

**AS “RĪGAS KUĢU BŪVĒTAVA”**

*Not audited  
Interim report  
for a period 01.01.2024 - 30.06.2024*

*Rīga, 2024*

*Content*

	Page
Information about the company	3
Management Report	4
Statement on Management Liability	7
Profit or Loss Statement	8
Balance Sheet	9
Statement of Changes in Equity	11
Cash Flow Statement	12
Annexes	13

**AS "RĪGAS KUĢU BŪVĒTAVA" FINANCIAL INFORMATION OF SIX MONTHS OF 2024  
GĀLES IELA 2, RĪGA, LV-1015, LATVIA, URN 40003045892**

Information about the company

Name of the company	Rīgas kuģu būvētava
Legal status of the company	Joint Stock Company
Registration Number, venue and date	40003045892, Riga, 5 December 1991 Registered with the Commercial Register 26 August 2004, Riga
Address	Gāles iela 2, Riga, LV-1015
Main types of operations of the company	Lease and management of own or leased real estate, NACE2 68.20 Building of ships and floating structures, NACE2 30.11

Management Board of the Company  
Board Member

Einārs Buks, holding the position until 09.04.2024,  
right of representation jointly with one Board Member

Board Member

Deniss Parfens, holding the position until 09.04.2024,  
right of representation jointly with one Board Member

Board Member

Jekaterina Meļņika, holding the position from 09.04.2024  
right of representation jointly with one Board Member

Board Member

Maksimiliāns Meļņiks, holding the position from 09.04.2024,  
right of representation jointly with one Board Member

Board Member

Ainārs Tropiņš, holding the position from 20.05.2024,  
right of representation jointly with one Board Member

Supervisory  
Board of the  
Company until  
May 15, 2024

Chairman of the Supervisory Board  
Deputy Chairman of the Supervisory Board  
Member of the Supervisory Board  
Member of the Supervisory Board  
Member of the Supervisory Board

Vasilijs Meļņiks  
Aleksandrs Čerņavskis  
Irina Meļņika  
Gahramans Guseinovs  
Ainārs Tropiņš

From May 15,2024

Chairman of the Supervisory Board  
Deputy Chairman of the Supervisory Board  
Member of the Supervisory Board  
Member of the Supervisory Board  
Member of the Supervisory Board

Irina Meļņika  
Einārs Buks  
Romāns Asmiņins  
Igoris Zadoja  
Abiks Elkins

Report prepared by

Chief Accountant Aleksandrs Kočkins

Report period

01 January – 30 June 2024

Preceding report period

01 January – 30 June 2023

**AS "Rīgas kuģu būvētava"  
Management Report  
To Interim Report 2023**

**About the company**

AS "Rīgas kuģu būvētava", hereinafter - the Company, is operating and performing manufacturing processes in compliance with the international quality management standards ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.

**Operational financial results and the financial condition**

In 6 months of 2024, the total net turnover of the Company amounted to EUR 1 127 571, where in comparison, in 6 months of year 2023 the total net turnover amounted to 933,925 EUR.

The Company has closed the report period with a loss of 6 751 EUR (the gross loss during the six months of 2023 was 455 853 EUR accordingly), however, during six months of 2024 the net loss amounted to 137 664 EUR (during six months of 2023 there was net loss of 110 571 EUR).

As the market situation changed in 2022, the demand for use of the assets owned and leased by the Company has increased, therefore in 2024 the Company focused its operations on management and leasing of its own and leased real estate (NACE2 68.20).

The total assets of the Company have not substantially changed during the reporting period compared to the beginning of the year.

**Profitability analysis** – profitability ratios analyse the efficiency of the Company's management decisions in fulfilling financial tasks, where the optimum profitability ratio should be positive, and the higher the ratio, the better the profitability:

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30.06.2024	30.06.2023
Gross profit ratio (gross profit/net sales)	
(48.8)%	(17.5)%
Gross profit ratio shows the relationship between net sales and direct costs. Companies use this indicator to calculate the extent to which changes in net turnover affect gross margin.	
Net Profit Margin (net profit / net turnover of the report period)	
(11.8)%	268%
The Company uses this indicator to determine its ability to generate profit.	
Return on equity (profit of the reporting period / shareholders' equity)	
(6)%	62.5%
Return on equity shows how effectively the capital invested by the owners of the Company is used. The company uses this indicator to determine how much a potential investor will earn from each euro invested.	
Return on assets (profit of the reporting period / total assets)	
(1.4)%	20.6%
The Company uses this indicator to calculate the percentage of profit a company earns in relation to its overall resources.	

The negative gross profit index is the consequence of transition of the Company to other types of economic operations. Shipbuilding and repair services were no longer provided in 2023, and during the reporting period the Company had substantial costs of maintenance and improvement of the infrastructure. By selling the biggest asset of the economic operation, in particular, the floating docks which were previously used for provision of ship repair services, the Company was able to close the reporting period with profit. There is the potential to use owners equity and also the Company assets in a much more profitable way by transferring to other types of economic operation, for example, lease and maintenance of own infrastructure.

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**Capital structure analysis** - capital structure ratios show capital structure of the Company and how much additional liabilities the Company is able to assume.

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30.06.2024	30.06.2023
Assets-to-equity ratio (total assets / equity)	
4.18	3.02

The Company uses this indicator to determine the proportion of cash invested by the Company's owners to the Company's assets. The higher the proportion of the equity the more stable the finance structure of the Company is.

Debt-to-equity ratio (total liabilities/ shareholders' equity)	
2.99	6.78

The Company uses this indicator to determine the extent to which the Company is dependent on borrowed capital. A high index means that the Company is extensively using borrowed capital, which causes additional costs to the Company in the form of interest payments.

Total-debt-to-total-assets ratio (total liabilities / total assets)	
0.76	0.67

The Company uses this indicator to determine relationship between the Company's long-term and short-term liabilities and total assets.

Following the sale of floating docks, the value of assets of the Company has considerably decreased, which has caused decrease of the assets-to-equity ratio. Sale of fixed assets has provided the opportunity to cover a major part of liabilities, thus reducing dependence of the Company on borrowed capital.

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**Liquidity analysis** — liquidity ratios represents the Company's short-term financial ratios and liquidity and indicate whether Company's current assets will be sufficient to meet the Company's obligations when they become due.

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30.06.2024	30.06.2023
Current Ratio (current assets / current liabilities)	
1.35	1.36

The Company uses this indicator to calculate the extent to which current assets of the Company are able to meet current liabilities.

Analysis of the indices of the last two years reveal that the liquidity of the Company has improved during the reporting period, as, in compliance with amendments of LPP (Legal protection proceedings), a schedule of covering creditors' claims which is more suitable to the Company cash flow has been approved. Expansion of the Company operations can be expected in future periods, improving the possibilities of the Company to cover its current liabilities from current assets.

**Substantial risks and unclear circumstances**

The major risks of the Company are the market risk and the liquidity risk. The Company management is trying to minimise the potential negative impact of financial risks upon the Company's financial position. The Company follows the cautious liquidity risk management by securing access to relevant credit resources for performing its liabilities within the set terms. According to the

owner's strategy, the Company has to provide a positive operational cash flow.

**Further development of the Company and events after the end of the reporting period**

The equity capital of the Company on 30 June 2024 is amounts to 1 184 823 EUR, while on 30 June 2023 it was 1 823 776 EUR.

Since the moment of approval of the plan of measures of the legal protection proceedings until preparation of the interim report, the plan of the measures of the legal protection proceedings has been amended several time, the last amendments were approved on 01 November 2022 by adjusting the planned revenue and expenditure of the Company, as well as the schedule of covering creditors' claims without changing the total amounts of liabilities to be covered. The further operation of the Company depends on the ability of the Company to implement the legal protection plan and to settle liabilities to its creditors within the defined terms by complying with all the conditions of the plan.

The Company attests that the amendments to the plan of measures of the LPP prepared by it and approved by the court will allow maintaining the current profile of operations and indicate that the financial liabilities to both secured creditors and unsecured creditors will be satisfied within sixty months as from the moment of approval of the plan of measures of the LPP, i.e. until August 2024.

In 2024 and until the preparation of the interim report the Company has been able to fulfil its liabilities according to the plan of measures of LPP. The further operation of the Company depends on the ability of the Company to implement the legal protection plan and to settle liabilities to its creditors within the defined terms by complying with all the conditions of the plan.

On April 09<sup>th</sup>, 2024, a new Board was elected, whereas on May 15<sup>th</sup>, 2024 the council in new composition was elected. Following the election of the new Board and Council, the Company took significant steps to improve process efficiency and cost optimisation, optimise staffing, and enter into new cooperation agreements to restore working capital flows.

This conclusion is based on the information available at the moment of signing the present financial statement, and the impact of further events on the future operation of the Company may differ from the management's assessment.

It is also planned to continue employment legal relationship with the current employees of the Company in compliance with concluded employment agreements and it is not planned to change the location of the Company.

The conflict in Ukraine and related events take place during the time of substantial global economic uncertainty and instability, in the result their consequences may amplify the general impact on the market conditions. The Company management has not identified direct effect of the above events to further economic activity of the Company.

During the reporting period there have not been any major or extraordinary circumstances which would affect the results and the financial position of the Company.

**Research and development measures**

During the interim report period the Company has not performed any research and development measures.

**Company shares**

During the interim report period the Company has not repurchased or sold its shares.

**Company subsidiaries and representative offices abroad**

The Company does not have representation offices or subsidiaries abroad.

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Board Member

\_\_\_\_\_ Jekateriņa Meļņika

Board Member

\_\_\_\_\_

Ainārs Tropiņš

***Statement on Management Liability***

The Company management is responsible for preparation of the financial statement

The management of the Company hereby confirms that, based on the information available at the moment of preparation of the report, the financial statements provide a true and clear presentation of the financial position of the Company as of 30 June 2024 and its performance and cash flow according to all the substantial aspects. The management confirms that appropriate accounting policies have been used and applied consistently, and reasonable and prudent conclusions and estimates have been made in the preparation of the financial statements.

The management of the Company also confirms that the above financial statements have been prepared in compliance with the requirements of the laws and regulations of the Republic of Latvia, and the management has applied a going concern principle.

The Company management attests that, in preparation of the interim report, it has followed the same principles of recognition and evaluation of items as in preparation of the annual report.

The management of the Company is also responsible for keeping proper accounting records, for safeguarding the assets of the Company and detection and prevention of fraud and other irregularities.

On behalf of the Company management:

Board Member

\_\_\_\_\_

Jekaterina Meļņika

Board Member

\_\_\_\_\_

Ainārs Tropiņš



## PROFIT OR LOSS STATEMENT

	Annexes	30.06.2024 Eur	30.06.2023 Eur
Net turnover	27	1 127 571	933 925
<i>from other types of core activities</i>		<i>1 127 571</i>	<i>933 925</i>
Production costs of sold products, purchase costs of sold goods or provided services	28	(1 134 322)	(1 389 778)
<b>Gross profit or loss</b>		<b>(6 751)</b>	<b>(455 853)</b>
Administration costs	29	(74 239)	(114 268)
Other revenue of economic operations	30	0	468 660
Other costs of economic operations	31	(56 674)	(7 804)
Other interest income and similar revenue	32	0	2 645
<i>from other entities</i>		<i>0</i>	<i>2 645</i>
Interest payments and similar expenses	33	0	(3 951)
<i>to other entities</i>		<i>0</i>	<i>(3 951)</i>
<b>Profit or loss before the corporate income tax</b>		<b>(137 664)</b>	<b>(110 571)</b>
Corporate income tax for the report period			
<b>Report period profit or loss</b>		<b><u>(137 664)</u></b>	<b><u>(110 571)</u></b>

*Annexes from page 13 to page 31 are an integral part of these financial statements.*

Board Member \_\_\_\_\_ Jekaterina Meļņika

Board Member \_\_\_\_\_ Ainārs Tropiņš

Report prepared by  
 Chief Accountant \_\_\_\_\_ Aleksandrs Kočkins

**BALANCE SHEET**

<b><u>ASSETS</u></b>	<b>Annexes</b>	<b>30.06.2024</b>	<b>30.06.2023</b>
		<b>Eur</b>	<b>Eur</b>
<b>Long-term investment</b>			
<b><i>II Fixed assets</i></b>			
Real estate		3 428 789	3 504 074
<i>land plots, buildings and engineering constructions</i>		3 428 789	3 504 074
Other fixed assets and inventory		527 297	206 425
Creation of fixed assets and costs of unfinished construction		145 108	145 108
Advance payments for fixed assets		0	6 664
<b><i>Total fixed assets</i></b>		<b>4 101 194</b>	<b>3 862 271</b>
<b><i>III Long-term financial investment</i></b>			
Other securities and investment	38	235	235
Other loans and other long-term debtors	39	1 261 263	1 470 000
<b><i>Total long-term financial investment</i></b>	<b>36 -39</b>	<b>1 261 498</b>	<b>1 470 235</b>
<b><i>Total long-term investment</i></b>		<b>5 362 692</b>	<b>5 332 506</b>
<b>Current assets</b>			
<b><i>I Inventories</i></b>			
Raw materials, core materials and auxiliary materials	40	10 919	45 910
Advance payments for reserves		98 095	87 483
<b><i>Total provisions</i></b>		<b>109 014</b>	<b>133 393</b>
<b><i>II Receivables</i></b>			
Trade receivables	41	380 640	302 895
Other receivables	42	2 554 454	1 722 000
Costs of future periods	43	(17 656)	167
Accrued revenue		181 596	105 591
<b><i>Total receivables</i></b>		<b>3 099 034</b>	<b>2 130 653</b>
<b><i>IV Cash</i></b>	<b>44</b>	<b>189 675</b>	<b>28 342</b>
<b><i>Total current assets</i></b>		<b>3 397 723</b>	<b>2 292 388</b>
<b>Total Assets</b>		<b>8 760 415</b>	<b>7 624 894</b>

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Board Member	_____	Jekaterina Meļņika
Board Member	_____	Ainārs Tropiņš
Report prepared by Chief Accountant	_____	Aleksandrs Kočkins

**BALANCE SHEET**

**LIABILITIES**

	Annexes	30.06.2024 Eur	30.06.2023 Eur
<b>Owners equity</b>			
Share capital (fixed capital)	45	16 340 950	16 340 950
Long-term investment revaluation reserve	35	21 573	21 573
<b><u>Reserves:</u></b>			
Other reserves		266 962	266 962
<b><u>Retained profit</u></b>			
Undistributed profit or uncovered loss of the preceding years		(15 306 998)	(14 695 138)
Report period retained profit or loss		(137 664)	(110 571)
<i>Total retained profit</i>		<u>(15 444 662)</u>	<u>(14 805 709)</u>
<b>Total equity capital</b>		<b><u>1 184 823</u></b>	<b><u>1 823 776</u></b>
<b>Provisions</b>			
Other provisions	18	2 310 068	-
<b>Total provisions</b>		<b><u>2 310 068</u></b>	<b><u>-</u></b>
<b>Accounts payable</b>			
<b><i>I Long-term creditors</i></b>			
Other loans	46	2 790 164	2 700 871
Trade payables	47		1 001 065
Revenue of future periods	49	839 814	413 400
<b>Total long-term creditors</b>		<b><u>3 629 978</u></b>	<b><u>4 115 336</u></b>
<b><i>II Short-term creditors</i></b>			
Other loans	46	186 453	93 939
Advances from customers		480 000	229 701
Trade payables	47	432 682	705 281
Taxes and social insurance contributions		388 575	319 845
Other accounts payable	48	(1 120)	10 723
Revenue of future periods	49		157 669
Unpaid dividends	50	11 746	11 746
Accrued liabilities	51	137 210	156 878
<b>Total short-term accounts payable</b>		<b><u>1 635 546</u></b>	<b><u>1 685 782</u></b>
<b>Total creditors</b>		<b><u>5 265 524</u></b>	<b><u>5 801 118</u></b>
<b>Total liabilities</b>		<b><u>8 760 415</u></b>	<b><u>7 624 894</u></b>

*Annexes from page 13 to page 31 are an integral part of these financial statements.*

Board Member	_____	Jekaterina Meļņika
Board Member	_____	Ainārs Tropiņš
Report prepared by Chief Accountant	_____	Aleksandrs Kočkins

**Reports on changes in equity for the period ended on 30 June 2024**

Types of changes	Share capital	Long-term Investment reevaluation reserve	Reserves	Retained profit	Total
	Eur	Eur	Eur	Eur	Eur
<b>Balance as on 30.06.2022</b>	-	-	-	(110 571)	<b>(110 571)</b>
Loss of the report period	-	-	-	(110 571)	<b>(110 571)</b>
Reduction in the reporting period	-	-	-	-	<b>(110 571)</b>
<b>Balance as on 31.12.2023</b>	<b>16 340 950</b>	<b>21 573</b>	<b>266 962</b>	<b>(14 805 709)</b>	<b>1 823 776</b>
Profit of the reporting period	-	-	-	(137 664)	<b>(137 664)</b>
Reduction in the reporting period	-	-	-	-	
<b>Balance as on 30.06.2024</b>	<b>16 340 950</b>	<b>21 573</b>	<b>266 962</b>	<b>(15 444 662)</b>	<b>1 184 823</b>

*Annexes from page 13 to page 31 are an integral part of these financial statements.*

Board Member \_\_\_\_\_ Jekaterina Meļņika

Board Member \_\_\_\_\_ Ainārs Tropiņš

Report prepared by  
 Chief Accountant \_\_\_\_\_ Aleksandrs Kočkīns

<b>Cash flow report for</b>	<b>30.06.2024</b>	<b>30.06.2023</b>
	<u><b>Eur</b></u>	<u><b>Eur</b></u>
<b>Cash flow from operating activities</b>		
Revenue from the sale of goods and provision of services	2 784 435	1 395 186
Payments to suppliers, employees, other principal operations expenses	(2 713 983)	(1 494 900)
Other revenue or expenditure of the principal operations of the Company		
<b>Gross cash flow from principal operations</b>	<b>70 452</b>	<u><b>(99 714)</b></u>
<b>Net cash flow from principal operations</b>	<b>70 452</b>	<u><b>(99 714)</b></u>
 <b>Investment operations cash flow</b>		
Purchase of fixed assets and intangible investment		
Revenue from sale of fixed assets and intangible investment	272,000	272 000
Issued loans		
Revenue from repayment of loans	117 000	<u>16 000</u>
<b>Investment operations net cash flow</b>	<b>117 000</b>	<u><b>288 000</b></u>
 <b>Financing operations cash flow</b>		
Received loans	-	
Expenses for repayment of loans	(2 765)	<u>(252 000)</u>
<b>Financing operations net cash flow</b>	<b>(2 765)</b>	<u><b>(252 000)</b></u>
 <b>Net cash flow of the reporting period</b>	<b>184 687</b>	<u><b>(63 714)</b></u>
 <b>Cash and its equivalents in the beginning of the reporting period</b>	<b>4 988</b>	<u><b>92 056</b></u>
 <b>Cash and its equivalents at the end of the reporting period</b>	<u><b>189 675</b></u>	<u><u><b>28 342</b></u></u>

*Annexes from page 13 to page 31 are an integral part of these financial statements.*

Board Member \_\_\_\_\_ Jekaterina Meļņika

Board Member \_\_\_\_\_ Ainārs Tropiņš

Report prepared by  
 Chief Accountant \_\_\_\_\_ Aleksandrs Kočkins

## Annexes to the Financial Statement

### 1) Information provided by the Company

<b>Average number of employees</b>	<b>30.06.2024</b>	<b>30.06.2023</b>
Number of employees during the report period	<b>30</b>	<b>41</b>
including		
Board Members	2	2
Members of the Council	5	5
Other employees	32	34
<b>Personnel costs</b>	<b>30.06.2024</b>	<b>30.06.2023</b>
	<b>Eur</b>	<b>Eur</b>
Work remuneration	203 538	240 424
State social insurance costs	48 015	55 125
	<b>251 553</b>	<b>295 549</b>
<b>Remuneration for performance of functions</b>	<b>30.06.2024</b>	<b>30.06.2023</b>
	<b>Eur</b>	<b>Eur</b>
<b>Board Members</b>	<b>29 714</b>	<b>29 714</b>
incl. Work remuneration	26 844	24 042
State social insurance costs	6 330	5 672
<b>To Members of the Council</b>	<b>26 736</b>	<b>26 742</b>
incl. Work remuneration	21 638	21 638
State social insurance costs	5 098	5 104

### Summary of major accounting principles

#### 2) General principles

The financial statements of the company have been prepared in compliance with the Laws of the Republic of Latvia "Accounting Law", "On Annual Reports and Consolidated Reports", Cabinet Regulation No. 775 (22 December 2015) "Regulation on Application of the Law Annual Reports and Consolidated Reports".

The Balance Sheet, the Profit or Loss Statement, the Cash Flow Statement and the Report on Change of Equity is prepared on the basis of the scheme defined by the relevant Annexes of the Law "On Annual Reports and Consolidated Reports". The Profit or Loss Statement has been prepared in compliance with the method of the function of expenses.

The Cash Flow Report has been prepared according to the direct method.

The Financial Statement uses the national currency of the Republic of Latvia euro (EUR).

The financial statement provides a true and clear presentation of the Company's assets, liabilities, financial conditions and profit or loss and cash flow.

The financial statement was prepared in compliance with the following general principles:

- it is assumed that the Company will continue its activities (a going concern basis);
- the same accounting policy and valuation methods are used as in the previous report period have been applied;
- the items of the financial statement are recognised and evaluated by using the principle of caution, in particular, taking into account the following conditions:
  - a) the financial statement only includes the profit obtained until the date of the Balance Sheet;
  - b) all liabilities, as well as foreseeable risk amounts and losses occurred during the report period or preceding years are considered, including when they were revealed during the period between the date of the Balance Sheet and the day when the report was signed by the management, the authorised person or the management body,

## Annexes to the Financial Statement

- c) all the amounts of reduction of the value and depreciation have been assessed and taken into account irrespective of whether the report period has been closed with the profit or loss;
- amounts are presented in the items of the Balance Sheet and the Profit or Loss Statement according to the principle of accrual, in particular, revenue and expenses are presented considering the time of incurring them and not the time of receipt or spending of money. Revenue and expenses related to the report period are presented irrespective of the date of receipt of a payment or invoice;
  - costs are aligned with revenue within relevant report periods;
  - assets and liabilities items of the Balance Sheet are evaluated separately;
  - any set-off between assets and liabilities of the Balance Sheet or revenue and expenditure items of the Profit or Loss Statement is prohibited,
  - if a long-term investment item is excluded or liquidated, also the revenue and costs related to excluding the relevant item are mutually set-off. The net value, i.e. the profit or loss of alienation of long-term investment items assessed as the difference between the Balance Sheet value of the excluded item and revenue and expenses of its alienation or liquidation is presented in the Profit or Loss Statement, upon the condition that gross amounts are presented in the Annex to the financial statement;
  - amounts are presented in the assessment items of the Balance Sheet and the Profit or Loss Statement taking into account the content and substance of economic transactions instead of their legal form only;
  - the items of the Balance Sheet and the Profit or Loss Statement are assessed based on their acquisition costs or production costs. The acquisition costs are the price of purchase of a good or a service (by deducting received discounts), to which the additional expenses are added. Production costs comprise the costs of acquisition of raw materials, core materials and auxiliary materials and other expenses which are directly related to production of the relevant item. The production costs may include also portions of the costs which are indirectly related to the production of the item, if these costs can be related to the same time period.

The relevant items of the Balance Sheet, the Profit or Loss Statement, the Cash Flow Statement and the Statement of Changes in Equity contain important financial information which has a considerable impact on the assessment or decision making of the users of the report. Minor amounts which do not considerably affect the assessment or decision making of the users of the report are presented in the above components of the financial statement under the summary items of similar financial information, the details of these amount are presented below in the Annex to the financial statement.

### 3) Use of estimations

In preparing the financial statements the Board of the Company has made several estimations and assumptions which affect the balance of some of the items of the Balance Sheet and the Profit or Loss Statement included in the financial statements and the amount of eventual liabilities. Future events may affect the above estimations and assumptions. Any impact of the change of such estimations and assumptions on the performance of the Company are presented in financial statements upon establishing it.

#### *Use of estimations and major assumptions*

The legislation of the Republic of Latvia provides that, in preparing financial statements, the Company management makes estimations and assumption which affect the assets and liabilities presented in the statement and out of the Balance Sheet on the day of preparation of the financial statement and the presented revenue and expenses of the report period. Actual results may differ from such estimations.

The major assumptions and estimations regarding the future, as well as the most important causes of uncertainty on the Balance Sheet date causing a substantial risk that major adjustments of the net accounting values of the Balance Sheet assets or liabilities could be done during the next report period, are presented below.

#### *Provisions for doubtful and bad debts*

The Company management assesses the accounting value of receivables and evaluates their recovery potential by making provisions for doubtful and bad debts if necessary.

#### *Net sales value of inventories*

The Company management evaluates the net sales value of inventories based on the information regarding the expected prices and sales costs, as well as evaluates the physical condition of inventories during the annual inventory review. In cases when the sales value of inventories is below the costs of inventories, provisions are made for inventories.

## **Annexes to the Financial Statement**

### *Terms of useful use of fixed assets*

The terms of useful use of fixed assets are reviewed on each Balance Sheet date and, if necessary, they are modified in order to reflect the current view of the Company management regarding the remaining effective term of use of assets considering the technology change, the remaining economic term of use and the physical condition of assets.

### *Accounting value of fixed assets*

The Company management evaluates the accounting value of fixed assets and assesses if there are any features indicating that the recoverable amount of assets is below their accounting value. The Company management assesses and recognises the loss from the decrease of the value of fixed assets on the basis of estimations regarding their future use, alienation or sale.

### *Accounting value of issued loans*

The Company management assesses the issued loans and evaluates their recovery potential by making provisions for doubtful loans.

### *Accounting value of investment in related and associated companies*

The Company management evaluates the accounting value of investment in the capital of related and associated companies and assesses if there are any features indicating that the recoverable amount of these assets is below their accounting value. The Company management assesses and recognises loss from the reduction of value of the investment in the capital of related companies on the basis of the estimations of their future yield.

## **4) Recognition of revenue**

Principal operations of the company      Lease and management of own or leased real

The net turnover consists of the total amount of sold products and provided services during a year minus granted discounts and the Value Added Tax.

Revenue is recognised in compliance with the following principles:

- Revenue from sale of goods in Latvia is recognised when the buyer has accepted the goods. Revenue from sale of goods outside Latvia is recognised according to the terms of supply of goods.
- Revenue from provision of services is recognised according to the degree of completion of the relevant transaction.
- Revenue from penalties and late payment penalties are recognised at the moment of receipt.
- Interest income is recognised on the basis of the proportional time split taking into account the actual profitability of the asset.
- Dividends are recognised at the moment when legal rights to them are obtained.
- The royalties are recognised according to the accrual principle in compliance with the relevant agreement.

The other revenue of economic operations include various other revenue (for instance, the profit from alienation of long-term investment items or from currency exchange rate fluctuations, revenue from received insurance compensations, received financial aid or financial support), which is not directly related to the core operations of the Company, but which has been received in the result of the economic operation or arise from it.

## **5) Principles of recognition of expenses**

Costs are presented in the Profit or Loss Statement according to the accrual principle considering the time of incurring them and not the time of spending money thereof. Expenses related to the report year are presented irrespective of the date of receipt of a payment or invoice. Costs are aligned with revenue within relevant report periods.

## **6) d) Re-evaluation of foreign currencies in euro**

All the transactions in foreign currencies are converted to euro according to the currency exchange rate applied in the accounting in force in the beginning of the transaction date.



## Annexes to the Financial Statement

### 7) Intangible investment

Intangible investment consists mainly of the right of use gained for payment, licences, patents, concessions and similar rights. Intangible investment is evaluated based on their initial costs value by deducting accrued depreciation. Depreciation is assessed according to the linear method by applying the annual depreciation rate of 20%. In a case of exception, if the term of effective use of an item of intangible value of development costs cannot be reliably estimated, their initial value is written off gradually by splitting it per years over a time period not exceeding 10 years (each such case is explained in the annex to the financial statement by stating the duration of the term during which the initial value of the relevant item is scheduled to be written off).

### 8) Fixed assets

Fixed assets are evaluated based on their initial costs value by deducting accrued depreciation. Depreciation is assessed according to the linear method by applying the following depreciation rates set by the management on the basis of the estimation of the effective term of use of fixed assets in relation to the following categorisation of the fixed assets included in the financial accounting:

Category in the financial accounting	Depreciation rate %	Item in the financial statement
Buildings	1.5 - 12.5	Land plots, buildings and engineering constructions
Engineering constructions	1.5 - 12.5	Land plots, buildings and engineering constructions
Technological equipment the operation of which changes the substance properties	1.43 - 25	Technological equipment and machinery
Equipment and technical machinery	10 ; 12.5	Other fixed assets
Furniture and office equipment	10 ; 12.5	Other fixed assets
Computers and accessories	20	Other fixed assets
Cars	15 ; 20	Other fixed assets
Tools and inventory	8;10;12.5;15.20;50	Other fixed assets

Estimated remaining values and periods of effective use of assets are reviewed and adjusted as necessary on each reporting date.

The Company capitalises fixed assets the value of which exceeds EUR 150 and the term of effective use of which exceeds 1 year. Depreciation of improvements and other inventory whose value does not exceed EUR 150, is calculated as 100% following their commissioning.

The costs of the current repair and maintenance of fixed assets are included in the Profit or Loss Statement of the period when they were incurred.

The recognition of the accounting value of the items of fixed assets is discontinued when it is alienated or if no economic benefit is expected from further use of the asset.

### 9) Re-evaluation of long-term investment

By deviating from the provisions of the Law "On Annual Reports and Consolidated Reports", the items of fixed assets whose value considerably exceeds their acquisition costs or production costs, or their evaluation on the Balance Sheet of the preceding year, can be re-evaluated according a higher value if it can be assumed that the value increase will be long-term. However, when on the date of the Balance Sheet it is established that there is major and long-term decrease of the value of fixed assets resulting in the recoverable value being below the accounting value on the Balance Sheet, the Company recognises reduction of the value of assets which is written off as expenses of the reporting period when it was established. If there are no longer basis for reduction of the value of fixed assets, their evaluation according to their lowest value is discontinued by recognising the amount written off as expense when the reduction of the value was established as revenue.

The difference resulting from the re-evaluation between the evaluation according to the acquisition costs or production costs and the evaluation according to the re-evaluation, if this difference is positive (hereinafter - the increase of the value), is included in the relevant assets item of the Balance Sheet where the re-evaluated item of fixed assets is presented and the liabilities item of the Balance Sheet "Provision of re-evaluation of long-term investments" under Section "Equity". The provision of re-evaluation of long-term investment does not include the amount by which

## **Annexes to the Financial Statement**

the increase of the amount resulting from the re-evaluation fully or partially compensates the adjustment for the value decrease of the same fixed assets item which were included as costs in the Profit or Loss Statement of the preceding report years. This amount is included in the Profit or Loss Statement as revenue in the report period where the increase of the value of the fixed assets item was established.

The depreciation of the re-evaluated fixed assets item in the relevant report period is assessed based on the value of this item in the relevant report period and is included as costs in the Profit or Loss Statement according to the same amount.

The provision of the re-evaluation of the long-term investment is reduced if the re-evaluated fixed assets item is alienated, liquidated or there are no longer basis for increasing its value, or by performing the assessment of the annual depreciation of the re-evaluated fixed assets item. The reduction of the re-evaluation provision is included as revenue in the Profit or Loss Statement in the report period when this reduction was made.

The re-evaluation provision of the long-term investment is not paid out, is not distributed as dividends and not used for covering loss, increase of the share capital, formation of other provisions or any other purpose.

In compliance with Part Five of Section 6 of the Law on Corporate Income Tax, in determining the income subject to the Corporate Income Tax, the results of re-evaluation of the items of the Balance Sheet and off Balance Sheet (except re-evaluation of assets due to change of the foreign currency exchange rate) are not taken into account.

### **10) Reserves**

Raw materials and materials are evaluated in the report according to the FIFO method (first in, first out).

The Company applies the same method of determination of the value of the use of reserves and balances for all the reserves of a similar type and use.

The value of reserves is adjusted to achieve that on the Balance Sheet date they are assessed according to the lowest of the acquisition costs or production costs, or the lowest market price on this date, or in special cases - according to their net sale value. The adjustments for the decrease of the value of reserves may be discontinued when there are no longer basis for the value reduction.

### **11) Accounts receivable**

Receivables are evaluated by following the principle of caution by only presenting the actual receivables on the Balance Sheet.

Special provisions for doubtful debts are created in cases when, according to the management's view, the recovery of these debts is doubtful, by evaluating individually each debtor. The decrease of the value of reserves is the difference between the Balance Sheet value of the asset and the present value of the estimated future cash flow by discounting it according to the effective interest rate. The reserve amount is included in the Profit or Loss Statement under the item "Other costs of economic operations". Bad debts are written off as the loss of the report period.

### **12) Investments in subsidiaries and associates of the Group and other investments**

Investments in daughter companies (i.e. the companies where the Company holds more than 50% of the equity capital or which it controls in any other way) are measured initially at cost. Control is achieved where the Company has the power to govern the financial and operating policies.

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee company but is not control or joint control over those policies. Investments in associates are initially measured at cost.

Other financial investments represent investments in the share capital of another company which does not exceed 20% of the company's total share capital.

Long-term investment, including investment in the Group daughter and association companies, are accounted for according to the acquisition value which is adjusted in cases of long-term increase or decrease of their value. If any events or change of circumstances indicate that the Balance Sheet value of the investment could be unrecoverable, the value of the relevant fixed assets is reviewed in order to identify the value deterioration. Loss from the value reduction are recognised in the Profit or Loss Statement.

### **13) Accrued liabilities**

The Balance Sheet item "Accrued liabilities" includes clearly known amounts of liabilities to suppliers of goods and providers of services for the goods or services received during the reporting period, for which the provided

## **Annexes to the Financial Statement**

source document for payment (invoice) has not been received on the date of the Balance Sheet due to the terms of delivery, purchase or the contract or other reason.

The Company creates reserves for liabilities to employees for unused vacation.

The accrued costs of unused vacations are estimated by multiplying the average daily wage of employees during the last six months of the report period with the number of unused vacation days at the end of the report period.

### **14) Corporate Income Tax**

The Corporate Income Tax, in compliance with the requirements of the Law "On Corporate Income Tax", consists of the Corporate Income Tax assessed for the report period which is recognised in the Profit or Loss Statement. The Corporate Income Tax is assessed for the distributed profit (dividends) and the conditional distributed profit by which the Corporate Income Tax base is increased.

### **15) Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents consist of the balances of the current bank accounts and

short-term deposits with the term up to 90 days.

### **16) Financial assistance and aid, donations and gifts**

The received financial aid is included in the revenue in the report period when the financial aid or assistance was received.

The financial aid and support received for creating fixed assets is accounted for as the revenue of future periods which is gradually included in the during the term of effective use of the fixed assets received or purchased for the received financial aid. The other subsidies are applied to the results of the report period in the period of receipt of the subsidies. If during following years after inclusion of the received financial aid in the Balance Sheet or the Profit or Loss Statement it has been revealed that any of the conditions of the provider of the financial aid has not been complied with and the received financial aid or any its part has to be received, then, if the amount of the received financial aid was included in the Balance Sheet item "Revenue of future periods" and has not been fully included in the revenue of the relevant reporting periods, for the purpose of writing off the repayable financial aid amount, first the balance of the item "Revenue of future periods" is used by only including the balance of the repaid financial aid amount not covered by this item in the costs of the report period.

If the Company is assured that all the conditions related to the receipt of financial assistance will be fulfilled and the repayment of the eligible expenses will be received, the Company includes the financial aid to be received in the revenue prior to the receipt of the repayment of eligible expenses. This amount is presented in the financial statement under the item "Accrued revenue".

### **17) Financial liabilities, provided guarantees and other eventual liabilities not included on the Balance Sheet**

#### ***17.1. Liabilities regarding signed rent and lease agreements which are important for the company operations***

The Company has concluded land and pier lease contracts with Riga Free Port Authority. The contracts are in force till 31 August 2028. The Company has the priority right to extend the contract terms following the expiring of the contract terms.

#### ***17.2. information regarding pledging or other encumbering of the Company assets***

On 14 December 2017 Ship Bond No.2 for the pledge of the tug boat "Orkāns" and Ship Bond No. 3 for the pledge of the floating crane „CELTNIS 24" was issued in favour of AS "Latvenergo" as the security of the liabilities of AS "Rīgas kuģu būvētava" and recorded in the Latvian Ship Register and they are in force until full satisfaction of the secured liabilities.

The Company has not issued any other guarantees or securities, it does not have any retirement liabilities and similar liabilities to its former members of management bodies.

## **Annexes to the Financial Statement**

### ***17.3. Not recognised claims***

17.3.1. In 2021 court proceedings were started regarding cancellation of a lease contract and recovery of damage, where the claimant as a lessee has brought a claim against the Company as the lessor for reimbursement of the lessee's expenses for its investment in the Company infrastructure not approved by the Company. As the Company does not admit this claim and the court proceedings are ongoing at the moment, no adjustments regarding this litigation were made in the financial statement. The next court hearing is scheduled for November 04<sup>th</sup>, 2024.

### **18) Litigations**

The Company was not involved in any litigation during the reporting period.

### **19) Substantial events after the Balance Sheet date which do not relate to the report period and therefore are not included on the Balance Sheet or the Profit or Loss Statement**

Events following the end of the report period which provide additional information about the financial condition of the company as on the date of preparing the Balance Sheet (correcting events) are reflected in the Financial Statements. If events following the end of the report period are not correcting events they are reflected in Annexes to the Financial Statements only if they are major.

### **20) Associated companies**

Associated companies are the companies under substantial impact of another company which is secured by holding minimum 20 and not above 50 per cent of shareholders' votes in this company.

## Annexes to the Financial Statement

### 21) Comparable information

According to the legal requirements the titles of certain items of the Profit or Loss Statement and the Balance Sheet have been changed, and items have been re-classified by re-classifying the comparable indices of the preceding period in compliance with the principles applied in the report period, thus the financial indices of the report period are mutually comparable:

	<b>Values of items following re- classification Eur</b>	Costs not related to economic operations <b>Eur</b>	<b>Values of items before re- classification Eur</b>
Production costs of sold products, sold goods or provided services purchase costs	2 163 536	(14 710)	2 178 246
Other costs of economic operations	96 372	14 710	81 662

### 22) Related parties

Related parties are the Company shareholders, the Board members, their close family members and the companies where the above parties have a control or substantial impact.

All the transactions with related parties during the report period are not substantial and conform with the usual market conditions.

### 23) Subscribed shares during the report period

There have been no subscriptions to the Company shares during the report period.

### 24) Agreements not included in the Balance Sheet and affecting the assessment of the Company's financial position

The Company does not have any agreements affecting the assessment of the Company's financial position not included in the Balance Sheet.

### 25)

#### Information about associated companies

Name	Registered address	Participation share		Owners equity		Profit or loss	
		30.06.2024 %	30.06.2024 Eur	30.06.2023 %	30.06.2023 Eur	2023 Eur	2023 Eur
SIA "Remars Granula"	Gāles iela 2, Rīga	49.79%	236,787	49.79%	236,837		(50)
			<b>236,787</b>		<b>236,837</b>		<b>(50)</b>

Report 2023 has not been audited.

### 26) Research and development measures and own shares

The Company does not have research and development measures and it has not repurchased its shares in the report period.

**Annexes to the Financial Statement**

27)

<b>Net turnover</b>		<b>30.06.2024</b>	<b>30.06.2023</b>
		<b>Eur</b>	<b>Eur</b>
Revenue from infrastructure lease		1 127 571	933 925
		<b>1 127 571</b>	<b>933 925</b>

**Split per types of operation**

	<b>NACE code</b>	<b>30.06.2024</b>	<b>30.06.2023</b>
		<b>Eur</b>	<b>Eur</b>
Leasing and management of own or leased real estate	6820	1 127 571	933 925
		<b>1 127 571</b>	<b>933 925</b>

**Split per geographic regions**

	<b>State code</b>		
Germany	DE	-	-
The Netherlands	NL	-	-
Belgium	BE	-	-
Finland	FI	-	-
Latvia	LV	1 050 483	933 925
Cyprus	CY	50 708	-
Russia	RU	26 380	-
UK	GB	-	-
		<b>1 127 571</b>	<b>933 925</b>

28)

<b>Production costs of sold products, purchase costs of sold goods or provided services</b>		<b>30.06.2024</b>	<b>30.06.2023</b>
		<b>Eur</b>	<b>Eur</b>
Material costs		137 902	47 619
Subcontractors' services		189 980	158 791
Personnel wages		252 021	192 470
State social insurance mandatory contributions		58 403	27 771
Depreciation of fixed assets and intangible investment		62 735	93 930
Utilities costs		408 552	164 403
Lease costs of the land, premises and machinery			30 076
Transportation costs		24 039	185
Real Estate Tax		50 958	79 440
Infrastructure maintenance costs			7 558
Costs of waste removal and disposal			1 151
Other production costs		50 268	67 498
		<b>1 134 664</b>	<b>870 892</b>

**Annexes to the Financial Statement**

**29)**

**Administration costs**

	<b>30.06.2024</b>	<b>30.06.2023</b>
	<b>Eur</b>	<b>Eur</b>
Administration wages		
State social insurance contributions		
Business trip costs	-	-
Transportation expenses	2 287	7 767
Legal services	49 673	1 976
Representation expenditure	300	1 066
Communication costs	13 072	5 912
Costs of maintenance of the office	3 611	38 129
Ancillary expenses of cash turnover	2 299	3 871
Annual report audit costs		16 200
Supervision of the legal protection plan		23 400
Other administration costs		
	<b><u>74 242</u></b>	<b><u>98 321</u></b>

**30)**

**Other revenue of economic operations**

	<b>30.06.2024</b>	<b>30.06.2023</b>
	<b>Eur</b>	<b>Eur</b>
Net revenue from sale of long-term investment	468 600	5 250 000
	<b><u>468 600</u></b>	<b><u>5 250 000</u></b>

**Annexes to the Financial Statement**

**31)**

**Other costs of economic operations**

	<b>30.06.2024</b>	<b>30.06.2023</b>
	<b>Eur</b>	<b>Eur</b>
Expenses of writing-off doubtful and bad receivables	7 804	2 975 279
Loss from the sale of foreign currency and decrease of the exchange rate	-	
Penalties, late payment penalties and contractual penalties		
Expenses according to the court judgement		
Adjustments in the result of inventory of accounts		
Expenses of preceding periods		
Costs not related to economic operations		
Donations		
Other costs		
	<b>7 804</b>	<b>2 975 279</b>

**32)**

**Other interest income and similar revenue**

	<b>30.06.2024</b>	<b>30.06.2023</b>
	<b>Eur</b>	<b>Eur</b>
Interest income for loans	2 645	4 313
	<b>2 645</b>	<b>4 313</b>

**33)**

**Interest payments and similar expenses**

	<b>30.06.2024</b>	<b>30.06.2023</b>
	<b>Eur</b>	<b>Eur</b>
Assessed interest of loans	3951	64,378
	<b>3951</b>	<b>64,378</b>



**Annexes to the Financial Statement**

**35) Re-evaluation reserve**

The Balance Sheet value of the reserve of re-evaluation of long-term investment as on 30 June 2023 is the balance of the re-evaluation reserve of preceding periods as on 31 December 2022.

<b>Long-term investment revaluation reserve</b>	<b>Eur</b>
Balance	
<b>31.12.2023</b>	<u><b>21,573</b></u>
Reduction of the re-evaluation provision	
Balance	
<b>30.06.2024</b>	<u><u><b>21,573</b></u></u>

**Annexes to the Financial Statement**

36)

**Long-term financial investment.**

	Participation in the capital of associated companies	Participation in the capital of associated companies
	30.06.2024 Eur	30.06.2023 Eur
Initial accounting value		
In the beginning of the report period	1,200,000	1,200,000
At the end of the reporting period	1,200,000	1,200,000
Adjustments for reduction in the value:		
In the beginning of the report period	(1,200,000)	(1,200,000)
At the end of the reporting period	(1,200,000)	(1,200,000)
<b>Balance Sheet value</b>	-	-

37)

**Loans to associated companies**

	30.06.2024	30.06.2023
	Eur	Eur
Debt of SIA "Remars Granula" based on the assignment contract	770 000	770 000
The principal loan amount of SIA "Remars Granula"	310 642	310 642
The loan interest of SIA "Remars Granula"	244 317	244 317
Provisions for debts of doubtful accounts	(1 324 959)	(1 324 959)
<b>Balance Sheet value</b>	-	-

The debts of associated companies are presented according to the net value by deducting provisions for doubtful debts from the full amount. During the report period debts written off during preceding periods have not been received and provisions for new doubtful debts have not been made.

**38) Other securities and investment**

In 1999 the Company has purchased 33 shares of Baltic International Bank SE (the preceding name is AS "Baltijas starptautiskā banka") with the par value 5 LVL or 7.1 EUR. As on 30.06.2023 the Company owns 33 shares where the par value of a share is 7.1 EUR, which amount to 0.0006 % of the share capital of Baltic International Bank SE amounting to EUR 235, registered with the Register of Enterprises.

**39) Other loans and other long-term debtors**

During the reporting period the Company has alienated fixed assets owned by it and a part of the transaction amount is to be covered until 2027 according to the sales contract.

40)

**Raw materials**

	30.06.2024	30.06.2023
	Eur	Eur
Raw materials	45,910	107,525
Reduction of value for slow circulation and obsolete materials	45,910	107,525

**Annexes to the Financial Statement**

**41)**

<b>Trade receivables</b>	<b>30.06.2024</b>	<b>30.06.2023</b>
	<b>Eur</b>	<b>Eur</b>
Customers and buyers accounting value	302,895	913,669
Provisions for debts of doubtful accounts		
<b>Balance Sheet value</b>	<b>302,895</b>	<b>913,669</b>

The trade receivables are presented according to the net value by deducting provisions for doubtful debts from the full amount. No provisions for new doubtful receivables were created during the reporting period, however, a part of bad debts for which provisions had been made before were written off.

**42)**

<b>Other receivables</b>	<b>30.06.2024</b>	<b>30.06.2023</b>
	<b>Eur</b>	<b>Eur</b>
Paid advances for services	387 719	405 553
Provisions for doubtful advances	(335 304)	(344 456)
Debt for performance of a guarantee *	611 471	611 471
Accounting value of loans and accrued interest **	714 000	630 872
Provisions for doubtful loans	(634 441)	(583 196)
Advance settlements	10 753	-
Settlements for other debtors	967 802	178 007
	<b>1 722 000</b>	<b>898 251</b>

**\*\* Accounting value of loans and accrued interest**

	<b>30.06.2024</b>			<b>30.06.2023</b>		
	<b>Long-term part Eur</b>	<b>Short-term part Eur</b>	<b>Total Eur</b>	<b>Long-term part Eur</b>	<b>Short-term part Eur</b>	<b>Total Eur</b>
Loans and accrued interest to SIA Eiro Paint ***	-	535,520	535,520	-	535,520	535,520
Loans and accrued interest to SIA Eiroholdings**** Loan and accrued interest to AS Remars Rīga *****	-	98,921	98,921	-	95,352	95,352
	-	79,559	79,559	154,483	-	154,483
	-	<b>714,000</b>	<b>714,000</b>	<b>154,483</b>	<b>630,872</b>	<b>785,355</b>

\*\*\* In 2015 the Company issued a loan to SIA "Eiro Paint" in the amount of EUR 500 000 with the interest rate 6 % per annum and the repayment term 31 December 2020. During the report period no interest was assessed for the loan because the economic operation of SIA "Eiro Paint" was suspended on 11 February 2019 and the Company does not believe it would ever receive this interest. The long-term loan was issued without a security, however, the Company may re-purchase the machinery bought for the loan amount. In 2020 a provision was made for the doubtful loan issued to SIA "Eiro Paint" and accrued interest in the amount of EUR 535,520.

## Annexes to the Financial Statement

\*\*\*\* The Company has issued a loan to the related entity SIA Eiroholdings” in the amount of 88,000 EUR with the annual interest rate 4 %. The accrued interest should be repaid simultaneously with the principal loan amount. In 2021 the agreement signed in 2019 was amended by extending the repayment term up to 16 August 2024. The loan was issued without a security. In 2021 a provision was made for the doubtful loan issued to SIA “Eiroholdings” and accrued interest in the amount of 47,676 EUR, and in 2022 a provision was made for the remaining part of the loan and accrued interest in the amount of 51,245 EUR.

\*\*\*\*\* “Remars Rīga” has partially repaid the loan in 2022. The loan was issued with the annual interest rate 3% and the accrued interest should be repaid simultaneously with the principal loan amount. In 2021 the agreement signed in 2019 was amended by extending the repayment term up to 31 December 2023. The loan was issued without a security.

### 43)

Costs of future periods	30.06.2024	30.06.2023
	Eur	Eur
Insurance of the Company property		73,730
Insurance of road vehicles	167	5445
	<u>167</u>	<u>79,175</u>

### 44)

Cash	30.06.2024	30.06.2023
	Eur	Eur
Cash in banks	28,342	944,300
	<u>28,342</u>	<u>944,300</u>

### 45) Stock capital

AS "Rīgas kuģu būvētava" was founded in 1991. The value of the stock capital of the company is EUR 16,340,950, which consists of 11,672,107 bearer's shares with the par value of a share equal to 1.40 EUR. As on 30.06.2023 the stock capital of the Company consists of 11,672,107 shares of which amount 10,000,000 shares are traded on the regulated market and 1,672,107 shares are the shares of a closed issue.

The shares of the company are traded on the regulated market and are listed in the Second List of AS NASDAQ Riga. All the shares provide equal entitlement to dividends, the receipt of a liquidation quota and voting rights at the general meeting of shareholders. One share provides the right to 1 vote at the meeting of shareholders.

Amendments of Articles:

1. On 30 December 1998 the stock capital of the Company was increased to EUR 15,651,590.
2. On 30 December 1999 the stock capital of the Company was increased to EUR 16,607,912.
3. Denomination of the stock capital was performed in May 2015. The volume of the stock capital following the denomination is EUR 16,340,950. The number of shares is 11,672,107, the share par value is 1.40 EUR.
3. In May 2017 it was determined that the Management Board consists of 3 Board Members (there were 5 Board Members before).

### Information about shares and stocks

Type of shares	Number	Nominal	Accounting
		value	value
		Eur	Eur
Ordinary registered shares	11,672,107	1.40	16,340,950
		<u>1.40</u>	<u>16,340,950</u>

**Annexes to the Financial Statement**

Shareholders of AS "Rīgas kuģu būvētava"	Shares on the regulated market of the Stock Exchange	Number of shares Closed issue shares	Total	Nominal value of a share, Eur	Total value of shares, Eur
AS "Remars-Rīga"	4,673,757	1,145,437	5,819,194	1.40	8,146,872
Other	5,326,243	526,670	5,852,913	1.40	8,194,078
<b>Total</b>	<b>10,000,000</b>	<b>16,72,107</b>	<b>11,672,107</b>		<b>16,340,950</b>

Shareholders of AS "Rīgas kuģu būvētava"	30.06.2024		30.06.2023	
	Eur	%	Eur	%
AS "Remars-Rīga"	8,146,872	49.86	8,146,872	49.86
Other	8,194,078	50.14	8,194,078	50.14
<b>Total</b>	<b>16,340,950</b>	<b>100</b>	<b>16,340,950</b>	<b>100</b>

46)

Other loans	30.06.2024			30.06.2023		
	Long-term part Eur	Short- term part Eur	Total Eur	Long-term part Eur	Short- term part Eur	Total Eur
Interest of a loan from the management*	-	-	-	-	-	-
Loans from legal companies**	2,700,871	71,889	2,772,760	2,443,594	422,772	2,866,366
	<b>2,700,871</b>	<b>93,939</b>	<b>2.794.810</b>	<b>2,443,594</b>	<b>422,772</b>	<b>2,866,366</b>

\* no borrowings.

\*\* In 2014 the Company signed an agreement and received a loan from SA SOGIP SERVICES GENEVA in the amount of EUR 2 000 000 with an interest rate 6 % per annum. The loan had to be repaid until 22 June 2019. The loan is not secured by any pledges or guarantees. The accrued assessed interest at the start of the legal protection proceedings on 16.08.2019 amounted to 178,773 EUR to be covered simultaneously with the principal amount. Further interest was not assessed following approval of the LPP. In 2020 the loan to SA SOGIP SERVICES GENEVA has increased by 186,251 EUR because in relation to liquidation of AS "Tosmares kuģubūvētava" the remaining debt of the Company to a related company was assigned in favour of SA SOGIP SERVICES GENEVA.

\*\* In 2017 and 2018 the Company signed four agreements and received loans from SIA "Eironams" in the amount of EUR 773 933 with interest rates of agreements of 4 % per annum. The repayment terms of three loan agreements were year 2018 and year 2021 for one of the agreements. The loans are not secured by any pledges or guarantees. The accrued assessed interest at the start of the legal protection proceedings on 16.08.2019 amounted to 22,079 EUR to be covered simultaneously with the principal amount. Further interest was not assessed following approval of the LPP.

**Annexes to the Financial Statement**

According to the loan agreements and the Legal Protection Plans there are no parts payable within five years following the Balance Sheet date.

47)

**Trade payables**

	31.12.2024			31.12.2023		
	Long-term part Eur	Short-term part Eur	Total Eur	Long-term part Eur	Short-term part Eur	Total Eur
Debts according to the LPP plan of measures	1,305,165	629,385	1,934,550	1,541,671	1,173,856	2,715,527
	<u>1,305,165</u>	<u>629,385</u>	<u>1,934,550</u>	<u>1,541,671</u>	<u>1,173,856</u>	<u>2,715,527</u>

In compliance with the last amendments of 01 November 2022 of the legal protection proceedings plan approved on 16.08.2019, debts have to be repaid until 16 August 2024 according to the schedule defined by the LPP plan.

48)

**Other accounts payable**

	30.06.2024 Eur	30.06.2023 Eur
Wages	2,364	155,158
Settlements with persons accountable for advances	-	11,591
Overpayment by debtors	70	-
Security Deposit	8289	8289
	<u>10,723</u>	<u>175,038</u>

**Annexes to the Financial Statement**

**49)**

**Revenue of future periods**

	30.06.2024			30.06.2023		
	Long-term part Eur	Short-term part Eur	Total Eur	Long-term part Eur	Short-term part Eur	Total Eur
Project - reconstruction of the heat supply system * Project - implementation of energy efficiency measures in production workshops **		151,071	151,071		70,421	70,421
		6598	6598		7240	7240
		<b>157,669</b>	<b>157,669</b>		<b>77,661</b>	<b>77,661</b>

\* In 2013 and 2014 the Company has received funding from the Latvian Investment and Development Agency in the amount of 344,085 EUR for development of fixed assets: Agreement No. LIAA/017-PSC-12-0031 "Reconstruction of the heat supply system of AS "Rīgas kuģu būvētava"". The fixed assets were commissioned in 2014. The received funding has been gradually transferred to the revenue of the Profit or Loss Statement during the period of 2014-2019 according to the period of productive use of fixed assets. In compliance with the resolution of Kurzeme Regional Court dated 25 November 2021, the Company has to return the full amount of the received funding and the term for return is until August 2024 according to the LPP plan. As the received financial aid has to be repaid in full amount, in compliance with the policy of accounting of financial aid described in Annex 15 and based on the court resolution, the Company made adjustments in the long-term and short-term items of the Balance Sheet "Revenue of future periods". The total amount to be repaid to the Latvian Investment and Development Agency as on 31.12.2022 amounted to 234,893 EUR, and this has been repaid at the moment of preparing the present report.

\*\* In 2013 and 2014 the Company received funding in the amount of EUR 479 807 for establishment of fixed assets from SIA "Vides investīciju fonds" [Environment Investment Fund]: Agreement No. KPFI-15.2/236 "Performance of energy efficiency measures in production workshops". The fixed assets were commissioned in 2014. The received funding is transferred to the revenues of the Profit or Loss Statement gradually during the remaining term of effective use of the fixed assets. The amount of 7240 EUR was included in the revenue in the reporting period.

The long-term amount exceeding five years following the Balance Sheet date is 237,374 EUR.

**50)**

**Unpaid dividends**

The debt of the Company towards shareholders for unpaid dividends in the amount of EUR 11,746 got established in 2013. The failure to pay dividends is related to the fact that some shareholders have not performed denomination of their shares until now and these shares are in the initial register of depositories, and there are also unpaid dividends to liquidated holders of the shares of a closed issue.

**51)**

**Accrued liabilities**

		30.06.2024	30.06.2023
		Eur	Eur
For services		72,119	43,784
Accrued unused vacation	costs	84,759	45,519
		<b>156,878</b>	<b>89,203</b>

## Annexes to the Financial Statement

52)

### Going concern assumption and events following the end of the report period

The equity capital of the Company as on 30 June 2024 is positive and amounts to 1 184 823 EUR. The result of operation of the Company of 6 months of 2024 was net loss of 137 664 EUR and its current liabilities as on 30 June 2024 are below the current assets.

Since the moment of approval of the plan of measures of the legal protection proceedings until preparation of the interim report, the plan of the measures of the legal protection proceedings has been amended several time, the last amendments were approved on 01 November 2022 by adjusting the planned revenue and expenditure of the Company, as well as the schedule of covering creditors' claims without changing the total amounts of liabilities to be covered. The further operation of the Company depends on the ability of the Company to implement the legal protection plan and to settle liabilities to its creditors within the defined terms by complying with all the conditions of the plan.

The Company attests that the amendments to the plan of measures of the LPP prepared by it and approved by the court will allow maintaining the current profile of operations and indicate that the financial liabilities to both secured creditors and unsecured creditors will be satisfied within sixty months as from the moment of approval of the plan of measures of the LPP, i.e. until August 2024.

In 2024 and until the preparation of the interim report the Company has been able to fulfil its liabilities according to the plan of measures of LPP. The further operation of the Company depends on the ability of the Company to implement the legal protection plan and to settle liabilities to its creditors within the defined terms by complying with all the conditions of the plan. The Company continuous implementation of measures in the area of process efficiency and costs optimisation, at the same time looking for solutions for expanding the Company operations resulting in preparation of the Company forecasts and operational financial operation results envisaging profit.

This conclusion is based on the information available at the moment of signing the present financial statement, and the impact of further events on the future operation of the Company may differ from the management's assessment.

It is also planned to continue employment legal relationship with the current employees of the Company in compliance with concluded employment agreements and it is not planned to change the location of the Company.

The conflict in Ukraine and related events take place during the time of substantial global economic uncertainty and instability, in the result their consequences may amplify the general impact on the market conditions. The Company management has not identified direct effect of the above events to further economic activity of the Company.

During the reporting period there have not been any major or extraordinary circumstances which would affect the results and the financial position of the Company.

Board Member \_\_\_\_\_ Jekaterina Meļņika

Board Member \_\_\_\_\_ Ainārs Tropiņš

Report prepared by  
Chief Accountant \_\_\_\_\_ Aleksandrs Kočkins

29 August 2024