

Limited liability company
„Citrus Solutions”
(Unified registration number 50003752271)

2024 ANNUAL REPORT

PREPARED IN ACCORDANCE WITH THE
LAW ON THE ANNUAL FINANCIAL STATEMENTS AND
CONSOLIDATED FINANCIAL STATEMENTS OF THE REPUBLIC OF LATVIA
AND INDEPENDENT AUDITOR REPORT

Riga, 2025

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Information on the Company

Name of the Company	Citrus Solutions
Legal status of the Company	Limited liability company
Number, place and date of registration	50003752271, Riga, June 28 2005
Registered address	Dzirnavu street 105, Riga, LV-1011, Latvia
Stakeholder	SIA <i>Tet</i> (100%) Dzirnavu street 105, Riga, LV-1011, Latvia Reg. No. 40003052786
Board members	Dāvis Eniks - Chairman of the Board from 15 July 2024 Raimonds Gerbis - member of the Board from May 22, 2015 Kārlis Kostjukovs - member of the Board (from January 2 2019 until 10 January 2025)
Reporting year	1 January – 31 December 2024
Auditors and their address	Ernst&Young Baltic SIA License No 17 Muitas street 1A Riga, LV-1010 Latvia Iveta Vimba Sworn Auditor of the Republic of Latvia Certificate No 153

MANAGEMENT REPORT

The Board of SIA *Citrus Solutions* (hereinafter *Citrus Solutions* or the Company) provides the management report about the operating year ended on December 31 2024.

OVERVIEW OF THE COMMERCIAL OPERATIONS

Activities of Citrus Solutions are construction, design and maintenance. In 2024, there was a strong focus on "design and build" projects as well as complex engineering integration solutions, where Citrus Solutions is one of the market leaders.

Since 2005 the Company has been registered as construction merchant, register number 0095-R, which allows the Company to operate in several construction spheres. The Company employs 78 certified specialists. The Company has valid 1st (highest) building merchant qualification class.

Since 2006 the Company has been granted *Industrial safety certificate*, which confirms the rights of the Company to perform work, containing state secret, classified information of the international organizations or foreign institutions, within the framework of its commercial activity, as well as the ability of the Company to ensure protection of such information. In 2024, the Company continued to play a key role in the development and implementation of national security solutions.

The management system of Citrus Solutions is certified in accordance with the requirements of three internationally recognized standards – ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.

SHARE CAPITAL

As of the end of 2024 the share capital of *Citrus Solutions* comprises EUR 11 070 999. It consists of 11 070 999 shares, with the nominal value of EUR 1 each. SIA *Tet* owns 100% of the share capital of *Citrus Solutions*.

FOREIGN BRANCHES OF THE COMPANY

In 2024 the Company continues operation in representation in Germany.

MEMBERSHIP IN ALLIANCES

In 2022, a joint venture with AS "Sensum Grupa" and General Partnership "3A" was formed to participate in the Latvian state tender for the design and construction of Liepāja Prison.

In order to participate in the German municipal tenders, two alliances were formed in 2022 for the construction of optical networks in Germany together with the group company Citrus Solutions GMBH: the Citrus Angeln Association and the Citrus Gifhorn Association.

These alliances continued to operate in 2024.

SHARES IN OTHER COMPANIES

Citrus Solutions owns 100% of the share capital of Citrus Solutions GmbH and 1.85% shares of "Pirmais slēgtais pensiju fonds" (First Closed Pension Fund). The Company is only a formal shareholder of the "Pirmais slēgtais pensiju fonds", as all the risk arising from the operations of the pension fund and income is owned by the employees of Citrus Solutions – participants of the pension program.

The Company's holding in the share capital of its subsidiary Citrus Solutions GmbH amounted to EUR 5.0 million at the end of 2024. The equity of Citrus Solutions GmbH has become negative as a result of losses in the reporting year and prior periods. The company has completed ongoing projects during the year under review and has not started any new projects and has no plans to do so. A decision has been taken to reduce operations in Germany and complete existing projects during 2024. It is expected that by selling fixed assets and recovering receivables where possible Citrus Solutions GmbH will not be able to cover all creditor liabilities and will require additional financial resources from the Company. Citrus Solutions made a provision of EUR 5.0 million for impairment of investments and an additional provision of EUR 7.1 million for liabilities and future expenses of Citrus Solutions GMBH.

OPERATING RESULTS

Compared to 2023, Citrus Solutions' net turnover increased by 86% to EUR 116,3 million.

In 2024, Citrus Solutions has strengthened its position as a reliable partner and market leader. Despite the recessionary trend in the construction market, the Company has managed to increase its overall turnover. Working on strategic and critical infrastructure projects ensures stable and predictable development of Citrus Solutions.

The most significant projects to be implemented in 2024 were: design, construction and equipping of the Latvian-Russian border, Latvian-Belarusian border 1st phase and 2nd phase (ordered by VAS "Valsts Nekustamie Īpašumi"); construction, of the Liepāja Prison (ordered by SIA "Tiesu namu aģentūra"), network design, construction and maintenance (ordered by SIA Tet), as well as several projects ordered by "State Defence Military Facilities and Procurement Centre".

Citrus Solutions had a normalised EBITDA¹ margin of EUR 7,3 million in 2024 and an EBITDA margin of 6,18 %.

As mentioned above, the Company made a provision of EUR 5.0 million for the impairment of the investment in Citrus Solutions GmbH and an additional provision of EUR 7.1 million for the liabilities and future expenses of Citrus Solutions GmbH.

In 2024, the Company continued to pursue a prudent material procurement and risk management policy, applying the envisaged cost indexation mechanisms in the concluded contracts as well as fixing material prices. In addition, in 2024 the Company significantly reduced its short-term receivables, improving both its working capital ratios and cash flow.

Capital investments amounted to EUR 0.418 million in the reporting year, which were used for the renewal of production assets and the improvement of information technology. In 2024, EUR 5.235 million were paid in various taxes in Latvia in monetary terms, taking into account refunds received.

In 2024, prior period adjustments have been made and are disclosed in note 1 of the Annex to the Report.

MANAGEMENT OF THE COMPANY

According to the Commercial Law, the Company's statutes anticipate two-level management procedure, which, according to the decision of the Company's Shareholders' meeting of 11 November 2008, is realized by the Shareholders' meeting and the Board.

Until 14 July 2024, the Board of the Company continued to be composed of 2 members, Kārlis Kostjukovs and Raimonds Gerbis. From 15 July 2024, the Board of the Company consisted of 3 members: the Chairman of the Board Dāvis Eniks, the members of the Board Kārlis Kostjukovs and Raimonds Gerbis.

On 10 January 2025, the member of the Board Kārlis Kostjukovs resigned from the Company.

As at the date of this report, the Board of the Company continues to be composed of 2 members: the Chairman of the Board Dāvis Eniks, the member of the Board Raimonds Gerbis.

DISCLOSABLE INTEREST

Citrus Solutions members of the Board and their family members or companies under their management do not have shares or share options contracts in the company *Citrus Solutions* or companies of *Tet* group. The members of the Board do not have interest in contracts or agreements related with *Citrus Solutions*.

RESPONSIBILITY OF THE BOARD FOR THE ANNUAL REPORT

The Board is responsible for preparation of the Company's financial statements on the basis of the Company's initial accounting records for each reporting period.

The financial statement gives a fair view of the Company's financial state at the end of the reporting year, business result and cash flow for the reporting year.

The Board confirms that appropriate accounting records methods were consequentially used and cautious estimates and forecasts were made, upon preparation of the financial statements for 2020. The Board confirms that the requirements of the Latvian legislation have been met and the financial statements have been prepared on the continued operation basis.

¹ Normalized EBITDA (profit from the operating activities before interest, taxes, depreciation, amortization, losses from disposal of fixed assets and termination benefits) there is mentioned as a ratio widely used in telecommunications industry and investors' environment although it is not a common accounting term and it should not be explained as an alternative to profit and cash flow from operating activity.

The Board is responsible for the appropriate accounting records and taking measures in order to save the Company's funds, reveal and avoid fraud and other irregularities.

DISTRIBUTION OF PROFIT RECOMMENDED BY THE BOARD

In order to reinforce the stable operation of the companies of the Citrus Solutions Group and to allow the use of additional available financial resources, the Board of the Company proposes to cover all losses for the year 2024 with future profits.

RISK MANAGEMENT

Operations of *Citrus Solutions* are subject to several risks caused by business environment and market in which the Company operates. The most significant risks that could threaten *Citrus Solutions* operations in the future are such strategic risks as changes in the development of construction market, rising subcontractor construction prices, rising construction material prices, delays in material deliveries due to global manufacturing and logistics influences, rising wages for construction workers, and scarcity of construction resources.

Operational risks are related with the ability to realize large and complex projects. The management of financial risks in relation to the Company's liquidity, currency and interest rate fluctuations and credit risk of cooperation partners is based on financial risk management policy of *Tet* group.

The Company successfully manages the risks of material and human resources cost increases by applying contractual cost indexation mechanisms, by fixing material prices and by building cost escalation reserves in new projects.

Citrus Solutions performs identification, evaluation of risks and develops operating plans to prevent, reduce or transfer risks to third parties that might have an adverse effect on, property, staff, finances or operating results of *Citrus Solutions*. To avoid financial losses in case any of the risks would materialize, part of those is insured. Currently *Citrus Solutions* has insurance cover in such spheres as property, commercial termination, civil third party liability, construction specialists' civil third party liability and employees' insurance.

CIRCUMSTANCES AND EVENTS AFTER THE END OF REPORTING YEAR

On 10 January 2025, the member of the Board, Kārlis Kostjukovs, resigned from the Company.

In connection with the restructuring of the external financing of OP Corporate Bank plc branch in Latvia, in February 2025 the Company entered into a credit line agreement with Citrus Solutions GmbH with a limit of EUR 8 000 000. The purpose and use of the loan is to finance working capital and operating activities.

FURTHER DEVELOPMENT OF THE COMPANY

The ability to offer integrated solutions to clients has been a competitive advantage for the Company and will continue to help win new contracts with higher added value. In addition, the development of digitalisation within the company and its processes will be a high priority.

Chairman of the Board (signature*) Dāvis Eniks

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Profit or loss account

(classified according to cost types)

	Note	2024 EUR	2023 Adjusted* EUR
NET TURNOVER	2	116 237 306	62 487 948
a) from construction services provided		115 561 904	60 930 557
b) from other operating activities		675 402	1 557 391
Costs (capitalized) referenced to own long-term investments	3	-	7 578
Other operating income	4	1 223 215	950 097
Cost of materials:			
a) costs of raw materials and consumables;		(2 942 754)	(406 325)
b) other external costs		(84 407)	(80 844)
	5	(3 027 161)	(487 169)
Personnel costs:	6	(13 686 605)	(11 793 217)
Impairment adjustments:			
a) impairment adjustments to fixed assets and intangible assets;	10,11	(416 675)	(476 605)
b) impairment adjustments to current assets where they exceed amounts of write-downs that the relevant company considers to be normal;	7	(540 517)	(38 337)
Other operating expenses	8,13	(100 134 357)	(49 072 210)
Other income from interest and similar income:			
a) from other persons	9	137 114	13 967
Impairment allowances on long-term and short-term financial investments			
a) impairment of equity interests in associated companies	13	(5 000 000)	-
Interest payments and similar costs:			
a) to related companies	9	(38 147)	(364 483)
PROFIT OR (LOSS) BEFORE CORPORATE INCOME TAX		(5 245 827)	1 227 569
Corporate income tax for the reporting year	10	(378 814)	(38 633)
PROFIT OR (LOSS) OF THE REPORTING YEAR		(5 624 641)	1 188 936

*details of the adjustments made are disclosed in Note 1.

Annex forms an integral part of these financial statements.

On behalf of the Board

Chairman of the Board (signature*) Dāvis Eniks

Chief accountant (signature*) Aija Martinsone-Staže

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Balance sheet

Assets

	Note	December 31, 2024 EUR	December 31, 2023 Adjusted* EUR
LONG-TERM INVESTMENTS			
Intangible assets			
Other intangible assets		346 244	472 378
Total intangible assets	11	346 244	472 378
Fixed assets			
Land plots, buildings and engineering structures		29 672	37 498
Equipment and machinery		1 665	452
Other fixed assets and inventory		598 615	410 793
Creation of fixed assets and costs of unfinished construction objects		469	91 689
Total fixed assets	12	630 421	540 432
Long-term financial investments			
Interest in capital of related companies		-	5 000 000
Total long-term financial investments	13	-	5 000 000
Total long-term investments		976 665	6 012 810
CURRENT ASSETS			
Inventories			
Raw materials, basic materials and consumables		1 676 127	1 452 877
Advance payments for goods		58 795	147 238
Total inventories	14	1 734 922	1 600 115
Receivables			
Trade receivables	15	12 363 764	6 059 244
Receivables from related companies	24	1 934 885	1 754 184
Other receivables	16	6 527 915	1 122 040
Deferred charges		86 314	133 076
Accrued revenue	17	23 272 606	16 280 051
Total receivables		44 185 484	25 348 595
Cash	18	8 395 247	13 271 849
Total current assets		54 315 653	40 220 559
BALANCE SHEET		55 292 318	46 233 369

*details of the adjustments made are disclosed in Note 1.

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Balance sheet

Liabilities

	Note	December 31, 2024 EUR	December 31, 2023 Adjusted* EUR
EQUITY			
Share capital (fixed capital)	20	11 070 999	11 070 999
Retained profits/losses of the previous years		4 077 163	2 888 227
Retained profits of the reporting year		(5 624 641)	1 188 936
Total equity		9 523 521	15 148 162
PROVISIONS			
Other provisions	8,13,23	7 887 305	370 345
Total provisions		7 887 305	370 345
PAYABLES			
Short-term payables			
Loans from related companies	19	70 181	3 103 130
Advanced payments from customers		10 255 071	9 399 773
Payables to suppliers and contractors	21	8 531 000	6 465 663
Debts to related companies	24	3 012 321	2 865 970
Taxes and State mandatory social insurance payments	22	261 279	213 150
Other payables		8 618	4 394
Deferred income	17	11 214 650	4 988 737
Accrued liabilities	23	4 528 372	3 674 045
Total short-term payables		37 881 492	30 714 862
Total payables		37 881 492	30 714 862
BALANCE SHEET		55 292 318	46 233 369

*details of the adjustments made are disclosed in Note 1.

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Statement of changes in equity

	Share capital (fixed capital)	Retained profits Adjusted*	Total Adjusted*
	EUR	EUR	EUR
Balance on December 31, 2022	5 070 999	5 688 227	10 759 226
Contributions to fixed capital	6 000 000	-	6 000 000
Profits of the reporting year	-	1 188 936	1 188 936
Dividends paid	-	(2 800 000)	(2 800 000)
Balance on December 31, 2023	11 070 999	4 077 163	15 148 162
(Loss)/profit for the reporting year	-	(5 624 641)	(5 624 641)
Balance on December 31, 2024	11 070 999	(1 547 478)	9 523 521

*details of the adjustments made are disclosed in Note 1.

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Cash flow statement

(according to the indirect method)

	Note	2024 EUR	2023 Adjusted* EUR
Cash flow from operating activities			
Profit or (losses) before taxes		(5 245 827)	1 227 569
Adjustments:			
- impairment allowances for fixed assets;	12	190 152	200 844
- impairment allowances for intangible investments;	11	226 523	275 761
- provisions (excluding provisions for doubtful debts);	13,23	12 516 960	100 048
- profit or (losses) from no currency exchange rate fluctuations;	9	(13 040)	(20 768)
- other interest income and similar income	9	(137 114)	(64 199)
- interest payments and similar costs	9	26 867	342 168
Profit before adjustments for the effect of changes to current assets and short term liabilities		7 564 521	2 061 423
Decrease (increase) in accounts receivable		(18 836 895)	7 105 036
Decrease (increase) in inventories		(134 807)	1 187 789
Increase (decrease) in accounts payable to suppliers, contractors and other creditors		10 226 555	4 113 739
Gross cash flows from operating activities		(1 180 626)	14 467 987
Interest paid	9	(26 867)	(342 168)
Corporate income tax paid	10	(378 814)	(38 633)
Net cash flows from operating activities		(1 586 307)	14 087 186
Cash flows from investing activities			
Purchase of fixed and intangible assets	11,12	(418 330)	(485 525)
Income from disposal of fixed and intangible assets		10 830	50 882
Interest received	9	137 114	13 967
Net cash flows from investing activities		(270 386)	(420 676)
Cash flows from financing activities			
Contribution to the fixed capital		-	6 000 000
Loans received	19	70 181	3 103 130
Repayment of loans	19	(3 103 130)	(11 215 074)
Net cash flows from financing activities		(3 032 949)	(2 111 944)
Result of fluctuations in the foreign currency exchange rates	9	13 040	20 768
Net cash flow of the reporting year		(4 876 602)	11 575 334
Cash and cash equivalents at the beginning of the reporting year	18	13 271 849	1 696 515
Cash and cash equivalents at the end of the reporting year	18	8 395 247	13 271 849

*details of the adjustments made are disclosed in Note 1.

Annex forms an integral part of these financial statements.

On behalf of the Board

Chairman of the Board (signature*) Dāvis Eniks

Chief accountant (signature*) Aija Martinsone-Staģe

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Annex of the financial statement

Accounting policies

GENERAL INFORMATION

The Limited Liability Company *Citrus Solutions* (hereinafter Citrus Solutions or the Company) was established and registered in the Commercial Register of the Republic of Latvia on 28 June 2005 under the common registration number 50003752271, its legal address is Dzirnavu street 105, Riga. The Company's parent company is SIA Tet, which holds 100% of the Company's share capital. The main business lines of Citrus Solutions are construction and servicing of telecommunication infrastructure for corporate clients. The number of employees at Citrus Solutions at the end of the reporting year was 358.

Stakeholder or shareholder of the Company, which prepares the consolidated annual report, including the Company as its subsidiary, is SIA Tet, reg. No 40003052786, Dzirnavu street 105, Riga, LV-1011. Copies of the consolidated annual reports are available in website of SIA Tet <https://www.tet.lv/par-tet/par-mums/gada-parskati>.

ACCOUNTING AND ASSESSMENT PRINCIPLES

Basis of the preparation of financial statements

The financial statement has been prepared in accordance with the laws "On Accounting" and "Law on Annual Statements and Consolidated Annual Statements" of the Republic of Latvia". The Company is a subsidiary of *Lattelecom* group and the consolidated statement of the group is prepared in accordance with requirements of the International accounting standards.

The financial statements have been prepared on the historical cost measurement principle basis.

All amounts disclosed in the financial statements are provided in euro (EUR), if not stated otherwise.

The reporting period is the calendar year. The balances on December 31, 2024 represent the financial state of the Company at the end of the day.

The profit or loss statement was prepared according to the period costs method.

The cash flow statement is prepared applying the indirect method.

Amounts, terms of receipt, payment or write off of which are due more than one year after the balance sheet date, are classified as long-term. Amounts to be received, paid or written off within one year of the balance sheet date are classified as short term.

In accordance with the criteria stipulated in the law, the Company is classified as large Company.

Applied accounting principles

The items of financial statements were evaluated in accordance with the following accounting principles:

- a) as set out above, in 2024 the Company incurred losses related to management decisions taken in connection with the discontinuation of *Citrus Solutions GmbH* in the German market, which resulted in a establishing provision for losses. The Company's management believes that all provisions in connection with the business turnaround of *Citrus Solutions GmbH* have been made and are not foreseeable in future years. The Company expects to operate with a positive result in 2025 and will continue to operate in the future;
- b) the same valuation methods have been used as in the previous year;
- c) evaluation was done with due caution:
 - the financial statements reflect only the profit generated to the date of the balance sheet,
 - all expected risk amounts and losses incurred during the reporting year or prior years have been taken into consideration even if discovered in the period of time between the balance sheet date and the date of preparation of the financial statements,
 - all impairments and depreciation have been taken into consideration irrespective of whether the financial result was a loss or profit;

Accounting policies (continued)

- d) income and expenses incurred during the reporting year have been taken into consideration irrespective of the payment date or date when the invoice was issued or received. Expenses were matched with income for the reporting period;
- e) items of assets and liabilities have been valued separately;
- f) the opening balance of the reporting year agrees with the prior year closing balance;
- g) all material items, which would influence the decision-making process of users of the financial statements, have been indicated and insignificant items have been combined and their details disclosed in the Annex;
- h) business transactions are recorded taking into account their economic contents and substance, not the legal form.

Exemptions from the obligation to prepare consolidated financial statements

In accordance with the provisions of the Law on Annual Statements and Consolidated Annual Statements, the Company is exempt from the obligation to prepare consolidated annual financial statements because it is a subsidiary of another group and its parent company with 100% shareholding is a company incorporated in the Republic of Latvia, which prepares consolidated annual financial statements.

Related parties

The Company considers that related parties are the group's parent company and subsidiaries in the group, as well as other companies which may have a significant impact on the Company's activities.

Other related parties of the Company are the highest level managers of the Company and their close family members, as well as companies under the control or significant influence of such individuals.

Foreign currency valuation

Transactions in foreign currency are translated into euro on the basis of the reference exchange rate published by the European Central Bank (hereinafter "ECB") that is effective at the beginning of the day when the transaction takes place, however, the last available foreign currency exchange rate that can be used in accounting is applied, if the transaction date is a working day in Latvia but it does not have a published foreign currency exchange rate to be used in accounting, as according to the calendar of foreign currency exchange rate publishing source it is a holiday. Profit or loss resulting from these transactions, as well as resulting from revaluation of monetary assets and liabilities denominated in the local currency is recognized in the profit or loss statement.

At the end of the year financial assets and liabilities in foreign currency are revalued on the basis of exchange rate set by the ECB effective on the last day of the reporting period and all relevant fluctuations of currency rate are disclosed in profit or loss statement.

Euro exchange rate against currencies in which the Company has had transactions:

	December 31, 2024	December 31, 2023
USD	1.039	1.105
GBP	0.829	-

Intangible investments

Intangible investments include trademarks, computer software licences, capitalised staff costs of project teams and service costs related to the implementation of computer software. Where a computer program is an integral part of the equipment and the equipment cannot operate without the special program, the computer program is included in fixed assets.

Intangible investments are recognized at purchase costs, deducting accumulated amortization and accrued losses from value reduction. Intangible investments are amortized by linear method over their useful life (over 3 to 5 years).

On each balance sheet date, it is assessed whether certain indications exist that would show that the value of an asset might be decreased. The recoverable value of intangible assets not ready for use is determined every year regardless of the fact whether indications exist that would show that the value of

Accounting policies (continued)

an asset might be decreased. For purposes of impairment assessment, intangible assets are divided in groups so that they would represent as small unit as possible for which it is possible to determine the amount of cash flow.

If the book value of an intangible investments exceeds the expected recoverable amount, which is the highest of the net realizable value and value in use, then its book value is immediately reduced to the recoverable value, including the difference in the profit or loss statement.

Fixed assets

Fixed assets are carried at purchase costs, deducting accumulated depreciation and accrued losses from value reduction. Depreciation of fixed assets is calculated by linear method, allocating the equally purchase costs of fixed assets until the expected disposal value to the forecast length of useful life of fixed assets:

	Useful life in years
Buildings	7
Energy equipment	10
Other fixed assets	3 – 5

Useful life of fixed assets is reviewed at least once a year. Impact caused by changes in the useful life is disclosed in the profit or loss statement in the period when the changes incurred and in next periods. If the book value of a fixed asset exceeds the expected recoverable amount, which is the highest of the net realizable value and value in use of a fixed asset, then its book value is immediately reduced to the recoverable value, including the difference in the profit or loss statement.

Current maintenance and repair costs of tangible assets are recognized in the profit or loss statement period as incurred.

Profit or loss from disposal of fixed assets are determined by comparing income from sales with balance value of fixed assets and are included in the profit from operating activities.

The cost of fixed assets and construction in progress is recorded at historical cost. Initial cost includes construction costs and other direct costs. Construction in progress is not depreciated until the related assets are completed and placed in service.

Participation in group subsidiaries

Investments in subsidiaries (i.e., companies, in which the Company owns more than 50% of the share capital or which it controls otherwise) shall be accounted, using the cost method. After initial recognition the investments in subsidiaries shall be booked at their initial value, minus losses from value depreciation. If any events or change of circumstances shows that the balance value of the investments in subsidiaries could be unrecoverable, the value of the relevant investments in subsidiary shall be reviewed to determine their value depreciation.

Accounting of lease contracts

Lease transactions that essentially transfer all risks and rewards characteristic of property rights to the object to the lessor are classified as finance lease transactions. All other lease transactions are classified as operating lessee transactions.

(i) The company is a lessor

If the Company's assets are involved in the operating lease, income from operating lease is included in the profit or loss statement by linear method during lease period. The initial direct costs arising from the lease transaction are included in the book value of the leased asset and recognized in the profit or loss statement in the period, when income from the sales is recognized.

When the Company is a lessor under financial lease terms, it discloses the leased asset in the balance sheet as accounts receivable that is equal to the current value of lease payment. Revenue from lease is included in the profit or loss statement in the lease contract period applying a constant periodical interest rate for the balance of claims.

(ii) The company is a lessee

Payments made in accordance with the operating lease contract are included in the profit or loss statement by linear method over the period of lease.

Accounting policies (continued)

If the Company is a lessee under financial lease terms, in the balance sheet the Company includes fixed asset and liabilities at the lowest of the fixed asset's fair value at the beginning of the lease or current value of minimum lease payment. Each lease payment is divided in reduction of liabilities and financial payment that is calculated applying consistent interest rate to the remaining value of liabilities. Interest payments are recognized in the profit or loss statement during the period of lease. Leased fixed asset is amortized over the shortest of the lease terms or useful life.

Inventories

Inventories are valued at the lower of cost and net realisable value. Acquisition value is determined using the FIFO valuation method. Inventories are stated at cost on a first-in, first-out basis. Where the net realisable value of inventories is less than the purchase price, a provision is made to write them down to their net realisable value.

Trade receivables

Receivables consist of amounts due within one year that are carried in the balance sheet net of any provision for bad debts or doubtful debts.

Provisions for doubtful debts are made when the Company's management believes that the collectability of the receivable is doubtful.

Provisions for trade receivables are calculated on the basis of information on the financial position and recoverability of specific debtors and an analysis of the age structure of the debts. Provisions are made for individual receivables where there is objective evidence that the recoverability of the receivable is doubtful. The general provision for bad debts is based on an analysis of the ageing of debts.

The following provisions rates were applied in the Company:

Accounts receivable (delay in days)	Not delayed	1 - 30	31 - 90	91 - 180	181 - 365	> 365
Rate of provisions, %	0.3	3	25	65	65	100

Pursuant to group policies, the bad debt provision rates are reviewed annually as estimate.

Bad debts are written off, when their recovery is considered as impossible.

Cash and cash equivalents

Cash and cash equivalents are bank account balances, cash in transit and bank deposits, the initial term of which do not exceed three months.

Loans

Loans are recognized at purchase value that is the fair value of the received compensation, deducting transaction costs that are directly attributable to receipt of a loan. In the next periods loans are evaluated at amortized purchase value, using effective interest rate method. Revenue or loss are recognized in the profit or loss statement as interest income or expenses when liabilities are excluded from the balance sheet, using amortization process. Part of loans, repayment term of which exceeds 12 months, is included in the long-term liabilities.

Provisions

Provisions are made in cases when the Company, as a result of past events, has current legal liabilities or caused as a result of practice and it is expected that resources of economic value will be necessary to settle these liabilities and it possible to estimate the amount of these liabilities reliably.

In the balance sheet provisions are reflected, indicating as precisely as possible the amount of expenses, which is necessary to settle liabilities in the amount disclosed at the balance sheet date. Provisions are used only in relation to expenses for which they were initially created and they are reduced in case the possible outflow of resources cannot be estimated.

Accounting policies (continued)

At the end of the reporting year, there provisions have been created for guarantee repairs, evaluating conditions of contracts concluded with clients and the respective projects. Provision is created as certain percentage from income of implemented projects for the guarantee period defined in the contract. The provision percentage is determined, based on the historical experience of the Company in similar projects and other available information.

Accrued liabilities

Accrued liabilities are clearly known amounts of settlement with suppliers and contractors for goods or services received in the reporting year, if a relevant payment document has not been received at the balance sheet date.

As of the end of the reporting year, the accrued expenses of unused vacations, accrued expenses for bonuses for performance results in the reporting year, termination benefits and other accrued expenses for which services have been received in the reporting year have been created. The accrued expenses for unused vacations are calculated by multiplying the number of unused vacation days of an employee with the average day salary of the employee. The accrued expenses for bonuses are created on the basis of the assessment of the Company's and individual goals completion in accordance with the bonus scheme implemented in the Company. The accrued expenses for termination benefits are created in accordance with termination rates determined by the trade union on the basis of the annual salary and time an employee has worked in the Company. The compulsory state social security contributions are added to the accrued expenses for unused vacations, bonuses and termination benefits.

Possible liabilities and assets

Possible liabilities are not disclosed in the financial statements. Information on the possible liabilities is disclosed in the note, except for cases, when the probability of outflow of resources that include economic benefits is immaterial. Possible assets are not disclosed in the financial statements but information is disclosed in the notes, if inflow of economic benefits is probable.

Pension fund

The amount of payments to the pension fund, within prescribed limit, is chosen by each employee independently.

Payments to the pension fund are accounted as expenses in the period when the respective employee has provided the services stipulated in the employment contract.

The Company holds 1.85% of AS *Pirmais Slēgtais Pensiju Fonds* shares, however, the Company is only a formal shareholder. Investment in the share capital of the fund was written off as expenses as at the date of establishment, as risks and rewards related to the pension fund are related only to the participants of the pension plan – employees of the Company.

Corporate income tax

Pursuant to the Law "On Corporate Income Tax" of the Republic of Latvia the legal entities pay the corporate income tax for the distributed profit and the relevantly distributed profit. 20% tax rate from the gross amount or 20/80 of the net costs shall be applied to the distributed profit and relevantly distributed profit. The corporate income tax for the payment of dividends shall be booked in profit or loss calculation as costs in the reporting period, when the relevant dividends have been announced, whereas for other relevant profit items – at the moment of incurring of the costs within the framework of the reporting year.

Revenue recognition

Revenue is recognized when goods are delivered and services are provided.

Revenue from sales of goods is recognized at the time of delivery, if material risks and rewards related to property rights are transferred to the buyer and the seller does not retain further management rights that usually are related to property rights, not real control over the goods sold.

Revenue for the services provided are recognized at the moment when services are provided, on the basis of time spent.

Interest income is recognized in the profit or loss statement applying the effective interest rate method.

Long-term contracts

A long-term contract is a specific contract on establishment of the object or set of assets. Set of assets are assets that are closely related or mutually dependent upon the project, technology and function, or due to their final purpose or use.

Accounting policies (continued)

Long-term contracts are contracts specifying that works shall be commenced in one financial reporting period and completed in other, although the total term for completion may be less than 12 months.

If the result of a long-term contract can be reliably estimated, income and expenses related to such contract are recognized in the profit or loss account as income and expenses, considering the stage of completion of the contractual works in per cent at the balance sheet date. If the result of a long-term contract cannot be reliably estimated, income is recognized to the extent it is possible to recover the expenses related to the contract and a part of the expected profit is not recognized. Expenses related to contract are recognized when incurred. The stage of completion is assessed in per cent, on the basis of costs of work accomplished. Expected losses from the contract are recognized as expenses in the profit or loss account.

Dividends

Dividends are recognized in the financial statements in the period when the Company's shareholders general meeting confirms payment of dividends.

Events after the balance sheet date

Amounts recognized in the financial statements are adjusted considering events after the balance sheet date, which provide additional information about the Company that was true at the balance sheet date (adjusting events). Events after the balance sheet date that are not considered adjusting are reflected in the note of the financial statements, if they are significantly.

Comparative figures

In cases, when the classification of certain items of the financial statements is changed to provide a fairer view on the Company's financial state, the comparative figures of its operating results and cash flows are adjusted in accordance with the new classification.

Application of assessments and more important assumptions

Upon preparing of the financial statements, the management, in accordance with Latvian Accounting Regulations, has to rely on certain estimates and assumptions related to recognition of assets, liabilities, revenues and expenses and contingent liabilities. Estimates are mainly related to recognition of revenues from long-term contracts, useful life of fixed assets, provisions for guarantee repairs, provisions for doubtful debts and obsolete stocks, as well as fixed assets impairment evaluation. Although these estimates are based on comprehensive management information on current events and activities, actual results may differ from these estimates.

Correction of errors

If a material error that occurred in a prior reporting year is corrected in the current reporting year, it shall be corrected as follows: (1) to the extent practicable, the effect of the error on the financial statement items of the relevant prior years and its cumulative effect shall be determined; (2) the balances of assets, equity, provisions or payables affected by the error in the balance sheet at the beginning of the reporting year shall be adjusted; (3) to the extent practicable, other comparative figures at the beginning of the reporting year shall be adjusted.

1. CORRECTIONS OF PRIOR PERIOD ERRORS

During 2024, the Company continued construction work on a major project that started in early 2022 with an initial completion date of mid-2023. The original deadline was progressively moved to the end of 2023 and later to mid-2024 due to various circumstances. Negative circumstances and factors included unforeseen technical parameters of the construction site, adverse weather effects, difficulties in the execution of subcontracts, fluctuations in material prices as a result of the war in Ukraine, and changes in project managers and project team members. The extension of the project scope and timeframe resulted in a significant increase in the total cost, which needed to be identified early and reflected in the estimates of the total project cost budget and recognisable cumulative income as at the end of 2022 and 2023. At the end of 2023, the Company's management estimate was based on the assumption that the project would be fully realised by mid-2024.

During 2024, the Company's management determined that completion of the project in 2024 was not feasible and work would continue in 2025. As a result, the Company's management performed an in-depth analysis of the estimates used in previous periods, the project cost forecasts and the timing of the project. The Company's management concluded that:

- the management had not taken into account all information available and known to it in prior years regarding the cost increases in the total project cost budget, which resulted in incorrect estimates of the project stage of completion and the estimated income to be recognised under the project completion method as at 31 December 2023 and 31 December 2022, respectively;
- the total project cost budget updated at 31 December 2023 and 31 December 2022 should have included any additional forecast amounts for which contractual arrangements (material and subcontractor contracts) were already in place or which were unavoidable as a result of project time extensions;
- a material error was detected in previous years in accordance with the principles laid down in the legislation and, accordingly, a periodisation adjustment of the income balances in the opening balances for 2024 is necessary.

The impact of the income periodisation error on the company's balance sheet and profit and loss statement for 2022 is as follows:

Profit or loss statement

	Note	2022 EUR	Adjustment EUR	2022 adjusted EUR
NET TURNOVER	1	57 923 211	(3 330 396)	54 592 815
a) from construction services provided		57 422 313	(3 330 396)	54 091 917
PROFIT OR (LOSS) BEFORE CORPORATE INCOME TAX		9 026 831	(3 330 396)	5 696 435
Corporate income tax for the reporting year	7	(709 062)		(709 062)
PROFIT OR (LOSS) OF THE REPORTING YEAR		8 317 769	(3 330 396)	4 987 373

Balance sheet

Assets

	Note	December 31, 2022	Adjustment	December 31, 2022 Adjusted
		EUR	EUR	EUR
CURRENT ASSETS				
Receivables				
Accrued revenue	14	30 541 481	(3 330 396)	27 211 085
Total receivables		35 745 166	(3 330 396)	32 414 770
Total current assets		40 229 585	(3 330 396)	36 899 189
BALANCE SHEET		46 234 125	(3 330 396)	42 903 729

Liabilities

	December 31, 2022	Adjustment	December 31, 2022 Adjusted
	EUR	EUR	EUR
EQUITY			
(Loss)/profit for the reporting year	8 317 769	(3 330 396)	4 987 373
Total equity	14 089 622	(3 330 396)	10 759 226
BALANCE SHEET	46 234 125	(3 330 396)	42 903 729

Statement of changes in equity

	Share capital (fixed capital)	Retained profits	Adjustment	Retained profits Adjusted	Total	Total adjusted
	EUR	EUR	EUR	EUR	EUR	EUR
Balance on December 31, 2021	5 070 999	3 504 271	-	3 504 271	8 575 270	8 575 270
Profit of the reporting year	-	8 317 769	(3 330 396)	4 987 373	8 317 769	4 987 373
Dividends paid		(2 803 417)	-	(2 803 417)	(2 803 417)	(2 803 417)
Balance on December 31, 2022	5 070 999	9 018 623	(3 330 396)	5 688 227	14 089 622	10 759 226

Cash flow statement

(according to the indirect method)

	2022	Adjustment	2022 Adjusted
	EUR	EUR	EUR
Cash flow from operating activities			
Profit or (losses) before taxes	9 026 831	(3 330 396)	5 696 435
Profit before adjustments for the effect of changes to current assets and short term liabilities	5 558 789	(3 330 396)	2 228 393
Decrease (increase) in accounts receivable	(21 415 791)	3 330 396	(18 085 395)
Decrease (increase) in inventories	(1 563 718)	-	(1 563 718)
Increase (decrease) in accounts payable to suppliers, contractors and other creditors	11 399 707	-	11 399 707
Gross cash flows from operating activities	(6 021 013)	-	(6 021 013)

Impact of the income periodisation error on the Company's balance sheet and profit or loss statement figures for 2023

Profit or loss statement

	Note	2023 EUR	Adjustment EUR	2023 Adjusted EUR
NET TURNOVER	1	66 666 516	(4 178 568)	62 487 948
a) from construction services provided		65 109 125	(4 178 568)	60 930 557
PROFIT OR (LOSS) BEFORE CORPORATE INCOME TAX		5 406 137	(4 178 568)	1 227 569
Corporate income tax for the reporting year	9	(38 633)		(38 633)
PROFIT OR (LOSS) OF THE REPORTING YEAR		5 367 504	(4 178 568)	1 188 936

Balance sheet

Assets

	Note	December 31, 2023 EUR	Adjustment EUR	December 31, 2023 Adjusted EUR
CURRENT ASSETS				
Receivables				
Accrued revenue	16	23 789 015	(7 508 964)	16 280 051
Total receivables		32 857 559	(7 508 964)	25 348 595
Cash	17	13 271 849	-	13 271 849
Total current assets		47 729 523	(7 508 964)	40 220 559
BALANCE SHEET		53 742 333	(7 508 964)	46 233 369

Liabilities

	December 31, 2023 EUR	Adjustment EUR	December 31, 2023 Adjusted EUR
EQUITY			
Retained profits from previous years	6 218 623	(3 330 396)	2 888 227
(Loss)/profit for the reporting year	5 367 504	(4 178 568)	1 188 936
Total equity	22 657 126	(7 508 964)	15 148 162
BALANCE SHEET	53 742 333	(7 508 964)	46 233 369

Statement of changes in equity

	Share capital (fixed capital) EUR	Retained profits EUR	Adjustment EUR	Retained profits Adjusted EUR	Total EUR	Total adjusted EUR
Balance on December 31, 2022	5 070 999	9 018 623	(3 330 396)	5 688 227	14 089 622	10 759 226
Contributions to the fixed capital	6 000 000	-	-	-	6 000 000	6 000 000
Profit of the reporting year	-	5 367 504	(4 178 568)	1 188 936	5 367 504	1 188 936
Dividends paid	-	(2 800 000)	-	(2 800 000)	(2 800 000)	(2 800 000)
Balance on December 31, 2023	11 070 999	11 586 127	(7 508 964)	4 077 163	22 657 126	15 148 162

Cash flow statement

(according to the indirect method)

	2023	Adjustment	2023
	EUR	EUR	Adjusted EUR
Cash flow from operating activities			
Profit or (losses) before taxes	5 406 137	(4 178 568)	1 227 569
Profit before adjustments for the effect of changes to current assets and short term liabilities	6 239 991	(4 178 568)	2 061 423
Decrease (increase) in accounts receivable	2 926 468	4 178 568	7 105 036
Decrease (increase) in inventories	1 187 789	-	1 187 789
Increase (decrease) in accounts payable to suppliers, contractors and other creditors	4 113 739	-	4 113 739
Gross cash flows from operating activities	14 467 987	-	14 467 987

2. NET TURNOVER

	2024	2023 Adjusted*
	EUR	EUR
Income from services for the construction of engineering systems, infrastructure **	111 365 465	56 817 954
Income from servicing and maintenance services provided to electronic communication network	4 196 439	4 112 604
Income from sale of materials	675 402	1 557 391
Total	116 237 306	62 487 949

*details of the adjustments made are disclosed in Note 1.

**In 2024, turnover increased due to higher turnover in construction projects - major projects: construction of border infrastructure between Latvia and Belarus, construction of Liepāja Prison.

3. COSTS (CAPITALIZED) ATTRIBUTED TO OWN LONG-TERM INVESTMENTS

	2024	2023
	EUR	EUR
Personnel costs	-	7 382
Other costs	-	196
Total	-	7 578

4. OTHER OPERATING INCOME

	2024	2023
	EUR	EUR
Income from lease of fixed assets	-	1 448
Other income	1 212 385	898 417
Gain on disposal of fixed assets	10 830	50 232
Total	1 223 215	950 097

5. MATERIAL COSTS

	2024	2023
	EUR	EUR
Cost of raw and consumable materials*	2 942 754	406 325
Other external costs*	84 407	80 844
Total	3 027 161	487 169

* Raw materials and consumables costs increased significantly compared to the previous period due to higher turnover in construction projects.

6. PERSONNEL COSTS

	2024	2023
	EUR	EUR
Wages	(10 830 000)	(9 318 839)
Compulsory state social insurance contributions	(2 590 553)	(2 222 824)
Pensions from the funds of the Company	(13 657)	(12 231)
Other social security costs	(252 395)	(239 323)
Total	(13 686 605)	(11 793 217)

incl. REMUNERATION TO THE MANAGEMENT

Remuneration of members of the Board	355 763	367 535
Compulsory state social insurance contributions	83 671	86 476
Total	439 434	454 011

NUMBER OF PERSONS EMPLOYED IN THE COMPANY

Average number of Board members in the reporting year	3	2
Average number of other employees during the reporting period	358	344

7. IMPAIRMENT ALLOWANCES FOR CURRENT ASSETS

	2024 EUR	2023 EUR
Write-off of receivables and provisioning	(540 517)	(21 906)
Inventory write-down costs	-	(16 431)
Total	(540 517)	(38 337)

8. OTHER OPERATING COSTS

	2024 EUR	2023 EUR
Engineering systems, infrastructure construction services costs and material costs*	(88 261 484)	(44 136 878)
Increase in provisions in connection with the restructuring of <i>Citrus Solutions GmbH</i> **	(7 097 000)	-
Car lease, maintenance costs	(1 494 163)	(1 307 071)
Office and administrative expenses	(1 055 017)	(794 299)
Premises rental, maintenance and utilities	(704 451)	(244 304)
Network, equipment maintenance services costs and material costs	(594 743)	(1 849 567)
IT services costs	(389 958)	(253 764)
Other operating costs	(537 541)	(486 327)
Total	(100 134 357)	(49 072 210)

* Costs of materials and construction services have increased in 2024 due to higher turnover in construction projects.

** Details of the increase in the provision in respect of *Citrus Solutions GmbH* are disclosed in notes 13 and 23 to the financial statements.

9. INTEREST INCOME AND EXPENSES

	2024 EUR	2023 EUR
Other income from interest and similar income		
interest income	137 114	13 967
Total interest income	137 114	13 967
Interest payments and similar costs		
on loans	(26 867)	(342 167)
exchange rate fluctuations	(13 040)	(20 768)
losses on investments	1 760	(1 548)
Total interest costs	(38 147)	(364 483)

10. CORPORATE INCOME TAX

	2024 EUR	2023 EUR
Corporate income tax:		
- reporting year	(378 814)	(38 633)
Total	(378 814)	(38 633)

As at 31 December 2024, the Company has available provisions of EUR 1 331 178 in respect of prior periods, which are attributable to future tax periods.

11. INTANGIBLE INVESTMENTS

	Other intangible investment s EUR	Creation of intangible investments EUR	Total EUR
Purchase value			
December 31, 2022	1 016 811	80 281	1 097 092
Purchased	-	253 994	253 994
Put into operation	154 876	(154 876)	-
Excluded in the reporting year	(136 812)	-	(136 812)
December 31, 2023	1 034 875	179 399	1 214 274
Purchased	-	138 189	138 189
Put into operation	104 145	(104 145)	-
Excluded in the reporting year	-	-	-
Adjustment of provisions	-	(37 800)	(37 800)
December 31, 2024	1 139 020	175 643	1 314 663
Depreciation			
December 31, 2022	(602 907)	-	(602 907)
Depreciation	(275 761)	-	(275 761)
Excluded in the reporting year	136 772	-	136 772
December 31, 2023	(741 896)	-	(741 896)
Depreciation	(226 523)	-	(226 523)
Excluded in the reporting year	-	-	-
December 31, 2024	(968 419)	-	(968 419)
Remaining value			
December 31, 2023	292 979	179 399	472 378
December 31, 2024	170 601	175 643	346 244

Capital investment in intangible investments in 2024 is EUR 138 189 (in 2023: EUR 253 994).

12. FIXED ASSETS

	Buildings	Equipment and machinery	Other fixed assets and inventory	Fixed asset establishment and construction work in progress	Total
	EUR	EUR	EUR	EUR	EUR
Purchase value					
December 31, 2022	47 863	71 165	2 632 907	193 149	2 945 084
Purchased	-	-	-	231 531	231 531
Put into operation	10 399	-	322 592	(332 991)	-
Excluded in the reporting year	-	(2 153)	(444 115)	-	(446 268)
December 31, 2023	58 262	69 012	2 511 384	91 689	2 730 347
Purchased	-	-	-	280 141	280 141
Put into operation	-	2 160	369 201	(371 361)	-
Excluded in the reporting year	-	(8 680)	(151 541)	-	(160 221)
December 31, 2024	58 262	62 492	2 729 044	469	2 850 267
Depreciation					
December 31, 2022	(12 884)	(70 296)	(2 351 549)	-	(2 434 729)
Depreciation	(7 880)	(417)	(192 547)	-	(200 844)
Excluded in the reporting year	-	2 153	443 505	-	445 658
December 31, 2023	(20 764)	(68 560)	(2 100 591)	-	(2 189 915)
Depreciation	(7 826)	(947)	(181 379)	-	(190 152)
Excluded in the reporting year	-	8 680	151 541	-	160 221
December 31, 2024	(28 590)	(60 827)	(2 130 429)	-	(2 219 846)
Remaining value					
December 31, 2023	37 498	452	410 793	91 689	540 432
December 31, 2024	29 672	1 665	598 615	469	630 421

Capital investment in fixed assets in 2024 amounts to EUR 280 141 (in 2023 EUR 231 531). The Company also uses fully depreciated intangible assets and fixed assets in its operations. The initial purchase cost of these intangible investments and fixed assets is EUR 2 462 239 (in 2023: EUR 2 090 462).

13. PARTICIPATION IN SHARE CAPITAL OF RELATED COMPANIES

Investment value

Company	Participation (%)	31.12.2024 EUR	31.12.2023 EUR
<i>Citrus Solutions GmbH</i>	100	5 000 000	5 000 000
Impairment provision		(5 000 000)	-
Total		-	5 000 000

Financial information on subsidiary

Company	Address	Equity (unaudited *)		Reporting year profit / (losses) (unaudited*)	
		2024 EUR	2023 EUR	2024 EUR	2023 EUR
<i>Citrus Solutions GmbH</i>	Schmidtstadt 5,92268, Etzelwang	(5 125 933)	2 200 186	(7 326 119)	(6 154 917)

In 2018 a subsidiary was registered in Germany - Citrus Solutions Gbmh. The company Citrus Solutions Gbmh provides telecommunication construction services. In 2024, the subsidiary had revenues of EUR 13 919 442 (2023: EUR 29 202 427) and losses of EUR 7 326 119 (2023: EUR 6 154 917). The financial records are in accordance with the parent company's accounting policies; audited records are not available at the time of the preparation of the annual report.

* The amounts for equity and profit/loss of the reporting year are presented as "unaudited" as *Citrus Solutions GmbH* accounts for the Parent Group in accordance with International Financial Reporting Standards (IFRS), which are also generally in line with the legal requirements of the Republic of Latvia, but no separate annual report of the company is prepared. For the year 2023, *Citrus Solutions GmbH* has prepared a German annual report in accordance with local German legal requirements and this annual report has been audited accordingly. Due to significant differences in accounting policies, this report uses the accounting data of the subsidiary in accordance with IFRS. At the end of 2023, management performed a recoverability assessment of the investment in the subsidiary and management considered that the loss was temporary and *Citrus Solutions GmbH* would continue to operate in the German market and return to profitability. As a result of the recoverability assessment, the investment was fully recoverable as at 31 December 2023 and accordingly no impairment was recognised.

At the end of 2024, the recoverable amount of the investment in *Citrus Solutions GmbH* was calculated. The calculation determined the value of *Citrus Solutions GmbH* using cash flow projections based on five-year financial forecasts using a discount rate of 17% (17% applied in 2023). Cash flow estimates for the period beyond five years were calculated using extrapolation and a constant growth rate of 0% (2023: 0%).

During 2024, a decision has been taken to reduce the German operations and to complete existing projects. The Company's participation in the share capital of the subsidiary Citrus Solutions GmbH amounted to EUR 5.0 million at the end of 2024. Citrus Solutions made a provision of EUR 5.0 million for impairment of investments and an additional provision of EUR 7.1 million for liabilities and future losses of *Citrus Solutions GmbH*. As a result of the losses in the reporting year and prior periods, the equity of *Citrus Solutions GmbH* has become negative, the company has completed ongoing projects during the reporting year and has not started new projects and does not intend to do so.

As a result of the assessment, management has determined that the value of the investment in the shares of *Citrus Solutions GmbH* is not recoverable and a provision for impairment of 100% of the investment is required, together with an additional provision of EUR 7.1 million for liabilities and future expenses of *Citrus Solutions GMBH*:

Provisions for impairment of long-term financial investments*	5 000 000
Provisions for liabilities and future losses of Citrus Solutions GMBH**	7 097 000
Total	12 097 000

* Provisions recognised in the Profit or loss statement under "Impairment allowances on long-term and short-term financial investments".

** Provisions are recognised in the Profit or loss statement under "Other operating expenses" (Note 8).

14. INVENTORIES

	31.12.2024 EUR	31.12.2023 EUR
Raw materials and consumables	1 749 355	1 526 780
Provision for obsolete and slow-moving goods	(73 228)	(73 903)
Advance payments for goods	58 795	147 238
Total Inventories	1 734 922	1 600 115

Provision for obsolete inventories and slow-moving goods

	2024 EUR	2023 EUR
Provisions at the beginning of reporting year	73 903	60 781
Created/(reduced) provisions in the reporting year, net	(675)	13 122
Provisions at the end of reporting year	73 228	73 903

15. TRADE RECEIVABLES

	31.12.2024 EUR	31.12.2023 EUR
Receivables*	13 105 753	6 260 716
Provision for doubtful debts	(741 989)	(201 472)
Total trade receivables	12 363 764	6 059 244

* Trade receivables increase as clients of major construction projects are invoiced.

Movement of provisions for doubtful and bad debts

	2024 EUR	2023 EUR
Provisions at the beginning of reporting year	201 472	200 405
Written off doubtful accounts receivable	-	(20 839)
Provisions for doubtful debtors established/recovered*	540 517	21 906
Provisions at the end of reporting year	741 989	201 472

* Increase in provisions related to the Press House construction project.

16. OTHER RECEIVABLES

	31.12.2024 EUR	31.12.2023 EUR
Fixed-term deposit*	5 576 000	-
Overpaid taxes (Note 22)	511 471	574 924
Advanced payments to Latvian suppliers	279 713	312 839
Advanced payments to foreign suppliers	95 654	162 534
Settlements with employees	65 077	71 743
Total other receivables	6 527 915	1 122 040

* The fixed-term deposit was made in connection with one of the largest projects - the construction of the Liepāja Prison. Maturity date of the deposit - 18.03.2025.

17. ACCRUED INCOME AND DEFERRED INCOME

	31.12.2024 EUR	31.12.2023 Adjusted* EUR
Accrued revenue**	23 272 606	16 280 051
Total accrued income	23 272 606	16 280 051

*details of the adjustments made are disclosed in Note 1.

**Accrued income for construction projects in progress is recognised based on the percentage of completion at the balance sheet date. Accrued income has increased due to the recognition of income accruals for work completed on the following construction projects: design, construction and equipping

of the Latvian-Russian and Latvian-Belarusian borders; construction of the Liepāja Prison building; design, construction and maintenance of networks where the work has not reached a stage of completion where it can be handed over to the client and invoiced accordingly.

Included under "Deferred income" at 31.12.2024 are payments received for construction and design works that will be carried out in future periods and/or exceed project income recognised during the year, based on the percentage of completion of the contract works at the balance sheet date. At the end of the reporting year, deferred income amounted to EUR 11 214 650 (EUR 4 988 737 at the end of 2023).

18. CASH

	31.12.2024 EUR	31.12.2023 EUR
Cash in banks	8 395 247	13 271 849
Total cash	8 395 247	13 271 849

* The fixed-term deposit of EUR 5 576 000 is included under Other receivables (Note 16).

19. BORROWINGS FROM CREDIT INSTITUTIONS

	31.12.2024 EUR	31.12.2023 EUR
Short-term borrowing from a bank	70 181	3 103 130
Short-term borrowing from a bank	70 181	3 103 130

In 2024, *Citrus Solutions* has a EUR loan from *OP Corporate Bank*.

The Company together with Citrus Solutions GmbH has a loan of EUR 10 million available. The amount of the loan used as at 31.12.2024 is EUR 0. The credit used by Citrus Solutions GmbH amounts to EUR 6 477 826. The interest rate of the loan is 3 months EURIBOR plus 1,65 % on the drawn portion and 0,5 % on the unused portion.

20. SHARE CAPITAL (FIXED CAPITAL)

At the end of 2024 the share capital of *Citrus Solutions* is EUR 11 070 999 and consists of 11 070 999 shares with a nominal value of EUR 1 each.

Dividends of EUR 2 800 000 (EUR 0.552 per share/equity unit) were calculated for 2023.

21. PAYABLES TO SUPPLIERS AND CONTRACTORS

	31.12.2024 EUR	31.12.2023 EUR
Settlements with suppliers	8 531 000	6 465 663
Total payables to suppliers and contractors	8 531 000	6 465 663

22. TAXES AND STATE COMPULSORY SOCIAL INSURANCE PAYMENTS

(a) Tax payments in Latvia

	31.12.2024 EUR	31.12.2023 EUR
Corporate income tax	-	(38 860)
Value added tax	(209 888)	(216 282)
State compulsory social insurance payments	215 703	202 667
Resident income tax	(67)	(95)
Business risk state tax	-	129
Total liabilities	215 703	202 796
Total claims included under item "Other receivables"	(209 955)	(255 237)

(b) Taxes in Germany, Belgium

	31.12.2024 EUR	31.12.2023 EUR
Resident income tax	-	9 977
Corporate income tax (Note 8)	377	-
Value added tax in Belgium	(272 427)	(269 636)
Value added tax in Germany	45 199	(50 051)
Total liabilities	45 576	9 977
Total claims included under item "Other receivables"	(272 427)	(319 687)
	EUR	EUR
Total taxes (a), (b)	(221 103)	(362 151)
incl. – tax liabilities	261 279	212 773
- overpaid taxes	(482 382)	(574 924)

23. PROVISIONS and ACCRUED LIABILITIES

Provisions

	31.12.2024 EUR	31.12.2023 EUR
Provisions for liabilities and future* losses of Citrus Solutions GMBH	7 097 000	-
Provision for warranty repairs**	604 118	370 345
Provision for construction project liabilities	186 187	-
Provisions at end of the reporting year	7 887 305	370 345

* Information on the provisions made in respect of *Citrus Solutions GMBH* is disclosed in Note 12.

** Provisions for warranty repairs are expected to be utilised over the next 5 years.

Movement of provisions

	31.12.2024 EUR	31.12.2023 EUR
Provisions at the beginning of the reporting year:	370 345	270 297
Provisions for warranty repairs	370 345	270 297
Provisions made during the reporting year, net:	7 516 960	100 048
Provisions for liabilities and future losses of Citrus Solutions GMBH	7 097 000	-
Provisions for warranty repairs	233 773	100 048
Provision for construction project liabilities	186 187	-
Provisions at the end of the reporting year:	7 887 305	370 345
Provisions for liabilities and future losses of Citrus Solutions GMBH	7 097 000	-
Provisions for warranty repairs	604 118	-
Provision for construction project liabilities	186 187	-

Accrued liabilities

	31.12.2024	31.12.2023
	EUR	EUR
Accrued costs of engineering systems, infrastructure construction services	1 517 205	2 000 175
Accrued premium costs for performance during the reporting year	1 668 884	631 867
Accrued unused leave costs	1 044 395	929 263
Accrued liability for tax payments	259 440	-
Accrued liabilities to related companies*	38 448	112 740
Total accrued liabilities	4 528 372	3 674 045

* Accrued liabilities to related companies decreased due to a decrease in the liability to the subsidiary Citrus Solutions GmbH.

24. DEBTS OF AND TO RELATED COMPANIES

SIA *Citrus Solutions* is a 100% subsidiary of SIA *Tet*. SIA *Citrus Solutions* is a wholly owned subsidiary of *Citrus Solutions GMBH*.

Accounts receivable/payable balances

	31.12.2024	31.12.2023
	EUR	EUR
Debts of related companies		
<i>Tet</i>	1 790 784	1 157 987
<i>Citrus Solutions GMBH</i>	144 101	596 197
Total debts of related companies	1 934 885	1 754 184
 Debts to related companies		
<i>Tet</i>	3 012 321	2 865 970
Total debts to related companies	3 012 321	2 865 970

During the reporting year, *Citrus Solutions* drew on a credit facility from its parent company *Tet*, which is granted until 30 July 2025 and available for an amount of EUR 5 000 000. At the end of the reporting year, the Company had drawn down the committed credit facility in the amount of EUR 0.07 million. The interest rate of the credit facility is linked to the three-month interbank lending rate EURIBOR+ 1.75% per annum.

Citrus Solutions' assets are not pledged as collateral for borrowings and available credit facilities.

25. INFORMATION ON ONGOING CONSTRUCTION CONTRACTS

	2024	2023
	EUR	Adjusted*
		EUR
Recognized revenue*	83 243 494	29 040 415
Recognized expenses*	(66 903 158)	(24 783 265)
Total amount of advance payments received from clients	8 279 535	17 118 321

*details of the adjustments made are disclosed in Note 1.

** The major construction projects in progress in 2024 are the construction of the border infrastructure of the Republic of Belarus, the design, supervision and construction of the new prison complex at 29 Alsungas Street, Liepāja.

26. OFF-BALANCE SHEET LIABILITIES

Bank guarantees

According to the contracts concluded with AS "Swedbank", AS "SEB banka", AS "Luminor bank" and OP Corporate bank plc branch in Latvia and insurance companies on issuing guarantees, as at 31 December 2024 the Company had received guarantees in the amount of EUR 19 688 035 (31 December 2023 - EUR 31 497 386). As at 31 December 2024, the Company has issued guarantees to the subsidiary Citrus Solutions GmbH in the amount of EUR 1 945 800 (31 December 2023: EUR 1 945 800).

Operating lease liabilities

The Company, as lessee, has entered into property lease agreements. The total annual lease payments in 2024 were EUR 1 004 003 (2023: EUR 813 842). Total minimum lease payments under non-cancellable operating leases at 31 December 2023:

	2024 EUR	2023 EUR
With a maturity within one year	168 347	187 170
With a maturity of more than one year but less than five years	15 457	33 309
Total	183 804	220 479

27. FINANCIAL RISK MANAGEMENT

Management of financial risks in relation to the Company's liquidity, currency and interest rate fluctuations and credit risk of the transaction partners in the *Tet* group companies is centralized.

Financing and liquidity risk

The Group's cash management policy aims to ensure that the Group companies have sufficient liquidity and are able to finance their activities without any funding constraints. In accordance with the Group's policy, the parent company *Tet* arranges the necessary funding for *Citrus Solutions*. The Company, together with Citrus Solutions GmbH, has access to a credit facility of EUR 5.0 million granted by *Tet* until 30 July 2025.

Currency risk

The group's policy is to limit the net currency fluctuation risk as to all known and expected transactions in foreign currency.

The euro is the dominant currency in the settlements with foreign business partners.

Cash in foreign currencies was accumulated for the limitation of currency exchange fluctuations regarding with anticipated transactions.

Interest rate risk

Given that *Citrus Solutions'* borrowing from its parent company is at a floating interest rate fixed for a period of 1 month, the Company is exposed to the risk of interest rate fluctuations. The Group's hedging measures are implemented centrally by assessing the impact of interest rate risk on the Group's financial performance. Interest payments on the credit facility used are included in the income statement for the year under review. 2023 saw an increase in Euribor interest rates worldwide and the Company's management has taken this risk into account in its forecasts for the coming years..

Credit risk

Financial instruments that potentially expose the Company to a certain level of credit risk concentration primarily represent accounts receivables and cash in bank. The Company's policy ensures that goods and services are sold to clients with appropriate credit history. Accounts receivables are shown in recoverable amount. According to the group's cash management policy, the Company's partners in derivative financial instruments and cash transactions are financial institutions with appropriate credit reputation. The parent company is strictly monitoring and limiting the credit risk that is allowed for the group companies with each separate financial institution.

28. EVENTS AFTER THE END OF REPORTING YEAR

In connection with the restructuring of the external financing of OP Corporate Bank plc branch in Latvia, in February 2025 the Company entered into a credit facility agreement with Citrus Solutions GmbH with a limit of EUR 8 000 000. Purpose and use of the loan - financing of working capital and operating activities.

There have been no other events during the period from the last day of the reporting year to the date of signing these financial statements that require adjustment or explanation in these financial statements.

On behalf of the Board

Chairman of the Board	(signature*)	Dāvis Eniks
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Chief accountant	(signature*)	Aija Martinsone-Staģe
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*THIS DOCUMENT HAS BEEN ELECTRONICALLY SIGNED WITH SECURE ELECTRONIC SIGNATURE AND CONTAINS
TIME STAMP



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INDEPENDENT AUDITORS' REPORT

THE DATE OF THE DOCUMENT IS THE TIME OF ITS ELECTRONIC SIGNATURE

To the stakeholder of SIA „Citrus Solutions”

Opinion

We have audited the accompanying financial statements of SIA "Citrus Solutions" (the "Company") as set out on pages 7 to 32. The accompanying financial statements comprise the balance sheet and profit or loss statement as at 31 December 2024, the statement of changes in equity and cash flow statement for the year ended 31 December 2024, and an annex to the financial statements which comprise a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of SIA "Citrus Solutions" as at 31 December 2024 and of its financial performance and its cash flows for the year ended 31 December 2024 in accordance with the Law on Annual Statements and Consolidated Annual Statements of the Republic of Latvia.

Basis of the opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) recognised in the Republic of Latvia. Our responsibilities under those standards are set out further in the section of our report entitled "The auditor's responsibility for the audit of the financial statements". We are independent of the Company in accordance with the requirements of the International Code of Ethics for Professional Accountants (including International Standards on Independence) issued by the International Ethics Standards Board for Accountants (the "IESBA Code") and the independence requirements of the Law on Audit Services of the Republic of Latvia, which are applicable to our audit of the financial statements in the Republic of Latvia. We have complied with the other ethical principles set out in the Audit Services Law and the IESBA Code. We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our opinion.

Reporting other information

Other information is the responsibility of the Company's management. Other information includes:

- General information about the Company set out on page 3 of the attached Annual Report,
- the Management Report set out on pages 4 to 6 of the accompanying Annual Report.

The Other Information does not include the financial statements and our auditors' report on those financial statements.

Our opinion on the financial statements does not cover this other information and we do not make any representation about it, except as disclosed in the section "Other reporting requirements under the laws and regulations of the Republic of Latvia" of our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially different from the financial statements or from the knowledge acquired in the course of our audit, and whether it is free from material misstatement of any kind.

If, on the basis of the work performed and taking into account our knowledge and understanding of the Company and its operating environment obtained during the audit, we conclude that there is a material misstatement of other information, we are required to report it. No reportable circumstances have come to our attention in this regard.

Other reporting requirements under the laws and regulations of the Republic of Latvia

The Law on Audit Services of the Republic of Latvia sets out further reporting requirements for the management report. These additional requirements are not included in the ISAs.

Our responsibility is to assess whether the management report has been prepared in accordance with the requirements of the Law on Annual Statements and Consolidated Annual Statements of the Republic of Latvia.



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Based solely on our audit procedures, in our opinion:

- the information given in the management report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the management report has been prepared in accordance with the requirements of the Law on Annual Statements and Consolidated Annual Statements of the Republic of Latvia.

Responsibility of management and those charged with governance of the Company for the financial statements

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

In preparing the financial statements, management is required to assess the Company's ability to continue as a going concern, disclosing, as appropriate, circumstances relevant to the Company's ability to continue as a going concern and the application of the going concern basis of accounting, unless management intends to liquidate or discontinue the Company or has no realistic alternative but to liquidate or discontinue the Company.

Those charged with governance of the Company are responsible for overseeing the preparation of the Company's financial statements.

Auditor's responsibility for the audit of the financial statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to error or fraud, and to issue an auditor's report that includes an opinion. A reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with ISAs will always detect a material misstatement, if any. Non-conformities may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions that users make on the basis of these financial statements.

When we conduct an audit in accordance with ISAs, we exercise professional judgement and professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; develop and perform audit procedures to mitigate those risks; and obtain audit evidence that provides a reasonable and appropriate basis for our opinion. The risk of not detecting material misstatements due to fraud is higher than the risk of misstatement due to error, as fraud may involve collusion, falsification of documents, deliberate omission of information, misleading disclosures or breaches of internal control;
- obtain an understanding of internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- we conclude on the appropriateness of the going concern basis applied by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt about the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, the auditors' report focuses on the disclosures in the financial statements about those circumstances. If such information is not provided in the financial statements, we issue a modified opinion. Our conclusions are based on audit evidence obtained up to the date of the auditors' report. However, future events or circumstances may cause the Company to discontinue its operations;
- assess the overall presentation, structure and content of the financial statements, including the disclosures in the annex, and whether the financial statements present fairly the underlying transactions and events.

We provide to those charged with the management of the Company, among other things, information about the planned scope and timing of the audit and significant audit observations, including significant deficiencies in internal control, that we identify during the audit.

SIA „ERNST & YOUNG BALTIC”
Licence No 17



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Iveta Vimba
Board member
Sworn auditor of the Republic of Latvia
Certificate No 153
Riga

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