AKCIJU SABIEDRĪBA
RĪGAS SILTUMS

Unified registration number 40003286750

CONSOLIDATED ANNUAL REPORT

for the year 1 October 2023
through 30 September 2024

prepared in accordance with the Law of the Republic of Latvia on Annual Reports and Consolidated Annual Reports

together with independent auditors' report

* This version of financial statements is a translation from the original, which was prepared in the Latvian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of financial statements takes precedence over this translation.

CONTENTS

General information

Name of the Parent Company	RĪGAS SILTUMS
Legal status	Joint stock company
Unified registration number, place and date of registration	Registered with the Republic of Latvia Enterprise Register on 14 March 1996, re-registered with the Commercial Register on 8 May 2004 Reg. No 40003286750
Registered office and postal address	Cēsu iela 3A Riga, LV-1012, Latvia
Shareholders	Riga Municipality Riga City Council (49%) Reg. No 90000064250 Rātslaukums 1 Riga, LV-1050, Latvia Republic of Latvia (48.995%) Ministry of the Economy (holder of the shares) Reg. No 90000086008 Brīvības iela 55 Riga, LV-1519, Latvia SIA Enerģijas Risinājumi.RIX (2%) Reg. No 40003718848 Vietalvas 5 Riga, LV-1009, Latvia AS Latvenergo (0.005%) Reg. No 40003032949 Pulkveža Brieža iela 12 Riga, LV-1230, Latvia
Subsidiary	SIA Rīgas BioEnerģija Reg. No 40103857024 Address: Meirānu iela 10, Riga, LV-1073, Latvia Equity interest: 100%

Management Board Members	Ilvars Pētersons, Chairman of the Management Board Raivis Elliņš, Management Board Member Vineta Kutkēviča, Management Board Member Uģis Osis, Management Board Member, until 27 November 2024 Mārcis Kauliņš, Management Board Member, until 28 March 2024
Supervisory Board Members	Jevgenijs Belezjaks, Chairman of the Supervisory Board Gatis Sniedziņš, Deputy Chairman of the Supervisory Board until 11 December 2023, Supervisory Board Member from 12 December 2023 to 14 December 2023, Deputy Chairman of the Supervisory Board from 15 December 2023 Matīss Paegle, Supervisory Board Member Mārtiņš Lazdovskis, Supervisory Board Member from 11 December 2023 Artūrs Veics, Supervisory Board Member from 11 December 2023 Raivis Kronbergs, Supervisory Board Member until 11 December 2023
Financial year	1 October 2023 – 30 September 2024
Previous financial year	1 October 2022 – 30 September 2023
Independent auditors and responsible certified auditor	SIA ERNST & YOUNG BALTIC License No 17 Responsible certified auditor: Diāna Krišjāne Latvian Certified Auditor Certificate No 124

Management report

The Parent Company, AS RĪGAS SILTUMS (hereinafter also – RS), was established in 1996. RS is the largest district heating company in Latvia and the Baltic countries, which is engaged in the generation, transmission, distribution and sale of heat energy, the generation of electricity, and the maintenance of heating networks and internal utilities systems of buildings.

Seeking to use more environmentally friendly domestic energy resources, to minimize the dependence on imported fuel – natural gas, and to enhance the Parent Company's competitive position, in December 2014, AS RĪGAS SILTUMS and SIA Enerģijas Risinājumi established a heating joint venture SIA Rīgas BioEnerģija, where each of the parties held 50% of the shares. In due course, AS RĪGAS SILTUMS acquired the remaining shares, thus becoming the sole shareholder of SIA Rīgas BioEnerģija, and the two companies together have formed a group (hereinafter – the Group) since 22 December 2017.

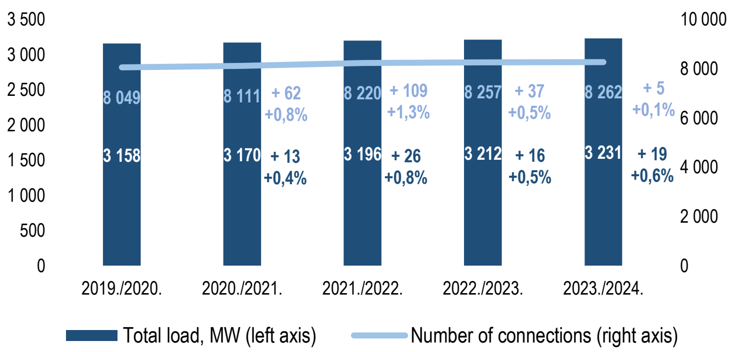
The purpose of establishing SIA Rīgas BioEnerģija (hereinafter – the subsidiary) was to construct two biofuel (wood chip-fired) boiler houses on the right bank of the River Daugava in Riga with a total capacity of up to 100 MW in order to sell heat produced by them after putting into service to the operator of Riga's district heating system, i.e., the Parent Company. The boiler house at Meirānu iela 10 began heat production in November 2017; considering that costs of the construction of external utilities at the planned location increased significantly during the designing of the second boiler house to be constructed under the project, the originally planned construction site was changed and a land plot at Rencēnu iela 30 was acquired. The construction of the 48 MW biofuel boiler house was completed and it was commissioned in December 2023.

Group's operations in the reporting year

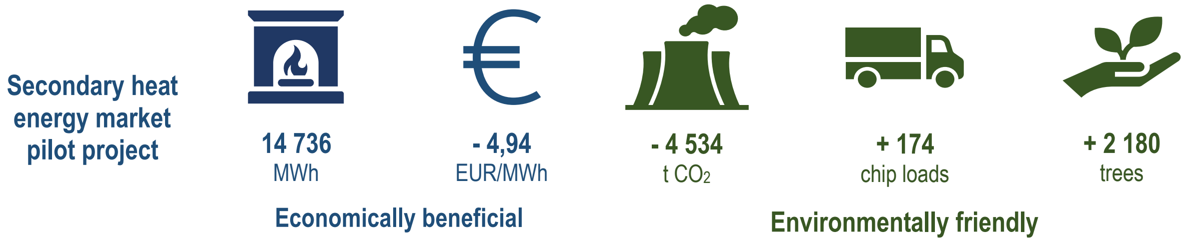
Main events

The number of customers using district heating in Riga keeps growing; in the reporting year, 53 new buildings started using heat energy supplied by RS, with a total expected heat load of 23.4 MW (previous reporting year: 56 buildings, with an expected heat load of 23.0 MW).

Summary of heat connections

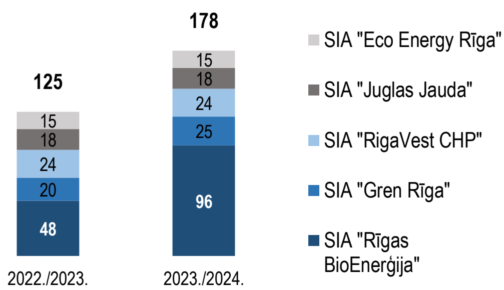


From 6 January 2024 to 26 April 2024, a pilot project for the secondary heat energy market was organized in order to ensure the efficient use of residual heat from gas-powered CHP plants in district heating. Residual heat of 14 736 MWh was purchased on the secondary market at a price that was by 4.94 EUR/MWh on average more beneficial than the weekly market offer for heat produced with wood chips. This resulted in saving of 174 wood chip loads, causing a reduction of 4 534 tonnes of CO_2 emissions and preventing the felling of nearly 2 180 trees.



Substantial amendments to the Energy Law entered into force on 15 July 2024. The amendments mainly promote the use of renewable energy, including residual heat. Using residual heat is an important step towards energy efficiency and lower heating costs. RS, as a heat supplier, is assessing the technical feasibility for keeping residual heat and is setting quality criteria. Using residual heat will help reduce the costs of heat production, promote the sustainable use of resources and reduce greenhouse gas emissions.

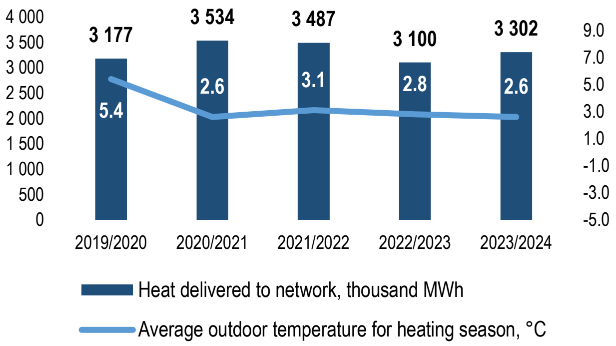
Installed capacity of independent heat producers, MW



In March 2024, a subsidiary's new biofuel boiler house at Rencēnu iela 30, with an installed capacity of 48 MW, was put into operation on the right bank of the river in Riga, thereby increasing the capacity of independent heat producers on the heat energy market.

Management report (cont'd)

Summary of the heating season



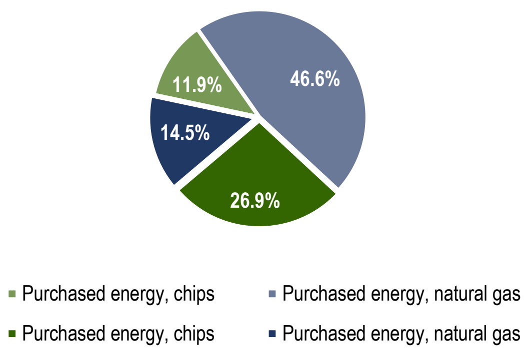
Production

In the reporting year ended 30 September 2024, the Group attained key performance targets set for the year. The heat energy market was developing in line with the initially planned market demand. The Group delivered 3.3 million MWh of heat to the network, up by 0.2 million MWh or 7% compared to the reporting year 2022/2023.

The increase in the amount of heat delivered to the network was mainly due to lower outdoor temperatures in the heating season of the reporting year 2023/2024 compared to that of the reporting year 2022/2023, as well as lower consumption of heat in the heating season of the reporting year 2022/2023 due to high energy prices. Consumers were supplied with 2.9 million MWh of heat, up by 0.2 million MWh or 7% from the reporting year 2022/2023.

In the reporting year, the Parent Company provided 32% of the total amount of heat delivered to the district heating network of Riga, 10% were provided by the subsidiary, while the remaining 58% of the required heat was purchased from other producers. Based on contracts signed with heat producers, RS made purchases on a weekly basis, following the economic gradual approach defined in the Energy Law. According to the Energy Law, the subsidiary is an independent (autonomous) producer, which generates heat but does not ensure heat distribution or transmission; therefore, prices at which heat is sold to the Parent Company are determined by the market, and not the Public Utilities Commission.

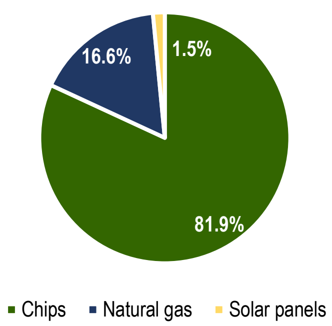
Fuel types, % of heat energy delivered to the network



In the reporting year, the Group operated 46 heat sources: five heating plants and 41 medium and small boiler houses with installed heat capacities from 0.042 MW to 445.1 MW. A new biofuel boiler house of the Vecmīlgrāvis heating plant of 8 MW (9.5 MW with a flue-gas condenser) and the subsidiary's second boiler house of 48 MW at Rencēnu iela 30 were built in the reporting period. The share of fuels used by the Group in the reporting year was as follows: 879 thousand MWh or 65% of heat energy were generated using wood chips (previous reporting year: 894 thousand MWh or 69%), 480 thousand MWh or 35% – using gas (previous reporting year: 403 thousand MWh or 31%). The decrease in the share of wood chips and the increase in the share of natural gas in the fuel mix are temporary, due to the need to ensure production capacity in the event of a sharp drop in outdoor air temperatures, which can be done promptly with natural gas boilers, as well as the temporary shutdown of wood chip-fired boilers of heating plants due to detected defects, so natural gas boilers had to be used.

The Group generated electricity in cogeneration at five heat sources and three solar power plants. In the reporting year, a total of 17 thousand MWh of electricity was generated, a 33% decrease compared to the previous reporting year. This was due to high prices of fuel (natural gas) used in gas-powered cogeneration, so that the cost of operating these units exceeded the price of purchased electricity. Electricity for own consumption and sale was generated by the Keramikas 2A boiler house, the Ziepniekkalns heating plant, and solar power plants of the Daugavgrīva heating plant and at Pildas iela 43. Electricity for own needs was produced by the Zasulauks heating plant, the Vecmīlgrāvis heating plant, the Viestura 20B boiler house, and a solar power plant at Cēsu iela 3a.

Sources of produced electricity, % of total

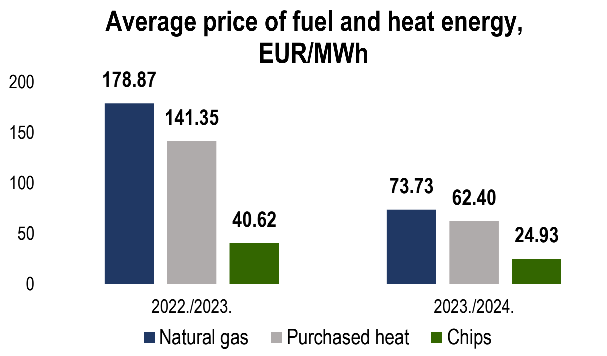


Management report (cont'd)

Energy resources and purchased heat

In the reporting year 2023/2024, the Group operated in a significantly different environment than in the previous reporting year, when energy prices rose sharply as a result of Russia's invasion of Ukraine. At the beginning of the reporting year, the energy market stabilized, resulting in lower fuel and purchased heat prices.

The average price of natural gas for the Group in the reporting year was 73.73 EUR/MWh, down 59% from the reporting year 2022/2023. At the beginning of the reporting year, RS was still using natural gas stocks purchased for the 2022/2023 season in the summer of 2022 in a situation of the energy crisis, when there was a risk of natural gas shortages. The price of natural gas purchased by RS for the 2023/2024 season is lower than that of natural gas purchased for the 2022/2023 season, which allowed setting a lower heat tariff from 1 October 2023. In the reporting year, the average price of wood chips for the Group was 24.93 EUR/MWh and that of purchased heat was 62.40 EUR/MWh, which is decrease by 39% and 56% from the previous reporting year, respectively.



Financial performance

The Group's turnover for the year ended 30 September 2024 was EUR 248.6 million (previous year: EUR 442.0 million), a 44% decrease compared to the previous year. The decrease was caused by a drop in energy prices, leading to the downward revision of the heat tariff. RS's heat tariff largely comprises the costs of fuel and purchased heat, which is why it is mainly dependent on the prices of fuel – natural gas and biofuel (wood chips and pellets) – and purchased heat.

The sale of electricity brought EUR 1.5 million in revenue, which formed 0.6% of the Group's total net turnover. This constitutes a 49% decrease compared to the reporting year 2022/2023, when electricity prices were higher.

As at 30 September 2024, the Group's assets were EUR 297.6 million, including non-current assets of EUR 271.6 million (91%) and current assets of EUR 26.0 million (9%).

In November 2023, the Group obtained a EUR 20 million loan from the Nordic Investment Bank for a period of 10 years to finance investments in property, plant and equipment, under the loan agreement signed on 5 July 2023. On 29 November 2023, the Group entered into a non-current loan agreement with AS Swedbank for EUR 9 million for a period of five years; on 20 December 2023, the Group entered into a current credit line agreement with AS Swedbank for EUR 14 million for a period of 12 months. In the reporting year, the Group obtained a loan amounting to EUR 15.25 million from AS SEB Banka. The purpose of the loan was the construction of a biofuel boiler house at Rencēnu iela 30, Riga.

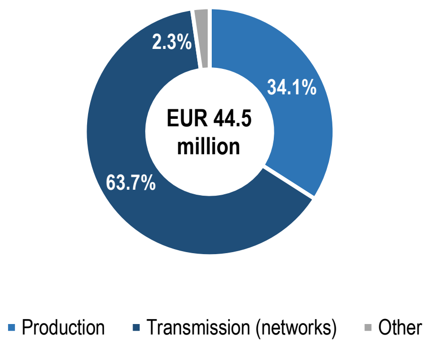
In the reporting year, the Group obtained grants of EUR 4 million from the Central Finance and Contracting Agency for the project "Construction of a 48 MW biofuel boiler house at Rencēnu iela 30, Riga", which was implemented successfully.

Investments and innovations

The Group made investments of EUR 43.9 million in non-current assets during the reporting year. More than EUR 15 million was invested in production facilities. The biggest investment project in the production segment was commissioning the boiler house with an installed capacity of 48 MW at Rencēnu iela 30, thus increasing the share of renewable heat energy in Riga's district heating. In addition, the production efficiency of the Ziepniekkalns heating plant was enhanced by installing an absorption-type heat pump, which allows up to 2 MW of additional heat capacity to be generated without consuming additional fuel. Work started on the installation of a 49 MW electrode boiler at the Imanta heating plant; this will allow to produce heat with electricity, which is beneficial in periods of low electricity prices, and to launch grid balancing and frequency regulation services. A new biofuel boiler house was installed in addition to the existing one at the Vecmīlgrāvis heating plant.

Management report (cont'd)

Investments, % of total



More than EUR 28 million was invested in transmission and distribution assets. This enabled the construction of 2.83 km or 48 m^3 of new heating networks amounting to EUR 2.9 million and 7.13 km (including 1.49 km of relocation) or 1 105 m^3 of existing heating networks were reconstructed with investments of EUR 23.5 million. Major reconstruction works were launched for the M-1 heat main (Gaisa tilts), by transferring underground parts of the overground network, which will continue in the financial year 2024/2025. For the M-8 heat main (Eksporta iela), reconstruction was carried out both in the basements of buildings and by the trenchless method, resulting in a significant reduction of heat leakage. Reconstruction was started to reduce losses in the M-11 heat main (Dzelzavas iela), which supplies heat to the Purvciems and Central Market districts and Old Riga. Transmission networks of the M-13 heat main (Ē. Valtera iela) were rebuilt using the trenchless technology. Attention was also paid to network optimization: the diameter of the pipelines and the length of the networks of the M-6 heat main (Ezermalas iela) could be reduced without impairing the heat supply to customers. The relative heating network loss was 12.36% in the reporting year (previous reporting year: 12.76%).

In the reporting year, innovation investments and costs amounted to EUR 0.5 million, a 65% increase year-on-year. A range of innovation projects were implemented or launched, such as designing an electricity storage solution for the Daugavgrīva heating plant using a battery system, implementing an innovative project for measuring the quality of wood chips at the Imanta heating plant using the machine vision technology. A long-term cooperation agreement on innovation and research was signed with Riga Technical University. It is planned to increase investments in innovations in the coming years.

Financial risk management

The Group's principal financial instruments are loans from credit institutions, cash, trade and other receivables and trade and other payables, which arise directly from its operations. The main financial risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and price risk.

Borrowings bearing interest at a floating rate cause a risk of considerable growth of finance costs in situations when interest rates increase. The Group is exposed to the risk of changes in market interest rates on its non-current liabilities bearing a floating rate. All the Group's borrowings are at floating interest rates. The risk of changes in interest rates is managed by regularly assessing market interest rates available on borrowings as well as considering possibilities of using interest rate risk hedging instruments.

The Group is exposed to credit risk through its non-current financial assets, trade and other receivables, and cash. The Group manages its credit risk by continuously monitoring receivable balances to ensure that its exposure to bad debts is minimized. The Group has a significant concentration of credit risk with a single customer – SIA Rīgas namu pārvaldnieks, which accounted for 64% of balances due for heat energy as at 30 September 2024 (30 September 2023: 58%). Trade receivables are stated at their recoverable amount. The Group's counterparties in cash transactions are local financial institutions with an adequate credit history.

Discipline for heat payments is regularly assessed. As at 31 October 2024, when bills for heat supplied in September fell due, 98.1% of bills issued for heat supplied in the reporting year were paid (31 October 2023: 98.8% of bills for heat supplied in the reporting year 2022/2023).

The Group manages its liquidity risk by maintaining an adequate level of cash or by arranging an adequate amount of committed credit facilities with banks. As at 30 September 2024, the Group's current liabilities, less deferred income, exceeded its current assets by EUR 18 086 thousand (30 September 2023: EUR 29 310 thousand). The Group intends to settle these liabilities from operating cash flows and by using bank loans granted during the reporting year but unused by the year end.

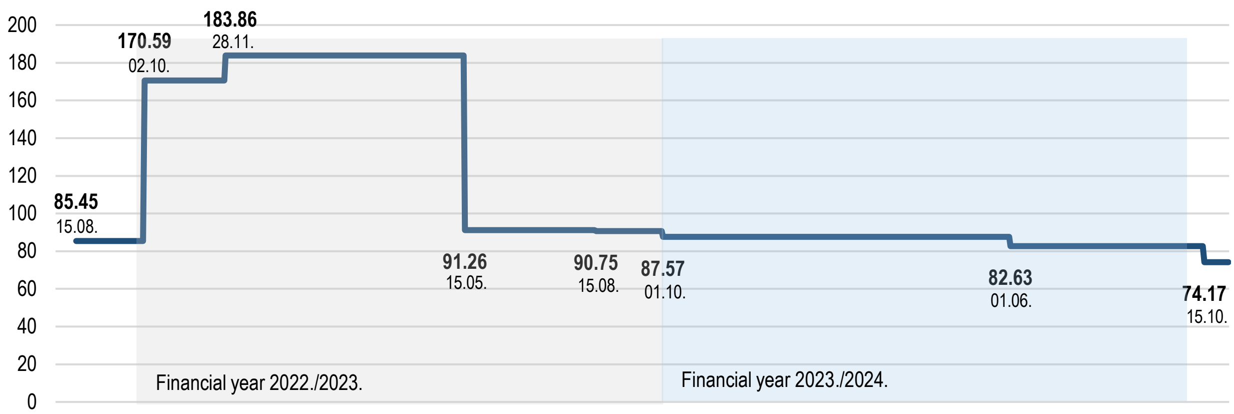
Management report (cont'd)

Price risk is the risk that the fair values and future cash flows of financial instruments will fluctuate for reasons other than changes associated with interest rate risk or currency risk. Price risk is predominantly related to the purchase of heat and fuel. To hedge price risk, the Group has fixed-price contracts signed for natural gas for the entire 2024/2025 season and contracts for purchasing wood chips through Baltpool and BioEx exchanges.

Regulatory environment and heat tariffs

Heat tariffs are calculated pursuant to Resolution No 1/7 on the Methodology for Calculating Tariffs of Heat Supply Services published by the Public Utilities Commission (hereinafter also – the PUC) on 14 April 2010. Tariffs are set in a way that RS receiving payments from heat consumers generates economically justifiable revenue to cover energy production costs, wages and salaries, operating and administrative expense and to ensure the maintenance of non-current assets.

Heat tariffs, EUR/MWh, and their effectiveness dates



In the reporting year, the following two heat tariffs were in force: from 1 October 2023 to 31 May 2024 – 87.57 EUR/MWh, from 1 June 2024 to 30 September 2024 – 82.63 EUR/MWh. The average heat tariff for the reporting year was 87.17 EUR/MWh, down by 49% from the reporting year 2022/2023 (170.34 EUR/MWh).

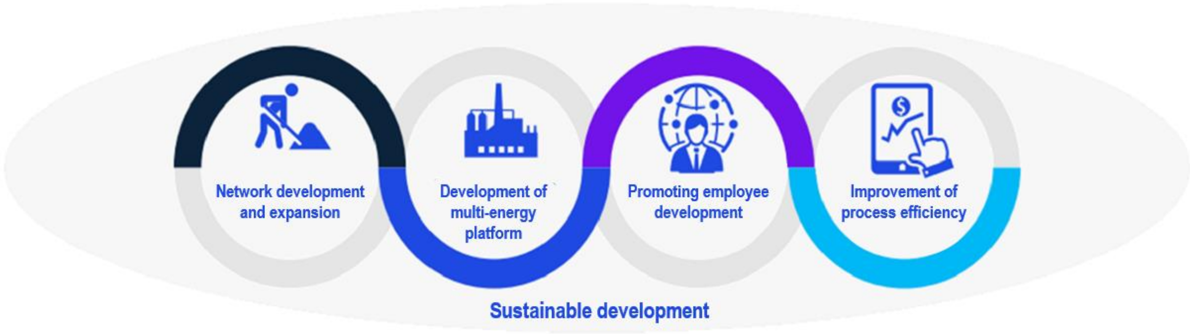
RS is authorized by the PUC Board to define its own tariffs for heat supply services in case of changes in the prices of fuel, purchased heat and sold electricity, in accordance with the Methodology for Calculating Tariffs of Heat Supply Services. In the reporting year, a decrease in revenue by EUR 14.7 million was recognized, due to fluctuations in the prices of purchased heat and fuel compared to those factored in the heat tariff, and income of EUR 9.2 million was recognized out of deferred income (a tariff reduction component of 3.18 EUR/MWh, which was accumulated over the previous reporting year and by which the tariff was decreased for a two-year period starting from 1 October 2023).

In early 2024, RS submitted to the PUC a heat tariff estimate, which was approved by PUC Board's Resolution No 61 of 12 September 2024. The new tariff is 74.17 EUR/MWh, down 10% from the previous tariff, and it entered into force on 15 October 2024.

Management report (cont'd)

Strategic development

In July 2024, RS's medium-term operational strategy 2024-2030 was approved, defining four key objectives aimed at achieving outlined changes in the business and operational model: network development and expansion, developing a multi-energy platform, promoting employee development, and improving process efficiency. To achieve the objectives, RS's medium-term operational strategy 2024-2030 defines eight priorities and performance indicators to be attained by 2030, arranged in hierarchical order.



In view of the growing importance of sustainability in society, a separate sustainability function was established within RS at the beginning of the reporting year. In the reporting year, RS approved its sustainability policy and formulated its sustainable development strategy 2030, which has been approved after the year end.

In order to contribute to the sustainability of the Group and to successfully continue progress towards climate neutrality, fossil fuels used for heat and hot water production need to be reduced or completely replaced. A new project – PowerToGas Riga – has been launched with local and international partners to develop the production and use of hydrogen for decarbonizing the Group's heat sources and capturing CO2 emissions from biofuel boiler houses.

The MULTICLIMACT project is also continuing in cooperation with Riga Energy Agency. The aim of the project is to improve the existing heating system and create a new district heating and cooling service for a hall of Riga Central Market as well as to use the experience gained also for other customers' projects.

An RS reorganization plan was approved and communicated in September 2024. The plan foresees improving the entity's internal structure and optimizing the staffing level as part of efficiency measures to be implemented over a two-year period. As a result, a reorganization provision of EUR 609 thousand was calculated.

Further development of the Group

In the reporting year 2024/2025, the Group will continue to invest in development, focusing on the expansion of the heating network within the administrative territory of Riga, the development and implementation of zero-emission projects, including enhancing effectiveness of industrial heat pumps, electric boilers and biofuel boiler houses. In cooperation with foreign partners, RS will conduct a feasibility study for a 10 MW hydrogen electrolyzer and synthesized methane project and research on a project for using reverse heat in the district heating system, and develop a district cooling project.

In the reporting year 2024/2025, RS plans to start participating in the electricity market by offering capacity reservation, balancing and regulation services.

In the reporting year 2024/2025, it is planned to draw up a feasibility study for connecting heat-supply zones of the right and left banks of the River Daugava in Riga using the Salu Bridge infrastructure.

In the reporting year 2024/2025, the subsidiary plans to install a solar farm with a capacity of up to 500 kW at Rencēnu iela 30 using a battery energy storage system (BESS), and an absorption heat exchanger at the boiler house at Meirānu iela 10.

Management report (cont'd)

In October 2024, a new heat procurement platform was launched, combining weekly and daily heat market administration functionalities. The daily market is expected to operate during the heating season in parallel with weekly heat purchases, so enabling the efficient use of residual heat in district heating. Weekly and daily heat markets will be based on the most economically advantageous tender.

The Group will continue to raise customer awareness and promote the wider use of energy efficiency services within the administrative territory of Riga, and plans to design a new website and customer portal for easier exchange of information.

Events after balance sheet date

In November 2024, the Group obtained a EUR 18 million loan from the Nordic Investment Bank under the loan agreement signed on 15 October 2024, on 13 December 2024 an overdraft agreement was signed with the OP Corporate Bank plc Latvian branch with the maximum overdraft limit of EUR 10 million for the 12-month period..

The new heat tariff of 74.17 EUR/MWh entered into force on 15 October 2024.

As of the last day of the reporting year until the date of signing these financial statements there have been no other events requiring adjustment of or disclosure in the financial statements or notes thereto.

Statement of management's responsibility

The Group's financial statements for the year ended 30 September 2024 have been drawn up in accordance with the existing statutory requirements and give a true and fair view of the Group's financial performance, financial position and cash flows. The information provided in the management report is true.

Suggestions regarding profit distribution

In accordance with RS's dividend policy, dividends are payable up to 50% of the profit for the year. The use of profits and the amount of dividends are decided by the RS shareholders' meeting.

*signature	*signature	*signature
Ilvars Pētersons Chairman of the Management Board	Raivis Elliņš Management Board Member	Vineta Kutkēviča Management Board Member

17 December 2024

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Consolidated statement of profit or loss

	Notes	01/10/2023-30/09/2024	01/10/2022-30/09/2023
		EUR	EUR
Net turnover	3	248 633 868	442 013 761
Cost of sales	4	(239 993 468)	(425 904 878)
Gross profit		**8 640 400**	**16 108 883**
Administrative expense	5	(6 720 823)	(6 294 503)
Other operating income	6	5 473 632	3 092 350
Other operating expense	7	(1 527 418)	(762 436)
Interest and similar income		256 176	14 185
Interest and similar expense	15	(3 880 154)	(3 350 350)
Profit before tax		**2 241 813**	**8 808 129**
Income tax expense	8	(1 250 055)	(155 641)
Net profit for the reporting year		**991 758**	**8 652 488**

The accompanying notes on pages 17 to 38 form an integral part of these financial statements.

*signature
Ilvars Pētersons
Chairman of the Management Board

*signature
Raivis Elliņš
Management Board Member

*signature
Vineta Kutkēviča
Management Board Member

*signature
Ilze Caune
Chief Accountant

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Consolidated balance sheet

ASSETS

	Notes	30/09/2024 EUR	30/09/2023 EUR
NON-CURRENT ASSETS			
Intangible assets			
Licenses, trademarks and similar rights	10	392 501	51 033
Goodwill	10	695 161	909 057
TOTAL		**1 087 662**	**960 090**
Property, plant and equipment			
Land plots, buildings and engineering constructions	11	191 119 135	161 896 658
Equipment and machinery	11	55 214 652	34 364 708
Other fixtures and fittings, tools and equipment	11	5 277 890	6 121 512
Construction in progress	11	18 906 721	41 578 877
Prepayments for property, plant and equipment	11	11 273	605 512
TOTAL		**270 529 671**	**244 567 267**
TOTAL NON-CURRENT ASSETS		**271 617 333**	**245 527 357**
CURRENT ASSETS			
Inventories			
Raw materials and consumables	12	3 151 769	13 248 899
Prepayments for inventories		111 994	9 760
TOTAL		**3 263 763**	**13 258 659**
Receivables			
Trade receivables	13	9 530 211	11 129 783
Other receivables	14	220 962	228 195
Prepaid expense		219 381	285 772
TOTAL		**9 970 554**	**11 643 750**
Cash		12 754 359	5 521 762
TOTAL CURRENT ASSETS		**25 988 676**	**30 424 171**
TOTAL ASSETS		**297 606 009**	**275 951 528**

The accompanying notes on pages 17 to 38 form an integral part of these financial statements.

*signature	*signature	*signature
Ilvars Pētersons Chairman of the Management Board	Raivis Elliņš Management Board Member	Vineta Kutkēviča Management Board Member

*signature

Ilze Caune
Chief Accountant

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Consolidated balance sheet

EQUITY AND LIABILITIES

	Notes	30/09/2024 EUR	30/09/2023 EUR
EQUITY			
Share capital	1	66 968 300	66 968 300
Reserves:			
Reserves assigned for development		82 975 980	75 243 356
TOTAL		**82 975 980**	**75 243 356**
Retained earnings:			
Profit for the reporting year		991 758	8 652 488
TOTAL EQUITY		**150 936 038**	**150 864 144**
PROVISIONS FOR LIABILITIES AND CHARGES			
Other provisions		243 560	-
TOTAL PROVISIONS FOR LIABILITIES AND CHARGES		**243 560**	-
LIABILITIES			
Non-current liabilities			
Loans from credit institutions	15	57 266 162	29 500 000
Deferred income	19	32 690 263	23 220 053
TOTAL		**89 956 425**	**52 720 053**
Current liabilities			
Loans from credit institutions	15	15 806 060	34 771 945
Prepayments received from customers		1 724 733	966 820
Trade payables	16	17 802 262	12 650 914
Other liabilities		28 123	1 073 184
Taxes payable	18	893 229	1 403 959
Accrued liabilities	17	7 820 356	8 867 734
Deferred income	19	12 395 223	12 632 775
TOTAL		**56 469 986**	**72 367 331**
TOTAL LIABILITIES		**146 426 411**	**125 087 384**
TOTAL EQUITY AND LIABILITIES		**297 606 009**	**275 951 528**

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*signature
Ilvars Pētersons
Chairman of the Management Board

*signature
Raivis Elliņš
Management Board Member

*signature
Vineta Kutkēviča
Management Board Member

*signature
Ilze Caune
Chief Accountant

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Consolidated statement of cash flows

Cash flows to/from operating activities			
Profit before corporate income tax		***2 241 813***	***8 808 129***
Adjustments for:			
Depreciation and impairment of property, plant and equipment	11	17 717 961	16 235 504
Amortization and impairment of intangible assets	10	264 665	265 663
Other interest and similar income		(256 176)	(14 185)
Interest and similar expense		3 879 944	3 350 350
Change in provisions (except for allowances for doubtful receivables)		608 900	-
European Union grants received	6	(1 097 778)	(1 085 595)
Disposal of assets		126 811	1 014 469
Profit before adjustments for the effect of changes in current assets and current liabilities		***23 486 140***	***28 574 335***
Adjustments for:			
Decrease in inventories		9 994 896	71 547 349
Decrease in receivables		1 673 196	2 946 522
Increase/(decrease) in trade and other payables		9 268 345	(2 392 710)
Cash generated from operations		***44 422 577***	***100 675 496***
Interest paid		(3 877 101)	(3 116 138)
Corporate income tax paid		(1 250 055)	(155 641)
Net cash flows from operating activities		**39 295 421**	**97 403 717**
Cash flows to/from investing activities			
Purchase of property, plant and equipment and intangible assets		(44 275 653)	(42 342 742)
Proceeds from sale of property, plant and equipment and intangible assets		76 240	152 535
Interest received		256 176	14 185
Net cash flows used in investing activities		**(43 943 237)**	**(42 176 022)**
Cash flows to/from financing activities			
Dividends paid		(919 864)	(784 965)
CFCA grants received	19	4 000 000	-
Repayment of EU grants	19	-	(495 337)
Proceeds from borrowings	15	44 250 000	20 438 612
Repayment of borrowings	15	(35 449 723)	(79 288 888)
Net cash flows from/(used in) financing activities		**11 880 413**	**(60 130 578)**
Net cash flow for the year		**7 232 597**	**(4 902 883)**
Cash and cash equivalents at the beginning of the reporting year		**5 521 762**	**10 424 645**
Cash and cash equivalents at the end of the reporting year		**12 754 359**	**5 521 762**

The accompanying notes on pages 17 to 38 form an integral part of these financial statements.

*signature	*signature	*signature
Ilvars Pētersons Chairman of the Management Board	Raivis Elliņš Management Board Member	Vineta Kutkēviča Management Board Member

*signature

Ilze Caune
Chief Accountant

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Consolidated statement of changes in equity

	Share capital	Reserves assigned for development	Profit for the reporting year	Total
As at 30 September 2022	**66 968 300**	**69 669 103**	**6 359 218**	**142 996 621**
Transferred to reserves from retained earnings	-	5 574 253	(5 574 253)	-
Dividends paid	-	-	(784 965)	(784 965)
Profit for the reporting year	-	-	8 652 488	8 652 488
As at 30 September 2023	**66 968 300**	**75 243 356**	**8 652 488**	**150 864 144**
Transferred to reserves from retained earnings	-	7 732 624	(7 732 624)	-
Dividends paid	-	-	(919 864)	(919 864)
Profit for the reporting year	-	-	991 758	991 758
As at 30 September 2024	**66 968 300**	**82 975 980**	**991 758**	**150 936 038**

The accompanying notes on pages 17 to 38 form an integral part of these financial statements.

*signature
Ilvars Pētersons
Chairman of the Management Board

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Management Board Member

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Chief Accountant

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Notes to the consolidated financial statements

1. Corporate information

The Parent Company AS RĪGAS SILTUMS (hereinafter also – RS) was established on 25 September 1995 as a joint stock company incorporated in the Republic of Latvia. The Parent Company was registered with the Republic of Latvia Enterprise Register on 14 March 1996 and re-registered with the Commercial Register on 8 May 2004.

As at 30 September 2024 and 2023, the 669 683 shares of RS (each having the par value of EUR 100) were allocated as follows:

	%	Number of shares	Par value
Riga Municipality	49.000	328 144	32 814 400
Republic of Latvia	48.995	328 110	32 811 000
SIA Enerģijas Risinājumi.RIX	2.000	13 395	1 339 500
AS Latvenergo	0.005	34	3 400
Total	100	669 683	66 968 300

RS's Management Board Members are Ilvars Pētersons (Chairman of the Management Board), Raivis Elliņš (Management Board Member), Vineta Kutkēviča (Management Board Member), Uģis Osis (Management Board Member until 27 November 2024) and Mārcis Kauliņš (Management Board Member until 28 March 2024).
RS's Supervisory Board Members are Jevgenijs Belezjaks (Chairman of the Supervisory Board), Gatis Sniedziņš (Deputy Chairman of the Supervisory Board until 11 December 2023; Supervisory Board Member from 12 December 2023 to 14 December 2023, Deputy Chairman of the Supervisory Board from 15 December 2023), Matīss Paegle (Supervisory Board Member), Mārtiņš Lazdovskis (Supervisory Board Member from 11 December 2023), Artūrs Veics (Supervisory Board Member from 11 December 2023) and Raivis Kronbergs (Supervisory Board Member until 11 December 2023).

The RS and Group's auditor is the firm of certified auditors SIA ERNST & YOUNG BALTIC, and the responsible certified auditor is Diāna Krišjāne.

RS is the largest district heating company in Latvia and the Baltic countries and the main supplier of heat energy in Riga, which is engaged in the generation, transmission, distribution and sale of heat energy, the cogeneration of heat and electricity at combined heat and power plants, and the maintenance of heating networks and internal utilities systems of buildings. Heat tariffs are calculated pursuant to Resolution No 1/7 on the Methodology for Calculating Tariffs of Heat Supply Services published by the Public Utilities Commission on 14 April 2010. Tariffs are set in a way that RS receiving payments from heat consumers generates economically justifiable revenue to cover energy production costs, wages and salaries, operating and administrative expense and to ensure the maintenance of non-current assets.

The registered office of RS is at Cēsu iela 3A, Riga, Latvia.

At the year end, the AS RĪGAS SILTUMS Group (hereinafter also – the Group) included SIA Rīgas BioEnerģija, with RS's equity interest of 100% and the registered office at Meirānu iela 10, Riga, Latvia. The core business of SIA Rīgas BioEnerģija is steam supply and air conditioning; the aim is the construction of heat generating facilities, the production and sale of heat energy to RS.

2. Summary of significant accounting policies

Form and content of financial statements

The consolidated financial statements of AS RĪGAS SILTUMS have been prepared in accordance with the Law of the Republic of Latvia on Annual Reports and Consolidated Annual Reports and the Accounting Law.

The monetary unit used in the consolidated financial statements is the euro, the monetary unit of the European Union (hereinafter also – EUR), which is the functional and presentation currency of the Group.

The consolidated statement of profit or loss has been prepared according to the function of expense method. The consolidated statement of cash flows has been prepared under the indirect method.

RS qualifies as a large enterprise. The Group qualifies as a large group.

2. Summary of significant accounting policies (cont'd)

Basis of consolidation

Consolidation

The consolidated financial statements comprise the financial statements of AS RĪGAS SILTUMS and its subsidiary.

The subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases. The financial statements of the subsidiary and RS are prepared using uniform accounting policies. The subsidiary's financial data are consolidated from the date on which the Group gains control until 30 September 2024. Intragroup balances, income and expense, unrealized profits and losses, and dividends resulting from intragroup transactions are eliminated in full on consolidation. The carrying amount of net assets acquired corresponds to their fair value. Costs related to the acquisition of another entity is recognized as goodwill unless it can be allocated to other items on the balance sheet under assets, and only to the extent the goodwill was acquired for consideration. If the useful life of goodwill cannot be measured reliably, its acquisition cost is amortized over a period not exceeding 10 years.

Subsidiary

A subsidiary is an entity that is controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns.

Goodwill was calculated on the date when control was obtained as the difference between the consideration transferred by RS for additional 50% equity interest in the subsidiary plus the fair value of the previous 50% equity interest in SIA Rīgas BioEnerģija and the fair value of the subsidiary's net assets at the acquisition date.

Accounting principles

The financial statements are prepared in accordance with the following principles:

a) The going concern assumption that the Group will continue as a going concern (see Note 26).
b) Consistent valuation principles with those used in the prior year.
c) Items are valued in accordance with the principle of prudence:
   - the financial statements reflect only the profit generated to the balance sheet date;
   - all expected risk amounts and current or prior year losses are taken into consideration, even if discovered within the period from the last day of the reporting year to the date of preparing these financial statements;
   - all amounts of impairment and depreciation are calculated and taken into consideration irrespective of whether the financial result was a profit or loss.

d) Revenues and expenses for the reporting year are taken into consideration irrespective of the payment date or the date when the invoice was received or issued. Costs are matched with revenues for the reporting period.
e) Assets and liabilities are valued separately.
f) All items having a material impact on the evaluation or decision making by the users of the financial statements are presented, immaterial items are aggregated and their details are disclosed in the notes.
g) Business transactions are recorded according to their substance and economic reality and not merely their legal form.

The accounting and measurement policies applied by the Group are consistent with those of the previous reporting year.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date, applying the currency rate set by the European Central Bank.

Gains or losses arising on these transactions and the translation of monetary assets and liabilities denominated in foreign currencies into EUR are recognized in the statement of profit or loss.

Property, plant and equipment

Property, plant and equipment acquired are stated at cost less accumulated depreciation and any impairment in value, and are depreciated on a straight-line basis over their entire useful life. Land is not depreciated.
Each part of an item of property, plant and equipment with a different useful life is depreciated separately. Depreciation is calculated starting with the following month after the asset is put into operation or engaged in commercial activity.

2. Summary of significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

Depreciation is calculated using the following useful lives of property, plant and equipment as determined by the management:

	Useful life of acquired assets (years)
Buildings and engineering constructions	20
Heating networks	20-30
Equipment and machinery	5-25
Other fixtures and fittings, tools and equipment	3 - 20
Computers and office equipment	4-5

Property, plant and equipment with a value exceeding EUR 150 and an estimated useful life of more than one year are capitalized. Assets acquired below EUR 150 are expensed and/or recorded as low-value inventories.

Current repair and maintenance costs are charged directly to the statement of profit or loss in the period when incurred. Restorations and improvements substantially extending the useful life of property, plant and equipment are capitalized.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the higher of an asset's net selling price and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of profit or loss in the operating expense caption.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of profit or loss in the year the item is derecognized.

Construction in progress is stated at cost. This includes the cost of construction and other direct expense. Construction in progress is not depreciated as long as the respective assets are not completed and put into operation.

Intangible assets

Intangible assets are stated at cost, less accumulated amortization and any impairment in value. The cost includes expenditure that is directly attributable to the acquisition of intangible assets. The cost of software licenses includes the cost of acquiring and implementing each license.

Intangible assets are amortized over their estimated useful lives on a straight-line basis:

Licenses, trademarks and similar rights - over 4 years

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Losses from impairment are recognized where the carrying value of intangible non-current assets exceeds their recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

2. Summary of significant accounting policies (cont'd)

Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of inventories includes all acquisition, processing and other costs incurred in bringing the asset to a respective location and condition. The net realizable value of inventories is determined on the basis of information about expected selling prices and selling costs and the physical condition of the inventories. When the net realizable value of inventories is lower than cost, allowances are made to write down the value of inventories to their net realizable value. Raw materials and consumables mainly comprise fuel and maintenance materials for heat sources and heating networks. Raw materials and consumables are accounted for using the perpetual inventory method. This method requires the inventory accounts to record all movements of materials – receipts and usage – ensuring that at any point in the reporting period inventory balances can be identified according to their list.

Trade and other receivables

Trade and other receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the carrying amount of the receivables and their recoverable amount. The recoverable amount of receivables is the present value of projected cash flows. Allowances are charged to the statement of profit or loss.

Prepaid expense

Expense incurred before the balance sheet date but relating to next reporting periods is recognized as prepaid expense under receivables. Expense recognized as prepaid expense is included in operating expense on an accrual basis, with expense recognized in the period to which it relates.
Prepayments for goods to be delivered in future periods are recognized by the Group as advances paid.

Cash

Cash represents cash at bank in EUR.

Trade payables

Trade payables comprise liabilities to pay for goods and services received in accordance with supporting documents provided.

Borrowings

Borrowings are recognized to the extent of cash received. Borrowing costs are taken to the statement of profit or loss when incurred.

Operating lease – Group as a lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and advances made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss on a straight-line basis over the lease term.

Operating lease – Group as a lessor

Assets that are leased out under operating lease terms are recognized as property, plant and equipment at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of an asset to write down the asset to its estimated residual value at the end of the useful life, using rates set for similar assets of the Group. Income from operating leases including prepayments received from customers is recognized in the statement of profit or loss on a straight-line basis over the lease term.

Finance lease – Group as a lessee

Finance leases, which transfer to RS substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments, by a respective charge to current and non-current liabilities. Lease payments are apportioned between the finance charges and reduction of the principal lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

2. Summary of significant accounting policies (cont'd)

Reserves

The Group's reserves represent retained earnings transferred to reserves.

Prepayments received from customers

Prepayments received from customers include payments received for services to be provided by the Group in the future (periods subsequent to the financial statements).

Accrued liabilities

Accrued liabilities include a vacation pay reserve and other expense which is incurred in the reporting year but billed after the year end.

The vacation pay reserve is computed by multiplying the average remuneration expense for the last six months by the total number of vacation days earned but not taken as at the year end. The calculation of the average remuneration includes all forms of remuneration from which the employee vacation pay is computed.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Changes in provisions are recognized in the statement of profit or loss.

Environmental risks and related provisions

The Group operates in an industry where there are business-related environmental risks, whose prevention may require financial investments. One such risk is the pollution of natural resources that may have occurred as a result of technologies used for the Group's past operations. In this context, the Group identifies and assesses potential sources of contamination as a basis for determining the extent of contaminated soil. Provisions for remediation are recognized when it is known when remediation works are required, and the amount is based on the volume of contaminated soil and the market price of the related service.

Reorganization provision

An RS reorganization plan was approved and communicated in September 2024. The plan foresees improving the entity's internal structure and optimizing the staffing level over a two-year period, starting from the beginning of the financial year 2024/2025. A reorganization provision was calculated on the basis of the approved reorganization plan, average salary and length of service of the staff, and estimated costs were charged to the statement of profit or loss as staff costs and to the balance sheet as other provisions (non-current) and accrued liabilities (current).

Contingencies

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

The contingent asset is measured at the best estimate of the value of the resources to be received and is recorded as an off-balance sheet item.

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group;
- a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, less value added tax. The following specific recognition criteria must also be met before revenue is recognized:

Sale of heat

Revenue from the sale of heat energy comprises revenue generated by RS from the supply of heat to heat consumers in Riga. Revenue is recognized for the supply of services based on existing contracts for a certain period. Revenue from the sale of heat energy is calculated by multiplying the quantity of supplied heat by the heat tariff set by the Public Utilities Commission (hereinafter – the PUC).

2. Summary of significant accounting policies (cont'd)

Revenue (cont'd)

Sale of electricity

Electricity is generated in cogeneration simultaneously with heat. Revenue from the sale of electricity is calculated by multiplying the supplied electricity quantity by the price set per unit.

Sale of goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Rendering of services

The value of services rendered basically comprises revenue from the maintenance of internal systems of buildings. Revenue is recognized in the period when the services are rendered. Revenue from the maintenance of internal systems of buildings and the respective expense are recognized based on the amount of the respective services rendered.

Penalties and default interest

Penalties and default interest are recognized as revenue and taken to the statement of profit or loss when received.

Deferred income

Deferred income represents income transferred to next reporting periods in respect of payments made by customers for the connection to heating networks upon their request. Income is recognized in the current reporting period over the agreed connection period.

Deferred income from unexpected revenue and accrued income from unexpected expenditure (tariff adjustments)

RS is authorized by the PUC Board to determine its own tariffs for heat supply services in case of changes in the prices of fuel, purchased heat and sold electricity, in accordance with the Methodology for Calculating Tariffs of Heat Supply Services. RS is obliged to include unexpected revenue in the draft tariff calculation and has the right to include unexpected expenditure, which is spread over the period specified in the tariff methodology (for a time period not exceeding two years, discounting is not applied, considering that the time period does not exceed two years), when calculating the heat tariff for the following period. In the event that unexpected revenue arises, it is recognized as deferred income reducing the net turnover (revenue from the sale of heat energy) for the reporting year in the period in which it arises. Deferred income is included in net turnover in the period in which the heat energy is invoiced according to the amount of heat supplied at the tariff reduced for the unexpected revenue.

If unexpected expenditure is incurred, it is recognized as accrued income, increasing the net turnover (revenue from the sale of heat energy) for the reporting year only if it is reasonably expected that the unexpected expenditure will be recovered through an approved tariff increase.

Sale of CO_2 allowances

See the revenue recognition principles in the section "*Accounting for CO_2 emission allowances*".

EU grants

Income from EU grants is recognized in the statement of profit or loss in the period to which the grants are attributable. Grants attributable to assets (property, plant and equipment) are accounted for as deferred income and taken to income on a systematic basis over the useful life of the relevant assets.

Grants related to income are included in the statement of profit or loss as other operating income in the same period as the related expenditure, provided all the conditions attaching to the grants are complied with.

2. Summary of significant accounting policies (cont'd)

Related parties

Related parties are legal entities and individuals which are related to the Group in accordance with the rules set out below.

a) A person or a close member of that person's family is related to a reporting entity if that person:

i. has control or joint control over the reporting entity;
ii. has significant influence over the reporting entity; or
iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

i. the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
iii. both entities are joint ventures of the same third party;
iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
v. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
vi. the entity is controlled or jointly controlled by a person identified in (a);
vii. a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
viii. the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingencies at the balance sheet date and income and expense for the reporting period. Actual results may differ from these estimates. The effect of estimates is reflected when changes occur.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Allowances for doubtful and bad receivables

The Group's management reviews the carrying amounts of receivables for their recoverability and, whenever necessary, establishes allowances for doubtful and bad receivables. Specific allowances for doubtful receivables are made in the financial years ended 30 September 2024 and 2023 by evaluating each receivable separately.

Net realizable value of inventories

The Group's management reviews the net realizable value of inventories based on information available about expected selling prices and distribution costs, as well as assessing the physical condition of inventories during annual stock counts. Allowances for inventories are established when their net realizable value is lower than cost.

Useful lives of property, plant and equipment, intangible assets and goodwill

Useful lives of property, plant and equipment are reviewed annually and changed, if necessary, to reflect the management's current view on their remaining lives in the light of technological change, prospective economic utilization and physical condition of the assets concerned.

Goodwill is presented in the balance sheet as an intangible asset and, according to requirements set out in the Law on Annual Reports and Consolidated Annual Reports, carried at cost less accumulated amortization and any impairment in value. Considering that, in the management's opinion, the useful life of goodwill cannot be estimated reliably, the cost is written off on a systematic basis over 10 years, which is the maximum period permitted by the law.

2. Summary of significant accounting policies (cont'd)

Estimates (cont'd)

Recoverable amount of property, plant and equipment

The Group's management reviews the carrying amounts of property, plant and equipment and assesses whether indications exist that the assets' recoverable amounts are lower than their carrying amounts. The Group's management calculates and recognizes impairment losses on assets based on estimates of their future utilization, alienation or sale. Taking into consideration the planned level of activities and the estimated market value of assets, the Group's management believes that no significant adjustments to the values of property, plant and equipment are necessary as at 30 September 2024 (and 30 September 2023).

Corporate income tax

Current corporate income tax is recognized in the financial statements based on the management's calculations made in accordance with Latvian tax legislation. Corporate income tax is calculated on distributed profits (20/80 of the net amount payable to shareholders).

Corporate income tax on distributed profits is recognized at the time when RS's shareholders make a decision on profit distribution. The Group calculates and pays corporate income tax also on deemed profit distributions (20/80 of the taxable base), which include taxable items defined in the law, such as non-operating expense, accumulated doubtful receivables and other expense exceeding statutory deduction thresholds.

Corporate income tax on deemed profit distributions is recognized in the statement of profit or loss in the year when it arises. Corporate income tax on distributed profits and deemed profit distributions is presented in the statement of profit or loss as income tax expense, specifying the reported tax amount in the notes to the financial statements.

Accounting for CO_2 emission allowances

RS receives emission allowances free of charge and transfers them to the Latvian Environment, Geology and Meteorology Agency following the procedure set out in the Pollution Law. Meanwhile, if the RS carries out actions involving emission allowances which give rise to assets, liabilities, income or expense, respective records will be made in monetary terms based on each particular transaction's value stated in supporting documents and its substance and economic reality.

RS accounts for CO_2 emission allowances using the net liability method, i.e., in the event that allowances are used over the allotted amount and RS has to buy additional allowances, respective liabilities are recorded as expense and liabilities. If allowances are sold, income is recognized in the respective reporting period.

Subsequent events

Post-year-end events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

3. Net turnover

	01/10/2023-30/09/2024	01/10/2022-30/09/2023
Sale of heat energy*	251 794 113	459 711 367
Unexpected revenue (due to changes in prices of fuel, purchased heat and sold electricity)**:		
Changes in prices of fuel and purchased heat	(14 732 523)	(22 368 008)
Tariff component - 3.18 EUR/Mwh	9 185 485	-
Sale of electricity	1 456 874	2 840 036
Maintenance of internal systems of buildings	570 444	579 946
Other income	359 475	1 250 420
TOTAL:	**248 633 868**	**442 013 761**

All income is generated in Latvia.
* Revenue from the sale of heat energy dropped substantially year-over-year due to the downward revision of the heat tariff, which was caused by a decrease in energy prices.
** In accordance with the accounting policy "*Deferred income from unexpected revenue and accrued income from unexpected expenditure (tariff adjustments)*", RS recognized unexpected revenue of EUR 5 547 thousand for 12 months of the financial year 2023/2024 (30 September 2023: EUR 22 368 thousand). This included recognizing unexpected revenue of EUR 14 733 thousand due to fluctuations in the prices of purchased heat and fuel compared to those factored in the tariff calculation, as well as recognizing income from deferred income accumulated over the previous year for an amount of EUR 9 185 thousand, based on the unexpected revenue component reducing customer tariffs for a two-year period. This component was -3.18 EUR/MWh over the entire reporting period, and the heat tariff was reduced by this component during 12 months of this financial year.

4. Cost of sales

	01/10/2023-30/09/2024	01/10/2022-30/09/2023
Purchase of heat energy *	124 952 086	260 289 560
Fuel *	62 515 151	115 244 574
Staff costs	19 696 190	19 137 989
Amortization and depreciation	17 766 047	16 287 268
Costs of maintenance materials and repairs	9 972 476	9 690 847
Electricity	3 506 322	3 892 480
Other costs	1 585 196	1 362 160
TOTAL:	**239 993 468**	**425 904 878**

* Considering a drop in fuel prices year-over-year, costs of purchasing heat energy and fuel plunged substantially.

5. Administrative expense

	01/10/2023-30/09/2024	01/10/2022-30/09/2023
Staff costs	5 591 525	5 125 108
Computer maintenance, accessories, software maintenance	309 596	276 891
Electronic communications expense	56 561	67 930
Credit institution fees	84 325	229 248
Other administrative expense	678 816	595 326
TOTAL:	**6 720 823**	**6 294 503**

6. Other operating income

	01/10/2023-30/09/2024	01/10/2022-30/09/2023
Construction of heat pipelines and related income	2 630 904	1 171 325
EU grants (see Note 19)	1 097 778	1 085 595
Gain on disposal of property, plant and equipment, net	67 571	152 535
Gain on disposal of current assets	195 414	242 543
Penalties and fines received	1 219 447	261 503
Gain on lease of property, plant and equipment	15 293	32 811
Other income	247 225	146 038
TOTAL:	**5 473 632**	**3 092 350**

7. Other operating expense

	01/10/2023-30/09/2024	01/10/2022-30/09/2023
Allowances for doubtful receivables (see Note 13)	495 825	58 198
Net carrying amount of disposals	193 734	21 489
Benefits under the Collective Agreement	356 428	321 641
Amortization of goodwill	213 896	213 896
Other expense	267 535	147 212
TOTAL:	**1 527 418**	**762 436**

8. Corporate income tax

	01/10/2023-30/09/2024	01/10/2022-30/09/2023
Current corporate income tax charge for the reporting year	1 250 055	155 641
TOTAL:	**1 250 055**	**155 641**

9. Staff costs

Total staff costs are included in the following captions of the financial statements:

	01/10/2023-30/09/2024	01/10/2022-30/09/2023
Cost of sales	19 696 190	18 724 730
Administrative expense	5 591 525	4 895 059
Capitalized staff costs	109 104	152 885
TOTAL:	**25 396 819**	**23 772 674**

9. Staff costs (cont'd)

Management Board and Supervisory Board remuneration

		01/10/2023-30/09/2024	01/10/2022-30/09/2023
Remuneration to the Management Board		640 813	567 635
Remuneration to the Supervisory Board		174 591	145 470
Statutory social insurance contributions for Management Board Members		151 172	134 134
Statutory social insurance contributions for Supervisory Board Members		41 186	34 316
	TOTAL:	**1 007 762**	**881 555**

Average number of employees		01/10/2023-30/09/2024	01/10/2022-30/09/2023
Management Board		6	7
Supervisory Board		5	4
Other employees		690	678
	TOTAL:	**701**	**689**

10. Intangible assets

	Licenses, trademarks and similar rights	Goodwill	**TOTAL**
Cost as at 30/09/2022	**2 116 693**	**2 138 958**	**4 255 651**
Additions	23 781	-	23 781
Disposals	(27 210)	-	(27 210)
Cost as at 30/09/2023	**2 113 264**	**2 138 958**	**4 252 222**
Additions	392 237		392 237
Cost as at 30/09/2024	**2 505 501**	**2 138 958**	**4 644 459**
Accumulated amortization as at 30/09/2022	**(2 034 028)**	**(1 016 005)**	**(3 050 033)**
Amortization charge	(51 767)	(213 896)	(265 663)
Amortization of disposals	23 564	-	23 564
Accumulated amortization as at 30/09/2023	**(2 062 231)**	**(1 229 901)**	**(3 292 132)**
Amortization charge	(50 769)	(213 896)	(264 665)
Accumulated amortization as at 30/09/2024	**(2 113 000)**	**(1 443 797)**	**(3 556 797)**
Net carrying amount as at 30/09/2023	**51 033**	**909 057**	**960 090**
Net carrying amount as at 30/09/2024	**392 501**	**695 161**	**1 087 662**

Goodwill was recognized on 22 December 2017 when RS acquired an additional 50% of the shares in SIA Rīgas BioEnerģija, thus obtaining control of this subsidiary (100%). The goodwill is amortized over 10 years.

Amortization of licenses is included in the statement of profit or loss as the cost of sales.

Amortization of goodwill is included in the statement of profit or loss as other operating expense.

11. Property, plant and equipment

	Land plots, buildings and engineering constructions	Equipment and machinery	Other fixtures and fittings, tools and equipment	Construction in progress	Prepayments for property, plant and equipment	TOTAL
Cost as at 30/09/2022	**292 704 690**	**114 529 552**	**22 750 115**	**22 182 173**	**-**	**452 166 530**
Additions	62 700	322 955	1 144 016	40 183 778	605 512	42 318 961
Reclassification	17 604 580	1 778 206	258 318	(19 641 104)	-	-
Disposals	(191 636)	(448 930)	(1 121 725)	(1 145 970)	-	(2 908 261)
Cost as at 30/09/2023	**310 180 334**	**116 181 783**	**23 030 724**	**41 578 877**	**605 512**	**491 577 230**
Additions	4 638 902	7 149 081	649 670	31 445 763	-	43 883 416
Reclassification	34 544 943	20 055 137	112 078	(54 117 919)	(594 239)	-
Disposals	(972 095)	(1 022 371)	(478 415)	-	-	(2 472 881)
Cost as at 30/09/2024	**348 392 084**	**142 363 630**	**23 314 057**	**18 906 721**	**11 273**	**532 987 765**
Accumulated depreciation as at 30/09/2022	**(139 735 464)**	**(76 472 447)**	**(16 311 451)**	**-**	**-**	**(232 519 362)**
Depreciation charge	(8 732 005)	(5 787 483)	(1 716 016)	-	-	(16 235 504)
Depreciation of disposals	183 793	442 855	1 118 255	-	-	1 744 903
Accumulated depreciation as at 30/09/2023	**(148 283 676)**	**(81 817 075)**	**(16 909 212)**	**-**	**-**	**(247 009 963)**
Depreciation charge	(9 778 641)	(6 339 558)	(1 599 762)	-	-	(17 717 961)
Depreciation of disposals	789 368	1 007 655	472 807	-	-	2 269 830
Accumulated depreciation as at 30/09/2024	**(157 272 949)**	**(87 148 978)**	**(18 036 167)**	**-**	**-**	**(262 458 094)**
Net carrying amount as at 30/09/2023	**161 896 658**	**34 364 708**	**6 121 512**	**41 578 877**	**605 512**	**244 567 267**
Net carrying amount as at 30/09/2024	**191 119 135**	**55 214 652**	**5 277 890**	**18 906 721**	**11 273**	**270 529 671**

As at 30 September 2024, construction in progress comprised capitalized design costs and the launched development of heating networks amounting to EUR 17 934 thousand (30 September 2023: EUR 15 393 thousand) and investments in the development of production facilities of EUR 973 thousand (30 September 2023: EUR 26 186 thousand).

RS leased out several buildings which had previously hosted central heat distribution stations or boiler houses. As at 30 September 2024, the net carrying amount of the leased buildings was EUR 2.5 thousand (30 September 2023: EUR 43.6 thousand).

Depreciation costs are included in the statement of profit or loss as the cost of sales.

Pledges and other restrictions on title

Information on pledges and other restrictions on title under loan agreements is disclosed in Note 15.

Fully depreciated assets

A number of assets that have been fully depreciated are still in active use. As at 30 September 2024, the total original cost value of these assets was EUR 104 973 thousand (30 September 2023: EUR 101 953 thousand). Each year, in line with the established priorities, investments are made in the repairs and restoration of assets.

12. Raw materials and consumables

	30/09/2024	30/09/2023
Natural gas*	760 537	10 213 344
Chips	409 706	357 252
Metal products	679 925	761 270
Liquid fuel	533 012	736 009
Building materials	276 954	488 831
Measuring instruments	76 752	286 147
Equipment	69 376	97 593
Office-related materials	38 264	44 794
(Less) allowances for obsolete items	(110 849)	(68 582)
Other inventories	418 092	332 241
TOTAL:	**3 151 769**	**13 248 899**

*In the reporting year ended 30 September 2023, the Group had natural gas stocks remaining after the previous heating season. In the reporting year ended 30 September 2024, the Group entered into a fixed-price contract on purchasing natural gas for the 2024/2025 heating season, with payments to be made on the basis of actual consumption. As a result, gas stocks reported by the Group on its balance sheet decreased substantially compared to the previous reporting year.

Changes in allowances for obsolete items can be specified as follows:

	01/10/2023-30/09/2024	01/10/2022-30/09/2023
At the beginning of the reporting period	68 582	48 554
Change in allowances	42 247	20 028
At the end of the reporting period	**110 829**	**68 582**

13. Trade receivables

	30/09/2024	30/09/2023
Due for heat energy	11 245 291	11 951 670
Due for electricity sold	49	498 549
Due for the maintenance of internal systems of buildings	5 997	7 825
(Less) allowances for doubtful receivables	(1 721 126)	(1 328 261)
TOTAL:	**9 530 211**	**11 129 783**

Changes in allowances for doubtful receivables can be specified as follows:

	01/10/2023-30/09/2024	01/10/2022-30/09/2023
At the beginning of the reporting period	1 328 261	1 292 270
Additionally established/(reversed) allowances (see Note 7)	495 825	58 198
Recovery of previously impaired balances	(48 433)	(624)
Write-off of previously impaired balances	(54 527)	(21 583)
At the end of the reporting period	**1 721 126**	**1 328 261**

14. Other receivables

	30/09/2024	30/09/2023
Prepayments for services	671	8 727
Security deposit	661	100 032
Overpayment of taxes (see Note 18)	77 922	-
Other receivables	141 708	119 436
TOTAL:	**220 962**	**228 195**

15. Loans from credit institutions

The Group's loans from credit institutions are split into current and non-current portions as follows:

Non-current portion of non-currrent loans	Original amount, EUR		Effective interest rate (%)	Maturity	30/09/2024	30/09/2023
Loan from OP Corporate Bank plc Latvia branch	10 000 000	EUR	6M EURIBOR + 1.19%	25/08/2025	-	2 500 000
Loan from Swedbank AS	15 000 000	EUR	6M EURIBOR + 0.93%	17/08/2026	5 000 000	10 000 000
Loan from AS SEB banka	17 000 000	EUR	3M EURIBOR + 1.30%	25/08/2027	11 333 334	17 000 000
Loan from Swedbank AS	9 000 000	EUR	3M EURIBOR + 0.29%	29/11/2028	9 000 000	-
Loan from the Nordic Investment Bank	20 000 000	EUR	3M EURIBOR + 1.2%	07/11/2033	19 393 939	-
Loan from AS SEB banka	15 250 000	EUR	3M EURIBOR +1.17%	22/05/2028	12 538 889	-
				TOTAL non-current loans:	**57 266 162**	**29 500 000**

16. Loans from credit institutions (cont'd)

Current portion of non-currrent loans	Original amount, EUR		Effective interest rate (%)	Maturity	30/09/2024	30/09/2023
Loan from Luminor Bank AS	18 000 000	EUR	3m EURIBOR + 1.19%	31/07/2024	-	6 000 000
Loan from OP Corporate Bank plc Latvia branch	10 000 000	EUR	6m EURIBOR + 1.19%	25/08/2025	2 500 000	3 333 334
Loan from Swedbank AS	15 000 000	EUR	6m EURIBOR + 0.93%	17/08/2026	5 000 000	4 999 999
Loan from AS SEB banka	17 000 000	EUR	3m EURIBOR + 1.3%	25/08/2027	5 666 667	-
Loan from the Nordic Investment Bank	20 000 000	EUR	3m EURIBOR + 1.2%	07/11/2033	606 060	-
Loan from AS SEB banka	15 250 000	EUR	3m EURIBOR + 1.17%	22/05/2028	2 033 333	-
				TOTAL:	**15 806 060**	**14 333 333**
Current credit lines (overdrafts)						
Luminor Bank AS	20 000 000	EUR	3m EURIBOR + 1.7%	27/11/2023	-	1 092 892
Swedbank AS	20 000 000	EUR	3m EURIBOR + 0.44%	08/08/2024	-	19 345 720
				TOTAL:	-	**20 438 612**
				TOTAL current loans:	**15 806 060**	**34 771 945**
				TOTAL loans from credit institutions:	**73 072 222**	**64 271 945**

Changes in loans:

	30/09/2024	30/09/2023
Balance at the beginning of the reporting year	**64 271 945**	**123 122 221**
Loans received	44 250 000	20 438 612
Loans repaid	(35 449 723)	(79 288 888)
Balance at the end of the reporting year	**73 072 222**	**64 271 945**

During the reporting year, interest amounting to EUR 3 879 944 (30 September 2023: EUR 3 350 350) was charged on loans from credit institutions.

On 23 May 2023, AS SEB Banka and SIA Rīgas BioEnerģija entered into a loan agreement for EUR 22 million. The purpose of the loan is the construction of a biofuel boiler house at Rencēnu iela 30, Riga. According to the agreement, the loan is disbursed by parts upon request and the ultimate loan disbursement date is set on 29 March 2024. During the reporting year, the subsidiary received an amount of EUR 15 250 000. The loan matures on 22 May 2028.

On 5 July 2023, RS signed a ten-year loan agreement for EUR 20 000 000 with the Nordic Investment Bank for the financing and refinancing of investment projects for the financial year 2022/2023. The funds were received in November 2023.

15. Loans from credit institutions (cont'd)

On 29 November 2023, RS entered into a non-current loan agreement with AS Swedbank for EUR 9 million for a period of five years. The respective amount was credited to the bank account in January 2024. On 20 December 2023, RS entered into a current credit line agreement with AS Swedbank for EUR 14 million for a period of 12 months.

As at 30 September 2024, the amount of loans contracted but not used by the Group was EUR 14 000 000 (30 September 2023: EUR 61 561 388).

As at 30 September 2024, the Group met all the financial covenants set out in the loan agreements.

During the reporting year, the Group repaid non-current loans amounting to EUR 15 011 111 and credit lines amounting to EUR 20 438 612.

Pledges and other restrictions on title

According to the signed loan agreements, RS obtains from credit institutions approval for, or notifies of, any alienation of assets whose total carrying amount or selling price (whichever is the highest) exceeds EUR 500 thousand within a financial year and any alienation or lease of properties whose total carrying amount within a year exceeds 5% of the total assets of RS, except when properties are alienated or leased out in the ordinary course of business.

The subsidiary has pledged its property, plant and equipment – the boiler house at Rencēnu iela 30 and cash at bank (at least to the extent of three-month loan principal and interest payments) – under finance lease terms to secure the loan granted by AS SEB banka.

16. Trade payables

	30/09/2024	30/09/2023
Due to suppliers	2 498 101	1 497 314
Due to contractors	14 874 919	10 743 906
Due for services	429 424	409 694
TOTAL:	**17 802 444**	**12 650 914**

17. Accrued liabilities

	30/09/2024	30/09/2023
Vacation pay reserve and provisions for employee incentives	3 877 115	4 024 160
Other current payables	1 072 151	2 679 567
Current payables for heat energy supplied	1 320 260	466 809
Wages and salaries	863 175	1 377 726
Reorganization provision*	365 340	-
Accrued interest payments	322 315	319 472
TOTAL:	**7 820 356**	**8 867 734**

* An RS reorganization plan was approved and communicated in September 2024. The plan foresees improving the entity's internal structure and optimizing the staffing level as part of efficiency measures to be implemented over a two-year period. As a result, a reorganization provision of EUR 609 thousand was calculated, including current liabilities of EUR 365 thousand.

18. Taxes payable

		30/09/2024	30/09/2023
Value added tax		77 922	(163 165)
Statutory social insurance contributions		(578 223)	(788 189)
Personal income tax		(301 017)	(422 671)
Unemployment risk duty		(247)	(248)
Natural resource tax		(13 742)	(27 944)
Electricity tax		-	(163)
Corporate income tax		-	(1 573)
Company car tax		-	(6)
	TOTAL:	**(815 307)**	**(1 403 959)**
Of which:			
Taxes receivable (see Note 14)		77 922	-
Taxes payable		(893 229)	(1 403 959)

19. Deferred income

		01/10/2023-30/09/2024	01/10/2022-30/09/2023
At the beginning of the reporting year		35 852 828	14 958 018
Increase for the year from payments relating to the connection to heating networks upon customers' request		1 339 569	547 169
Increase from unexpected revenue for the heat tariff (see Note 3)		14 732 523	22 368 008
Income recognized in the reporting period from deferred income due to unexpected revenue for the heat tariff (tariff component - 3.18 EUR/MWh)		(9 185 485)	-
Inseparable leasehold improvements taken to the statement of profit or loss in the reporting year		(37 541)	(40 954)
Recognized in the statement of profit or loss in the reporting year over the useful lives of respective assets (property, plant and equipment) from EU grants received in previous years (see Note 6)		(1 097 778)	(1 085 595)
Recognized in the statement of profit or loss in the reporting year over the useful lives of respective assets (property, plant and equipment) from payments received from new customers for the connection to heating networks over the mandatory heat purchase period in years		(518 630)	(398 481)
Financing received for the construction of a 48MW biofuel boiler house at Rencēnu iela 30		4 000 000	-
Adjustment for inappropriate EU financing, reimbursement		-	(495 337)
At the end of the reporting year		**45 085 486**	**35 852 828**
	Non-current:	**32 690 263**	**23 220 053**
	Current:	**12 395 223**	**12 632 775**

		30/09/2024	30/09/2023
Non-current:			
Unexpected revenue (heat tariff adjustments)		17 367 787	11 184 004
EU grants received in previous years		12 069 060	9 439 778
Customer payments for connection to heating networks		3 253 416	2 596 271
	TOTAL:	**32 690 263**	**23 220 053**
Current:			
Unexpected revenue (heat tariff adjustments)		10 547 259	11 184 004,00
EU grants received in previous years		1 208 099	935 160
Customer payments for connection to heating networks		639 865	513 611
	TOTAL:	**12 395 223**	**12 632 775**

In the years 2011 to 2021, 13 projects to upgrade heat sources and heating networks were implemented using EU co-financing. The project surveillance period is five years.
EU grants are recognized on a systematic basis over the useful life of relevant assets.

20. Financial risk management

The Group's principal financial instruments are loans from credit institutions and cash. The main purpose of these financial instruments is to ensure financing for the Group's operations. The Group has various other financial instruments, such as trade and other receivables and trade and other payables, which arise directly from its operations. The main financial risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and price risk.

20. Financial risk management (cont'd)

Interest rate risk
Borrowings bearing interest at a floating rate cause a risk of considerable growth of finance costs in situations when interest rates increase. The Group is exposed to the risk of changes in market interest rates on its non-current liabilities bearing a floating rate. All the Group's borrowings are at floating interest rates. The risk of changes in interest rates is managed by regularly assessing market interest rates available on borrowings.

Credit risk
The Group is exposed to credit risk through its trade and other receivables and cash. The Group manages its credit risk by continuously monitoring receivable balances to ensure that its exposure to bad debts is minimized. The Group has a significant concentration of credit risk with a single customer – SIA Rīgas namu pārvaldnieks, which accounted for 64% of balances due for heat energy as at 30 September 2024 (30 September 2023: 58%). Trade receivables are stated at their recoverable amount. The Group's counterparties in cash transactions are local financial institutions with an adequate credit history.

Liquidity risk
The Group manages its liquidity risk by maintaining an adequate level of cash or by arranging an adequate amount of committed credit facilities with banks. As at 30 September 2024, the Group's current liabilities exceeded its current assets by EUR 30 481 thousand (30 September 2023: EUR 41 943 thousand). The Group intends to settle these liabilities from operating cash flows and by using bank loans granted during the reporting period but unused by the year end as well as those granted after the balance sheet date (see Notes 15 and 27).

Price risk
Price risk is the risk that the fair values and future cash flows of financial instruments will fluctuate for reasons other than changes associated with interest rate risk or currency risk. Price risk is predominantly related to the purchase of heat and fuel. To hedge price risk, the Group has signed a fixed-price contract for natural gas for the entire 2024/2025 heating season and contracts for purchasing wood chips through exchanges.

21. Fee paid to certified auditors

	01/10/2023-30/09/2024	01/10/2022-30/09/2023
Annual audit fee	35 500	35 500
Tax advice	-	4 080
TOTAL:	**35 500**	**39 580**

22. CO_2 allowances

According to Directive 2018/410 of the European Parliament and of the Council amending Directive 2003/87/EC and the Pollution Law of the Republic of Latvia, combustion installations with a rated thermal input exceeding 20 MW must participate in the Emissions Trading Scheme (ETS). AS RĪGAS SILTUMS has six heat sources that meet this criterion. The quantity of allocated allowances is decreasing annually. AS RĪGAS SILTUMS has a surplus of allowances thanks to fuel diversification and several efficiency improvements carried out at its heat sources.

The fourth period of the European Union Emissions Trading Scheme began on 1 January 2021. This period runs from 2021 to 2030 and is divided into two separate periods: 2021–2025 and 2026–2030.

	2022	2023	2024
At the beginning of the year	184 614	135 603	113 438
Allowances allocated	40 693	39 786	38 883
Allowances used*	(69 704)	(61 951)	(75 782)*
Allowances sold	(20 000)	-	-
At the end of the year	135 603	113 438	76 539

*Estimate of allowances usage in 2024.

23. Research and development costs

In the reporting year, the Group incurred research and development costs amounting to EUR 500 545 (2023: EUR 303 264).

24. Commitments and contingencies

As at 30 September 2024, the Group had future commitments for repairs and construction contracts with pending commitments for a total amount of EUR 11 896 thousand (30 September 2023: EUR 14 988 thousand).

The Group operates in an industry exposed to business-related environmental risks, whose prevention may require financial investments. One such risk is the environmental pollution that may have occurred as a result of technologies (storing fuel oil as reserve fuel) used for RS's past operations. In this context, the Group identifies and assesses potential sources of contamination; therefore, in 2017, SIA Vides Konsultāciju Birojs examined soil contamination at the Vecmīlgrāvis and Ziepniekkalns heating plants. No contamination was identified at the Ziepniekkalns heating plant. The Vecmīlgrāvis heating plant had soil contamination established, but contamination is not migrating with groundwater and is not causing any environmental risk, therefore regular monitoring of ground and groundwater contamination is required at the remediation site. Remediation of contaminated soil at the Vecmīlgrāvis heating plant may be necessary only if construction is planned in the contaminated area, but it is not foreseeable in the near future. Groundwater monitoring is carried out at all heating plants in accordance with permits for polluting activities. The monitoring data show that pollution does not exceed regulatory thresholds. No provisions have been established because remediation works are not expected in the future.

25. Related party disclosures

Ordinary trade transactions with Riga Municipality and the Latvian Government, including ministries and state agencies, and transactions with companies and public service providers controlled by Riga Municipality and the state are not considered to be related party transactions and are not reported under related party disclosures. The Group transacts business with many of these entities in accordance with heat tariffs approved by the PUC. Transactions with related parties controlled by Riga Municipality and the state include the sale of heat energy and related services, but are exclusive of individual material transactions; quantitative disclosure of transactions with these related parties is not possible due to the large number of the Group's customers, except for transactions with SIA Rīgas namu pārvaldnieks and AS Latvenergo, which are disclosed below as transactions with other related parties.

The table below does not show dividends paid to the shareholders in proportion to their equity interest (see the statement of changes in equity).

Transactions with the Group's management consist solely of remuneration paid for their functions in the Board (see Note 9).

25. Related party disclosures (cont'd)

		01/10/2023-30/09/2024	01/10/2022-30/09/2023
Sale of goods and services			
Heat energy		100 797 910	124 966 066
Services provided		89 223	1 021 971
	TOTAL:	**100 887 133**	**125 988 037**
Purchase of goods and services			
Heat energy		104 832 438	226 861 056
Natural gas		25 496 860	-
Services and materials received		2 058 988	6 680
	TOTAL:	**132 388 286**	**226 867 736**

		30/09/2024	30/09/2023
Trade receivables		7 185 510	6 881 436
Prepayments for inventories		134 721	-
Other receivables		2 834	13
	TOTAL:	**7 323 065**	**6 881 449**
Trade payables		1 946 116	566 990
Prepayments received from customers		6 508	-
	TOTAL:	**1 952 624**	**566 990**

26. Going concern

The financial statements are prepared on the basis that the Group will continue to be a going concern. The Group earned a profit of EUR 991 758 for the reporting year. At the year end, the Group's current liabilities exceeded its current assets by EUR 30 481 thousand (30 September 2023: EUR 41 943 thousand). The management considers that the Group's liquidity position is not at risk because, at the year end, the Group had available unused credit facilities of EUR 14 000 thousand and current liabilities comprised deferred income of EUR 12 395 thousand, which therefore will not require any cash outflow. The Group expects to earn a profit for the reporting year 2024/2025, and positive operating cash flow will ensure stable operations.

27. Events after balance sheet date

On 15 October 2024, RS signed a ten-year loan agreement for EUR 18 million with the Nordic Investment Bank for the financing of investment projects for the financial year 2023/2024. The respective amount was credited to the bank account of RS in November 2024. On 13 December 2024 an overdraft agreement was signed with the OP Corporate Bank plc Latvian branch with the maximum overdraft limit of EUR 10 million for the 12-month period.

The heat tariff of 74.17 EUR/MWh, approved by the PUC, entered into force on 15 October 2024. This constitutes a 10% decrease from the previous tariff, mainly due to a drop in energy prices.

27. Events after balance sheet date (cont'd)

As of the last day of the reporting year until the date of signing these financial statements there have been no other events requiring adjustment of or disclosure in the financial statements or notes thereto.

*signature	*signature	*signature
Ilvars Pētersons Chairman of the Management Board	Raivis Elliņš Management Board Member	Vineta Kutkēviča Management Board Member

*signature

Ilze Caune
Chief Accountant

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

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