



LAU
INFRA GRUPA

LAU Infra Grupa AS
Unified registration number
40003356530

ANNUAL REPORT 2025

prepared in accordance with IFRS Accounting Standards adopted in the European Union, and Independent Auditors' report

Riga, 2026

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GENERAL INFORMATION ABOUT THE COMPANY

Name of the company	LAU Infra Grupa (from 31.03.2026) Latvijas autoceļu uzturētājs (until 30.03.2026)
Legal status of the company	Joint stock company (from 31.03.2026) State joint stock company (until 30.03.2026)
No., place and date of registration in the Register of Enterprises	40003356530, Riga, 01.09.1997.
No., place and date of registration in the Commercial Register	40003356530, Riga, 24.09.2004.
Type of main activity (NACE version 2.1)	42.11: Construction of roads and motorways 43.50: Specialized construction works of civil engineering 38.11: Collection of non-hazardous waste 42.99: Civil engineering objects construction 68.12: Development of construction projects 08.11: Extraction of decorative stones, limestone and other stone extraction 09.90: Other mining and quarrying related actions 68.20: Renting and management of own or leased real estate
Legal address	Krustpils street 4, Riga, LV-1073

Board Chairman of the Board Member of the Board Member of the Board	Vilnis Vitkovskis (from 08.09.2020) Ilze Bukulde (from 03.03.2023 until 27.03.2026) Armands Beiziķis (from 06.08.2025)
The Council Chairman of the Council Member of the Council Member of the Council	Renārs Griškevičs (from 26.10.2021) Jevgenijs Belezjaks (from 26.10.2021) Andris Vanags (from 26.10.2021)
Responsible for accounting Chief Accountant	Olga Mihaļuka
Reference year	1 January 2025 – 31 December 2025
Previous reporting year	1 January 2024 – 31 December 2024
Revidenti	KPMG Baltics SIA Licence No.55 Roberta Hirša street 1, Riga, LV-1045, Latvia VRN 40003235171 Responsible sworn auditor Rihards Grasis Certificate No. 227

KEY PERFORMANCE INDICATORS

Financial indicators

	Fact 31.12.2025.	Fact 31.12.2024.
Total amount of the statement of financial position, EUR	80 954 678	76 642 460
Net turnover, EUR	97 114 082	94 778 759
<i>Incl. revenue from maintenance services, EUR</i>	<i>24 534 589</i>	<i>24 065 073</i>
<i>revenues from construction services, EUR</i>	<i>68 714 386</i>	<i>66 939 296</i>
<i>revenue from other operating activities, EUR</i>	<i>3 865 107</i>	<i>3 774 390</i>
<i>Net profit, EUR</i>	<i>7 391 793</i>	<i>6 939 681</i>
EBITDA ¹ , EUR	13 936 299	12 542 415
EBIT ² , EUR	8 505 292	7 344 935
Share capital, EUR	35 202 323	35 202 323
Equity, EUR	51 743 932	49 209 916
Total financial commitments ³ , EUR	8 259 536	5 718 186
Operating net cash flows, EUR	12 463 187	20 627 649
Ratio of equity to total assets,%	64	64
Return on equity (ROE) ⁴ ,%	14.6	15.1
Commitment coverage ratio (DSCR) ⁵ , (x)	3.5	3.9
Total liquidity ratio ⁶ , (x)	1.7	1.7
EBITDA profitability ratio ⁷ ,%	14.4	13.2
Net profitability ratio ⁸ ,%	7.6	7.3
Number of employed persons on average during the period	1 052	1 073
Dividends paid into the state budget, EUR	4 857 777	709 805
Taxes paid to the state budget, EUR	12 208 440	11 167 170

¹ EBITDA – profit before corporate income tax, financial costs and revenue, depreciation of long-term investments and amortization

² EBIT – profit before corporate income tax, financial costs and revenue

³ total financial liabilities – short-term and long-term loans from credit institutions and financial lease liabilities

⁴ Return on equity (ROE) – profit for the current period/ average shareholder's equity in the period

⁵ Liability Coverage Ratio (DSCR) – EBITDA/liabilities for payments during the reporting period (% payments + principal amount)

⁶ total liquidity ratio – current assets / short-term creditors

⁷ EBITDA / net revenues

⁸ profit for the current period/ net revenues

MANAGEMENT REPORT

JSC LAU Infra Grupa (hereinafter referred to as the Company) is a commercial capital company of a public person which operates in accordance with the Commercial Law, the Law on Management of Capital Shares of a Public Person and Capital Companies and in accordance with Section 88, Paragraph one, Clause 2 of the State Administration Structure Law, the Company implements activities in a sector of strategic importance to the State.

The general strategic objective of the Company is to perform continuous daily maintenance works of state motor roads in order to ensure the necessary mobility opportunities for inhabitants, traffic safety, the service of activities of critical services (emergency medical assistance, fire-fighting and rescue service, police) and functioning of public transport, etc., as well as to ensure the provision of maintenance services of road infrastructure important to the State.

The basis of the company's activities are two main directions of activity:

- road maintenance;
- construction and renovation of transport structures and other engineering structures.

These lines of activity form the core of the Company's competence, ensure a stable revenue base and determine the Company's positioning in the industry.

In addition, the Company provides the production of mineral materials, mainly for the implementation of the projects themselves. The vertically integrated business model ensures greater operational independence, more efficient resource management and stable service quality.

The Company's revenue in the reporting year consists only of revenues from commercial activities. The Company does not carry out economic activity that would be financed from the funds of the state budget, as well as does not receive any state grants or subsidies.

Information on the share capital of the Company

The company's share capital is EUR 35 202 323, consisting of 35 202 323 shares, 100% owned by the state and held by the Ministry of Transport. The Company does not have a participation in other capital companies.

Activities of the Company during the reporting year

- The main priorities of the Company's business activities during the reporting period are:
- high-quality performance of daily maintenance works of state motor roads;
- daily maintenance and construction of forest roads;
- daily maintenance of municipal highways, transit streets and other motorways, streets and squares;
- development and construction of the documentation necessary for the realization of the construction plan of the border fence of the Republic of Latvia – the Russian Federation in accordance with the concluded 2 parts of the contract with the JSC "State Real Estate";
- development of the construction plan for the border infrastructure of the Republic of Latvia – the Republic of Belarus and the performance of construction works – “Rokade bypass around Riču lake” in accordance with the concluded agreement with JSC "State Real Estate";
- acquisition of experience and qualifications by participating in procurement procedures together with cooperation partners, forming an association of suppliers, or participating as a subcontractor.

The management of the Company believes that during the **reporting year the Company has been able to successfully implement the daily maintenance works of State motor roads within the framework of all 19 contracts concluded with the VSIA "Latvijas Valsts ceļi"** (the

Company obtained the contract as a result of an open tender "Daily maintenance works of State motor roads" (identification No. LVC 2021/26/AC) (hereinafter – the open tender). In 2025, the total length of the State motorways to be serviced was 19 897 km, incl. 1 660 km of main motorways, 5 485 km of regional roads, 12 660 km of local roads and 92 km of side roads.

Company assets participated in various procurement procedures in order to obtain contracts and obtain additional revenue on state and municipal roads and streets, roads of other merchants, as well as forest roads in their daily maintenance and construction. The Company participated in procurement procedures, incl. together with cooperation partners, forming an association of suppliers, or participating as a subcontractor.

The Company successfully implemented state border construction projects – construction of a fence (Latvian-Russian border) and Rokade bypass around Riču lake (Latvian-Belarusian border) in accordance with the contracts concluded by the State joint stock company "State Real Estate" (contract conclusion Company obtained the procurement procedure "Development and construction of the documentation necessary for the implementation of the construction intention of the border fence of the Russian Federation of the Republic of Latvia in separate stages" (identification No. VNĪ/2023/CA-469) and "Development of the construction plan of the border infrastructure of the Republic of Latvia of the Republic of Belarus and performance of construction works on the Rokade bypass around Riču lake" (identification No. VNĪ/2024/CA-54). In the Company's experience, this is the second year in which joint design and construction projects are being implemented, which provide for the construction of significant building structures. In the process of project implementation, the competences and experience of employees in the management of construction projects in the position of the main performer of construction work have been developed and cooperation with partners and subcontractors has been strengthened.

Attention is paid to the **assessment of assets unnecessary for direct economic activity and the formation of an optimal capital structure**. During the reporting period, 5 vehicle auctions were carried out, with 17 vehicles and machines auctioned, recognizing revenues of EUR 0,101

million. The Company organized 33 auctions of real estate lease rights, additionally attracting new tenants or leasing previously unleased premises in a total area of 816,7 m², as well as 3 real estate properties were alienated, recognizing revenue of EUR 0,961 million.

The specifics of the road maintenance and civil engineering sector determine the Company's operating model and the provision of the necessary resources. The Company must be able to maintain a network of production and service bases throughout the territory of the country, provide specialized equipment and its maintenance, professional personnel, uninterrupted availability of materials and energy resources, warehouse and logistics capacity, digital management and monitoring systems, quality control and reserve capacities in emergency situations.

The Company is one of the largest employers in the regions. The average number of employees in 2025 is 1 052.

Results of economic activity

The Company's net sales in 2025 reached EUR 97 114 million, incl.:

- maintenance revenues EUR 24,535 million, i.e. 25,3%;
- construction services revenues EUR 68,714 million, i.e. 70,7%;
- other operating revenues EUR 3,865 million, i.e. 4,0%.

Compared to 2024, net sales have grown by EUR 2,335 million or 2.5%.

Operating costs in 2025 amounted to EUR 86,541 million, representing EUR 2,357 million or 2,8% more than a year earlier.

Net profit in 2025 amounted to EUR 7,392 million.

The value of the Company's assets amounted to EUR 80,955 million. The value of non-current assets, compared to the previous reporting period, increased by 8,1% and reached EUR 47,182 million, as well as the value of current assets increased by 2,4% and reached EUR 33,773 million, the most significant increase of EUR 2,457 million was for cash funds, which consist of cash and cash equivalents and deposits in short-term deposits.

The capital structure is balanced, the ratio of liabilities to total assets – 36,1%. The total liquidity

level of the Company is 1,7, while the level of DSCR (coverage ratio) is 3,5, the permissible limit set by credit institutions is not less than 1,1. EBITDA is 13,936 million EUR.

The Company controls and manages financial risks: credit risk, liquidity risk, interest rate risk, using financial risk control measures, thus ensuring financial stability.

The 2025 annual report is prepared in accordance with the IFRS Accounting Standards approved in the European Union.

Corporate governance

Concurrently with the Company's financial statement for 2025, the Company's Statement on Corporate Governance (hereinafter – the Statement) prepared on the basis of the requirements of Section 5811 of the Law on Management of Capital Shares of a Public Person and Capital Companies, Cabinet Regulations of 15 March 2022 "Regulations Regarding Corporate Governance Recommendations Applicable in a Capital Company of a Public Person and a Publicly Private Capital Company" shall be made public and The 2nd revision of the "Corporate Governance Code" (hereinafter – the Code) issued by the Corporate Governance Advisory Council in 2025. The Board of Directors considers that in material respects the Company has complied with all corporate governance principles applicable to its activities. The Company prepares the statement as a separate component of the annual report and publishes it on the Company's website simultaneously with the annual report by 31 May 2026.

Non-financial statement

The Sustainability Statement has been prepared in accordance with Paragraph 35 of the Transitional Provisions of the Law on Management of Capital Shares of a Public Person and Capital Companies, which stipulates that until the moment when the Company becomes bound by the obligation to provide a sustainability report in accordance with the procedures laid down in the Law on Disclosure of Sustainability Information, the Company shall provide a non-financial statement – the Sustainability Report – in accordance with Article 582 of this Law (in the version which entered into force on 8 December 2021). It includes information on the Company's business model, key sustainability aspects, employees and working environment, environmental protection and impact,

impact of climate change on the Company, governance issues and others. The Company shall prepare the sustainability report as a separate report and publish it on the Company's website simultaneously with the annual report audited by a sworn auditor by 31 May 2026.

The future development of the Company

According to the approved budget of the Company for 2026, the total revenue is planned to be 87,539 million EUR. It is planned to spend 12,622 million EUR on the implementation of the Company's capital investment and modernization program. The most significant acquisitions of EUR 9,671 million are for technological equipment and machinery. The 2026 capital investment and modernization program in the Company will be implemented by evaluating the priority of capital investments, the usefulness of the planned investments, the necessary financing (own funds, borrowed funds), as well as taking into account the economic situation in the country.

At the same time, the amount of available cash flow from economic activity to cover the principal amount of loans and interest payments will be evaluated to ensure that the Company's total liquidity level is 1,5, the DSCR level is 2,7 and the EBITDA profitability is 13%.

The financial objectives for 2026 are the formation of the optimal capital structure, ensuring the efficiency and stability of economic activity, as well as ensuring reasonable profits.

The Company will continue the planned activities in order to implement the decision of the Cabinet of Ministers of October 7, 2025 on changing the capital structure of the Company, providing for the initial public offering (IPO) of shares.

The Company will continue to provide high-quality, complying with the requirements of daily maintenance services of state motor roads, maintenance works of municipal motor roads and streets and other roads, construction of transport structures and other engineering structures, as well as construction of security and military infrastructure, as well as production and sale of mineral materials. The Company will focus on strengthening the leading position in the daily maintenance of state motorways, increasing production capacity and at the same time developing new services and diversifying the revenue base. The Company will make targeted investments in the production base, as well as organizational activities that directly increase production capacity, improve competitiveness and increase operational efficiency.

Digital transformation initiatives will be implemented, and the professional competences of employees will be purposefully developed. The Company will improve occupational safety processes, promote employee well-being and improve corporate governance, ensuring compliance with capital market requirements.

Events after the end of the reporting year

Taking into account the impact of the geopolitical situation (Russian invasion of Ukraine, geopolitical tensions in the Middle East, including the situation in Iran, etc.) on the availability of raw materials and energy resources on the market, fluctuations in the prices of energy resources and raw materials in conditions of high uncertainty, reflection of macroeconomic trends, the management of the Company continues to continuously assess the situation.

From the last day of the financial year until today, no other significant events have occurred that could significantly affect the assessment of the annual report, other than the one described above.

Proposals on the distribution of profits

In accordance with Section 28, Section 56, Paragraph one, Section 94, Paragraph one, Clause 2 of the Law on Management of Capital Shares of a Public Person and Capital Companies and in accordance with the provisions of the "Law On the State Budget for 2026 and the Budget Framework for the years 2026, 2027 and 2028" Article 20, the expected amount of dividends to be paid by the Company in 2026 (for the reporting year 2025) is 90% of the profit for the reporting year, calculating the corporate income tax and paying it in accordance with the procedures laid down in the laws and regulations governing corporate income tax. The decision on the utilization of profit and the amount of dividends is taken by the Company's shareholders' meeting.

The Board of Directors proposes to the shareholders' meeting the following distribution of the profit for 2025 of EUR 7 391 793:

- 90% of the profit for the reporting year or EUR 6 652 614 to be paid to dividends;
- 10% of the profit for the reporting year or EUR 739 179 to be left at the disposal of the Company, transferring to the balance sheet item "Reserves".

MANAGEMENT RESPONSIBILITY REPORT

The Board of Directors of the Company (hereinafter referred to as the Management) is responsible for the preparation of the Company's financial statements.

The financial statements from pages 9 to 46 are prepared on the basis of accounting entries and supporting documents and provide a true picture of the Company's financial position as of December 31, 2025, its results of operations and cash flows for 2025.

The above financial statements are prepared in accordance with the IFRS Accounting Standards approved in the European Union, based on the going concern principle. In the course of preparing the financial statements, the decisions taken and assessments made by management have been prudent and reasonable.

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

LAU INFRA GROUP AS SIGNED THE FINANCIAL STATEMENT WITH A SECURE ELECTRONIC SIGNATURE:
CHAIRMAN OF THE BOARD VILNIS VITKOVSKIS AND MEMBER OF THE BOARD ARMANDS BEIZIŅIS.
THE DOCUMENT CONTAINS A TIME STAMP.

STATEMENT OF COMPREHENSIVE INCOME FOR 2025

	Notes	2025 EUR	2024 EUR
Net turnover, including	3	97 114 082	94 778 759
<i>a) from construction services</i>		68 714 386	66 939 296
<i>b) from other operating segments</i>		28 399 696	27 839 463
Cost of sales, cost of goods sold and services purchased	4	(86 540 736)	(84 183 534)
Gross profit		10 573 346	10 595 225
Administrative expenses	5	(3 979 019)	(4 075 196)
Other operating income	6	2 040 264	1 268 178
Losses from impairment of trade receivables and contract assets	17	(109 453)	(23 965)
Other operating expenses	7	(19 846)	(419 307)
Operating profit		8 505 292	7 344 935
Finance income	8	331 991	168 750
Finance expenses	9	(231 046)	(394 427)
Profit before tax		8 606 237	7 119 258
Corporate income tax		(1 214 444)	(179 577)
Profit for the reporting period		7 391 793	6 939 681
Total comprehensive income		7 391 793	6 939 681
Earnings per share for the reporting period	20	0.210	0.197

Notes 14 to 46 form an integral part of this financial statement.

LAU INFRA GROUP ASSIGNED THE FINANCIAL STATEMENT WITH A SECURE ELECTRONIC SIGNATURE:
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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	Notes	31.12.2025	31.12.2024
ASSETS		EUR	EUR
LONG-TERM ASSETS			
Intangible assets			
Licences, trademarks and similar rights		97 578	13 966
Other intangible assets		83 075	106 301
Costs of creating intangible investments		193 023	-
Total intangible assets	10	373 676	120 267
Property, plant and equipment			
Land, buildings and structures		15 215 448	15 756 387
Plant and machinery		30 395 394	26 265 733
Other property, plant and equipment		224 055	134 760
Long-term investments in leased assets		36 642	38 895
Construction in progress and incomplete construction objects		4 629	108 590
Total property, plant and equipment	11	45 876 168	42 304 365
Investment property	12	481 425	624 868
Biological assets	13	415 184	416 300
Other long-term assets	14	35 456	181 052
Total long-term assets		47 181 909	43 646 852
CURRENT ASSETS			
Inventories	15	6 017 704	6 922 255
Long-term assets held for sale	16	555 507	591 123
Contract assets (Receivables from contracts with customers)	17	8 603 614	9 748 854
Other receivables	18	1 621 429	1 215 855
Other short-term financial investments	19	12 500 000	-
Cash and cash equivalents	19	4 474 515	14 517 521
Total current assets		33 772 769	32 995 608
Total assets		80 954 678	76 642 460

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

EQUITY AND LIABILITIES	Pielikums	31.12.2025	31.12.2024
		EUR	EUR
EQUITY			
Share capital (registered capital)		35 202 323	35 202 323
Reserves		2 481 659	399 755
Retained earnings from previous years		6 668 157	6 668 157
Profit for the reporting period		7 391 793	6 939 681
Total equity	20	51 743 932	49 209 916
LIABILITIES			
Long-term liabilities			
Borrowings from credit institutions	21	65 167	25 202
Lease liabilities	22	5 595 647	3 249 356
Provisions	24	4 050 938	4 468 736
Deferred income		136 152	101 036
Total long-term liabilities		9 847 904	7 844 330
Shor-term liabilities			
Borrowings from credit institutions	21	42 202	119 249
Lease liabilities	22	2 556 520	2 324 379
Payables to suppliers and contractors		6 851 672	4 206 178
Taxes and state social insurance contributions payable	26	1 825 328	1 576 422
Other liabilities	25	1 641 075	4 116 900
Deferred income		7 598	4 768
Provisions	24	3 855 023	3 366 567
Accrued liabilities	27	2 583 424	3 873 751
Total short-term liabilities		19 362 842	19 588 214
Total liabilities		29 210 746	27 432 544
Total equity and liabilities		80 954 678	76 642 460

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STATEMENT OF CHANGES IN EQUITY FOR 2025

	Share capital EUR	Reserves EUR	Retained earnings EUR	Total EUR
Total 01.01.2024	35 202 323	-	7 777 717	42 980 040
Comprehensive income for the reporting year	-	-	6 939 681	6 939 681
Profit for the reporting year	-	-	6 939 681	6 939 681
Transactions with shareholder	-	399 755	(1 109 560)	(709 805)
Transfer to reserves	-	399 755	(399 755)	-
Distribution of dividends	-	-	(709 805)	(709 805)
Total 31.12.2024	35 202 323	399 755	13 607 838	49 209 916
Comprehensive income for the reporting year	-	-	7 391 793	7 391 793
Profit for the reporting year	-	-	7 391 793	7 391 793
Transactions with shareholder	-	2 081 904	(6 939 681)	(4 857 777)
Transfer to reserves	-	2 081 904	(2 081 904)	-
Distribution of dividends	-	-	(4 857 777)	(4 857 777)
Total 31.12.2025	35 202 323	2 481 659	14 059 950	51 743 932

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STATEMENT OF CASH FLOWS FOR 2025

	Notes	2025 EUR	2024 EUR
Cash flows from operating activities			
Receipts from sales of goods and rendering of services		102 480 862	102 650 290
Payments to suppliers, employees and for other operating expenses		(89 469 159)	(82 256 053)
Other operating income or expenses		903 542	818 451
Gross cash flows from operations		13 915 245	21 212 688
Interest paid		(235 488)	(395 806)
Corporate income tax paid		(1 216 570)	(189 233)
Net cash flows from operating activities		12 463 187	20 627 649
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(3 359 501)	(3 589 705)
Proceeds from sale of property, plant and equipment and intangible assets		1 577 561	508 539
Term deposits made	19	(12 500 000)	-
Interest received		316 313	152 054
Net cash flows used in investing activities		(13 965 627)	(2 929 112)
Cash flows from financing activities			
Loans received	23	85 000	-
Repayments of loans	23	(122 082)	(152 952)
Lease payments	23	(3 645 707)	(2 707 956)
Dividends paid		(4 857 777)	(709 805)
Net cash flows used in financing activities		(8 540 566)	(3 570 713)
Net increase/(decrease) in cash and cash equivalents		(10 043 006)	14 127 825
Cash and cash equivalents at beginning of period	19	14 517 521	389 696
Cash and cash equivalents at end of period	19	4 474 515	14 517 521

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NOTES TO THE FINANCIAL STATEMENTS

1. General information

The shares of the state joint stock company LAU Infra Grupa (hereinafter referred to as the Company) are owned by the State, and their holder is the Ministry of Transport of the Republic of Latvia. The registered office of the company is Krustpils street 4, Riga, LV-1073.

JSC LAU Infra Grupa is a commercial company operating in accordance with the Commercial Law JSC LAU Infra Grupa is a strategic State motor road infrastructure maintenance company, which ensures the performance of daily maintenance works of State motor roads, daily maintenance of local government roads, transit streets and other motor roads, as well as performs the production of building materials – dolomite crushed stone, crushed gravel and prepared sand.

JSC LAU Infra Grupa is a reliable, stable and experienced Company, which with professional employees and modern technologies ensures road maintenance in an efficient and environmentally friendly way throughout the territory of the Republic of Latvia on state motor roads, the total length of which is 19 897 km.

The financial statements for 2025 shall include financial information of the JSC LAU Infra Grupa for the year ending on 31 December 2025 and comparative indicators for 2024.

The Council examines the financial statement of the Company and prepares a report of the Council on it, which is submitted to the meeting of shareholders. The decision on the approval of the financial statements shall be taken by the meeting of shareholders. The meeting of shareholders has the right to reject the financial statements prepared and submitted by the Board of Directors and to request the preparation of a new financial statements.

2. Accounting and measurement principles

These financial statements are prepared on the basis of the following significant accounting and measurement principles. These principles have been applied accordingly to all comparative indicators, unless otherwise specified.

These financial statements have been prepared in accordance with the IFRS Accounting Standards approved in the European Union. Taking into account the European Union approval procedure, this note also presents standards and interpretations that are not approved for application in the European Union, as these standards and interpretations may have an impact on the Company's financial statements in subsequent periods, if approved.

These financial statements are prepared on the basis of the going concern principle. These financial statements are prepared in accordance with the initial cost accounting principle, except for biological assets measured at fair value. The statement of cash flows is prepared according to the direct method. The statement of comprehensive income is prepared according to the function of expenses.

These financial statements use the currency of the Republic of Latvia in euro (EUR) for the monetary unit.

These financial statements cover the period from 1 January to 31 December 2025.

Standards and interpretations that entered into force during the reporting period

Amendments to FRS No. 21 "Effects of Changes in Foreign Exchange Rates": Non-convertibility of currency (issued 15 August 2023) (effective for reporting periods beginning on or after 1 January 2025).

The amendments to the standard do not have a material impact on the Company's financial position or operating results.

Standards and interpretations that will enter into force for reporting years, which start after 1 January 2025

- Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosure": Contracts for the purchase of electricity whose terms depend on production from renewable sources (issued 18 December 2024) — effective for reporting periods beginning on or after 1 January 2026 (not yet endorsed by the EU).
- Annual improvements to the IFRS Accounting Standards (issued 18 July 2024) — effective for reporting periods beginning on or after 1 January 2026 (not yet endorsed by the EU).
- Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosure": Classification and measurement of financial instruments (issued 30 May 2024) — effective for reporting periods beginning on or after 1 January 2026 (not yet endorsed by the EU).
- IFRS 18 "Presentation and disclosure in financial statements" (issued 9 April 2024) — effective for reporting periods beginning on or after 1 January 2027 (not yet endorsed by the EU).
- IFRS 19 "Disclosure by private (non-publicly accountable) subsidiaries" (issued 9 May 2024) — effective for reporting periods beginning on or after 1 January 2027 (not yet endorsed by the EU).
- The new standards and amendments to the standards are not expected to have a material impact on the Company's financial position or operating result, except for IFRS 18, where the Company continues to evaluate the expected impact.

Use of estimates

In preparing these financial statements, management relies on certain estimates and assumptions that affect the balances reflected in separate captions in the statement of financial position and the statement of comprehensive income, as well as the amount of contingent liabilities. Future events may affect assumptions based on for which the relevant estimates have been made. Any impact of changes in estimates is reflected in the financial statements at the time they are determined. The most material assumptions and forward-looking estimates, as well as other uncertainties existing at the date of preparation of the financial statements, for which there is a material risk that material adjustments to reported assets and liabilities will be required in the following financial year, are listed below:

For the recognition and measurement of provisions

On December 31, 2025, the Company has made provisions for recultivation costs. Several assumptions and estimates have been used to determine the present value of provisions, including the amount of future expenditure and the timing of the settlement of expenditure. The estimate of the recultivation provision may be revised in the future as the circumstances and assumptions on the basis of which the estimate was made may change.

In December 2025, the Company has created provisions for the amount of performed works, for which a guarantee is provided. The amount of provisions is determined on the basis of the value of the contracts, the assessment of technical risks and possible defects. A number of assumptions and estimates have been used to determine the present value of provisions, including the timing of expenses.

In 2025, the Company has created provisions for the arrangement of the environment. Due to past events, the public has become obliged to carry out remediation works for the arrangement of the contaminated site. Assumptions, estimates, including market research, have been used to determine the present value of provisions.

Actual final expenditure may differ from recognised provisions due to uncertainty in the above estimates or due to legislative changes.

For additional information see Note 24.

Useful life of fixed assets

The useful life of fixed assets is reviewed based on the regulatory indicators of the usefulness of fixed assets (capacity, productivity, etc.), the management policy of fixed assets (technical workload, repairs, etc.), if necessary, they are changed to reflect the views of the Company's management regarding the remaining useful life of assets.

Subsoil depreciation

The cost of subsoil depreciation is estimated on the basis of assumptions, taking into account the extraction limit assigned to mineral deposits. The estimate of depreciation costs may be revised in the future, as the circumstances on which the estimate was made may change – the mining limit may increase or decrease, the quality of mineral resources may change.

Revaluation of foreign currencies

The functional currency of the Company and the currency used in the financial statement is the currency of the Republic of Latvia euro (EUR). All transactions denominated in foreign currencies are revalued in euro at the euro reference rate published by the European Central Bank, in force at the beginning of the economic transaction date. Monetary assets and liabilities denominated in foreign currency shall be translated into euro at the euro reference rate published by the European Central Bank, which is valid for the report at the end of the last day of the year. Exchange differences arising from settlements in currencies or reflecting asset and liability items at exchange rates different from the exchange rates originally used to account for transactions are recognised in the statement of profit or loss at net value.

Intangible assets

The composition of intangible assets includes licenses obtained for consideration, computer software products, trademarks and costs associated with their implementation. Intangible assets are accounted for at their original value, which is depreciated over the useful life of the assets using the linear method. Future expenses are capitalized by increasing the value of the existing intangible investment or recognized as a separate intangible investment only if future economic benefits are expected for the Company and these expenses can be reliably determined.

The useful life of an intangible asset shall be determined in accordance with the time periods specified in the rights of use, contracts or other documents certifying the receipt of rights. If the

period of use of the intangible asset is not specified in the purchase documents, then the following useful periods are determined:

Licences	5 years
Personal computer programs, information systems	3 years
Shared computer programs, information systems	6 years

If any events or changes in circumstances indicate that the book value of an intangible asset could be irrecoverable, the value of the intangible assets concerned is reviewed to determine their impairment. Impairment losses are recognised if the carrying amount of intangible assets exceeds their recoverable amount.

Property, plant and equipment

Property, plant and equipment are measured at their initial value, minus accumulated depreciation and impairment, if any. The composition of fixed assets includes those long-term investments with a value of more than EUR 700 and a useful life of more than one year. The initial value of fixed assets shall consist of the purchase price, including import duties and any costs directly attributable to the creation of the fixed assets until they are put into service. The costs of significant reconstructions and improvements are capitalized if they extend the useful life of a fixed asset, and the depreciation of these assets is calculated throughout its useful life.

Assets under construction reflect the cost of creating fixed assets and unfinished construction objects. For construction in progress, depreciation is not calculated until the relevant assets are put into operation. Repair and maintenance costs incurred after the commissioning of fixed assets are usually written off in expenses when they are incurred. If it can be clearly demonstrated that the costs in question will result in economic benefits in the future that go beyond the return on the use of the assets initially determined, such costs shall be capitalised.

The depreciation of fixed assets is calculated according to the linear method during the period of useful use of fixed assets. According to the management's assessment, the useful life of fixed assets is as follows:

Buildings and structures	5–40 years
Equipment and machinery	3–15 years
Furniture and office equipment	10 years
Computer equipment and equipment	3 years
Other fixed property, plant and equipment	2–10 years

Depreciation is calculated starting from the month following the entry into service of fixed assets. The depreciable amount of a fixed asset is determined after deducting the residual value. Where a fixed asset consists of several components with different useful life and the cost of each component of the fixed asset is material in relation to the total cost of that fixed asset, the depreciation of those components is calculated separately for each component. If the Company separately depreciates some parts of a fixed asset, it also depreciates the remaining parts of the same fixed asset separately. The balance consists of those parts of the fixed asset that are not significant separately. The depreciation of the remaining parts is calculated using approximation methods to truly reflect their useful life.

The useful life of fixed assets is reviewed and, if necessary, adjusted at the end of each reporting year. The residual values of fixed assets are determined according to the estimates of the Company's specialists as a certain percentage (from 0.5% to 10%) of the initial value of fixed assets. They shall be approved by the Management Board at the beginning of each accounting year.

Land (except subsoil) and paintings are not subject to the calculation of depreciation.

If any events or changes in circumstances indicate that the book value of property, plant and equipment may be irrecoverable or has changed, the value of the fixed assets concerned shall be reviewed to determine their impairment. If there are signs of value irrecoverability and if the carrying amount of the asset exceeds the estimated recoverable amount, the asset is written off to its recoverable amount. In determining value in use, estimated future cash flows are discounted to their present value using a discount rate determined by a cumulative method that reflects present market forecasts for changes in the value of an asset and the risks associated with them.

For an asset that does not itself generate significant cash flows, the amount to be recovered is determined according to the cash-flow-generating asset to which it belongs. Losses as a result of impairment are recognised in the income statement.

The recognition of the carrying amount of a fixed asset shall cease if it is disposed of or where no economic benefits are expected from the future use of the asset. Any profit or loss incurred as a result of the derecognition of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposals and the book value of the fixed asset) is recognised in the income statement for the period in which the derecognition of the fixed asset occurred.

Carrying amount of property, plant and equipment

The management of the company assesses the carrying amount of fixed assets and assesses whether there are any indications that the recoverable value of the assets is lower than the carrying amount. The management of the company calculates and recognises losses from impairment of fixed assets on the basis of estimates of their future use, exclusion or sale. Taking into account the Company's planned economic activity volumes and assets possible market value, the management of the Company considers that no significant adjustments to the value of fixed assets are necessary on December 31, 2025.

Lands with mineral deposits

Land and land with mineral deposits are accounted for by the Company in various accounting groups of fixed assets. The initial value of land with mineral deposits consists of the purchase price, including any costs directly attributable to the creation of fixed assets until they are put into operation. With the commencement of the use of mineral deposits, at the moment when it is probable that future economic benefits will flow into the Company and the costs can be reliably assessed, the value of lands with mineral deposits is divided into the value of the land plot and the subsoil. The value of land plot and subsoil shall be determined on the basis of the value of the land plot and subsoil separately determined in the purchase documents. If the above values are not separated, then they can be divided into two parts based on management estimates, for example, using the cadastral value of the land plot. After initial recognition, subsoil is accounted for on the basis of costs reduced by accumulated depreciation and accumulated losses from impairment. For subsoil, depreciation is calculated according to the unit method of production, i.e. in proportion to the amount of mineral resources extracted during the period in question to the total amount of mineral resources expected in the deposit concerned.

The cost of removing the cover layer of mineral deposits

When carrying out cover removal work at the mineral deposit development stage, the Company recognises the cost of covering as a long-term investment, under the item "Land assets", if all of the following conditions are met:

- it is probable that the future benefits associated with the cover removal operation will flow into the Company;
- the Company is able to identify a mineral component to which access has been improved;
- costs can be reliably estimated.

After the initial recognition of the cover layer removal work, the asset is accounted for at its cost, less depreciation and impairment losses, in the same way as the existing asset of which it is a part. The cover layer is systematically depreciated using the unit of production method.

Biological assets

The biological assets of the company are the forest stands owned by it. Biological assets are recognised and measured in accordance with IAS 41, Agriculture. Biological assets are measured at their fair value by applying the asset's discounted net cash flow method.

Changes in the value of biological assets resulting from the measurement at fair value are included in the statement of profit or loss for the period.

Investment properties

Investment properties are plots of land, buildings or parts thereof that are held for the purpose of increasing the value of rental income or investment property, and not for use for the purposes of production, supply of goods or services, for administrative purposes, or for sale in the course of day-to-day business. Land, building or part thereof is classified as investment property if the Company, as a lessee, leases more than 85% of the total area of the land or building with one or more operating leases.

Investment properties are initially valued at the acquisition or creation value. The acquisition or creation value includes the costs that were necessary for the acquisition or creation of the investment property, as well as costs incurred in later periods to supplement the investment property or to implement the replacement of individual shares.

The Company, upon initial recognition, values investment properties at their original value less accumulated depreciation and impairment. The depreciation rates used shall correspond to the estimated useful life of the relevant categories of fixed assets between 8 and 40 years.

Reclassification to the item of investment property is carried out only in the case of a change in the mode of its use, as evidenced by the fact that the owner ceases to use the real estate, the real estate is leased in accordance with the terms of the operating lease to another person. Reclassification from the item of investment property is carried out only in the case of a change in

the mode of use, as evidenced by the fact that the owner himself begins to use real estate, or the improvement of the property for the purpose of sale begins.

The recognition of investment property is terminated when it is disposed of or when the investment property is withdrawn from use altogether and no economic benefit is expected from its disposal in the future. Gains or losses arising from the write-off or disposal of investment property are recognised in the income statement during the period of disposal or liquidation.

Right-of-use asset

A right-of-use asset is recognised if the term of the lease agreement on the start date is more than 12 months, the value of the underlying asset of the lease is greater than EUR 5,000.

On the commencement date of the lease, the right-of-use asset is valued at its cost consisting of the amount of the initial valuation of the lease liabilities, any lease payments made on or before the commencement date, any initial direct costs incurred by the Company and an estimate of the costs that the Company will incur from the liquidation of the underlying asset, the restoration of its location.

Right-of-use assets are recognised in the financial statement as property, plant and equipment and are presented in items where the relevant underlying assets would be presented if they were ownership.

After the commencement date, the Company values the right-of-use asset by applying a cost model, deducting accumulated depreciation and accumulated losses from impairment, if any, and making adjustments resulting from the reassessment of lease obligations. The amount of the Company's re-valuations of lease obligations is accounted for as an adjustment of the right-of-use asset.

If the ownership rights to the underlying asset are transferred to the Company at the end of the lease term or if the cost of the right-of-use asset reflects the Company's use of the purchase option, the Company depreciates right-of-use asset from the start date until the end of the useful life of the underlying asset. In other cases, the Company amortizes the right-of-use asset from the commencement date until the end of the useful life of the right-of-use asset or the end of the lease term, whichever occurs earlier.

The depreciation of the right-of-use asset is calculated according to the linear method, applying the following depreciation norms.

Right of use asset buildings and structures 2 – 7 years

Right of use asset buildings and structures	2 – 7 years
Right of use asset land	2 – 10 years
Right of use asset technological equipment and machinery	2 – 7 years

Depreciation is calculated monthly. The depreciation of the right-of-use asset begins to be calculated on the first date of the following month. Any gain or loss arising from the total or partial termination of a lease shall be included in profit or loss.

Inventories

Inventories list all types of purchased materials purchased for use in production, purchased goods intended for sale, own-produced materials intended for production, and finished products intended for sale.

Inventories are valued at acquisition cost / production cost or net realisable value, according to the lowest value. The cost of production includes the cost of materials and other expenses directly related to production. The net realisable value is the estimated selling price in the ordinary course

of business, less the estimated cost of completion and sale of production. Inventory costs are accounted for using the weighted average cost method.

If necessary, provisions are made for outdated, slow turnover or a decrease in the value of damaged inventories. The amount of provisions is included in the income statement.

Net realisable value of inventories

The management of the Company evaluates the net realisable value of inventories on the basis of information on expected sales prices and selling costs, as well as assesses the physical condition of inventories during the annual inventory. In cases where the net realisation value of inventories is lower than the cost price of inventories, provisions are created for inventories.

Financial assets and liabilities

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

Financial assets at amortised cost are debt instruments with a fixed or determinable payment schedule that are not held for trading and whose future cash flows consist only of principal and interest payments. Financial assets at amortised cost includes receivables of Buyers and customers, Other debtors, Cash and cash equivalents. Financial assets at amortised cost are classified as current assets if the maturity is one year or less. If the payment term is longer than one year, then they are presented as non-current assets. Short-term receivables are not discounted.

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

The effective interest rate method is the method of calculating the amortized cost of a financial asset or financial liability and the method for allocating interest income or interest expense over a

given period. The effective interest rate is the rate that accurately discounts the estimated future payments to be received or made over the expected maturity of the financial asset/financial liability or, if necessary, over a shorter term up to the net carrying amount of the financial asset/financial liability at the time of initial recognition.

The Company excludes a financial asset from accounting when its contractual right to cash flows from the relevant financial asset expires or it transfers substantially all risks and rewards from ownership of the financial asset to another person.

Financial liabilities at amortised cost are presented in the composition of "Borrowings from credit institutions", "Lease liabilities", "Debts to suppliers and contractors", "Other creditors".

Financial liabilities at amortised cost are initially recognised at fair value. In subsequent periods, financial liabilities in the amortized acquisition value are reflected in the amortized acquisition value by applying the effective interest rate. Financial liabilities at amortised cost are classified as current liabilities if the payment maturity is one year or less. If the payment term is longer than one year, then they are presented as non-current liabilities.

Initially, loans are recognised at fair value less the costs associated with obtaining loans. In subsequent periods, loans are presented at the amortized purchase value by applying the effective interest rate.

The difference between the amount of funds received, less the costs associated with obtaining the loans, and the repayment value of the loan is gradually included in the profit or loss account using the effective interest rate on the loan. This difference is recognized in the composition of financial costs.

Borrowings are classified as current liabilities, except in cases where the Company has an irrevocable right to defer the settlement of liabilities for at least 12 months after the balance sheet date.

The recognition of a financial liability shall cease when an obligation underlying the liabilities is withdrawn, cancelled or expires.

Receivables from contracts with customers

Receivables from contracts with customers are non-derivative financial assets with a fixed or determinable payment schedule that are not listed on the active market and are not held for trading. Receivables from contracts with customers are initially recognised at fair value and subsequently presented at amortised value using the effective interest rate method, minus provisions for impairment. Provisions for impairment of receivables from contracts with customers are made for receivables by assessing the risks of non-recovery of the receivable and late payment of the debt – assessing the receivable according to various manifestations of impact – the share of the receivable in the total receivable and the true beneficiary, as well as the probability of the occurrence of the event. Receivables are classified into groups of receivables according to the beneficial owner. For each group of receivables, the value of the risk of occurrence of events in points is assessed, which is calculated taking into account the level of impact of the receivable debt and the level of probability of the occurrence of the event in points. Based on the assessment of the risk of occurrence of events in points, the assessment of the consequences of the occurrence of the event in percentage is determined. The assessment of the consequences of the occurrence of an event will be determined on the basis of historical experience. The amount of provisions for impairment is calculated by multiplying the amount of the group's receivables at the end of the reporting period by the percentage estimate of the consequences of the occurrence of the event.

For debts from contracts with customers, a separate assessment of impairment is carried out if it is known that liquidation, insolvency or legal protection proceedings are possible or have been initiated against the debtor or the State Revenue Service has suspended economic activity.

An impairment provision is the difference between the book value of an asset and the present value of the estimated future cash flows, determined at a discount at the initial, current interest rate. The impairment provision is included in a separate accrual account and the loss is recognised in the statement of profit or loss.

Contract assets

A contract asset is the Company's right to remuneration in exchange for goods and services that the Company has transferred to the customer. The Company has recognized as an asset of the contract in the reporting period the earned revenue for services that were provided during the reporting period, but for which the invoice is issued in the next reporting period. The Company assesses the impairment of the contract asset in accordance with IFRS 9. Contract assets are presented in the item "Receivables from contracts with customers" of the statement of financial condition.

Contractual liabilities

A contract liability is the Company's obligation to transfer the service to the customer for which the customer has made a payment. Contract liabilities are presented under the item "Payables to suppliers, contractors and other payables" of the financial statement.

Receivables from customers

Receivables from customers reflect the Company's right to an unconditional amount of compensation. Such receivables are presented by the Company in the item "Receivables from contracts with customers" of the statement of financial position.

Long-term investments held for sale

Non-current investments are classified as held for sale if their carrying amount is recovered in the sale transaction, and not in the course of further use. This condition is considered to be fulfilled only if their sale is plausible and the assets in their current state are available for immediate sale. Long-term investments held for sale are presented at the lower of their carrying amount or fair value less the cost of the sale.

The long-term investments held for sale, mainly, consist of real estate properties that the Company no longer plans to use in its operations, and their disposal is carried out through auctions.

Net realisable value of long-term investments held for sale

The management of the Company evaluates the net sale value of long-term investments held for sale on the basis of the market value of real estate determined by licensed experts, minus the cost of sale. In cases where the net realisable value of long-term investments held for sale is lower than their carrying amount, it is revalued according to the lower value.

Cash and cash equivalents

Funds are cash at the cash desk, current account balances in bank accounts and short-term deposits, the initial maturity of which does not exceed three months.

Leases

When entering into a contract, the Company shall assess whether it is a lease or whether the contract includes a lease. It is assessed whether the contract grants the right to control the use of an identified asset for a certain period of time in exchange for remuneration.

Company is a lessee

Lease recognition and accounting is conducted in accordance with IFRS 16 Leases. When entering into a contract, the Company assesses whether the agreement is a lease or includes a lease. A contract is a lease if there is an identifiable asset and if the buyer has the right to obtain virtually all economic benefits from the use of the asset during the period of its use.

At the start date of the lease, the Company recognises the right of use asset in the composition of fixed assets (see section Right of Use Asset) and lease liabilities. Lease liabilities are initially measured as the present value of lease payments outstanding on the start date of the lease. Lease payments are divided between the present value of the lease obligation and the financial cost. Lease payments shall be discounted by applying the interest rate included in the lease, if this can be easily determined. If this rate cannot be easily determined, the Company shall use the Company's comparable borrowing interest rate. A discount rate of 1.0% to 4.75% is used to calculate the lease

obligations. Financial costs are included in the income statement as interest costs. Financial costs are included in the income statement as interest costs.

The Company shall determine the non-cancellable period of the lease as the term of the lease, together with the periods to which the option to extend the lease applies, if there is a reasonable belief that the Company will exercise this option and the periods to which the possibility of termination applies, if there is a reasonable assurance that the Company will exercise this option.

When making changes to the lease agreement or changing the assumptions made when initially determining the lease liabilities or calculating the right of use asset, a recalculation is made by adjusting the lease liabilities and the right of use asset accordingly. Any gain or loss arising from the total or partial termination of a lease shall be included in profits or losses.

Company is the lessor

Assets leased under operating lease are shown in the composition of the Company's fixed assets at the acquisition value, less depreciation and accumulated impairment. Depreciation is calculated according to the linear method corresponding to the during the useful life of fixed assets. Rental revenues from operating leases and prepayments received from customers are included in the income statement on a linear basis during the lease period.

The Company leases buildings, structures, land and other fixed assets. If 85% of the total area of land or building is leased with one or more operating leases, then these property, plant and equipment are reclassified as investment properties.

Borrowings

Initially, loans are recognised at fair value less the costs associated with obtaining a loan. After initial recognition, loans are accounted for at their amortized value using the effective interest rate method. The amortized value is calculated taking into account the cost of obtaining a loan, as well as any haircuts or premiums associated with the loan.

Borrowing costs that are directly attributable to the acquisition, construction or production of eligible assets, i.e. the acquisition of assets that necessarily require a significant period of time to be ready for their intended use or sale, are added to the value of the cost of those assets until the assets are actually ready intended use or sale. All other expenses related to borrowings are included in the income statement for the period to which they relate.

Accrued liabilities for employee leave

The amount of accumulated liabilities for unused leave of employees is determined by multiplying the average daily remuneration of employees in the last six months of the reporting year by the number of days of unused leave accumulated at the end of the reporting year, additionally calculating the employer's statutory social security contributions.

Provisions

Provisions are recognised if the Company has a current legal or constructive obligation arising as a result of past events, there is a high probability that the performance of the obligations will require the outflow of economic benefits and the amount can be reliably estimated. Provisions are calculated by estimating the amount of costs that are necessary to discharge the liabilities to the extent they are at the balance sheet date. Provisions can only be used for costs that were originally incurred and are reduced in the event that a possible outflow of resources is no longer foreseeable. Management estimates are used to determine the value of provisions.

In the case of a material impact on the value of money over time, the provisions are calculated by discounting the expected future cash flow using a pre-tax rate that reflects the current valuation of the value of money at the time in the market and the risks associated with the liabilities in question, if any. If discounting is carried out, the increase in provisions over time is recognized as a cost of provisions.

Provisions for reclamation costs

The Company quarries dolomite, sand and sand-gravel mixture, which are used both in production

and sold within the framework of its economic activity. The legislation of the Republic of Latvia stipulates that after the cessation of mining of mineral resources, the natural environment must be restored, i.e. reclamation works must be carried out. The Company believes that at the balance sheet date there is a current obligation (for the amount of deposits developed) caused by a past event that creates an obligation (quarrying) and the outflow of economic benefits from the Company for reclamation is plausible. The costs of reclamation are calculated in accordance with the methodology established by the Company, which provides for making calculations based on the prices of the reporting year and the assessment of industry experts.

The estimate of the provision for reclamation costs may be revised in the future as the circumstances and assumptions on the basis of which the estimate was made may change. At the date of the balance sheet, the Company has not been obliged to prevent the damage that will arise from the acquisition of the remaining amount of mineral deposits in the future.

Provisions for warranty repairs

The Company has concluded contracts for works and construction works, which provide for warranty and warranty repairs for the performed works in the period from 12 to 60 calendar months. Taking into account the fact that the quality of performance of road construction and infrastructure construction works is significantly influenced by the traffic intensity, the technical condition of motor roads, the technology of maintenance or performance of construction work chosen by the customers of the works and other factors, there is a very high probability for the Company to return to the provision of various warranty works during the warranty period of the construction or services provided. The Company shall make provisions for warranty works, taking into account the assessment of the Company's specialists and the experience accumulated in previous years, the amount of works performed until 31 December 2025 for which guarantees are provided, and the warranty period, determining the guarantee amount in the amount of 1% to 30% of the amount of the works contract.

Provisions for bonuses

The Company shall make provisions for annual bonuses for employees and management in accordance with the internal laws and regulations of the Company and Section 79, Paragraph seven of the Law on Management of Capital Shares of a Public Person and Capital Companies. Bonuses can be paid upon the occurrence of certain conditions. The amount of premiums and the date of settlement of liabilities are not clearly known. The estimate of bonuses is made on the basis of the experience and assessment of previous years. Provisions for bonuses have been created in accordance with the norms of the Collective Agreement switched in 2025, taking into account the conditions of remuneration, bonuses, benefits and other types of material incentives for employees.

Provisions for environmental clean-up measures

The Company shall make provisions for environmental clean-up measures if the Company has incurred an obligation to clean up the environment due to past events and the outflow of economic benefits is plausible. The Company repeatedly conducted market research to find out the current costs for long-term clean-up works. Two offers were received, of which the average amount of the offer was used by the Company to estimate the creation of provisions. In parallel, other types of technical solutions are being sought that would allow to reduce the cost of rehabilitation works. The possibility of carrying out a part of the clean-up work using own resources is also being modelled, which would allow for a preliminary reduction in costs.

Debts to suppliers and contractors

Payables to suppliers and contractors are initially recognised at fair value. In subsequent periods, payables are reflected in the amortized acquisition value by applying the effective interest rate. Payables are classified as current liabilities if the due date is one year or less. Otherwise, they are presented in the composition of long-term liabilities.

Income tax

For 2025, corporate income tax is calculated in accordance with the legislation in force at the end of the reporting period. It provides for the postponement of the moment of payment of corporate

income tax until the moment when profits are distributed to dividends or otherwise directed to such expenses that increase the taxable base. The corporate income tax rate is 20% of the taxable base.

In 2025, the Company calculated and paid corporate income tax on profit distribution of EUR 1 214 444 (in 2024 EUR 177 451). If all distributable retained earnings at the end of the reporting year of EUR 14 059 950 (in 2024 EUR 13 607 838) were distributed, this would result in corporate income tax liabilities of EUR 3 514 988 (in 2024 EUR 3 401 960).

Recognition of revenue

Revenue from contracts with customers in accordance with the criteria set forth in IFRS 15 is the goods and services provided as a result of ordinary activities. Revenue from contracts with customers is reported in the profit or loss account at the time when the services related to them are provided and control over the service is transferred to the customer. Proceeds from the sale of goods are recognised when all significant risks and rewards associated with ownership of the goods are transferred to the buyer, usually at the time when the goods are delivered to the final customer.

Revenue may be recognised over time or at a specific point in time. Revenue is recognized over time in proportion to the degree of fulfilment of fulfilment obligations, transferring control over the promised services to the client. Revenue that does not meet the criteria for recognition over time is recognised at a specific point in time when the service is provided or the good is sold.

Revenue recognised over time

Performance of construction works of the State border infrastructure. The construction works of the State border infrastructure shall include separate large-scale projects related to the performance of construction works of different nature and level of complexity over a longer period of time.

The Company shall account for revenues and expenses related to the performance of contracts in the relevant accounting years, taking into account the degree of performance of contract work at the balance sheet date. The degree of performance of contract work at the balance sheet date shall be determined using the method of percentage of work performance in accordance with the regularly approved acts of acceptance of works, the revenue related to the contract of construction works shall be reconciled with the costs incurred in order to achieve the degree of performance of the contract work in question. Accounting of revenues and costs for each construction work contract is carried out separately.

The total revenue of the construction works contract shall include the amount of revenue originally foreseen corresponding to the contract price and its expected adjustments, if any, in relation to:

- changes in the scope or term of work provided for in the contract;
- the amounts that the Company requires from the customer as remuneration that is not included in the contract price (delays, errors in specification, contested deviation of contract work);
- incentive payments; in addition to the amounts received by the Company if certain criteria for the speed or quality of project implementation are met.
- Revenue adjustments are recognised in revenue only if their amount can be measured reliably and the generation of that revenue is certain.

The total cost of the construction works contract includes:

- direct costs of construction works (incl. costs of employees, building materials, transport, rental or depreciation of used fixed assets, design and technical support, provisions for covering warranty services and works performed by third parties (subcontractors);
- indirect costs (incl. maintenance of the construction site, costs related to the organization, management and labor protection of contract work).

The schedule of payment for construction work is determined in contracts with customers and is usually different from the work revenue recognised in the course of the month during the execution, including the receipt of partial advance payments. Given that enforcement obligations for

advances received are carried out in the short term, a significant financing component has not been identified.

Performance of daily maintenance works of State motor roads (hereinafter referred to as daily maintenance works). Daily maintenance of state highways is a process that includes about 200 (generally small and small-scale) works of varying nature and complexity. Company performs the following works:

- daily maintenance of motor roads, bridges, overpasses, culverts, pedestrian paths and cycle paths in winter (cleaning of the motorway from snow and snow removal, installation and removal of directional splinters, installation and removal of snow shields, reduction of slippage, establishment and thawing or uncovering of culverts, release of bridge supports from ice, survey of motor roads, operational care of motor roads, on-call winter duty, maintenance of pedestrian paths and cycle paths, etc.);
- maintenance of bridges, traffic overpasses, culverts and pedestrian tunnels (cleaning of bridge carriageways from debris and washing, cleaning of bridge water drainage systems, care of deformation seams, replacement, repair, cleaning and painting of damaged sections of bridge railings and barriers, maintenance of bridge cones, water level regulating structures and drainage systems, inspection stairs and retaining walls, prevention of damage to the bridge pavement, cleaning of river beds and culverts from debris, etc.);
- organization of traffic (maintenance of bus stops, car pavilions and rest areas, installation and replacement of road signs, washing, painting and replacement of signal stations, installation of reflectors, replacement of metal barriers, arrangement of barriers and installation of reflectors, washing of barriers, etc.);
- maintenance of pavements (maintenance of black pavements, maintenance of gravel and rubble pavements, maintenance of improved ground roads, etc.);
- road care (elimination of leachates, cleaning of ditches and renovation of their profile, gliding, profiling and repair of outskirts, cutting of bushes in ditches, slopes and lanes of the motorway compartment, mowing of bush shoots, mowing of grass, care of greenery, operational care of

- motor roads and cleaning of the road compartment lane, etc.);
- survey of motorways.

Revenue from daily maintenance work is recognized at the end of each month on the basis of the acts of acceptance of the work performed.

Works performed on municipal motor roads. Revenue for street and motor road maintenance works owned by local governments is recognized during the period when the services are provided. Invoices are issued on the basis of work-acceptance acts.

Maintenance of transit streets. Revenue from the daily maintenance of transit streets is recognized during the period when the services are provided. Invoices are issued on the basis of work-acceptance acts.

Revenue from works on forest roads. Revenue for services (clearing of forest roads from snow, soaring, profiling, periodic maintenance, carrying out repairs, reconstruction and construction) performed on forest roads owned by JSC Latvian State Forests are recognized during the period when the services are provided. Invoices are issued on the basis of work-acceptance acts.

Other road works revenue. Revenue from the construction of streets, motorways and squares and other various types of work on streets and motorways is recognised during the period when services are provided. Invoices are issued on the basis of work-acceptance acts.

Revenue recognised at a given point in time

Revenue from the sale of mineral materials (dolomite crushed stone, gravel and sand) and other materials is recognized when the Company has transferred the physical management of the asset to the client.

Interest income and costs

For all financial instruments accounted for in amortised acquisition value, interest income or costs shall be accounted for using the effective interest rate, that is to say, the rate that effectively discounts the estimated future cash proceeds over the useful life of the financial instrument or, as the case may be, over a shorter period of time to the book value of the financial asset or liability in question. Interest income is shown under the income statement item "Financial income".

Income from fines and periodic penalty payments

Subject to the precautionary principle, penalties and penalty payments shall be recognised in income at the time of receipt. Fines mainly consist of penalties imposed on customers for non-fulfilment of a contractual condition.

Employee benefits

Short-term benefits of employees are recognized in costs during the reporting period when the employee has performed work. Benefits include salaries, state social insurance contributions, bonuses, paid vacation and other benefits.

Contingent liabilities and assets

Contingent liabilities are not recognised in this financial statement. They are recognised as liabilities only if the likelihood that the funds will be issued becomes sufficiently justified. Contingent assets are not recognised in this financial statement, but are disclosed only when the likelihood that the economic gains associated with the transaction will accrue to the Company are sufficiently justified.

Fair value

Fair value is the amount against which an asset could be exchanged or liabilities settled between market participants in ordinary transactions at the valuation date. IFRS 13 establishes a hierarchy of valuation techniques based on whether the valuation technique uses observable market data or no observable market data. This hierarchy requires the use of observable market data wherever it is available. Observable market data have been obtained from independent sources.

In order to determine fair value, the Company applies valuation methods that are appropriate to the relevant circumstances and for which sufficient data are available, using observable data as much as possible and unobservable data as little as possible. If market data are not observable, the valuation technique reflects the Company's assumptions about the market situation. In determining fair value, the Company takes into account appropriate observable market prices, where possible.

Several methods are used to determine the fair value of a financial instrument: quoted prices or valuation techniques, which include observable market data and are based on internal models. Based on the fair value hierarchy, all valuation techniques are divided into level 1, level 2 and level 3.

Level 1 – quoted market prices, The valuation technique at level 1 uses unadjusted quotation prices for identical assets or liabilities in an active market, when quotation prices are readily available and the price represents the actual market situation for transactions under conditions of fair competition.

Level 2 – valuation technique when market data is used. In the models used in the valuation technique at level 2, all relevant data, directly or indirectly, are observable from the side of assets or liabilities. The model uses market data other than the quoted prices included in level 1.

Level 3 – valuation technique when using market data that is not based on observable market data. In the valuation technique, when market data that is not based on observable market data (unobservable market data) is used, it is classified at level 3. Unobservable market data is considered to be data that is not readily available in an active market, due to the complexity of an illiquid market or financial instrument. Level 3 data are mostly determined on the basis of similar observable market data, historical observations or analytical approaches.

If the data used to measure the fair value of an asset or liability can be allocated to different levels of the fair value hierarchy, the fair value measurement is broadly allocated to the level of the fair value hierarchy that owns the lowest-level input data that is relevant to the entire measurement.

Research and development costs

The Company did not carry out any research and development activities during the reporting year that would be classified as research and development costs within the meaning of the Annual Accounts and Consolidated Annual Accounts Law and IAS 38 “Intangible Assets”.

Related persons

Related persons are considered to be a shareholder of the Company who may significantly influence the activities of the Company, and members of the board and council, their close relatives, as well as companies in which the above-mentioned persons have significant influence or control.

Subsequent events

The financial statement reflects such events after the subsequent events of the financial year, which provide additional information on the financial position of the Company at the date of preparation of the balance sheet (corrective events). If subsequent events are not corrective, they are reflected in the notes to the financial statement only if they are material.

3. Net turnover

	2025	2024
	EUR	EUR
Revenue from daily maintenance services of state roads	48 303 408	45 859 381
<i>incl. from construction services</i>	<i>28 277 542</i>	<i>25 629 718</i>
Revenue from road maintenance services	17 783 891	15 039 422
<i>incl. from construction services</i>	<i>13 275 168</i>	<i>11 070 738</i>
Revenue from civil engineering works (projects)	27 161 676	30 238 840
<i>incl. from construction services</i>	<i>27 161 676</i>	<i>30 238 840</i>
Revenue from the sale of mineral materials	3 692 351	3 546 497
Other revenue	172 756	94 619
Total	97 114 082	94 778 759

Net turnover revenue based on time of recognition

	2025	2024
	EUR	EUR
Revenue recognised over time	93 304 405	91 098 988
Revenue recognised at a point in time	3 809 677	3 679 771
Total	97 114 082	94 778 759

Net turnover reflects the Company's operating revenues from the provision of services, sales of goods and finished products (products), minus the granted trade discount. This item also shows the amounts for goods (products) shipped, services rendered, for which payment has not yet been received, but settlement documents have been submitted to the buyer or customer, as well as earned revenues for services that were provided in the reporting period, but for which billing documents were issued in the next reporting period. Revenues were generated in the domestic market (Latvia).

Segment information

Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company), is a component of the Company whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment information is presented for the Company's operating segments, which are determined by the type of services provided by the Company (see also Note 3 section 'Revenue recognition'). Operating segments are managed separately, and they are separately reported in internal management reporting to the Board and the Council.

Net revenue by operating segment	2025	2024
	EUR	EUR
Road maintenance services	66 087 299	60 898 803
Civil engineering works (projects)	27 161 676	30 238 840
Sale of mineral materials	3 692 351	3 546 497
Other revenue	172 756	94 619
Total	97 114 082	94 778 759

Information about the Company's significant external customers is provided in Note 31. The Ministry of Transport of the Republic of Latvia is the Company's main customer in the Road maintenance services segment. JSC State Real Estate is the Company's main customer in the Civil engineering works (projects) segment.

Operating result by operating segment	2025	2024
	EUR	EUR
Road maintenance services	26 394 477	26 282 536
Civil engineering works (projects)	6 849 532	10 994 628
Sale of mineral materials	2 193 489	2 139 149
Unallocated result	(24 864 153)	(28 821 088)
Total	10 573 346	10 595 225

The Company's management has assessed the operating results by segment, taking into account the information available at the time of preparation of the financial statements, which is used in the management reports, and continues to work on a detailed analysis of the operating results of the segments.

Taking into account the type of services provided by the Company and their seasonality, the Company has not yet allocated its main assets (fixed assets) and equipment maintenance cost to certain segments, as fixed assets, such as plant and machinery, are used in the provision of services to various segments in accordance with the needs of the economic activity. There is no allocation of salaries and related costs of employees, who are not directly involved in service provision, to specific segments.

4. Cost of sales, cost of goods sold and services purchased

	2025	2024
	EUR	EUR
Salary and equivalent costs	23 649 433	22 942 682
Mandatory state social insurance contributions	5 527 690	5 365 216
The cost of materials and fuel	20 908 614	24 174 430
Cost of services received	20 896 135	16 242 777
Maintenance costs of production equipment and transport	6 153 418	5 831 780
Depreciation of long-term investments	5 250 642	5 102 926
Quarry development and recultivation costs	822 466	474 431
Maintenance costs of buildings and structures	1 171 446	1 197 967
The cost of warranty repairs	546 957	618 535
Insurance costs	849 473	729 308
Other charges	764 462	1 503 482
Total	86 540 736	84 183 534

The item "Cost of sales, cost of goods sold and services purchased" shows the cost of goods and services sold at cost of production or acquisition. The cost of received services has increased significantly due to the attraction of subcontractors, the construction of border infrastructure.

5. Administrative expenses

	2025	2024
	EUR	EUR
Salary and equivalent costs	2 117 496	2 189 544
Mandatory state social insurance contributions	498 350	516 386
Expenditure on IT systems and communications	327 786	258 011
Depreciation of long-term investments	180 365	246 536
Audit costs of the annual report	44 000	42 000
Maintenance expenses of the RE	233 102	269 147
Other administration costs	577 920	553 572
Total	3 979 019	4 075 196

6. Other operating income

	2025	2024
	EUR	EUR
Real estate rental revenues and related utilities	551 067	544 086
Net revenue from the sale of fixed assets *	829 441	422 541
Compensation received through legal proceedings	271 103	-
Other income	388 653	301 551
Total	2 040 264	1 268 178

* Information on profit or loss from disposal of long-term investments

Long-term investment object	Balance sheet value at the time of disposal EUR	Disposal proceeds EUR	Disposal expenses EUR	Gross income or expenses EUR	Profit from disposal of the object EUR
Plant and machinery	20 742	117 623	2 666	114 957	94 215
Real estate objects	116 977	455 500	1 329	454 171	337 194
Real estate assets held for sale	112 062	505 000	1 475	503 525	391 463
Biological assets	18 148	26 000	1 283	24 717	6 569
Total	267 929	1 104 123	6 753	1 097 370	829 441

7. Other operating expenses

	2025	2024
	EUR	EUR
Long-term investments write-off expenses	6 675	363 991
Other expenses	13 171	55 316
Total	19 846	419 307

8. Finance income

	2025	2024
	EUR	EUR
Interest income *	331 991	168 750
Total	331 991	168 750

* income from cash balances in bank accounts and deposits in short-term deposits

9. Finance expenses

	2025	2024
	EUR	EUR
Interest expenses on borrowings from a credit institution	4 966	27 914
Interest expenses on leases	226 065	366 500
Losses from currency fluctuations	15	13
Total	231 046	394 427

10. Intangible assets

	Licences, trademarks and similar rights	Other intangible assets	Costs of creating intangible investments	Total
	EUR	EUR	EUR	EUR
Acquisition cost 01.01.2024	244 298	1 295 604	-	1 539 902
Additions	1 688	8 206	-	9 894
Disposals	-	(990 112)	-	(990 112)
Acquisition cost 31.12.2024	245 986	313 698	-	559 684
Accumulated amortization 01.01.2024	216 019	717 562	-	933 581
Calculated	16 001	100 356	-	116 357
Disposed	-	(610 521)	-	(610 521)
Accumulated amortization 31.12.2024	232 020	207 397	-	439 417
Carrying amount 01.01.2024	28 279	578 042	-	606 321
Carrying amount 31.12.2024	13 966	106 301	-	120 267
Acquisition cost 01.01.2025	245 986	313 698	-	559 684
Additions	108 655	-	193 023	301 678
Disposals	(354)	(3 067)	-	(3 421)
Acquisition cost 31.12.2025	354 287	310 631	193 023	857 941
Accumulated amortization 01.01.2025	232 020	207 397	-	439 417
Calculated	25 043	23 226	-	48 269
Disposed	(354)	(3 067)	-	(3 421)
Accumulated amortization 31.12.2025	256 709	227 556	-	484 265
Carrying amount 01.01.2025	13 966	106 301	-	120 267
Carrying amount 31.12.2025	97 578	83 075	193 023	373 676

The cost of amortization of intangible assets is included in the "Long-term investment depreciation" section of the "Administrative expenses" item of the statement of comprehensive income.

11. Property, plant and equipment

	Land	Land assets	Buildings and structures	Plant and machinery	Other property, plant and equipment	Long-term investments in leased assets	Construction in progress and incomplete construction objects	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Acquisition cost								
01.01.2024	5 834 490	5 705 646	28 577 691	119 512 397	1 651 030	84 805	97 118	161 463 177
Additions	2 719	-	1 026 714	2 716 257	102 735	36 505	364 472	4 249 402
Reclassified	-	34 101	(20 721)	-	-	-	(353 000)	(339 620)
Reclassified to assets held for sale	(274 618)	(43 065)	(695 274)	(312 208)	(999)	-	-	(1 326 164)
Reclassified to investment property	-	-	(27 729)	-	-	-	-	(27 729)
Disposals	(15 925)	-	(699 394)	(1 104 422)	(64 181)	-	-	(1 883 922)
31.12.2024	5 546 666	5 696 682	28 161 287	120 812 024	1 688 585	121 310	108 590	162 135 144
Accumulated amortization								
01.01.2024	1 533 215	3 503 643	18 003 819	92 096 482	1 588 335	81 680	-	116 807 174
Calculated	22 323	222 775	916 863	3 858 789	30 670	735	-	5 052 155
Reclassified to assets held for sale	(68 586)	-	(201 631)	(312 208)	-	-	-	(582 425)
Reclassified to investment property	-	-	(25 069)	-	-	-	-	(25 069)
Disposed	(9 435)	-	(249 669)	(1 096 772)	(65 180)	-	-	(1 421 056)
31.12.2024	1 477 517	3 726 418	18 444 313	94 546 291	1 553 825	82 415	-	119 830 779
Carrying amount								
01.01.2024	4 301 275	2 202 003	10 573 872	27 415 915	62 695	3 125	97 118	44 656 003
31.12.2024	4 069 149	1 970 264	9 716 974	26 265 733	134 760	38 895	108 590	42 304 365

11. Property, plant and equipment (continued)

	Land	Land assets	Buildings and structures	Plant and machinery	Other property, plant and equipment	Long-term investments in leased assets	Construction in progress and incomplete construction objects	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Acquisition cost								
01.01.2025	5 546 666	5 696 682	28 161 287	120 812 024	1 688 585	121 310	108 590	162 135 144
Additions	8 874	73 661	329 295	8 076 301	124 768	-	73 486	8 686 385
Reclassified	-	-	160 867	16 580	-	-	(177 447)	-
Reclassified to assets held for sale	(8 358)	-	(274 295)	(252 248)	(470)	-	-	(535 371)
Disposals	(91 484)	-	(162 509)	(1 366 475)	(367 132)	-	-	(1 987 600)
31.12.2025	5 455 698	5 770 343	28 214 645	127 286 182	1 445 751	121 310	4 629	168 298 558
Accumulated depreciation and impairment								
01.01.2025	1 477 517	3 726 418	18 444 312	94 546 291	1 553 825	82 415	-	119 830 778
Calculated	13 032	198 909	861 821	3 922 779	34 917	2 253	-	5 033 711
Reclassified to assets held for sale	(2 682)	-	(265 359)	(218 712)	(470)	-	-	(487 223)
Disposed	(68 184)	-	(160 546)	(1 359 570)	(366 576)	-	-	(1 954 876)
31.12.2025	1 419 683	3 925 327	18 880 228	96 890 788	1 221 696	84 668	-	122 422 390
Carrying amount								
01.01.2025	4 069 149	1 970 264	9 716 974	26 265 733	134 760	38 895	108 590	42 304 365
31.12.2025	4 036 015	1 845 016	9 334 417	30 395 394	224 055	36 642	4 629	45 876 168

Land

The lands owned by the Company are valued on the basis of acquisition costs, reduced by the accumulated impairment losses. In 2025 and 2024, during the impairment test, no signs of impairment for long-term investments were detected.

The total accumulated losses from the impairment of land on 31 December 2025 are EUR 1 419 683 (on 31 December 2024 EUR 1 477 517) and are reported in the section accumulated depreciation and impairment.

Land assets

Mineral deposits

As of 31 December 2025, 34 mineral deposits with a book value of EUR 1 766 286 are listed in the long-term investment group "Land assets" (as of 31 December 2024, 35 mineral deposits with a book value of EUR 1 790 451). In 2025, depreciation was calculated for subsoil with mineral deposits according to the method of production units EUR 118 974 (in 2024 EUR 151 389). Depreciation charge is recognised in the profit or loss account item "Cost of sales, cost of goods sold and services purchased".

The cost of removing the cover layer of mineral deposits

In 2025, the costs of removing the cover layer were recognised as a long-term asset in the group "Land assets" at EUR 5 900 (in 2024 EUR 34 101) and the calculated depreciation was EUR 79 935 (in 2024 EUR 71 385). Calculated depreciation is recognised under the profit or loss item "Cost of sales, cost of goods sold and services purchased". The balance sheet value of the cover layers as of 31 December 2025 is EUR 62 593 (as of 31 December 2024 EUR 142 529).

Leases

Leases recognised as a right-of-use asset as part of fixed assets:

- right-of-use asset land - presented part of long-term investments land;
- right-of-use asset buildings and structures – presented as part of long-term investments buildings and structures;
- right-of-use asset plant and machinery – presented as part of long-term investments plant and machinery.

Right-of-use	Land	Buildings and structures	Plant and machinery	Total
	EUR	EUR	EUR	EUR
Carrying amount 01.01.2024	102 971	5 788	13 929 694	14 038 453
Recognized right-of-use assets	2 719	-	1 229 600	1 232 319
Transferred to another item *	(15 926)	-	(983 590)	(999 516)
Depreciation recognized in profit or loss	(12 888)	(3 743)	(2 806 960)	(2 823 591)
Carrying amount 31.12.2024	76 876	2 045	11 368 744	11 447 665
Recognized right-of-use assets	-	18 057	5 223 103	5 241 160
Transferred to another item *	(14 311)	-	(383 384)	(397 695)
Depreciation recognized in profit or loss	(13 032)	(3 321)	(1 509 674)	(1 526 027)
Carrying amount 31.12.2025	49 533	16 781	14 698 789	14 765 103

* moved to another fixed asset item due to maturity of lease agreements

Depreciation

The Company uses fixed assets, which are fully written off in depreciation costs. The acquisition value of these fixed assets on December 31, 2025 is EUR 60 745 905 (on December 31, 2024 it is EUR 63 093 869).

Depreciation costs of fixed assets are included in the following items in the statement of profit or loss.

	2025	2024
	EUR	EUR
Cost of sales, cost of goods sold and services purchased	4 926 426	4 736 908
Administrative expenses	107 285	315 247
Total	5 033 711	5 052 155

12. Investment properties

The Company derives income from the lease of real estate by leasing in whole or in part individual properties owned by it. Investment properties are valued and recognized at acquisition value.

The fair value of investment properties was determined by the Company's specialists according to the situation as of December 31, 2025, using the income method (2024: income method).

For land units located in the mineral deposits area, the cash flow calculation is carried out for 7 years using the income approach method with a discount rate of 16.0% (2024: 7 years and 16.0%, respectively).

For other real estate, the calculations take into account the revenues generated from the useful life of the asset (range from 2,10 to 5 EUR/m² (2024: from 2,10 to 5 EUR/m²)), and the capitalisation procedure (capitalisation rate from 7% to 12% (2024: from 7% to 12%)) is used to calculate the value.

The fair value of investment properties at the end of 2025 was estimated at EUR 3 094 600 (2024: EUR 2 871 000).

Investment properties	Buildings	Land	Total
	EUR	EUR	EUR
Acquisition cost 01.01.2024	604 247	430 163	1 034 410
Reclassified from Property, plant and equipment	12 835	-	12 835
Acquisition cost 31.12.2024	617 082	430 163	1 047 245
Accumulated depreciation and decrease in value 01.01.2024	277 200	120 108	397 308
Calculated	25 069	-	25 069
Accumulated depreciation and decrease in value 31.12.2024	302 269	120 108	422 377
Carrying amount 01.01.2024	327 047	310 055	637 102
Carrying amount 31.12.2024	314 813	310 055	624 868
Acquisition cost 01.01.2025	617 082	430 163	1 047 245
Changes in value	2 984	-	2 984
Reclassified to Assets held for sale	(25 828)	(171 599)	(197 427)
Acquisition cost 31.12.2025	594 238	258 564	852 802
Accumulated depreciation and decrease in value 01.01.2025	302 269	120 108	422 377
Reclassified to Assets held for sale	(754)	(79 698)	(80 452)
Calculated	29 452	-	29 452
Accumulated depreciation and decrease in value 31.12.2025	330 967	40 410	371 377
Carrying amount 01.01.2025	314 813	310 055	624 868
Carrying amount 31.12.2025	263 271	218 154	481 425

In 2025, income from the lease of investment properties amounted to EUR 168 217 (in 2024 EUR 150 715), expenses amounted to EUR 23 901 (in 2024 EUR 29 615).

13. Biological assets

Biological assets	2025	2024
	EUR	EUR
Initial or fair value at the beginning of the period	416 300	408 074
Additions	8 365	-
Reclassified to held for sale	-	(1 283)
Reclassified to fixed assets	-	(59 202)
Disposed	(18 148)	(1 782)
Change in value	8 666	70 493
Initial or fair value at the end of the period	415 183	416 300

The value of biological assets is determined as fair value. The discounted cash flows method is used in the calculation by applying a discount rate of 6% (2024: 6%) and the wood resource harvestable over a period of 5 years.

14. Other long-term assets

	31.12.2025	31.12.2024
	EUR	EUR
Long-term advance payments	21 822	11 510
Long-term receivables	13 634	169 542
Carrying amount	35 456	181 052

15. Inventories

	31.12.2025	31.12.2024
	EUR	EUR
Road materials	3 688 805	4 234 959
Self-produced materials	1 633 712	1 920 546
Other materials	790 094	821 398
Gross value of inventory	6 112 611	6 976 903
Provisions for the impairment of inventory	(94 907)	(54 648)
Inventory carrying amount	6 017 704	6 922 255

16. Long-term assets held for sale

	31.12.2025	31.12.2024
	EUR	EUR
Land plots	321 418	140 283
Buildings and structures	234 089	450 123
Other assets	-	717
Carrying amount	555 507	591 123

In 2025, there has been no transfer of assets from long-term assets held for sale to other items (2024: none).

17. Receivables from contracts with customers

	31.12.2025	31.12.2024
	EUR	EUR
Receivables of buyers and customers, gross amount	1 886 836	1 300 214
Contract assets, gross amount	7 038 197	8 662 611
Gross carrying amount	8 925 033	9 962 825
Provisions for expected credit losses	(321 419)	(213 971)
Carrying amount	8 603 614	9 748 854

Interest is not calculated on the receivables of buyers and customers and, as a rule, they are repaid within 30 days. Provisions for the expected credit losses of receivables and contract assets are created by assessing the risks of non-recovery of the receivable – by assessing the receivable based on various possible impacts and assessing the solvency of each of the most significant debtors.

Movement of provisions for expected credit losses for debts from contracts with customers

	2025	2024
	EUR	EUR
Provisions at the beginning of the year	213 971	191 068
Decrease due to payments received	(168)	(290)
Non-recoverable receivables written off	(2 003)	(771)
Created/reduced provisions for expected credit losses	109 619	23 964
Provisions at the end of the year	321 419	213 971

18. Other receivables

	31.12.2025	31.12.2024
	EUR	EUR
Next period expenses	493 622	498 463
Tax receivables *	1 045 368	473 924
Advances paid and tendering deposits	66 068	233 367
Other debtors	16 371	10 101
Total	1 621 429	1 215 855

* The item "Tax receivables" consists of a claim for value added tax overpayment of EUR 1 030 235 (as of 31.12.2024 – EUR 462 772) and an overpayment in the common tax account of EUR 15 133 (as of 31.12.2024 – EUR 11 152).

19. Other short-term financial investments, cash and cash equivalents

	31.12.2025	31.12.2024
	EUR	EUR
Funds in term deposit accounts *	12 500 000	-
Total Other short-term financial investments	12 500 000	-
Funds in current accounts	4 474 511	14 517 521
Total Cash and cash equivalents	4 474 511	14 517 521

* The Company has concluded agreements for short-term investments in term deposit accounts with a repayment term of up to 6 months.

Expected credit losses are assessed as immaterial and are not separately disclosed, there are no identified delinquencies.

20. Share capital

As of December 31, 2025, the registered and fully paid-up share capital of the Company is EUR 35 202 323 (as of 31.12.2024 – EUR 35 202 232), which consists of 35 202 323 registered shares with a nominal value of EUR 1 (as of 31.12.2024 – 35 202 323 registered shares with a nominal value of EUR 1). All shares of the Company are dematerialized shares.

The owner of all shares is the Republic of Latvia, and all shares are fully paid-up. The holder of the state capital share in the joint stock company is the Ministry of Transport of the Republic of Latvia. All shares of the Company have equal rights to receive dividends, receive liquidation quota and voting rights at the shareholders' meeting.

In 2025, dividends of EUR 4 857 777 were paid (in 2024 – EUR 709 805). In 2025, the Company's reserves were increased by EUR 2 081 904 (in 2024 by EUR 399 265). Reserves include retained profits from previous years, which, according to the decision of the Company's shareholder, have been allocated to the Company's further development and financing of investment projects. Reserves cannot be distributed to the shareholders.

Earnings per share for the reporting period are calculated as the Profit for the reporting period / Average number of shares of the Company, which in 2025 and 2024 is 35 202 323. As of 31 December 2025 and 31 December 2024, the Company has no financial instruments that would affect the number of shares and should be taken into account in the calculation of earnings per share.

21. Borrowings from credit institutions

	Repayment term	31.12.2025	31.12.2024
		EUR	EUR
Non-current part			
Borrowing from a credit institution (1)	29.05.2026	-	25 202
Borrowing from a credit institution (4)	25.11.2030	65 167	-
Total non-current part		65 167	25 202
Current part			
Borrowing from a credit institution (1)	29.05.2026	25 202	60 484
Borrowing from a credit institution (2)	30.12.2025	-	47 531
Borrowing from a credit institution (3)	03.03.2025	-	11 234
Borrowing from a credit institution (4)	25.11.2030	17 000	-
Total current part		42 202	119 249
Borrowings from credit institutions total		107 369	144 451

(1) In 2018, the Company entered into a long-term loan agreement for the construction of a material warehouse. The collateral for the loan is the pledge of the real estate owned by the Company. The total amount of the secured claim is EUR 531 492.

(2) In 2018, the Company entered into a long-term loan agreement for the construction of immovable property. The collateral for the loan is the pledge of the real estate owned by the Company. The total amount of the secured claim is 499 078 EUR. In 2025, the loan has been fully repaid.

(3) In 2017, the Company entered into a long-term loan agreement for the construction of a material warehouse. The collateral for the loan is the pledge of the real estate owned by the Company. The total amount of the secured claim is 519 712 EUR. In 2025, the loan has been fully repaid.

(4) In 2025, the Company entered into a long-term loan agreement for the purchase of immovable property. No security is applied.

22. Lease liabilities

	31.12.2025	31.12.2024
	EUR	EUR
repayment period of more than 5 years	1 116 356	20 971
repayment period from 2 to 5 years	4 479 291	3 228 385
repayment term up to 1 year	2 556 520	2 324 379
Total non-current part	5 595 647	3 249 356
Total current part	2 556 520	2 324 379
Total lease liabilities	8 152 167	5 573 735

As of December 31, 2025, 115 lease agreement liabilities for the purchase of road maintenance equipment are in force. According to the concluded terms of the purchase and lease agreements, the asset is in the ownership of the lessor until the full payment of the purchase price. Interest on the lease is recognized as a cost in the reporting year. The term of repayment of lease obligations is from one to seven years.

Gross lease liabilities

	Minimum financial lease payments		Present value of minimum financial lease payments	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	EUR	EUR	EUR	EUR
Payable within 1 year	2 764 387	2 430 740	2 556 520	2 324 379
Payable within 2-5 years	4 843 381	3 325 572	4 479 291	3 228 385
Payable for more than 5 years	1 145 205	21 766	1 116 356	20 971
Total minimum financial lease payments	8 752 973	5 778 078	8 152 167	5 573 735
Future finance expenses	(600 806)	(204 343)	-	-
Present value of minimum financial lease payments	8 152 167	5 573 735	8 152 167	5 573 735

Leases in the statement of financial position

	31.12.2025	31.12.2024
	EUR	EUR
Long-term assets		
Property, plant and equipment		
Right-of-use asset land	49 533	76 876
Right-of-use asset buildings and structures	16 781	2 045
Right-of-use asset plant and machinery	14 698 789	11 368 744
Total	14 765 103	11 447 665
Equity and liabilities		
Long-term liabilities		
Lease liabilities	5 595 647	3 249 356
Total long-term liabilities	5 595 647	3 249 356
Short-term liabilities		
Lease liabilities	2 556 520	2 324 379
Total short-term liabilities	2 556 520	2 324 379
Total lease liabilities	8 152 167	5 573 735

Leases in the statement of comprehensive income

	31.12.2025	31.12.2024
	EUR	EUR
Cost of sales, cost of goods sold and services purchased		
Depreciation of long-term investments	1 513 149	2 823 591
Lease expenses *	119 433	35 428
Administrative expenses		
Depreciation of long-term investments	11 024	-
Finance expenses		
Interest expenses on leases	226 065	366 500

* The Company, as a lessee, has entered into lease agreements for premises, land, and technological equipment. Lease costs are recognized as expenses in the profit or loss statement over the lease period:

- if the lease term is less than 12 months or the asset value is less than EUR 5 000;
- if the lease term is more than 12 months and the underlying asset value is more than EUR 5 000.

23. Movement of borrowings and lease liabilities

	Borrowings from credit institutions	Lease liabilities	Total
	EUR	EUR	EUR
Liabilities as of 01.01.2024	297 403	8 088 521	8 385 924
Decrease in liabilities	(152 952)	(2 707 956)	(2 860 908)
Increase in liabilities	-	193 170	193 170
Liabilities as of 31.12.2024	144 451	5 573 735	5 718 186
Interest liabilities as of 01.01.2024	609	2 578	3 187
Calculated interest	47 645	366 500	414 145
Paid interest	(48 254)	(367 255)	(415 509)
Interest liabilities as of 31.12.2024	-	1 823	1 823
Total liabilities as of 31.12.2024	144 451	5 575 558	5 720 009
Liabilities as of 01.01.2025	144 451	5 573 735	5 718 186
Decrease in liabilities	(122 082)	(3 645 707)	(3 767 789)
Increase in liabilities	85 000	6 224 447	6 309 447
Liabilities as of 31.12.2025	107 369	8 152 167	8 259 536
Interest liabilities as of 01.01.2025	-	1 823	1 823
Calculated interest	4 966	226 065	231 031
Paid interest	(4 941)	(227 888)	(232 829)
Interest liabilities as of 31.12.2025	25	-	25
Total liabilities as of 31.12.2025	107 394	8 152 167	8 259 561

24. Provisions

Provisions for recultivation

The amount of recultivation for the reporting year and previous periods has been recalculated taking into account the costs of recultivation at the balance sheet date, the amount of mineral development, the recultivation works carried out during the year and the changes made during the reporting period to the conditions of the lease agreement for mineral deposits relating to recultivation.

The estimate of the cost of recultivation is calculated as follows: the amount of mineral resources extracted in m³ (cubic meters) during the entire production period, reduced by the amount of recultivation carried out, multiplied by the calculated cost of recultivation per 1 m³. The resulting value of recultivation costs is discounted, assuming that the growth rate of inflation will be 2.3% per annum (2024: 2.3%). A discount rate of 2,71% was applied to the value of recultivation costs (2024: 2,71%), with an average recultivation period of 12 years (2024: 15 years).

Provisions for warranty repairs

The Company estimates the provisions necessary for warranty repairs by evaluating the risks, taking into account the experience of previous years and the assessment of specialists. Calculations are made taking into account the volume of construction services for which the warranty is provided. Provisions for warranty repairs are calculated during the warranty period – from 1% for other surface contracts to 30% of the value of the services provided (2024: from 1% to 30%). If the provisions for warranty repairs rate at the construction services contract level were to increase or decrease by one fifth, the provisions for warranty repairs would increase or decrease by EUR 716 277 (2024: EUR 608 407).

Provisions for bonuses

Provisions for bonuses have been created in compliance with the precautionary principle,

evaluating the result of the Company's activities, the financial objectives set, and in accordance with Section 79, Paragraph seven of the Law on Management of Capital Shares of a Public Person and Capital Companies, and internal regulatory enactments of the Company.

Provisions for environmental clean-up measures

The Company has created provisions for the performance of remediation works in order to clean up the polluted environment in the real estate "Çeipenes district". The work is expected to be completed over the next four years (2024: four years).

	31.12.2025	31.12.2024
	EUR	EUR
Long-term part		
Provisions for recultivation	811 815	727 910
Provisions for warranty repairs	2 540 333	3 042 036
Provisions for environmental clean-up measures	698 790	698 790
Total non-current portion	4 050 938	4 468 736
Short-term part		
Provisions for warranty repairs	1 041 060	58 746
Provisions for bonuses	2 583 653	3 109 511
Provisions – other	230 310	198 310
Total current portion	3 855 023	3 366 567
Total	7 905 961	7 835 303

Movement of provisions

	31.12.2024	Used	Created /reduced	31.12.2025
	EUR	EUR	EUR	EUR
Provisions for recultivation	786 656	(95 968)	121 127	811 815
Provisions for warranty repairs	3 042 036	(196 866)	736 223	3 581 393
Provisions for environmental clean-up measures	698 790	-	-	698 790
Provisions – other	198 310	-	32 000	230 310
Provisions for bonuses	3 109 511	(1 686 606)	1 160 748	2 583 653
Total	7 835 303	(1 979 440)	2 050 098	7 905 961

The undiscounted value of provisions on 31.12.2025 is EUR 8 519 442 (31.12.2024 – EUR 8 111 870).

25. Other liabilities

	31.12.2025	31.12.2024
	EUR	EUR
Wage liabilities	1 479 574	1 528 503
Advances received *	160 748	2 588 083
Other creditors	753	314
Total	1 641 075	4 116 900

* the advance in the amount of EUR 2 582 889 received from customers as of 31.12.2024 was recognized in revenues in 2025.

26. Taxes and state social insurance contributions payable

	31.12.2025	31.12.2024
	EUR	EUR
Mandatory state social insurance contributions	1 165 830	982 704
Personal Income Tax	632 158	530 317
Natural resources tax	26 956	59 939
Real estate tax	-	953
Corporate income tax	-	2 127
Business risk levy	384	382
Total	1 825 328	1 576 422

27. Accrued liabilities

	31.12.2025	31.12.2024
	EUR	EUR
Accrued liabilities for employee leave	1 612 210	1 528 503
Accrued liabilities to creditors	971 214	2 345 248
Total	2 583 424	3 873 751

28. Staff costs and number of employees

	31.12.2025	31.12.2024
	EUR	EUR
Wages and salaries	25 766 929	25 132 226
Mandatory state social insurance contributions	6 026 040	5 881 602
Total personnel costs	31 792 969	31 013 828
Remuneration of members of the Executive Board included in staff costs		
Wages and salaries	249 441	292 205
Mandatory state social insurance contributions	58 843	68 931
Total remuneration of the Board	308 284	361 136
Remuneration of members of the Council included in staff costs		
Wages and salaries	82 656	82 656
Mandatory state social insurance contributions	19 498	19 498
Total Council remuneration	102 154	102 154
Personnel costs include the following items in the statement of comprehensive income		
Cost of sales, cost of goods sold and services purchased	29 177 123	28 307 898
Administrative expenses	2 615 846	2 705 930
Total personnel costs	31 792 969	31 013 828
Average number of persons employed		
Members of the Board	2	3
Members of the Council	3	3
Other staff	1 047	1 067
Total	1 052	1 073

29. Financial risk management

The most significant financial instruments of the Company are loans from credit institutions, financial leases, short-term deposits and cash and cash equivalents. The Company also faces a number of other financial instruments, such as debts of buyers and customers and other receivables, accounts payable to suppliers and contractors and other payables arising directly from its economic activity. The company's main financial risks are interest rate risk, credit risk and liquidity risk. Considering the types of services provided by the Company (construction), it accrues significant contract assets (accrued revenue, for which invoices are issued at the beginning of the next reporting year) at the end of the reporting year, therefore the Company includes these contract assets in its financial risk management.

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

	31.12.2025	31.12.2024
	EUR	EUR
Financial and contract assets		
Receivables from customers, net	1 565 417	1 086 243
Contract assets	7 038 197	8 662 611
Other long-term debtors	13 634	169 541
Cash and cash equivalents	4 474 511	14 517 521
Funds in term deposit accounts	12 500 000	-
Total financial and contract assets	25 591 759	24 435 916
Financial liabilities		
Borrowings from credit institutions	107 369	144 451
Leases	8 058 760	5 459 403
Debts to suppliers, other payables	6 852 425	4 218 271
Accrued liabilities	971 214	2 345 248
Total financial liabilities	15 989 768	12 167 373

Credit risk

The Company is exposed to credit risk arising from its economic activity and consists of receivables from customers and funds in banks. The carrying amount of these financial instruments reflects the maximum credit risk of the Company. Credit risk plays an important role in the Company's activities, therefore it is important to manage it effectively. Receivables from customers and contract assets are presented after deducting the value of doubtful debts.

The Company has a high concentration of credit risk in relation to two counterparties – the Ministry of Transport of the Republic of Latvia, which on December 31, 2025 (receivables from customers and contract assets) reached approximately 36% (on December 31, 2024, respectively, 32%), and JSC "State Real Estate", which on December 31, 2025 (receivables from customers and contract assets) reached approximately 43% (on December 31, 2024, respectively, 53%). The Company controls credit risk by regularly evaluating and monitoring its cooperation partners. For each customer a credit limit is for the customer. In order to assess the recoverability of the debt, the available information from the moment the debt arises to the preparation of the financial statement is taken into account. The possible impairment of the receivables from customers is constantly analyzed.

Credit risk related to cash and cash equivalents and term deposits is managed by balancing the allocation of financial assets and instruments in order to maintain the possibility of choosing the most advantageous offers and reducing the likelihood of losing funds. The Company's credit risk on cash and term deposit balances in banks is low, since money is held in banks with an appropriate credit history. As of 31 December 2025, cash and cash equivalents consisted of current account balances in credit institutions, as well as term deposits were made in the amount of EUR 12 500 000.

Receivables from contracts with customers

	Gross EUR	Net EUR
Low-risk debtors for whom no provisions have been made	3 656 617	3 656 617
Medium-risk customers	6 092 237	6 092 237
High-risk customers	11 255	-
Credit quality rating of debts from contracts with customers 31.12.2024	9 760 109	9 748 854
Separately assessed debtors with late payments 31.12.2024	202 716	-
Total 31.12.2024	9 962 825	9 748 854
Low-risk debtors for whom no provisions have been made	3 194 588	3 194 588
Medium-risk customers	5 435 056	5 409 026
High-risk customers	105 963	-
Credit quality rating of debts from agreements with customers 31.12.2025	8 735 607	8 603 614
Separately assessed debtors with late payments 31.12.2025	189 426	-
Total 31.12.2025	8 925 033	8 603 614

The expected credit losses are calculated by assessing the risks of non-recovery of the receivable, assessing the receivable by the level of impact of the debt and taking into account the probability of the occurrence of financial losses. The receivables of the Ministry of Transport of the Republic of Latvia were assessed as of insignificant risk. Taking into account the structure of the Company's clients (mainly the Ministry of Transport of the Republic of Latvia, JSC State Real Estate and other public entities), the Company does not have any significant overdue receivables. The Company classifies receivables that do not correspond to low-risk or high-risk customers in the medium-risk customer category, and the value of overdue receivables in this category amounts to EUR 62 882 (2024: EUR 30 589), which includes overdue debts of up to 365 days. Receivables that were overdue by more than 365 days were assessed as high-risk customers and a provision for impairment was created at 100%. Separately assessed debtors, who have been declared insolvent, economic activity has been suspended, provisions for a 100% decrease in value have been created.

Interest rate risk

Interest rate risk is the risk that the fair value of financial instruments or related future flows could change as a result of fluctuations in market interest rates. The Company is subject to changes in market interest rates in connection with short- and long-term borrowings and financial lease obligations. All borrowings of the Company are at variable interest rates.

The sensitivity of the Company's profit before tax to reasonably likely changes in interest rates, if all other variables remain unchanged, is as follows: if the interest rates on euro borrowings at variable base rates had been 50 basis points higher, then the Company's profit of the reporting year after taxes would have been EUR 29 600 less (EUR 39 100 less in 2024), if the base rates had been 50 basis points lower, then the profit of the reporting year after tax would have been EUR 29 600 higher (EUR 39 100 higher in 2024).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial liabilities within the specified term. The Company's objectives in liquidity risk management are to maintain an adequate amount of money and to provide adequate long-term or short-term financing using the credit line granted by the bank in order to fulfill its liabilities in accordance with the Company's strategic plans, as well as to compensate for fluctuations in cash flow due to various financial risks. The Company prepares a long-term cash flows forecast for the year and evaluates the operational cash flows to ensure that the Company has sufficient cash at its disposal to finance the expected operating costs, settle financial liabilities and make the necessary investments.

The following table analyzes the Company's financial liabilities based on the non-discounted payments to be made in accordance with the concluded agreements. The difference between the total amount of non-discounted payments to be made for borrowings from credit institutions, payables to suppliers and contractors and accrued liabilities and the carrying amounts of these liabilities is assessed as immaterial. For lease liabilities, see Note 22.

Liquidity analysis

Maturity of financial liabilities	Less than		More than		Total
	3 months	4-12 months	2-5 years	5 years	
	EUR	EUR	EUR	EUR	EUR
Maturity of financial liabilities					
31.12.2024					
Borrowings from credit institutions	11 234	108 015	25 202	-	144 451
Lease liabilities	575 492	1 885 248	3 325 572	21 766	5 778 078
Payables to suppliers and contractors	4 218 271	-	-	-	4 218 271
Accrued liabilities	2 343 332	-	-	-	2 343 332
Total 31.12.2024	7 148 329	1 963 263	3 350 774	21 766	12 484 132
Maturity of financial liabilities					
31.12.2025					
Borrowings from credit institutions	19 371	22 831	65 167	-	107 369
Lease liabilities	806 695	1 957 692	4 843 381	1 145 205	8 752 973
Payables to suppliers and contractors	6 851 672	-	-	-	6 851 672
Accrued liabilities	971 214	-	-	-	971 214
Total 31.12.2025	8 648 952	1 980 523	4 908 548	1 145 205	16 683 228

Fair value

In the Company, the carrying amount of short-term financial instruments, which consist mainly of cash and cash equivalents, term deposits, payables of short-term buyers and customers, accounts payable to suppliers and contractors, short-term loans from credit institutions and lease liabilities, roughly corresponds to their fair value.

The fair value of long-term loans from credit institutions and financial lease obligations is determined by discounting future cash flows by applying market interest rates. Since the interest rates that are applied borrowings from credit institutions and financial lease liabilities are mostly variable and do not differ materially from market interest rates, the fair value of long-term liabilities roughly corresponds to their carrying amount.

Capital management

One of the financial goals of the Company when managing capital is the optimal formation of the capital structure. The basic financial task of the Company is to ensure financial balance by carrying out the production and service provision process and ensuring sufficient financing for the growing amount of the Company's assets. In order to be able to fulfill the set task, when implementing capital investment and modernization programs, the Company evaluates the priority of capital investments, the usefulness of the planned investments and the necessary financing. The ratio of equity to total capital over the past 3 years is in the range of 64% – 68%, according to loan agreements, this indicator should be maintained at a level of at least 45%. In order to maintain a certain capital structure, the Company regularly conducts calculations and analysis of solvency (stability) ratios.

	31.12.2025	31.12.2024
Financial liabilities	EUR	EUR
Borrowings from credit institutions and lease liabilities	8 166 129	5 603 854
Accounts payable (including taxes)	10 318 075	9 614 110
Other liabilities	10 726 543	12 214 580
Total liabilities	29 210 747	27 432 544
Equity	51 743 932	49 209 916
Total capital	80 954 679	76 642 460
Ratio of equity to total capital	64%	64%
Ratio of total liabilities to equity	56%	56%

30. Off-balance-sheet liabilities and assets

Guarantees

The Company has entered into several guarantee agreements with credit institutions. As of 31 December 2025, the amount of the guarantee issued amounted to EUR 12 109 335. The total maximum claim amount of the guarantee agreements is EUR 16 436 054.

Aid for business activities

On December 31, 2025, no land unit was transferred for use to the Company, to which the Company has not secured ownership rights in the Land Register or lease agreements have been concluded.

Future liabilities and contingent liabilities

As of December 31, 2025, the Company has future liabilities in the amount of EUR 344 916 (2024: EUR 240 854) in respect of capital investments for which contracts have been concluded on the balance sheet date, but the liabilities have not arisen.

31. Information on transactions with related parties

The Company has carried out transactions with the Ministry of Transport of the Republic of Latvia (holder of 100% of the Company's shares), state capital companies and state institutions. Material transactions were carried out with the Ministry of Transport of the Republic of Latvia (State motor road maintenance services), JSC State Real Estate (border infrastructure construction works) and JSC Latvian State Forests (forest road maintenance and construction works). The Company applies IAS 24 reliefs and reflects only material transactions with Government related parties. The remuneration of the board and the council is reflected in Note 28.

All transactions with related parties are related to the main activities of the Company and are carried out in accordance with the terms of transactions of unrelated parties.

Transactions with related persons in 2024

Related parties	Services provided	Services received	Receivables from related parties	Payables to related parties
	EUR	EUR	EUR	EUR
Ministry of Transport of the Republic of Latvia	53 132 518	54 456	3 651 033	3 974
JSC State Real Estate	30 274 521	2 091 949	5 125 735	2 723 356
JSC Latvian State Forests	3 763 149	60 284	365 622	91
Other related parties	112 467	735 177	6 997	14 995
Total as of 31.12.2024	87 282 655	2 941 866	9 149 387	2 742 416

Transactions with related persons in 2025

Related parties	Services provided	Services received	Receivables from related parties	Payables to related parties
	EUR	EUR	EUR	EUR
Ministry of Transport of the Republic of Latvia	49 573 049	23 387	3 409 462	-
JSC State Real Estate	29 201 364	3 794	3 793 327	316
JSC Latvian State Forests	3 634 510	1 919	102 959	-
Other state-owned companies	134 057	101 134	477	121
Other public bodies	26 258	18 785	-	693
Total as of 31.12.2025	82 569 238	149 019	7 306 225	1 130

32. Events after the end of the reporting year

During the period between the last day of the financial year and the date of signing of these financial statements, there have been no events that would have led to adjustments to be made or to be reflected in these financial statements.

LAU INFRA GROUP AS SIGNED THE FINANCIAL STATEMENT WITH A SECURE ELECTRONIC SIGNATURE: CHAIRMAN OF THE BOARD VILNIS VITKOVSKIS AND MEMBER OF THE BOARD ARMANDS BEIZIŅIS. THE DOCUMENT CONTAINS A TIME STAMP.

The financial statement was prepared by **Olga Mihaļuka**, Chief Accountant of the LAU Infra Group AS.

LAU INFRA GRUPA AS

Corporate Governance Statement 2025

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About the Statement

The Corporate Governance Statement for 2025 of LAU Infra Grupa AS (formerly – VAS “Latvijas autoceļu uzturētājs”, hereinafter referred to as the Company) (hereinafter referred to as the “Report”) has been prepared in accordance with the requirements of Section 58.1 of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof, the Cabinet of Ministers Regulations of 15 March 2022 “Regulations on Corporate Governance Recommendations Applicable to Public Capital Companies and Public-Private Capital Companies” and the 2nd edition of the “Corporate Governance Code” (hereinafter – the Code) issued in 2025 by the Corporate Governance Advisory Board established under the auspices of the Ministry of Justice.)

The Company has assessed its governance issues in accordance with the 18 principles of the Code and the criteria derived therefrom, using a “traffic light approach”.

The Management Board of the Company believes that, in all material respects, the Company has complied with all principles set forth in the Code that apply to the Company, with the exception of the principle regarding dividend policy and the criterion regarding gender representation on the Supervisory Board, for which an explanation is provided in this Statement.

This Statement has been prepared in conjunction with the Annual Report as a separate component of the Annual Report. The Management Board of the Company approved the Corporate Governance Statement for 2025 at a board meeting held in Riga in May 14, 2026, and it is published on the Company’s website, www.lau.lv, simultaneously with the Annual Report by 31 May 2026. The Statement has not been independently audited by an external auditor.

Further information on the Company’s corporate governance can be found in the “Governance” section of the Company’s 2025 Sustainability Report.

The Board of LAU Infra Grupa AS

Chairman of the Management Board
Vilnis Vitkovskis

Management Board member
Armands Beiziķis

Company strategy

Principle #1

The Company has an up-to-date strategy that sets out the Company’s objectives

- CRITERION IS FULLY MET
- CRITERION IS PARTIALLY MET
- CRITERION IS NOT MET
- CRITERION IS NOT APPLICABLE

CRITERIA	COMMENT ON COMPLIANCE
<ul style="list-style-type: none"> ● The Company has an up-to-date strategy, the draft of which is developed by the Management Board. 	<p>The Company does not have a current strategy for the reporting period. In accordance with Paragraph 42 of the Ministry of Transport’s Internal Regulations “Procedures for the Management of State Capital Shares,” the Company operates in accordance with the planned financial and operational indicators and projected results for 2025 of the Company approved by the Shareholders' Meeting, including financial and non-financial targets that promote the Company’s progress toward long-term value growth. On 17 September 2025, the Shareholders' Meeting approved the letter of expectations from the Company's shareholder regarding the medium-term operational strategy, and the Management Board began work on developing a new draft strategy.</p>
<ul style="list-style-type: none"> ● The Supervisory Board is involved in the strategy development process and approves the strategy at the Supervisory Board meeting. 	<p>During the reporting period, the Supervisory Board participated in the process of developing the draft strategy, providing its perspective and recommendations. The Supervisory Board will approve the strategy at a meeting following the completion of its development.</p>
<ul style="list-style-type: none"> ● The Supervisory Board monitors the implementation of the strategy. 	<p>The Supervisory Board monitors the fulfilment of the 2025 financial and non-financial targets (action plan) on a quarterly basis by reviewing reports submitted by the Management Board, and submits a report on the implementation of the action plan to the Company’s shareholder on a semi-annual basis.</p>
<ul style="list-style-type: none"> ● The Company’s Management Board implements the strategy and reports to the Supervisory Board on its implementation on a regular basis. 	<p>The Management Board ensures the implementation of the action plan for 2025 approved by the Supervisory Board and reports to the Supervisory Board on its progress on a quarterly basis.</p>

Internal culture and ethical behaviour

Principle #2

The Company develops an internal culture and ethics code which serves as a standard of conduct for the Company's management and employees

- CRITERION IS FULLY MET
- CRITERION IS PARTIALLY MET
- CRITERION IS NOT MET
- CRITERION IS NOT APPLICABLE

CRITERIA	COMMENT ON COMPLIANCE
<ul style="list-style-type: none"> ● The Supervisory Board defines the Company's core values. 	<p>The Company has defined its core values, and the Supervisory Board has enshrined them in the Code of Ethics.</p>
<ul style="list-style-type: none"> ● The Management Board prepares and the Supervisory Board approves the code of internal culture and ethics. 	<p>The Company's Management Board has developed, and the Supervisory Board has approved, the Ethics Policy, which serves as a standard of conduct for the Company's management and employees. The Ethics Policy reflects the core values of the Company's internal culture, as well as standards of ethical conduct and professional behaviour and guidelines for their implementation.</p>
<ul style="list-style-type: none"> ● The Management Board ensures compliance with the Company's internal culture and ethics code on a daily basis and reacts if there is a breach of the code. 	<p>The Management Board ensures compliance with the Ethics Policy within the Company. An Ethics Committee has been established to assess potential violations of the Ethics Policy and, if any are found, submits a recommendation to the Company's Management Board regarding the initiation of disciplinary proceedings or other proposals that promote compliance with the Ethics Policy.</p>

Internal control system, risk management and internal audit

Principle #3

The Company has an internal control system, the effectiveness of which is monitored by the Supervisory Board

- CRITERION IS FULLY MET
- CRITERION IS PARTIALLY MET
- CRITERION IS NOT MET
- CRITERION IS NOT APPLICABLE

CRITERIA	COMMENT ON COMPLIANCE
<ul style="list-style-type: none"> ● The Company has a documented internal control system, the establishment of which is the responsibility of the Management Board. 	<p>The Company's Management Board has established a documented internal control system; its aspects are described in the Corporate Governance Policy, Risk Management and Internal Control System Policy, Internal Audit Policy and other internal regulatory enactments.</p>
<ul style="list-style-type: none"> ● The internal audit evaluates the effectiveness of the internal control system at least once a year, taking into account pre-defined criteria and reporting the results of the evaluation to the Supervisory Board. 	<p>During each audit, the internal control system of the audited entity (function/process) is evaluated, and Internal Audit reports the results to the Supervisory Board. At the end of the audit year and the strategic period, in accordance with the methodology, an overall assessment of the internal control system is conducted and reported to the Management Board and the Supervisory Board.</p>
<ul style="list-style-type: none"> ● The Supervisory Board, at least once a year, evaluates the provided evaluation of the effectiveness of the internal control system. 	<p>At the end of the audit year, the overall assessment of internal controls is included in the Annual Internal Audit Report, which is reviewed by the Management Board and the Supervisory Board.</p> <p>The overall assessment of the internal control system for 2025 is included in the Internal Audit Report on the 2025 Internal Audit Plan and the Results of Internal Audit Activities in 2025. It was reviewed at the Management Board meeting on 28 January 2026 and at the Supervisory Board meeting on 5 February 2026.</p>

Internal control system, risk management and internal audit

Principle #4

The Company identifies, assesses and monitors the risks associated with its operations

- CRITERION IS FULLY MET
- CRITERION IS PARTIALLY MET
- CRITERION IS NOT MET
- CRITERION IS NOT APPLICABLE

CRITERIA	COMMENT ON COMPLIANCE
<ul style="list-style-type: none"> ● The Management Board develops and the Supervisory Board approves the Company's risk management policy. 	<p>The fundamental elements and principles of general risk management are set forth in the Risk Management and Internal Control System Policy, which is developed by the Company's Management Board and approved by the Supervisory Board.</p>
<ul style="list-style-type: none"> ● The Management Board develops and the Supervisory Board approves the material risk appetite—the risks the Company is prepared to assume in order to achieve its operational objectives. 	<p>The Company's Management Board has developed and the Supervisory Board has approved the material risk appetite in the Risk Management and Internal Control System Policy.</p>
<ul style="list-style-type: none"> ● Based on the identified risk assessment, the Management Board implements risk management measures. 	<p>Based on the risk assessment and the resulting risk level, the Company decides on how to manage the risk, implementing risk mitigation measures as necessary. The Company's Management Board oversees the implementation of risk management and internal control measures, and provides support and resources for the implementation of the risk management and internal control systems.</p>
<ul style="list-style-type: none"> ● At least once a year, the Supervisory Board reviews the Management Board's reports on risk management measures and the implementation of the risk management policy. 	<p>On 8 September 2025, the Supervisory Board of the Company reviewed the annual report on risk management measures and the implementation of the risk management policy.</p>

Internal control system, risk management and internal audit

Principle #5

An internal audit has been established in the Company, it evaluates the Company's operations independently and objectively

- CRITERION IS FULLY MET
- CRITERION IS PARTIALLY MET
- CRITERION IS NOT MET
- CRITERION IS NOT APPLICABLE

CRITERIA	COMMENT ON COMPLIANCE
<ul style="list-style-type: none"> ● The Company has an internal auditor who is functionally independent of the Management Board and reports to the Supervisory Board. ● The Supervisory Board approves the internal auditor. ● The internal auditor develops a risk-based internal audit plan, which is approved by the Supervisory Board. ● The internal auditor informs the Management Board and Supervisory Board on the implementation of the internal audit plan, audit results and recommended actions to address deficiencies, if any. 	<p>The internal audit function is carried out by the Internal Audit Unit, which is independent of other organizational units. It reports functionally to the Supervisory Board and administratively to the Management Board, in accordance with the Internal Audit Unit's regulations approved by the Management Board and reviewed by the Supervisory Board, and the Internal Audit Policy approved by the Supervisory Board.</p> <p>The Supervisory Board evaluates candidates for the position of Head of the Internal Audit Unit and decides which candidate to hire. Based on the Company's internal regulatory document "Rules of Procedure," the Chairman of the Management Board makes the hiring decision.</p> <p>The five-year strategic plan and annual plan for internal audits are developed using a risk-based approach. The frequency and priority of audits are determined in accordance with the guidelines set forth in the Internal Audit Policy. In accordance with the Company's Articles of Association, internal audit plans are approved by the Management Board, following consultation with the Supervisory Board and the Shareholders' Meeting. The Company's Strategic Plan for Internal Audits for 2024–2028 was approved at the Management Board meeting on 24 January 2024. The 2025 Internal Audit Plan was approved at the Management Board meeting on 15 January 2025.</p> <p>Supervisory Board, and the shareholders about the implementation of the audit plan and the overall audit results, while Internal Audit informs the Management Board, the Supervisory Board, and the shareholders of the results of each audit and recommendations for addressing deficiencies. Once a quarter and at the end of the audit year, Internal Audit informs the Management Board and the Supervisory Board of the progress in implementing the recommendations made in the audits.</p> <p>In 2025, Internal Audit submitted reports to the Management Board and the Supervisory Board on the results of seven internal audits.</p>

External auditor

Principle #6

The Company has an independent external auditor

- CRITERION IS FULLY MET
- CRITERION IS PARTIALLY MET
- CRITERION IS NOT MET
- CRITERION IS NOT APPLICABLE

CRITERIA	COMMENT ON COMPLIANCE
<ul style="list-style-type: none"> ● The Supervisory Board and the Audit Committee, (if established), determine the selection criteria for the external auditor. 	<p>The external auditor is selected through an open procurement process overseen by the Company's Finance Department, which is responsible for preparing the annual report. The Supervisory Board established the criteria for selecting the external auditor by a resolution adopted at its meeting on 29 September 2023.</p>
<ul style="list-style-type: none"> ● The Company has an independent external auditor with appropriate qualifications. 	<p>The Company has an independent external auditor who audits the annual financial statements. As a result of the procurement procedure, the most economically advantageous bid was selected for a three-year period (2023–2025), and the limited liability Company "KPMG Baltics" was appointed as the Company's auditor.</p>
<ul style="list-style-type: none"> ● The term of office of one external auditor does not exceed 5 years, thus ensuring rotation of auditor representatives. 	<p>The term of office for a single external auditor is observed and does not exceed three years at the Company.</p>

Election of Supervisory Board members

Principle #7

The Company ensures transparent procedures for the election and removal of Supervisory Board members

- CRITERION IS FULLY MET
- CRITERION IS PARTIALLY MET
- CRITERION IS NOT MET
- CRITERION IS NOT APPLICABLE

CRITERIA	COMMENT ON COMPLIANCE
<ul style="list-style-type: none"> ● The Company has approved the procedure for selection and removal of Supervisory Board members. 	<p>The procedure for the selection and dismissal of members of the Supervisory Board is set forth in the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof (hereinafter referred to as the "Governance Law"), the relevant Cabinet of Ministers regulations, and the guidelines issued by the Cross-Sectoral Coordination Centre of the State Chancellery. The procedure for dismissing a member of the Supervisory Board is not specifically described in the Company's internal documents, but it is clear from the provisions of the law.</p>
<ul style="list-style-type: none"> ● The Company provides timely and sufficient information to the Company's shareholders on the Supervisory Board members who are nominated for election or re-election. 	<p>Candidates for the position of member of the Supervisory Board are nominated in accordance with the procedure set forth in the Governance Law, following a selection process conducted by a nomination committee established by the State Chancellery and the shareholder, which assesses the candidates' compliance with the established requirements, criteria, and competencies, and the best candidates are nominated for election.</p>
<ul style="list-style-type: none"> ● The size of the Supervisory Board corresponds to the specifics of the Company's operations. 	<p>The Company's Supervisory Board consists of three members, a number appropriate to the nature of the Company's operations and specified in the Company's Articles of Association.</p>
<ul style="list-style-type: none"> ● A Supervisory Board member is elected for a term not exceeding 5 years. 	<p>The Chairperson and members of the Supervisory Board are elected for a term of five years, in accordance with the number specified in the Company's Articles of Association.</p>

Election of Supervisory Board members

Principle #8

The Company ensures transparent procedures for the election and removal of Supervisory Board members

- CRITERION IS FULLY MET
- CRITERION IS PARTIALLY MET
- CRITERION IS NOT MET
- CRITERION IS NOT APPLICABLE

CRITERIA	COMMENT ON COMPLIANCE
<ul style="list-style-type: none"> ● The Supervisory Board as a whole has a set of skills, experience and knowledge, including on the sector concerned, to be able to perform their duties fully. 	<p>Members of the Supervisory Board are appointed from among individuals who meet the requirements and possess the competencies set forth in the Governance Law and the nomination process, and whose work experience, education, qualifications, and reputation ensure the professional performance of their duties as members of the Supervisory Board in the Company's best interests. Collectively, all members of the Supervisory Board possess the necessary competencies and experience in business and financial management, corporate governance, strategy, risk management, audit, compliance, stakeholder management, digitalization and cybersecurity, an understanding of the industry in which the Company operates, as well as other matters.</p>
<ul style="list-style-type: none"> ● The principles of diversity are observed when forming the Supervisory Board. 	<p>The Supervisory Board is elected in accordance with the principles set forth in the Governance Law. The diversity of the Supervisory Board members encompasses professional experience, various economic sectors, education, expertise, and age.</p>
<ul style="list-style-type: none"> ● Both sexes are represented in the Supervisory Board. 	<p>The selection of the members of the Supervisory Board is conducted in accordance with the procedures set forth in the Governance Law, the relevant Cabinet of Ministers regulations, and the guidelines issued by the Cross-Sectoral Coordination Centre of the State Chancellery—through a nomination process in which the most suitable candidates are selected. Both genders are not represented in the current composition of the Company's Supervisory Board.</p>
<ul style="list-style-type: none"> ● The Management Board develops an induction training programme and provides new Supervisory Board members with induction training. 	<p>Induction training for senior management (members of the Management Board and members of the Supervisory Board) is conducted within one month of the effective date of their appointment. The training program for senior management is included in the Regulations on Employee Training.</p>

Election of Supervisory Board members

Principle #9

The Company's Supervisory Board has independent Supervisory Board members

- CRITERION IS FULLY MET
- CRITERION IS PARTIALLY MET
- CRITERION IS NOT MET
- CRITERION IS NOT APPLICABLE

CRITERIA	COMMENT ON COMPLIANCE
<ul style="list-style-type: none"> ● The Company evaluates and the shareholders determine the proportion of independent Supervisory Board members. 	<p>The proportion of independent members of the Company's Supervisory Board is determined in accordance with the principle set forth in the Governance Law—at least half of the members of the Supervisory Board must be independent.</p>
<ul style="list-style-type: none"> ● At least half of the members of the board are independent. 	<p>As a result of the selection process, three independent members were elected to the Company's Supervisory Board on 26 October 2021.</p>
<ul style="list-style-type: none"> ● Independent candidates for Supervisory Board membership make a declaration that they meet the independence criteria, and a member of the Supervisory Board is required to report any changes in their independence status during their term of office. 	<p>Declarations of independence are submitted during the nomination process, and the Nomination Committee assesses their compliance with the independence criteria during the selection of candidates for the position of member of the Supervisory Board.</p>
<ul style="list-style-type: none"> ● Prior to the election of the Supervisory Board, the Company evaluates the independence of Supervisory Board members in accordance with the available information. 	<p>The Nomination Committee assesses the independence of candidates for the position of member of the Supervisory Board during the selection process.</p>

Principles of determining the remuneration for the Supervisory Board and the Management Board

Principle #10

The Company has introduced a remuneration policy

- CRITERION IS FULLY MET
- CRITERION IS PARTIALLY MET
- CRITERION IS NOT MET
- CRITERION IS NOT APPLICABLE

CRITERIA	COMMENT ON COMPLIANCE
<ul style="list-style-type: none"> ● The Company has introduced a remuneration policy, which has been developed by the Management Board, reviewed by the Supervisory Board and approved by the shareholders' meeting. 	<p>The principles of the remuneration policy for Management Board and Supervisory Board are set forth in the Governance Law, Cabinet of Ministers Regulation No. 392 of 25 June 2025, "Procedures for Determining the Number of Members and Remuneration of Management Board and Supervisory Board in Cases of Management of Public Entity Capital Shares," and Guidelines No. 1.2-23/4/1, approved on 18 September 2020 by the Cross-Sectoral Coordination Centre of the State Chancellery "Guidelines for Determining Remuneration for Members of the Management Board and Supervisory Board of Public-Sector Capital Companies and Public-Private Capital Companies" (GUIDELINES), as amended on 22 January 2021.</p>
<ul style="list-style-type: none"> ● Once a year, the Supervisory Board determines the financial and non-financial goals to be achieved by the Management Board, their impact on the variable part of remuneration and controls their fulfilment. 	<p>Each year, the Supervisory Board sets individual annual targets for the members of the Management Board (including financial and sustainability targets) and determines their weighting. At the end of the evaluation period, the members of the Management Board conduct a self-assessment based on the established performance targets, competencies, and other indicators, and submit it to the Supervisory Board. The Supervisory Board evaluates the annual results and the self-assessments of the Management Board and adds its own assessment, which is the decisive factor in deciding on the award of bonuses (the variable portion of remuneration) to Management Board members. The individual annual goals for 2025 for the members of the Management Board were approved on 17 April 2025 (for the Chairman of the Management Board, V. Vitkovskis, and member of the Management Board, I. Bukulde) and on 27 October 2025 (for member of the Management Board A. Beizīķis).</p>
<ul style="list-style-type: none"> ● No variable part of remuneration is determined for Supervisory Board members, and no compensation is paid in case of removal or resignation from office. 	<p>In accordance with the Governance Law, no variable component of remuneration for members of the Supervisory Board, nor any compensation in the event of dismissal or resignation, has been established or is paid.</p>
<ul style="list-style-type: none"> ● Once a year, the Management Board prepares a report on the remuneration granted to each current and former Management Board and Supervisory Board member. 	<p>Information regarding the remuneration of members of the Management Board and the Supervisory Board is prepared once a year and published in the Sustainability Report on the Company's website at www.lau.lv, concurrently with the Annual Report, until 31 May 2026. In accordance with Section 79(7) of the Governance Law, which stipulates that members of a Company's Management Board may receive a bonus following an assessment of the Company's performance criteria and, that the amount of the bonus may not exceed two months' remuneration, the Company shall establish provisions as of 31 December 2025 for the estimated bonus payment for the 2025 financial year.</p>

Organisation of the Supervisory Board's work and decision-making

Principle #11

The Company's Supervisory Board work organisation is clear and understandable

- CRITERION IS FULLY MET
- CRITERION IS PARTIALLY MET
- CRITERION IS NOT MET
- CRITERION IS NOT APPLICABLE

CRITERIA	COMMENT ON COMPLIANCE
<ul style="list-style-type: none"> ● The Supervisory Board organises its work in accordance with regulations of the Supervisory Board and the work calendar. 	<p>The principles governing the organization of the Company's Supervisory Board are set forth in the Governance Law, the Company's Articles of Association, and the Rules of Procedure of the Supervisory Board. At the beginning of each year, the plan for the Supervisory Board's scheduled meetings and the agenda for the year are approved. The 2025 work plan was approved at the Supervisory Board meeting on 27 January 2025. On 20 February 2025, the Company's Supervisory Board approved the Company's 2025 Action Plan for achieving financial and non-financial objectives.</p>
<ul style="list-style-type: none"> ● The Supervisory Board holds at least one separate Supervisory Board meeting per year to discuss the Company's strategy and its implementation. 	<p>The Supervisory Board reviewed the implementation of the 2025 Action Plan on a quarterly basis by examining reports submitted by the Management Board at the Supervisory Board meetings, and submitted a report on the implementation of the Action Plan to the Company's shareholder on a semi-annual basis.</p>
<ul style="list-style-type: none"> ● The Company's budget provides the financing necessary to ensure the operation of the Supervisory Board. 	<p>Funding for the Supervisory Board's operations is provided for in the 2025 budget in accordance with the authorisation agreements of the Supervisory Board members. The Management Board provides the technical support necessary for the Supervisory Board's work.</p>
<ul style="list-style-type: none"> ● Once a year the Supervisory Board conducts a self-assessment of the work of the Supervisory Board and reviews its results at the Supervisory Board meeting. 	<p>Once a year, the Supervisory Board conducts a self-assessment of its work, reviews it at a Supervisory Board meeting, and submits it to the shareholder for review. The 2024 self-assessment of the Supervisory Board's work was reviewed at the Supervisory Board meeting on 19 May 2025 and at the shareholders' meeting on 29 May 2025.</p>
<ul style="list-style-type: none"> ● Each year, the Supervisory Board assesses whether its members possess the appropriate experience and expertise, including whether it has sufficient capacity and complies with diversity principles. 	<p>At its meeting on 19 May 2025, while conducting a self-assessment of the Supervisory Board's work in 2024, the Board assessed that its composition possesses the appropriate experience and expertise, including sufficient capacity, and that it complies with the principles of diversity.</p>
<ul style="list-style-type: none"> ● The Supervisory Board has evaluated the need to set up committees (if a committee has been set up, see principle # 12.1). 	<p>On 4 February 2025, the Supervisory Board established a Nomination Committee by resolution of the Supervisory Board to select a member of the Management Board in the field of commercial operations.</p>

Organisation of the Supervisory Board’s work and decision-making

Principle #12

The Supervisory Board takes informed and well-balanced decisions

- CRITERION IS FULLY MET
- CRITERION IS PARTIALLY MET
- CRITERION IS NOT MET
- CRITERION IS NOT APPLICABLE

CRITERIA	COMMENT ON COMPLIANCE
<ul style="list-style-type: none"> ● The Supervisory Board has access to information prepared by the Management Board necessary for decision-making in a timely manner and in sufficient amount. 	<p>Documents related to the items on the Supervisory Board's agenda are made available in a timely manner—within the timeframe specified in the Supervisory Board's Rules of Procedure. The information is uploaded, reviewed, and signed in the electronic document management system created for this purpose –the Supervisory Board's document management module.</p>
<ul style="list-style-type: none"> ● The Supervisory Board determines the procedure for the circulation of information, including the right of the Supervisory Board to request from the Management Board information, which the Supervisory Board needs to make decisions. 	<p>The Rules of Procedure of the Supervisory Board establish the procedure for the circulation of information, and the Supervisory Board is entitled to request and receive all necessary information from the Management Board that it requires for decision-making. In accordance with the Governance Law and the Rules of</p>
<ul style="list-style-type: none"> ● A Supervisory Board member analyses the information and prepares proposals for decisions to be adopted by the Supervisory Board. 	<p>Procedure of the Supervisory Board, the Management Board, when submitting agenda items for the Supervisory Board meeting, prepares a draft resolution; the members of the Supervisory Board review the submitted proposal and make the final decision.</p>
<ul style="list-style-type: none"> ● When making decisions, the Supervisory Board assesses the risks, short-term and long-term impact on the Company’s value, sustainability and responsible development. 	<p>When making decisions, the Supervisory Board assesses the associated risks and the potential short-term and long-term impact on the Company’s value, sustainability, and responsible development.</p>

Organisation of the Supervisory Board's work and decision-making

Principle #12.1.

A committee prepares proposals for Supervisory Board decision making

- CRITERION IS FULLY MET
- CRITERION IS PARTIALLY MET
- CRITERION IS NOT MET
- CRITERION IS NOT APPLICABLE

CRITERIA	COMMENT ON COMPLIANCE
<ul style="list-style-type: none"> ● The Supervisory Board determines the tasks and the procedures for organisation of work of the committee. 	<p>At the Supervisory Board meeting on 4 February 2025, the selection process for a member of the Management Board was initiated, a Nomination Committee was established, and the tasks to be performed were defined.</p>
<ul style="list-style-type: none"> ● The Supervisory Board establishes a committee of at least 3 Supervisory Board members with appropriate experience and expertise in the field of work of the committee (remuneration, nomination, audit or other field). 	<p>The Nomination Committee established at the Supervisory Board meeting on 4 February 2025 included all three members of the Supervisory Board. All Board members have the appropriate experience and knowledge in the committee's designated area of activity (compensation, nominations, audit, or another area).</p>
<ul style="list-style-type: none"> ● The committee analyses the information and makes proposals for decisions by the Supervisory Board, as well as informs the Supervisory Board of the work of the committee. 	<p>In accordance with its approved regulations, the Nominating Committee conducted the selection process for a member of the Management Board by evaluating the candidates' applications, and prepared proposals for the Supervisory Board to adopt regarding the results of the selection process.</p> <p>At the Supervisory Board meeting on 4 July 2025, the Supervisory Board reviewed the Nomination Committee's proposal regarding the results of the selection of a member of the Management Board and adopted a decision to elect A. Beizikis to the position of member of the Company's Management Board.</p>

Prevention of the conflict of interests

Principle #13

Management board and Supervisory Board members are clearly aware of the manifestations of conflicts of interest and are informed of the action to be taken in the event of a conflict of interest

- CRITERION IS FULLY MET
- CRITERION IS PARTIALLY MET
- CRITERION IS NOT MET
- CRITERION IS NOT APPLICABLE

CRITERIA	COMMENT ON COMPLIANCE
<ul style="list-style-type: none"> ● The Supervisory Board defines the indications of a conflict of interest and identifies the conflict of interest prevention and management procedures. ● Supervisory board or Management Board members do not participate in decision-making on matters in which the Company's interests conflict with the interests of the Supervisory Board, Management Board members or persons related to them. ● Persons subject to the conflict of interest obligation participate in training on dealing with conflicts of interest on a regular basis. 	<p>The Company has developed and the Supervisory Board has approved the Policy on the Prevention of Corruption and Conflicts of Interest, which establishes uniform principles for the prevention of corruption and conflicts of interest, by establishing, maintaining, and improving an appropriate internal control system in the area of preventing the risks of corruption and conflicts of interest.</p> <p>Members of the Management Board and the Supervisory Board are public officials within the meaning of the Law "On Prevention of Conflict of Interest in Activities of Public Officials" (hereinafter in this paragraph referred to as the "Law". In accordance with the Law, the Ministry of Transport's Internal Regulation No. 01-02/31 of 27 September 2021, "Procedures for the Management of State Capital Shares," the Rules of Procedure of the Supervisory Board and the Management Board, and the requirements of the Policy on the Prevention of Corruption and Conflicts of Interest, members of the Supervisory Board and members of the Management Board shall comply with the general and specific restrictions on the combination of positions, as well as on the receipt of income, engagement in commercial activities, acceptance of gifts and donations, and other restrictions previously established for public officials, including refraining from participating in decision-making on matters where the Company's interests conflict with those of members of the Supervisory Board, the Management Board, or persons associated with them.</p> <p>The Company regularly (at least once every three years) provides training to members of the Management Board and the Supervisory Board on how to handle situations involving conflicts of interest.</p> <p>In 2025, training on restrictions and conflict of interest prevention obligations for public officials was organized for Supervisory Board member A. Vanags and Management Board member A. Beizikis.</p>

Shareholders' Meeting

Principle #14

The Company provides shareholders with timely information on conduction of Shareholders' Meetings providing all the information necessary for decision-making

- CRITERION IS FULLY MET
- CRITERION IS PARTIALLY MET
- CRITERION IS NOT MET
- CRITERION IS NOT APPLICABLE

CRITERIA	COMMENT ON COMPLIANCE
<ul style="list-style-type: none"> ● The Company informs shareholders in a timely manner about the agenda, course and voting procedures of the shareholders' meeting, as well as about any related changes. ● Simultaneously with the announcement of the meeting, the Company provides an opportunity for the shareholders to get acquainted with the draft decisions, which are initially planned to be voted on at the meeting. The Company informs the shareholders immediately of any additional draft decisions submitted. ● The Company provides shareholders with an opportunity to submit questions on the matters included in the agenda and draft decisions before the shareholders' meeting. ● The draft decisions and the documents attached to them provide detailed, clear and complete information on the matter under consideration. 	<p>The principles governing the organization of Shareholders' Meetings and cooperation with the Management Board and the Supervisory Board are set forth in the Governance Law, the internal regulations "Procedures for the Management of State Capital Shares" approved by the shareholder—the Ministry of Transport—on 27 September 2021, and the Company's Articles of Association. The timing and agenda of Shareholders' Meetings are coordinated with the shareholder.</p> <p>Information on the matters to be discussed, draft resolutions, and accompanying documents are provided in a timely manner, no later than two weeks before the shareholders' meeting. All documents related to the Shareholders' Meeting are prepared, sent, and signed in electronic format.</p> <p>The Company has provided shareholders with the opportunity to submit questions regarding the items on the agenda and the proposed resolutions prior to the Shareholders' Meeting.</p> <p>Draft resolutions and accompanying documents provide detailed, clear, and complete information on the matter under consideration, and shareholders may submit questions both before and during the Shareholders' Meeting.</p>

Shareholders' Meeting

Principle #15

The Company promotes effective shareholder involvement in decision-making and a participation in Shareholders' Meetings

- CRITERION IS FULLY MET
- CRITERION IS PARTIALLY MET
- CRITERION IS NOT MET
- CRITERION IS NOT APPLICABLE

CRITERIA	COMMENT ON COMPLIANCE
<ul style="list-style-type: none"> ● The Company provides shareholders with the opportunity to participate in the Shareholders' Meeting in person or remotely, in compliance with the necessary safety and technical measures. 	<p>The time and place of Shareholders' Meetings are agreed upon with the shareholders prior to the announcement of the agenda. The Company ensures that shareholders have the opportunity to participate in Shareholders' Meetings both in person and remotely, in compliance with the necessary security and technical measures. In 2025, Shareholders' Meetings were held both in person and remotely.</p>
<ul style="list-style-type: none"> ● The Company determines the appropriate duration of the shareholders' meeting and provides the shareholders with the opportunity to express their opinions during the meeting and obtain the information necessary for decision-making. 	<p>The duration of Shareholders' Meetings is determined by the shareholder, based on the number of items to be considered and the volume of information to be reviewed. In 2025, all submitted items were considered within the scheduled time.</p>
<ul style="list-style-type: none"> ● The Company invites Management Board and Supervisory Board members, candidates for Supervisory Board members, auditors and internal auditors, as well as other persons to participate in the shareholders' meeting in accordance with the matters to be considered at the meeting. 	<p>The Company invites members of the Management Board and the Supervisory Board, as well as the auditor, to attend the Shareholders' Meeting. Depending on the matters to be discussed at the meeting, other persons, including the internal auditor, may be invited to attend.</p>
<ul style="list-style-type: none"> ● The Shareholders' Meeting makes decisions in accordance with the previously announced draft decision. 	<p>The Shareholders' Meeting reviews the submitted draft resolutions, evaluates the information provided, and adopts the appropriate resolutions.</p>

Shareholders' Meeting

Principle #16

The Company develops and discusses dividend policy with shareholders

- CRITERION IS FULLY MET
- CRITERION IS PARTIALLY MET
- CRITERION IS NOT MET
- CRITERION IS NOT APPLICABLE

CRITERIA	COMMENT ON COMPLIANCE
<ul style="list-style-type: none"> ● The Company has developed and published an up-to-date dividend policy. 	<p>As a public limited Company wholly owned by the state, the Company does not have a separate dividend policy. The Company's dividend payments are governed by the laws of the Republic of Latvia:</p> <ul style="list-style-type: none"> • Law on the State Budget for 2025 and the Budget Framework for 2025, 2026, and 2027; • The Governance Law and Cabinet of Ministers Regulation No. 72 of 25 January 2022, issued pursuant thereto, "Procedures for Forecasting, Determining, and Making Payments for the Use of State Capital".
<ul style="list-style-type: none"> ● The dividend policy has been discussed with the shareholders during the Shareholders' Meeting. 	<p>The decision on the distribution of profits and the actual amount of dividends is adopted by the Company's Shareholders' Meeting following the approval of the annual report, after evaluating the results of the previous year.</p>

Transparency of Company operations

Principle #17

The Company informs shareholders and other stakeholders on a regular basis and in a timely manner of business operations, financial results, management and other relevant issues of the Company

Principle #18

"Groups of companies have established a transparent management system that ensures the implementation of corporate governance principles in their subsidiaries" does not apply to the Company, as the Company is not a member of a group of companies.

- CRITERION IS FULLY MET
- CRITERION IS PARTIALLY MET
- CRITERION IS NOT MET
- CRITERION IS NOT APPLICABLE

CRITERIA	COMMENT ON COMPLIANCE
<ul style="list-style-type: none"> ● The Company discloses complete, accurate, objective, up-to-date and true information in a timely manner. 	<p>The Company publishes information on its website, www.lau.lv, in accordance with the procedures set forth in the Governance Law and other regulatory acts, ensuring that the published information is timely, regular, and provides a clear picture of the Company's governance, strategy, business operations, and financial results.</p>
<ul style="list-style-type: none"> ● The Company discloses information to all shareholders at the same time and to the same extent and uses previously agreed-upon communication channels for this purpose, taking into account both technological capabilities and shareholder needs. 	<p>The Company is a 100% state-owned corporation whose sole shareholder is the Ministry of Transport, and disclosure of information is carried out in accordance with the procedures set forth in regulatory acts. Information regarding the convening of the Shareholders' Meeting, the agenda, the venue (in-person or remotely), and the time, as well as the resolutions adopted at the Shareholders' Meetings, is published on the Company's website www.lau.lv.</p>
<ul style="list-style-type: none"> ● The Company discloses information about the Company's management, strategy or lines of business on the website and publishes financial statements as well as other information in accordance with Annex No. 1. 	<p>The Company publishes all required financial and non-financial disclosures on its website, www.lau.lv, including information on corporate governance, strategy, business lines, and key policies. Interim financial reports are published quarterly, and the Annual Report, Corporate Governance Statement, and Sustainability Report are published annually.</p>
<ul style="list-style-type: none"> ● The Company provides information in both Latvian and at least one other official language of the European Union. 	<p>The Company publishes key financial and non-financial information in Latvian and English on the Company's website.</p>

Annex No. 1 Information to be published by the Company

FIELD/CRITERION		EXPLANATION
Company		
Information about the company – history of its establishment and operation, registration data, address, description of the industry, main types of business, place of the company in the group structure (if applicable)		Complied with. https://www.lau.lv/lv/lau/par-lau
Information about the company's strategic objectives		Complied with. https://www.lau.lv/lv/lau/par-lau
Articles of association of the company		Complied with. https://www.lau.lv/lv/lau/par-lau
Information on the corporate governance structure of the company (interaction between shareholders' meeting, supervisory board, its committees, management board, auditors, internal auditors, audit committee, etc.)		Complied with. https://www.lau.lv/lv/lau/vadiba-un-struktura
Company Code of Internal Culture and Ethics		Complied with. Ethics Policy
Information regarding the company's compliance with current standards of good business practice (e.g., in the areas of sustainability, the environment, and information technology)		Complied with. This information is provided in the Corporate Governance Statement and the Sustainability Report.
Key company policies (The policies listed in Annex 2 to the Code and/or other policies)		Complied with. See Annex No. 2
Shareholders and beneficial owners		
Information on the company's shareholders holding at least 5% of the company's share capital (indicating the date on, which this information was prepared)		Complied with. https://www.lau.lv/lv/lau/par-lau
Information on the beneficial owners of the company (indicating the date when this information was prepared)		Complied with. https://www.lau.lv/lv/lau/par-lau
Number of company's issued, paid-up and voting shares, bonds or other financial instruments		Complied with. https://www.lau.lv/lv/lau/par-lau

■ Criteria are fully met
 ■ Criteria are partially met
 ■ Criteria are not met
 ■ Criterion is not applicable

Annex No. 1

Information to be published by the Company

FIELD/CRITERION		EXPLANATION
Supervisory Board and Management Board		
Structure of the Supervisory Board and Management Board		Complied with. https://www.lau.lv/lv/lau/vadiba-un-struktura
Information about each member of the Company's Supervisory Board and Management Board: term of office, position, and area of responsibility (if specified), professional experience, and education, current information on positions held in other companies, current information on Company shares held, statistics on attendance at the Supervisory Board meetings		Complied with. https://www.lau.lv/lv/lau/vadiba-un-struktura Additional information is provided in the Sustainability Report
Information on independent members of the Supervisory Board: which members of the Supervisory Board are considered independent, and what criteria are used to determine a member's independence		Complied with. https://www.lau.lv/lv/lau/vadiba-un-struktura Additional information is provided in the Corporate Governance Statement and the Sustainability Report
Remuneration Policy and Remuneration Report for the Management Board and Supervisory Board		Complied with. https://www.lau.lv/lv/lau/vadiba-un-struktura
Procedures for the selection and dismissal of members of the Company's Supervisory Board and Management Board		Complied with. https://www.lau.lv/lv/lau/vadiba-un-struktura Additional information is provided in the Corporate Governance Statement and the Sustainability Report
Information about the committees of the Supervisory Board and the Audit Committee: rules of procedure of the committee, information about committee members		Complied with. https://www.lau.lv/lv/lau/vadiba-un-struktura Additional information is provided in the Corporate Governance Statement
Financial and non-financial reports and information		
Company's financial statements and reports for at least 3 last financial years: (including consolidated reports, if available) and auditor's reports (if available), interim reports and quarterly reports		Complied with. https://www.lau.lv/lv/lau/finanses
The Company's sustainability reports for at least the last 3 fiscal years, if available		Complied with. https://www.lau.lv/lv/lau/ilgtspeja
Corporate governance statements for at least the last 3 fiscal years, if available		Complied with. https://www.lau.lv/lv/lau/ilgtspeja
The Company's financial calendar or a calendar of other significant and planned communication events		Complied with. https://www.lau.lv/lv/lau/finanses

■ Criteria are fully met
 ■ Criteria are partially met
 ■ Criteria are not met
 ■ Criterion is not applicable

Annex No. 1 Information to be published by the Company

FIELD/CRITERION		EXPLANATION
Information for shareholders and investors		
Information on planned Shareholders' Meetings: notices of Shareholders' Meetings, draft resolutions		Complied with. https://www.lau.lv/lv/lau/vadiba-un-struktura
Information on past Shareholders' Meetings: information on resolutions adopted at Shareholders' Meetings		Complied with. https://www.lau.lv/lv/lau/vadiba-un-struktura
The Company's dividend policy and information on dividends paid (for at least the last 10 years of the Company's operations)		Complied with. https://www.lau.lv/lv/lau/finanses
Announcements and material information for investors published by the Company, including investor presentations, video recordings of investor events, forecasts (if any), announcements regarding mergers or acquisitions, etc.		Not applicable to the Company
Person responsible for communications with the Company (e.g., investor relations specialist)		Complied with. https://www.lau.lv/lv/kontakti

Criteria are fully met
 Criteria are partially met
 Criteria are not met
 Criterion is not applicable

Annex No. 2 Key Company policies

Key policies included in corporate governance principles or criteria:		Facts / Link to the website
Risk Management Policy		Risk Management and Internal Control Policy
Remuneration Policy		Determination of remuneration for members of the Management Board and the Supervisory Board
Dividend Policy		Determination of remuneration for members of the Management Board and the Supervisory Board
Policy on Internal Culture and Ethical Conduct		Ethics Policy
Policy for the Selection of the Management Board and the Supervisory Board		See the description under Principle #7
Policy on the Prevention of Conflicts of Interest		Policy on Preventing Corruption and Conflicts of Interest
Other key policies mentioned in the corporate governance code:		
Internal Control and Audit Policy		The Company has a current Internal Audit Policy; this is an internal document and is not made public.
Information Management and Security Policy		The Company has a current Internal Audit Policy; this is an internal document and is not made public.
Whistleblowing Policy		Whistleblower Report – Form.
Fair Competition Policy		Supplier Code of Ethics
Diversity Policy		Principles are included in LAU Personnel Policy
Sustainability Policy		Principles are included LAU Integrated Management System Policy
Crisis Management and Business Continuity Policy		The Company has current policies in place to ensure business continuity; this is an internal document and is not made public.
Essential compliance policies:		
Essential compliance policies:		The Company has not developed a “Business Partner Due Diligence Policy.” Business partner due diligence and risk assessment are conducted within the framework of procurement procedures, in accordance with the requirements of applicable external regulations and the Company’s Regulations on the Organization of Procurement.
Sanctions Risk Management Policy		The Company has not developed a “Sanctions Risk Management Policy.” The Company assesses sanctions risk as part of its procurement procedures, in accordance with the requirements of applicable external regulations, the Company’s Regulations on the Organization of Procurement, and the Order on Sanctions Risk Management.
Personal Data Processing Policy		Privacy Policy

■ Criteria are fully met
 ■ Criteria are partially met
 ■ Criteria are not met
 ■ Criterion is not applicable



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Independent Auditors' Report

To the shareholder of LAU Infra Grupa JSC

Report on the Audit of the Financial Statements

Our Opinion on the Financial Statements

We have audited the accompanying financial statements of LAU Infra Grupa JSC ("the Company") set out on pages 10 to 49 of the accompanying Annual Report, which comprise:

- the statement of financial position as at 31 December 2025,
- the statement of profit or loss and other comprehensive income for the year then ended,
- the statement of changes in equity for the year then ended,
- the statement of cash flows for the year then ended, and
- the notes to the financial statements, which include a summary of material accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of LAU Infra Grupa JSC as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

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

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

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

Reporting on Other Information

The Company's management is responsible for the other information. The other information comprises:

- General information about the Company, as set out on page 3 of the accompanying Annual Report,
- Key performance indicators, as set out on page 4 of the accompanying Annual Report,
- Management Report, as set out on pages 5 to 8 of the accompanying Annual Report,



- Report on management responsibility, as set out on page 9 of the accompanying Annual Report,
- Statement of corporate governance, as set out on pages 50 to 74 of the accompanying Annual Report.

Our opinion on the financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information* section of our report.

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

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

Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information

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

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

- 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 the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union 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 responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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



Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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

KPMG Baltics SIA
Licence No. 55

Rihards Grasis
Member of the Board
Latvian Sworn Auditor
Certificate No. 227
Riga, Latvia
14 May 2026

THIS DOCUMENT HAS BEEN SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND IT HAS A TIME-STAMP