

Riga, April 25, 2024

**Grenardi group AS**

Reg. No. 40203279291

Dēļu Street 2, Riga, LV-1004

**Annual report for reporting period from 2023**  
and an Independent Auditor's Report

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**COMPANY INFORMATION**

|  |  |    |  |
|--|--|----|--|
| Name of the Company  | Grenardi group AS  |    |  |
| Legal status of the Company  | Joint stock company  |    |  |
| Registration No., place and date                                   | 40203279291, Riga, 11.12.2020  |    |  |
| Registered office  | Dēļu street 2, Rīga, LV-1004   |    |  |
| Members of the Board   | Girts Rudzītis   | –  | Chairman of the Board from                                 |
|  | Līga Emma Gulbe  | –  | Board member from 07.12.2023                               |
|  | Marta Andersone  | –  | Board member from 07.12.2023<br>(Board member)             |
| Members of the Council   | Ainārs Sprinģis  | –  | Chairman of the Council from 13.08.2021.                   |
|  | Alberts Pole   | –  | Council member from 11.12.2020.                            |
|  | Māris Keišs  | –  | Council member from 11.12.2020.                            |
| Annual report prepared by  | Lilija Adejeva   | –  | Chief Accountant   |
| Reporting period   | from 01.01.2023.   | to | 31.12.2023.  |
| Previous reporting year  | from 01.01.2022.   | to | 31.12.2022.  |
| Information on group's subsidiary companies                        | SIA GIVEN Latvia, Reg.No. 40203166474, Dēļu iela 2, Rīga, LV-1004 (100% ownership)<br>SIA Grenardi Latvia, Reg.Nr.50003474971, Dēļu Street 2, Riga, LV-1004 (100% ownership)<br>Given Estonia OÜ, Reg.No. 14505229, Estonia, Peterburi tee 46, Tallinn 11415<br>GIVEN LITHUANIA UAB, Reg.No.305936789, Lithuania, Krokuvos g.53-3, Vilnius, 09305 (100% ownership) |    |  |
| Information on group's subsidiary companies second-tier subsidiary | Grenardi Estonia OÜ, Reg.No. 11518421, Estonia, Harju maakond, Tallinn, Lasnamäe linnaosa, Peterburi tee 46, 11415 (100% owned by SIA Grenardi Latvia)   |    |  |
| Information on group's associated companies                        | SIA "A.S. Capital", Reg. No. 40103855894, Riga, Dēļu street 2, LV-1004<br>SIA Curiosity Capital, Reg. No. 52103074351, Liepaja, Jūras Street 12, LV-3401   |    |  |
| Type of company's activity   | Activities of holding companies  |    |  |
| NACE classification code   | 64.20  |    |  |
| Auditors   | Grant Thornton Baltic Audit SIA<br>Blaumana street 22<br>Riga, LV - 1011<br>License No. 183  |    | Certified Auditor<br>Raivis Irbītis<br>Certificate No. 205 |

## **MANAGEMENT REPORT**

### **Type of activity**

AS Grenardi Group (hereinafter - the Company) is a holding Company, established on December 11, 2020. The main activity of the Company's subsidiaries is retail sale of watches and jewellery in specialized stores.

### **Performance and Financial Situation of the Company**

On December 1, 2023, AS Grenardi Group acquired SIA Grenardi Latvia and OÜ Grenardi Estonia (together - GRENARDI), which is a luxury jewelry retail chain with 3 stores in Estonia and 4 stores in Latvia. After this transaction, at the end of 2023 there were 82 retail stores in the Group, of which 75 were GIVEN and 7 GRENARDI chain stores.

During 2023, the Group successfully achieved its goal of expanding the retail network in the Baltics, as well as increasing turnover in the existing store network.

The parent company oversees the operations of the Group and also provides financing for its development. In the reporting year, the Company attracted over EUR 2.6 million in financing through bonds and loans to develop the retail network in Latvia, Estonia, and Lithuania.

In the reporting period the Company's interest income was 742'849 EUR, but the Company closed the reporting year with a loss of 116'758 EUR.

### **Future Development Plans**

In the future, the Company plans to provide and attract financing to support the Group's growth initiatives. In 2024, the Group plans to further increase its market share in the Baltic States by prioritizing the strengthening of its market position. While the Group aims to seize opportunities to expand its store network in strategic locations, the primary focus will be on ensuring the profitability and success of the Group's existing retail chain. Additionally, the Group will leverage synergies from the acquisition of GRENARDI to enhance its overall performance. The Group also plans enhancing brand awareness, developing its online stores, introducing new products to surprise customers, and launching new ESG (Environmental, Social, and Governance) initiatives.

### **Financial risk management**

The Company's activities expose it to a variety of financial risks: interest rate risk, liquidity risk, and credit risk.

#### *Interest rate risk*

Interest rate risk arises from changes in interest rates that affect the Company's net profit and future cash flows.

The average interest rate payable on the Company's borrowings is disclosed in Note 7, 9 and 10.

#### *Liquidity risk*

Liquidity risk is related to the Company's ability to meet short-term and long-term liabilities in a timely manner.

The Company manages its liquidity risk by arranging an adequate amount of committed credit facilities with banks, planning the repayment terms of trade receivables, and developing and analysing future cash flows.

#### *Credit risk*

The Company controls its credit risk by setting credit terms for each borrower separately, as well as by monitoring their liquidity and assessing the current economic situation in the country and in the world.

Ģirts Rudzītis

(Chairman of the Board)

Līga Emma Gulbe

(Board member)

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**INCOME STATEMENT**  
(classified per function of expenditure)

|  | Note<br>number | 2023<br>EUR      | 2022<br>EUR     |
|--|----------------|------------------|-----------------|
| Administrative costs   | 3              | (128 006)        | (86 284)        |
| Other revenue from interest and similar revenue:                 | 4              | 742 849          | 490 800         |
| <i>a) from related parties</i>                                   |                | 742 849          | 490 800         |
| Interest payments and similar costs:                             | 5              | (731 395)        | (432 951)       |
| <i>b) for other persons</i>                                      |                | (731 395)        | (432 951)       |
| <b>Profit or loss before corporate income tax</b>                |                | <b>(116 552)</b> | <b>(28 435)</b> |
| Enterprise income tax for the reporting year                     |                | (206)            | -               |
| <b>Profit or loss after calculation of enterprise income tax</b> |                | <b>(116 758)</b> | <b>(28 435)</b> |
| <b>Profit or losses for the reporting year</b>                   |                | <b>(116 758)</b> | <b>(28 435)</b> |

Notes on pages 10 to 16 form an integral part of these financial statements.

Ģirts Rudzītis  
(Chairman of the Board)

Līga Emma Gulbe  
(Board member)

**Annual report prepared by:**

Lilija Adejeva  
(Chief Accountant)

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**BALANCE SHEET**

| <b>ASSETS</b>                                   | Note number | <b>31.12.2023.</b> | <b>31.12.2022.</b> |
|---|-------------|--------------------|--------------------|
|   |             | EUR                | EUR                |
| <b>Long-term financial investments</b>          |             |                    |                    |
| Participation in the capital of related parties | 6           | 14 444 000         | 2 725 000          |
| Loans to related parties                        | 7           | 8 123 045          | 7 328 045          |
| Other loans and other long-term debtors         |             | 39 276             | 71 279             |
| <b>Total long-term financial investments</b>    |             | <b>22 606 321</b>  | <b>10 124 324</b>  |
| <b>Total long-term investments</b>              |             | <b>22 606 321</b>  | <b>10 124 324</b>  |
| <b>Debtors</b>                                  |             |                    |                    |
| Receivables from related parties                |             | 117 216            | 52 660             |
| Other debtors                                   | 8           | 95                 | 688                |
| Deffered expenses                               |             | 76 480             | 69 108             |
| <b>Total debtors</b>                            |             | <b>193 791</b>     | <b>122 456</b>     |
| <b>Cash</b>                                     |             | <b>87 215</b>      | <b>3 492</b>       |
| <b>Total current assets</b>                     |             | <b>281 006</b>     | <b>125 948</b>     |
| <b>TOTAL ASSETS</b>                             |             | <b>22 887 327</b>  | <b>10 250 272</b>  |

**BALANCE SHEET**

| <b>LIABILITIES</b>  | Note number | <b>31.12.2023.</b><br>EUR | <b>31.12.2022.</b><br>EUR |
|---|-------------|---------------------------|---------------------------|
| <b>Equity</b>   |             |                           |                           |
| Stock or share capital (fixed capital)                              |             | 7 200 001                 | 1 000 000                 |
| Stock (share) issue premium   |             | 694 407                   | 347 408                   |
| Retained profit or non-covered losses brought forward from previous |             | (63 536)                  | (35 101)                  |
| Profit or losses for the reporting year                             |             | (116 758)                 | (28 435)                  |
| <b>Total equity</b>   |             | <b><u>7 714 114</u></b>   | <b><u>1 283 872</u></b>   |
| <b>Liabilities</b>  |             |                           |                           |
| <b>Long-term creditors</b>  |             |                           |                           |
| Loans against Bonds   | 9           | <u>8 544 000</u>          | <u>8 903 000</u>          |
| <b>Total long-term creditors</b>                                    |             | <b><u>8 544 000</u></b>   | <b><u>8 903 000</u></b>   |
| <b>Short-term creditors</b>   |             |                           |                           |
| Bonds   | 9           | 3 000 000                 | -                         |
| Trade payables  |             | 4 954                     | 1 217                     |
| Taxes and State mandatory social insurance payments                 |             | 1 438                     | -                         |
| Other creditors   |             | 3 520 577                 | 62                        |
| Accrued liabilities   | 10          | <u>102 244</u>            | <u>62 121</u>             |
| <b>Total liabilities</b>  |             | <b><u>6 629 213</u></b>   | <b><u>63 400</u></b>      |
| <b>Total creditors</b>  |             | <b><u>15 173 213</u></b>  | <b><u>8 966 400</u></b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                 |             | <b><u>22 887 327</u></b>  | <b><u>10 250 272</u></b>  |

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Girts Rudzītis  
(Chairman of the Board)

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(Chief Accountant)

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**CASH FLOW STATEMENT**

(indirect method)

|   | 01.01.2023 -<br>31.12.2023 | 01.01.2022 -<br>31.12.2022 |
|---|----------------------------|----------------------------|
| Note number   | EUR                        | EUR                        |
| <b>Cash flow of principal activity</b>  |                            |                            |
| Profit or loss before corporate income tax  | (116 552)                  | (28 435)                   |
| <b>Corrections:</b>   |                            | -                          |
| Other revenue from interest and similar revenue   | (742 849)                  | (490 800)                  |
| Corrections of reduction in value of long-term and short-term financial investments                                     | 48 389                     | 86 548                     |
| Interest payments and similar costs   | 731 395                    | 432 951                    |
| <b>Profit or loss before corrections of influence of changes in balances of current assets and short-term creditors</b> | <b>(79 617)</b>            | <b>264</b>                 |
| <b>Corrections:</b>   |                            | -                          |
| Increase or decrease in balances of receivables   | (71 335)                   | (53 244)                   |
| Increase or decrease in balances of inventories   | -                          | 300                        |
| Increase or decrease in balances of trade payables, and other creditors   | 3 565 813                  | 17 083                     |
| <b>Gross cash flow of principal activity</b>  | <b>3 414 861</b>           | <b>(35 597)</b>            |
| Expenses for interest payments  | (731 395)                  | (432 951)                  |
| Expenses for enterprise income tax payments   | (206)                      | -                          |
| <b>Net cash flow of principal activity</b>  | <b>2 683 260</b>           | <b>(468 548)</b>           |
| <b>Investment activity cash flow</b>  |                            | -                          |
| Long-term investments in leased fixed assets  | (16 386)                   | (118 103)                  |
| Investments in subsidiaries   | (11 719 000)               | (1 715 000)                |
| Loans issued  | (795 000)                  | (1 412 000)                |
| Interest received   | 742 849                    | 490 800                    |
| <b>Investment activity cash flow</b>  | <b>(11 787 537)</b>        | <b>(2 754 303)</b>         |
| <b>Financing activity cash flow</b>   |                            | -                          |
| Issue or investments in capital   | 6 547 000                  | -                          |
| Loans received  | 2 641 000                  | 3 223 117                  |
| <b>Financing activity cash flow</b>   | <b>9 188 000</b>           | <b>3 223 117</b>           |
| <b>Net cash flow of the reporting year</b>  | <b>83 723</b>              | <b>266</b>                 |
| <b>Balance of cash and its equivalents at the beginning of the</b>  | <b>3 492</b>               | <b>3 226</b>               |
| <b>Balance of cash and its equivalents at the end of the reporting year</b>   | <b>87 215</b>              | <b>3 492</b>               |

Notes on pages 10 to 16 form an integral part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY**

|  | <b>Stock or<br/>share capital<br/>(fixed capital)</b> | <b>Stock (share)<br/>premium<br/>account</b> | <b>Retained<br/>earnings or<br/>uncovered loss</b> | <b>Total equity</b> |
|--|---|--|--|---------------------|
|  | EUR   | EUR  | EUR  | EUR                 |
| <b>As at 31.12.2021.</b>                                       | -   | -  | -  | -                   |
| Increase/decrease in stock or<br>share capital (fixed capital) | 1 000 000   | 347 408                                      | (35 101)   | <b>1 312 307</b>    |
| Increase/decrease in retained                                  | -   | -  | (28 435)   | <b>(28 435)</b>     |
| <b>As at 31.12.2022.</b>                                       | <b>1 000 000</b>                                      | <b>347 408</b>                               | <b>(63 536)</b>                                    | <b>1 283 872</b>    |
| Increase in stock or share capital<br>(fixed capital)          | 6 200 001   | 346 999                                      | -  | <b>6 547 000</b>    |
| Decrease in retained profit                                    | -   | -  | (116 758)  | <b>(116 758)</b>    |
| <b>As at 31.12.2023.</b>                                       | <b>7 200 001</b>                                      | <b>694 407</b>                               | <b>(180 294)</b>                                   | <b>7 714 114</b>    |

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## **NOTES TO THE FINANCIAL STATEMENTS**

### **(1) Corporate information**

Grenardi Group AS (hereinafter – the Company) was registered with the Republic of Latvia Enterprise Register on December 11, 2020. The registered office of the Company is at Dēļu Street 2, Riga, LV-1004. The core business activity of the Company is activities of a holding company

### **(2) Significant accounting principles**

#### **Principles of preparation of financial statements**

The annual report has been prepared in accordance with laws of the Republic of Latvia – the Law on "Accounting and the Law" on "Annual Reports and Consolidated Annual Reports".

The statement of profit or loss has been prepared according to the function of expense method.

The statement of cash flows has been prepared under the indirect method.

#### **Reporting period**

|   |            |    |             |
|---|------------|----|-------------|
| The reporting period is 12 months               | 01.01.2023 | to | 31.12.2023. |
| The previous reporting period is 12 months from | 01.01.2022 | to | 31.12.2022. |

#### **Accounting principles**

These financial statements are prepared on the going concern basis, and prudent estimates have been made in preparing these financial statements.

#### **Related parties**

A related party is a person or an entity that is related to the reporting Company.

A person or a close member of that person's family is related to the reporting Company if that person has control, joint control or significant influence over the reporting Company or is a member of the key management personnel of the reporting Company or of a parent of the reporting Company.

An entity is related to the reporting Company if both are members of the same group. Besides, an entity is related to the reporting Company if the entity is controlled, jointly controlled or significantly influenced by a related party of the reporting Company or this related party of the reporting Company is a member of the key management personnel of that entity or of a parent of that entity.

#### **Long-term financial investments**

##### *Related undertakings*

A related undertaking is a company which is directly or indirectly controlled by another company (the parent company – more than 50% of the shareholders' voting rights in this company). The parent company controls the subsidiary company's financial and business policy. The company recognizes income from investments only in case if it receives distribution of profit from the related company after the purchase date. The received distribution which exceeds this profit shall be considered as investment recovery costs and is recognized as a decrease of purchase costs in the related company's investment.

#### *Associated undertakings*

Associated undertaking is a company over which the group has direct or indirect significant influence (at least 20% but not more than 50% of the shareholders' voting rights in this company) but has no control over financial and operating policy. The company recognizes income from investments only in case if it receives distribution of profit from the related company after the purchase date. The received distribution which exceeds this profit shall be considered as investment recovery costs and is recognized as a decrease of purchase costs in the related company's investment.

#### **Financial instruments**

##### *Long-term loans and claims*

A financial asset created by the Company by lending money or providing service directly to the debtor; not created with the purpose to sell it immediately or in the near future. Initially loans are recognised in their initial value set by adding the expenses related to issue of the loan to the fair value of the loan amount. After initial recognition the loans are recognised in their amortised value, applying the effective interest rate method. The amortised value is calculated with the account of the loan issue expenses as well as any loan-related discounts and bonuses. The profit or loss due to amortisation is displayed in the profit and loss statement as interest income and expenses. If active decrease in the value has occurred respective reserves are made.

#### **Debtors**

Debtors are recognized according to the amount of initial invoices, less allowances for doubtful debts. An allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts. Receivables are written off if their recovery is considered as impossible.

#### **Deffered expenses**

The deffered expenses reflect the payments made during the accounting year, but the use of expenditure is referring to the following reporting periods. The balance value of the balance sheet asset is assessed to the extent that the expected economic benefit is expected in the following reporting periods.

#### **Cash**

Cash is non-cash in payment accounts and deposit accounts.

#### **Loans and borrowings**

All borrowings are recognized initially at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. In subsequent periods, borrowings are recognized at amortized cost.

A borrowing is classified as long-term if the payment or write-off occurs later than one year after the end of the respective reporting year. Amounts payable or written off during the year are presented under short-term borrowings.

#### **Accrued liabilities**

Accrued liabilities are clearly known trade liability sums for the goods or services received within the reporting year when a relevant payment document (an invoice) has failed to be received on the date of drawing up the balance sheet. The liability sums are calculated, based on the price, which is defined in the relevant agreement, and on the documents that approve actual receipt of the goods or services.

### **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, less value added tax and sales-related discounts. Revenue is recognized by reference to the economic nature and substance of the transaction rather than its legal form.

### **Enterprise income tax**

The corporate income tax for the reporting period consists of the calculated tax for such period. The corporate income tax is recognised in the profit or loss statement. The tax for the reporting period is calculated according to the provisions of the law "Enterprise Income Tax Law".

Corporate income tax is calculated for distributed profit (dividends) and conditionally distributed profit by applying the rate of 20%. Corporate income tax is recognised at the moment when the participants of the Company make a decision on distribution of profit, or when the costs not promoting further development of the Company (conditionally

### **Subsequent events**

Post-year-end events that provide additional information about the Company'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) Administrative costs**

|                                      | <b>2023</b>    | <b>2022</b>   |
|--------------------------------------|----------------|---------------|
|                                      | EUR            | EUR           |
| Bank charges                         | 104 646        | 57 958        |
| Professional services expenses       | 18 962         | 27 820        |
| Personnel costs                      | 2 794          | 403           |
| State social insurance contributions | 658            | 94            |
| Other administration costs           | 946            | 9             |
| <b>Total</b>                         | <b>128 006</b> | <b>86 284</b> |

**(4) Other revenue from interest and similar revenue:**

|                 | <b>2023</b>    | <b>2022</b>    |
|-----------------|----------------|----------------|
|                 | EUR            | EUR            |
| Interest income | 742 849        | 490 800        |
| <b>Total</b>    | <b>742 849</b> | <b>490 800</b> |

**(5) Interest payments and similar costs:**

|                | <b>2023</b>    | <b>2022</b>    |
|----------------|----------------|----------------|
|                | EUR            | EUR            |
| Interest costs | 731 395        | 432 951        |
| <b>Total</b>   | <b>731 395</b> | <b>432 951</b> |

**(6) Participation in the capital of related parties**

|  | 31.12.2023.<br>EUR | 31.12.2022.<br>EUR |
|--|--------------------|--------------------|
| Acquisition value at the beginning of the reporting year | 2 725 000          | 1 010 000          |
| <b>Investments in the beginning of period</b>            | <b>2 725 000</b>   | <b>1 010 000</b>   |
| Acquisition (+)  | 10 019 000         | -                  |
| Investments (+)  | 1 700 000          | 1 715 000          |
| Acquisition value at the end of the reporting period     | 14 444 000         | 2 725 000          |
| <b>Investments in the beginning of period</b>            | <b>14 444 000</b>  | <b>2 725 000</b>   |

**Change of investments:**

In 2023, the Company has made additional investments in the share capital of subsidiary companies. The share capital of OÜ Given Estonia was increased by EUR 800,000, while the share capital of UAB GIVEN Lithuania was increased by EUR 900,000. Additionally, the Vompany acquired the shares of SIA Grenardi Latvia (including its subsidiary OÜ Grenardi Estonia) for a total sum of EUR 10,019,000.

| Company`s name      | Owned<br>shares | Investment<br>in<br>subsidiaries,<br>31.12.2023 | Investment<br>in<br>subsidiaries,<br>31.12.2022 |
|---------------------|-----------------|---|---|
|                     | %               | EUR   | EUR   |
| SIA GIVEN Latvia    | 100             | 1 700 000                                       | 1 700 000                                       |
| GIVEN LITHUANIA     | 100             | 1 475 000                                       | 575 000   |
| OÜ Given Estonia    | 100             | 1 250 000                                       | 450 000   |
| SIA Grenardi Latvia | 100             | 10 019 000                                      | -   |
| <b>Total</b>        | <b>X</b>        | <b>14 444 000</b>                               | <b>2 725 000</b>                                |

**(7) Loans to related parties**

|                              | % rate | Due date    | Amount,<br>EUR   | Changes<br>within the<br>reporting<br>period<br>EUR | 31.12.2023.<br>EUR | 31.12.2022.<br>EUR |
|------------------------------|--------|-------------|------------------|---|--------------------|--------------------|
| <b>Long-term loans</b>       |        |             | EUR              |   | EUR                | EUR                |
| SIA GIVEN Latvia             | 8,5%   | 31.12.2026. | 4 845 045        | (8 000)   | 4 845 045          | 4 853 045          |
| UAB GIVEN Lithuania          | 8,5%   | 31.12.2026. | 1 738 000        | 520 000   | 1 738 000          | 1 218 000          |
| OÜ Given Estonia             | 8,5%   | 31.12.2026. | 1 540 000        | 283 000   | 1 540 000          | 1 257 000          |
| <b>Total long term loans</b> |        |             | <b>8 123 045</b> | <b>795 000</b>                                      | <b>8 123 045</b>   | <b>7 328 045</b>   |

The loans have been issued without security for the purpose of borrower's business financing.

**(8) Other debtors**

|                           | 31.12.2023.<br>EUR | 31.12.2023.<br>EUR |
|---------------------------|--------------------|--------------------|
| Overpayments to suppliers | 95                 | 688                |
| <b>Total</b>              | <b>95</b>          | <b>688</b>         |

**(9) Bonds**

|                                 | % rate        | Due date    | 31.12.2023.<br>EUR | 31.12.2023.<br>EUR |
|---------------------------------|---------------|-------------|--------------------|--------------------|
| Subordinated bonds <sup>1</sup> | 6%            | 30.11.2026. | 4 544 000          | 3 703 000          |
| Covered bonds <sup>2</sup>      | 6%            | 30.04.2024. | 3 000 000          | 3 000 000          |
| Covered bonds <sup>3</sup>      | 3M EURIBOR+6% | 31.07.2025. | 4 000 000          | 2 200 000          |
| <b>Total</b>                    |               |             | <b>11 544 000</b>  | <b>8 903 000</b>   |

<sup>1</sup>On November 30, 2021, Grenardi Group AS issued subordinated bonds, which enables to attract financing in the amount of five million euros (with a nominal value of 1'000 EUR). The annual interest rate of the issues is 6% and their maturity is 5 years.

<sup>2</sup> On November 2, 2021 the Company issued secured bonds in the amount of three million euros. The annual interest rate of the issues is 6% and their maturity is 2,5 years. All the property belonging to SIA GIVEN Latvia as a joint property at the time of the pledge, as well as the subsequent components of the joint property, establishing a first-order commercial pledge on it, have been pledged in 2021 in favor of ZAB VILGERTS SIA, Registration No. 40203309933 as a collateral for bonds issued by AS Grenardi Group (ISIN: LV0000860054).

<sup>3</sup> On July 8, 2022 the Company issued secured bonds in the amount of four million euros. The annual interest rate of the issues is 3M EURIBOR +6% and their maturity is 3 years. All the property belonging to SIA GIVEN Latvia as a joint property at the time of the pledge, as well as the subsequent components of the joint property, establishing a first-order commercial pledge on it, have been pledged in 2022 in favor of ZAB VILGERTS SIA, Registration No. 40203309933 as a collateral for bonds issued by AS Grenardi Group (ISIN: LV0000860104).

**(10) Accrued liabilities**

|                                  | 31.12.2023.<br>EUR | 31.12.2022.<br>EUR |
|----------------------------------|--------------------|--------------------|
| Accrued interest expense         | 97 858             | 58 749             |
| Accrued liabilities to suppliers | 4 386              | 3 372              |
| <b>Total</b>                     | <b>102 244</b>     | <b>62 121</b>      |

**(11) Average number of employees**

|                             | 2023 | 2022 |
|-----------------------------|------|------|
| Members of the Board        | 3    | -    |
| Other employees             | 1    | 1    |
| Average number of employees | 2    | 1    |

**(12) Important events after the end of the report year**

After the end of the reporting year, on March 25, 2024, the Company initiated the application process for the public bond offering in Latvia, Estonia, and Lithuania. The objective is to refinance bonds with a maturity date of April 30, 2024, and to secure additional funds for the Group's development. Public bond offering concluded on April 15, 2024 and in total EUR 12 million financing was raised.

**(13) Going concern**

The financial statements are prepared on the assumption that the Company will continue as a going

Ģirts Rudzītis  
(Chairman of the Board)

Līga Emma Gulbe  
(Board member)

**Annual report prepared by:**

Lilija Adejeva  
(Chief Accountant)

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## INDEPENDENT AUDITORS' REPORT

Grant Thornton Baltic Audit SIA  
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Latvia

To the shareholder of “Grenardi Group” AS

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### *Our Opinion on the Financial Statements*

We have audited the accompanying financial statements of AS “Grenardi Group” (“the Company”) set out on pages 5 to 16 of the accompanying annual report, which comprise:

- the balance sheet as at 31 December 2023,
- the profit and loss statement for the year then ended,
- the statement of changes in equity for the year then ended,
- the statement of cash flows for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

**In our opinion, the accompanying financial statements give a true and fair view of the financial position of AS “Grenardi Group” as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with the ‘Law On the Annual Reports and Consolidated Annual Reports’ of the Republic of Latvia.**

### *Basis for Opinion*

In accordance with the Law on Audit Services of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and independence requirements included in the Law on Audit Services of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) and Law on Audit Services of the Republic of Latvia.

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

### *Reporting on Other Information*

The Company’s management is responsible for the other information. The other information comprises:

- Information about the Company, as set out on page 3 of the accompanying Annual Report,
- the Management Report, as set out on page 4 of the accompanying Annual Report.

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

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

If, based on the work we have performed and in light of the knowledge and understanding of the entity and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

In addition, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the ‘Law on the Annual Reports and Consolidated Annual Reports’ of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report has been prepared in accordance with the requirements of the 'Law on the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

*Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

*Auditor's Responsibility for the Audit of the Financial Statements*

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

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

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Raivis Irbītis  
Member of the Board  
Sworn auditor  
Certificate No. 205