



Unified registration number 40003286750

CONSOLIDATED ANNUAL REPORT

**for the year 1 October 2024
through 30 September 2025**

**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.

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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 Rīga, LV-1012, Latvia
Shareholders	Rīga Municipality (49%) Reg. No 90000064250 Rātslaukums 1 Rīga, LV-1050, Latvia Republic of Latvia (48.995%) Ministry of the Economy (holder of the shares) Reg. No 90000086008 Brīvības iela 55 Rīga, LV-1519, Latvia SIA Enerģijas Risinājumi.RIX (2%) Reg. No 40003718848 Vietalvas 5 Rīga, LV-1009, Latvia AS Latvenergo (0.005%) Reg. No 40003032949 Pulkveža Brieža iela 12 Rīga, LV-1230, Latvia
Subsidiary	SIA Rīgas BioEnerģija Reg. No 40103857024 Address: Meirānu iela 10, Rīga, LV-1073, Latvia Equity interest: 100%
Members of the Management Board	Kalvis Kalniņš, Member of the Management Board from 19 December 2024 and Chairman of the Management Board from 5 September 2025 Raivis Elliņš, Member of the Management Board Vineta Kutkēviča, Member of the Management Board Reinis Kasparsons, Member of the Management Board from 11 September 2025 Uģis Osis, Member of the Management Board until 27 November 2024 Ilvars Pētersons, Chairman of the Management Board until 4 September 2025

Members of the Supervisory Board	Jevgenijs Belezjaks, Chairman of the Supervisory Board until 28 November 2025, Member of the Supervisory Board from 28 November 2025 to 1 December 2025, and Chairman of the Supervisory Board from 2 December 2025 Mārtiņš Lazdovskis, Member of the Supervisory Board until 1 December 2025 and Deputy Chairman of the Supervisory Board from 2 December 2025 Ivars Šulcs, Member of the Supervisory Board from 28 November 2025 Gatis Sniedziņš, Deputy Chairman of the Supervisory Board until 28 November 2025 Matīss Paegle, Member of the Supervisory Board until 28 November 2025 Artūrs Veics, Member of the Supervisory Board until 28 November 2025
Financial year	1 October 2024 – 30 September 2025
Previous financial year	1 October 2023 – 30 September 2024
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.

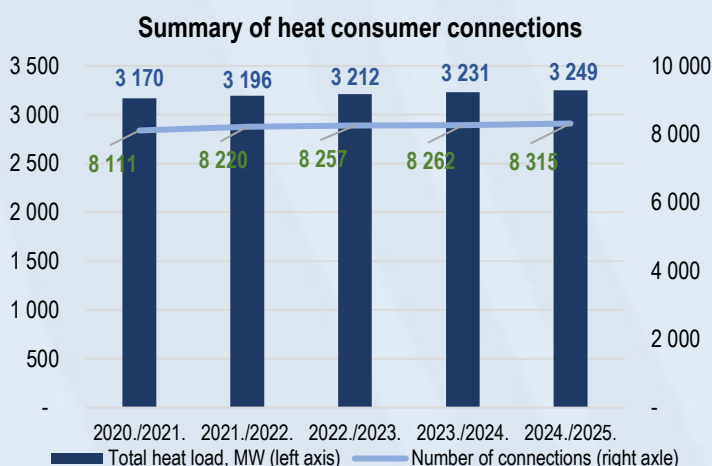
The purpose of establishing SIA Rīgas BioEnergija (hereinafter – the subsidiary) was to construct two biofuel (wood chip-fired) boiler houses on the right bank of the River Daugava in Riga with a total capacity of up to 100 MW in order to sell heat produced by them after putting into service to the operator of Riga’s district heating system, i.e., the Parent Company. The boiler house at Meirānu iela 10 began heat production in November 2017, while the boiler house at Rencēnu iela 30 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, 56 new buildings started using heat energy supplied by RS, with a total expected heat load of 22.5 MW. During the corresponding period of the previous financial year (hereinafter also – the comparative period), 53 buildings were connected, with an expected heat load of 23.4 MW.

In October 2024, a new heat procurement platform was launched, combining weekly and daily heat market administration functionalities. Thanks to the new heat market model, the daily market operated during the heating season in parallel with weekly heat purchases, so enabling the efficient use of residual heat in district heating.



Residual heat in district heating



134 357
MWh



27 000
t CO₂ less emissions



1 860
unused chip loads

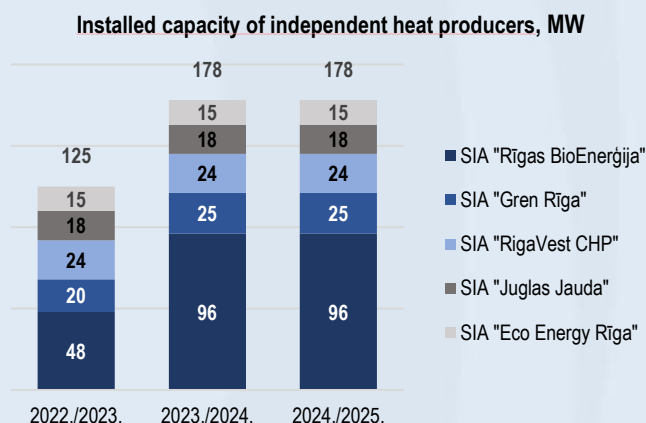


23 250
trees preserved

The daily heat market began operating in November 2024, and 355 078 MWh of heat energy were purchased on this market in the reporting period, which is 22% of the total amount of heat energy purchased during the reporting period since the launch of the daily market (November to September). The average price on the daily market during this period was beneficial by 53% compared to that on the weekly market.

In the reporting period, a new and improved heat market model was developed for the financial year 2025/2026, which facilitates the purchase of residual heat on the heat market, thereby increasing volumes and reducing prices.

In August 2025, the Group conducted qualification testing of the first facility to provide electricity balancing and regulation services.



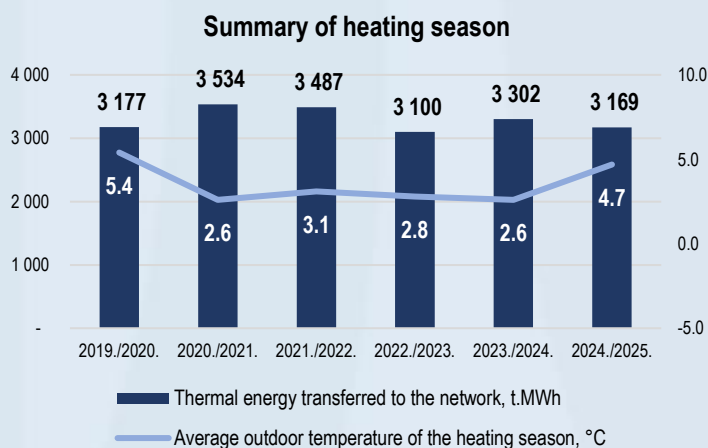
Management report (cont'd)

Main events (cont'd)

The Sustainability Development Strategy 2024–2030 of AS RĪGAS SILTUMS was adopted on 16 October 2024.

The heat tariff of 83.01 EUR/MWh entered into force on 1 October 2025, up by 12% from the previous tariff.

Production



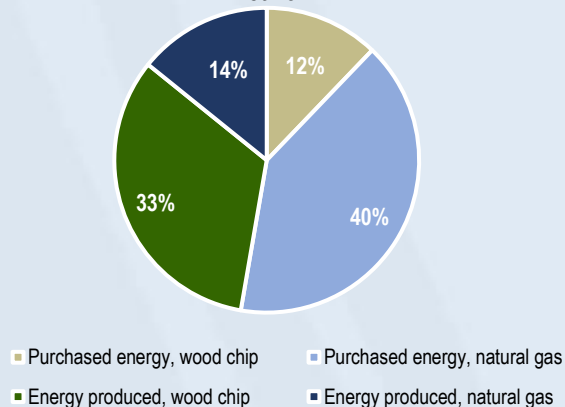
In the reporting period ended 30 September 2025, the Group delivered 3 169 thousand MWh of heat to the network, down by 133 thousand MWh or 4% against the comparative period.

The decrease in the amount of heat delivered to the network was mainly due to higher outdoor temperatures in the heating season of the reporting year (4.7 °C) compared to the previous year (2.6 °C). Consumers were supplied with 2 733 thousand MWh of heat, down by 121 thousand MWh or 4% against the comparative period.

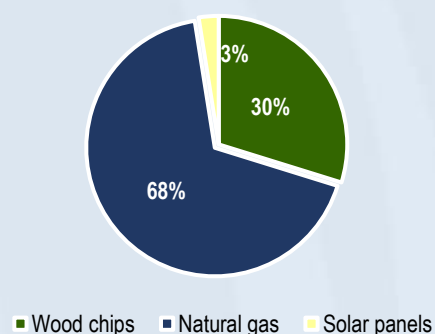
In the reporting period, the Group provided 48% of the total amount of heat delivered to the district heating network of Riga, while the remaining 52% of the required heat was purchased from other producers. Based on contracts signed with heat producers, the Group made purchases on a weekly and daily basis, following the economic gradual approach defined in the Energy Law.

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. The share of fuels used by the Group in the reporting period was as follows: 1 022 thousand MWh or 70% of heat energy was generated using wood chips (previous period: 887 thousand MWh or 65%), 443 thousand MWh or 30% – using gas (comparative period: 480 thousand MWh or 35%). The rise in heat generated using wood chips is attributable to the commissioning of the subsidiary's second wood chip-fired boiler house in the previous reporting year.

Fuel type, % of heat energy delivered to the network



Sources of produced electricity, % of total



Management report (cont'd)

Production (cont'd)

RS generated electricity in cogeneration at five heat sources and three solar power plants. In the reporting period, a total of 11.6 thousand MWh of electricity were generated, a 32% decrease compared to the previous reporting period, which was due to the repairs of the cogeneration unit at the Ziepniekkalns heating plant. Electricity for own consumption and sale was generated by the Ziepniekkalns heating plant, the Vecmīlgrāvis heating plant, the Keramikas 2A boiler house, the Zaslauks heating plant, and solar power plants of the Daugavgrīva heating plant and at Pildas iela 43. Electricity for own needs was produced by the Viestura 20B boiler house and a solar power plant at Cēsu iela 3a.

Heat transmission and distribution networks

The relative heating network loss was 12.49% in the reporting year (previous reporting year: 12.36%), which is attributable to soil moisture, groundwater level, the number of sunny days, wind speed, soil heat accumulation, and the wear-out of thermal insulation. During the reporting year, RS reconstructed 5.72 km of heating networks, investing EUR 19.03 million. In order to boost heat sales and attract new customers to the district heating system, 2.67 km of heating networks were built, investing EUR 2.67 million. In turn, the construction of 2.18 km was financed by the project initiator. The first phase of the construction of heating networks in the vicinity of Krasta iela was completed, with a total of 0.48 km of heating networks built on Kojusalas iela, with an investment of EUR 2.37 million. In total, 11.05 km were reconstructed and constructed during the financial year, including 10.36 km of industrially insulated pipes.

Energy resources and purchased heat

The average price of natural gas for the Group in the reporting period was 42.55 EUR/MWh, which is a 42% decrease from the comparative period. At the beginning of the comparative period, the Group 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. In the reporting year, the average price of wood chips was 21.36 EUR/MWh and that of purchased heat was 64.64 EUR/MWh, which is a 14% decrease and a 3.6% increase from the comparative period, respectively.

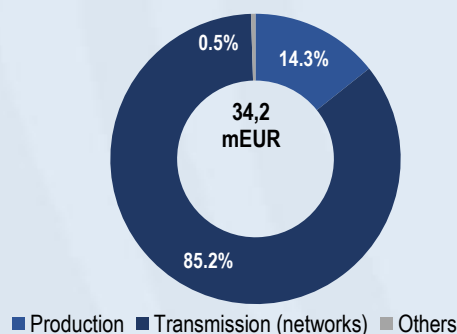
Financial performance

The Group's turnover for the reporting period ended 30 September 2025 was EUR 239.6 million (comparative period: EUR 248.6 million), a 4% decrease. 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 purchased heat and fuel, which is why it is mainly dependent on the prices of purchased heat and fuel – natural gas and biofuel (wood chips and pellets).

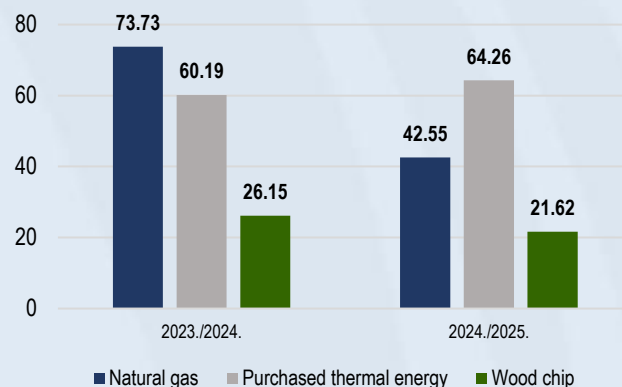
The sale of electricity brought EUR 1.2 million in revenue, which formed 0.5% of the Group's total net turnover. This constitutes an 18% decrease from the comparative period.

As at 30 September 2025, the Group's assets were EUR 326.4 million, including non-current assets of EUR 287.2 million (88%) and current assets of EUR 39.1 million (12%). The Group made investments of EUR 35.4 million in non-current assets during the reporting period.

Investments, % of total



Average price of fuel and heat energy, EUR/MWh



Management report (cont'd)

Financial performance (cont'd)

On 15 October 2024, a 15-year loan agreement for EUR 18 million was signed 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. A 12-month credit line agreement subject to the maximum limit of EUR 10 million was signed with OP Corporate Bank plc Latvia branch on 13 December 2024, and a 12-month credit line agreement subject to the maximum limit of EUR 25 million was signed with AS SEB banka on 14 February 2025. On 12 June 2025, a loan agreement was signed with the Council of Europe Development Bank for a period of 15 years to finance a four-year investment program for the reconstruction and construction of district heating networks for new customers for an amount of EUR 40 million. The first tranche of EUR 14 million was received in July 2025. On 19 September 2025, a 10-year loan agreement for EUR 7 million was signed with OP Corporate Bank plc Latvia branch for the financing of investment projects for the financial year 2024/2025. The respective amount was credited to the bank account of RS on 30 October 2025.

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 65% of balances due for heat energy as at 30 September 2025 (30 September 2024: 64%). 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 2025, when bills for heat supplied in September fell due, 97.4% of bills issued for heat supplied in the reporting period were paid (31 October 2024: 98.1% of bills for heat supplied in the reporting period).

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 the period end, the Group's current liabilities, less deferred income, exceeded its current assets by EUR 30 558 thousand (30 September 2024: EUR 30 481 thousand). The management considers that the Group's liquidity position is not at risk because the Group had available unused credit lines of EUR 15 492 thousand, a credit line agreement for an amount of EUR 19 million was signed with AS SEB banka on 25 November 2025, and positive operating cash flow will ensure stable operations. In early 2026, it is planned to attract additional financing from an international financial institution, positive cash flows from economic activity will ensure stable operations and provide an opportunity to cover short-term liabilities.

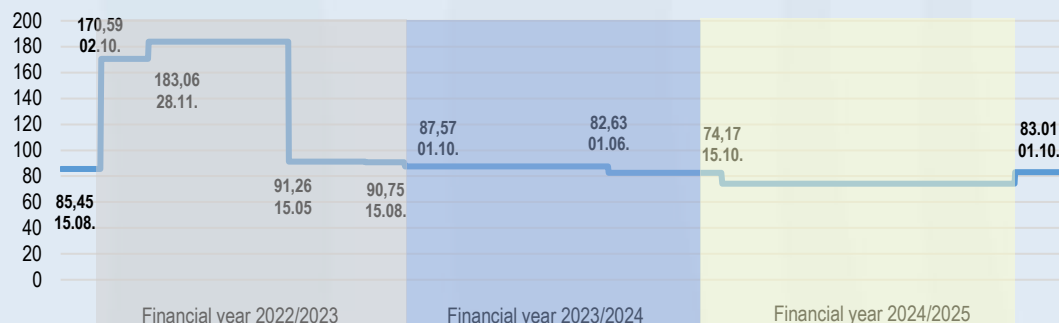
The heat tariff which entered into force on 1 October 2025 comprises the unexpected expenditure component of 2.05 EUR/MWh arising from costs in previous periods, which will, accordingly, improve RS's cash flows in the financial year 2025/2026.

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, RS has fixed-price contracts signed for natural gas for the entire reporting year 2025/2026 and contracts for purchasing wood chips.

Management report (cont'd)

Regulatory environment and heat tariffs

Heat tariffs, EUR/MWh, and their effectiveness dates



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.

In the reporting period, the following two heat tariffs were in force: from 1 October 2024 to 14 October 2024 – 82.63 EUR/MWh, from 15 October 2024 – 74.17 EUR/MWh. The average heat tariff for the reporting period was 74.40 EUR/MWh, down by 15% from the previous reporting year (87.17 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 period, income of EUR 21.7 million was recognized as a result of fluctuations in the prices of purchased heat, fuel and sold electricity compared to those factored in the heat tariff. In the reporting period, income of EUR 10 million was recognized from deferred income based on the unexpected revenue and expenditure component of the tariff, which arises from the cumulative effect of price fluctuations over previous periods and by which the tariff applied to customers is adjusted for a period of up to two years. The tariff of 82.63 EUR/MWh applied from 1 October 2024 comprised a component of 3.18 EUR/MWh; the component included in the tariff of 74.17 EUR/MWh recalculated since 15 October 2024 was 3.60 EUR/MWh.

On 19 June 2025, RS submitted to the PUC a heat tariff of 90.15 EUR/MWh, which comprised the unexpected expenditure component of 2.05 EUR/MWh, reflecting updated prices of purchased heat in line with the market situation and the prices of fuel based on purchases, as well as recalculating the unexpected revenue/expenditure component of the tariff. Following cooperation with RS's shareholders, the PUC, the Competition Council and market players, conditions for purchasing residual heat on the heat market in the coming heating season were improved, an agreement was reached with AS Latvenergo on the purchase of 120 MW for four months at a fixed reduced price, and independent producers were given the voluntary option to offer up to 50% of their production capacity at a fixed reduced price for four months. As a result, the projected price of purchased heat was reduced. On 5 August 2025, an adjusted heat tariff of EUR 83.01/MWh was submitted, with the unexpected expenditure component of EUR 2.05/MWh (8% lower than the one originally announced), which included the reduced projected price of purchased heat and updated fuel prices based on additional contracts concluded. The submitted tariff entered into force on 1 October 2025.

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, arranged in hierarchical order, and performance indicators to be attained by 2030. In order to contribute to the sustainability of RS and continue progress towards climate neutrality, using fossil fuels for heat production needs to be minimized. Work will be continued to bring in new local and international strategic partners.

Management report (cont'd)

Strategic development (cont'd)

In order to contribute to the sustainability of RS and continue progress towards climate neutrality, the entity is actively working on replacing fossil fuels and reusing resources by developing cooperation in four strategic areas:



1. Heat recovery from wastewater: under the ENABLE DHC project, technical and economic calculations have been made jointly with the Riga Energy Agency for heat recovery from the Daugavgrīva biological treatment plant, with the aim of transferring the recovered heat energy to a heat pump to increase the temperature of the heat energy and use it in the heating supply to Daugavgrīva and Bolderāja. Additional scenario modeling and digital simulation are being carried out as part of the project.
2. Residual heat and cooling: potential solutions for residual heat and cooling services have been evaluated jointly with the technology company SIA Tet. Following a technical and economic analysis, a specific pilot project has been identified and a design task has already been drawn up and submitted to ensure further progress of the project.
3. Ash disposal: experience has been gained on the introduction of wood ash into forest soil, assessing the resulting environmental impact, jointly with AS Latvijas valsts meži and LVMI Silava. Based on the assessment of ash quality made by RS, legislative improvements have been proposed that would allow scaling up this practice, while reducing the entity's costs.
4. Establishing a system to certify the origin of heat energy: cooperation with the Ministry of Climate and Energy has begun on the development and implementation of a system for certifying the origin of "green" heat energy in Latvia's heating system.

Further development of the Group

In the financial year 2025/2026, 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, enhancing effectiveness of biofuel boiler houses and installing a new absorption heat pump at the Imanta heating plant.

In the financial year 2024/2025, a technical assessment was carried out for connecting heat-supply zones of the right and left banks of the River Daugava in Riga using the Salu Bridge infrastructure. Factors limiting the volume of heat energy transmission were identified and planned construction costs were estimated. In the year 2025/2026, it is planned to assess the economic effect on the heat tariff under various scenarios and to determine investments needed for the long-term development of the district heating system in Riga. The priority set for 2026 is to expand connections, including connecting Riga Technical University (RTU) with a 6 MW heat load.

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

The heat tariff of 83.01 EUR/MWh, approved by the PUC, entered into force on 1 October 2025.

RS signed a credit line agreement for an amount of EUR 19 million with AS SEB banka on 26 November 2025.

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.

Management report (cont'd)

Statement of management's responsibility

The Group's financial statements for the year ended 30 September 2025 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 of the law "On the State Budget for 2025 and the Budget Framework for 2025, 2026 and 2027", as well as the fact that the draft law "On the State Budget for 2026 and the Budget Framework for 2026, 2027 and 2028" was adopted by the Parliament on 04.12.2025, but has not been announced, the board proposes to pay out 70% of RS's profit in dividends. . If the law "On the State Budget for 2026 and the Budget Framework for 2026, 2027 and 2028" enters into force by the meeting of the council and shareholders, then 90% of RS's profit specified in the law shall be paid out in dividends. The remaining part of the profit shall be left undistributed.

<hr/> *signature	<hr/> *signature	<hr/> *signature
Kalvis Kalniņš Chairman of the Management Board	Raivis Elliņš Member of the Management Board	Vineta Kutkēviča Member of the Management Board
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Reinis Kasparsons Member of the Management Board		

17 December 2025

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Consolidated statement of profit or loss

	Notes	01/10/2024- 30/09/2025	01/10/2023- 30/09/2024
		EUR	EUR
Net turnover	3	239 624 924	248 633 868
Cost of sales	4	(213 694 266)	(239 993 468)
Gross profit		25 930 658	8 640 400
Administrative expense	5	(7 507 381)	(6 720 823)
Other operating income	6	6 473 355	5 473 632
Other operating expense	7	(1 812 222)	(1 527 418)
Interest and similar income		307 924	256 176
Interest and similar expense	15	(3 503 715)	(3 880 154)
Profit before tax		19 888 619	2 241 813
Income tax expense	8	(217)	(1 250 055)
Net profit for the reporting year		19 888 402	991 758

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

*signature	*signature	*signature
Kalvis Kalniņš Chairman of the Management Board	Raivis Eļiņš Member of the Management Board	Vineta Kutkēviča Member of the Management Board
*signature	*signature	
Reinis Kasparsons Member of the Management Board	Ilze Caune Chief Accountant	

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Consolidated balance sheet

		ASSETS			
			Notes	30/09/2025	30/09/2024
				EUR	EUR
NON-CURRENT ASSETS					
Intangible assets					
	Licenses, trademarks and similar rights		10	643 534	392 501
	Goodwill		10	481 265	695 161
	TOTAL			1 124 799	1 087 662
Property, plant and equipment					
	Land plots, buildings and engineering constructions		11	208 116 028	191 119 135
	Equipment and machinery		11	49 619 988	55 214 652
	Other fixtures and fittings, tools and equipment		11	4 735 157	5 277 890
	Construction in progress		11	23 630 679	18 906 721
	Prepayments for property, plant and equipment		11	-	11 273
	TOTAL			286 101 852	270 529 671
TOTAL NON-CURRENT ASSETS				287 226 651	271 617 333
CURRENT ASSETS					
Inventories					
	Raw materials and consumables		12	3 756 824	3 151 769
	Prepayments for inventories			18 974	111 994
	TOTAL			3 775 798	3 263 763
Receivables					
	Trade receivables		13	8 007 696	9 530 211
	Other receivables		14	646 506	220 962
	Accrued income		3	3 781 899	-
	Prepaid expense			333 971	219 381
	TOTAL			12 770 072	9 970 554
Cash				22 579 178	12 754 359
TOTAL CURRENT ASSETS				39 125 048	25 988 676
TOTAL ASSETS				326 351 699	297 606 009

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

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Kalvis Kalniņš Chairman of the Management Board	Raivis Elliņš Member of the Management Board	Vīneta Kutkēviča Member of the Management Board
*signature	*signature	
Reinis Kasparsons Member of the Management Board	Ilze Caune Chief Accountant	

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Consolidated balance sheet

EQUITY AND LIABILITIES			
	Notes	30/09/2025 EUR	30/09/2024 EUR
EQUITY			
Share capital	1	66 968 300	66 968 300
Reserves:			
Reserves assigned for development		81 203 800	82 975 980
TOTAL		81 203 800	82 975 980
Retained earnings:			
Profit for the reporting year		19 888 402	991 758
TOTAL EQUITY		168 060 502	150 936 038
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	73 204 420	57 266 162
Other loans		79 354	-
Deferred income	19	15 324 142	32 690 263
TOTAL		88 607 916	89 956 425
Current liabilities			
Loans from credit institutions	15	42 571 364	15 806 060
Other loans		22 051	-
Prepayments received from customers		3 810 065	1 724 733
Trade payables	16	11 526 331	17 802 262
Taxes payable	18	1 033 208	893 229
Accrued liabilities	17	8 820 474	7 848 479
Deferred income	19	1 899 788	12 395 223
TOTAL		69 683 281	56 469 986
TOTAL LIABILITIES		158 291 197	146 426 411
TOTAL EQUITY AND LIABILITIES		326 351 699	297 606 009

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*signature	*signature	*signature
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Reinis Kasparsons Member of the Management Board	Ilze Caune Chief Accountant	

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Consolidated statement of cash flows

Notes	01/10/2024- 30/09/2025 EUR	01/10/2023- 30/09/2024 EUR
Cash flows to/from operating activities		
	19 888 619	2 241 813
Profit before corporate income tax		
Adjustments for:		
Depreciation and impairment of property, plant and equipment	11 19 700 067	17 717 961
Amortization and impairment of intangible assets	10 364 641	264 665
Loss/(gain) on disposal of property, plant and equipment	(236 608)	126 811
Other interest and similar income	(307 924)	(256 176)
Interest and similar expense	3 499 589	3 879 944
Change in provisions (except for allowances for doubtful receivables)	(519 541)	608 900
EU grants received	19 (1 208 099)	(1 097 778)
Profit before adjustments for the effect of changes in current assets and current liabilities		
Adjustments for:		
(Increase)/decrease in inventories	(512 035)	9 994 896
Decrease in receivables	(2 799 518)	1 673 196
(Decrease)/increase in trade and other payables	(29 503 694)	9 268 345
Cash generated from operations		
	8 365 497	44 422 577
Interest paid	(3 451 997)	(3 877 101)
Corporate income tax paid	(217)	(1 250 055)
Net cash flows to/from operating activities		
	4 913 283	39 295 421
Cash flows to/from investing activities		
Purchase of property, plant and equipment and intangible assets	(35 601 343)	(44 275 653)
Proceeds from sale of property, plant and equipment and intangible assets	294 000	76 240
Interest received	307 924	256 176
Net cash flows to/from investing activities		
	(34 999 419)	(43 943 237)
Cash flows to/from financing activities		
Dividends paid	(2 763 937)	(919 864)
CFCA grants received	19 -	4 000 000
Proceeds from borrowings	15 58 509 622	44 250 000
Payment of finance lease liabilities	(28 670)	-
Repayment of borrowings	15 (15 806 060)	(35 449 723)
Net cash flows to/from financing activities		
	39 910 955	11 880 413
Net cash flow for the year		
	9 824 819	7 232 597
Cash and cash equivalents at the beginning of the year		
	12 754 359	5 521 762
Cash and cash equivalents at the end of the year		
	22 579 178	12 754 359

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

*signature	*signature	*signature
Kalvis Kalniņš Chairman of the Management Board	Raivis Elliņš Member of the Management Board	Vineta Kutkēviča Member of the Management Board
*signature	*signature	
Reinis Kasparsons Member of the Management Board	Ilze Caune Chief Accountant	

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

Consolidated statement of changes in equity

	Share capital	Reserves assigned for development	Profit for the reporting year	Total
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
Transferred to reserves from retained earnings	-	(1 772 180)	1 772 180	-
Dividends paid	-	-	(2 763 938)	(2 763 938)
Profit for the reporting year	-	-	19 888 402	19 888 402
As at 30 September 2025	66 968 300	81 203 800	19 888 402	168 060 502

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

*signature	*signature	*signature
_____ Kalvis Kalniņš Chairman of the Management Board	_____ Raivis Elliņš Member of the Management Board	_____ Vineta Kutkēviča Member of the Management Board
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_____ Reinis Kasparsons Member of the Management Board	_____ Ilze Caune 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 2025 and 2024, the 669 683 shares of RS (each having the par value of EUR 100) were allocated as follows:

	%	Number of shares	Par value
Rīga 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	<u>0.005</u>	<u>34</u>	<u>3 400</u>
Total	<u>100</u>	<u>669 683</u>	<u>66 968 300</u>

RS's Members of the Management Board are Kalvis Kalniņš (Member of the Management Board from 19 December 2024 and Chairman of the Management Board from 5 September 2025), Raivis Elliņš (Member of the Management Board), Vineta Kutkēviča (Member of the Management Board), Reinis Kaspars (Member of the Management Board from 11 September 2025), Uģis Osis (Member of the Management Board until 27 November 2024), and Ilvars Pētersons (Chairman of the Management Board until 4 September 2025).

RS's Members of the Supervisory Board are Jevgenijs Belezjaks (Chairman of the Supervisory Board until 28 November 2025, Member of the Supervisory Board from 28 November 2025 to 1 December 2025, and Chairman of the Supervisory Board from 2 December 2025), Mārtiņš Lazdovskis (Member of the Supervisory Board until 1 December 2025 and Deputy Chairman of the Supervisory Board from 2 December 2025), Ivars Šulcs (Member of the Supervisory Board from 28 November 2025), Gatis Sniedziņš (Deputy Chairman of the Supervisory Board until 28 November 2025), Matīss Paegle (Member of the Supervisory Board until 28 November 2025), Artūrs Veics (Member of the Supervisory Board until 28 November 2025).

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, Rīga, 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, Rīga, Latvia. The core business of SIA Rīgas BioEnerģija is steam supply and air conditioning (NACE 35.30). The operating aim of SIA Rīgas BioEnerģija 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 gained control until 30 September 2025. 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 is 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:

	<u>Useful life of acquired assets (years)</u>
Buildings and engineering constructions	5 - 50
Heating networks	20 - 30
Equipment and machinery	5 - 40
Other fixtures and fittings, tools and equipment	3 - 20
Computers and office equipment	3 - 5

Property, plant and equipment with a value exceeding EUR 500 and an estimated useful life of more than one year are capitalized. Assets acquired below EUR 500 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 to 5 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 and short-term deposits.

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 CO₂ allowances

See the revenue recognition principles in the section "Accounting for CO₂ 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. For the reporting years ended 30 September 2025 and 2024, specific allowances for doubtful receivables have been made by evaluating each receivable separately and general allowances have been made on the basis of the historical level of default, supported by future forecasts, if they have a significant effect.

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 2025 (and 30 September 2024).

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 CO₂ 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 CO₂ 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

	01/10/2024- 30/09/2025	01/10/2023- 30/09/2024
Sale of heat energy	205 944 982	251 794 113
Unexpected revenue (due to changes in prices of purchased heat, fuel and electricity)*:		
Changes in prices of purchased heat, fuel and electricity	21 740 298	(14 732 523)
Tariff component	9 933 139	9 185 485
Sale of electricity	1 190 990	1 456 874
Maintenance of internal systems of buildings	435 774	570 444
Other income	379 741	359 475
TOTAL:	239 624 924	248 633 868

All income is generated in Latvia.

* In accordance with the accounting policy "Deferred income from unexpected revenue and accrued income from unexpected expenditure (tariff adjustments)", RS has recognized unexpected revenue of EUR 31 673 thousand for the financial year ended 30 September 2025 due to fluctuations in the prices of purchased heat and fuel compared to those factored in the tariff calculation, as well as recognizing revenue from deferred income accumulated over the previous year, by which heat bills issued to customers were reduced during 12 months of this financial year (until 14 October 2024: 3.18 EUR/MWh; from 15 October 2024: 3.60 EUR/MWh). In the financial year 2024/2025, deferred income from unexpected revenue in respect of the heat tariff has fully been taken to income for an amount of EUR 27 915 thousand, as well as recognizing accrued income from unexpected expenditure for an amount of EUR 3 758 thousand on the balance sheet under accrued income.

4. Cost of sales

	01/10/2024- 30/09/2025	01/10/2023- 30/09/2024
Purchase of heat energy	114 891 527	124 952 086
Fuel*	43 996 092	62 515 151
Amortization and depreciation	19 836 317	17 766 047
Staff costs	18 771 993	19 696 190
Costs of maintenance materials and repairs	10 609 140	9 972 476
Electricity	3 841 032	3 506 322
Other costs	1 748 165	1 585 196
TOTAL:	213 694 266	239 993 468

* The average price of fuel chips declined in the financial year ended 30 September 2025.

5. Administrative expense

	01/10/2024- 30/09/2025	01/10/2023- 30/09/2024
Staff costs	6 104 897	5 591 525
Computer maintenance, accessories, software maintenance	409 834	309 596
Electronic communications expense	70 552	56 561
Credit institution fees	55 801	84 325
Other administrative expense	866 297	678 816
TOTAL:	7 507 381	6 720 823

6. Other operating income

	01/10/2024- 30/09/2025	01/10/2023- 30/09/2024
Construction of heat pipelines and related income	4 215 255	2 630 904
EU grants (see Note 19)	1 208 099	1 097 778
Penalties and fines received	277 190	1 219 447
Gain on disposal of property, plant and equipment, net	260 371	67 571
Gain on disposal of current assets	246 329	195 414
Gain on lease of property, plant and equipment	14 862	15 293
Other income	251 249	247 225
TOTAL:	6 473 355	5 473 632

7. Other operating expense

	01/10/2024- 30/09/2025	01/10/2023- 30/09/2024
Allowances for doubtful receivables (see Note 13)	948 634	495 825
Net carrying amount of disposals	-	193 734
Benefits under the Collective Agreement	362 602	356 428
Amortization of goodwill	213 896	213 896
Other expense	287 090	267 535
TOTAL:	1 812 222	1 527 418

8. Corporate income tax

	01/10/2024- 30/09/2025	01/10/2023- 30/09/2024
Current corporate income tax charge for the reporting year	217	1 250 055
TOTAL:	217	1 250 055

9. Staff costs

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

	01/10/2024- 30/09/2025	01/10/2023- 30/09/2024
Cost of sales	18 771 993	19 696 190
Administrative expense	6 104 897	5 591 525
Capitalized staff costs	56 694	109 104
TOTAL:	24 933 584	25 396 819

9. Staff costs (cont'd)

	01/10/2024- 30/09/2025	01/10/2023- 30/09/2024
Wages and salaries	18 462 232	18 217 644
Statutory social insurance contributions	4 313 778	4 237 977
Change in accrued liabilities (including statutory social insurance contributions)	2 157 574	2 928 227
TOTAL:	24 933 584	25 383 848

Remuneration to the Management Board and the Supervisory Board

	01/10/2024- 30/09/2025	01/10/2023- 30/09/2024
Remuneration to the Management Board	586 580	640 813
Remuneration to the Supervisory Board	182 160	174 591
Statutory social insurance contributions for members of the Management Board	138 374	151 172
Statutory social insurance contributions for members of the Supervisory Board	42 971	41 186
TOTAL:	950 085	1 007 762

Average number of employees

	01/10/2024- 30/09/2025	01/10/2023- 30/09/2024
Management Board	6	6
Supervisory Board	5	5
Other employees	660	690
TOTAL:	671	701

10. Intangible assets

	Licenses, trademarks and similar rights	Goodwill	TOTAL
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
Additions	383 778	-	383 778
Reclassification	18 000	-	18 000
Disposals	(3 869)	-	(3 869)
Cost as at 30/09/2025	2 903 410	2 138 958	5 042 368
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)
Amortization charge	(150 745)	(213 896)	(364 641)
Amortization of disposals	3 869	-	3 869
Accumulated amortization as at 30/09/2025	(2 259 876)	(1 657 693)	(3 917 569)
Net carrying amount as at 30/09/2024	392 501	695 161	1 087 662
Net carrying amount as at 30/09/2025	643 534	481 265	1 124 799

10. Intangible assets (cont'd)

Goodwill was recognized on 22 December 2017 when RS acquired an additional 50% of the shares in SIA Rīgas BioEnergija, 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 30/09/2023	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
Additions	32 555	263 261	738 320	34 313 504	-	35 347 640
Reclassification	27 687 165	1 585 453	310 201	(29 589 546)	(11 273)	(18 000)
Disposals	(477 833)	(325 222)	(450 769)	-	-	(1 253 824)
Cost as at 30/09/2025	375 633 971	143 887 122	23 911 809	23 630 679	-	567 063 581
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)
Depreciation charge	(10 675 606)	(7 442 313)	(1 582 148)	-	-	(19 700 067)
Depreciation of disposals	430 612	324 157	441 663	-	-	1 196 432
Accumulated depreciation as at 30/09/2025	(167 517 943)	(94 267 134)	(19 176 652)	-	-	(280 961 729)
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
Net carrying amount as at 30/09/2025	208 116 028	49 619 988	4 735 157	23 630 679	-	286 101 852

As at 30 September 2025, construction in progress comprised capitalized design costs and the launched development of heating networks amounting to EUR 19 635 thousand (30 September 2024: EUR 17 934 thousand) and investments in the development of production facilities of EUR 3 996 thousand (30 September 2024: EUR 973 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 2025, the total original cost value of these assets was EUR 110 681 thousand (30 September 2024: EUR 104 973 thousand). Each year, in line with the established priorities, investments are made in the repairs and restoration of assets.

12. Raw materials and consumables

	30/09/2025	30/09/2024
Building materials	809 442	276 954
Natural gas	809 323	760 537
Liquid fuel	690 580	533 012
Metal products	608 093	679 925
Chips	317 395	409 706
Measuring instruments	101 671	76 752
Equipment	64 886	69 376
Office-related materials	137 931	38 264
Allowances for obsolete items	(125 721)	(110 849)
Other inventories	343 224	418 092
TOTAL:	3 756 824	3 151 769

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

	01/10/2024- 30/09/2025	01/10/2023- 30/09/2024
At the beginning of the reporting period	110 849	68 582
Change in allowances	14 872	42 267
At the end of the reporting period	125 721	110 849

13. Trade receivables

	30/09/2025	30/09/2024
Due for heat energy	11 640 946	11 245 291
Due for electricity sold	70 873	49
Due for the maintenance of internal systems of buildings	6 353	5 997
Allowances for doubtful receivables	(3 710 476)	(1 721 126)
TOTAL:	8 007 696	9 530 211

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

	01/10/2024- 30/09/2025	01/10/2023- 30/09/2024
At the beginning of the reporting period	1 721 126	1 328 261
Additional allowances established*	2 220 306	495 825
Recovery of previously impaired balances	(169 305)	(48 433)
Write-off of previously impaired balances	(61 651)	(54 527)
At the end of the reporting period	3 710 476	1 721 126

* In the financial year ended 30 September 2025, allowances for doubtful receivables were increased over uncertainty concerning the recoverability of balances due to differences in the booking of payments as penalties by RS and certain debtors, and information about the aging structure of end consumers. The additional allowances have been recognized in the statement of profit or loss under other operating expense for an amount of EUR 948 634 and as a decrease in penalties received by EUR 1 271 672.

14. Other receivables

	30/09/2025	30/09/2024
Overpayment of taxes (see Note 18)	495 779	77 922
Prepayments for services	5 162	671
Security deposit	3 031	661
Other receivables	142 534	141 708
TOTAL:	646 506	220 962

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-current loans	Original amount, EUR	Effective interest rate (%)	Maturity	30/09/2025	30/09/2024
Loan from Swedbank AS	15 000 000 EUR	6M EURIBOR + 0.93%	17/08/2026	-	5 000 000
Loan from AS SEB banka	17 000 000 EUR	3M EURIBOR + 1.30%	25/08/2027	5 666 667	11 333 334
Loan from Swedbank AS	9 000 000 EUR	3M EURIBOR + 0.29%	29/11/2028	8 062 500	9 000 000
Loan from the Nordic Investment Bank	20 000 000 EUR	3M EURIBOR + 1.2%	07/11/2033	16 969 697	19 393 939
Loan from the Nordic Investment Bank	18 000 000 EUR	3M EURIBOR + 1.05%	17/10/2039	18 000 000	-
Loan from the Council of Europe Development Bank	14 000 000 EUR	3M EURIBOR + 0.66%	30/07/2040	14 000 000	-
Loan from AS SEB banka	15 250 000 EUR	3M EURIBOR + 1.17%	22/05/2028	10 505 556	12 538 889
TOTAL non-current loans:				73 204 420	57 266 162

15. Loans from credit institutions (cont'd)

Current portion of non-current loans	Original amount, EUR	Effective interest rate (%)	Maturity	30/09/2025	30/09/2024
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	5 000 000
Loan from AS SEB banka	17 000 000 EUR	3m EURIBOR + 1.3%	25/08/2027	5 666 667	5 666 667
Loan from Swedbank AS	9 000 000 EUR	3M EURIBOR + 0.29%	29/11/2028	937 500	-
Loan from the Nordic Investment Bank	20 000 000 EUR	3m EURIBOR + 1.2%	07/11/2033	2 424 242	606 060
Loan from AS SEB banka	15 250 000 EUR	3m EURIBOR + 1.17%	22/05/2028	2 033 333	2 033 333
TOTAL:				16 061 742	15 806 060
Current credit lines (overdrafts)					
OP Corporate Bank plc Latvia branch	10 000 000 EUR	3M EURIBOR + 0.45%	19/12/2025	9 236 031	-
AS SEB banka	25 000 000 EUR	12M EURIBOR + 0.36%	14/02/2026	17 273 591	-
TOTAL:				26 509 622	-
TOTAL current loans:				42 571 364	15 806 060
TOTAL loans from credit institutions:				114 775 784	73 072 222

Changes in loans:

	30/09/2025	30/09/2024
Balance at the beginning of the reporting year	73 072 222	64 271 945
Loans received	58 509 622	44 250 000
Loans repaid	(15 806 060)	(35 449 723)
Balance at the end of the reporting year	115 775 784	73 072 222

During the reporting period, interest amounting to EUR 3 499 589 (previous reporting period: EUR 3 879 944) was charged on loans from credit institutions.

On 15 October 2024, RS signed a 15-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. RS signed a 12-month credit line agreement subject to the maximum limit of EUR 10 million with OP Corporate Bank plc Latvia branch on 13 December 2024 and a 12-month credit line agreement subject to the maximum limit of EUR 25 million with AS SEB banka on 14 February 2025. On 12 June 2025, RS entered into a loan agreement with the Council of Europe Development Bank for a period of 15 years to finance a four-year investment program for the reconstruction and construction of district heating networks for new customers for an amount of EUR 40 million. The first tranche of EUR 14 million was received in July 2025. On 19 September 2025, RS signed a 10-year loan agreement for EUR 7 million with OP Corporate Bank plc Latvia branch for the financing of investment projects for the financial year 2024/2025. The respective amount was credited to the bank account of RS on 30 October 2025.

15. Loans from credit institutions (cont'd)

As at 30 September 2025, the amount of loans contracted but not used by the Group was EUR 15 491 thousand (30 September 2024: EUR 14 000 thousand).

As at 30 September 2025, the Group met all the financial covenants set out in the loan agreements.

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 500 000 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) – to secure the loan granted by AS SEB banka. As at 30 September 2025, the carrying amount of the boiler house at Rencēnu iela 30 was EUR 25 640 thousand.

16. Trade payables

	30/09/2025	30/09/2024
Due to suppliers	2 408 080	2 498 101
Due to contractors	8 631 243	14 874 919
Due for services	487 008	429 242
TOTAL:	11 526 331	17 802 262

17. Accrued liabilities

	30/09/2025	30/09/2024
Vacation pay reserve and provisions for employee incentives	3 855 082	3 877 115
Other current payables	1 911 195	1 072 229
Current payables for heat energy supplied	1 656 258	1 320 260
Wages and salaries	938 673	891 220
Reorganization provision*	89 359	365 340
Accrued interest payments	369 907	322 315
TOTAL:	8 820 474	7 848 479

* 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. As at 30 September 2025, the provision amounted to EUR 89 359, and the reorganization plan will be completed in the financial year 2025/2026.

18. Taxes payable

	30/09/2025	30/09/2024
Value added tax	495 779	77 922
Value added tax (overpayment)	(101 058)	-
Statutory social insurance contributions	(614 084)	(578 223)
Personal income tax	(287 023)	(301 017)
Unemployment risk duty	(232)	(247)
Natural resource tax	(30 811)	(13 742)
	TOTAL:	
	(537 429)	(815 307)
<u>Of which:</u>		
Taxes receivable (see Note 14)	495 779	77 922
Taxes payable	(1 033 208)	(893 229)

19. Deferred income

	01/10/2024- 30/09/2025	01/10/2023- 30/09/2024
At the beginning of the reporting year	45 085 486	35 852 828
Payments received from customers in the reporting year for the connection to heating networks	1 955 478	1 339 569
(Decrease)/increase in deferred income from unexpected expenditure/revenue for the heat tariff (see Note 3)	(17 981 907)	14 732 523
Income recognized in the reporting period from deferred income due to unexpected revenue (tariff component) (see Note 3)	(9 933 139)	(9 185 485)
Inseparable leasehold improvements taken to the statement of profit or loss in the reporting year	-	(37 541)
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 financial years (see Note 6)	(1 208 099)	(1 097 778)
Recognized in the statement of profit or loss in the reporting year over the useful lives of respective assets (property, plant and equipment) and from payments received from customers for the connection to heating networks over the mandatory heat purchase period in years	(693 889)	(518 630)
EU grant received for the construction of a 48MW biofuel boiler house at Rencēnu iela 30	-	4 000 000
At the end of the reporting year	17 223 930	45 085 486
	Non-current:	32 690 263
	Current:	12 395 223
	30/09/2025	30/09/2024
Non-current:		
Unexpected revenue (heat tariff adjustments)	-	17 367 787
EU grants received in previous years	10 866 274	12 069 060
Customer payments for connection to heating networks	4 457 868	3 253 416
	TOTAL:	32 690 263
Current:		
Unexpected revenue (heat tariff adjustments)	-	10 547 259
EU grants received in previous years	1 202 787	1 208 099
Customer payments for connection to heating networks	697 001	639 865
	TOTAL:	12 395 223

In the years 2011 to 2021 and in 2024, 14 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 65% of balances due for heat energy as at 30 September 2025 (30 September 2024: 64%). 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 2025, the Group's current liabilities exceeded its current assets by EUR 30 558 thousand (30 September 2024: EUR 30 481 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 2025/2026 heating season and contracts for purchasing wood chips through exchanges.

21. Fee paid to certified auditors

	01/10/2024- 30/09/2025	01/10/2023- 30/09/2024
Annual audit fee	35 500	35 500
TOTAL:	35 500	35 500

22. CO₂ allowances

According to Directive 2003/87/EC of the European Parliament and of the Council 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.

	01/10/2024 - 30/09/2025	01/10/2023 - 30/09/2024
At the beginning of the year	77 476	133 464
Allowances allocated	37 460	39 109
Allowances used	(71 810)	(95 097)
At the end of the year	43 126	77 476

23. Research and development costs

In the reporting year, the Group incurred research and development costs amounting to EUR 273 217 (2024: EUR 500 545).

24. Commitments and contingencies

As at 30 September 2025, the Group had future commitments for repairs and construction contracts with pending commitments for a total amount of EUR 7 122 thousand (30 September 2024: EUR 111 896 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, RS identifies and assesses potential sources of contamination; therefore, in 2017, SIA Vides Konsultāciju Birojs examined soil contamination at the Vecmīlgrāvis and Ziepniekkalns heating plants. The fuel oil facility at the Ziepniekkalns heating plant was demolished in the financial year ended 30 September 2025. Taking into account the historical use of the territory, the quality of the soil and groundwater was examined after the demolition of the fuel oil facility and the clean-up of the territory. Main conclusions: the examined area was not significantly affected, oil product clean-up was carried out prior to the demolition, no significant spills were observed, and it cannot be concluded that remediation work should be carried out in the demolition area or that contamination has been detected. 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 Management Board and the Supervisory Board (see Note 9).

25. Related party disclosures (cont'd)

	01/10/2024- 30/09/2025	01/10/2023- 30/09/2024
Sale of goods and services		
Heat energy	81 509 207	100 797 910
Services provided	147 369	89 223
TOTAL:	81 656 576	100 887 133
Purchase of goods and services		
Heat energy	89 488 656	104 832 438
Natural gas	10 725 340	25 496 860
Services and materials received	533 357	2 058 988
TOTAL:	100 747 353	132 388 286
	30/09/2025	30/09/2024
Trade receivables	7 583 180	7 185 510
Prepayments for inventories	-	134 721
Other receivables	92	2 834
TOTAL:	7 583 272	7 323 065
Trade payables	1 232 237	1 946 116
Prepayments received from customers	41 394	6 508
TOTAL:	1 273 631	1 952 624

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 19 888 thousand for the reporting year. At the year end, the Group's current liabilities exceeded its current assets by EUR 30 558 thousand (30 September 2024: EUR 30 481 thousand). The management considers that the Group's liquidity position is not at risk because the Group had available unused credit facilities of EUR 15 491 thousand at the year end, a credit line agreement for an amount of EUR 19 million was signed with AS SEB banka on 26 November 2025, and positive operating cash flow will ensure stable operations. It is planned to attract additional financing from an international financial institution in early 2026, positive cash flow from economic activities will ensure stable operations and provide an opportunity to cover short-term liabilities.

The heat tariff which entered into force on 1 October 2025 comprises the unexpected expenditure component of 2.05 EUR/MWh arising from costs in previous periods, which will, accordingly, improve the Group's cash flows in the financial year 2025/2026.

27. Events after balance sheet date

The heat tariff of 83.01 EUR/MWh, approved by the PUC, entered into force on 1 October 2025.

RS signed a credit line agreement for an amount of EUR 19 million with AS SEB banka on 26 November 2025.

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.

<hr/> *signature	<hr/> *signature	<hr/> *signature
Kalvis Kalniņš Chairman of the Management Board	Raivis Elliņš Member of the Management Board	Vineta Kutkēviča Member of the Management Board
<hr/> *signature	<hr/> *signature	
Reinis Kasparsons Member of the Management Board	Ilze Caune Chief Accountant	

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