

# CleanR Grupa AS

## CONSOLIDATED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

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

Riga, 2026

*\* 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 Inta Liepa – Member of the Board Guntars Levics – Member of the Board Agita Baltbārde – Member of the Board	
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 2025	
Previous financial year	1 January – 31 December 2024	
Name and address of the auditor	Responsible Certified Auditor: Inna Talanova Certificate No. 206	SIA KPMG Baltics Certified Auditors' Company Licence No.55 Roberta Hirša street 1, Riga, LV-1045 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 Clean R	100%	Collection of non-hazardous waste	Vietalvas street 5, Riga, LV - 1009, Latvia
AS CleanR Grupa	SIA CleanR Verso	100%	Collection of non-hazardous waste	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 Vizii Management	100%	Activities of holding companies, Activities of head offices	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
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
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
AS CleanR Grupa	SIA WasteTech	18,28% (until 14.08.2025) 66,25% (from 14.08.2025)	Activities of holding companies	Vietalvas street 5, Riga, LV - 1009, Latvia
SIA WasteTech	SIA Ropažu Enerģija	100% (from 26.11.2025)	Steam and conditioning supply	Vietalvas street 5, Riga, LV - 1009, Latvia
SIA Clean R	SIA Reģionālie vides pakalpojumi	100%	Collection of non-hazardous waste	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 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
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	SIA Vides resursu centrs	53%	Material recovery; Energy recovery	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

Parent company	Subsidiary	Participating interest in the subsidiary	Type of operations of the subsidiary	Legal address of the subsidiary
SIA Clean R	SIA WasteTech	47.97% (from 31.03.2025 until 14.08.2025)	Activities of holding companies	Vietalvas street 5, Riga, LV - 1009, Latvia
SIA Vizii Urban	SIA KOM-AUTO	100%	Other cleaning services	Celtnieku street 3, Cēsis, LV - 4101, Latvia
SIA Vizii Urban	SIATranzīts L	49.01% (until 02.07.2025) 51.02% (from 02.07.2025)	Other cleaning services	Tērauda street 3, Liepāja LV-3401, Latvia
SIA CREB Rīga	AS TĪRĪGA	90%	Collection of non-hazardous waste	Vietalvas street 5a, Riga, LV - 1009, 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
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 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 Nebruk Jelgava	100% (sold 08.03.2024)	Real estate management for fee or on agreement basis	Krišjāņa Barona street 40a, Jelgava, LV-3001, Latvia
SIA CDzP	SIA Vidzemes ESKO 1	100%	Engineering and related technical consulting services	Tirgoņu street 1, Cēsis, LV - 4101, Latvia
SIA Zaļā josta	SIA Nulles depozīts	100% (liquidated 20.08.2024)	Recycling of sorted materials	Dēļu street 5, Riga, LV - 1004, 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 Lautus	SIA Lautus SPV	100% (from 07.07.2025) reorganized 27.10.2025, adding SIALautus)	Activities of holding companies	Vietalvas street 5, Riga, LV - 1009, Latvia

All subsidiaries of the Group are involved in the consolidation.

## Management Report

The principal activity of AS CleanR Grupa (hereinafter also referred to as the Parent Company) is the management of long-term financial investments. The companies in which AS CleanR Grupa has invested carry out the following business activities: investment management, waste management, sorting of recyclable materials separated from waste and the sale of sorted materials, urban maintenance, cleaning of premises and outdoor areas, residential property management, as well as the provision of various cooperation-based services to residents of multi-apartment buildings and other forms of cooperation aimed at managing and operating residential property management companies. The Group comprises 23 companies, of which the largest contributors to net turnover are SIA Clean R, SIA Zaļā Josta, SIA Vizii Urban and SIA CleanR Verso.

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

As at 31 December 2025, the registered and fully paid share capital of the Parent Company amounted to EUR 13 870 425, consisting of 13 870 425 shares, of which 13 300 000 are Category A shares and 570 425 are employee shares. The nominal value of each share is EUR 1.

### Financial indicators of the Group

The Group's net revenue during the reporting period increased by EUR 23.4 million, or 19%, reaching EUR 144.5 million (2024: EUR 121.1 million). The largest share of revenue was generated from waste management services, which increased by EUR 6.2 million in 2025 to EUR 63.8 million (2024: EUR 57.5 million).

This increase was partly driven by the rise in the state-regulated waste disposal tariff and the subsequent tariff indexation applied to the customers of the Group's companies. In 2025, the Group's subsidiaries continued to actively participate in public procurement tenders announced by municipalities and other contracting authorities for the provision of municipal waste management and urban maintenance services.

The Group's revenue growth, mergers and acquisitions activities, and initiatives to improve efficiency contributed to EUR 6.6 million increase in gross profit, bringing it to EUR 30.8 million. At the same time, the gross profit margin increased to 21.3% (2024: 20.0%).

The Group's EBITDA increased by 26%, in-line with the changes in gross profit, reaching EUR 32.2 million (2024: EUR 25.5 million).

The impact of rising costs, particularly increases in labour and waste disposal costs, was mitigated in 2025 through customer tariff indexation, as well as targeted investments aimed at improving production process efficiency. The Group continued to invest in sustainable solutions and modern technologies, including automated sorting equipment, underground container infrastructure, and CNG-powered or EURO VI emission standard compliant vehicles.

### Comparison of financial indicators of the Group:

	<i>Unit</i>	<b>2025</b>	<b>2024</b>	<b>Delta</b>
Net sales, including:	<i>EUR '000</i>	144 524	121 101	23 423
- Income from waste processing	<i>EUR '000</i>	63 753	57 516	6 237
- Income from cleaning services	<i>EUR '000</i>	33 854	26 210	7 644
- Income from waste recovery	<i>EUR '000</i>	21 519	17 088	4 431
- Income from waste recycling	<i>EUR '000</i>	13 917	10 290	3 627
- Other income	<i>EUR '000</i>	11 481	9 997	1 484
Gross operating profit	<i>EUR '000</i>	30 788	24 223	6 565
Gross profitability	%	21.3%	20.0%	1.3 pp
Return on assets (ROA)	%	12.7%	11.5%	1.2 pp
Equity at the end of the reporting year	<i>EUR '000</i>	70 572	53 674	16 898
Current assets to short-term liabilities		2.5x	1.2x	+1.3x
Average number of employees during the year	<i>number</i>	2 056	1 924	+132
EBITDA*	<i>EUR '000</i>	32 208	25 502	6 706
Depreciation	<i>EUR '000</i>	10 136	8 519	1 617

Financial indicators	31.12.2025	31.12.2024	Delta
Gross profit margin, %	21.3%	20.0%	1.3 pp
EBITDA ratio, %	23.0%	21.1%	1.9 pp
Financial independence ratio	53.7%	51.3%	2.4 pp
Interest coverage ratio	15	13	3
Leverage ratio	(0.05)	0.06	(0.11)

\*The EBITDA calculation, in accordance with the formula set out in the base prospectus of the bond issue, includes the Group's net profit before corporate income tax, interest payments and other debt-related expenses, depreciation and amortisation, and before exceptional items, non-cash items and the impact of foreign exchange fluctuations, and additionally includes dividends received from associated undertakings.

### Performance of the Group

In the reporting year, the Group focused on targeted development and growth, both by improving its financial results and expanding its operations across regions. The Group strengthened its position in the environmental management and urban maintenance sector, invested in infrastructure and equipment modernization, and implemented environmental education initiatives. During the reporting year, the Group's parent company, AS CleanR Grupa, received the Nasdaq Baltic Awards 2025 recognition for best investor relations, as well as several awards acknowledging workplace environment development.

In January 2025, with the aim of reorganizing the Group's waste processing company SIA Vides resursu centrs, SIA WasteTech was established. Following the establishment of SIA WasteTech, the reorganization process of SIA Vides resursu centrs was carried out. In turn, SIA WasteTech established a subsidiary SIA Ropažu enerģija, which will focus on developing the waste recovery business line in Latvia and attracting strategic investors to the project.

In the reporting year, to diversify its services and expand its environmental management offerings in the regions, SIA Clean R, a company within the Group, acquired a 41.25% stake in SIA Ķīlupe. The transaction was carried out in two stages – first, in February 2025, SIA Clean R acquired 10% of the shares in SIA Ķīlupe, and in May, it increased its stake by an additional 31.25% of the shares. At the end of the reporting year, SIA Clean R submitted a merger notification to the Competition Council regarding the transaction, under which SIA Clean R plans to acquire 100% of the shares in SIA Ķīlupe. In January 2026, the Competition Council issued a positive decision, authorizing SIA Clean R to acquire the remaining 58.75% of the shares. This transaction is part of the long-term strategy to diversify the range of services and ensure sustainable development.

In July 2025, the acquisition of regional environmental services company SIA Tranzīts L was concluded, following the Competition Council's decision allowing SIA Vizii Urban, a Group company, to acquire the controlling stake (51%) in SIA Tranzīts L.

At the end of the reporting year, the Group's parent company, AS CleanR Grupa, refinanced bonds in the amount of EUR 15 million. During the public bond offering, investor demand exceeded the issuance volume by 2.5 times. Demand from institutional and private investors reached EUR 37.8 million, significantly surpassing the targeted offering size of EUR 15 million. This bond issue marks an important milestone in the Group's development strategy and represents the first step in the EUR 50 million bond programme intended to support the Group's future growth. As of 4 February 2026, the EUR 15 million bond issue by AS CleanR Grupa has been listed on the Nasdaq Baltic regulated exchange.

Maintaining their belonging to the Group and pursuing shared development goals, each company within the Group continued to provide customers with a wide range of services, comprising not each company's specialized offerings, but also the Group's common service offerings. The separation of specialized functions into separate companies has demonstrated that with a streamlined administrative structure and clearly defined business focus, growth becomes dynamic and efficient.

In the reporting year, the strategy of the Group's parent company, AS CleanR Grupa, was revised and supplemented with a development vision through 2028, setting clear development goals and priorities for the 2026 to 2028 period. The strategy defines the Group's main strategic priorities and outlines the key developmental directions that will support the achievement of these objectives. Its core element is enhancing efficiency across all areas of the Group's operations.

In May and November 2025, the Group's parent company increased its share capital, allocating the newly issued shares to participants of the parent company's employee stock option plan, thereby expanding the shareholder structure to include the Group's senior executives, who were enrolled in the employee stock option scheme established in 2024.

The Group's largest companies have implemented and maintain an integrated management system for quality, environmental management, energy efficiency, and occupational health and safety in accordance with international standards: ISO 9001:2015 Quality Management Systems, ISO 14001:2015 Environmental Management Systems, ISO 45001:2018 Occupational Health and Safety Management Systems. In certain Group companies where applicable, ISO 50001:2018 Energy Management Systems has been implemented and is maintained. The integrated management system implemented across the Group's companies paves the road towards climate-neutral, sustainable operations and development. It ensures continuous improvement in the quality of services provided, environmental and energy efficiency, as well as safe working conditions for employees.

During the reporting year, the Group continued to invest in employee well-being, reviewing and improving the range of benefits available to employees. Various events aimed at strengthening sense of belonging and loyalty were organized for employees and their families. At the same time, the Group enhanced employee involvement in the organization's development by establishing an employee council, which promotes dialogue between staff and management. The project for establishing the above-mentioned employee representative body received recognition from the Latvian Association for People Management during the reporting year. In addition, investments in improving the working environment continued, including upgrading workspaces and infrastructure, enhancing workplace safety with modern fire-safety solutions, and investing in modern equipment and technologies that increase productivity and facilitate daily work processes.

To raise public awareness about sustainable lifestyle and proper waste sorting practices, this spring the Group's subsidiary SIA Clean R, in collaboration with SIA Zaļā josta, launched a digital environmental education platform, [www.videspratiba.lv](http://www.videspratiba.lv). The website brings together practical information on waste sorting, circular economy, and environmental issues, offering a unified and reliable source for anyone seeking to make environmentally friendly decisions.

During the reporting year, the Group receives several awards recognising its corporate social responsibility, including the "Family-Friendly Workplace" designation, Silver status in the "Strenght in Diversity" assessment, and, for the first time an international recognition – the highest Excellence level in sustainability reporting at the "ESG Transparency Awards".

During the reporting year, CleanR Grupa was also included in the list of Latvia's most valuable companies - #TOP101, compiled by Nasdaq Riga and Prudentia, becoming the only privately owned Latvian company among the top 10 companies recognised for corporate governance, alongside others representing state and municipal capital companies.

Detailed information on Group's sustainability achievements is included in the Group's sustainability reports, which are available on the website <https://cleanrgrupa.lv/ilgtspeja/>.

## Risk exposure of the Group

### Financial risks

The Group's operations are subject to various financial risks, including credit risk and liquidity risk. The Group continuously works to mitigate the potential negative impact of these financial risks. The Group's most significant financial instruments include issued bonds, bank loans, lease liabilities, trade receivables, and cash held to ensure liquidity.

To finance long-term investments, the Group secures appropriate long-term funding from credit institutions registered in Latvia, in the form of loans and leases. In the fourth quarter of the reporting year, the Group's parent company refinanced issued bonds in the amount of EUR 15 million. The purpose of the issued bonds is to support the financing of the Group's business and development projects.

For liquidity risk management, the Group's management closely monitors the payment terms of receivables and payables and regularly oversees payment discipline. Trade receivables are recorded at their recoverable value, and the Group implements a strict receivables monitoring policy to prevent the formation of long-term overdue balances. The Group cooperates only with customers whose creditworthiness has been assessed and deemed acceptable.

In managing cash resources, the Group works with credit institutions that maintain a strong financial position and a high reputation in the financial market, thereby reducing counterparty credit risk.

At the end of the reporting year, the Group's exposure to credit and liquidity risks was assessed as limited, given the amount of long-term financing secured and the available cash resources ensuring liquidity.

Interest rate risk: The Group is exposed to the risk of changes in market interest rates in relation to its long-term and short-term liabilities, as well as lease liabilities that are subject to a variable interest rate. The Group manages interest rate risk by regularly assessing the borrowing interest rates available in the market.

### Fire safety risks

Fire risk is one of the most significant operational and safety risks in the waste management sector, particularly in processes related to waste sorting, storage, and processing. The Group recognizes that a fire can cause substantial material losses, disrupt business continuity, and potentially affect the environment and public safety; therefore, the Group develops compensatory mechanisms and maintains insurance coverage for these risks.

To reduce the likelihood of fire incidents and limit their potential consequences, the Group has implemented a range of preventive and risk-mitigation measures. These include enhancing fire-safety systems, such as installing automatic fire-alarm systems and local extinguishing equipment in strategically important areas, conducting regular inspections of fire-safety systems in accordance with regulatory requirements, and maintaining documented control procedures. The Group also ensures regular employee training and practical exercises in fire safety, including evacuation drills. In 2025, a comprehensive audit of electrical installations and equipment was carried out at the Group's major facilities.

Additionally, strengthened waste-storage controls are implemented to reduce the risk of self-heating and spontaneous combustion, with particular attention given to the handling of easily flammable materials. Fire-safety policies and procedures are regularly reviewed, taking into account incident analysis, industry best practices, and risk-management recommendations.

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 may affect both the availability of suitable insurance coverage and the level of insurance premiums. Under these conditions, the Group places particular emphasis on strengthening preventive fire-safety measures and internal control mechanisms to reduce risk exposure and ensure the long-term availability of insurance coverage.

The Group continues active cooperation with state and municipal fire-safety authorities and complies with regulatory requirements governing fire safety in the waste management sector. In cooperation with the State Fire and Rescue Service, site inspections were conducted to familiarize fire brigades with the current situation and equipment, and recommendations for improving site layout and infrastructure were received and implemented. In 2025, a civil-protection plan was developed for the Vietalvas street 5 territory.

### Research and development activities

The Group's strategy is based on targeted development, shaping the Group as an efficient, competitive, and sustainable business entity. Implementing the strategy, significant emphasis is placed on investments in modern technologies and solutions that reduce production costs, enhance operational efficiency, and ensure sustainable resource use. At the same time, the Group continues to improve customer service quality by improving service accessibility and enhancing customer experience. The implementation of strategic priorities also relies heavily on the optimization of internal processes, introduction of digitalization solutions, and improvement of operational efficiency across all areas of the Group's activities.

### Outlook and Future Development of the Group

In 2026, the management of the Group's parent company will continue to refine and strengthen the Group's corporate governance model, adhering to internationally recognized best practices and ensuring a high level of openness and transparency in its relations with the Group's stakeholders. At the same time, in line with the defined strategy, work will continue on improving the Group's organizational structure and increasing process efficiency.

The Group will continue making targeted investments aimed at development of the business model and process optimization, promoting organic growth of the Group's companies. This development will be further supported by both completed and potential mergers and acquisitions, which will strengthen the Group's position in the industry and foster operational synergies.

Bringing together several leading companies in the environmental services sector, the Group's parent company recognizes its economic, social, and environmental impact. Therefore, in 2026, the Group will continue its strategic sustainability management, ensuring a balance between business development goals, European Union regulation requirements, and industry best practices.

A significant part of the Group's subsidiary's turnover is generated from the provision of waste management services in the territory of Riga. In the next reporting period, a procurement procedure for the provision of these services is expected.

Despite regulatory changes, the Group will continue its non-financial disclosure practice initiated in 2022 by preparing and publishing an integrated Group annual report that combines financial and sustainability information.

### Events after the end of the reporting period

As of 4 February 2026, the EUR 15 million bond issue of AS CleanR Grupa has been listed on the Nasdaq Baltic regulated exchange.

In February 2026, with the aim of developing the Group's involvement in projects promoting circularity, the Group's parent company acquired a minority stake (19.8% of the registered, subscribed, and paid-in share capital) in SIA Wingo Deposit.

In January 2026, the Competition Council granted approval for the Group's company SIA Clean R to carry out a merger transaction with SIA Ķīlupe, thereby increasing its ownership in the company to 100%. On 5 March 2026 the changes were registered in the Register of Enterprises.

No other events have occurred between the end of the reporting year and the date of signing these financial statements that would require any adjustments to these financial statements or to the notes thereto.

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Juris Gulbis  
Chairman of the Board

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Guntars Levics  
Member of the Board

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Inta Liepa  
Member of the Board

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Agita Baltbārde  
Member of the Board

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## 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 56 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 2025 and its financial performance and cash flows for the year then ended.

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

This is the third year when IFRS Accounting Standards 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 IFRS Accounting Standards as adopted by the EU.

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Juris Gulbis  
Chairman of the Board

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Guntars Levics  
Member of the Board

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Inta Liepa  
Member of the Board

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Agita Baltbārde  
Member of the Board

## Consolidated Statement of Comprehensive Income

	Note	2025 EUR	2024 EUR
Revenue	1	144 523 788	121 101 456
Cost of sales	2	(113 735 365)	(96 878 386)
<b>Gross profit</b>		<b>30 788 423</b>	<b>24 223 070</b>
Selling expenses	3	(2 279 815)	(2 489 628)
Administrative expenses	4	(8 590 772)	(6 576 868)
Other operating income	5	1 522 092	2 736 756
Other operating expense	6	(880 275)	(1 309 531)
Profit from investments in associates	14 (b)	1 310 350	213 067
Loss from revaluation of investments		-	(42 900)
<b>EBIT*</b>		<b>21 870 003</b>	<b>16 753 966</b>
Interest income and similar income		322 092	528 130
Interest expenses and similar expenses	8	(2 164 309)	(2 006 096)
<b>Profit before corporate income tax</b>		<b>20 027 786</b>	<b>15 276 000</b>
Corporate income tax	9	(1 239 204)	(1 805 269)
<b>Profit and comprehensive income for the reporting year</b>		<b>18 788 582</b>	<b>13 470 731</b>
Of which:			
Share of profit attributable to non-controlling interests		2 132 856	1 484 572
Share of profit attributable to the shareholders of the Parent company		16 655 726	11 986 159

Notes on pages 16 to 56 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.

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Juris Gulbis  
Chairman of the Board

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Guntars Levics  
Member of the Board

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Inta Liepa  
Member of the Board

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Agita Baltbārde  
Member of the Board

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Anžela Vjaževiča  
Chief Accountant

## Consolidated Statement of Financial Position

<b>ASSETS</b>	Note	<b>31.12.2025</b>	<b>31.12.2024</b>
		<b>EUR</b>	<b>EUR</b>
<b>NON-CURRENT ASSETS</b>			
Goodwill	10	10 007 025	8 010 727
Intangible assets	11	3 056 189	3 687 191
Property, plant and equipment	12	26 642 164	28 604 643
Right of use assets	13	16 992 608	10 523 218
Advance payments for property, plant and equipment	12	247 019	564 223
Investments in associates	14	6 776 087	6 423 369
Other non-current assets	15	523 051	825 640
<b>TOTAL NON-CURRENT ASSETS</b>		<b>64 244 143</b>	<b>58 639 011</b>
<b>CURRENT ASSETS</b>			
Inventory	16	1 940 382	1 846 482
Trade receivables and contract assets	17	20 967 078	20 227 861
Other current assets	18	8 864 668	1 572 356
Cash and cash equivalents	19	35 290 881	22 254 601
<b>TOTAL CURRENT ASSETS</b>		<b>67 063 009</b>	<b>45 901 300</b>
<b>TOTAL ASSETS</b>		<b>131 307 152</b>	<b>104 540 311</b>

Notes on pages 16 to 56 are an integral part of these financial statements.

## Consolidated Statement of Financial Position (continued)

EQUITY AND LIABILITIES	Note	31.12.2025	31.12.2024
		EUR	(reclassified) EUR
<b>EQUITY</b>			
Share capital	20	13 870 425	13 580 000
Reserves	20	129 575	10 926
Retained earnings		50 522 631	35 275 979
Equity attributable to the shareholders of the Parent company		<b>64 522 631</b>	<b>48 866 905</b>
Non-controlling interest	21	6 049 271	4 807 843
<b>TOTAL EQUITY</b>		<b>70 571 902</b>	<b>53 674 748</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Issued debt securities	22	13 943 112	-
Loans from credit institutions and other borrowings	23	14 801 743	7 240 720
Deferred tax liabilities	9	2 739 297	1 933 340
Deferred income	24	1 265 490	1 359 515
Provisions		1 241 050	947 349
Other non-current liabilities	25	42 187	520 000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>34 032 879</b>	<b>12 000 924</b>
<b>CURRENT LIABILITIES</b>			
Issued debt securities	22	102 026	13 874 316
Loans from credit institutions and other borrowings	23	4 835 350	2 763 918
Trade payables		6 518 886	6 833 722
Taxes and state mandatory social insurance payments	26	2 436 808	2 282 893
Deferred income	24	414 527	839 508
Unpaid dividends		206 000	1 945 000
Other current liabilities	25	12 188 774	10 325 282
<b>TOTAL CURRENT LIABILITIES</b>		<b>26 702 371</b>	<b>38 864 639</b>
<b>TOTAL LIABILITIES</b>		<b>60 735 250</b>	<b>50 865 563</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>131 307 152</b>	<b>104 540 311</b>

Notes on pages 16 to 56 are an integral part of these financial statements.

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Anžela Vjaževiča  
Chief Accountant

## Consolidated Statement of Cash Flows

	Note	2025	2024 <i>(reclassified)</i>
		EUR	EUR
<b>Cash flow from operating activities</b>			
<b>Profit before corporate income tax</b>		<b>20 027 786</b>	<b>15 276 000</b>
Adjustments for			
decrease in value of property, plant and equipment and right of use assets		9 089 288	7 319 067
decrease in value of intangible assets		1 047 150	1 490 243
profit on disposal of property, plant and equipment		(129 428)	(37 941)
profit from investments in associates		(1 310 350)	(507 055)
interest and similar income		(322 092)	(528 130)
interest and similar expense		2 164 309	1 884 588
provisions (except for provisions for accounts receivable)		293 701	947 349
<b>Profit before adjustments of working capital and non-current liabilities</b>		<b>30 860 364</b>	<b>25 844 121</b>
Increase in receivables		(946 884)	(1 022 667)
(Increase)/ decrease in inventory		(92 101)	188 956
(Decrease) in payables		(415 067)	(975 499)
<b>Gross cash flow from operating activities</b>		<b>29 406 312</b>	<b>24 034 911</b>
Corporate income tax payments		(572 934)	(1 095 730)
<b>Net cash flow from operating activities</b>		<b>28 833 378</b>	<b>22 939 181</b>
<b>Cash flow from investing activities</b>			
Acquisition of subsidiaries, net of cash		(1 993 653)	(6 421 817)
Acquisition of property, plant and equipment and intangibles		(2 254 972)	(6 656 143)
Proceeds from sales of property, plant and equipment and intangibles		797 045	874 525
Repayment of loans issued		30 000	-
Deposits in deposits		(7 000 000)	-
Dividends received		896 227	818 272
Interest received		782 014	518 536
<b>Net cash flow from investing activities</b>		<b>(8 743 339)</b>	<b>(10 866 627)</b>
<b>Cash flow from financing activities</b>			
Repayment of borrowings		(14 324 229)	(104 941)
Borrowings received		18 463 461	-
Grants and donations received		215 827	341 593
Payments for leased assets		(5 943 133)	(3 120 612)
Interest paid		(1 874 238)	(1 842 570)
Dividends paid		(3 591 447)	(18 494 994)
Increase of share capital		-	12 954 000
<b>Net cash flow from financing activities</b>		<b>(7 053 759)</b>	<b>(10 267 524)</b>
<b>Net cash flow of the reporting year</b>		<b>13 036 280</b>	<b>1 805 030</b>
<b>Cash and cash equivalents at the beginning of the reporting year</b>		<b>22 254 601</b>	<b>20 449 571</b>
<b>Cash and cash equivalents at the end of reporting year</b>	19	<b>35 290 881</b>	<b>22 254 601</b>

Notes on pages 16 to 56 are an integral part of these financial statements.

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## Consolidated Statement of Changes in Equity

	Share capital	Share options reserve	Retained earnings	Equity attributable to the shareholders of the Parent company	Non-controlling interest	Total equity
	EUR	EUR	EUR	EUR	EUR	EUR
<b>As at 31 December 2023</b>	<b>346 000</b>	<b>-</b>	<b>41 058 416</b>	<b>41 404 416</b>	<b>5 100 595</b>	<b>46 505 011</b>
<b>Comprehensive income</b>						
Profit for the year	-	-	11 986 159	11 986 159	1 484 572	13 470 731
<b>Transactions with the shareholders of the Group</b>						
Increase of share capital	13 234 000	-	(280 000)	12 954 000	-	12 954 000
Share options reserve	-	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
<b>As at 31 December 2024</b>	<b>13 580 000</b>	<b>10 926</b>	<b>35 275 979</b>	<b>48 866 905</b>	<b>4 807 843</b>	<b>53 674 748</b>
<b>Comprehensive income</b>						
Profit for the year	-	-	16 655 726	16 655 726	2 132 856	18 788 582
<b>Transactions with the shareholders of the Group</b>						
Increase of share capital	290 425	(290 425)	-	-	-	-
Share options reserve	-	409 074	(409 074)	-	-	-
Dividends	-	-	(1 000 000)	(1 000 000)	(852 447)	(1 852 447)
Exclusion of subsidiary	-	-	-	-	(38 981)	(38 981)
<b>As at 31 December 2025</b>	<b>13 870 425</b>	<b>129 575</b>	<b>50 522 631</b>	<b>64 522 631</b>	<b>6 049 271</b>	<b>70 571 902</b>

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## 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 23 companies, with the largest net turnover generated by SIA Clean R, SIA Zaļā Josta, SIA Vīzī Urban, and SIA CleanR Verso. Information about the Group is provided in a separate section of this Annual report on pages 3 to 5.

On 16 January, AS CleanR Grupa together with an unrelated party established its subsidiary SIA WasteTech. The Company paid EUR 66 250 cash for acquiring 66.25% of shares. SIA WasteTech is established to promote waste regeneration station business. With this aim in view, on 31 March 2025 the reorganisation of SIA WasteTech was registered, investing into it assets and liabilities of SIA Vides resursu centrs related to creation and development of a waste regeneration station. During this reorganisation, AS CleanR Grupa paid compensation of EUR 197 874 to a third party for its shares in SIA Vides resursu centrs. As a result of the reorganisation, SIA Clean R became the largest shareholder of SIA WasteTech holding 47.97% of shares, while the investment held by AS CleanR Grupa reduced to 18.28%. On 14 August 2025, AS CleanR Grupa purchased 47.97% shares of SIA WasteTech from its subsidiary SIA Clean R for a cash consideration of EUR 417 352. As a result, the total share of the holding in WasteTech SIA increased to 66.25% ensuring direct control over this company.

On 2 July 2025, the Group company SIA Vīzī Urban increased its shareholding in SIA Tranzīts L from 49.01% to 51.02%.

During the reporting year, the Group's subsidiary SIA Clean R established SIA Lautus SPV with a share capital of EUR 3 000, to which it sold its shares in SIA Lautus. SIA Lautus was merged into SIA Lautus SPV as part of the reorganization.

In the reporting year, in order to diversify services and expand the environmental management offer in the regions, SIA Clean R, a Group company, acquired 41.25% of the shares of SIA Ķīlupe. The transaction was implemented in two stages – first, SIA CleanR acquired 10% of the shares of SIA Ķīlupe in February 2025, and, in May, increased its participation in the share capital by another 31.25%.

The financial statements were approved by the Board of the Parent company on 29 April 2026. The financial statements are subject to approval by the Shareholders' Meeting, which is appointed by the Board of the Parent company after receipt of the Independent Auditors' Report.

### Summary of 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 IFRS Accounting standards (IFRS) as adopted by the European Union (EU) and interpretations issued by the IFRS 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 2025.

In the reporting year, classification adjustments have been made to the comparative amounts for the previous reporting year so that information would be comparable with the data for 2025. The opening balance of the reporting year before adjustments coincides with the closing balance of the previous year.

**Notes to the Consolidated Financial Statements** (continued)**Summary of Group's significant accounting policies** (continued)

While preparing these financial statements, the Group has not early adopted standards and interpretations that become effective for the annual periods starting on or after 1 January 2026 or are not yet endorsed by the EU. The most significant of those are:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (effective from 1 January 2026, adopted by the EU);
- Amendments Related to the Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) (effective from 1 January 2026, adopted by the EU);
- Annual Improvements to IFRS Accounting Standards Volume 11 (issued on 18 July 2024) (effective from 1 January 2026, adopted by the EU);
- IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024) (effective from 1 January 2027, adopted by the EU);
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024) (effective from 1 January 2027, not yet adopted by the EU).

The Management of the Group evaluates the impact from adoption of these standards and interpretations on these financial statements. In addition to the above, the Company's Management has assessed the impact of other standards and interpretations that will be effective from 1 January 2026 and does not expect them to have a material impact on the financial statements.

**b) Consolidation principles****Business combinations**

Business combinations are accounted for using the acquisition method, except 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 affect 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 upon which the control is passed to the buyer of shares as per agreement significantly differs from the date disclosed by the Company register, the date of transfer of control specified in the agreement is considered the date of purchase of the share or the date of investment.

Periods for the preparation of financial statements of the Parent company of the Group and subsidiaries are equal (except for SIA CleanR Industry and SIA CleanR NĪ, whose separate financial statements as at 31 December 2025 cover a period longer than 12 months; however, for consolidation purposes, the financial data of these companies is included based on a 12-month reporting period ending 31 December 2025). 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.

**Notes to the Consolidated Financial Statements** (continued)**Summary of Group's significant accounting policies** (continued)**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 2025. All intragroup transactions, intragroup balances and unrealised gains on intragroup transactions are eliminated during consolidation.

**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 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 the 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, 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 10% - 33% per annum.

**f) Property, plant and equipment**

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Depreciation is calculated on a straight-line basis to reflect the consumption of each asset to its estimated residual value over its estimated useful life as follows:

	<b>% per annum</b>
Buildings and engineering structures	2.5 – 10
Technological equipment	10 – 25
Other PPE and inventory	10 – 50

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

If separate components of an individual PPE item have different useful lives, such components are accounted for separately within property, plant and equipment. Residual values and useful lives of PPE items are reviewed and adjusted (if necessary) at each reporting 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 the 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 income statement in the year the property, plant and equipment item is derecognised.

Leasehold improvements are depreciated 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, recognising expenses in the income statement.

**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, 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.

The Group has no financial assets that are measured at fair value through other comprehensive income (FVTOCI).

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 when the contractual rights to the cash flows from the financial asset expire. The Group does not transfer the contractual rights to receive cash flows.

**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 assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost and contract assets recognised under IFRS 15. 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, 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, less 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 PPE 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.

**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) Employee 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.

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) Share based payments**

The Group recognises its Parent company issued share options as a share based payments and reflects the corresponding transactions in its financial statements. All the share options are equity instruments, providing certain employees with the right to receive shares of the Company, conditional to fulfillment of specific criteria listed in option emission regulations.

Initially share options are valued at their fair value on the grant date.

Share options are recognised as a share option reserve in equity. Upon fulfillment of criteria, reserve is decreased and share capital is recognised. Whenever there is a difference between the amount of share capital recognised and share option reserve, it is recognised as share premium.

**Notes to the Consolidated Financial Statements** (continued)**Summary of Group's significant accounting policies** (continued)**p) 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 (which does not meet the definition of corporate income tax per IAS 12) 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 on undistributed profit of its subsidiaries using tax rate applicable to distributed profits, if it expects to distribute profit in the foreseeable future. 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.

**q) 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.

**r) 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 a 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 the 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 (once the service for the particular period is completed). Services are usually invoiced during the first 10 days of the month subsequent to the provision of the service, while in some cases prepayment invoices are in place. Payment for services is made on invoice basis with the average payment term of 20 days from the invoice date.

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, Sigulda municipality, 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 290 000 tonnes of waste per year. The Group also operates 12 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 98%.

**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, and the client has accepted the goods.

**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.

**Interest income**

Interest income is recognized in the consolidated statement of comprehensive income using the effective interest method on a time-proportionate basis, taking into account the actual performance of the asset.

**s) Related parties**

Related parties are defined as shareholders of the Group companies (except for non-controlling interests in related parties that are not related parties under IAS 24), members of the Council and the Board, their close relatives and companies in which they have a significant influence or control.

**t) Subsequent events**

Events after the reporting date that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Subsequent events that are not adjusting events are disclosed in the notes only when material.

**u) 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.

**v) 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.

**Notes to the Consolidated Financial Statements** (continued)**Summary of Group's significant accounting policies** (continued)**w) 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.

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.

**x) 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 amount 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)**y) 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.

**Recoverability of intangible assets**

During the reporting year, no indicators of impairment were identified; therefore, a detailed recoverability assessment of intangible assets was not performed. More detailed information on the Company's intangible assets is provided in Note 11.

**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 expected credit losses (ECL) associated with debt instruments at amortised cost are measured by the Group on a forward-looking basis. The principles of impairment calculation are described in 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).

**Determination of fair value of share options**

Fair value of share option is determined at its issuance date. Detailed information on determining fair value is provided in Note 20.

**Notes to the Consolidated Financial Statements** (continued)**1. Revenue**

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
<b>Revenue from contracts with customers (IFRS 15):</b>		
Income from waste collection (NACE 38.11)	63 752 636	57 516 116
Income from cleaning activities (NACE 81.22)	33 854 542	26 210 251
Income from waste recovery (NACE 38.21)	21 519 209	17 088 019
Income from waste recycling (NACE 38.21)	13 916 748	10 290 159
Sale of goods (NACE 46.90)	7 861 112	6 102 275
Income from real estate management (NACE 68.32)	1 661 170	1 726 865
Income from technical maintenance services (NACE 81.00)	1 080 589	1 006 810
Income from sludge acceptance (NACE 38.11)	675 099	345 177
Construction services (NACE 43.11)	202 683	134 268
Other revenue	-	681 516
<b>TOTAL:</b>	<b>144 523 788</b>	<b>121 101 456</b>
<b>Net sales by geographic markets</b>		
	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
Latvia	137 282 822	115 702 427
European Union and EEA	6 215 749	5 045 271
Other countries	1 025 217	353 758
<b>TOTAL:</b>	<b>144 523 788</b>	<b>121 101 456</b>

In 2025, the Group did not have any customers whose services provided/goods sold amounted to more than 10% of the Group's total net sales (2024: one customer). Additional information on financial assets is provided in Note 28 (Credit risk – Trade receivables).

**2. Cost of sales**

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
Direct cost of waste management	35 243 261	24 901 618
Salaries (see Note 7)	27 468 005	23 553 471
Depreciation of property, plant and equipment	8 883 117	7 162 302
Cost of packaging, environmentally harmful goods, and electrical and electronic equipment collection and recycling	7 488 281	12 703 433
Social insurance contributions (see Note 7)	6 662 939	5 324 876
Transportation and handling of goods	2 718 915	3 281 525
Repair of own and leased assets	1 695 072	372 409
Energy costs	1 551 442	2 161 183
Amortisation of intangible assets	930 683	1 167 615
Cost of property management	715 632	234 602
Other costs of sales	20 378 018	16 015 352
<b>TOTAL:</b>	<b>113 735 365</b>	<b>96 878 386</b>

**Notes to the Consolidated Financial Statements** (continued)

**3. Selling expenses**

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
Advertising expenses	1 442 818	1 607 432
Salaries (see Note 7)	516 567	482 670
State mandatory social insurance payments (see Note 7)	122 181	113 887
Depreciation of property, plant and equipment	32 182	11 737
Other selling expenses	166 067	273 902
<b>TOTAL:</b>	<b>2 279 815</b>	<b>2 489 628</b>

**4. Administrative expenses**

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
Salaries (see Note 7)	4 377 157	3 079 614
Professional fees*	1 381 729	1 883 354
State mandatory social insurance payments (see Note 7)	959 205	695 745
Rental expenses (short term lease) and fuel expenses	263 968	210 243
Audit fees	198 763	137 553
Office maintenance expenses	132 034	138 445
Business trip expenses	122 526	58 682
Depreciation of property, plant and equipment and intangible assets	119 500	108 703
Other administrative expenses	1 035 890	264 529
<b>TOTAL:</b>	<b>8 590 772</b>	<b>6 576 868</b>

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

**5. Other operating income**

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
Release of deferred income arising from government grants	734 833	771 347
Income from the sublease of premises	250 760	247 518
Penalties received	236 609	446 886
Income from sale of property, plant and equipment	129 428	-
Profit on sale of shares	-	715 763
Other income	170 462	555 242
<b>TOTAL:</b>	<b>1 522 092</b>	<b>2 736 756</b>

**Notes to the Consolidated Financial Statements** (continued)

**6. Other operating expense**

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
Donations	138 528	508 250
Depreciation	54 489	36 326
Penalties	38 908	35 720
Loss on disposal of PPE	-	37 941
Other expenses	648 350	691 294
<b>TOTAL:</b>	<b>880 275</b>	<b>1 309 531</b>

**7. Remuneration and average number of employees**

<b>Average number of employees during the reporting year</b>	<b>2025</b>	<b>2024</b>
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	2 049	1 917
<b>TOTAL:</b>	<b>2 056</b>	<b>1 924</b>

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
Salary	29 246 485	22 819 327
State mandatory social insurance payments	7 744 325	6 141 209
Bonuses	3 115 244	2 244 947
Health, life, and accident insurance expenses	433 224	265 202
Other employee related costs	313 028	247 737
<b>TOTAL:</b>	<b>40 852 306</b>	<b>31 718 422</b>

**Notes to the Consolidated Financial Statements** (continued)**8. Interest expenses and similar expenses**

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
Interest expenses on borrowings from credit institutions	120 218	7 282
Interest expenses on bonds issued	1 349 970	1 556 618
Interest expenses on lease liabilities	678 510	441 541
Other interest expenses and similar expenses	15 611	655
<b>TOTAL:</b>	<b>2 164 309</b>	<b>2 006 096</b>

**9. Corporate income tax and deferred income tax**

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
Corporate income tax for the reporting year	433 247	1 193 803
Deferred income tax expenses	805 957	611 466
<b>TOTAL:</b>	<b>1 239 204</b>	<b>1 805 269</b>

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

	<b>31.12.2025</b>	<b>31.12.2024</b>
	<b>EUR</b>	<b>EUR</b>
<b>Liabilities</b>		
Taxes and state mandatory social insurance payments	29 331	169 018
Deferred tax liabilities	2 739 297	1 933 340

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:

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
<b>At the beginning of the reporting year</b>	<b>1 933 340</b>	<b>1 321 874</b>
Increase of deferred tax, recognized in the Statement of Comprehensive Income	805 957	611 466
<b>At the end of the reporting year</b>	<b>2 739 297</b>	<b>1 933 340</b>

**Notes to the Consolidated Financial Statements** (continued)**10. Goodwill**

	2025	2024
	EUR	EUR
<b>Balance as at 1 January</b>	<b>8 010 727</b>	<b>4 895 188</b>
Purchase of SIALAUT US (see Note 33)	967 640	3 115 539
Purchase of SIA WasteTech (see Note 33)	66 635	-
Purchase of SIA T ranzitsL (see Note 33)	962 023	-
<b>Balance as at 31 December</b>	<b>10 007 025</b>	<b>8 010 727</b>

**Assessment of the recoverable amount**

The management of the Group reviewed recoverability of goodwill, as well as property, plant and equipment and intangible assets. The recoverable amount 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.

The calculation of the value is based on several assumptions:

- For the purposes of impairment testing goodwill is allocated to each individual investment which is viewed as a cash generating unit.
- A 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 2030. Planned annual growth rate 2-3% per year.
- 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 the present value of the relevant company, the Group's management applied a discount rate (weighed average cost of capital) of 11% (2024: 14%).
- The terminal value is estimated based on Gordon growth model in perpetuity with a 0.5% perpetual growth rate of cash flows, setting rather conservative approach towards impairment assessment (2024: 0.5%).

No impairment was recognised in the Group in 2025 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% (which is a reasonably possible change in the discount rate), results of the assessment would stay the same and the recoverable amount would exceed the carrying amount. The total recoverable amount of the goodwill will be approximately equal to its carrying amount if the discount rate is increased by 3.3% and reaches 14.3% (2024: approximately 2.5% increase to 16.5%). 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 EUR	Other intangible assets EUR	Intangible asset development costs EUR	Total EUR
<b>As at 31 December 2023</b>				
Cost	8 013 319	2 209 389	2 719	10 225 427
Accumulated amortisation	(4 263 308)	(1 505 098)	-	(5 768 406)
<b>Net book value as at 31 December 2023</b>	<b>3 750 011</b>	<b>704 291</b>	<b>2 719</b>	<b>4 457 021</b>
<b>2024</b>				
<b>Net book value as at 1 January</b>	<b>3 750 011</b>	<b>704 291</b>	<b>2 719</b>	<b>4 457 021</b>
Additions	121 928	199 622	87 908	409 458
Result of acquisition and sale of subsidiaries (book value)	132 529	-	-	132 529
Disposals	(7 810)	(79 263)	(2 719)	(89 792)
Reclassification	56 488	67 773	(59 977)	64 284
Amortisation	(790 759)	(405 498)	-	(1 196 257)
Result of acquisition and sale of subsidiaries (accumulated amortisation)	(126 431)	-	-	(126 431)
Accumulated amortisation on disposals	7 086	42 603	-	49 689
Reclassification	(5 514)	(7 796)	-	(13 310)
<b>Net book value as at 31 December</b>	<b>3 137 528</b>	<b>521 732</b>	<b>27 931</b>	<b>3 687 191</b>
<b>As at 31 December 2024</b>				
Cost	8 316 454	2 397 521	27 931	10 741 906
Accumulated amortisation	(5 178 926)	(1 875 789)	-	(7 054 715)
<b>Net book value as at 31 December 2024</b>	<b>3 137 528</b>	<b>521 732</b>	<b>27 931</b>	<b>3 687 191</b>

**Notes to the Consolidated Financial Statements** (continued)

	<b>Concessions, patents, licenses, trademarks and similar rights EUR</b>	<b>Other intangible assets EUR</b>	<b>Intangible asset development costs EUR</b>	<b>Total EUR</b>
<b>As at 31 December 2024</b>				
Cost	8 316 454	2 397 521	27 931	10 741 906
Accumulated amortisation	(5 178 926)	(1 875 789)	-	(7 054 715)
<b>Net book value as at 31 December 2024</b>	<b>3 137 528</b>	<b>521 732</b>	<b>27 931</b>	<b>3 687 191</b>
<b>2025</b>				
<b>Net book value as at 1 January</b>	<b>3 137 528</b>	<b>521 732</b>	<b>27 931</b>	<b>3 687 191</b>
Additions	111 877	146 789	156 837	415 503
Disposals	(20 703)	(400)	(4 619)	(25 722)
Reclassification from PPE	5 264	-	-	5 264
Reclassification	(6 553)	6 553	-	-
Amortisation	(829 354)	(217 796)	-	(1 047 150)
Accumulated amortisation of disposals	20 703	400	-	21 103
Reclassification	1 023	(1 023)	-	-
<b>Net book value as at 31 December</b>	<b>2 419 785</b>	<b>456 255</b>	<b>180 149</b>	<b>3 056 189</b>
<b>As at 31 December 2025</b>				
Cost	8 406 339	2 550 463	180 149	11 136 951
Accumulated amortisation	(5 986 554)	(2 094 208)	-	(8 080 762)
<b>Net book value as at 31 December 2025</b>	<b>2 419 785</b>	<b>456 255</b>	<b>180 149</b>	<b>3 056 189</b>

The CleanR trademark is recognised under intangible assets, with a remaining carrying amount of EUR 1 827 000 as of 31 December 2025 (31 December 2024: EUR 2 557 800). The remaining useful life of this trademark is 2.5 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 equipment	Construc- tion in progress	Advances for fixed assets	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>As at 31 December 2023</b>							
Cost	11 849 873	1 780 272	20 757 247	15 958 667	1 337 791	1 427 019	53 110 869
Accumulated depreciation	(5 109 266)	(231 645)	(11 972 082)	(9 635 595)	-	-	(26 948 588)
Accumulated impairment charge	(394 448)	-	-	-	(58 700)	-	(453 148)
<b>Net book value as at 31 December 2023</b>	<b>6 346 159</b>	<b>1 548 627</b>	<b>8 785 164</b>	<b>6 323 072</b>	<b>1 279 091</b>	<b>1 427 019</b>	<b>25 709 132</b>
<b>2024</b>							
<b>Net book value as at 1 January</b>	<b>6 346 159</b>	<b>1 548 627</b>	<b>8 785 164</b>	<b>6 323 072</b>	<b>1 279 091</b>	<b>1 427 019</b>	<b>25 709 132</b>
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
Disposals	(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)	(3 406 116)	(2 208 335)	(36 545)
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 on disposals	267 703	-	1 455 678	889 411	-	-	2 612 792
Reclassification	-	5 513	(2 308 901)	2 284 995	-	-	(18 393)
Reclassification from right of use assets (accumulated depreciation)	-	-	(173 030)	-	-	-	(173 030)
<b>Net book value as at 31 December</b>	<b>7 806 629</b>	<b>2 260 373</b>	<b>12 179 231</b>	<b>5 251 161</b>	<b>1 107 249</b>	<b>564 223</b>	<b>29 168 866</b>
<b>As at 31 December 2024</b>							
Cost	15 480 780	2 671 025	28 622 961	14 933 275	1 165 949	564 223	63 438 212
Accumulated depreciation	(7 279 703)	(410 652)	(16 443 729)	(9 682 114)	-	-	(33 816 198)
Accumulated impairment charge	(394 448)	-	-	-	(58 700)	-	(453 148)
<b>Net book value as at 31 December 2024</b>	<b>7 806 629</b>	<b>2 260 373</b>	<b>12 179 231</b>	<b>5 251 161</b>	<b>1 107 249</b>	<b>564 223</b>	<b>29 168 866</b>

## Notes to the Consolidated Financial Statements (continued)

	Land, buildings and engineering structures	Leasehold improvements	Technological equipment and devices	Other fixed assets and equipment	Construc- tion in progress	Advances for fixed assets	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>As at 31 December 2024</b>							
Cost	15 480 780	2 671 025	28 622 961	14 933 275	1 165 949	564 223	63 438 213
Accumulated depreciation	(7 279 703)	(410 652)	(16 443 729)	(9 682 114)	-	-	(33 816 198)
Accumulated impairment charge	(394 448)	-	-	-	(58 700)	-	(453 148)
<b>Net book value as at 31 December 2024</b>	<b>7 806 629</b>	<b>2 260 373</b>	<b>12 179 231</b>	<b>5 251 161</b>	<b>1 107 249</b>	<b>564 223</b>	<b>29 168 866</b>
<b>2025</b>							
<b>Net book value as at 1 January</b>	<b>7 806 629</b>	<b>2 260 373</b>	<b>12 179 231</b>	<b>5 251 161</b>	<b>1 107 249</b>	<b>564 223</b>	<b>29 168 866</b>
Additions	228 585	46 748	-	995 669	1 478 318	950 925	3 700 245
Result of acquisition and sale of subsidiaries (cost)	-	-	53 629	244 325	50 184	-	348 138
Cost of disposals	-	(18 101)	(1 666 076)	(1 050 759)	(9 300)	(15 791)	(2 760 027)
Reclassification	353 196	444 719	923 376	429 198	(903 415)	(1 247 074)	-
Reclassification to IA	-	-	-	-	-	(5 264)	(5 264)
Depreciation	(941 863)	(283 686)	(2 572 164)	(1 869 816)	-	-	(5 667 529)
Result of acquisition and sale of subsidiaries (accumulated depreciation)	-	-	(45 160)	(177 016)	-	-	(222 176)
Accumulated depreciation on disposals	-	18 101	1 318 369	990 460	-	-	2 326 930
<b>Net book value as at 31 December</b>	<b>7 446 547</b>	<b>2 468 154</b>	<b>10 191 205</b>	<b>4 813 222</b>	<b>1 723 036</b>	<b>247 019</b>	<b>26 889 183</b>
<b>As at 31 December 2025</b>							
Cost	16 062 561	3 144 391	27 933 890	15 551 708	1 781 736	247 019	64 721 305
Accumulated depreciation	(8 221 566)	(676 237)	(17 742 685)	(10 738 486)	-	-	(37 378 974)
Accumulated impairment charge	(394 448)	-	-	-	(58 700)	-	(453 148)
<b>Net book value as at 31 December 2025</b>	<b>7 446 547</b>	<b>2 468 154</b>	<b>10 191 205</b>	<b>4 813 222</b>	<b>1 723 036</b>	<b>247 019</b>	<b>26 889 183</b>

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 31.

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

	2025	2024
	EUR	EUR
Cost of sales (Note 2)	8 883 117	7 162 302
Administration expenses (Note 4)	119 500	108 703
Other operating expenses (Note 6)	54 489	36 326
Selling expenses (Note 3)	32 182	11 737
<b>Total</b>	<b>9 089 288</b>	<b>7 319 068</b>

As at 31 December 2025, the Group's property, plant and equipment comprised fully depreciated property, plant and equipment with historical cost of EUR 18 196 411 (at 31 December 2024: EUR 8 538 293), 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 EUR	Right of use technological equipment and devices EUR	Right of use other assets EUR	Total EUR
<b>As at 31 December 2023</b>				
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)
<b>Net book value as at 31 December 2023</b>	<b>2 466 583</b>	<b>5 505 130</b>	<b>1 124</b>	<b>7 972 837</b>
<b>2024</b>				
<b>Net book value as at 1 January</b>	<b>2 466 583</b>	<b>5 505 130</b>	<b>1 124</b>	<b>7 972 837</b>
New lease agreements	920 954	4 647 807	1 130 572	6 699 333
Amendments to lease agreements	37 869	20 461	1 463	59 793
Changes in estimates	1 690	380	-	2 070
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
<b>Net book value as at 31 December</b>	<b>1 244 032</b>	<b>8 174 245</b>	<b>1 104 941</b>	<b>10 523 218</b>
<b>As at 31 December 2024</b>				
Cost	1 912 803	12 497 231	1 134 508	15 544 542
Accumulated depreciation	(668 771)	(4 322 985)	(29 568)	(5 021 324)
<b>Net book value as at 31 December 2024</b>	<b>1 244 032</b>	<b>8 174 245</b>	<b>1 104 941</b>	<b>10 523 218</b>

**Notes to the Consolidated Financial Statements** (continued)

	Right of use land, buildings and engineering structures EUR	Right of use technological equipment and devices EUR	Right of use other assets EUR	Total EUR
<b>As at 31 December 2024</b>				
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)
<b>Net book value as at 31 December 2024</b>	<b>1 244 032</b>	<b>8 174 245</b>	<b>1 104 941</b>	<b>10 523 218</b>
<b>2025</b>				
<b>Net book value as at 1 January</b>	<b>1 244 032</b>	<b>8 174 245</b>	<b>1 104 941</b>	<b>10 523 218</b>
New lease agreements	351 155	8 876 422	1 718 647	10 946 224
Amendments to lease agreements	38 418	28 800	12 716	79 934
Changes in estimates	108 523	(1 664)	5 453	112 312
Termination of lease (cost)	(452 698)	(2 071 329)	(3 425)	(2 527 452)
Depreciation	(398 494)	(2 520 886)	(502 379)	(3 421 759)
Termination of lease (accumulated depreciation)	178 953	1 097 754	3 425	1 280 132
<b>Net book value as at 31 December</b>	<b>1 069 889</b>	<b>13 583 342</b>	<b>2 339 378</b>	<b>16 992 609</b>
<b>As at 31 December 2025</b>				
Cost	1 958 200	19 329 460	2 867 899	24 155 559
Accumulated depreciation	(888 312)	(5 746 117)	(528 522)	(7 162 951)
<b>Net book value as at 31 December 2025</b>	<b>1 069 888</b>	<b>13 583 343</b>	<b>2 339 377</b>	<b>16 992 608</b>

The Group leases a number of assets, including production equipment, cars, machinery, production premises and office premises. The average lease term is 5 years (2024: 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 23.

Amounts included in the consolidated income statement are as follows:

	2025 EUR	2024 EUR
Depreciation for right of use assets	3 421 759	2 097 782
Interest expenses on lease liabilities	678 510	441 541
<b>TOTAL:</b>	<b>4 100 269</b>	<b>2 539 323</b>

**Notes to the Consolidated Financial Statements** (continued)**14. Investments in associates****(a) Investments in associates**

Name of the Company	Carrying amount of investment in associate		Participating interest in share capital of associate	
	31.12.2025 EUR	31.12.2024 EUR	31.12.2025 %	31.12.2024 %
SIA Roadeks *	5 721 690	5 523 369	50	50
SIA Tranzīts L **	-	900 000	-	49.01
SIA Ķīlupe ***	1 054 397	-	41.25	-
	<b>6 776 087</b>	<b>6 423 369</b>		

\* SIA Roadeks is considered an associated company within the Group, as the Group does not have a majority of the rights to the shares.

**(b) Movement table on changes in investments in associates**

	2025 EUR	2024 EUR
<b>Balance sheet value at the beginning of the reporting year</b>	<b>6 423 369</b>	<b>6 128 574</b>
Acquisition	861 563	900 000
Profit from investments in associates	1 310 350	857 186
Dividends received	(896 227)	(818 272)
Sales	-	(644 119)
Reclassification to subsidiary **	(922 968)	-
<b>Carrying amount at the end of the reporting year</b>	<b>6 776 087</b>	<b>6 423 369</b>

\*\* In December 2024, a subsidiary of the Group acquired a 49.01% shareholding in SIA Tranzīts L. In July of the reporting year, the Group's subsidiary acquired an additional 2.01% shareholding in SIA Tranzīts L, thereby gaining control over this associated company, and it became a subsidiary of the Group. Further details are provided in Note 33.

\*\*\* During the reporting year, a subsidiary of the Group acquired a 41.25% shareholding in SIA Ķīlupe. The transaction was executed in two stages: first, in February of the reporting year, the Group's subsidiary acquired a 10% shareholding in SIA Ķīlupe, and in May increased its shareholding by acquiring an additional 31.25% shareholding.

**(c) Information on associates**

Name of the company	Address	Share capital		Profit for the reporting year	
		31.12.2025 EUR	31.12.2024 EUR	2025 EUR	2024 EUR
SIA Roadeks *	Kalnčiema street 67, Riga	3 401 747	3 001 324	2 192 877	1 792 454
SIA Ķīlupe	Preses street 2, Ogre	3 318 322	-	725 969	-

\* Unaudited data

**Notes to the Consolidated Financial Statements** (continued)

**15. Other non-current assets**

	<b>31.12.2025</b>	<b>31.12.2024</b>
	<b>EUR</b>	<b>EUR</b>
Payment for sales of subsidiary	80 648	298 633
Investments in the renovation project *	133 383	152 902
Repair work performed in apartment buildings **	39 560	57 103
Loans to Latvian legal entities ***	207 072	220 596
Deferred expenses	62 388	76 887
Other assets	-	19 519
	<b>TOTAL:</b>	<b>825 640</b>
	<i>Incl. financial assets:</i>	<i>595 851</i>
	<i>non-financial assets:</i>	<i>229 789</i>

\* In October 2013, the subsidiary of the Group SIA Vidzemes ESKO 1 completed renovation work on the project at 23 Valmieras street, 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 31.12.2025 and 31.12.2024 the amount of claims includes accrued interest income. The loan issued has no pledge as at 31.12.2025 and 31.12.2024

In 2023, a loan 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 2025, the issued loan was unsecured.

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

**16. Inventory**

	<b>31.12.2025</b>	<b>31.12.2024</b>
	<b>EUR</b>	<b>EUR</b>
Raw materials and consumables	1 434 146	1 436 004
Finished goods and goods for sale	523 823	405 847
Advances for inventory	19 116	10 049
Provisions for impairment of slow-moving stock	(36 703)	(5 418)
	<b>TOTAL:</b>	<b>1 846 482</b>

**17. Trade receivables and contract assets**

	<b>31.12.2025</b>	<b>31.12.2024</b>
	<b>EUR</b>	<b>EUR</b>
Trade receivables from contracts with customers	15 687 740	14 510 911
Contract assets	6 553 082	6 739 838
ECL allowances	(1 273 744)	(1 022 888)
	<b>TOTAL:</b>	<b>20 227 861</b>

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.

Movements in the ECL allowances:

	2025 EUR	2024 EUR
<b>At the beginning of the reporting year</b>	<b>1 022 888</b>	<b>1 130 088</b>
Increase of allowances	286 478	203 924
Decrease of allowances	(35 622)	(311 124)
<b>At the end of the reporting year</b>	<b>1 273 744</b>	<b>1 022 888</b>

Expected credit loss as at 31 December 2025 is determined by applying the following average expected credit loss rates:

	Not overdue	Overdue by less than 30 days	31 to 60 days overdue	61 to 90 days overdue	91 to 180 days overdue	181 to 365 days overdue	Overdue by more than 365 days	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Expected credit loss rate	0.64%	2.00%	6.47%	11.38%	48.06%	39.55%	98.77%	5.73%
Trade receivables and contract assets (gross amounts)	19 227 839	873 181	279 706	391 468	489 990	220 775	757 865	22 240 822
<b>Expected credit loss</b>	<b>122 184</b>	<b>17 498</b>	<b>18 095</b>	<b>44 568</b>	<b>235 507</b>	<b>87 320</b>	<b>748 753</b>	<b>1 273 744</b>

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

	Not overdue	Overdue by less than 30 days	31 to 60 days overdue	61 to 90 days overdue	91 to 180 days overdue	181 to 365 days overdue	Overdue by more than 365 days	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	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
<b>Expected credit loss</b>	<b>153 891</b>	<b>36 618</b>	<b>14 604</b>	<b>45 194</b>	<b>40 833</b>	<b>70 184</b>	<b>661 564</b>	<b>1 022 888</b>

**Notes to the Consolidated Financial Statements** (continued)**18. Other current assets**

	<b>31.12.2025</b>	<b>31.12.2024</b>
	<b>EUR</b>	<b>EUR</b>
Deposits (with a maturity of over 3 months) *	7 000 000	-
Deferred expenses	914 577	487 178
Tax overpayment	94 755	232 997
Loan to a Latvian legal entity	36 095	62 414
Investments in the renovation project	19 519	-
Repair work performed in apartment buildings **	17 762	-
Other assets	781 960	789 767
<b>TOTAL:</b>	<b>8 864 668</b>	<b>1 572 356</b>
<i>Incl. financial assets:</i>	<i>7 053 857</i>	<i>62 414</i>
<i>non-financial assets:</i>	<i>1 810 811</i>	<i>1 509 942</i>

\* As at 31 December 2025, two of the Group's companies had placed EUR 7 million in deposits with terms exceeding three months, bearing interest rates ranging from 1.93% to 3% per annum.

Deposits amounting to EUR 4 million were placed with a bank holding a Moody's credit rating of Aa2, while EUR 3 million were placed with a bank without a credit rating. When placing deposits with maturities exceeding 3 months, the management of the Company evaluates not only the credit rating of the bank but also the overall reliability of the financial institution.

\*\* 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.

Estimated credit losses from other current financial assets have not been recognized as the estimated amounts are immaterial.

**19. Cash and cash equivalents**

	<b>31.12.2025</b>	<b>31.12.2024</b>
	<b>EUR</b>	<b>EUR</b>
Cash in bank (available on demand or deposits with maturity less than 3 months)	35 287 973	22 251 978
Cash on hand	2 908	2 623
<b>TOTAL:</b>	<b>35 290 881</b>	<b>22 254 601</b>

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

Some Group companies use Group account services, see Section a) of Note 23 on borrowings from credit institutions.

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

	<b>31.12.2025</b>	<b>31.12.2024</b>
<b>Credit rating</b>	<b>EUR</b>	<b>EUR</b>
Aa2	27 054 531	-
Aa3	376 973	15 976 362
A2	5 472 585	4 814 174
Baa1	2 328 617	315 261
No rating assigned	55 267	1 146 181
<b>TOTAL:</b>	<b>35 287 973</b>	<b>22 251 978</b>

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

The 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 a timely basis.

**Notes to the Consolidated Financial Statements** (continued)**20. Share capital and Share options reserve**

As at 31 December 2025, the registered and fully paid share capital of the Group Parent Company is EUR 13 870 425, consisting of 13 870 425 shares, of which 13 300 000 are Category A shares and 570 425 are employee shares. The nominal value of each share is EUR 1. The ultimate beneficial owner of the Group Parent Company is Guntars Kokorevičs.

During 2024, share capital was increased by EUR 13 234 000, through a payment of cash of EUR 12 954 000 and capitalisation of retained earnings of EUR 280 000.

During 2025, share options were exercised and converted to shares. As a result, the Company's share capital increased by EUR 290 425 with a corresponding decrease in share option reserve.

On 27 March 2024, the Group Parent Company has issued employee share options and in relation to it a conditional increase of share capital was effected by EUR 10 926, recognising a share options reserve. On 28 February 2025, a further increase of the conditional capital was registered increasing it by EUR 409 074 due to the increase in employee share options issued and a previous increase in share capital.

Employee share options are granted to certain senior employees of selected CleanR Group companies'. Each employee has a right to convert one employee share into one employee share free of charge (one option equals one share with a nominal value of EUR 1; the estimated fair value of one share option is EUR 1). The vesting conditions foresee that the conversion can take place after 12 months since the grant date and only in case the employee continues its employment within CleanR Group companies. Employee share options are covered by retained earnings.

Holders of employee shares have no right to sell their shares, employee shares cannot be inherited and are returnable to the Group Parent Company upon termination of employment. Employee shares have no voting rights; however, they have a right to receive their share of dividends on the same conditions as Category A shareholders.

Movement in employee share options during the reporting year:

	2025 EUR	2025 Number of options	2024 EUR	2024 Number of options
<b>Employee share options at the beginning of the reporting year</b>	<b>10 926</b>	<b>10 926</b>	-	-
Granting of employee share options to employees	-	-	10 926	10 926
Change in employee share options resulting from increase in share capital	409 074	409 074	-	-
Exercise of employee share options	(290 425)	(290 425)	-	-
<b>Employee share options at the end of the reporting year</b>	<b>129 575</b>	<b>129 575</b>	<b>10 926</b>	<b>10 926</b>

Employee shares were granted to employees with one sole purpose – to participate in the profit sharing of the Company, therefore, the fair value of the employee share options is based on the discounted cash flow model, which accounts for the present value of the future expected dividend cash flows.

- As the rights attached to employee shares are limited and these shares have no voting rights, the fair value of employee share options cannot be determined with reference to the value of the Company.
- Future expected dividends are estimated with reference to past dividend payments.
- The discount factor used in the calculations is 6.5%.
- It is expected that employees will continue their employment with the Company or the Group for approximately 5 years, which is determined with reference to historical employee turnover rates.

**Notes to the Consolidated Financial Statements** (continued)**21. Non-controlling interest**

Non-controlling interest is comprised of investments by shareholders other than the Group Parent Company in the following subsidiaries of the Group:

Subsidiary of the Group	31.12.2025 Non-controlling interest %	31.12.2025 Non-controlling interest EUR	31.12.2024 Non-controlling interest %	31.12.2024 Non-controlling interest EUR
SIA CDzP	48.92%	536 829	48.92%	499 358
SIA Vidzemes ESKO 1	48.92%	(3 203)	48.92%	(3 318)
SIA Eko Terra	26.99%	163 121	26.99%	60 536
PS Vides pakalpojumi Liepājai	49.00%	486 521	49.00%	463 290
SIA Vides resursu centrs	47.00%	1 530 980	47.00%	1 599 949
AS TĪRĪGA	10.00%	(89 187)	10.00%	(86 116)
SIA Zaļā josta	45.00%	2 667 616	45.00%	2 274 144
SIA WasteTech	33.75%	533 813	-	-
SIA Ropažu Energija	33.75%	(234)	-	-
SIA Tranzīts L	48.98%	223 015	-	-
		<b>6 049 271</b>		<b>4 807 843</b>

During the reporting year, the amount of dividends paid by subsidiaries to their non-controlling interests was EUR 852 447 (2024: EUR 2 607 229).

**22. Issued debt securities**

The Group Parent Company has issued bonds (ISIN LV0000802676) with the total value of EUR 15 000 000, the number of quoted financial instruments is 15 000 with a nominal value of EUR 1 000 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, the subsidiary 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 was 9 December 2025. The coupon rate is 3M EURIBOR + 6.5% and the coupon is paid on a quarterly basis.

Shares of the subsidiaries of the Group SIA Clean R, SIA CleanR Verso, SIA Vizii Urban served as collateral against the bonds.

In 2025, the Group Parent Company commenced the refinancing of the bonds issued in 2022. The first tranche of the new bond program was registered with the Nasdaq CSD Latvian Central Securities Depository on 14 November 2025 (ISIN LV0000107365).

Approximately 70%, or EUR 10 644 000, of the total approved amount of EUR 15 million was allocated to existing bondholders who participated in the bond exchange offer (where the existing bonds were replaced with the new bonds), while approximately 30% was allocated to new investors. The proceeds of EUR 4 356 000 received from new investors were used on 14 November 2025 to settle with those bondholders who did not participate in the bond exchange offer.

The EUR 15 million bonds issued in November 2025 form part of a total bond issuance program of EUR 50 million. The EUR 15 million issue consists of 15 000 bonds with a nominal value of EUR 1 000 each. The terms of the bond issue stipulate that the bonds will be listed on the regulated market of AS Nasdaq Riga within three months of the issue date.

As at 31 December 2025, bonds with a total nominal value of EUR 1 000 000 were held by a subsidiary of the Group.

As at 4 February 2026, the Group's bonds with a total nominal value of EUR 15 million have been admitted to trading on the Nasdaq Baltic regulated market.

The bonds carry a fixed coupon rate of 6.5% per annum, with coupon payments made quarterly. The bonds are unsecured. The final maturity date of the principal amount is 14 November 2029, with the principal to be repaid in a single bullet payment at maturity.

**Notes to the Consolidated Financial Statements** (continued)

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

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
<b>Issued debt securities at the beginning of the reporting year</b>	<b>13 874 316</b>	<b>13 752 808</b>
Issue of bonds	14 000 000	-
Transaction costs (deducted from the issue value)	(86 539)	-
Redemption of bonds	(14 000 000)	-
Accrued interest	1 349 970	1 556 618
Interest paid	(1 092 609)	(1 435 110)
<b>Issued debt securities at the end of the reporting year</b>	<b>14 045 138</b>	<b>13 874 316</b>
incl. current portion	102 026	13 874 316
non-current portion (2 – 5 years)	13 943 112	-

**23. Loans from credit institutions and other borrowings**

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

	<b>31.12.2025</b>	<b>31.12.2024</b>
	<b>EUR</b>	<b>EUR</b>
Loans from credit institutions	4 301 444	58 574
Lease liabilities	15 335 649	9 903 040
Other current borrowings	-	43 024
	<b>19 637 093</b>	<b>10 004 638</b>

**a) Loans from credit institutions**

	<b>31.12.2025</b>	<b>31.12.2024</b>
	<b>EUR</b>	<b>EUR</b>
Non-current portion of loans with repayment term 2 – 5 years	3 356 583	37 678
Current portion of loans	944 861	20 896
	<b>4 301 444</b>	<b>58 574</b>

The Group's subsidiary have entered into loan agreements with a Latvian credit institution. The loans are subject to variable base interest rates tied to 1 to 6 month EURIBOR plus fixed rate.

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, equity interests in Group companies, and cash held in bank accounts of the Group's subsidiaries.

During the reporting year, the Group's company SIA Lautus assumed the liabilities towards AS Swedbank as a result of the reorganization. The total outstanding loan amount as at 31 December 2025 is EUR 4 263 766. The loan carries interest at 6-month EURIBOR plus fixed rate. The loan is secured by a guarantee from SIA Clean R and a mortgage on the real estate owned by SIA Lautus.

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.

As at 31 December 2025 (and as at 31 December 2024), none of the Group companies had used the Group account funds.

**Notes to the Consolidated Financial Statements** (continued)

Movement in loans from credit institutions:

	2025 EUR	2024 EUR
<b>Loans at the beginning of the year</b>	<b>58 574</b>	<b>163 515</b>
Received loans	4 550 000	-
Loans repaid	(324 229)	(104 941)
Accrued interest	120 218	7 282
Interest paid	(103 119)	(7 282)
<b>Loans at the end of the reporting year</b>	<b>4 301 444</b>	<b>58 574</b>

**b) Lease liabilities**

	31.12.2025 EUR	31.12.2024 EUR
Lease liabilities with repayment term >5 years	1 833 221	538 235
Lease liabilities with repayment term 2-5 years	9 611 939	6 625 914
<b>Non-current portion</b>	<b>TOTAL: 11 445 160</b>	<b>7 164 149</b>
Current lease liabilities	3 890 489	2 738 891
<b>Current portion</b>	<b>TOTAL: 3 890 489</b>	<b>2 738 891</b>
	<b>TOTAL: 15 335 649</b>	<b>9 903 040</b>

The subsidiaries of the Group have acquired assets (mainly means of transportation, heavy machinery, and office premises) on lease terms. As at 31 December 2025, the interest rates were set at 3 and 6 months EURIBOR + 2.1% to 3.2% (31 December 2024 the interest rates were set at 3 and 6 months EURIBOR + 2.1% to 3.2%).

Movement in lease liabilities during the reporting year:

	2025 EUR	2024 EUR
<b>Lease liabilities at the beginning of the year</b>	<b>9 903 040</b>	<b>7 745 975</b>
New leases	12 175 642	7 078 741
Amendments to existing lease agreements	150 730	61 862
Terminated lease agreements	(1 002 192)	(2 115 093)
Lease payments	(5 891 569)	(2 868 445)
Accrued interest	678 510	441 541
Interest paid	(678 510)	(441 541)
<b>Lease liabilities at the end of the reporting year</b>	<b>15 335 650</b>	<b>9 903 040</b>

Notes to the Consolidated Financial Statements (continued)

**24. Deferred income**

	31.12.2025	31.12.2024
	<i>EUR</i>	<i>EUR</i>
EU and other co-financing >5 years	664 739	794 346
EU and other co-financing 2-5 years	540 591	496 205
Financial support received from LIAA >5 years	60 160	68 964
<b>Non-current portion</b>	<b>TOTAL: 1 265 490</b>	<b>1 359 515</b>
EU and other co-financing – short term part	191 698	722 884
Financial support received from LIAA – short term part	8 804	8 804
Other deferred income – short-term part	214 025	107 820
<b>Current portion</b>	<b>TOTAL: 414 527</b>	<b>839 508</b>
	<b>TOTAL: 1 680 017</b>	<b>2 199 023</b>

Deferred income refers to grants received and recognised under IAS 20. EU and other co-financing were 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.

**25. Other liabilities**

	31.12.2025	31.12.2024
	<i>EUR</i>	<i>EUR</i>
Liability towards a Latvian legal entity for the acquisition of shares	-	500 000
Other liabilities	42 187	20 000
<b>Non-current portion</b>	<b>TOTAL: 42 187</b>	<b>520 000</b>
	<i>Incl. financial liabilities: 42 187</i>	<i>520 000</i>
	<i>non-financial liabilities: -</i>	<i>-</i>
Savings fund of apartment buildings	2 820 718	2 327 618
Accrued liabilities	7 463 496	5 345 605
Other liabilities	1 904 560	2 652 059
<b>Current portion</b>	<b>TOTAL: 12 188 774</b>	<b>10 325 282</b>
	<i>Incl. financial liabilities 7 463 496</i>	<i>5 345 605</i>
	<i>non-financial liabilities: 4 725 278</i>	<i>4 979 677</i>
	<b>TOTAL: 12 230 961</b>	<b>10 845 282</b>
	<i>Incl. financial liabilities: 7 505 683</i>	<i>5 865 605</i>
	<i>non-financial liabilities: 4 725 278</i>	<i>4 979 677</i>

**26. Taxes and state mandatory social insurance payments**

	31.12.2025	31.12.2024
	<i>EUR</i>	<i>EUR</i>
State mandatory social insurance payments	969 265	878 275
Value added tax	962 194	755 246
Personal income tax	470 601	476 618
Corporate income tax	29 331	169 018
Natural resource tax	4 650	2 709
Vehicle operating tax	-	277
Risk duty	767	750
	<b>TOTAL: 2 436 808</b>	<b>2 282 893</b>

**Notes to the Consolidated Financial Statements** (continued)**27. 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.

<b>Accounts receivable from related parties:</b>	<b>31.12.2025 EUR</b>	<b>31.12.2025 EUR</b>	<b>31.12.2024 EUR</b>	<b>31.12.2024 EUR</b>
	<b>Companies controlled by the beneficial owner</b>	<b>Associated companies</b>	<b>Companies controlled by the beneficial owner</b>	<b>Associated companies</b>
Receivables from related parties	87	343 956	-	10 183
<b>Revenue and expenses from transactions with related parties:</b>	<b>2025 EUR</b>	<b>2025 EUR</b>	<b>2024 EUR</b>	<b>2024 EUR</b>
	<b>Companies controlled by the beneficial owner</b>	<b>Associated companies</b>	<b>Companies controlled by the beneficial owner</b>	<b>Associated companies</b>
Revenue	864	4 035 314	2 288	1 052 371
Expenses	(168 269)	(2 700 343)	(57 500)	(445 313)

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:**

	<b>Year</b>	<b>Dividends paid, EUR</b>
To the shareholders of the Parent Company	2025	1 000 000
To the shareholders of the Parent Company	2024	17 832 765

**28. 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 Chief Financial Officer of the Group Parent Company. Financial risk management measures are undertaken to support the Group's underlying business activities. The Group does not engage in any speculative transactions that could increase its exposure to foreign currency or interest rate risks.

**Notes to the Consolidated Financial Statements** (continued)

Financial instruments owned by the Group are classified as follows:

	31.12.2025 EUR	31.12.2024 EUR
<b>Financial assets at amortised cost</b>		
Other non-current financial assets	327 280	595 851
Trade receivables and contract assets	20 967 078	20 227 861
Other current financial assets	7 053 857	62 414
Cash and cash equivalents	35 290 881	22 254 601
<b>Total financial assets</b>	<b>63 639 096</b>	<b>43 140 727</b>
<b>Financial liabilities at amortised cost</b>		
Issued debt securities	14 045 138	13 874 316
Loans from credit institutions	4 301 444	58 574
Lease liabilities	15 335 649	9 903 040
Other borrowings	-	43 024
Trade payables	6 518 886	6 833 722
Unpaid dividends	206 000	1 945 000
Other liabilities (including non-current portion)	7 505 683	5 865 605
<b>Total financial liabilities</b>	<b>47 912 800</b>	<b>38 523 281</b>

**Market risk**

Market risk is the risk that changes in market factors such as foreign exchange rates, interest rates, and commodity prices will affect the Group's revenue or the value of its financial instruments. Market risk includes foreign currency risk and interest rate risk.

**Interest rate risk**

Interest rate risk is the risk of incurring losses due to changes in the interest rates applicable to the Group's assets and liabilities. The Group is exposed to market interest rate fluctuations in relation to its non-current and current borrowings, as well as lease liabilities that bear variable interest rates. The Group's borrowings and part of its lease liabilities carry variable interest rates. For a detailed description of the interest rates applicable to the borrowings, see Note 23. The Group manages interest rate risk by regularly assessing the borrowing rates available in the market. If lower interest rates become available compared to existing rates, Management evaluates the financial benefits of refinancing. Management has decided not to use derivative financial instruments to manage interest rate risk.

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.

	2025		2024	
	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%)	(287 806)	(+1%)	(228 566)
	(-1%)	287 806	(-1%)	228 566

**Foreign currency risk**

Foreign currency risk is the risk of incurring losses by Group companies due to unfavourable movements in foreign exchange rates in relation to assets and liabilities denominated in foreign currencies. This risk arises when financial assets in a foreign currency do not match financial liabilities in the same currency, resulting in open currency positions. The Group does not have significant financial assets or liabilities denominated in currencies other than the euro. Accordingly, in the reporting year and in prior reporting years, the Group was not materially exposed to foreign currency risk.

**Credit risk**

Credit risk is the risk that a counterparty may fail to fulfil its obligations to the Group, resulting in significant financial losses. The Group is exposed to credit risk arising directly from its operating activities – primarily trade receivables – and to credit risk related to its financing activities – mainly loans granted and cash and cash equivalents.

**Notes to the Consolidated Financial Statements** (continued)

The Group's maximum exposure to credit risk is:

	31.12.2025 EUR	31.12.2024 EUR
Cash and cash equivalents	35 290 881	22 254 601
Loans issued	381 137	658 265
Trade receivables and other receivables (gross amounts)	27 967 078	20 227 861
<b>TOTAL:</b>	<b>63 639 096</b>	<b>43 140 727</b>

Cash and cash equivalents

Credit risk arising from the 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. Detailed information on the credit ratings of the banks used by the Group is provided in Note 19.

Trade receivables

The Group assesses its concentration risk of trade receivables as low. As at 31 December 2025, the Group had one counterparty (2024: one counterparty), which owed the Group more than EUR 1 million and comprised approximately 11% (2024: 12%) 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 manages its credit risk by continuously assessing the financial indicators of borrowers, the adequacy and quality of collateral, and the credit history of the borrowers. The carrying amount of loans issued is reduced to reflect expected credit losses.

**Liquidity risk**

Liquidity risk is the risk that the Group companies will be unable to meet its financial obligations as they fall due. The Group's Finance Management Team oversees liquidity risk by maintaining adequate cash reserves and securing sufficient funding, while continuously monitoring forecast and actual cash flows and aligning the maturities of financial assets and financial liabilities.

Management of the Group prepares a long-term cash flow forecast for the year and an operational monthly cash flow forecast to ensure that the Group has sufficient funds available to finance expected operating expenses, settle financial obligations, and undertake necessary investments. The Group does not hold any financial assets specifically for the purpose of managing liquidity risk. Most financial assets are short-term (with an average settlement period of less than one month) and are expected to be readily available to meet potential liquidity needs. As at 31 December 2025, current assets exceed current liabilities by EUR 41 360 638 with the liquidity ratio being 2.5 (as at 31.12.2024: EUR 7 036 661 and 1.2).

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

31 December 2025	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	14 045 138	227 500	687 500	16 740 000	-	17 655 000
Loans from credit institutions and other borrowings	19 637 093	4 264 052	7 705 666	6 998 935	2 088 837	21 057 490
Other liabilities	14 230 569	14 004 569	206 000	20 000	-	14 230 569
<b>TOTAL:</b>	<b>47 912 800</b>	<b>18 496 121</b>	<b>8 599 166</b>	<b>23 758 935</b>	<b>2 088 837</b>	<b>52 943 059</b>

**Notes to the Consolidated Financial Statements** (continued)

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	14 644 327	13 918 327	206 000	520 000	-	14 644 327
<b>TOTAL:</b>	<b>38 523 281</b>	<b>17 391 719</b>	<b>21 396 278</b>	<b>2 414 284</b>	<b>872 810</b>	<b>42 075 091</b>

**29. Fair value measurements**

31 December 2025	Level 1	Level 2	Level 3	Fair value	Carrying amount
Other non-current financial assets	-	-	327 280	327 280	327 280
Trade receivables and contract assets	-	-	20 967 078	20 967 078	20 967 078
Other current assets	-	-	7 053 857	7 053 857	7 053 857
Cash and cash equivalents	-	35 290 881	-	35 290 881	35 290 881
<b>Total financial assets</b>	<b>-</b>	<b>35 290 881</b>	<b>28 348 215</b>	<b>63 639 096</b>	<b>63 639 096</b>
Issued debt securities	-	14 045 138	-	14 045 138	14 045 138
Loans from credit institutions	-	-	4 301 444	4 301 444	4 301 444
Lease liabilities	-	-	15 335 649	15 335 649	15 335 649
Trade payables	-	-	6 518 886	6 518 886	6 518 886
Dividends payable	-	-	206 000	206 000	206 000
Other liabilities (including non-current portion)	-	-	7 505 683	7 505 683	7 505 683
<b>Total financial liabilities</b>	<b>-</b>	<b>14 045 138</b>	<b>33 867 662</b>	<b>47 912 800</b>	<b>47 912 800</b>

31 December 2024	Level 1	Level 2	Level 3	Fair value	Carrying amount
Other non-current financial assets	-	-	595 851	595 851	595 851
Trade receivables and contract assets	-	-	20 227 861	20 227 861	20 227 861
Other current assets	-	-	62 414	62 414	62 414
Cash and cash equivalents	-	22 254 601	-	22 254 601	22 254 601
<b>Total financial assets</b>	<b>-</b>	<b>22 254 601</b>	<b>20 886 126</b>	<b>43 140 727</b>	<b>43 140 727</b>
Issued debt securities	-	13 874 316	-	13 874 316	13 874 316
Loans from credit institutions	-	-	58 574	58 574	58 574
Lease liabilities	-	-	9 903 040	9 903 040	9 903 040
Other borrowings	-	-	43 024	43 024	43 024
Trade payables	-	-	6 833 722	6 833 722	6 833 722
Dividends payable	-	-	1 945 000	1 945 000	1 945 000
Other liabilities (including non-current portion)	-	-	5 865 605	5 865 605	5 865 605
<b>Total financial liabilities</b>	<b>-</b>	<b>13 874 316</b>	<b>24 648 965</b>	<b>38 523 281</b>	<b>38 523 281</b>

The fair value of loans issued, other non-current financial assets, and liabilities under instalment transaction has been determined by discounting the expected future cash flows using the market interest rates prevailing at the balance sheet date.

For all other financial assets and financial liabilities, their fair value approximates their carrying amount, as they are either recently taken liabilities, current or bear variable interest rates.

**Notes to the Consolidated Financial Statements** (continued)**30. Capital management**

The Group manages its capital to ensure that Group companies are able to continue as a going concern while maximising returns to shareholders by optimising the balance of debt and equity. Management reviews the Group's capital structure annually. In performing this assessment, Management considers the existing capital structure and the risks and benefits associated with each category of capital.

The Group's capital structure consists of net debt (borrowings and leases, as detailed in Note 23 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 2025 and 31 December 2024, financial covenants were not breached.

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

- Equity ratio above 30% – as at 31 December 2025 this ratio was 53.7% (31.12.2024: 51.3%)
- Interest coverage ratio above 3 – as at 31 December 2025 this ratio was 15 (31.12.2024: 13)
- Net debt leverage below 3.5 – as at 31 December 2025 this ratio was (0.05) (31.12.2024: 0.06)

**31. Financial and contingent liabilities**

Total value of pledged assets by type

	31.12.2025	31.12.2024
	EUR	EUR
Property, plant and equipment *	2 800 000	2 080 000
Right-of-use assets **	14 267 101	7 225 099
<b>TOTAL:</b>	<b>17 067 101</b>	<b>9 305 099</b>

\* As at 31 December 2024, property, plant and equipment owned by the Group company SIA Clean R were pledged in favor of AS Luminor Bank 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 favor of AS Swedbank, serving as collateral for the performance guarantees issued on behalf of the Group company SIA Clean R.

\*\* Leasing companies have issued guarantees on behalf of the Group companies to secure lease liabilities in the total amount of EUR 14 267 101 (31.12.2024: EUR 7 225 099).

As at 31 December 2025, credit institutions registered in the Republic of Latvia have issued performance security guarantees on behalf of the Group's companies for the total amount EUR 822 636 (EUR 1 049 179 as at 31.12.2024). Insurance companies registered in the Republic of Latvia have issued performance security guarantees on behalf of the Group companies for the total amount EUR 5 718 455 (EUR 4 767 460 as at 31.12.2024). In case the Group fails to perform on the contracts secured by these guarantees, it has an obligation to compensate the issuer of the guarantee in full.

The Group or the Parent Company has not issued any financial guarantees.

**32. Capital commitments**

As at the reporting date, the Group has no capital commitments for construction works to be undertaken during subsequent accounting periods.

**Notes to the Consolidated Financial Statements** (continued)**33. Business combinations and sale of subsidiaries**

In 2025 and 2024, several purchases and sales of subsidiaries have taken place. All the purchases and sales of subsidiaries are paid for in cash as consideration. Payment terms are straightforward and without any deferred payments.

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
<b>Assets</b>	
Non-current assets	2 829 320
Inventory	22 732
Receivables	805 441
Cash	779 723
<b>Liabilities</b>	
Borrowings	-
Other liabilities	543 216
<b>Total</b>	<b>3 894 000</b>
Group's share of fair value of net assets acquired	3 894 000
Goodwill (amended)	4 083 179
<b>Purchase consideration (amended)</b>	<b>7 977 179</b>

100% of the shares of SIA Lautus were acquired in 2024 as part of the expansion into new business segments. The consideration for transferred purchase in 2025 amounted to EUR 7 977 179 (2024: EUR 7 009 540); therefore, additional goodwill was recognized in the amount of EUR 967 640 and new goodwill is EUR 4 083 179 (2024: EUR 3 115 539).

The goodwill of SIA Lautus primarily arises from the company's specialised expertise and established know-how in the medical waste management and vacuum services segments. In addition, the company's value is supported by its industrial waste management operations, which are characterised by specialised customer service capabilities and long-term client relationships.

One subsidiary was purchased in 2025. The fair values of the identifiable assets and liabilities at the acquisition date were:

	Fair value at the acquisition date EUR SIA Tranzīts L
<b>Assets</b>	
Non-current assets	75 118
Inventory	1 799
Receivables	397 499
Cash	133 424
<b>Liabilities</b>	
Borrowings	-
Other liabilities	464 745
<b>Total</b>	<b>143 095</b>
Group's share of fair value of net assets acquired	37 977
Goodwill	962 023
<b>Purchase consideration</b>	<b>1 000 000</b>

In 2024, the Group's subsidiary acquired 49.01%, and in 2025 2.01% of the shares of SIA Tranzīts L, thus promoting the company's regional growth and transfer of competencies, providing services in various territories of Latvia.

The goodwill of SIA Tranzīts L mainly derives from the company's capability to provide services in one of the largest cities in the western region of Latvia, as well as from operational synergies with another Group company, particularly in relation to the seasonality of operations, which is complementary between the two companies and enables more efficient utilisation of resources within the Group.

On 16 January 2025, the Group's parent company, together with another unrelated party, established its subsidiary SIA WasteTech, acquiring 66.25% of its share capital and contributing cash in the amount of EUR 66 250. The company was established for the purpose of developing a waste-recovery station. Given this objective, on 31 March 2025 the reorganisation of SIA WasteTech was registered, whereby the assets and liabilities of SIA Vides resursu centrs relating to the establishment and development of the waste-recovery station were transferred to it. As part of this reorganisation, the Group Parent Company paid an unrelated third party a buy-out fee of EUR 197 874 for its share in SIA Vides resursu centrs, consequently goodwill in the amount of EUR 66 635 was recognized.

**Notes to the Consolidated Financial Statements** (continued)**34. Operating segments**

For the purposes of the Consolidated Financial Statements, operating segments are determined based on the internal management structure that underpins the reporting system, performance assessment and resource allocation, taking into account the view of the chief operating decision maker – the management of the Group entities operating within a particular segment. The Management Board of the Group's parent company reviews the financial results of all operating segments.

The Group's operations are divided into four main segments – Waste management; Urban and Road servicing; Indoor cleaning services; Waste recycling and Waste recovery – as well as Other segments, which comprise the less significant lines of business.

**Waste management functions** are mainly provided by Group's subsidiaries SIA Clean R, SIA CleanR Industry, SIA Lautus, PS Vides pakalpojumi Liepājai, SIA Reģionālie vides pakalpojumi un SIA CleanR Verso.

**Urban and Road servicing, Indoor cleaning functions** are mainly provided by Group's subsidiaries SIA Vizii Urban, SIA Vizii, SIA KOM - AUTO and SIA Tranzīts L.

**Waste recycling and recovery functions** are mainly provided by Group's subsidiaries SIA Zaļā Josta un SIA Vides resursu centrs.

The following tables disclose the Group's segment revenues and EBIT information. Inter-segment revenues are eliminated on consolidation and are presented in the column "Adjustments and eliminations".

2025	Waste management	Urban, Road and Indoor cleaning	Waste recovery	Waste recycling	Other segments	Segments TOTAL	Adjustments, eliminations	Group TOTAL
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>Revenue:</b>								
External	63 752 636	33 854 542	21 519 209	13 916 748	11 480 653	144 523 788	-	144 523 788
Inter-segment	18 115 867	1 856 303	-	100 936	7 970 956	28 044 062	(28 044 062)	-
<b>TOTAL:</b>	<b>81 868 503</b>	<b>35 710 845</b>	<b>21 519 209</b>	<b>14 017 684</b>	<b>19 451 609</b>	<b>172 567 850</b>	<b>(28 044 062)</b>	<b>144 523 788</b>
<b>EBIT</b>	<b>9 714 877</b>	<b>5 427 853</b>	<b>3 085 593</b>	<b>1 995 493</b>	<b>1 646 186</b>	<b>21 870 003</b>	<b>-</b>	<b>21 870 003</b>
<b>2024</b>	<b>Waste management</b>	<b>Urban, Road and Indoor cleaning</b>	<b>Waste recovery</b>	<b>Waste recycling</b>	<b>Other segments</b>	<b>Segments TOTAL</b>	<b>Adjustments, eliminations</b>	<b>Group TOTAL</b>
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>Revenue:</b>								
External	57 516 116	26 210 251	17 088 019	10 290 159	9 996 911	121 101 456	-	121 101 456
Inter-segment	11 095 040	2 125 503	-	1 740 495	6 621 569	21 582 607	(21 582 607)	-
<b>TOTAL:</b>	<b>68 611 156</b>	<b>28 335 754</b>	<b>17 088 019</b>	<b>12 030 654</b>	<b>16 618 480</b>	<b>142 684 063</b>	<b>(21 582 607)</b>	<b>121 101 456</b>
<b>EBIT</b>	<b>7 962 859</b>	<b>3 954 828</b>	<b>2 211 164</b>	<b>1 331 531</b>	<b>1 293 585</b>	<b>16 753 966</b>	<b>-</b>	<b>16 753 963</b>

**35. Research and development**

During the reporting year, the Group did not incur any research and development costs to be included in intangible assets and PPE, as well as to be reflected in the income statement. 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 the stand-alone financial statements of the Group companies and the consolidated financial statements of the Group Parent Company.

During the reporting year, the Group has received consulting services from the auditor in the amount of EUR 25 thousand.

**Notes to the Consolidated Financial Statements** (continued)**37. Subsequent events**

As of 4 February 2026, the EUR 15 million bond issue of AS CleanR Grupa has been listed on the Nasdaq Baltic regulated exchange.

In February 2026, with the aim of developing the Group's involvement in projects promoting circularity, the Group Parent Company acquired a minority stake (19.8% of the registered, subscribed, and paid-in share capital) in SIA Wingo Deposit.

Following Competition Council approval, SIA Clean R completed the acquisition of the remaining 58.75% shares of SIA Ķilupe in the first quarter of 2026, thereby becoming the 100% shareholder. On 5 March 2026 the changes were registered in the Register of Enterprises.

No other events have occurred subsequent to the reporting date that would require adjustments to be made to and disclosures to be added to these consolidated financial statements.

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Juris Gulbis  
Chairman of the Board

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Guntars Levics  
Member of the Board

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Inta Liepa  
Member of the Board

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Agita Baltbārde  
Member of the Board

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Anžela Vjaževiča  
Chief accountant

ELECTRONIC SIGNATURES OF THE BOARD MEMBERS RELATE TO THE ANNUAL REPORT AS A SINGLE DOCUMENT FROM PAGE 1 TO 56.

ELECTRONIC SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTING RELATES TO THE FINANCIAL STATEMENTS FROM PAGE 3 TO 6 AND FROM PAGE 11 TO 56.