengthen cleaning and environment management business.

During 2023 the Group acquired control and 100% shareholding of SIA "Nulles deposits" (previously associated company). Transaction was carried out with no remuneration with former shareholder giving his ownership rights over to the Group.

One subsidiary was purchased in 2024. The fair values of the identifiable assets and liabilities at the acquisition date were:

	Fair value at the acquisition date EUR SIA "LAUTUS"
Assets	
Non-current assets	2 829 320
Inventory	22 732
Receivables	805 441
Cash	779 723
Liabilities	
Borrowings	-
Other liabilities	543 216
Total	**3 894 000**
Group's share of fair value of net assets acquired	3 894 000
Goodwill	3 115 539
Purchase consideration	**7 009 539**

100% of the shares of SIA "LAUTUS" were acquired in 2024 as part of the expansion into new business segments.

Additionally, during 2024, the parent company of the Group sold 15% of the shares in SIA "Zaļā Josta", reducing the Group's ownership from 70% to 55%.

At the beginning of 2024, due to a change in strategy, the Group's subsidiary sold its shares in SIA "NĪA Nami", SIA "Jauntukums", and SIA "Nebruk Jelgava" in order to focus on the future development of cleaning service provision. As a result of the sale, the Group generated a profit of EUR 509,872.

Another subsidiary of the Group sold its shares in SIA "Green Plastics" and SIA "Zaļais cikls" in 2024. As a result of the sale, the Group generated a profit of EUR 162,991.

Notes to the consolidated financial statements (continued)

35. 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 Group does not have contracts for research work with other companies.

36. Information on the auditor

Administrative expenses line item "Audit fees" includes remuneration to the auditors for the audit of separate annual accounts of Group companies and consolidated annual accounts of the Parent company of the Group.

37. Subsequent events

At the beginning of 2025, the conditional increase of the share capital (conditional share capital) of the Group’s parent company was registered, raising it to EUR 409,074 in connection with additional personnel stock options issued by AS “CleanR Grupa”.

Also at the beginning of 2025, the Group's parent company issued a guarantee to SIA "Swedbank Līzings" for securing the leasing obligations of the Group's subsidiary in the amount of EUR 1,136,800, with the guarantee valid until January 2032.

At the end of the reporting year, the Group company SIA “Vizii Urban” has concluded an agreement for the acquisition of 51.02% of the share capital of SIA “Tranzīts L”, the completion of which requires the approval of the Competition Council. The transaction is planned to be completed in 2025.

In January 2025, in order to carry out the reorganisation of the Group company SIA “Vides resursu centrs” by separating the company’s waste recovery line into a separate business unit, SIA “WasteTech” was established. Following the establishment of SIA “WasteTech”, the reorganisation process of SIA “Vides resursu centrs” was carried out accordingly.

On 28 February 2025, the Group company SIA “Clean R” acquired 10% of the share capital of SIA “Ķilupe”.

From the last day of the reporting year until the date of signing these financial statements, there have been no other events that would require adjustments to these financial statements or that would need to be disclosed herein.

Juris Gulbis Chairman of the Board	Guntars Levics Member of the Board	Inta Liepa Member of the Board	Agita Baltbārde Member of the Board

Anžela Vjaževiča
Chief accountant

ELECTRONIC SIGNATURES OF THE BOARD MEMBERS RELATE TO THE ANNUAL REPORT AS A SINGLE DOCUMENT FROM PAGE 1 TO 53.

ELECTRONIC SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTING RELATES TO THE FINANCIAL STATEMENTS FROM PAGE 3 TO 6 AND FROM PAGE 11 TO 53.