

Limited Liability Company  
Citrus Solutions  
(Unified registration number 50003752271)

## **ANNUAL REPORT 2023**

PREPARED IN ACCORDANCE WITH  
THE REPUBLIC OF LATVIA LAW ON ANNUAL STATEMENTS  
AND CONSOLIDATED ANNUAL STATEMENTS  
AND REPORT OF INDEPENDENT AUDITORS

**Riga, 2024**

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### **Information about the Company**

Company Name	<b>Citrus Solutions</b>
Company legal status	Limited Liability Company
Registration No., place and date	50003752271, Riga, June 28, 2005
Legal address	Dzirnavu street 105, Riga, LV-1011, Latvia
Shareholder	SIA <i>Tet</i> (100%) Dzirnavu street 105, Riga, LV-1011, Latvia Reg. No. 40003052786
Members of the Board	Jūlija Zandersone - chairman of the board (from July 1, 2017 to August 31, 2023) Raimonds Gerbis - member of the board (from May 22, 2015) Kārlis Kostjukovs - member of the board (from January 2, 2019)
Outsourced accountant	Ilvija Gredzena - SIA <i>Lattelecom</i> Director of the accounting department
Reporting year	January 1, 2023 - December 31, 2023
Auditors and their address	Ernst&Young Baltic SIA License No. 17 Muitas street 1A Rīga, LV-1010 Latvia  Iveta Vimba LR Sworn auditor Certificate No. 153

## **MANAGEMENT REPORT**

The Board of SIA *Citrus Solutions* (hereinafter *Citrus Solutions* or the Company) provides a management report for the year of economic activity that ended on December 31, 2023.

## **REPORT ON COMMERCIAL ACTIVITIES**

*Citrus Solutions'* areas of activity are construction, design and maintenance. In 2023, great emphasis was placed on "design and build" projects, as well as complex engineering system integration solutions, where *Citrus Solutions* is one of the leaders in the market.

Since 2005, the Company has been registered as a construction merchant, number in the register 0095-R, which allows the Company to operate in several spheres of construction. 73 certified specialists work in the Company. The Company has a valid 1st (highest) construction merchant qualification class.

Since 2006, the Company has been issued with an *Industrial Security Certificate*, which certifies the Company's rights to perform works containing state secrets, information classified by international organizations or foreign institutions, as well as the Company's ability to ensure protection of such information in the field of its commercial activity. Also in 2023, the Company was a significant support in the development and implementation of national security solutions.

*Citrus Solutions'* management system is certified according to the requirements of three internationally recognized standards - ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.

## **SHARE CAPITAL**

According to the shareholder's decision of June 30, 2023, the Company's share capital was increased by EUR 6 000 000. So, by the end of 2023 the share capital of *Citrus Solutions* is EUR 11 070 999. It consists of 11 070 999 shares, each share having a nominal value of EUR 1. SIA *Tet* owns 100% of the share capital of *Citrus Solutions*.

## **COMPANY BRANCHES ABROAD**

In 2023, the Company continues to operate in a representative office in Germany.

## **MEMBERSHIP IN ASSOCIATIONS**

In order to participate in the Latvian state procurement for the design and construction of Liepāja prison, in 2022, an association was formed with JSC "Sensum Grupa" and General Partnership "3A".

For participation in German municipal procurement, two associations for the construction of optical networks in Germany were established in 2022 together with the group company *Citrus Solutions* GMBH: Association "Citrus Angeln" and Association "Citrus Gifhorn".

These associations continued their activities in 2023 as well.

## **SHARES IN OTHER COMMERCIAL COMPANIES**

*Citrus Solutions* owns 100% of the share capital of *Citrus Solutions* GmbH and 1.85% of the *First Closed Pension Fund* shares. The Company is a formal shareholder of the *First Closed Pension Fund*, the risk and income arising from the operation of the pension fund belongs to *Citrus Solutions* employees - members of the pension program.

These contributions to the share capital of the subsidiary company *Citrus Solutions* GmbH amounted to EUR 5.0 million at the end of 2023.

## **OPERATING RESULTS**

Compared to 2022, the net turnover of *Citrus Solutions* increased by 13% in the reporting year, reaching EUR 66.667 million.

In 2023 *Citrus Solutions* has strengthened its position as a reliable partner and market leader. Despite the recessionary trend of the construction market, the Company has been able to increase the total turnover. Work on strategic and critical infrastructure projects ensures stable and predictable development of Citrus Solutions.

The most extensive projects implemented in 2023 were: design, construction and equipment of the 1st and 2nd stages of the Latvian-Belarusian border (customer VAS "Valsts Nekustamie Īpasumi"); Reconstruction of the Embassy building of the Republic of Latvia in Brussels (customer VAS "Valsts Nekustamie Īpasumi"); design and installation of internal engineering networks of the business center *Novira Plaza* (customer SIA Moduls Engineering); Design of the prison building in Liepāja (customer SIA "Tiesu namu aģentūra") construction of optical networks in several municipalities in Germany; construction of the new building of Dr. Mauriņš vein and laser medicine clinic (customer: SIA Flebomedika); network design, construction and maintenance (customer: SIA Tet).

*Citrus Solutions* normalized EBITDA<sup>1</sup> the profit indicator in 2023 was EUR 6.269 million, the EBITDA profit margin was 9.3%.

In 2023, the Company continued to implement a prudent material procurement and risk management policy, applying the planned cost indexation mechanisms in the concluded contracts, as well as fixing the material prices. In addition, in 2023, the Company significantly reduced short-term debtors, improving both working capital indicators and cash flow.

The amount of capital investments in the reporting year reached EUR 0.486 million, which were used for the renewal of production assets and the improvement of information technology. In 2023, EUR 5,624 million was paid in monetary terms in various taxes in Latvia, taking into account the refunds received.

## **CORPORATE GOVERNANCE**

In accordance with the Commercial Law, the Company's statutes provide for a two-stage management procedure, which, in accordance with the November 11, 2008 decision of the Company's Shareholders' Meeting, is implemented by the Shareholders' Meeting and the Board.

Until August 31, 2023, the duties of the members of the Board were carried out by: Jūlija Zandersone, Raimonds Gerbis, Kārlis Kostjukovs. From September 1, 2023, the Board of the Company continues its work with 2 members: Kārlis Kostjukovs and Raimonds Gerbis.

## **DECLARATION OF INTEREST**

*Citrus Solutions* members of the Board and their family members or companies under their management do not own shares or share option contracts in *Citrus Solutions* or *Tet* Group companies. The members of the Board have no interest in contracts or agreements related to *Citrus Solutions*.

## **THE BOARD'S RESPONSIBILITY FOR THE ANNUAL REPORT**

The Management Board is responsible for the preparation of the Company's financial report based on the Company's initial accounting records for each reporting period.

The financial report truly reflects the financial position of the Company at the end of the reporting year, its operating result and cash flow for the reporting year.

The Board confirms that appropriate accounting methods were consistently used in the preparation of the 2023 financial statements, as well as prudent assessments and forecasts were made.

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<sup>1</sup> Normalized EBITDA (earnings before interest, taxes, depreciation, amortization, impairment losses and severance benefits) is mentioned here as a ratio widely used in the telecommunications industry and in the investor community, although it is not a generally accepted accounting term and should not be interpreted as an alternative operating profit and cash flow.

The Board confirms that the legislation of the Republic of Latvia was observed and the financial report was prepared in accordance with the principle of going concern.

The Board is responsible for proper accounting and taking measures to preserve the Company's funds, detect and prevent fraud and other irregularities.

#### **DISTRIBUTION OF PROFITS RECOMMENDED BY THE BOARD**

In order to strengthen the stable operation of SIA Citrus Solutions group companies and to allow the use of additional available financial resources, the Board of the Company proposes to leave the entire profit of 2023 at the disposal of the Company.

#### **RISK MANAGEMENT**

The operation of *Citrus Solutions* is exposed to several risks caused by the business environment and the market in which the Company operates. The most significant risks that may threaten the operation of *Citrus Solutions* in the near future are strategic risks such as changes in the development of the construction market, an increase in the construction prices of subcontractors, an increase in the prices of construction materials, delays in material delivery deadlines due to the global effects of production and logistics, an increase in wages for those working in the construction industry, as also lack of construction resources.

Operational risks are related to the ability to implement large and complex projects. Financial risk management in connection with the Company's liquidity, currency and interest rate fluctuations and credit risk of business partners is based on the financial risk management policy of *Tet Group*.

Due to the war in Ukraine caused by Russia, since 2022, the Company is exposed to a significant risk of material and human resource cost increases. Despite this, the Company successfully controls this risk by applying the cost indexation mechanisms provided for in the contracts, as well as by fixing the prices of materials and creating reserves for cost increases in the new projects.

*Citrus Solutions* performs risk identification, assessment and develops action plans to prevent, mitigate or transfer to third parties risks that could adversely affect *Citrus Solutions'* property, personnel, finances or performance. In order to avoid financial losses, if any of the risks materialize, some of them are insured. *Citrus Solutions* currently has insurance coverage available in areas such as property, business interruption, civil liability, civil liability of construction specialists and insurance of workers.

#### **EVENTS AFTER THE END OF ACCOUNTING PERIOD**

Taking into account the risks and threats associated with the Russian-instigated war in Ukraine, economic development remains uncertain. The company's management continuously evaluates the situation and believes that it will be able to adapt to the current market in the present market conditions, and has not observed significant delays in debtor payments.

#### **FURTHER DEVELOPMENT OF THE COMPANY**

The ability to offer clients integrated solutions has been the Company's competitive advantage, which will continue to help in obtaining new contracts with greater added value. In addition, high priority will be given to the development of digitization in the company and its processes.

On behalf of the Board

Member of the Board \_\_\_\_\_ /Kārlis Kostjukovs/

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**Profit or loss statement**

(classified according to expense functions)

	Notes	2023 EUR	2022 EUR
<b>NET TURNOVER</b>	1	<b>66 666 516</b>	<b>57 923 211</b>
a) from the provided construction services		65 109 125	57 422 313
b) from other operating activities		1 557 391	500 898
Costs attributed to long-term investments (capitalized).	2	7 578	-
Other operating income	3	950 097	720 246
Cost of materials:			
a) costs of raw materials and consumables;		(406 325)	(557 268)
(b) other external costs		(80 844)	(51 818)
		(487 169)	(609 086)
Staff costs:			
a) remuneration for work;		(9 318 839)	(8 694 319)
b) pensions from the Company's funds;		(12 231)	(13 474)
c) mandatory state social insurance contributions;		(2 222 824)	(2 048 469)
d) other social security expenses		(239 323)	(201 924)
		(11 793 217)	(10 958 186)
Value impairment adjustments:			
a) adjustments for impairment of fixed assets and intangible assets	8, 9	(476 605)	(345 833)
b) adjustments for impairment of current assets, if they exceed the amount of write-downs that are considered normal by the relevant companies	4	(38 337)	(76 794)
Other operating expenses	5	(49 072 210)	(41 427 211)
Income from participations:			
a) in equity of affiliated companies		-	3 881 128
Other interest receivable and similar income			
a) from other entities		13 967	-
Interest payments and similar charges:			
a) to affiliated companies	6	(364 483)	(80 644)
<b>PROFIT BEFORE CORPORATE INCOME TAX</b>		<b>5 406 137</b>	<b>9 026 831</b>
Corporate income tax for the reporting period	7	(38 633)	(709 062)
<b>PROFIT FOR THE REPORTING YEAR</b>		<b>5 367 504</b>	<b>8 317 769</b>

The Notes are an integral part of this financial report.

On behalf of the Board

Member of the Board \_\_\_\_\_ /Kārlis Kostjukovs/

Outsourced accountant \_\_\_\_\_ /Ilvija Gredzena/

In Riga

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**SIA Citrus Solutions**  
**ANNUAL REPORT 2023**

Balance sheet

**Assets**

	Notes	year 2023 December 31 EUR	year 2022 December 31 EUR
<b>LONG-TERM INVESTMENTS</b>			
<b>Intangible investments</b>			
Other intangible assets		472 378	494 185
<b>Intangible investments total</b>	8	<b>472 378</b>	<b>494 185</b>
<b>Fixed assets</b>			
Land, buildings and engineering constructions		37 498	34 979
Technological equipment and devices		452	869
Other fixed assets and inventory		410 793	281 358
Creation of fixed assets and costs of objects under construction		91 689	193 149
<b>Fixed assets total</b>	9	<b>540 432</b>	<b>510 355</b>
<b>Long term financial investments</b>			
Participation in equity of affiliated companies	10	5 000 000	5 000 000
<b>Total long-term financial investments.</b>		<b>5 000 000</b>	<b>5 000 000</b>
<b>Long term investments total</b>		<b>6 012 810</b>	<b>6 004 540</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
Raw materials, consumables and other supplies.		1 452 877	1 962 383
Advance payments for inventories		147 238	825 521
<b>Total inventories</b>	11	<b>1 600 115</b>	<b>2 787 904</b>
<b>Receivables</b>			
Receivables from customers and clients	12	6 059 244	2 787 763
Receivables from related companies	22	1 754 184	1 476 465
Other receivables	13	1 122 040	740 568
Deferred expenses		133 076	198 889
Accrued income	14	23 789 015	30 541 481
<b>Total receivables</b>		<b>32 857 559</b>	<b>35 745 166</b>
<b>Cash</b>	15	<b>13 271 849</b>	<b>1 696 515</b>
<b>Total current assets</b>		<b>47 729 523</b>	<b>40 229 585</b>
<b>BALANCE SHEET</b>		<b>53 742 333</b>	<b>46 234 125</b>

The Notes are an integral part of this financial report.

On behalf of the Board

Member of the Board \_\_\_\_\_ /Kārlis Kostjukovs/

Outsourced accountant \_\_\_\_\_ /Ilvija Gredzena/

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**Balance sheet**  
**Equity and liabilities**

	Notes	year 2023 December 31 EUR	year 2022 December 31 EUR
<b>OWN CAPITAL.</b>			
Share capital (equity capital)	17	11 070 999	5 070 999
Retained earnings of the previous years		6 218 623	700 854
Profit for the reporting year		5 367 504	8 317 769
<b>Total Own capital</b>		<b>22 657 126</b>	<b>14 089 622</b>
<b>PROVISIONS</b>			
Other provisions	18	370 345	270 297
<b>Total provisions</b>		<b>370 345</b>	<b>270 297</b>
<b>LIABILITIES</b>			
<b>Short-term liabilities</b>			
Borrowings from credit institutions	16	3 103 130	-
Advances from customers		9 399 773	8 828 428
Payables to suppliers and contractors	19	6 465 663	5 297 277
Payables to affiliated companies	22	2 865 970	11 365 333
Taxes and mandatory social insurance contributions	20	213 150	1 313 644
Other liabilities		4 394	9 041
Deferred income	14	4 988 737	-
Accrued liabilities	21	3 674 045	5 060 483
<b>Total short-term liabilities</b>		<b>30 714 862</b>	<b>31 874 206</b>
<b>Total liabilities</b>		<b>30 714 862</b>	<b>31 874 206</b>
<b>BALANCE SHEET</b>		<b>53 742 333</b>	<b>46 234 125</b>

The Notes are an integral part of this financial report.

On behalf of the Board

Member of the Board \_\_\_\_\_ /Kārlis Kostjukovs/

Outsourced accountant \_\_\_\_\_ /Ilvija Gredzena/

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**Statement of changes in equity**

	<b>Share capital (equity capital)</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Balance as of December 31, 2021</b>	<b>5 070 999</b>	<b>3 504 271</b>	<b>8 575 270</b>
Profit for the reporting year	-	8 317 769	8 317 769
Dividends paid	-	(2 803 417)	(2 803 417)
<b>Balance as of December 31, 2022</b>	<b>5 070 999</b>	<b>9 018 623</b>	<b>14 089 622</b>
Paid up capital	6 000 000	-	6 000 000
Profit for the reporting year	-	5 367 504	5 367 504
Dividends paid	-	(2 800 000)	(2 800 000)
<b>Balance as of December 31, 2023</b>	<b>11 070 999</b>	<b>11 586 127</b>	<b>22 657 126</b>

The Notes are an integral part of this financial report.

On behalf of the Board

Member of the Board \_\_\_\_\_ /Kārlis Kostjukovs/

Outsourced accountant \_\_\_\_\_ /Ilvija Gredzena/

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**Cash flow statement**

(prepared according to the indirect method)

	Notes	2023 EUR	2022 EUR
<b>Cash flow from operating activities</b>			
Profit before tax		5 406 137	9 026 831
Adjustments:			
- impairment adjustments of fixed assets	9	200 844	147 309
- adjustments for decrease of intangible assets value	8	275 761	198 524
- allocation for provisions (excluding provisions for doubtful debts);	18	100 048	23 944
- gains or losses from foreign currency exchange rate fluctuations;		(20 768)	(14 457)
- income from participation in related companies, associated companies or other companies share capital;		-	(3 881 128)
- other interest receivables and similar income	5, 3	(64 199)	(8 422)
- interest payments and similar charges	6	342 168	66 188
Profit before the impact of changes in working capital and short-term liabilities		6 239 991	5 558 789
(Increase) or decrease in accounts receivable balance		2 926 468	(21 415 791)
(Increase) or decrease in inventory balance		1 187 789	(1 563 718)
Increase or (decrease) in the balance of payables to suppliers, contractors and other creditors		4 113 739	11 399 707
Gross operating cash flow		14 467 987	(6 021 013)
Expenditure for interest payments		(342 168)	(66 188)
Expenditure for corporate income tax payments	20	(38 633)	(709 062)
<b>Net cash flow from operating activities</b>		<b>14 087 186</b>	<b>(6 796 263)</b>
<b>Cash flow from investing activities</b>			
Purchase of shares in affiliated companies, associated companies or other companies		-	(3 475 000)
Acquisition of fixed assets and intangible assets		(485 525)	(654 005)
Proceeds from sales of fixed and intangible assets		50 882	8 430
Interest received		13 967	-
Dividends received		-	3 881 128
<b>Net cash flow from investing activities</b>		<b>(420 676)</b>	<b>(239 447)</b>
<b>Cash flow from financing activities</b>			
Contribution to share capital		6 000 000	-
Loans received		3 103 130	17 160 456
Expenses for repayment of loans		(11 215 074)	(6 382 153)
Dividends paid	17	-	(2 803 417)
<b>Net cash flow from financing activities</b>		<b>(2 111 944)</b>	<b>7 974 886</b>
<b>Result of foreign currency exchange rate fluctuations</b>		<b>20 768</b>	<b>14 457</b>
<b>Reporting year net cash flow</b>		<b>11 575 334</b>	<b>953 633</b>
Cash and cash equivalents at the beginning of the reporting period		1 696 515	742 882
<b>Cash and cash equivalents at the end of the reporting period</b>	15	<b>13 271 849</b>	<b>1 696 515</b>

The Notes are an integral part of this financial report.  
On behalf of the Board

Member of the Board \_\_\_\_\_ /Kārlis Kostjukovs/

Outsourced accountant \_\_\_\_\_ /Ilvija Gredzena/

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## **Notes to the financial statements**

### **Accounting policy**

#### **GENERAL INFORMATION**

*Citrus Solutions* Limited Liability Company (hereinafter referred to as *Citrus Solutions* or the Company) was founded and registered in the Commercial Register of the Republic of Latvia on June 28, 2005, with a unified registration number 50003752271, the legal address is Dzirnavu street 105, Riga. The parent company of the Company is SIA *Tet*, which owns 100% of the Company's share capital. *Citrus Solutions'* main areas of activity are telecommunication infrastructure construction and service for business customers. The number of *Citrus Solutions* employees at the end of the reporting year was 349.

The member or shareholder of the company, which prepares the consolidated annual report, including the Company as its subsidiary, is SIA *Tet*, reg. no. 40003052786, Dzirnavu street 105, Riga, LV-1011. Copies of the consolidated annual reports are available on the website of SIA *Tet* at <https://www.tet.lv/par-tet/par-mums/gada-parskati>.

#### **ACCOUNTING AND VALUATION METHODS**

##### **Basis of preparation of financial statements**

The financial statements have been prepared in accordance with the laws of the Republic of Latvia "Law on Accounting" and "Law on Annual Statements and Consolidated Annual Statements". The Company is a subsidiary of *the Tet* Group and the Group's consolidated report is prepared in accordance with the requirements of International Financial Reporting Standards.

The financial statements are prepared based on the principle of initial cost evaluation.

All amounts in the financial statements are presented in euros (EUR), unless otherwise stated.

The annual reporting period is the calendar year. Balance sheet balances on December 31, 2023 reflect the Company's financial position at the end of the relevant day.

The profit or loss statement has been prepared in accordance with the period cost method.

The cash flow statement is prepared according to the indirect method.

Long-term items include amounts which receipt, payment or write off are due later than one year after the year-end of the reporting year. The amounts to be received, paid or written off during the year, are included in short-term items.

According to the criteria established by law, the Company is classified as a medium-sized Company.

The law provides additional exemptions for small and medium-sized companies in preparing financial statements, but at the same time also stipulates that the financial statements must give a true and fair view of the company's financial position and profit or loss, and for medium and large companies, the annual report must also cover cash flow.

##### **Applied accounting principles**

The annual statements items were reflected in accordance with the following accounting principles:

- a) it is assumed that the Company will continue to operate;
- b) the same valuation methods were applied as in the previous year;
- c) evaluation was done with sufficient prudence:
  - in the report is included only the profit received before the balance sheet date
  - into account are taken all predictable risk amounts and losses incurred in the reporting year or during previous years, even if they appeared in the period between the balance sheet date and preparation of annual accounts day,
  - all impairments and depreciation amounts are calculated and taken into account, regardless of whether the reporting year was concluded with profit or loss;
- d) into account are taken related to the reporting year income and expenses, regardless of the payment date and receipt of the invoice or the date of issue. Costs aligned with revenue in the reporting period.

**Accounting policies (continued)**

- e) assets and liabilities items were evaluated separately.
- f) beginning of the accounting year balance coincides with the closing balance of the previous year.
- g) accounted for are all items that have a significant impact on the annual report, assessment or decision-making, insignificant items have been combined and their details disclosed in the notes.
- h) business transactions are recorded taking into account their economic content and substance rather than legal form.

**Exemptions from the obligation to prepare consolidated financial statements**

According to the provisions of the Law on Annual Statements and Consolidated Annual Statements, the Company is exempted from the obligation to prepare consolidated annual statements, as it is at the same time a subsidiary company of another concern, and its parent company with 100% participation is a company registered in the Republic of Latvia, which prepares the consolidated annual statements.

**Related parties**

The company considers the parent company of the concern and its subsidiary companies, as well as other companies that can significantly influence the company's operation, to be related parties.

The Company considers the Company's senior managers and close family members of the mentioned persons, as well as companies in which the mentioned persons have control or significant influence, as other related parties.

**Translation of foreign currency**

Transactions in foreign currencies are converted into euros according to the reference rate published by the European Central Bank (hereinafter referred to as ECB), which is valid at the beginning of the day of the economic transaction, but according to the last available foreign exchange rate used in accounting, if the day of the economic transaction is a working day in Latvia, but it does not have a published foreign exchange rate used in accounting, because according to the foreign exchange rate source publication calendar, this day is a holiday. Profits or losses resulting from these transactions, as well as from the revaluation of foreign currency monetary assets and liabilities into local currency, are accounted for in the income statement.

At the end of the year, financial assets and liabilities denominated in foreign currency are revalued at the exchange rate set by the ECB at the end of the last day of the reporting year, and all relevant exchange rate fluctuations are accounted for in the income statement.

Euro exchange rate in relation to the currencies in which the Company had transactions:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
USD	1.105	1.066

**Intangible investments**

Intangible assets include trademarks, software licenses, capitalized project team personnel costs, and software implementation service costs. In cases where the computer program is an integral part of the equipment and it cannot function without this special program, the computer program is accounted for as a part of fixed assets.

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Intangible assets are depreciated using the straight-line method over their useful life (3-5 years).

At each balance sheet date, an assessment is made as to whether there are any indications that the value of the asset may have decreased. The recoverable amount of intangible assets not yet ready for use is determined annually, regardless of whether there are indications that the asset may be impaired. For the purpose of impairment assessment, intangible assets are divided into groups so that they represent the smallest possible unit for which the amount of cash flows associated with it can be clearly determined.

## **Accounting policies (continued)**

If the book value of an intangible investment is greater than its estimated recoverable value, which is the higher of the intangible investment's net sales value and value in use, then its book value is immediately reduced to the recoverable value, the difference being included in the profit or loss statement.

### **Fixed assets**

Fixed assets are accounted for at their acquisition cost, less accumulated depreciation and accumulated impairment losses. Depreciation of fixed assets is calculated according to the straight-line method, allocating the purchase costs of fixed assets in equal parts to the estimated useful life of the fixed assets in years:

	<b>Useful life in years</b>
Buildings	7
Energy equipment	10
Other fixed assets	3 – 5

The useful life of fixed assets is reviewed at least once a year. The effect of a change in useful life is included in the calculation of profit or loss in the period in which the change occurred and in subsequent periods.

If the book value of a fixed asset is greater than its estimated recoverable value, which is the higher of the fixed asset's net sales value and value in use, then the fixed asset book value is reduced to the recoverable value, the difference being included in the profit or loss statement.

The fixed assets current repair and maintenance costs are included in the profit or loss statement for the period in which they are incurred.

Gain or loss on the disposal of fixed assets is determined by comparing the proceeds from the sale with the carrying amount of the fixed assets and is included in profit from operating activities.

The costs of creating fixed assets and unfinished construction objects are accounted for at initial value. The initial value includes construction costs and other direct costs. Depreciation is not calculated for work-in-progress until the relevant assets are completed and placed in service.

### **Participation in the subsidiary companies of the concern**

Investments in subsidiaries (i.e. companies in which the Company owns more than 50% of the share capital or which it controls in some other way) are accounted for using the cost method. After initial recognition, investments in subsidiaries are carried at their original cost less impairment losses. If any events or changes in circumstances indicate that the balance sheets value of investment subsidiaries

could be unrecoverable, the value of the relevant investment in the subsidiary is reviewed in order to define its impairment.

### **Accounting of lease agreements**

Lease transactions, which essentially transfer to the lessee all the risks and rewards inherent in the ownership of an asset, are classified as financial lease transactions. Other leases are classified as operating leases.

#### *(i) The company is the lessor*

If the Company's assets are involved in an operating lease, the lease revenue is included in the income statement on a straight-line basis over the period of the lease agreement. The initial direct costs incurred to generate revenue from the lease transaction are included in the carrying amount of the leased asset and recognized in the income statement in the period in which the sales revenue is recognized.

If the Company is a financial lessor, the Company reflects the leased asset in the balance sheet as a receivable equal to the present value of the lease payments. Lease income is included in the income statement over the term of the lease using a constant periodic interest rate on the outstanding balance.

#### *(ii) The Company is the lessee*

Payments made under an operating lease are recognized in the income statement on a straight-line basis over the lease term.

## **Accounting policies (continued)**

If the Company is a financial lessee, the Company includes both fixed assets and liabilities in the balance sheet at the lower of the fair value of the fixed asset at the beginning of the lease or the current value of the minimum lease payments. Each lease payment is divided into a reduction of the liability and a finance charge, which is calculated by applying a constant interest rate to the remaining value of the liability. Interest payments are included in the income statement over the term of the lease. The leased fixed asset is depreciated over the shorter of the lease term or useful life.

### **Inventories**

Inventories are valued at the lower of cost or net realizable value. The acquisition value is determined using FIFO valuation method. Inventories are accounted for at their acquisition costs on a first-in-first-out basis. In cases where the net sales value of inventories is lower than the acquisition cost, corresponding provisions are created for these inventories to reduce their value to the level of the net sales value.

### **Receivables from customers and clients**

Accounts receivable consist of amounts which repayment term does not exceed one year and which are presented in the balance sheet after deducting provisions for bad debts or doubtful debtors.

Provisions for doubtful debts are created in cases where the Company's management believes that the recovery of these receivables is doubtful.

Provisions for bad debts of buyers and customers are calculated based on information about the financial condition of specific debtors and debt recoverability, as well as analyzing the age structure of debts. Provisions for individual receivables are created in cases where there is objective evidence that the recovery of these receivables is doubtful. General provisions for bad debts of buyers and customers are calculated based on the analysis of the age of the debts.

The following provision rates are applied in the Company:

Accounts receivable (in days of delay)	No delay	1 - 30	31 - 90	91 - 180	181 - 365	> 365
Provision rate, %	0.3	3	25	65	65	100

In accordance with the group's policies, the allowance rates for bad debts are reviewed annually as an estimate.

Bad debts are written off when their recovery is considered impossible.

### **Cash and cash equivalents.**

Cash and cash equivalents are balances in the bank current accounts, money in transit and bank deposits with an initial maturity of up to three months.

### **Borrowings**

Borrowings are recognized at acquisition value, which is the fair value of the consideration received, less transaction costs directly attributable to obtaining the loan. In subsequent periods, borrowings are measured at depreciated cost using the effective interest method. Gains or losses are recognized in the income statement as interest income or expense when the liability is written off the balance sheet through the depreciation process. A part of borrowings, the repayment term of which exceeds 12 months, is included in long-term liabilities.

### **Provisions**

Provisions are made in cases where the Company has current legal or practical obligations as a result of past events, it is expected that the settlement of these obligations will require resources containing economic value and it is possible to reliably determine the amount of these obligations.

Provisions are reflected in the balance sheet by determining as accurately as possible the amount of expenses necessary to settle the liabilities in the amount they are at the balance sheet date. Provisions are used only for the expenses for which they were originally created and are reduced when the potential outflow of resources is no longer foreseeable.

## **Accounting policies (continued)**

By the end of the reporting year, provisions for warranty repairs have been created, evaluating the terms of the contracts concluded with the customer and the relevant projects. Provision is created in the amount of a certain percentage of the revenues of the realized projects for the warranty period specified in the contract. The percentage of provisions is determined based on the Company's historical experience in similar projects and other available information.

### **Accrued liabilities**

Accrued liabilities are clearly known settlement amounts with suppliers and contractors for the goods or services received in the reporting year, if the relevant settlement document has not yet been received on the balance sheet date.

At the end of the reporting year are created provisions for accumulated costs of unused vacations, the accumulated costs of bonuses for the work results of the reporting year, severance pay and other accumulated costs for which services were received in the reporting year. The accrued cost of unused vacation is calculated by multiplying the number of unused vacation days by the employee's average daily earnings. The accrued bonus costs are formed on the basis of the evaluation of the fulfillment of the Company's and individual goals, in accordance with the bonus scheme implemented in the Company. The accrued costs for severance benefits have been created in accordance with the severance rates set by the trade union, based on the annual salary and the time the employee has worked for the Company. The employer's mandatory state social insurance contributions are added to the accrued costs of unused vacations, bonus costs and severance benefits.

### **Contingent liabilities and assets**

Contingent liabilities are not recognized in the financial statement. Information on contingent liabilities is disclosed in the notes, except in cases where the possibility of an outflow of resources containing economic benefits is remote. Contingent assets are not recognized in the financial statements, but information is disclosed in the notes when the inflow of economic benefits is probable.

### **Pension fund**

Each employee independently chooses the amount of contributions to the pension fund within a certain limit.

Payments to the defined contribution pension fund are accounted for in expenses in the period when the relevant employee has provided the services stipulated in the employment contract.

The Company owns 1.85% of AS *Pirmais Slēgtais Pensiju Fonds* shares, but the Company is only its formal shareholder. The investment in the share capital of the pension fund was written off as expenses at the time of creation, because the risks and benefits related to the operation of the pension fund apply only to the participants of the pension plan - the employees of the Company.

### **Corporate income tax**

According to the Law of the Republic of Latvia "Corporate Income Tax Law" for legal entities, Corporate Income Tax is paid on distributed profits and conditionally distributed profits. Distributed and conditionally distributed profits are taxed at a tax rate of 20% of the gross amount, or 20/80 of the net cost. Corporate income tax on the payment of dividends is recognized in the profit or loss statement as a cost in the accounting period when the respective dividends are declared, while for other conditional profit objects - at the time when the costs occurred within the accounting year.

### **Revenue recognition**

Revenue is recognized when goods are delivered or services are provided.

Revenue from the sale of goods is recognized at the time of delivery of the goods, when significant risks and rewards of ownership are transferred to the buyer and the seller retains neither the right of further management, which is usually associated with ownership, nor actual control over the goods sold.

Revenue for services rendered is recognized at the time of rendering of those services based on the time consumed.

Interest income is recognized in the income statement using the effective interest rate.

### **Long - term contracts**

A long-term contract is a specially prepared contract for the creation of an asset object or a set of assets. An asset pool is an asset that is closely related or interdependent due to their design, technology and functions, or their ultimate purpose or use.



### **Accounting policies (continued)**

Long-term contracts are contracts that stipulate that work is started in one financial reporting period and completed in another, although the total performance period may not exceed 12 months.

If the result of a long-term contract can be reliably estimated, revenues and costs related to such a contract are recognized in the calculation of profit or loss as revenues and expenses, respectively, taking into account the amount of contractual work performed as a percentage on the balance sheet date. If the outcome of a long-term contract cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred that are probable to be recovered. Contract-related costs are recognized as expenses in the period in which they are incurred. The amount of performance of the contract work is evaluated in percentage based on the cost of the work performed. Expected losses from the contract are immediately recognized as expenses in the income statement.

### **Dividends**

Dividends are recognized in the Company's financial report in the period in which the general meeting of the Company's members approves the payment of dividends.

### **Events after the balance sheet date**

Amounts recognized in the financial statement are adjusted taking into account events after the balance sheet date that provide additional information about the Company that existed on the balance sheet date (adjusting events). Events after the balance sheet date that are not considered to be adjusting are reflected in the notes to the financial statements if they are material.

### **Comparative indicators**

In cases where classification of individual financial statement items is changed to provide a clearer picture of the Company's financial position, its performance and cash flows, comparative indicators are adjusted in accordance with the new classification.

### **Use of estimates and key assumptions**

When preparing the financial statements, the management, in accordance with the accounting legislation of Latvia, has to rely on certain estimates and assumptions related to the recognition of assets, liabilities, revenues and expenses and the possible liabilities to be presented. Estimates mainly relate to the recognition of revenue from long-term contracts, the useful life of fixed assets, provisions for warranty repairs, provisions for doubtful accounts and obsolete inventories, as well as the assessment of impairment of fixed assets. Although these estimates are prepared based on the comprehensive information available to management regarding current events and operations, actual results may differ from them.

### 1. NET TURNOVER

	2023 EUR	2022 EUR
Revenues from engineering systems, infrastructure construction services *	60 996 521	53 987 028
Revenues from electronic communication network service and maintenance services	4 112 604	3 435 285
Proceeds from the sale of materials	1 557 391	500 898
<b>Total</b>	<b>66 666 516</b>	<b>57 923 211</b>

\* In 2023, the turnover increased due to the increase in turnover in construction projects - the biggest projects are the construction of the infrastructure of the border of the Republic of Belarus, the construction of Liepāja Prison.

### 2. COSTS ATTRIBUTED TO THE OWN LONG-TERM INVESTMENTS (CAPITALIZED)

	2023 EUR	2022 EUR
Staff costs	7 382	-
Other costs	196	-
<b>Total</b>	<b>7 578</b>	<b>-</b>

### 3. OTHER OPERATING REVENUE.

	2023 EUR	2022 EUR
Income from leasing fixed assets	1 448	5 088
Other income	898 417	690 435
Gains from disposal of fixed assets	50 232	8 422
Reclaimed obsolete stock	-	16 301
<b>Total</b>	<b>950 097</b>	<b>720 246</b>

### 4. ADJUSTMENTS FOR IMPAIRMENT OF CURRENT ASSETS

	2023 EUR	2022 EUR
Debt write-off and accruals	(21 906)	(76 794)
Inventory write-down costs	(16 431)	-
<b>Total</b>	<b>(38 337)</b>	<b>(76 794)</b>

### 5. OTHER OPERATING EXPENSES.

	2023 EUR	2022 EUR
Costs of engineering systems, infrastructure construction services and materials*	(44 136 878)	(37 409 372)
Costs of networks, equipment maintenance services and materials	(1 849 567)	(1 528 809)
Car rental, maintenance costs	(1 307 071)	(1 295 770)
Office and administrative costs	(794 299)	(460 650)
Other operating expenses	(486 327)	(308 307)
IT service costs	(253 764)	(218 985)
Premises rental, maintenance and utilities	(244 304)	(205 318)
<b>Total</b>	<b>(49 072 210)</b>	<b>(41 427 211)</b>

\* In 2023, the costs of materials and construction services have increased, as the volume of turnover in construction projects has increased

### 6. INTEREST INCOME AND COSTS

	2023 EUR	2022 EUR
<b>Other interest receivables and similar income</b>		
Interest income	13 967	-
<b>Total</b>	<b>13 967</b>	<b>-</b>
<b>Interest payments and similar charges</b>		
for borrowings	(342 167)	(66 186)
exchange rate fluctuations	(20 768)	(14 458)
losses from investments	(1 548)	-
<b>Total</b>	<b>(364 483)</b>	<b>(80 644)</b>

**7. CORPORATE INCOME TAX**

	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
Corporate income tax:		
- for the reporting year	(38 633)	(709 062)
<b>Total</b>	<b>(38 633)</b>	<b>(709 062)</b>

**8. INTANGIBLE ASSETS**

	<b>Other intangible assets EUR</b>	<b>Creation of intangible assets EUR</b>	<b>Total EUR</b>
<b>Acquisition value</b>			
as of December 31, 2021	<b>593 019</b>	<b>74 746</b>	<b>667 765</b>
Acquired	-	437 203	437 203
Commissioned	431 668	(431 668)	-
Excluded in the reporting year	(7 876)	-	(7 876)
<b>as of December 31, 2022</b>	<b>1 016 811</b>	<b>80 281</b>	<b>1 097 092</b>
Acquired	-	253 994	253 994
Commissioned	154 876	(154 876)	-
Excluded in the reporting year	(136 812)	-	(136 812)
<b>as of December 31, 2023</b>	<b>1 034 875</b>	<b>179 399</b>	<b>1 214 274</b>
<b>Depreciation</b>			
as of December 31, 2021	<b>(412 259)</b>	-	<b>(412 259)</b>
Depreciation	(198 524)	-	(198 524)
Excluded in the reporting year	7 876	-	7 876
<b>as of December 31, 2022</b>	<b>(602 907)</b>	-	<b>(602 907)</b>
Depreciation	(275 761)	-	(275 761)
Excluded in the reporting year	136 772	-	136 772
<b>as of December 31, 2023</b>	<b>(741 896)</b>	-	<b>(741 896)</b>
<b>Residual value</b>			
<b>as of December 31, 2022</b>	<b>413 904</b>	<b>80 281</b>	<b>494 185</b>
<b>as of December 31, 2023</b>	<b>292 979</b>	<b>179 399</b>	<b>472 378</b>

The amount of capital investments in intangible investments in 2023 was EUR 253 994 (EUR 437 203 in 2022).

## 9. FIXED ASSETS

	Structures	Technological equipment and devices	Other fixed assets and inventory	Creation of fixed assets and costs of unfinished construction projects	Total
	EUR	EUR	EUR	EUR	EUR
<b>Acquisition value</b>					
as of December 31, 2021	45 363	71 257	2 483 934	175 281	2 775 835
Acquired	-	-	-	216 802	216 802
Commissioned	2 500	-	196 434	(198 934)	-
Excluded in the reporting year	-	(92)	(47 461)	-	(47 553)
<b>as of December 31, 2022</b>	<b>47 863</b>	<b>71 165</b>	<b>2 632 907</b>	<b>193 149</b>	<b>2 945 084</b>
Acquired	-	-	-	231 531	231 531
Commissioned	10 399	-	322 592	(332 991)	-
Excluded in the reporting year	-	(2 153)	(444 115)	-	(446 268)
<b>as of December 31, 2023</b>	<b>58 262</b>	<b>69 012</b>	<b>2 511 384</b>	<b>91 689</b>	<b>2 730 347</b>
<b>Depreciation</b>					
as of December 31, 2021	(7 226)	(69 971)	(2 257 768)	-	(2 334 965)
Depreciation	(5 658)	(417)	(141 234)	-	(147 309)
Excluded in the reporting year	-	92	47 453	-	47 545
<b>as of December 31, 2022</b>	<b>(12 884)</b>	<b>(70 296)</b>	<b>(2 351 549)</b>	<b>-</b>	<b>(2 434 729)</b>
Depreciation	(7 880)	(417)	(192 547)	-	(200 844)
Excluded in the reporting year	-	2,153	443 505	-	445 658
<b>as of December 31, 2023</b>	<b>(20 764)</b>	<b>(68 560)</b>	<b>(2 100 591)</b>	<b>-</b>	<b>(2 189 915)</b>
<b>Residual value</b>					
as of December 31, 2022	34 979	869	281 358	193 149	510 355
as of December 31, 2023	37 498	452	410 793	91 689	540 432

The amount of capital investments in fixed assets in 2023 was EUR 231 531 (EUR 216 802 in 2022). In its economic activity, the Company also uses fully depreciated intangible investments and fixed assets.

The initial purchase value of these intangible investments and fixed assets is EUR 2 090 462 (EUR 1 985 008 in 2022).

## 10. Participation in equity of affiliated companies

### Investment purchase value

The Company	Participation (%)	31.12.2023. EUR	31.12.2022. EUR
<i>Citrus Solutions GmbH</i> 100		5 000 000	5 000 000
<b>Total</b>		<b>5 000 000</b>	<b>5 000 000</b>

### Financial information about the subsidiary

The Company	Address	Own capital (unaudited*)		Profit/ (loss) for the financial year (unaudited*)	
		2023 EUR	2022 EUR	2023 EUR	2022 EUR
<i>Citrus Solutions GmbH</i>	Schmidtstadt 5,92268, Etzelwang	2 200 186	8 355 103	(6 154 917)	3 021 934

In 2018, a subsidiary was registered in Germany, *Citrus Solutions GmbH*. *Citrus Solutions GmbH* provides telecommunications construction services. In 2023, the subsidiary had earned EUR 29 202 427 in revenue and its losses reached EUR 6 154 917 (financial accounting data according to the parent

company's accounting principles; audited report data is not available at the time of preparation of the annual report).

\* Equity and annual profit/loss amounts are presented as "unaudited", because for the needs of the parent company group, Citrus Solutions GmbH performs accounting in accordance with the International Financial Reporting Standards (IFRS), which in general also meets legislative requirements of the LR, but does not prepare a separate annual report of the company. For the year 2022, Citrus Solutions GmbH has duly prepared an annual report in Germany in accordance with local German legal requirements, and this annual report has been duly audited. Since the accounting policies differ significantly, this report uses the accounting data of the subsidiary in accordance with IFRS.

At the end of 2023, an investment was made in *Citrus Solutions GmbH* recoverable amount calculation. The value of *Citrus Solutions GmbH* was determined in the calculation using cash flow forecasts based on five-year financial forecasts, applying a discount rate of 17% (17% rate applied in 2022). Cash flow estimates for periods beyond five years were calculated using extrapolation and a constant growth rate of 0% (2022: 0%). At the end of 2023, the cash-generating unit *Citrus Solutions GmbH* estimated use value was higher than the book value. The calculation is based on reasonable assumptions that in the coming years *Citrus Solution GmbH* will work with a positive cash flow, similar to previous years. Losses incurred during the reporting year are related to the results of individual projects and are not expected to have a negative impact on the revenues and profitability of the following years. As a result of the assessment, the management has not identified any impairment related to the investment in *Citrus Solutions GmbH* in capital shares

## 11. INVENTORIES

	31.12.2023.	31.12.2022.
	EUR	EUR
Materials and raw materials	1 526 780	2 023 164
Provisions for obsolete and slow moving stock	(73 903)	(60 781)
Advance payments for inventories	147 238	825 521
<b>Total inventories</b>	<b>1 600 115</b>	<b>2 787 904</b>

### Inventory movement for aging and slow-moving inventory

	2023	2022
	EUR	EUR
Accruals at the beginning of the reporting year	60 781	78 301
In the reporting year (reduced)/ created provisions, net	13 122	(17 520)
<b>Provisions at the end of the reporting year</b>	<b>73 903</b>	<b>60 781</b>

## 12. RECEIVABLES FROM CUSTOMERS AND CLIENTS

	31.12.2023.	31.12.2022.
	EUR	EUR
Accounts receivable*	6 260 716	2 988 168
Provisions for doubtful debts	(201 472)	(200 405)
<b>Total receivables from customers and clients</b>	<b>6 059 244</b>	<b>2 787 763</b>

\* Receivables from clients and customers have increased, as invoices have been issued to clients of major construction projects.

### Movement of provisions for doubtful and bad debts

	2023	2022
	EUR	EUR
Accruals at the beginning of the reporting year	200 405	123 611
Bad debts written off	(20 839)	-
Created/recovered provisions for doubtful debtors	21 906	76 794
<b>Provisions at the end of the reporting year</b>	<b>201 472</b>	<b>200 405</b>

**13. OTHER RECEIVABLES**

	31.12.2023. EUR	31.12.2022. EUR
Advance payments to suppliers abroad	162 534	133 734
Overpaid taxes (Note 20)	574 924	372 081
Advance payments to suppliers in Latvia	312 839	160 207
Settlements with staff	71 743	74 546
<b>Total other receivables</b>	<b>1 122 040</b>	<b>740 568</b>

**14. ACCRUED INCOME AND DEFERRED INCOME**

	31.12.2023. EUR	31.12.2022. EUR
Accrued income*	23 789 015	30 541 481
<b>Total accrued income</b>	<b>23 789 015</b>	<b>30 541 481</b>

\*Accrued income for unfinished construction projects is recognized taking into account the amount of contract work performed as a percentage at the balance sheet date. Accrued revenues have decreased because invoices have been issued to customers for already completed works.

The "Deferred Income" item as of 31.12.2023 includes those payments received for construction and design work that will be realized in future periods and/or exceed the project revenues recognized during the reporting year, based on the percentage of completion of the contract work as of the balance sheet date. At the end of the reporting year, the deferred income was EUR 4 988 737 (EUR 0 at the end of 2022).

**15. CASH**

	31.12.2023. EUR	31.12.2022. EUR
Cash in banks	13 271 849	1 696 515
<b>Total cash</b>	<b>13 271 849</b>	<b>1 696 515</b>

**16. BORROWINGS FROM CREDIT INSTITUTIONS.**

	31.12.2023. EUR	31.12.2022. EUR
Short-term loan from the bank	3 103 130	-
<b>Short-term loan from the bank</b>	<b>3 103 130</b>	<b>-</b>

In 2023 *Citrus Solutions* has a loan in EUR currency from *OP Corporate Bank*.

Together with *Citrus Solutions GmbH*, the company has access to a loan of 10 million EUR. Short-term loan is due before 23.08.2024, used credit as of 31.12.2023 is 3.103 million EUR the loan interest rate is 3-month EURIBOR plus 1.5% for the used credit and 0.5% for the unused part.

**17. SHARE CAPITAL (EQUITY)**

At the end of 2023, the share capital of *Citrus Solutions* is EUR 11 070 999 and consists of 11 070 999 shares with a nominal value of EUR 1 per share. *SIA Tet* owns 100% of the share capital of *Citrus Solutions*.

In 2023, dividends were calculated at 2 800 000 EUR (0.552 EUR per share/capital share) and in 2022, dividends of 2 803 417 EUR (0.552 EUR per share/capital share) were paid.

**18. PROVISIONS**

**Movement of reserves for warranty repairs**

	31.12.2023. EUR	31.12.2022. EUR
Accruals at the beginning of the reporting year	270 297	246 353
Provisions created/(reduced) in the reporting year, net	100 048	23 944
<b>Provisions at the end of the reporting year</b>	<b>370 345</b>	<b>270 297</b>

The provisions for warranty repairs are planned to be used within the next 5 years.

**19. PAYABLES TO SUPPLIERS AND CONTRACTORS**

	31.12.2023. EUR	31.12.2022. EUR
Settlements with suppliers	6 465 663	5 297 277
<b>Total payables to suppliers and contractors</b>	<b>6 465 663</b>	<b>5 297 277</b>

**20. TAXES AND MANDATORY STATE SOCIAL INSURANCE CONTRIBUTIONS**

**(a) Tax contributions in Latvia**

	31.12.2023 EUR	31.12.2022 EUR
Corporate income tax	(38 860)	660 369
Value-added tax	(216 282)	(163 436)
Mandatory state social insurance contributions	202 667	205 438
Personal income tax	(95)	275
Business risk state duty	129	125
<b>Total liabilities</b>	<b>202 796</b>	<b>866 207</b>
<b>Total claims included in the item "Other receivables" (255 237) (163 436)</b>		

**(b) Tax contributions in Germany, Belgium**

	31.12.2023 EUR	31.12.2022 EUR
Mandatory state social insurance contributions	-	-
Personal income tax	9 977	21 392
Corporate income tax (Note 7)	-	(46)
Value added tax Belgium	(269 636)	(208 599)
Value added tax Germany	(50 051)	426 045
<b>Total liabilities</b>	<b>9 977</b>	<b>447 437</b>
<b>Total claims included in the item "Other debtors"</b>	<b>(319 687)</b>	<b>(208 645)</b>
	<b>EUR</b>	<b>EUR</b>
<b>Total taxes (a), (b)</b>	<b>(362 151)</b>	<b>941 563</b>
<b>Total</b>	<b>(362 151)</b>	<b>941 563</b>
incl. tax liabilities	212 773	1 313 644
tax overpayment	(574 924)	(372 081)

**21. Accrued liabilities.**

	31.12.2023. EUR	31.12.2022. EUR
Accrued costs for engineering, technical systems, and infrastructure construction services	2 000 175	2 160 970
Accrued liabilities to related companies*	112 740	1 020 008
Accrued bonus payments for the performance of the reporting year	631 867	1 051 664
Accumulated expenses for unused vacations	929 263	827 841
<b>Accrued liabilities</b>	<b>3 674 045</b>	<b>5 060 483</b>

\* Accrued liabilities to related companies decreased due to a decrease in the amount of liabilities to the subsidiary Citrus Solutions GmbH.

## 22. DEBTS OF RELATED COMPANIES and DEBTS TO RELATED COMPANIES

SIA *Citrus Solutions* is SIA *Tet* 100% subsidiary company. SIA *Citrus Solutions* owns a 100% of subsidiary company *Citrus Solutions GMBH*.

### Accounts receivable/payable balances

	31.12.2023. EUR	31.12.2022. EUR
<b>Receivables from related companies</b>		
<i>Tet</i>	1 157 987	1 071 986
<i>Citrus Solutions GmbH</i>	596 197	404 479
<b>Total debts of related companies</b>	<b>1 754 184</b>	<b>1 476 465</b>
<b>Debts to related companies</b>		
<i>Tet</i>	2 865 970	150 259
<i>Citrus Solutions GmbH</i>	-	-
Borrowing from <i>Tet</i> , principal amount	-	11 215 074
<b>Total debts to related companies</b>	<b>2 865 970</b>	<b>11 365 333</b>

During the reporting year, *Citrus Solutions* used a credit line from the parent company *Tet*, which has been granted until July 30, 2025 and is available in the amount of EUR 5 000 000. At the end of the reporting year, the Company had not used the granted credit line. The interest rate of the credit line is tied to the interbank three-month credit interest rate EURIBOR+ 1.75% per annum.

*Citrus Solutions'* assets are not pledged as collateral for borrowing and available credit resources.

## 23. INFORMATION ON UNFINISHED CONSTRUCTION CONTRACTS

	2023 EUR	2022 EUR
Recognized revenue*	33 218 983	43 761 735
Recognized costs*	(24 783 265)	(32 701 575)
The total amount of advances received from customers	17 118 321	8 779 703

\*The most significant unfinished construction projects in 2023 are the construction of border infrastructure in the Republic of Belarus, the design, supervision, and construction of the new prison complex on Alsungas Street 29 in Liepāja.

## 24. NUMBER OF PERSONS EMPLOYED IN THE COMPANY

	2023	2022
The average number of members of the board in the reporting year	2	3
The average number of other employees during the reporting period	344	330

## 25. MANAGEMENT REMUNERATION

	2023 EUR	2022 EUR
Remuneration of members of the Board	367 535	353 259
- mandatory state social insurance contributions	86 476	83 334
<b>Total</b>	<b>454 011</b>	<b>436 593</b>

## 26. OFF-BALANCE SHEET LIABILITIES

### Bank guarantees

According to the agreements concluded with AS "Swedbank", AS "SEB banka", AS "Luminor bank" and OP Corporate bank plc branch in Latvia, as well as with insurance companies for the issuance of guarantees, as of December 31, 2023, the Company had received guarantees in the amount of EUR 31 497 386 (in 2022 - EUR 23 937 261). On December 31, 2023, the Company has issued guarantees to the subsidiary *Citrus Solutions GmbH* in the amount of EUR 1 945 800 (on December 31, 2022, EUR 2 645 801).



### Inventory purchase obligations

Inventory purchase transactions for which contracts have been concluded, but actual execution has not taken place and liabilities are not included in the financial statement, are as follows:

	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
Liabilities for materials and raw materials	263 660	168 891
<b>Total</b>	<b>263 660</b>	<b>168 891</b>

### Operating lease liabilities

As a lessee, the company has concluded property lease agreements. The total annual rental costs in 2023 were EUR 813 842 (EUR 752 502 in 2022). On December 31, 2023, the total minimum lease payments under the irrevocable operating leases:

	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
With a term of one year	187 170	54 928
With a term longer than one year, but shorter than five years	33 309	-
<b>Total</b>	<b>220 479</b>	<b>54 928</b>

## 27. FINANCIAL RISK MANAGEMENT

Financial risks related to the Company's liquidity, currency and interest rate fluctuations and the credit risk of business partners are managed centrally in *Tet* Group companies.

### Financing and liquidity risk

The concern's cash management policy envisages ensuring sufficient liquidity of the concern's companies, as well as their ability to finance activities without any financing restrictions. In accordance with the group's policy, the parent company *Tet* organizes the necessary financing for *Citrus Solutions*. Together with Citrus Solutions GmbH, the company has access to a credit line granted by *Tet* in the amount of EUR 5.0 million until July 30, 2025.

### Currency risk

The Group's policy is to limit the net risk of exchange rate fluctuations for all clearly known and expected foreign currency transactions.

In settlements with foreign business partners, the dominant currency is euro.

Cash in foreign currency was accumulated to hedge exchange rate fluctuations in relation to anticipated transactions.

### Interest rate risk

Given that *Citrus Solutions* loan from the parent company has a variable interest rate, which is determined for a period of 1 month, the Company is exposed to the risk of interest rate fluctuations. Measures limiting the risk of interest rate fluctuations are implemented centrally in the concern, evaluating the impact of interest rate risk on the financial indicators of the concern. Interest payments on the used credit line are included in the calculation of profit or loss for the reporting year. In 2023, there was an increase in Euribor interest rates around the world, and the Company's management has taken this risk into account in the forecasts for the following years.

### Credit risk

Financial instruments that potentially expose the Company to a certain degree of concentration of credit risk are mainly debts of buyers and customers and cash in the bank. Company policy ensures that goods and services are sold to customers with adequate credit history. Trade receivables are presented at recoverable amount. According to the cash management policy of the concern, the Company's partners in derivative financial instruments and cash transactions are financial institutions with an appropriate credit reputation. The parent company strictly monitors and limits the credit risk that the group companies are allowed with each individual financial institution.

**28. EVENTS AFTER THE END OF REPORTING PERIOD**

During the period between the last day of the reporting year and the date of signing these financial statements, there have been no events that would require adjustment or disclosure in these financial statements.

On behalf of the Board

Member of the Board \_\_\_\_\_ /Kārlis Kostjukovs/

Outsourced accountant \_\_\_\_\_ /Ilvija Gredzena/

In Riga

THIS DOCUMENT IS SIGNED ELECTRONICALLY WITH A SAFE ELECTRONIC SIGNATURE AND CONTAINS A TIME  
STAMP