

LIMITED LIABILITY COMPANY

**“Latvijas Meža Attīstības Fonds”
(Medium undertaking)**

2025 ANNUAL REPORT

**PREPARED IN ACCORDANCE WITH THE LAW ON ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED
FINANCIAL STATEMENTS**

ACCOMPANIED BY THE INDEPENDENT AUDITORS' REPORT

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Information about the Company

Company name	SIA "LATVIJAS MEŽA ATTĪSTĪBAS FONDS" SIA "JUNO ESTATE" until 24.09.2024	
Legal status of the Company	Limited Liability Company	
Registration number,	40203475516	
place and date	Commercial Register Riga, 06.04.2023	
Legal address	Audēju iela 15 -4, Riga, LV-1050	
Composition of the Board	Gatis Melderis Jānis Upenieks	Board Member from 11.04.2024 Chairman of the Board from 01.11.2024 to 10.04.2025
	Edgars Birks	Chairman of the Board from 13.10.2025
Annual report prepared by	Dace Jakovļeva	Accountant
Shareholders	SIA Intelligent Innovations AS "Juno"	100% as of 07.01.2025 100% as of 06.04.2023 to 07.01.2025
Principal activity	Buying and selling of own real estate (68.11 NACE Rev. 2.1)	
Reporting year	01.01.2025 – 31.12.2025	
Auditor	Sandra Vilcāne Certified auditor of the Republic of Latvia Latvian Association of Sworn Auditors (LZRA) certificate No. 30	Limited partnership "S. Vilcānes audits" Pulkveža Brieža iela 15, Riga Latvia, LV-1010 Reg. No. 40003192915 Licence No. 88 of the commercial company of certified auditors

Management Report

Activities of the Company during the reporting period

During the reporting year, the Company's main income was from the sale of forest properties, purchase and sales of wood felling sites.

The Annual Report provides clear and true opinion on the means, liabilities and results of the commercial activities of the reporting year of the Company in accordance with the Law On Annual Financial Statements and Consolidated Annual Statements.

The Company has a good current assets circulation. The financial management of the Company is carried out by the Chairman of the Board, Board Member, and the accounting by the Company's Accountant. The accounting and financial management of the Company is carried out with the accounting software Microsoft Dynamics NAV.

Financial results of the activities and financial status of the Company

In 2025, sales income of SIA "Latvijas Meža Attīstības Fonds" amounted to EUR 10,838,491, which increased by EUR 6,941,682 compared to the previous reporting period (sales income in 2024 amounted to EUR 3,896,809). Sales income has increased due to a significant increase in income from sales and lease of immovable property.

The Company's financial result of 2025 was a profit of EUR 1,562,617 (in 2024: profit of EUR 70,304). The Company's financial statement analysis indicators provide a general overview of the current financial position. The total liquidity ratio reflects the Company's ability to cover its current liabilities.

Financial results:

Liquidity (solvency, i.e., ability to settle current liabilities in time and completely):

		2025	2024
Total liquidity ratio (recommended margin of the ratio 1–2).	Current assets / current liabilities	1.75	1.19
Liquidity coverage ratio (recommended margin of the ratio 0.7–0.8).	(Cash + Receivables) / current liabilities	0.08	0.09

Profitability (Company's ability to generate profit):

Gross profit index	(Turnover – Cost of goods sold) / Turnover (%)	41.19%	12.33%
Net profit index	Net profit / Turnover (%)	14.41%	1.91%

Ratio of equity coverage

Current assets coverage with current liabilities	Current liabilities / current assets	0.57	0.84
Net working capital (EUR)	Current assets – current liabilities	16,505,860	1,479,182

Liability or solvency indexes (Company's ability to cover short-term and long-term liabilities):

Proportion of liabilities in the Balance Sheet	Total liabilities / Balance Sheet total	0.92	0.84
Liability to equity ratio	Total liabilities / Shareholders' equity	11.66	5.3

Impact of the Russia-Ukraine conflict on the Company's operations and results

The Company's customer portfolio did not include any suppliers or customers from sanctioned entities and accordingly there was no direct adverse impact on the Company's operations and operating results. The implementation of sanctions had an indirect impact on the sector as a whole.

Further development and future perspective of the Company

The Company continues working on attracting new customers and improving its services.

Research and development activities

Measures are taken in all possible information resources to offer customers improved services and tools. Investments are also made in technology solutions aimed at automating processes and improving public monitoring.

Entirety of stocks or shares of the Company

The Company's share capital of EUR 1,502,800 consists of the shareholders' cash contributions, consisting of 15,028 shares with the nominal value of EUR 100 per share. Share capital is fully paid-up.

Events and circumstances after the end of the reporting year

No significant subsequent events have occurred in the period from the year-end to the date of these financial statements that would require adjustments to be made to these financial statements and additional information to be disclosed.

Distribution of the Company's profit or cover of losses recommended by the Board

The Board recommends that profit for the reporting year amounting to EUR 1,562,617 be used to cover losses of previous year.

Balance Sheet

		ASSETS	
		31.12.2025	31.12.2024
		EUR	EUR
Long-term investments			
Fixed assets			
Other fixed assets and inventory	3	29,610	-
Total fixed assets		29,610	-
Total long-term investments		29,610	-
Current assets			
Inventories			
Raw materials, direct materials, and auxiliary materials		86	24
Ready-made products and goods for sale	4	36,396,719	8,580,911
Advance payments for inventories	5	4,00,500	-
Total inventories		36,797,305	8,580,935
Receivables			
Trade receivables	6	1,66,410	719,006
Accounts receivable from affiliated companies			
Other receivables	7	2,698	4,570
Short-term loans to shareholders and management board members			-
Deferred expenses		1,391,278	
Accrued revenue			
Total receivables		1,560,386	723,576
Short-term financial investments			
Shareholding in affiliated companies			-
Own stocks or shares			-
Other securities and participation in capital			-
Derivative financial instruments			-
Total short-term financial investments			-
Cash	8	1,23,408	9,611
Total current assets		38,481,099	9,314,122
Total assets		38,510,709	9,314,122

The accompanying notes on pages 11 to 22 form an integral part of these financial statements.

LIABILITIES

		31.12.2025	31.12.2024
		EUR	EUR
Shareholders' equity	Note		
Share or equity capital (share capital)	9	1,502,800	1,502,800
Retained earnings or uncovered loss of previous years		(23,618)	(93,923)
Profit or loss for the reporting year		1,562,617	70,305
Total shareholders' equity		3,041,799	1,479,182
Accounts payable			
Long-term accounts payable			
Other loans	10	13,493,671	-
Deferred revenue			-
Total long-term accounts payable		13,493,671	-
Short-term accounts payable			
Loans from credit institutions			
Other loans	11	18,842,339	-
Accounts payable to suppliers and contractors	12	2,778,217	2,488,458
Accounts payable to affiliated companies	13	-	5,163,401
Advance payments from customers			
Taxes and mandatory State social insurance contributions	14	6,434	3,263
Other accounts payable	15	7,846	4,148
Deferred revenue Dividends unpaid			-
Accrued liabilities	16	340,403	175,670
Total short-term accounts payable		21,975,239	7,834,940
Total accounts payable		35,468,910	7,834,940
Total liabilities		38,510,709	9,314,122

The accompanying notes on pages 11 to 22 form an integral part of these financial statements.

Profit or Loss Statement

(according to cost function)

		2025	2024
		EUR	EUR
	Note		
Net turnover			
c) from other types of primary activity	17	10,838,491	3,896,809
Production cost price of produce sold, cost of the goods sold or services provided	18	(6,373,471)	(3,416,148)
Gross profit or loss		4,465,020	480,661
Sales costs	19	(1,538)	(22,457)
Administrative costs	20	(170,659)	(19,763)
Other income from economic activity	21	41	4,058
Other costs of economic activity	22	(428,179)	-
Other interest income and similar income:			
a) from affiliated companies			-
b) from other parties			
Interest payments and similar costs:			
a) to affiliated companies		-	(223,938)
b) to other persons	23	(2,302,068)	(148,256)
Profit or loss before corporate income tax		1,562,617	70,305
Corporate income tax for the reporting year		-	-
Profit or loss after the calculation of corporate income tax		1,562,617	70,305
Profit or loss for the reporting year		1,562,617	70,305

The accompanying notes on pages 11 to 22 form an integral part of these financial statements.

Statement of Cash Flow

(according to the indirect method)

		2025	2024
	Note	EUR	EUR
Cash flow from principal activities			
Profit or loss before corporate income tax Adjustments:		1,562,617	70,305
impairment adjustments of fixed assets			
impairment adjustments of intangible investments			
creation of provisions (except for provisions for unsafe debts)			
profit or loss from fluctuations in the foreign currency exchange rates			
income from stocks or shares of affiliated companies, associated companies or other companies in the share capital			
income from other securities and loans that have formed long-term financial investments			
other interest income and similar income			
Adjustments of impairment of long-term and short-term financial investments			
interest payments and similar costs		2,302,068	372,194
Profit and loss before adjustments for the effect of changes to current assets and short-term payables		3,864,685	442,499
Adjustments:			
increase or reduction of the balance values of receivables		(836,810)	(374,207)
increase or reduction of the balance values of stocks		(28,216,370)	(3,937,212)
increase or reduction of the balance values of accounts payable to suppliers, contractors, and other creditors		(5,102,541)	1,293,372
Gross cash flow from principal activities		(30,291,036)	(2,575,548)
Expenses for interest payments		(2,302,068)	(372,194)
Corporate income tax payment costs			-
Net cash flow from principal activities		(32,593,104)	(2,947,742)
Cash flow from investing activities			
Acquisition of stocks or shares of affiliated companies, associated companies or other companies			-
Revenue from alienation of stocks or shares of affiliated companies, associated companies, or other companies			
Acquisition of fixed assets and intangible investments			
Income from the sale of fixed assets and intangible investments			
Issued loans			
Income from loan repayment			
Interest received			
Net cash flow from investment activities		-	-
Cash flow from financing activities			
Income from issue of shares and bonds or capital investments		1,502,800	1,500,000
Loans received		28,348,010	1,258,256
Subsidies, grants, gifts or donations received			
Expenses for buying out leased fixed assets			
Net cash flow from financing activities		29,850,810	2,758,256
Net cash flow for the reporting year		113,797	(189,487)
Balance in cash and cash equivalents at the beginning of the reporting year		9,611	199,098
Balance in cash and cash equivalents at the beginning of the reporting year	7	123,408	9,611

The accompanying notes on pages 11 to 22 form an integral part of these financial statements.

Statement of Changes in Equity

		2025	2024
	Note	EUR	EUR
Share or equity capital (share capital)			
The amount specified on the balance sheet of the previous year		1,502,800	2,800
Correction of the sum specified in the balance sheet of the previous year		-	-
Increase / reduction of share or equity capital (share capital)		-	1,500,000
The amount specified on the balance sheet at the end of the period for the reporting year		1,502,800	1,502,800
Retained earnings			
The amount specified on the balance sheet of the previous year		(23,618)	(93,923)
Increase/ reduction of retained earnings		1,562,617	70,305
The amount specified on the balance sheet at the end of the period for the reporting year		1,538,999	(23,618)
Shareholders' equity			
The amount specified on the balance sheet of the previous year		1,479,182	(91,123)
The amount specified on the balance sheet at the end of the period for the reporting year		3,041,799	1,479,182

The accompanying notes on pages 11 to 22 form an integral part of these financial statements.

Notes to the financial statements

Guidelines on the preparation of the financial statements

The financial statements of the Company have been prepared in accordance with the Law on Accounting in force in the Republic of Latvia, Law on the Annual Financial Statements and Consolidated Financial Statements, Cabinet Regulation No. 775 of December 22, 2015 on Regulations for Application of the Law on the Annual Financial Statements and Consolidated Financial Statements.

The financial statements are prepared in accordance with the initial value accounting principle. The monetary unit Euro (EUR), has been used as the monetary unit in the financial statement. In comparison with the previous reporting year, the methods for accounting and assessment applied by the Company have not been changed.

The Profit or Loss Statement is classified according to the expenses function.

Accounting principles applied

The items in the annual financial statements are assessed according to the following accounting principles:

- a) Going concern assumption that the Company will continue as a going concern;
- b) Consistent valuation principles with those used in the prior year;
- c) Items were valued in accordance with the principle of prudence:
 - The financial statements reflect only the profit generated to the date of the balance sheet;
 - All expected risk amounts and losses occurred during the reporting year or in the previous years have been taken into account, even if they became known during the time between the balance sheet date and the date when the annual accounts were prepared;
 - All the asset depreciation and wear amounts have been calculated and taken into account, regardless of whether the reporting year is finished with profits or losses;
- d) Income and expenses incurred during the reporting year have been taken into consideration irrespective of the payment date or date when the invoice was issued or received. Expenses were matched with revenue for the reporting period;
- e) Assets and liabilities have been valued separately;
- f) All material items, which would influence the decision-making process of users of the financial statements, have been recognized and insignificant items have been combined and their details disclosed in the notes;
- g) Business transactions have been reflected in the annual financial statement, taking into account their economic content and nature, not only the legal form.
- h) The items of the Balance Sheet or Profit and Loss Statement are evaluated in line with the acquisition costs or production costs. Purchase costs include the purchase price of a product or service (less the applied discounts) and additional costs related to the purchase. The production costs are made up of the purchase costs of raw materials, direct materials and auxiliary materials and other expenses directly related to the production of the respective object. The production costs can include parts of such expenses that are related indirectly to the production of the respective object, unless these expenses are applicable to the same period.

Reporting period

The financial statements cover the time period from **01.01.2025** to **31.12.2025**.

Use of estimates

When preparing the financial statements, the management must use certain estimates and assumptions as the basis that influence item balances reflected in the Balance Sheet and Profit and Loss Statement of separate statements, as well as the amount of contingent liabilities. Future events may impact assumptions that were used as the basis for estimates. Any impact from changes in the estimates is reflected in the financial statements as determined.

Going concern

As at 31 December 2025, the Company's current assets exceeded current liabilities by EUR 16,505,860.

The Company's result of the reporting year is a profit of EUR 15,626,17. The Company's shareholders' equity is positive at 7.90% of the Balance Sheet total.

Sanctions (restrictive measures on activities undermining or threatening the territorial integrity, sovereignty and independence of Ukraine) do not impact the Company's ability to continue as a going concern.

The management forecasts that the Company will not have liquidity problems and the Company will be able to cover liabilities with the rest creditors in due time. Therefore, the Company's management believes that the going concern assumption is applicable in the preparation of this financial statement.

Contingent liabilities and assets

Contingent liabilities have been recognized in these financial statements. As the contingent liabilities are recognized as liabilities only when there is reasonable likelihood that an outflow of funds will be required. Contingent assets are recognized in these financial statements to the extent that when there is reasonable likelihood that the Company will receive an inflow of funds.

Currency unit and revaluation of foreign currency

The functional currency and the currency used in the financial statement of the Company is euro. All foreign currency transactions are translated into euro according to the official exchange rate of the European Central Bank for the relevant currency against euro, which is in force at the beginning of the day of economic transaction. Monetary assets and liabilities in foreign currencies are translated into euro according to the used foreign exchange rate in force at the end of the last day of the reporting year.

Differences arising on payments in currencies or disclosures of assets and liabilities using exchange rates other than those used for initial booking of transactions are recognized in the Profit and Loss Statement at net amount.

	31.12.2025	31.12.2024
US Dollar	1,175000	1,03890

Long-term and short-term classification

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

Related party transactions

Related parties are shareholders of the Company, members of the Board (officials of senior management of the Company) and companies that control the Company and have significant influence over the Company through operational decisions, and close family members of the aforementioned individuals, as well as companies controlled by or having significant influence over them.

Related parties include companies where the Company has significant influence or control.

Affiliated companies

An affiliated company is a company that is directly or indirectly controlled by another company (parent company — more than 50% of the voting rights of shareholders or members in the respective company). The parent company controls the financial and business policies of the subsidiary. The company recognizes revenue from an investment only if it receives a distribution of the profits arising after the acquisition date from an affiliated company. Distributions in excess of this profit are treated as a recovery of investment and are presented as a decrease in the purchase costs of investment in the equity of the affiliated company.

Intangible assets and fixed assets

All intangible assets and fixed assets are initially recognized at cost.

Fixed assets are purchased assets whose value exceeds EUR 300. Purchased assets the value of which is less than EUR 300 are accounted as low value inventory.

The acquisition value of the fixed assets includes purchase price, import duty, and non-deductible purchase taxes, other expenses directly related to the purchase to bring the asset to its location and prepare it for operations in line with the planned use.

Rights obtained in return for compensation are represented as "Concessions, patents, licenses, trademarks, and similar rights".

Intangible assets and fixed assets are recognized at carrying amount, less depreciation. Depreciation of fixed assets and intangible assets is calculated in accordance with the straight-line method over the entire period of useful life of the respective intangible assets and fixed assets to write off their value down to the estimated residual value at the end of its useful life, applying the following rates provided by the management:

Intangible assets:

<i>Intangible assets:</i>		
Data storage equipment	35.00	%

Fixed assets:

<i>Immovable property</i>	5.00	%
<i>Cars</i>	20.00	%
Other fixed assets and inventory	20.00	%

Depreciation is calculated as of the first day of the month following the month when the intangible asset or fixed asset can be used for its intended purpose. Land is not subject to calculation of depreciation. Depreciation should be calculated separately for each fixed asset component the cost of which is material in comparison with the total cost of respective fixed asset. If certain components of a fixed asset item are depreciated on an individual basis, other components of that same fixed asset item are also depreciated on an individual basis. The remainder represents components that are not material individually. Depreciation of the remaining components is calculated using approximation methods to make proper disclosures of the useful life.

Should any events or changes in circumstances indicate that the carrying amount of fixed assets is no longer recoverable the respective fixed assets are reviewed for impairment. In the presence of non-recoverability indications and when the book value of an asset exceeds its recoverable amount, the asset or the cash-generating unit is written down to its recoverable amount. The recoverable amount of property and equipment is the greater of net sales value and value in use.

Revenues and losses on disposals of fixed assets are presented in the profit and loss statement as incurred.

Repairs and renewals extending the useful life of fixed assets or increasing their value are depreciated over their useful economic life. Other repairs and renewals are recognized directly in the expenses of the reporting period.

When investments are made into the leased asset (such as reconstruction, improvement or restoration), such expenses are recognised in the balance sheet item "Long-term investments into leased fixed assets" and depreciation is calculated during the period of lease.

Inventories

Inventories are stated at the lower of cost or net realizable value based on the periodic stock accounting method.

Expenses incurred to deliver inventories to their current location and condition are recognized in the following way:

- Materials and purchased goods are accounted for at cost applying the first-in, first-out (FIFO) method.

Biological assets (stocks, wood felling site) and immovable property are carried at cost. Net realizable value represents the estimated sales price in the ordinary course of business less estimated cost to complete and sell the goods. Net realizable value is reflected as cost less allowances.

Receivables

Receivables are recognized at initial amounts invoices, less doubtful debt allowances. Doubtful debt allowances are estimated when the recovery of the full amount is doubtful. Receivables are written off when their recoverability is considered impossible.

Indications that receivables are non-recoverable include the following:

- A debt is in arrears after repeated reminders the debtor still does not pay the debt or the debtor questions the Company's right to collect the debt;
- The debtor's poor financial situation and negative performance or other circumstances that indicate the debtor's inability to pay the full amount of the debt (the debtor is known to be the subject of bankruptcy proceedings), etc.

Trade receivables

The Company presents trade receivables at net amount, deducting from the sum of the outstanding initial invoices doubtful debt allowances.

Other receivables

The item "Other receivables" includes receivables that cannot be presented under other items, including overpaid taxes, balances of liabilities.

Deferred expense and income

The payments that have been made before the balance sheet date but refer to next years are presented under item "Deferred expenses".

Payments received before the balance sheet date but were related to next year or years are presented as deferred income.

Cash

Cash and its equivalents include non-cash in payment accounts.

Share capital

The item "Share capital" presents the size of the shares according to the size registered with the Commercial Register.

Trade payables

Trade payables are disclosed by the Company in accordance with supporting documents and are agreed with the creditor.

Loans and borrowings

Loans and borrowings are initially disclosed at cost which is calculated as the fair value of loans and borrowings plus or minus costs connected with issuing or receiving the loan.

Lease

Finance lease transactions under which the Company assumes substantially all the risks and rewards of ownership of the lease object are recognized in the balance sheet as fixed assets at an amount that represents the fair value of the leased object at inception or at the present value of the minimum lease payments if the fair value is lower. Finance lease payments are allocated between financial expenses and reduction of liabilities in order to ensure consistent interest rate on the balance of liabilities in each period. Financial expenses are disclosed in the profit and loss statement as interest expenses.

If there are sufficient grounds to consider that at the end of a lease period, a relevant lease object would devolve into the ownership of a lessee, the useful life of a relevant asset is assumed as the expected period of use. In all other cases depreciation of capitalized leased assets is calculated on a straight line basis over the short of the estimated period of use or period of lease.

Lease of assets under which substantially all the risks and rewards of ownership the lease object are assumed by the lessor is classified as operating lease. Payments under operating lease are treated as expenses over the entire period of lease on a straight line basis. Liabilities of the Company arising out of operative lease agreements are reflected as off-balance sheet liabilities.

Accrued income

Accrued income includes certain settlement amounts with clients and suppliers for the supply of goods or provision of services within the reporting year, in relation to which, according to the conditions of the contract on the balance sheet date, the term for submission of the supporting document (invoice) to be paid has not yet arrived.

Accrued liabilities

Accrued liabilities specify clearly known amounts of liabilities towards suppliers and contractors for the goods or services received in the reporting year, for which respective document supporting the payment (invoice) has not been received as at the Balance Sheet date due to supply, purchase or contractual provisions, or other reasons.

Accrued liabilities for unused vacations

Provisions for unused vacations calculated by multiplying the average employee's daily salary during the last six months of the reporting year and the number of accrued vacation days at the end of the reporting year.

Advance payments received from buyers

An advance payment received from a buyer is a payment made by the buyer to the seller in accordance with the contract until the goods or services are received.

Other accounts payable

The Company includes in the item "Other accounts payable" the creditors, which cannot be disclosed in other items, as well as the credit balances of the accounts receivable.

Dividends

Claims and liabilities are recognised as dividends when the rights of stockholders or shareholders for the receipt of dividends arise, which means only when a decision has been made by the meeting of shareholders on the share of profit to be paid out in dividends, as well as the amount of dividends is determined and calculated.

Taxes and state social insurance mandatory contributions

The Company shall coordinate tax information with the tax administration. The Company presents only tax debts under the accounts payable, with any overpayments included in other receivables.

Revenue recognition

Revenue is recognized based on the likelihood of gaining economic benefit and to the extent it is reasonably measurable, less value added tax and discounts on sales. Revenue is recognized based on the following conditions:

Sale of goods

Revenue from sales of goods is recognized if the following conditions have been complied with:

- 1) The Company has transferred inherent risks and rewards incidental to ownership of the goods to the buyer;
- 2) The Company does not retain further management rights related to ownership rights and actual control over the goods;
- 3) It is likely that the benefits related to the transaction would flow into the Company;
- 4) Costs incurred or future costs in relation to the transaction can be estimated reliably.

The Company reflects the sales of goods, taking into account the economic essence of the transaction and not only the legal form thereof.

Provision of services

Income from services is recognized in the period when the services are provided.

Income from services and related expenses are recognized with reference to the degree of completion of the transaction at the reporting date.

If the outcome of the services transaction cannot be reasonably assessed income is recognized to the extent that the expenses recognized can be recovered.

Other income

Other income include income, which is not included in net turnover, has occurred as a result of economic activity, or related to it, or directly arising from it. Other income is recognized as follows:

- Income from penalties and delayed fees, when received;
- Income from sale of fixed assets — at net value, profit and loss from the sale of long-term investments is calculated as a difference between the book value of the fixed asset and the income gained from its sale, and is included in the profit and loss statement in the period, when they occurred;
- Income from exchange rate fluctuations — at net value, profit and loss from exchange rate fluctuations is calculated as a difference between revenues from exchange rate fluctuations and losses from exchange rate fluctuations, and is included in the profit and loss statement in the period, when they occurred;
- Interest income from credit institutions registered in the Republic of Latvia for balances of current accounts – upon receipt;
- Income from dividends — when legitimate rights to their receipt start to apply;
- Other income, when it occurred.

Principles of expense recognition

Costs in the Profit and Loss Statement are specified on an accrual basis taking into consideration the moment of occurrence thereof, and not the moment of spending. Expenses related to the reporting year are recognized irrespective of the date of payment or invoice. Costs are reconciled with the revenue in the respective reporting periods.

Enterprise income tax

Enterprise income tax consists of the enterprise income tax calculated for the reporting year. Enterprise income tax for the reporting year is recognised in the profit or loss statement. The tax calculated for the reporting period was calculated by complying with the requirements of the Enterprise Income Tax Law by determining the taxable income, dividing the value of taxable objects with coefficient 0.8 and applying the tax rate of 20% laid down in the law.

Events after the balance sheet date

Financial statements reflects such events after the end of the reporting year that provide supplementary information on the financial condition of the Company on the date of preparation of the balance sheet (adjusting events). If the events after the end of the reporting year do not cause any adjustments, they are disclosed in the notes to the financial statements only if they are significant.

1. Average number of employees

	2025	2024
Average number of employees in the reporting year	4	4
Total	4	4

2. Personnel costs

	2025 EUR	2024 EUR
Remuneration for work	81,066	57,100
Mandatory state social insurance contributions	19,124	13,470
Total	100,190	70,570

Including remuneration to the Board:	21,827	1,600
Including state social insurance mandatory contributions for the Board:	5,149	378

	2025 EUR	2024 EUR
<i>Salary to administrative personnel</i>		
Remuneration for work	54,971	1,600
Mandatory state social insurance contributions	12,968	378
Total	67,939	1,978

3. Other fixed assets and inventory –

	Other fixed assets and inventory	Total
	EUR	EUR
Acquisition cost or prime cost of production on 31.12.2024	-	-
Increase in value, including improvements	30,631	30,631
Disposal or liquidation in the reporting year	-	-
Acquisition cost or prime cost of production on 31.12.2025	30,631	30,631
Adjustments to accumulated impairment losses on 31.12.2024	-	-
Corrections of impairment calculated during the reporting year	1,021	1,021
Changes in the sum total of the accrued impairment corrections due to disposal, liquidation of the object or the relocation thereof to another item	-	-
Adjustments to accumulated impairment losses	1,021	1,021
Balance sheet value as of 31.12.2024	-	-
Balance sheet value as of 31.12.2025	29,610	29,610

All fixed assets in the Balance Sheet are owned by the Company and are not pledged.

4. Ready-made products and goods for sale

	31.12.2025 EUR	31.12.2024 EUR
Wood felling sites for sale	22,773,415	3,441,297
Immovable property acquired for sale	13,623,304	5,139,614
Total	36,396,719	8,580,911

5. Advance payments for inventories

	31.12.2025 EUR	31.12.2024 EUR
Advance payments for immovable property	400,500	-
Total	400,500	-

6. Trade receivables

	31.12.2025 EUR	31.12.2024 EUR
Carrying amount of customers	166,410	719,006
Total	166,410	719,006

7. Other receivables

	31.12.2025 EUR	31.12.2024 EUR
Overpayment of Value Added Tax	448	716
Advance payments for services	2,250	3,854
Total	2,698	4,570

8. Cash

	31.12.2025 EUR	31.12.2024 EUR
Cash on current accounts	123,408	9,611
Total	123,408	9,611

9. Share capital

The Company's registered and fully paid-up share capital of EUR 1,502,800 as at December 31, 2025 consists of 15,028 shares with the nominal value of EUR 100 per share.

Type of shares or stocks	Number	Nominal amount	Book value (if nominal value has not been determined)	Shareholders
Ordinary	15028	100	-	100% SIA Intelligent Innovations

10. Loans against bonds (long-term)

	31.12.2025 EUR	31.12.2024 EUR
Loans against bonds, DN Operator SIA	13,493,671	-
Total	13,493,671	-

11. Loans against bonds (short-term)

	31.12.2025 EUR	31.12.2024 EUR
Loans against bonds, DN Operator SIA	18,842,339	-
Total	18,842,339	-

12. Accounts payable to suppliers and contractors

	31.12.2025 EUR	31.12.2024 EUR
Debts to suppliers and contractors for goods and services from LV partners	2,778,217	2,488,024
Debts to suppliers and contractors for goods and services from EU partners	-	435
Total	2,778,217	2,488,459

13. Payables to affiliated companies

	31.12.2025 EUR	31.12.2024 EUR
Loan from the parent company	-	3,988,000
Due for goods and services to the parent company	-	1,175,401
Total	-	5,163,401

14. Taxes and state social insurance mandatory contributions

	Balance sheet value as of 31.12.2024 EUR	Calculated for 2025 EUR	Paid for 2025 EUR	Balance sheet value as of 31.12.2025 EUR
Mandatory state social insurance contributions	2006	27,635	25,717	3924
Personal income tax	1255	16,268	15,065	2458
Business risk state duty	2	18	18	2
Company passenger car tax	-	50	-	50
Total	3263	43,971	40,800	6434

15. Other accounts payable

	31.12.2025 EUR	31.12.2024 EUR
Settlements of salary payments	7,844	4,011
Advances to personnel	2	137
Total	7,846	4,148

16. Accrued liabilities

	31.12.2025 EUR	31.12.2024 EUR
Accrued liabilities for expenses of unused holiday	3,071	2,396
Accrued liabilities for suppliers, services	337,332	173,274
Total	340,403	175,670

Notes to the Profit and Loss Statement

17. Net turnover

<i>By type of operating activity</i>	2025 EUR	2024 EUR
Income from disposal of immovable property	1,298,000	3,380,861
Income from sales of wood felling sites	9,486,000	501,900
Income from lease of immovable property	51,050	14,048
Other income	3441	-
Total	10,838,491	3,896,809

18. Production cost price of produce sold, cost of the goods sold or services provided

	2025 EUR	2024 EUR
Cost of materials	5,461,530	3,090,572
Cost of purchased services	556,265	174,020
Salaries	26,096	55,500
Mandatory state social insurance contributions	6,156	13,093
Accrued liabilities for unused leave	-1,747	1,072
State duties on immovable property	244,210	60,230
Legal services	45,610	14,598
Real estate tax on buildings and land	16,083	7,046
Training and further training costs	192	-
Transportation costs	17,716	-
Labour safety expenses	922	-
Other expenses	438	18
Total	6,373,471	3,416,149

19. Sales costs

	2025 EUR	2024 EUR
Advertising expenses	1,538	22,363
Other sales costs	-	94
Total	1,538	22,457

20. Administrative costs

Administrative costs

	2025 EUR	2024 EUR
Salaries	54,970	1,600
Mandatory state social insurance contributions	12,968	378
Accrued liabilities for unused leave	2,422	202
Banking services	2,095	3,654
Office maintenance costs	4,920	6,800
Computer software maintenance expenses	3,000	600
Transportation costs	31,085	2,665
Representation costs	6,292	255
Auditing expenses of the annual report	2,000	2,500
Other administrative costs	50,907	1,109
Total	170,659	19,763

21. Other income from economic activity

	2025 EUR	2024 EUR
Received fines and contractual penalties	41	4,058
Total	41	4,058

22. Other costs from business activities

	2025 EUR	2024 EUR
Commissions for leasing and loan processing	423,491	-
Losses from decrease of currency exchange rate	4,688	-
Total	428,179	-

23. Interest payments and similar costs

	2025 EUR	2024 EUR
a) to affiliated companies	-	223,938
b) to other persons, (% paid against bonds, DN Operator SIA)	2,302,068	148,256
Total	2,302,068	372,194

24. Financial risk management

The Company is working with such financial instruments as loans from legal entities, trade receivables, and other receivables; trade and other payables, and other liabilities that arise directly from the Company's operating activity.

Financial risks

The key financial risks related to the Company's financial instruments are: currency risk, liquidity risk and credit risk.

Currency risk

The Company's monetary assets and liabilities exposed to the foreign currency risk include cash, and trade payables. The Company is mainly exposed to foreign currency risk due to the euro currency.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations fully and in a timely manner. Liquidity risk arises when the repayment term of financial assets and liabilities does not match. The objective of the Company's liquidity risk management is to maintain adequate amount of cash and cash equivalents and to ensure adequate funding to enable the Company to meet its obligations within the provided term. The Company regularly assesses the maturity profile of its financial assets and liabilities and the stability of its funding sources of long-term investments. The management of the Company believes sufficient resources will be available to maintain the Company's liquidity position. As at December 31, 2025, the Company's liquidity coefficient is 1.75.

Credit risk

The Company is exposed to credit risk in relation to its trade receivables and cash. The Company controls the credit risk by regular assessment of customer debt history and individual lending terms for each customer. The Company does not have any significant credit exposures in relation to a single business partner or a group of business partners.

25. Information regarding off-balance sheet obligations and pledged assets

The Company has no unrecognized rights and liabilities. There are no material events not included in the Balance Sheet or Profit and Loss Statement. All existing liabilities are accounted for in the books and explained in this financial statement. The Company has not issued any guarantees to natural persons or legal entities.

26. Events after the balance sheet date

No significant subsequent events have occurred in the period from the year-end to the date of these financial statements that would require adjustments to be made to these financial statements and additional information to be disclosed.

The Board and Accountant have prepared and signed the Annual Report for 2025 of the Company.

THE SIGNATURE OF THE MEMBER OF THE BOARD APPLIES TO THE MANAGEMENT REPORT FROM PAGE 4 TO 5, AND THE ANNUAL REPORT AS A SINGLE DOCUMENT FROM PAGE 3 TO 22 .

THE ELECTRONIC SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTING APPLIES TO THE ANNUAL REPORT AS A SINGLE DOCUMENT FROM PAGE 3 TO 22 .

Independent Auditor's Report