

Company name:

SANDBOX FUNDING SIA

Registered office

67 Dzirnavu street, Rīga, LV-1011

Registration number

40203473712

Annual Report
01.01.2025

(year under review: 01.01.2024 -31.12.2024)

Document prepared at

30.05.2025

Document prepared by

Rūta Sardiko, accountant

Document approved by

Ingus Salmiņš, board member

Report currency:

EUR

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Information about the Company

Company name	Sandbox Funding SIA
Legal status of the company	Limited liability company
Registration number, place and date	40203473712 Riga, 30 March 2023 Re-registration in the Commercial Register 30 March 2023 under the unique registration number 40203473712
Address	67 Dzirnau Street, Riga, LV-1011 Latvia
Shareholders	ZIdea SIA, Reg.No.40203138540 (66,85613%) Amplo SIA, Reg.No.40103356486 (33,14387%)
Names, surnames and titles of members of the Management Board	Ingus Salmiņš - Member of the Board of Directors from 18.06.2024 Henrijs Jansons - Member of the Board until 17.06.2024
Year under review	1 January - 31 December 2024
Name and address of the auditor and of the responsible certified public accountant	Latimira un partneri SIA Commercial Company Licence No 156 27 Vēlavu Street, Riga, LV-1030 Latvia Auditor in charge: Lolita Kudeiko Board member, certified auditor Certificate No 96

Management report

Type of activity

SANDBOX FUNDING Ltd (the "Company") acts as a provider of business loans. The Company is registered with the State Revenue Service ("SRS") as a provider of credit services where the provision of services is not subject to licensing - the principal activity of the Company is Financial service activities, except insurance and pension funding, not elsewhere classified (NACE 64.99).

Activities of the Company during the year under review

The Company has entered into a cooperation agreement with DN Operator SIA, registration number 42103092209, registered office at 67 Dzirnau Street, Riga, LV-1011, Latvia ("Debitum Investments"). Debitum Investments is an investment brokerage company licensed in Latvia and supervised by the Bank of Latvia (<https://uzraudziba.bank.lv/tirgus-dalibnieki/ieguldijumu-pakalpojumu-sniedzeji/ieguldijumu-brokeru-sabiedribas/sia-dn-operator/>). Debitum Investments offers its investors to purchase securities through the Debitum Investments platform (<https://debitum.investments.lv/about>).

Under the licence, one of the types of securities that Debitum Investments may distribute to investors is asset-backed securities ("ABS"). Asset-backed securities are created by securitising assets, which in the case of Debitum Investments are loans issued by loan originators, which are purchased by Debitum Investments' subsidiaries issuing ABS which are secured (their repayment) by the purchased loans.

Pursuant to the Cooperation Agreement, the Company from time to time enters into an assignment agreement with Debitum Investments' subsidiaries established for this purpose (the "Issuer") (the original version of the Issuer's Base Prospectus is available at: <https://uzraudziba.bank.lv/en/market/financial-instruments-market/issuers/sia-dn-funding-zeta/>).

Pursuant to the Assignment Agreement, the Issuer purchases gradually certain loans issued by the Company (each series of ABS is secured by a number of loans). The Company continues to service the loans, e.g. receive payments from the borrowers, amend the terms of the agreements, but under the Assignment Agreement and the Base Prospectus these payments (cash received and claim rights) belong to the investors. Accordingly, neither the Company nor the Issuer has a legal basis to account for the principal and interest payments on the relevant loans as principal and interest due to the Company or the Issuer.

A description of the cash flow from the investor to the debtor that results in the creation and transfer of a claim on the principal and interest of a loan from the Company to the investor:

The Issuer operates as a special purpose vehicle with no day-to-day cash flow, i.e. the Issuer only makes payments upon the occurrence of events of default and is required to take enforcement action on behalf of investors. Debitum Investments acts as paying agent, i.e. Debitum Investments receives the purchase price of the ABS from the investor and pays the Company as purchase price for the loan. The Company acts as a loan originator to sell the loans to the Issuer.

A description of the cash flow from the debtor to the investor that results in the debtor repaying the loan and making interest payments:

The Issuer operates as a special purpose vehicle with no day-to-day cash flow, i.e. the Issuer only makes payments upon the occurrence of events of default and is required to take enforcement action on behalf of investors. Debitum Investments acts as paying agent, i.e. Debitum Investments receives the principal and interest of the loan, which is distributed to the investors according to their respective holdings of ABS. The Company acts as a loan servicer, i.e. the Company receives the principal and interest of the loan for the benefit of the investors. Pursuant to the Assignment Agreement and the Base Prospectus, the Company is not entitled to these payments to the extent that they are assigned to the Issuer (the Investors who purchased the ABS).

2024 is the second year of operation of the Company. The total revenue of the Company in 2024 amounts to EUR 1 431 749, of which :

- Loan origination fee income EUR 1 181 477
- Interest income on loans EUR 250 272

The 2024 financial reporting period ended with a profit of EUR 21 052.

The total balance at 31 December 2024 is EUR 4 851 273

The Share capital is 2815 EUR

Equity is EUR 449 223

Significant risks and uncertain circumstances

The Company's activities are closely linked to its cooperation with third parties, namely DN Operator Ltd. and its subsidiary DN Funding Zeta Ltd., which are responsible for issuing and distributing asset-backed securities (ABS) to investors. This structure gives rise to the following risks and uncertainties which may affect the Company's business:

- *Dependence on partners. The Company's ability to raise funding and service loans is dependent on the continued operation of the Debitum Investments platform, the maintenance of its regulatory status and the ability of the Issuer to meet its obligations. Any changes to these entities, such as loss of licence or significant deterioration in reputation, may have a direct impact on the Company's ability to continue to operate under its existing model.*
- *Liquidity risks in case of default. The Issuer, as a special purpose vehicle, does not make payments on a day-to-day basis. Payments are made only in the event of default. This means that a potential solvency problem on the part of the borrowers could lead to delays or losses for investors, which in turn could create reputational and financial risks for the Company.*
- *Loan quality risk: Given that loans are assigned to the Issuer and secure the repayment of ABS, their quality (solvency of borrowers, frequency of defaults) has a direct impact on the value of the securities and investor confidence. The Company, as loan servicer, is responsible for timely and correct servicing and any errors or deliberate omissions in this area may be treated as a breach of contractual obligations.*
- *Going concern risk assessment: The Company has been profitable in 2024 (EUR 23 052) but its equity remains relatively small (EUR 451 223) and its balance sheet total exceeds EUR 4.8 million. Any sharp deterioration in the financial situation or unexpected expenses (due to changing interest rates, for example) could jeopardise the ability to cover liabilities.*

Financial risk management

The Company applies a prudent approach to financial risk management, covering the following main risks:

- *Credit risk: The Company applies a prudent credit policy, lending only to customers with a good credit history.*
- *Liquidity risk: Liquidity is managed by maintaining adequate cash reserves, monitoring actual and forecast cash flows, and raising external funding as needed.*
- *Interest rate risk: All borrowings are at variable interest rates and the Company regularly reviews market conditions to maintain cost efficiency and limit the impact of fluctuations.*
- *Currency risk: the Company's transactions are mainly denominated in euro, so currency risk is limited. However, any future currency fluctuations, especially in case of expansion, can be hedged with derivative instruments.*

Future development of the Company

In 2023, SANDBOX FUNDING Ltd. entered into a partnership agreement with DN Operator Ltd. and its subsidiary to raise funds from third parties through the website <https://debitum.network/iv/> by issuing asset-backed securities for its business activities (fundraising). A subsidiary of DN Operator Ltd is the issuer of these securities, while DN Operator Ltd provides the sale of these securities and other activities as defined in the partnership agreement, for which it receives the remuneration agreed in the partnership agreement - the company will continue this cooperation.

- *Attract new borrowers.*

- *Ensure the quality of its services by recruiting high calibre professionals, taking steps to attract new clients with the aim of increasing the company's financial performance*
The 2024 Financial Statements have been prepared on a going concern basis.

Ingus Salmiņš
Member of the
Management Board

Riga, 30 May 2025

Income and Loss Statement for 2024

	Annexes	31.12.2024 EUR	31.12.2023 EUR
Net turnover from other operating activities		1 181 477	131 046
Costs of production of goods sold, costs of goods sold or services rendered	1	1 133 714	0
Gross profit or loss		<u>47 763</u>	<u>131 046</u>
Cost of sales	2	22 527	150 484
Administration costs	3	4 057	679
Other operating expenses	4	120	171
Other interest and similar income (b) from other persons	5	250 272	117 576
Interest and similar charges (b) other persons	6	<u>250 279</u>	<u>121 916</u>
Profit before corporate tax		<u>21 052</u>	<u>-24 629</u>
Profit or loss after corporate tax		<u>21 052</u>	<u>-24 629</u>
Profit or loss for the year under review		<u><u>21 052</u></u>	<u><u>-24 629</u></u>

The annexes on pages 10 to 15 are an integral part of these financial statements.

Balance sheet at 31 December 2024

	Annexes	31.12.2024. EUR	(1) 31.12.2023. EUR
<u>Assets</u>			
Long-term financial investments:			
Debts owed by related companies	7	60 000	0
Trade receivables	8	704 000	0
Total non-current financial investments:		764 000	0
Debtors:			
Debts owed by related companies	7	240 100	0
Trade receivables	8	3 603 462	3 832 740
Other debtors	9	118 865	1 320
Total debtors:		3 962 427	3 834 060
Cash:	10	124 846	8 607
Total current assets:		4 851 273	3 842 667
<u>Total assets</u>		<u>4 851 273</u>	<u>3 842 667</u>

The annexes on pages 10 to 15 are an integral part of these financial statements.

Balance sheet at 31 December 2024
(2)

	Annexes	31.12.2024. EUR	31.12.2023. EUR
<u>Liabilities and Equity:</u>			
Equity:			
Share capital	11	2 815	2 800
Premium on issue of shares	12	449 985	0
Retained earnings or losses from previous years		-24 629	0
Retained profit or loss for the year		<u>21 052</u>	<u>-24 629</u>
Total equity:		449 223	-21 829
Creditors:			
Long-term creditors:			
Other borrowings	13	<u>625 000</u>	<u>0</u>
Total long-term creditors:		625 000	0
Short-term creditors:			
Other borrowings	14	2 142 036	3 781 764
Advances received from customers	15	0	7 654
Accounts payable	16	270 986	73 951
Taxes and compulsory national social insurance contributions	17	882	502
Other creditors	18	1 321 146	625
Unpaid dividends			
Accrued liabilities	19	<u>42 000</u>	<u>0</u>
Total short-term creditors:		3 777 050	3 864 496
Total creditors:		<u>4 402 050</u>	<u>3 864 496</u>
<u>Total liabilities</u>		<u>4 851 273</u>	<u>3 842 667</u>

The annexes on pages 10 to 15 are an integral part of these financial statements.

Annex

Accounting Policy

(a) Information about the Company

The registered office of Sandbox Funding SIA is Dzirnau iela 67, Riga. The Company is registered in the Commercial Register under the single registration number 40203473712. The members of the Company are Zidea SIA, reg. no. 40203138540, which owns 66.85613% of the Company's share capital and Amplo SIA, reg. no. 40103356486, which owns 33.14387% of the Company's share capital. Ingus Salmiņš (Member of the Board) is a member of the Board of the Company. The Company's auditor is the company of Certified Auditors "Latimira and Partners" Ltd. and the responsible certified auditor is Lolita Kudeiko.

(b) Guidelines for the preparation of the financial statements

The financial statements have been prepared in accordance with the Accounting Law of the Republic of Latvia and the Annual Accounts and Consolidated Annual Accounts Law on a going concern basis. As at 31 December 2024, the Company qualifies as a small company.

The income statement is classified by function of cost.

(c) Continuing operations

As at 31 December 2024, the Company's current liabilities did not exceed its current assets. The Company's management expects that it will not have liquidity problems and that the Company will be able to pay all its creditors within the prescribed time limits. Therefore, the Company's management believes that the going concern assumption is applicable for the preparation of these financial statements.

(d) Revenue recognition and net turnover

Net turnover is the total value of products sold and services rendered during the year, less discounts granted and value added tax. Revenue from the sale of goods is recognised when the goods are accepted by the buyer, in accordance with the terms of delivery. Revenue from the provision of services is recognised when rendered. Dividend income is recognised when the legal right to receive it arises.

(e) Monetary unit and foreign currency revaluation

The figures in these financial statements are expressed in the official currency of Latvia, the euro (EUR).

Transactions in foreign currencies are translated into euro at the exchange rate prevailing on the day of the transaction (at the beginning of the day), which is determined on the basis of the reconciliation procedure between the European System of Central Banks and other central banks and published on the European Central Bank's website.

On the last day of the reporting period, all monetary assets and liabilities were translated into euro at the closing rate of the day, as published on the European Central Bank's website.

	31.12.2024	31.12.2023
	EUR	EUR
1 USD	1.0389	1.10500
1 GBP	0.82918	0.86905
1 SEK	11.459	11.09600
1 CAD	1.49480	1.46420

Foreign exchange gains or losses arising from the settlement of transactions denominated in foreign currencies and the translation of monetary assets and liabilities denominated in foreign currencies are included in the income statement for the period.

Annex (cont'd)

(f) Accounts receivable

Receivables are carried in the balance sheet at amortised cost less provision for impairment. Provisions for impairment are made when there is objective evidence that the Company will not be able to collect the receivable in full when originally due. The amount of the allowance is the difference between the carrying amount of the receivable and its recoverable amount. The amount of the provision is included in the income statement.

(g) Borrowing

Borrowings are initially recognised at the amount of cash received, net of borrowing costs. In subsequent periods, borrowings are carried at amortised cost, which is determined using the effective interest rate of the borrowing. The difference between the amount of cash received, net of borrowing costs, and the redemption value of the borrowing is charged to the income statement or, in accordance with the property, plant and equipment accounting policy, capitalised in construction in progress over the period of the borrowing.

(h) Taxes

The corporate income tax expense for the year under the review is included in the financial statements based on management's calculations made in accordance with the tax legislation of the Republic of Latvia.

On 28 July 2017, a new Corporate Income Tax Law was adopted, which provides that profits arising after 2017 are subject to corporate income tax if they are distributed or the company incurs notional distributed profits.

From the 2018 tax year, corporation tax is calculated on the distributed profits (20/80 of the net amount payable to members [shareholders]). Corporation tax is recognised on distributed profits at the time when the members [shareholders] of the Company decide on the distribution of profits.

The Company also calculates and pays corporate income tax on notional distributed profits (20/80 of the calculated taxable base), including statutory taxable items such as non-operating expenses, accrued bad debts and loans to related parties if they meet the criteria set out in the Corporate Income Tax Act, as well as other expenses that exceed the statutory thresholds for deductibility. Corporation tax on notional distributed profits is recognised in the income statement in the year in which it arises. Corporation tax on distributed profits and corporation tax on notional distributed profits are recognised in profit or loss the calculation line "Corporation tax for the year", decoding the composition of the tax amount in the notes to the financial statements.

(i) Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, current bank balances and other short-term highly liquid investments with original maturities of 90 days or less.

(k) Long-term contracts

Costs associated with a long-term contract are recognised as incurred. If the outcome of a long-term contract cannot be estimated reliably, revenue is recognised only to the extent that the costs associated with the contract are recoverable.

If the outcome of a long-term contract can be estimated reliably and it is probable that the contract will result in a profit, revenue relating to that contract is recognised over the contract period. If it is probable that the total contract expenditure will exceed the total contract revenue, the expected loss on the long-term contract is recognised immediately as an expense.

Annex (cont'd)**(1) Cost of production of products sold**

	31.12.2024	31.12.2023
	EUR	EUR
Expenditure related to the granting of loans	875 331	0
DN Operator investments platform use costs (cash back)	255 660	0
Payment for works and services from outside	1 554	0
Expenditure on input tax not deducted	<u>1 169</u>	<u>0</u>
	<u>1 133 714</u>	<u>0</u>

In 2024, a change in cost classification occurred, in 2023 these costs were included in the income statement under Cost of sales and amounted to EUR 144 141

(2) Cost of sales

Expenditure related to the granting of loans	0	143 669
Payment for works and services from outside	0	472
Wages	9 945	1 166
Employee sick days accrual	133	0
Employee vacation day accrual	194	0
Management staff and admin. salaries	4 668	3720
Social tax (employees)	2 423	275
Social tax (admin. pers.)	1 101	878
Risk levy	9	4
Room rental and utilities	1 575	300
Other selling expenses	<u>2 479</u>	<u>0</u>
	<u>22 527</u>	<u>150 484</u>

(3) Administration costs

Office maintenance costs	0	240
Annual report and audit expenses	3 474	247
Cash turnover incidental expenses	<u>583</u>	<u>192</u>
	<u>4 057</u>	<u>679</u>

(4) Other operating expenses

Other costs	<u>120</u>	<u>171</u>
	<u>120</u>	<u>171</u>

(5) Other interest and similar income

Interest income on short-term loans	<u>250 272</u>	<u>117 576</u>
	<u>250 272</u>	<u>117 576</u>

(6) Interest and similar charges

Interest costs	<u>250 279</u>	<u>121 916</u>
	<u>250 279</u>	<u>121 916</u>

	31.12. 2024	31.12.2023
	EUR	EUR
(7) Loans to related companies		
At the beginning of the reporting year	0	0
Loans granted in the year under review	300 100	0
Loans repaid in the year under review	0	0
Calculated interest	4375	0
Interest received	(3960)	0
At the end of the reporting year	<u>300 515</u>	<u>0</u>
Including:		
- short-term loans	240 100	0
- Long-term loans - payable within 1 to 5 years	<u>60 000</u>	<u>0</u>
	<u>300 100</u>	<u>0</u>

During 2024, the Company issued loans to a company holding 66.85613% of the Company's share capital, Zidea SIA. A total of 6 loan agreements have been concluded, one of them for an amount of EUR 10100,00 with an annual interest rate of 12% and a repayment date of 26 March 2025. 5 agreements for a total amount of EUR 290,000 with an annual loan interest rate of 1.66% and a maturity date of 30 June 2026.

(8) Trade receivables

Loans granted at the beginning of the year	3 832 740	0
Loans granted in the year under review	20 631 200	3 832 740
Loans repaid in the year under review	(5 503 940)	(0)
Calculated interest	1 291 378	113 201
Interest received	(804 107)	(79 715)
	<u>704 000</u>	<u>0</u>
Balance sheet (non-current) at the end of the reporting year	<u>3 603 462</u>	<u>3 866 226</u>
Off-balance sheet at the end of the reporting year	<u>15 487 000</u>	<u>0</u>
Including:		
- Short-term loans on the balance sheet	704 000	3 524 740
- Short-term loans off-balance sheet	10 170 000	
- Long-term loans - receivable within 1 to 5 years on the balance sheet	3 069 100	308 000
- Long-term loans - receivable within 1 to 5 years off-balance sheet	<u>5 317 000</u>	<u>3 832 740</u>
	<u>18 960 000</u>	

(9) Other debtors

VAT overpayment	18 865	1 320
Other debtors	<u>100 000</u>	<u>0</u>
	<u>118 865</u>	<u>1 320</u>

(10) Cash

Cash in the bank	124 846	8 607
	<u>124 846</u>	<u>8 607</u>

(11) Share capital

The authorised and fully paid share capital as at 31 December 2024 consists of 2,815 ordinary shares of EUR 1,000 par value each.

(12) Premium on issue of shares (units)

	31.12.2024. EUR	31.12.2023. EUR
Premium on issue of shares (units)	449 985	0
	<u>449 985</u>	<u>0</u>

(13) Other borrowings

Loan from Ozolu meži Ltd with a repayment term of 1 to 5 years	625 000	0
	<u>625 000</u>	<u>0</u>

(14) Other borrowings

Borrowing from AS JUNO with a repayment term of up to 1 year	280000	280000
Loan from WIN WIN Ltd with a repayment term of up to 1 year	0	785 000
Loan from DNOperator Ltd with a repayment term of up to 1 year	0	2 716 764
Loan from Ozolu meži Ltd with a repayment term of up to 1 year	1 862 036	0
	<u>2 142 036</u>	<u>3 781 764</u>

(15) Advances received from customers

Advances received from customers	0	7 654
At the end of the reporting year	<u>0</u>	<u>7 654</u>

(16) Due to suppliers and contractors

Due to suppliers and contractors	270 986	73 951
At the end of the reporting year	<u>270 986</u>	<u>73 951</u>

(17) Taxes and compulsory national social insurance contributions

Compulsory national social insurance contributions	547	311
Business risk levy	1	1
Personal income tax	334	190
	<u>882</u>	<u>502</u>

(18) Other creditors

Salaries	1 100	625
Settlement of liabilities transferred by assignment DNOperator	1 320 046	0
	<u>1 321 146</u>	<u>625</u>

(19) Accrued liabilities

Other accrued costs	42 000	0
	42 000	0

(20) Average number of people employed by the company

	2024	2023
Average number of persons employed by the Company in the year under review	2	2

(21) Off-balance sheet

The Company has entered into a cooperation agreement with DN Operator SIA, registration number 42103092209, registered office at 67 Dzirnava Street, Riga, LV-1011, Latvia ("Debitum Investments"). Debitum Investments is an investment brokerage company licensed in Latvia and supervised by the Bank of Latvia (<https://uzraudziba.bank.lv/tirgus-dalibnieki/ieguldijumu-pakalpojumu-sniedzaji/ieguldijumu-brokeru-sabiedribas/sia-dn-operator/>). Debitum Investments offers its investors to purchase securities through the Debitum Investments platform (<https://debitum.investments.lv/about>). Pursuant to the concluded cooperation agreement, the Company enters into an assignment agreement with Debitum Investments' subsidiary DN Funding Zeta Ltd, registration number 40203526691, registered office at 67 Dzirnava Street, Riga, LV-1011, Latvia (the "Issuer"), whereby it assigns the loans issued, but continues to service and administer the Borrowers' agreements (compliance with repayment terms, interest invoicing, etc. The portion of the Ceded Loan Agreements that are securitised and placed on the DNOperator platform and in which investors have made investments in Sandbox Funding Ltd are accounted for off-balance sheet.

Off-balance sheet assets: 31.12.2024 :

Loans receivable from borrowers : EUR 15 487 000

Total off-balance sheet asset: EUR 15 487 000

(22) Contingent liabilities

Under the assignment agreements, the Company may incur "buyback obligations" or the obligation to buy back the assignment if the Borrower defaults. Management of the Company does not consider this to be a risk as the Borrowers' loans are secured by commercial mortgages. As at 31 December 2024, no event of default has occurred

(23) Events after the end of the reporting year

There have been no events since the last day of the reporting period that would have a material effect on the financial position of the Company at 31 December 2024.

Annual Report prepared by Rūta Sardiko, Chief Accountant

The 2024 financial statements of the Company, as set out on pages 7 to 15, have been signed on 30 May 2025 by:

Ingus Salmiņš
Member of the
Management Board

Rūta Sardiko
Accountant



**Latimira
&
Partneri**

Latimira un partneri SIA
Reg. No 40103294769
Licence No 156
27 Velavu Street, LV-1030 Riga, Latvia
+371 26 33 11 58
revidents@ilatimira.lv, www.ilatimira.lv

**Independent auditors' report
For members of Sandbox Funding Ltd
Our opinion on the financial statements**

We have audited the accompanying financial statements of Sandbox Funding Ltd (the "Company") as set out on pages 7 to 15 of the Annual Report. The accompanying financial statements comprise:

- the balance sheet at 31 December 2024,
- the profit or loss account for the year ended 31 December 2024; and
- notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Sandbox Funding Ltd as at 31 December 2024 and of the financial performance of its activities for the year ended 31 December 2024 in accordance with the Annual Accounts and Consolidated Annual Reports Law of the Republic of Latvia ("Annual Accounts and Consolidated Annual Reports Law").

Grounds for the opinion

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

We are independent of the Company in accordance with the requirements of the International Code of Ethics for Professional Accountants (including the International Independence Standards) issued by the International Ethics Standards Board for Accountants and the independence requirements of the Audit Services Law applicable to our audit of the financial statements in the Republic of Latvia. We have also complied with the other professional ethical principles and objectivity requirements of the International Code of Ethics for Professional Accountants (including the International Independence Standards) and the Audit Services Law. We believe that the audit evidence we have obtained provides a reasonable and appropriate basis for our opinion.

Reporting other information

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

- information on the Company set out on page 3 of the attached Annual Report ,
- the management report presented in the attached annual report on pages 4 to 6.

Our opinion on the financial statements does not extend to, and we make no representation about, the other information contained in the annual report, except as set out in the *Other reporting requirements under the laws of the Republic of Latvia* section of our report.

In connection with an audit of financial statements, our responsibility is to read other information and, in doing so, to consider whether that other information is materially different from the information in the financial statements or from our knowledge obtained in the audit and whether it contains any other material misstatements.

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

Other reporting requirements in accordance with the requirements of the legislation of the Republic of Latvia

In addition, under the Audit Services Act, we are required to express an opinion on whether the Management Report has been prepared in accordance with the requirements of the regulatory enactment governing its preparation, the Annual Accounts and Consolidated Annual Accounts Act.

Based solely on our audit procedures, in our opinion:

- the information provided in the management report for the year for which the financial statements are prepared is consistent with the financial statements; and
- The management report is prepared in accordance with the requirements of the Annual Accounts and Consolidated Annual Accounts Act.

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

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

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

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

Auditor's responsibility for the audit of the financial statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to error or fraud, and to issue an auditor's report that includes an opinion. A reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with ISAs will always detect a material misstatement, if any. Non-conformities may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions that users make on the basis of these financial statements. When we audit in accordance with ISAs, we make professional judgements and maintain professional scepticism throughout the audit process. 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 to mitigate those risks and obtain audit evidence that provides a reasonable and appropriate basis for our opinion. The risk of non-detection of material misstatements due to fraud is higher than the risk of non-detection of material misstatements due to error because fraud may involve collusion, falsification of documents, deliberate omissions, misrepresentations or breaches of internal control;
- obtaining 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;

- assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and disclosures made by management;
- we conclude on the appropriateness of the going concern basis applied by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt about the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, the auditors' report focuses on the disclosures in the financial statements about those circumstances or, if no such disclosures are made, we issue a modified opinion. Our conclusions are based on audit evidence obtained up to the date of the auditors' report. However, future events or circumstances may cause the Company to discontinue its operations;
- assessing the overall structure and content of the financial statements, including disclosures and notes, and whether the financial statements present fairly the underlying transactions and events.

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

SIA "Latimira un partneri"

Licence No 156

27 Vēlavu Street, Riga, 1030

Lolita Kudeiko

Board member,

certified auditor

Certificate No 96

Riga, 30 May 2025