

SABIEDRĪBA AR IEROBEŽOTU ATBILDĪBU

"Timbro Group"

UNIFIED REGISTRATION NUMBER 40203549571

CONSOLIDATED ANNUAL REPORT

FOR 2025

**PREPARED IN ACCORDANCE WITH THE LAW ON ANNUAL REPORTS AND CONSOLIDATED
ANNUAL REPORTS**

TOGETHER WITH AN INDEPENDENT AUDITOR'S REPORT

Cēsis, 2026

This is a translation from the Latvian original. In the event of any discrepancy, the Latvian version prevails.

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Consolidated balance sheet

ASSETS	Note	31.12.2025. EUR	31.12.2024. EUR
Non-current assets			
Intangible assets			
Concessions, patents, licences, trademarks and similar rights		517	458
Goodwill		20 598	23 021
Total intangible assets	4	21 115	23 479
Property, plant and equipment			
Real estate:			
a) land, buildings and engineering structures		195 404	737 164
Animals and plants:			
a) working or productive animals and perennial plantings		7 627	412 833
Leasehold improvements		-	7 247
Technological equipment and machinery		253 441	280 885
Other property, plant and equipment and fixtures		4 193 799	2 988 575
Construction in progress		2 263 728	171 810
Advance payments for property, plant and equipment		471	84 830
Total property, plant and equipment	5	6 914 470	4 683 344
Total non-current assets		6 935 585	4 706 823
Current assets			
Inventories			
Raw materials, basic and auxiliary materials		3 131 636	1 736 610
Work in progress and unfinished orders		197 728	336 775
Finished goods and goods for resale		3 322 523	3 163 399
Advance payments for inventories		1 953 857	379 972
Total inventories	6	8 605 744	5 616 756
Receivables			
Trade receivables	7	4 103 385	2 335 602
Other receivables	8	5 962 243	360 042
Prepaid expenses	9	146 633	43 819
Accrued income	10	82 541	64 987
Total receivables		10 294 802	2 804 450
Cash	11	363 287	781 233
Total current assets		19 263 833	9 202 439
Total assets		26 199 418	13 909 262

The notes to the consolidated financial statements on pages 8 to 26 are an integral part of these consolidated financial statements.

Chairman of the Board	Raimonds Cipe
Member of the Board	Kristaps Stūriška
Member of the Board	Jānis Stūriška
Accountant	Sintija Sausiņa

THIS DOCUMENT HAS BEEN SIGNED ELECTRONICALLY WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP

Consolidated balance sheet

LIABILITIES AND EQUITY	Note	31.12.2025. EUR	31.12.2024. EUR
Equity			
Share capital	12	2 500 000	2 500 000
Retained earnings or accumulated losses of previous years	13	404 571	-
Profit or loss for the reporting year	13	3 319 435	412 986
Non-controlling interests		286 013	629 399
Total equity		6 510 019	3 542 385
Liabilities			
Non-current liabilities			
Bonds issued	14	2 000 000	5 025 000
Loans from credit institutions	15	363 200	427 147
Other borrowings	16	1 667 451	780 159
Deferred income	17	123 982	132 131
Total non-current liabilities		4 154 633	6 364 437
Current liabilities			
Bonds issued	18	8 475 000	-
Loans from credit institutions	19	4 109 690	2 497 567
Other borrowings	20	666 805	231 914
Advances received from customers	21	88 319	-
Trade payables	22	1 100 522	842 522
Taxes and mandatory State social insurance contributions	23	193 523	119 236
Other payables	24	154 785	83 404
Deferred income	25	25 487	23 580
Dividends payable	26	7 500	7 500
Accrued liabilities	27	713 135	196 717
Total current liabilities		15 534 766	4 002 440
Total liabilities		19 689 399	10 366 877
Total liabilities and equity		26 199 418	13 909 262

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Consolidated statement of profit or loss

(by function of expense)

	Note	01.01.2025.- 31.12.2025. EUR	21.03.2024.- 31.12.2024. EUR
Net turnover			
a) from agricultural activities	28	-	6 080
b) from other operating activities	28	49 221 672	8 245 195
Cost of goods sold and of services provided	29	(47 532 314)	(8 012 826)
Gross profit or loss		1 689 358	238 449
Selling expenses	30	(95 678)	(7 844)
Administrative expenses	31	(1 321 682)	(330 523)
Other operating income	32	4 331 253	571 009
Other operating expenses	33	(128 347)	(39 122)
Other interest income and similar income:			
a) from other parties	34	7 478	16 845
Interest expense and similar expenses:			
a) to other parties	35	(1 302 392)	(168 062)
Profit or loss before corporate income tax		3 179 990	280 752
Corporate income tax for the reporting year		(103 689)	(25 380)
Profit or loss after corporate income tax		3 076 301	255 372
Profit or loss for the reporting year		3 076 301	255 372
Non-controlling interests' share of profit or loss		(243 134)	(157 614)

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Consolidated statement of cash flows

(indirect method)

	Note	01.01.2025.- 31.12.2025. EUR	21.03.2024.- 31.12.2024. EUR
Cash flows from operating activities			
Profit or loss before corporate income tax		3 179 990	280 752
Adjustments:			
depreciation of property, plant and equipment		(3 581 469)	92 693
amortisation of intangible assets		2 824	1 224
other interest income and similar income		(7 478)	(16 845)
interest expense and similar expenses		1 302 392	168 062
Profit or loss before adjustments for the effect of changes in current assets and current liabilities		896 259	525 886
Adjustments:			
increase or decrease in receivables		(7 490 352)	(1 201 431)
increase or decrease in inventories		(2 988 988)	(4 065 990)
increase or decrease in trade and other payables		1 002 163	(1 296 322)
Gross cash flows from operating activities		(8 580 918)	(6 037 857)
Interest paid		(1 190 763)	(166 971)
Corporate income tax paid		(78 786)	(488 875)
Net cash flows from operating activities		(9 850 467)	(6 693 703)
Cash flows from investing activities			
Acquisition of shares in subsidiaries, associates or other companies		-	(52 135)
Purchase of property, plant and equipment and intangible assets		(4 684 831)	(428 350)
Proceeds from sale of property, plant and equipment and intangible assets		5 973 000	295 000
Loans granted		-	(122 500)
Proceeds from repayment of loans		-	116 000
Interest received		-	14 021
Net cash flows from investing activities		1 288 169	(177 964)
Cash flows from financing activities			
Proceeds from the issue of shares and bonds or from increases in capital contributions		7 150 000	7 525 000
Borrowings received		9 332 975	5 670 500
Repayment of borrowings		(6 440 852)	(3 504 800)
Payments for the buy-out of leased assets		(1 697 771)	(92 800)
Dividends paid		(200 000)	(1 945 000)
Net cash flows from financing activities		8 144 352	7 652 900
Net cash flow for the reporting year		(417 946)	781 233
Cash and cash equivalents at the beginning of the reporting year		781 233	-
Cash and cash equivalents at the end of the reporting year	11	363 287	781 233

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Consolidated statement of changes in equity

	01.01.2025.- 31.12.2025. EUR	21.03.2024.- 31.12.2024. EUR
Share capital	2 500 000	-
Share capital increase/decrease	-	2 500 000
Amount reported in the balance sheet at the end of the reporting period	2 500 000	2 500 000
Retained earnings or accumulated losses	412 986	-
Retained earnings increase/decrease	3 311 020	412 986
Amount reported in the balance sheet at the end of the reporting period	3 724 006	412 986
Non-controlling interests		
Amount reported in the previous year's balance sheet	629 399	-
Non-controlling interests increase/decrease	(343 386)	629 399
Amount reported in the balance sheet at the end of the reporting period	286 013	629 399
Equity		
Amount reported in the previous year's balance sheet	3 542 385	-
Amount reported in the balance sheet at the end of the reporting period	6 510 019	3 542 385

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Notes to the consolidated financial statements

General information about the Group

Name of the parent company of the Group	SIA Timbro Group	
Legal status of the parent company of the Group	Sabiedrība ar ierobežotu atbildību (limited liability company)	
Registration No. and date	40203549571, 21.03.2024	
Registered address	Gaujas iela 5, Cēsis, LV-4101 (from 17.01.2026) Roberta Hirša iela 1, Rīga, LV-1045 (until 17.01.2026)	
Composition of the Board	Raimonds Cipe Jānis Stūriška Kristaps Stūriška	Chairman of the Board Member of the Board Member of the Board
Shareholders	Category B shares: AS Curiosity Capital SIA EMK Ventures SIA BFIN Category A shares: AS Curiosity Capital SIA EMK Ventures SIA BFIN SIA Merito Capital Kristaps Stūriška Raimonds Cipe Jānis Stūriška AS ALPPES Capital Ringolds Grāpis	76.83432% 11.38284% 11.38284% 0.1572% 0.032% 0.032% 0.056% 0.036% (from 25.11.2025), 0.04% (until 25.11.2025) 0.036% (from 25.11.2025), 0.04% (until 25.11.2025) 0.036% (from 25.11.2025), 0.04% (until 25.11.2025) 0.0028% 0.012% (from 25.11.2025)
Principal activities of the Group	Activities of holding companies (64.21 NACE Rev. 2.1) Logging (NACE 02.20, Rev. 2.1) Sawmilling and planing of wood (16.11 NACE Rev. 2.1)	
Reporting year	01.01.2025. - 31.12.2025.	
Subsidiaries of the Group	SIA "Timbro", Reg. No. 40203408445, 100% SIA "SELKO", Reg. No. 45403018293, 66.66667% through SIA "Timbro" SIA "SLAIGO", Reg. No. 45403045268, 34.6666684% through SIA "SELKO" SIA "E-Silva", Reg. No. 40203646218, 80% (from 15.05.2025.)	
Auditor	Svetlana Šemele-Baikova Certified Auditor of the Republic of Latvia LZRA Certificate No. 212	AS "Nexia Audit Advice" Mihaila Tāla iela 1, Rīga, Latvija, LV - 1045 Reg. No. 40003858822 Licence of a firm of certified auditors No. 134

Notes to the consolidated financial statements (continued)

Basis of preparation of the consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with the Accounting Law of the Republic of Latvia, the Law on Annual Reports and Consolidated Annual Reports, and Cabinet of Ministers Regulations No. 775 of 22 December 2015 "Regulations on the Application of the Law on Annual Reports and Consolidated Annual Reports".

The consolidated financial statements have been prepared under the historical cost convention. The monetary unit used in the consolidated financial statements is the euro (EUR), the monetary unit of the Republic of Latvia. Compared with the previous reporting year, the accounting and measurement methods applied by the Group have not been changed.

Accounting principles applied

The items of the consolidated annual report have been measured in accordance with the following accounting principles:

- a) it is assumed that the Group will continue as a going concern;
- b) items have been measured with due prudence:
 - only profit earned before the balance sheet date is included in the report;
 - all foreseeable risk amounts and losses arising in the reporting year or in previous years have been taken into account, even if they became known in the period between the balance sheet date and the date of preparation of the annual report;
 - all impairment and depreciation amounts have been calculated and taken into account, regardless of whether the reporting year is closed with a profit or a loss;
- d) income and expenses relating to the reporting year have been taken into account regardless of the date of payment or the date of receipt or issue of the invoice. Expenses have been matched with income in the reporting period;
- e) the components of asset and liability items have been measured separately;
- f) the opening balance sheet of the reporting year agrees with the closing balance sheet of the previous year;
- g) all items that materially affect the assessment or decision-making of the users of the annual report have been disclosed; immaterial items are aggregated and their detail is provided in the notes;
- h) business transactions are presented in the annual report having regard to their economic content and substance, not merely their legal form;
- i) balance sheet and profit or loss account items are measured at acquisition cost or production cost.

Basis of consolidation

The consolidated financial statements include the financial statements of SIA "Timbro Group" and its controlled subsidiaries SIA "Timbro", SIA "E-Silva", SIA "SELKO" and SIA "SLAIGO" for the period ended 31 December 2025. The same accounting principles are applied in the financial statements of the parent company of the Group and in the financial statements of the subsidiaries.

Subsidiaries of the Group are consolidated from the moment the Group obtains control, and consolidation ceases when that control ends. Control exists if the parent company of the Group is exposed, or has rights, to variable returns from its investment in the investee, or has the ability to affect the investee's results by exercising its power over the investee.

Consolidation of a subsidiary begins when the Group obtains control over it and ends when the Group loses control over that subsidiary. The financial statements of the parent company of the Group and its subsidiaries are consolidated in the Group's financial statements by combining the corresponding items of assets and liabilities, as well as income and expenses. In the consolidation process, all intra-group unrealised profits, intra-group balances, mutually held shares, dividends and other intra-group transactions have been eliminated in full. Equity and net income attributable to non-controlling interests are presented separately in the consolidated balance sheet and the consolidated statement of profit or loss.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the non-controlling interests at their carrying amount;
- derecognises the cumulative revaluation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises any investment retained at its fair value;
- recognises any gain or loss in the profit or loss account;
- reclassifies to profit or loss all amounts attributable to the parent company of the Group that relate to that subsidiary and were recognised in other income not presented in the profit or loss account.

Reporting period of the consolidated financial statements 01.01.2025. to 31.12.2025.

Use of estimates

In preparing the consolidated financial statements, management has to rely on certain estimates and assumptions that affect the balances of individual balance sheet and profit or loss account items presented in the statements, as well as the amount of contingent liabilities. Future events may affect the assumptions on which the respective estimates were based. Any effect of changes in estimates is reflected in the financial statements at the time of determination.

Contingent liabilities and assets

Contingent liabilities are not recognised in these consolidated financial statements. They are recognised as liabilities only when the likelihood that resources will be expended becomes sufficiently substantiated. Contingent assets are not recognised in these consolidated financial statements, but are disclosed only when the likelihood that the economic benefits associated with the transaction will flow to the Group is sufficiently substantiated.

Non-current and current items

Non-current items comprise amounts whose receipt, payment or write-off falls due later than one year after the end of the respective reporting year. Amounts receivable, payable or to be written off within one year are presented as current items.

Monetary unit and translation of foreign currencies

The functional currency of the Group and the currency used in the consolidated financial statements is the euro, the monetary unit of the Republic of Latvia. All transactions in foreign currencies have been translated into euro at the official exchange rate of the European Central Bank for the respective foreign currency against the euro in effect at the beginning of the day of the business transaction. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the foreign exchange rate in effect at the end of the last day of the reporting year.

Transactions with related parties

Related parties are the shareholders of the Group, members of the Board (officers of the Group's senior management) and companies that control the Group and have significant influence over the Group in making decisions related to its principal activities, close family members of the aforementioned private individuals, as well as companies controlled by, or under the significant influence of, those persons. Companies in which the Group has significant influence or control are also considered related parties.

Subsidiaries

A subsidiary is a company that is directly or indirectly controlled by another company (the parent company - more than 50% of the voting rights of the shareholders or members in that company). An investment in a subsidiary is recognised under the cost method. The parent company controls the financial and business policies of the subsidiary. The company recognises income from the investment only when it receives a distribution of profits arising after the acquisition date from the subsidiary.

Associates

An associate is a company in which another company holds a capital interest and whose operating and financial policies are under the significant influence of that other company, which is ensured by not less than 20% and not more than 50% of the members' voting rights. An investment in an associate is recognised under the cost method.

Own shares and interests in other companies

Own shares acquired by the Group are presented in the balance sheet item "Own shares", while acquired interests in the share capital of other companies are presented, respectively, in the balance sheet items "Investments in the capital of subsidiaries", "Investments in the capital of associates" or "Other securities and investments".

Intangible assets and property, plant and equipment

All intangible assets and property, plant and equipment are initially measured at acquisition cost. Acquired assets are recognised as property, plant and equipment if their value exceeds EUR 500. Acquired assets below EUR 500 are accounted for as low-value inventory and charged to production, administrative or selling expenses at the time of their acquisition, without keeping an inventory record.

Rights acquired for consideration only are presented as "Concessions, patents, licences, trademarks and similar rights". The acquisition cost of property, plant and equipment comprises the purchase price, import duties and non-deductible acquisition taxes, and other costs directly attributable to the acquisition of bringing the asset to its location and preparing it for its working condition in accordance with its intended use.

Forest stands are presented in the item Animals and plants. When a forest stand is taken into account, in addition to the value of the forest stand, the total growing stock of the forest stand is determined, on the basis of which the stumpage value per 1 ha of timber is calculated. Upon receipt of a felling permit, the volume of trees to be felled and its value are calculated. The calculated value reduces the value of the forest stand and is transferred from the value of the forest stand to inventories. It is written off from inventories to expenses at the moment when the sale of timber from the specific felling site is completed. If a forest stand is regenerated, expenses for planting materials, wage costs and social contributions are added to its value.

Intangible assets and property, plant and equipment are presented at their carrying amount, less accumulated depreciation. Depreciation of property, plant and equipment and amortisation of intangible assets is calculated on a straight-line basis over the useful life of the respective intangible assets and property, plant and equipment, in order to write off the value of the intangible asset and item of property, plant and equipment to its estimated residual value at the end of its useful life, using the following rates set by management:

Intangible assets:

Concessions, patents, licences, trademarks and similar rights	10	%
Goodwill	10	%

Property, plant and equipment:

Buildings and engineering structures	5	%
Technological equipment and machinery	10	%
Vehicles and forestry machinery	10-20	%
Other property, plant and equipment and fixtures	20-50	%

Depreciation is calculated starting from the first day of the month following the month in which the intangible asset or item of property, plant and equipment can be used for its intended purpose. Land is not subject to depreciation. Depreciation is calculated separately for each part of an item of property, plant and equipment whose cost is significant in relation to the total cost of that item. If the Company depreciates some parts of an item of property, plant and equipment separately, it also depreciates the remaining parts of that same item separately. The remainder consists of those parts of the item that are individually insignificant. Depreciation of the remaining parts is calculated using approximation methods to faithfully reflect their useful life.

If any events or changes in circumstances indicate that the carrying amount of property, plant and equipment may not be recoverable, the value of the respective assets is reviewed to determine their impairment. If indications of irrecoverability exist and the carrying amount of an asset exceeds the estimated recoverable amount, the asset or the cash-generating unit is written down to its recoverable amount. The recoverable amount of an item of property, plant and equipment is the higher of net selling price and value in use.

Income or losses from the sale of property, plant and equipment are presented in the profit or loss account of the respective period.

Costs of repair and renewal work that extend the useful life or increase the value of property, plant and equipment are capitalised and written off over their useful life. Other repair and renewal costs are recognised as expenses of the reporting period.

Construction in progress and other creation of property, plant and equipment reflects the costs of creating property, plant and equipment and of unfinished construction projects, and is accounted for at cost. Cost includes all costs incurred in creating the item of property, plant and equipment. Depreciation is not calculated until the respective assets are completed and put into operation.

If investments are made in a leased asset (for example, reconstruction, improvement or renewal), such costs are recognised in the balance sheet item "Leasehold improvements" and depreciated over the lease term.

Goodwill

Goodwill is initially measured as the positive difference between the consideration paid plus the amount attributable to non-controlling interests, and the net amount of the identifiable assets acquired and liabilities assumed by the Group. If the said consideration is lower than the net assets of the acquired subsidiary, the negative difference is recognised immediately in the consolidated profit or loss account. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

At the end of each reporting year, for the purposes of preparing the consolidated financial statements, the parent company of the Group assesses whether the carrying amount of the amount presented in the consolidated balance sheet item "Goodwill" has not been impaired. Goodwill impairment calculations are performed every year. Previously recognised goodwill impairment losses are not reversed. Goodwill impairment losses cannot be reversed in subsequent periods.

Development costs

Development costs are costs that are directly attributable to development activities or that can be reasonably allocated to such activities. Amortisation is calculated over the entire recovery period of the development costs.

Inventories

Inventories are accounted for at the lower of cost or net realisable value in accordance with the perpetual inventory method. Costs incurred in bringing inventories to their present location and condition are accounted for as follows:

- materials and purchased goods are accounted for at their acquisition cost using the "first in - first out" (FIFO) method.

Work in progress and finished goods are measured at production cost. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling costs. Net realisable value is presented as cost less the provisions made.

Receivables

Receivables are accounted for at the original invoice amount, less the balances of provisions made for doubtful debts. Provisions for doubtful debts are estimated when the collection of the full amount of the debt is doubtful. Debts are written off when their recovery is considered impossible.

Indications that a receivable is doubtful are:

- late payment of the debt, where after repeated reminders the debtor still does not pay or the debtor disputes the Company's right to recover the debt;
- the debtor's poor financial position and negative operating results or other circumstances indicating the debtor's inability to pay the full amount of the debt (it is known that court proceedings have been initiated against the debtor for its declaration as bankrupt), and the like.

Trade receivables

The Group presents trade receivables at net value, deducting provisions for doubtful receivables from the amount of unpaid original invoices.

Other receivables

In the item "Other receivables" the Group includes receivables that cannot be presented in other items, including overpaid taxes and debit balances of payables.

Prepaid expenses and deferred income

Payments made before the balance sheet date but relating to subsequent years are presented in the item "Prepaid expenses". Payments received before the balance sheet date but relating to the following year or later years are presented as deferred income.

Cash and cash equivalents

Cash and cash equivalents comprise non-cash funds in payment accounts.

Share capital

The item "Share capital" presents the amount of shares in accordance with the amount registered in the Commercial Register.

Payables

The Company presents payables in accordance with supporting documents, and they have been reconciled with the creditors themselves.

Loans and borrowings

Loans and borrowings are initially presented at their initial value, which is determined by adding the costs related to the issue of the loan to, or deducting the costs related to the receipt of the borrowing from, the fair value of the loan or borrowing amount.

Leases

Finance lease transactions, under which all the risks and rewards incidental to ownership of the leased object are transferred to the Company, are recognised in the balance sheet as property, plant and equipment at an amount that, at the inception of the lease, corresponds to the fair value of the property leased under the lease or, if lower, the present value of the minimum lease payments. Finance lease payments are apportioned between finance costs and the reduction of the liability so as to ensure a constant rate of interest on the remaining balance of the liability in each period. Finance costs are included in the profit or loss account as interest expenses.

If there are sufficient grounds to believe that at the end of the lease term the respective leased object will pass into the ownership of the lessee, the expected period of use is taken to be the useful life of that asset. In all other cases, depreciation of capitalised leased assets is calculated on a straight-line basis over the estimated useful life of the assets or the lease term, whichever is shorter.

Leases of assets under which practically all the risks incidental to ownership are borne, and the rewards are obtained, by the lessor are classified as operating leases. Lease payments under operating leases are accounted for as expenses over the entire lease term on a straight-line basis. The Company's commitments arising from operating lease agreements are presented as off-balance-sheet commitments.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits from the Company will be required to settle the obligation, and the amount of the obligation can be measured with sufficient reliability. If the Company expects that the expenditure required to create the provisions will be partially or fully reimbursed, for example under an insurance contract, the reimbursement of these expenses is recognised as a separate asset only and solely when it is practically certain that these expenses will indeed be reimbursed. Expenses relating to any provision are presented in the profit or loss account net of amounts recovered.

Accrued income

Accrued income comprises clearly known settlement amounts with customers for the delivery of goods or the provision of services in the reporting year, in respect of which, in accordance with the terms of the contract, the deadline for submitting the supporting document (invoice) intended for payment had not yet arrived at the balance sheet date.

Accrued liabilities

Accrued liabilities comprise clearly known amounts of liabilities to suppliers and contractors for goods or services received in the reporting year, for which, due to the terms of the delivery, purchase or contractor agreement or for other reasons, the respective supporting document (invoice) intended for payment had not yet been received at the balance sheet date.

Accrued liabilities for unused vacations

The amount of accrued unused vacation costs is determined by multiplying the average daily remuneration of employees in the last six months of the reporting year by the number of unused vacation days accrued at the end of the reporting year.

Advances received from customers

An advance received from a customer is a payment that, in accordance with the concluded contract, the customer pays to the seller before receipt of the goods or service.

Other payables

In the item "Other payables" the Company includes payables that cannot be presented in other items, including credit balances of receivables.

Dividends

Claims and liabilities for dividends are recognised when the right of the members or shareholders to receive dividends arises, which means only when a decision of the members' meeting has been adopted on the portion of profit to be paid out in dividends and the amount of the dividend has been determined and calculated.

Taxes and mandatory State social insurance contributions

The Company reconciles tax information with the tax administration. Within payables the Group presents only tax debts, including all overpayments among other receivables.

Revenue recognition

Revenue is recognised according to the assurance that the Group will be able to obtain economic benefits, and to the extent that it can be reliably determined, excluding value added tax and sales-related discounts. In recognising revenue, the following conditions are also taken into account:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions have been met:

- 1) the Group has transferred to the buyer the significant risks and rewards incidental to ownership of the goods;
- 2) the Group retains neither continuing managerial involvement associated with ownership nor effective control over the goods sold;
- 3) it is probable that the Group will receive the economic benefits associated with the transaction;
- 4) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group presents the sale of goods having regard to the economic substance of the transaction, not merely its legal form.

Provision of services

Revenue from services is recognised in the period in which the services are provided.

Revenue from services and the related costs are recognised by reference to the stage of completion of the respective transaction at the balance sheet date.

If the outcome of a transaction involving services cannot be reliably estimated, revenue is recognised only to the extent that the recognised costs are recoverable.

Other income

Other income is income that is not included in net turnover, has arisen as a result of, or is related to, or directly derives from, the business activities. Other income is recognised as follows:

- income from penalties and late-payment charges - at the moment of receipt;
- income from the sale of property, plant and equipment - at net value; the profit or loss from the sale of non-current assets is calculated as the difference between the carrying amount of the item of property, plant and equipment and the proceeds obtained from the sale, and is included in the profit or loss account of the period in which it arose;
- income from exchange rate fluctuations - at net value; profit or loss from exchange rate fluctuations is calculated as the difference between income from exchange rate fluctuations and losses from exchange rate fluctuations, and is included in the profit or loss account of the period in which it arose;
- interest income from credit institutions registered in the Republic of Latvia on balances of payment accounts - at the moment of receipt;
- income from dividends - at the moment when a legal right to receive them arises;
- income from interest - in accordance with the accrual method;
- other income - at the moment it arises.

Corporate income tax

Corporate income tax consists of the corporate income tax calculated for the reporting year. Corporate income tax for the reporting year is recognised in the profit or loss account. The tax calculated for the reporting period has been calculated in accordance with the requirements of the Corporate Income Tax Law, determining the taxable base by dividing the value of the taxable objects by a coefficient of 0.8 and applying the 20% tax rate set in the law.

Events after the balance sheet date

The financial statements reflect those events after the end of the reporting year that provide additional information about the Group's financial position at the balance sheet preparation date (adjusting events). If events after the end of the reporting year are not adjusting events, they are disclosed in the notes to the financial statements only if they are material.

Notes to the consolidated financial statements (continued)

	01.01.2025.- 31.12.2025.	21.03.2024.- 31.12.2024.
1 Average number of employees in the Group, including	65	16
Board members	4	1
Other employees	61	15
	01.01.2025.- 31.12.2025. EUR	21.03.2024.- 31.12.2024. EUR
2 Total personnel expenses	2 214 369	332 791
- remuneration for work	1 782 373	269 325
- mandatory State social insurance contributions	431 661	63 408
- other social security expenses (UDRVN)	335	58
3 Remuneration of management		
Board members		
- salary	116 278	23 525
- mandatory State social insurance contributions	26 288	5 550
- other social security expenses (UDRVN)	22	5
- total	142 588	29 080

NOTES TO THE CONSOLIDATED BALANCE SHEET

4 Statement of movements in intangible assets

	Concessions, patents, licences, trademarks and similar rights	Goodwill	Total intangible assets
Cost at 31.12.2024.	2 036	24 233	26 269
Increases in value, including improvements	460	-	460
Disposal or liquidation in the reporting year	(171)	-	(171)
Cost at 31.12.2025.	2 325	24 233	26 558
Accumulated amortisation at 31.12.2024.	1 578	1 212	2 790
Amortisation charge for the reporting year	401	2 423	2 824
Changes in the total accumulated amortisation adjustments in connection with the disposal, liquidation or transfer of an object to another item	(171)	-	(171)
Accumulated amortisation at 31.12.2025.	1 808	3 635	5 443
Carrying amount at 31.12.2024.	458	23 021	23 479
Carrying amount at 31.12.2025.	517	20 598	21 115

5 Statement of movements in property, plant and equipment

	Real estate: land, buildings and engineering structures	Technologic al equipment and machinery	Working or productive animals and perennial plantings	Leasehold improvements	Other property, plant and equipment and fixtures	Constructio n in progress	Advance payments for property, plant and equipment	Total
Cost at 31.12.2024.	1 211 456	303 631	412 833	10 231	4 551 540	171 810	84 830	6 746 331
Increases in value, including improvements	6 358	3 178	17 949	-	1 817 977	2 090 646	748 263	4 684 371
Disposal or liquidation in the reporting year	(806 991)	-	(423 155)	-	(1 053 046)	(336)	-	(2 283 528)
Transferred to another balance sheet item	10 231	-	-	(10 231)	831 014	1 608	(832 622)	-
Cost at 31.12.2025.	421 054	306 809	7 627	-	6 147 485	2 263 728	471	9 147 174
Accumulated depreciation at 31.12.2024.	474 292	22 746	-	2 984	1 562 965	-	-	2 062 987
Depreciation charge for the reporting year	29 544	30 622	-	-	632 214	-	-	692 380
Changes in the total accumulated depreciation adjustments in connection with the disposal, liquidation or transfer of an object to another item	(278 186)	-	-	(2 984)	(241 493)	-	-	(522 663)
Accumulated depreciation at 31.12.2025.	225 650	53 368	-	-	1 953 686	-	-	2 232 704
Carrying amount at 31.12.2024.	737 164	280 885	412 833	7 247	2 988 575	171 810	84 830	4 683 344
Carrying amount at 31.12.2025.	195 404	253 441	7 627	-	4 193 799	2 263 728	471	6 914 470

6 Inventories

	31.12.2025. EUR	31.12.2024. EUR
Felling sites for harvesting	3 072 269	2 024 256
Timber inventories (branches, roundwood)	413 685	587 742
Wood chips	533 184	-
Materials at the sawmill	50 777	7 730
Fuel	5 093	7 650
Low-value inventory	3 893	7 184
Real estate held for sale	2 572 986	2 602 222
Advance payments for inventories	1 953 857	379 972
Total	8 605 744	5 616 756

7 Trade receivables

	31.12.2025. EUR	31.12.2024. EUR
Settlements with customers for timber	2 634 375	1 487 805
Settlements with EU customers	286 828	216 533
Transactions exempt from VAT (real estate)	1 058 000	511 600
Settlements with customers for services	202 340	172 230
Provision for doubtful receivables	(78 158)	(52 566)
Total	4 103 385	2 335 602

8 Other receivables	31.12.2025.	31.12.2024.
	EUR	EUR
Tax overpayment	118 217	130 490
Security deposits paid	38 103	10 023
Settlements with advance holders	-	252
Advance payments for services	114 759	96 777
Assigned debt	471 664	-
Escrow account with Luminor Bank AS (paid out in 2026)	5 097 000	-
Short-term loan (6% rate, until 31.12.2026, unsecured)	122 500	122 500
Total	5 962 243	360 042

9 Prepaid expenses	31.12.2025.	31.12.2024.
	EUR	EUR
Subscription fees	74 686	25 990
Insurance payments	31 533	14 919
Road use charges	2 884	2 122
Other	37 530	788
Total	146 633	43 819

10 Accrued income	31.12.2025.	31.12.2024.
	EUR	EUR
Goods delivered and services provided in 2025 for which invoices were issued after the balance sheet date	82 541	64 987
Total	82 541	64 987

11 Cash	31.12.2025.	31.12.2024.
	EUR	EUR
Cash in payment accounts	363 287	781 233
Total	363 287	781 233

12 Share capital

The registered and fully paid share capital of the parent company of the Group at 31 December 2025 of EUR 2 500 000 consists of 3 490 000 shares, in the following values:

1. Category A shares 1 000 000 with a nominal value of EUR 0.01, total value EUR 10 000.
2. Category B shares 2 490 000 with a nominal value of EUR 1, total value EUR 2 490 000.

13 Retained earnings or accumulated losses	31.12.2025.	31.12.2024.
	EUR	EUR
Retained earnings or accumulated losses of previous years	404 571	-
Profit or loss for the reporting year	3 319 435	412 986
Total	3 724 006	412 986

14 Bonds issued (non-current)	Issue date	Interest rate	Maturity date	31.12.2025.	31.12.2024.
				EUR	EUR
LV0000850360 *	08.11.2024	12%	08.11.2026	-	3 725 000
LV0000850378 **	15.11.2024	12%	14.05.2027	2 000 000	1 300 000
Total				2 000 000	5 025 000

* ISIN code LV0000850360. Volume (at the nominal value of the debt securities) 10 000 000. Issuer's agent Signet Bank AS.

** ISIN code LV0000850378. Volume (at the nominal value of the debt securities) 3 000 000. Issuer's agent Signet Bank AS.

Repayment term of non-current borrowings	31.12.2025.	31.12.2024.
	EUR	EUR
From 2 - 5 years	2 000 000	5 025 000
Total	2 000 000	5 025 000

15 Loans from credit institutions (non-current)	Interest rate	Maturity date	31.12.2025.	31.12.2024.
			EUR	EUR
Finance lease agreement No. A-04/1473, AS Reģionālā investīciju banka, Volvo FH truck with loader EPSILON M12L97 and trailer BODEX L	2.5%+3-month EURIBOR	18.12.2029.	158 884	207 079
Finance lease agreement No. A-04/1472, AS Reģionālā investīciju banka, Volvo FH truck with loader EPSILON TL10 97CAH and trailer BODEX PC3	2.5%+3-month EURIBOR	18.12.2029.	168 850	220 068
Finance lease agreement No. X043579, AS SEB Banka, Volkswagen Tiguan NV2875 car	2.3%+3-month EURIBOR	16.04.2029.	16 596	-
Finance lease agreement, AS "Reģionālā investīciju banka", KIA Sportage car	2.5%+3-month EURIBOR	24.06.2030.	18 870	-
Total			363 200	427 147

Repayment term of non-current borrowings	31.12.2025.	31.12.2024.
	EUR	EUR
From 2 - 5 years	363 200	427 147
Total	363 200	427 147

The leased assets are pledged as security for the respective finance lease liabilities.

16 Other borrowings (non-current)	Interest rate	Maturity date	31.12.2025. EUR	31.12.2024. EUR
Loan from ALPPES Capital, SIA			-	175 500
Loan interest to ALPPES Capital, SIA			-	9 031
Finance lease agreement No. X043579, SIA SEB lizings, Volkswagen Tiguan NV2875 car	2.3%+3-month EURIBOR	16.04.2029.	-	23 218
Instalment agreement with LMT	Interest-free instalments	31.10.2027.	1 892	143
Instalment agreement with BITE Latvija	Interest-free instalments	31.05.2026.	-	317
Finance lease agreement No. 202512638, SIA Luminor Lizings, JOHN DEERE 1170G with H424 harvesting head	2.5%+3-month EURIBOR	30.09.2030.	316 490	-
Finance lease agreement No. 202516932, SIA Luminor Lizings, harvester PONSSE SCORPION KING 8W	2.5%+3-month EURIBOR	31.10.2030.	411 314	-
Finance lease agreement No. 202515724, SIA Luminor Lizings, JOHN DEERE 1110g	2.5%+3-month EURIBOR	30.09.2030.	242 549	-
Loan from SIA Forest Mentor Group, agreement No. 2025/05/14	9%	31.05.2030.	154 500	-
Finance lease agreements, SIA "Swedbank" lizings *			71 744	142 309
AS "Attīstības finanšu institūcija Altum" **			106 694	188 484
Finance lease agreements, OP Corporate Bank branch in Latvia ***			79 086	112 393
Finance lease agreement, SCANIA FINANS Aktiebolag Latvian branch			-	89 264
Finance lease agreement, SIA Luminor Lizings, John Deere harvester	2.5%+3-month EURIBOR	01.12.2030.	211 534	-
Finance lease agreement, Traton Finans AB Latvian branch	2.6%+3-month EURIBOR	31.08.2028.	56 898	-
Borrowing from management			14 750	39 500
Total			1 667 451	780 159

The leased assets are pledged as security for the respective finance lease liabilities.

* On 6 April 2022, a finance lease agreement was concluded with SIA "Swedbank Lizings" for the acquisition of a new TOYOTA HILUX car, year of manufacture: 2022. Interest rate - floating interest rate. Total debt liabilities at 31.12.2025. - 1 861 EUR (current portion 1 861 EUR). Final repayment date of the finance lease 30.04.2026.

On 8 July 2022, a finance lease agreement was concluded with SIA "Swedbank Lizings" for the acquisition of a forestry machine, harvester JOHN DEERE 1170G, year of manufacture: 2019. Interest rate - floating interest rate. Total debt liabilities at 31.12.2025. - 48 711 EUR (non-current portion 20 682 EUR, current 28 029 EUR). Final repayment date of the finance lease 30.07.2027.

On 16 January 2023, a finance lease agreement was concluded with SIA "Swedbank Lizings" for the acquisition of a Valtra N154E A tractor, year of manufacture: 2016. Interest rate - floating interest rate. Total debt liabilities at 31.12.2025. - 23 263 EUR (non-current portion 12 388 EUR, current portion 10 875 EUR). Final repayment date of the finance lease 30.01.2028.

On 7 May 2024, a finance lease agreement was concluded with SIA "Swedbank Lizings" for the acquisition of a new TOYOTA HILUX car, year of manufacture: 2023. Interest rate - floating interest rate. Total debt liabilities at 31.12.2025. - 20 207 EUR (non-current portion 15 164 EUR, current portion 5 043 EUR). Final repayment date of the finance lease 30.05.2029.

On 20 December 2023, a finance lease agreement for a vehicle, a TOYOTA HILUX car, was concluded with Swedbank Lizings SIA. Interest rate - floating interest rate. Total debt liabilities at 31.12.2025. - 22 394 EUR (non-current portion - 16 079, current portion - 6 315 EUR). Final repayment date of the finance lease 31.08.2028.

On 24 May 2022, a finance lease agreement for a vehicle, forwarder JOHN DEERE 810E, was concluded with Swedbank Lizings SIA. Interest rate - floating interest rate. Total debt liabilities at 31.12.2025. - 7 529 EUR (current portion - 7529 EUR). Final repayment date of the finance lease 30.11.2026.

On 29 August 2022, a finance lease agreement for a new MANITOU telescopic loader was concluded with Swedbank Lizings SIA. Interest rate - floating interest rate, consisting of the floating part of the rate, 3-month EURIBOR, and the fixed part of the rate, 1.99%. Total debt liabilities at 31.12.2025. - 18 344 EUR (non-current portion - 7 431 EUR), (current portion - 10 913 EUR). Final repayment date of the finance lease 30.08.2027.

** The Company has installed a solar power plant with a capacity of 178.88 kW. On 5 July 2024, a loan agreement was concluded with the Development Finance Institution "Altum" for a loan amount of 161 445 EUR. Interest rate 1.9%. Total debt liabilities at 31.12.2025. amount to 94 624 EUR (non-current portion - 72 788, current portion - 21 836 EUR). Final loan repayment date 24.04.2030. A commercial pledge over the solar power plant has been registered for the loan. Maximum amount of the secured claim EUR 161 445.

The Company has installed a solar power plant with a capacity of 102 kW on 09.08.2023., for which we have received a State capital rebate of 35 862 EUR; on 8 June 2023, a loan agreement was concluded with the Development Finance Institution "Altum" for a loan amount of 113 563 EUR. Interest rate 1.9%. Total debt liabilities at 31.12.2025. amount to 50 859 EUR (non-current portion - 33 906, current portion - 16 953 EUR). Final repayment date of the finance lease 24.12.2028. A commercial pledge over the solar power plant has been registered for the loan in full.

*** On 2 May 2023, a finance lease agreement was concluded with OP Corporate Bank plc for the acquisition of a Valtra N155EA tractor, year of manufacture: 2023. Interest rate - floating interest rate. Total debt liabilities at 31.12.2025. - 73 327 EUR (non-current portion 56 186 EUR, current portion 17 141 EUR). Final repayment date of the finance lease 31.05.2029.

On 2 May 2023, a finance lease agreement was concluded with OP Corporate Bank plc for the acquisition of a PALMS MWD 3.2 forest trailer, year of manufacture: 2023. Interest rate - floating interest rate. Total debt liabilities at 31.12.2025. - 39 065 EUR (non-current portion 22 900 EUR, current portion 16 165 EUR). Final repayment date of the finance lease 31.05.2028.

17 Deferred income (non-current)	31.12.2025. EUR	31.12.2024. EUR
Land drainage project "Priedes 1"	-	29 014
Installation of the solar plant	65 544	27 822
Construction of the log sorting line	58 438	75 295
Total	123 982	132 131

18 Bonds issued (current)	Issue date	Interest rate	Maturity date	31.12.2025. EUR	31.12.2024. EUR
LV0000850360 (see Note 14)	08.11.2024	12%	08.11.2026	8 475 000	-
Total				8 475 000	-

19 Loans from credit institutions (current)	31.12.2025. EUR	31.12.2024. EUR
AS "Reģionālā investīciju banka" leases (see Note 15)	103 079	227 179
AS "Reģionālā investīciju banka" short-term loan		2 000 000
AS "Swedbank"	-	270 388
AS "SEB Banka" (see Note 15)	6 611	-
AS "Luminor Bank" short-term credit line *	2 000 000	-
AS "Luminor Bank" short-term loan **	2 000 000	-
Total	4 109 690	2 497 567

* Credit line agreement No. 237KL/25, AS Luminor Bank. Rate 2.5% + 3-month EURIBOR, repayment date 08.09.2026.

** Short-term loan agreement with AS "Luminor Bank". Refinancing of the credit from AS "Reģionālā investīciju banka". Rate 2.5% + 3-month EURIBOR, repayment date 30.06.2026, however actually repaid in January 2026.

20 Other borrowings (current)	31.12.2025.	31.12.2024.
	EUR	EUR
SIA "SEB lizings"	-	6 275
Instalment agreement with LMT	3 671	172
Instalment agreement with BITE Latvija	318	773
SIA "Luminor Lizings" leases (see Note 16)	465 835	-
SIA "Swedbank lizings" leases (see Note 16)	70 565	113 183
AS "Attīstības finanšu institūcija Altum" (see Note 16)	38 789	40 773
OP Corporate Bank branch in Latvia leases (see Note 16)	33 306	33 306
SCANIA FINANS Aktiebolag Latvian branch	-	29 693
Traton Finans AB Latvian branch leases (see Note 16)	31 832	-
Borrowing from management	14 750	-
Borrowing from a natural person	7 739	7 739
Total	666 805	231 914

21 Advances received from customers (current)	31.12.2025.	31.12.2024.
	EUR	EUR
Latvian buyers	38 565	-
Forest Sector Competence Centre	49 754	-
Total	88 319	-

22 Trade payables	31.12.2025.	31.12.2024.
	EUR	EUR
Latvian suppliers	1 097 046	838 630
Foreign suppliers	3 476	3 892
Total	1 100 522	842 522

23 Taxes and mandatory State social insurance contributions	31.12.2025.	Changes in the reporting period	31.12.2024.
	EUR		EUR
Mandatory State social insurance contributions	72 824	31 862	40 962
Personal income tax	65 749	22 077	43 672
Corporate income tax	53 508	24 903	28 605
Value added tax	-	(4 525)	4 525
Real estate tax	268	112	156
State fee of entrepreneurship risk	35	4	31
Natural resources tax	1 139	(146)	1 285
Total liabilities	193 523	74 287	119 236
Total claims, in item No. 8 (Other receivables)	118 217	(12 273)	130 490

24 Other payables	31.12.2025.	31.12.2024.
	EUR	EUR
Settlements for wages and salaries	153 121	82 888
Settlements for claims against personnel	745	516
Deductions from wages and salaries	919	-
Total	154 785	83 404

25 Deferred income (current)	31.12.2025.	31.12.2024.
	EUR	EUR
Land drainage project "Priedes 1"	-	3 137
Installation of the solar plant	8 630	3 586
Construction of the log sorting line	16 857	16 857
Total	25 487	23 580

26 Dividends payable	31.12.2025.	31.12.2024.
	EUR	EUR
Dividends payable	7 500	7 500
Total	7 500	7 500

27 Accrued liabilities	31.12.2025.	31.12.2024.
	EUR	EUR
Accrued liabilities for vacation pay	237 645	105 322
Accrued liabilities to suppliers	475 490	91 395
Total	713 135	196 717

NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

28 Net turnover	01.01.2025.- 31.12.2025.	21.03.2024.- 31.12.2024.
	EUR	EUR
Income from agricultural activities	-	6 080
Income from the sale of real estate	2 766 978	771 905
Income from forestry and the sale of timber	45 871 475	7 326 027
Accounting services	1 600	400
Auction commission fees	401 013	-
Rental services	16 475	7 617
Woodworking income	-	119 798
Transport income	164 131	19 448
Total	49 221 672	8 251 275

29 Cost of goods sold and of services provided	01.01.2025.- 31.12.2025.	21.03.2024.- 31.12.2024.
	EUR	EUR
Material costs (materials, auxiliary materials, goods for resale)	39 099 262	6 202 713
Vehicle and machinery expenses	784 755	143 143
Duties and legal services	91 799	17 146
Payments for works and services	5 063 872	1 251 509
Labour costs	1 718 611	273 746
Rent of land and premises	6 502	716
Amortisation of goodwill	2 423	1 212
Depreciation of property, plant and equipment	658 406	108 249
Insurance	45 422	11 332
Other expenses	53 816	2 555
Real estate tax	7 446	505
Total	47 532 314	8 012 826

30 Selling expenses	01.01.2025.- 31.12.2025. EUR	21.03.2024.- 31.12.2024. EUR
Selling expenses	95 678	7 844
Total	95 678	7 844
31 Administrative expenses	01.01.2025.- 31.12.2025. EUR	21.03.2024.- 31.12.2024. EUR
Commission fees	74 386	32 877
Subscriptions and other expenses	31 899	49 763
Professional services	72 887	17 924
Communications and IT expenses	99 850	28 289
Office expenses	87 023	16 305
Legal and management services	174 828	74 913
Labour costs	601 788	77 104
Business travel expenses	7 381	-
Personnel sustainability expenses	58 955	-
Vehicle expenses	109 415	33 313
Taxes and duties	3 270	35
Total	1 321 682	330 523
32 Other operating income	01.01.2025.- 31.12.2025. EUR	21.03.2024.- 31.12.2024. EUR
Provision of services	217 894	10 163
Land lease	1 085	897
Income from the sale of property, plant and equipment, net, including *:	4 054 410	15 544
income from the sale of property, plant and equipment	5 973 000	295 000
costs of the sale of property, plant and equipment	(1 918 590)	(279 456)
Income from forest value improvement	2 079	12 481
Income from land drainage	32 150	3 136
Consolidation adjustment	-	524 167
Income from repayment by a doubtful debtor	-	6 450
Other income	7 792	(8 225)
EU funding income	6 468	6 396
Penalties and contractual penalties received	9 375	-
Total	4 331 253	571 009

* Information on profit or loss from the disposal of non-current asset objects in 2025

Non-current asset object	Carrying amount at derecognition	Proceeds from disposal	Disposal costs	Gross income or expenses	Profit or loss from disposal of the object
VW Transporter car	-	1 100	-	1 100	1 100
Forwarder John Deere 1110 E	22 068	45 000	-	22 932	22 932
Harvester JOHN DEERE 1070D	26 435	60 000	-	33 565	33 565
TMK 200 shear head s/n 101 with adapter	-	2 100	-	2 100	2 100
John Deere 1170G with H424 harvesting head	454 960	498 800	-	43 840	43 840
John Deere 1010G forwarder	306 006	300 000	-	(6 006)	(6 006)
Sale of real estate as a whole	924 057	5 066 000	185 064	3 956 879	3 956 879
	1 733 526	5 973 000	185 064	4 054 410	4 054 410

33 Other operating expenses

	01.01.2025.- 31.12.2025. EUR	21.03.2024.- 31.12.2024. EUR
Penalties paid	13 188	258
Other operating expenses	86 793	38 844
Expenses not related to business activities	-	20
Creation of provisions for doubtful receivables	28 366	-
Total	128 347	39 122

34 Other interest income and similar income

	01.01.2025.- 31.12.2025. EUR	21.03.2024.- 31.12.2024. EUR
Interest received from other parties	7 478	16 845
Total	7 478	16 845

35 Interest expense and similar expenses

	01.01.2025.- 31.12.2025. EUR	21.03.2024.- 31.12.2024. EUR
Interest payments to other parties	1 302 392	168 062
Total	1 302 392	168 062

36 Related party transactions

Terms and conditions applicable to transactions with related parties:

Outstanding balances at the year end are not secured in any way. No guarantees have been given or received in respect of any related party debts. In 2025 the Group has not made any provisions for doubtful debts in respect of amounts owed to it by related parties.

Name of the company	Goods sold and services provided EUR	Goods purchased and services received EUR
Timbro Group, SIA	973 156	-
Timbro, SIA	267 089	5 826 454
SELKO, SIA	5 234 924	208 352
E-Silva, SIA	7 578	31 903
SLAIGO, SIA	21 907	437 945

37 Information on subsidiaries

Subsidiaries of the Group

Name of the company	Participation in share capital %	Amount of equity at 31.12.2025. EUR	Amount of profit or loss for 2025 EUR
Timbro, SIA	100.00%	2 815 388	(466 024)
SELKO, SIA (indirect interest)	66.66667%	4 910 943	3 949 243
E-Silva, SIA	80%	207 139	7 139
SLAIGO, SIA (indirect interest)	52%	72 882	(241 106)

38 Financial risk management

The Group is exposed to such financial instruments as borrowings from credit institutions and legal persons, finance lease companies, trade receivables and other receivables, trade payables and other payables, which arise directly from its business activities.

Financial risks

The main financial risks related to the Group's financial instruments are market risk, liquidity risk, interest rate risk and credit risk.

Interest rate risk

The Group is exposed to interest rate risk mainly in connection with its non-current and current borrowings. The Company's policy is to ensure that the interest rate on the larger part of its borrowings is fixed. The fixed interest rates of the Group's borrowings are presented in Notes 14, 15 and 16.

Liquidity risk

The Group controls its liquidity risk by maintaining an appropriate amount of cash or by ensuring appropriate financing through borrowings from credit institutions and legal persons.

Market risk

Market risk is related to fluctuations in the price of and demand for roundwood, given the product's sensitivity to seasonal and regional factors.

Credit risk

The Group is exposed to credit risk in connection with its trade receivables and cash. The Group controls its credit risk by continuously assessing the debt repayment history of customers and by setting crediting terms for each customer individually. The Group has no significant concentrations of credit risk with respect to any single counterparty or group of counterparties with similar characteristics.

39 Going concern assumption

The consolidated annual report has been prepared on the basis of the Group's going concern assumption.

40 Events after the balance sheet date

On 08.01.2026. SIA "Timbro" made an investment in SIA "Timbro X" of EUR 2 800. Number of shares 2 800 with a nominal value of EUR 1, i.e. 100% of the share capital.

SIA "Timbro" refinanced its liabilities to AS Reģionālā Investīciju Banka, agreements No. A-04/1473 and A-04/1472. The transferee of the liabilities is SIA Luminor Līzings, agreements No. 202520420 and 202520419 with an interest rate of 2.20% + 3M Euribor.

By the date of approval of the financial statements, SIA SELKO has fully repaid the short-term borrowing from AS "Luminor Bank" in the amount of EUR 2 000 000, which at the end of the reporting year was presented in the item "Loans from credit institutions". The said payment significantly reduces the amount of the Company's credit liabilities and improves the Company's financial position and liquidity indicators.

In the period from the last day of the reporting year until the date of signing of these consolidated financial statements there have been no other events as a result of which adjustments would have to be made in these consolidated financial statements.

Chairman of the Board	Raimonds Cipe
Member of the Board	Kristaps Stūriška
Member of the Board	Jānis Stūriška
Accountant	Sintija Sausiņa

Consolidated management report

The Group's activities during the reporting period

The principal activity of SIA (limited liability company) "Timbro Group" (hereinafter - the parent company of the Group) is deriving profit from investments in the capital of other companies. The principal activity of the subsidiaries is logging and related auxiliary works, the acquisition and management of their own real estate, as well as the sawing and processing of sawlogs. The Group's net turnover in 2025 amounts to EUR 49 221 672. The Group's equity at the end of the reporting year is positive and amounts to EUR 6 510 019. The reporting year has been closed with a profit, after taxes, of EUR 3 076 301.

Financial results and financial position of the Group's operations

Analysis of the balance sheet data shows that non-current assets constitute 26% of the balance sheet total, current assets constitute 74% of the balance sheet total, of which 45% are inventories, 53% are receivables and 2% is cash. Equity constitutes 25% of the balance sheet total, while liabilities constitute 75%, of which 79% are current liabilities and 21% non-current liabilities. Analysis of the profit or loss account shows that the Group's net turnover amounts to EUR 49 221 672.

Financial performance indicators:

Liquidity (solvency, i.e. the ability to settle its current liabilities in a timely manner and in full):

Total liquidity ratio	1.24
Current liquidity ratio	0.69
Absolute liquidity ratio	0.02

Profitability (the Group's success in generating profit):

Gross profit margin	3.43%
Net profit margin	6.25%

Equity coverage ratios

Coverage of non-current assets by equity	0.94
Coverage of non-current assets by equity and non-current liabilities	1.54
Coverage of current assets by current liabilities	0.81
Net working capital (EUR)	3 729 067

Liability or solvency ratios (the Group's ability to cover current and non-current liabilities):

Share of liabilities in the balance sheet	0.75
Ratio of liabilities to equity	3.02

The analysis indicates that the Group's financial position is stable; however, attention needs to be paid to improving profitability, optimising costs and managing cash flow in order to ensure both short-term stability and sustainable development.

Further development of the Group and future prospects

In 2026 the Group will not change the direction of its activities. The main goals for 2026 are focused on improving the operations of the subsidiaries, evaluating new investments, as well as optimising the internal management processes of the group of companies.

Use of financial instruments and related risks

The Group is exposed to such financial instruments as borrowings from credit institutions and legal persons, finance lease companies, trade receivables and other receivables, trade payables and other payables, which arise directly from its business activities. The main financial risks related to the Group's financial instruments are market risk, liquidity risk, interest rate risk and credit risk. For a more detailed description of financial risk management, see Note 38 to the consolidated financial statements.

Events and circumstances after the end of the reporting year

On 08.01.2026. SIA "Timbro" made an investment in SIA "Timbro X" of EUR 2 800. Number of shares 2 800 with a nominal value of EUR 1, i.e. 100% of the share capital.

SIA "Timbro" refinanced its liabilities to AS Reģionālā Investīciju Banka, agreements No. A-04/1473 and A-04/1472. The transferee of the liabilities is SIA Luminor Līzings, agreements No. 202520420 and 202520419 with an interest rate of 2.20% + 3M Euribor.

By the date of approval of the financial statements, SIA SELKO has fully repaid the short-term borrowing from AS "Luminor Bank" in the amount of EUR 2 000 000, which at the end of the reporting year was presented in the item "Loans from credit institutions". The said payment significantly reduces the amount of the Company's credit liabilities and improves the Company's financial position and liquidity indicators.

In the period from the last day of the reporting year until the date of signing of this consolidated management report there have been no other events as a result of which adjustments would have to be made in these consolidated financial statements.

Chairman of the Board

Raimonds Cipe

Member of the Board

Kristaps Stūriška

Member of the Board

Jānis Stūriška

INDEPENDENT AUDITORS' REPORT

To the shareholders of
SIA Timbro Group

Our opinion on the consolidated financial statements

We have audited the consolidated financial statements of SIA Timbro Group, reg. No. 40203549571 ("the Company") and its subsidiaries ("the Group") included in the accompanying consolidated annual report on pages 3 to 26. The accompanying consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2025,
- the consolidated statement of profit or loss for the year ended 31 December 2025,
- the consolidated statement of changes in equity for the year ended 31 December 2025,
- the consolidated statement of cash flows for the year ended 31 December 2025, as well as
- the notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of SIA Timbro Group and its subsidiaries as at 31 December 2025 and of their consolidated financial performance and consolidated cash flows for the year ended 31 December 2025 in accordance with the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia ("the Law on Annual Reports and Consolidated Annual Reports").

Basis for opinion

In accordance with the Law on Audit Services of the Republic of Latvia ("the Law on Audit Services"), we conducted our audit in accordance with the International Standards on Auditing recognised in the Republic of Latvia (hereinafter - ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibility for the audit of the consolidated 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 International Independence Standards) developed by the International Ethics Standards Board for Accountants and the independence requirements included in the Law on Audit Services that are applicable to our audit of the consolidated financial statements in the Republic of Latvia. We have also complied with the other professional ethics principles and objectivity requirements set out in the International Code of Ethics for Professional Accountants (including International Independence Standards) and the Law on Audit Services.

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

Reporting on other information

The Group's management is responsible for the other information. The other information comprises the consolidated management report included on pages 27 to 28 of the accompanying consolidated annual report.

Our opinion on the consolidated financial statements does not cover the other information included in the annual report, and we do not express any form of assurance conclusion thereon, except as described in the *Other reporting responsibilities in accordance with the legislation of the Republic of Latvia* section of our report.

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

If, based on the work we have performed and in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we conclude that there is a material misstatement of the other

information, we are required to report those circumstances. No circumstances have come to our attention that would need to be reported.

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

In addition, in accordance with the Law on Audit Services, our responsibility is to express an opinion on whether the consolidated management report has been prepared in accordance with the requirements of the regulatory enactment governing its preparation, the Law on Annual Reports and Consolidated Annual Reports.

Based solely on the procedures performed within our audit, in our opinion:

- the information provided in the consolidated management report for the financial year for which the consolidated financial statements have been prepared is consistent with the consolidated financial statements, and
- the consolidated management report has been prepared in accordance with the requirements of the Law on Annual Reports and Consolidated Annual Reports.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to the Group's ability to continue as a going concern and the application of the going concern basis of accounting, unless management either intends to liquidate the Group or to cease its operations, or has no realistic alternative but to liquidate the Group or to cease operations.

Those charged with governance of the Group are responsible for overseeing the Group's consolidated financial reporting process.

Auditor's responsibility for the audit of the consolidated financial statements

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

In conducting our audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery of documents, intentional omissions of information, misrepresentation of information or override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of the accounting policies applied and the reasonableness of the accounting estimates and related information provided by management;
- conclude on the appropriateness of management's application of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our

auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall structure and content of the consolidated financial statements, including the disclosures and explanations in the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view;
- plan and perform the Group audit so as to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our auditors' opinion.

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

AS "RSM Latvia"

Firm of certified auditors, licence No. 134

Svetlana Šemele-Baikova

Responsible certified auditor,
certificate No. 212

Andrejs Ponomarjovs

Chairman of the Board

Riga, Latvia
14 May 2026

THIS DOCUMENT HAS BEEN SIGNED ELECTRONICALLY WITH A SECURE ELECTRONIC SIGNATURE AND
CONTAINS A TIME STAMP

AS "RSM Latvia" is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

This is a translation from the Latvian original. In the event of any discrepancy, the Latvian version prevails.