

AS “RĪGAS KUĢU BŪVĒTAVA”

*Not audited
Interim report
for a period 01.01.2025 - 30.06.2025*

Rīga, 2025

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AS "RĪGAS KUĢU BŪVĒTAVA" FINANCIAL INFORMATION OF SIX MONTHS OF 2025
GĀLES IELA 2, RĪGA, LV-1015, LATVIA, URN 40003045892

Information about the company

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

Management Board of the Company
Chairman of the Board

Alexey Aleksandrov, holding the position from 25.11.2024, separate right of representation

Board Member

Aleksandr Aleksandrov, holding the position from 25.11.2024, right of representation jointly with one Board Member

Board Member

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

Supervisory
Board of the

Chairman of the Supervisory Board	Irina Aleksandrova
Deputy Chairman of the Supervisory Board	Andris Gulbis
Member of the Supervisory Board	Jevgenia Diukhova
Member of the Supervisory Board	Einārs Buks
Member of the Supervisory Board	Sergii Ganzelynskyi

Report prepared by

Chief Accountant Antra Orleāna

Report period

01 January – 30 June 2025

Preceding report period

01 January – 30 June 2024

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

About the company

In order to ensure the sustainable development of JSC "Rīgas kuģu būvētava" (hereinafter – the Company) and the territory it manages, the Company has identified the following core business activities:

- Organization and management of ship repair;
- Maintenance and leasing of infrastructure.

In May 2025, within the defined core business areas, the Company obtained the following certifications:

- ISO 9001:2015 (Quality Management System);
- ISO 14001:2015 (Environmental Management System);
- ISO 50001:2018 (Energy Management System);
- ISO 45001:2018 (Occupational Health and Safety Management System).

On March 31, 2025, the Riga City Court adopted a decision to terminate the Company's legal protection proceedings, thereby fully restoring the Company's solvency.

Operational financial results and the financial condition

In the first six months of 2025, the Company's total net turnover amounted to EUR 885,144, compared to EUR 1,127,571 in the first six months of 2024.

The Company ended the reporting period with a gross loss of EUR 710,538 (compared to a gross loss of EUR 6,751 in the first six months of 2024), while the net loss for the first six months of 2025 was EUR 456,676 (compared to a net loss of EUR 137,664 in the same period of 2024).

Due to changes in market conditions in 2025, there has been increased demand for the use of assets owned and leased by the Company. As a result, the Company has continued to focus its activities in 2025 on the management and leasing of its own and leased real estate (NACE Rev.2 68.20).

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

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

30.06.2025	30.06.2024
Gross profit ratio (gross profit/net sales)	
(48.8)%	(19.7)%
Gross profit ratio shows the relationship between net sales and direct costs. Companies use this indicator to calculate the extent to which changes in net turnover affect gross margin.	
Net Profit Margin (net profit / net turnover of the report period)	
(11.8)%	(51.6)%
The Company uses this indicator to determine its ability to generate profit.	
Return on equity (profit of the reporting period / shareholders' equity)	
(6)%	(20.11)%
Return on equity shows how effectively the capital invested by the owners of the Company is used. The company uses this indicator to determine how much a potential investor will earn from each euro invested.	
Return on assets (profit of the reporting period / total assets)	
(1.4)%	(20.6)%
The Company uses this indicator to calculate the percentage of profit a company earns in relation to its overall resources.	

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

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

30.06.2025	30.06.2024
Assets-to-equity ratio (total assets / equity)	
4.18	3.9
The Company uses this indicator to determine the proportion of cash invested by the Company's owners to the Company's assets. The higher the proportion of the equity the more stable the finance structure of the Company is.	
Debt-to-equity ratio (total liabilities/ shareholders' equity)	
2.99	2.99
The Company uses this indicator to determine the extent to which the Company is dependent on borrowed capital. A high index means that the Company is extensively using borrowed capital, which causes additional costs to the Company in the form of interest payments.	
Total-debt-to-total-assets ratio (total liabilities / total assets)	
0.76	0.76
The Company uses this indicator to determine relationship between the Company's long-term and short-term liabilities and total assets.	
Following the sale of floating docks, the value of assets of the Company has considerably decreased, which has caused decrease of the assets-to-equity ratio. Sale of fixed assets has provided the opportunity to cover a major part of liabilities, thus reducing dependence of the Company on borrowed capital.	

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

30.06.2025	30.06.2024
Current Ratio (current assets / current liabilities)	
1.35	1.36
The Company uses this indicator to calculate the extent to which current assets of the Company are able to meet current liabilities.	
Analysis of the indices of the last two years reveal that the liquidity of the Company has improved during the reporting period, as, in compliance with amendments of LPP (Legal protection proceedings), a schedule of covering creditors' claims which is more suitable to the Company cash flow has been approved. Expansion of the Company operations can be expected in future periods, improving the possibilities of the Company to cover its current liabilities from current assets.	
The major risks of the Company are the market risk and the liquidity risk. The Company management is trying to minimise the potential negative impact of financial risks upon the Company's financial position. The Company follows the cautious liquidity risk management by securing access to relevant credit resources for performing its liabilities within the set terms. According to the	

Substantial risks and unclear circumstances

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

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

As of June 30, 2025, the Company's equity amounted to EUR 2,270,635, compared to EUR 1,184,823 as of June 30, 2024.

In accordance with the provisions of Article 61.³ of the Financial Instruments Market Law, on August 5, 2025, a notification was received stating that, as a result of a mandatory takeover bid, the Estonian-registered company Netaman Invest OÜ (registration number 14376826) acquired, both directly and indirectly, a total of 7,968,302 voting shares of the Company on July 10, 2025, representing 68.2679% of the total voting shares of the Company.

Specifically, Netaman Invest OÜ indirectly acquired voting rights attached to 5,819,194 shares of the Company, representing 49.8556% of the total voting shares, and directly acquired 2,149,108 shares of the Company, representing 18.4123% of the total voting shares.

At the end of 2024, following changes in the Company's management, the following core business activities were identified as priorities:

- Organization and management of ship repair;
- Maintenance and leasing of infrastructure.

In line with the selected business directions, the Company's organizational structure was reviewed, and the human resources planning and management system was improved.

To ensure that the infrastructure owned and managed by the Company meets client and business needs, the Company has launched territory improvement projects and reconstruction works of the railway access lines.

Research and development measures

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

Company shares

11 672 107

Company subsidiaries and representative offices abroad

The Company does not have representation offices or subsidiaries abroad.

Chairman of the Board

_____ Alexey Aleksandrov

Board Member

_____ Ainārs Tropiņš

Statement on Management Liability

The Company management is responsible for preparation of the financial statement

The management of the Company hereby confirms that, based on the information available at the moment of preparation of the report, the financial statements provide a true and clear presentation of the financial position of the Company as of 30 June 2025 and its performance and cash flow according to all the substantial aspects. The management confirms that appropriate accounting policies have been used and applied consistently, and reasonable and prudent conclusions and estimates have been made in the preparation of the financial statements.

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

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

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

On behalf of the Company management:

Chairman of the Board

_____ Alexey Aleksandrov

Board Member

_____ Ainārs Tropiņš

PROFIT OR LOSS STATEMENT

	Annexes	30.06.2025 Eur	30.06.2024 Eur
Net turnover	27	885 144	1 127 571
<i>from other types of core activities</i>		<i>885 144</i>	<i>1 127 571</i>
Production costs of sold products, purchase costs of sold goods or provided services	28	(1 595 682)	(1 134 322)
Gross profit or loss		(710 538)	(6 751)
Administration costs	29	(97 288)	(74 239)
Other revenue of economic operations	30	377 131	0
Other costs of economic operations	31	(25 981)	(56 674)
Other interest income and similar revenue	32	0	0
<i>from other entities</i>		<i>0</i>	<i>0</i>
Interest payments and similar expenses	33	0	0
<i>to other entities</i>		<i>0</i>	<i>0</i>
Profit or loss before the corporate income tax		(456 676)	(137 664)
Corporate income tax for the report period			
Report period profit or loss		<u>(456 676)</u>	<u>(137 664)</u>

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

Chairman of the Board _____ Alexey Aleksandrov

Board Member _____ Ainārs Tropiņš

Report prepared by
 Chief Accountant _____ Antra Orleāna

BALANCE SHEET

<u>ASSETS</u>	Annexes	30.06.2025	30.06.2024
		Eur	Eur
Long-term investment			
<i>II Fixed assets</i>			
Real estate		3 275 171	3 428 789
<i>land plots, buildings and engineering constructions</i>		<i>3 275 171</i>	<i>3 428 789</i>
Other fixed assets and inventory		523 236	527 297
Creation of fixed assets and costs of unfinished construction		12 907	145 108
Advance payments for fixed assets		0	0
<i>Total fixed assets</i>		<i>3 811 314</i>	<i>4 101 194</i>
<i>III Long-term financial investment</i>			
Other securities and investment	38	235	235
Other loans and other long-term debtors	39	1 261 263	1 261 263
<i>Total long-term financial investment</i>	36 -39	<i>1 261 498</i>	<i>1 261 498</i>
<i>Total long-term investment</i>		<i>5 072 812</i>	<i>5 362 692</i>
Current assets			
<i>I Inventories</i>			
Raw materials, core materials and auxiliary materials	40	159 480	10 919
Advance payments for reserves		129 309	98 095
<i>Total provisions</i>		<i>288 789</i>	<i>109 014</i>
<i>II Receivables</i>			
Trade receivables	41	270 091	380 640
Other receivables	42	726 118	2 554 454
Costs of future periods	43	1 103	(17 656)
Accrued revenue		2 415 658	181 596
<i>Total receivables</i>		<i>3 412 970</i>	<i>3 099 034</i>
<i>IV Cash</i>	44	<i>122 111</i>	<i>189 675</i>
<i>Total current assets</i>		<i>3 823 870</i>	<i>3 397 723</i>
Total Assets		<u>8 896 682</u>	<u>8 760 415</u>

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Chairman of the Board _____ Alexey Aleksandrov

Board Member _____ Ainārs Tropiņš

Report prepared by
Chief Accountant _____ Antra Orleāna

BALANCE SHEET

LIABILITIES

	Annexes	30.06.2025 Eur	30.06.2024 Eur
Owners equity			
Share capital (fixed capital)	45	16 340 950	16 340 950
Long-term investment revaluation reserve	35	20 850	21 573
<u>Reserves:</u>			
Other reserves		266 962	266 962
<u>Retained profit</u>			
Undistributed profit or uncovered loss of the preceding years		(13 901 451)	(15 306 998)
Report period retained profit or loss		(456 676)	(137 664)
<i>Total retained profit</i>		<i>(14 358 127)</i>	<i>(15 444 662)</i>
<i>Total equity capital</i>		<i>2 270 635</i>	<i>1 184 823</i>
Provisions			
Other provisions	18	2 415 659	2 310 068
<i>Total provisions</i>		<i>2 415 659</i>	<i>2 310 068</i>
Accounts payable			
<i>I Long-term creditors</i>			
Other loans	46	2 638 993	2 790 164
Trade payables	47	0	
Revenue of future periods	49	596 412	839 814
<i>Total long-term creditors</i>		<i>3 235 405</i>	<i>3 629 978</i>
<i>II Short-term creditors</i>			
Other loans	46		186 453
Advances from customers		10 000	480 000
Trade payables	47	668 187	432 682
Taxes and social insurance contributions		199 835	388 575
Other accounts payable	48	0	(1 120)
Revenue of future periods	49	0	
Unpaid dividends	50	11 746	11 746
Accrued liabilities	51	85 215	137 210
<i>Total short-term accounts payable</i>		<i>974 983</i>	<i>1 635 546</i>
<i>Total creditors</i>		<i>4 210 388</i>	<i>5 265 524</i>
Total liabilities		<u>8 896 682</u>	<u>8 760 415</u>

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Chairman of the Board _____ Alexey Aleksandrov

Board Member _____ Ainārs Tropiņš

Report prepared by
 Chief Accountant _____ Antra Orleāna

Reports on changes in equity for the period ended on 30 June 2025

Types of changes	Share capital	Long-term Investment reevaluation reserve	Reserves	Retained profit	Total
	Eur	Eur	Eur	Eur	Eur
Balance as on 30.06.2024	-	-	-	(15 306 998)	1 184 823
Loss of the report period	-	-	-	(137 664)	(110 571)
Reduction in the reporting period	-	-	-	-	(110 571)
Balance as on 31.12.2024	16 340 950	21 573	266 962	(13 901 451)	1 823 776
Profit of the reporting period	-	-	-	(456 676)	(137 664)
Reduction in the reporting period	-	(723)	-	-	
Balance as on 30.06.2025	16 340 950	20 850	266 962	(14 358 127)	2 270 635

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

Chairman of the Board _____ Alexey Aleksandrov

Board Member _____ Ainārs Tropiņš

Report prepared by
Chief Accountant _____ Antra Orleāna

Cash flow report for	30.06.2025	30.06.2024
	Eur	Eur
Cash flow from operating activities		
Revenue from the sale of goods and provision of services	2 530 655	2 784 435
Payments to suppliers, employees, other principal operations expenses	(2 598 219)	(2 713 983)
Other revenue or expenditure of the principal operations of the Company		
Gross cash flow from principal operations	(67 564)	70 452
Net cash flow from principal operations	(67 564)	70 452
Investment operations cash flow		
Purchase of fixed assets and intangible investment		
Revenue from sale of fixed assets and intangible investment		0
Issued loans		
Revenue from repayment of loans		117 000
Investment operations net cash flow		117 000
Financing operations cash flow		
Received loans	-	
Expenses for repayment of loans		(2 765)
Financing operations net cash flow		(2 765)
Net cash flow of the reporting period	(67 564)	184 687
Cash and its equivalents in the beginning of the reporting period	189 675	4 988
Cash and its equivalents at the end of the reporting period	122 111	189 675

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Chairman of the Board _____ Alexey Aleksandrov

Board Member _____ Ainārs Tropiņš

Report prepared by
 Chief Accountant _____ Antra Orleāna

Annexes to the Financial Statement

1) Information provided by the Company

Average number of employees	30.06.2025	30.06.2024
Number of employees during the report period	29	29
including		
Board Members	2	2
Members of the Council	5	5
Other employees	22	32
Personnel costs	30.06.2025	30.06.2024
	Eur	Eur
Work remuneration	352 224	203 538
State social insurance costs	81 401	48 015
	433 625	251 553
Remuneration for performance of functions	30.06.2025	30.06.2024
	Eur	Eur
Board Members	29 714	29 714
incl. Work remuneration	26 844	26 844
State social insurance costs	6 330	6 330
To Members of the Council	26 736	26 736
incl. Work remuneration	21 638	21 638
State social insurance costs	5 098	5 098

Summary of major accounting principles

2) General principles

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

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

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

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

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

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

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

Annexes to the Financial Statement

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

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

3) Use of estimations

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

Use of estimations and major assumptions

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

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

Provisions for doubtful and bad debts

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

Net sales value of inventories

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

Annexes to the Financial Statement

Terms of useful use of fixed assets

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

Accounting value of fixed assets

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

Accounting value of issued loans

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

Accounting value of investment in related and associated companies

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

4) Recognition of revenue

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

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

Revenue is recognised in compliance with the following principles:

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

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

5) Principles of recognition of expenses

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

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

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

Annexes to the Financial Statement

7) Intangible investment

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

8) Fixed assets

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

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

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

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

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

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

9) Re-evaluation of long-term investment

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

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

Annexes to the Financial Statement

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

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

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

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

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

10) Reserves

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

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

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

11) Accounts receivable

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

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

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

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

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

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

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

13) Accrued liabilities

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

Annexes to the Financial Statement

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

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

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

14) Corporate Income Tax

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

15) Cash and cash equivalents

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

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

16) Financial assistance and aid, donations and gifts

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

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

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

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

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

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

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

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

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

Annexes to the Financial Statement

17.3. Not recognised claims

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

18) Litigations

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

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

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

20) Associated companies

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

Annexes to the Financial Statement

27)

Net turnover

	30.06.2025	30.06.2024
	Eur	Eur
Revenue from infrastructure lease	885 144	1 127 571
	885 144	1 127 571

Split per types of operation

	NACE code	30.06.2025	30.06.2024
		Eur	Eur
Leasing and management of own or leased real estate	6820	885 144	1 127 571
		885 144	1 127 571

Split per geographic regions

	State code		
Germany	DE	-	-
The Netherlands	NL	-	-
Belgium	BE	-	-
Finland	FI	-	-
Latvia	LV	786 812	1 050 483
Cyprus	CY	-	50 708
Russia	RU	98 333	26 380
UK	GB	-	-
		885 144	1 127 571

28)

Production costs of sold products, purchase costs of sold goods or provided services

	30.06.2025	30.06.2024
	Eur	Eur
Material costs	117 321	137 902
Subcontractors' services	551 388	189 980
Personnel wages	352 224	252 021
State social insurance mandatory contributions	81 401	58 403
Depreciation of fixed assets and intangible investment	47 534	62 735
Utilities costs	272 144	408 552
Lease costs of the land, premises and machinery	0	0
Transportation costs	8 666	24 039
Real Estate Tax	138 656	50 958
Infrastructure maintenance costs		0
Costs of waste removal and disposal		0
Other production costs	26 048	50 268
	1 595 682	1 134 664

Annexes to the Financial Statement

29)

Administration costs

	30.06.2025	30.06.2024
	Eur	Eur
Administration wages		
State social insurance contributions		
Business trip costs	-	-
Transportation expenses	5 306	2 287
Legal services	51 912	49 673
Representation expenditure	61	300
Communication costs	17 413	13 072
Costs of maintenance of the office	7581	3 611
Ancillary expenses of cash turnover	14 716	2 299
Annual report audit costs		0
Supervision of the legal protection plan		0
Other administration costs	299	0
	<u>97 288</u>	<u>74 242</u>

30)

Other revenue of economic operations

	30.06.2025	30.06.2024
	Eur	Eur
Net revenue from sale of long-term investment	377 131	468 600
	<u>377 131</u>	<u>468 600</u>

Annexes to the Financial Statement

31)

Other costs of economic operations

	30.06.2025	30.06.2024
	Eur	Eur
Expenses of writing-off doubtful and bad receivables	0	7 804
Loss from the sale of foreign currency and decrease of the exchange rate		
Penalties, late payment penalties and contractual penalties	2 857	
Expenses according to the court judgement	6 678	
Adjustments in the result of inventory of accounts		
Expenses of preceding periods		
Costs not related to economic operations	16 446	
Donations		
Other costs		
	25 981	7 804

32)

Other interest income and similar revenue

	30.06.2025	30.06.2024
	Eur	Eur
Interest income for loans	0	2 645
	0	2 645

33)

Interest payments and similar expenses

	30.06.2025	30.06.2024
	Eur	Eur
Assessed interest of loans	0	3 951
	0	3 951

Annexes to the Financial Statement

35) Re-evaluation reserve

The Balance Sheet value of the reserve of re-evaluation of long-term investment as on 30 June 2025 is the balance of the re-evaluation reserve of preceding periods as on 31 December 2024.

Long-term investment revaluation reserve	Eur
Balance	
31.12.2024	<u>21 573</u>
Reduction of the re-evaluation provision	
Balance	
30.06.2025	<u><u>20 850</u></u>

Annexes to the Financial Statement

38) Other securities and investment

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

39) Other loans and other long-term debtors

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

40)

Raw materials	30.06.2025	30.06.2024
	Eur	Eur
Raw materials	159 480	45 910
	129 309	
Reduction of value for slow circulation and obsolete materials		
	288 789	45 910

Annexes to the Financial Statement

41)

Trade receivables

	30.06.2025	30.06.2024
	Eur	Eur
Customers and buyers accounting value	270 091	302,895
Provisions for debts of doubtful accounts	2 415 659	
Balance Sheet value	2 685 750	302,895

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

42)

Other receivables

	30.06.2025	30.06.2024
	Eur	Eur
Paid advances for services	2 465	387 719
Provisions for doubtful advances	1 082	(335 304)
Debt for performance of a guarantee *		611 471
Accounting value of loans and accrued interest **		714 000
Provisions for doubtful loans		(634 441)
Advance settlements	8 390	10 753
Settlements for other debtors	714 181	967 8027
	726 118	1 722 000

** Accounting value of loans and accrued interest

	30.06.2025			30.06.2024		
	Long-term part Eur	Short-term part Eur	Total Eur	Long-term part Eur	Short-term part Eur	Total Eur
Loans and accrued interest to SIA Eiro Paint ***	-	-	-	-	535,520	535,520
Loans and accrued interest to SIA Eiroholdings**** Loan and accrued interest to AS Remars Rīga *****	-	-	-	-	98,921	98,921
	-	-	-	-	79,559	79,559
				-	714,000	714,000

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

Annexes to the Financial Statement

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

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

43)

Costs of future periods

	30.06.2025	30.06.2024
	Eur	Eur
Insurance of the Company property		73,730
Insurance of road vehicles	1 103	167
	1 103	167

44)

Cash

	30.06.2025	30.06.2024
	Eur	Eur
Cash in banks	122 112	28 342
	122 112	28 342

45) Stock capital

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

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

Amendments of Articles:

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

Information about shares and stocks

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

Annexes to the Financial Statement

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

Shareholders of AS "Rīgas kuģu būvētava"	30.06.2025		30.06.2024	
	Eur	%	Eur	%
AS "Remars-Rīga"	8,146,872	49.86	8,146,872	49.86
Other	8,194,078	50.14	8,194,078	50.14
Total	16,340,950	100	16,340,950	100

46)

Other loans	30.06.2025			30.06.2024		
	Long-term part Eur	Short- term part Eur	Total Eur	Long-term part Eur	Short- term part Eur	Total Eur
Interest of a loan from the management*	-					
Loans from legal companies**				2,700,871	71,889	2,772,760
	2 638 993		2 638 993	2,700,871	93,939	2.794.810

* no borrowings.

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

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

Annexes to the Financial Statement

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

48)

Other accounts payable

	30.06.2025	30.06.2024
	Eur	Eur
Wages		2 364
Settlements with persons accountable for advances	-	-
Overpayment by debtors		70
Security Deposit		8 289
		10 723

Annexes to the Financial Statement

50)

Unpaid dividends

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

51)

Accrued liabilities

		30.06.2025	30.06.2024
		Eur	Eur
For services		55 734	78 104
Accrued unused vacation	costs	29 481	59 106
		85 215	137 210

Annexes to the Financial Statement

52)

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

As of June 30, 2025, the Company's equity is positive and amounts to EUR 2,270,635. The Company's net loss for the six-month period of 2025 was EUR 456,676, and as of June 30, 2025, its current liabilities are lower than its current assets.

Despite the complex geopolitical and economic situation in global markets, the significant restrictions caused by Covid-19, the rise in raw material prices, and other factors, the implementation of the legal protection plan enabled the Company to attract strategic partners. This allowed for the preservation of the infrastructure of Rīgas kuģu būvētava and the fulfillment of the obligations set forth in the legal protection plan.

Following the restoration of the Company's solvency, work has commenced on the development of the Company's medium-term operational strategy. Considering the interest from cooperation partners regarding potential operations within the territory of Rīgas kuģu būvētava, in the coming years the Company plans to improve and develop the infrastructure under its management. This includes deepening of berths, demolition of environmentally degrading buildings, expansion of storage areas for various types of cargo and installation of hard surfaces, as well as renovation of warehouse buildings.

This conclusion is based on information available at the time of signing this financial report, and the impact of future events on the Company's operations may differ from the management's current assessment.

The Company also plans to continue employment relationships with its current employees in accordance with the terms of their employment contracts, and there are no plans to relocate the Company's operations.

The conflict in Ukraine and related events are unfolding during a time of significant global economic uncertainty and volatility, which may intensify the overall impact on market conditions. The Company's management has not identified any direct impact of these circumstances on the Company's future economic activities.

During the reporting period, there have been no significant or extraordinary circumstances that would affect the annual results or the Company's financial position.

Chairman of the Board _____ Alexey Aleksandrov

Board Member _____ Ainārs Tropiņš

Report prepared by
Chief Accountant _____ Antra Orleāna

29 August 2025