

AS “Mapon”

**ANNUAL ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2023**

Translation from Latvian

AS "MAPON"
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2023
(TRANSLATION FROM LATVIAN)

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Information on the Company

Name of the Company	AS Mapon
Legal status of the Company	Joint stock company
Number, place and date of registration	40003800531 Commercial Registry Riga, 6 February 2006
Operations as classified by NACE classification code system	45.32 Retail trade of motor vehicle parts and accessories 63.12 Web portals
Address	Ojāra Vācieša street 6B, Riga, LV-1004
Names and addresses of major shareholders	AS Draugiem Group (Ojāra Vācieša street 6B, Riga, Latvia) 45% AS Pirmdiena (Ojāra Vācieša street 6B, Riga, Latvia) 45% Mapon AS (Ojāra Vācieša street 6B, Riga, Latvia) 4%
Names and positions of Board members	Edmunds Riekstiņš – Chairman of the Board Andris Dzudzilo – Member of the Board Ingus Rūķis – Member of the Board Aleksei Avanesov – Member of the Board Dāvis Siksnāns – Member of the Board
Names and positions of Council members	Agris Tamanis – Chairman of the Council Lauris Liberts – Deputy chairman of the Council Inga Liberte – Member of the Council
Person responsible for accounting	Chief accountant Inga Groza-Kovaļauska
Financial year	1 January - 31 December 2023
Name and address of the auditor	SIA "Potapoviča un Andersone" Certified Auditors' Company License No. 99 Ūdens Street 12-45, Riga, LV-1007 Latvia Responsible Certified Auditor Anna Temerova-Allena Certificate No. 154

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Management report

Type of operations

The main operations of AS Mapon consist of maintenance of internet portal mapon.lv, sales of Mapon equipment, sales, installation and maintenance of fuel level meter.

Information on the Company's share capital

As at 31 December 2023 the subscribed and fully paid share capital of the Company is 230 924 EUR that consists of 230 924 ordinary shares with a nominal value of 1 EUR per share.

Performance of the Company during the year

During the reporting year the Company continued to attract new clients and partners as well as expanded operations with existing clients. The Company's turnover increased by 23,7%, profit for the year reached 1 588 553 EUR. In addition to stable business growth, Mapon acquired the company CarCops in Estonia and began integrating this company into Mapon's operations in the Estonian market.

Risk management

The Company is not exposed to significant currency exchange rate risk, because all settlements are made in EUR. The Company is not exposed to significant price fluctuation risk.

Foreign subsidiaries and representation offices

The Company has a branch in Spain and subsidiaries in Finland, Estonia and Denmark.

Post balance sheet events

On 8 March 2024 the Company issued bonds valued at 3 million EUR with a maturity date of 8 March 2027. The coupon rate is 5% plus 3-month EURIBOR. The primary purpose of raising these funds is to further the growth of the AS Mapon group by acquiring companies in its sector.

Related to issued bonds on 26 March 2024 and 27 March 2024 two commercial pledges were issued in favour of ZAB Eversheds Sutherland Bitāns SIA pledging 60% of AS Mapon share capital with AS Draugiem Group and SIA Pirmdiena as the pledgers. The maximum amount of the secured claim is 6.5 million EUR.

During the period between the last day of the financial year and the date of signing of this report there have been no other significant events that would have a material effect on the year end results.

Distribution of profit proposed by the Board

The result of the reporting year is profit in the amount of 1 588 553 EUR. Reporting year's profit is planned to be undistributed for the Company's further development.

Future prospects

The Company's future prospects are considered good due to gained experience, development of new products, regular customer base and leading positions in its industry locally.

Edmunds Riekstiņš
Chairman of
the Board

Andris Dzudzilo
Member of
the Board

Ingus Rūķis
Member of
the Board

Aleksei Avanessov
Member of the Board

Dāvis Siksnāns
Member of
the Board

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Profit and loss account for the year ended 31 December 2023

	Notes	2023 EUR	2022 EUR Adjusted
Net sales	1	13 563 300	10 967 270
Cost of sales, cost of goods sold, cost of services rendered	2	(8 602 098)	(7 502 345)
Gross profit		4 961 202	3 464 925
Selling expenses	3	(1 810 268)	(1 940 890)
Administrative expenses	4	(1 476 945)	(1 157 155)
Other operating income	5	40 191	41 463
Other operating expenses	6	(70 857)	(26 861)
Interest income and similar income			
a) from related companies		19 014	3 224
b) from other persons		4 205	-
Interest expenses and similar expenses	7	(19 645)	(10 829)
Profit before corporate income tax		1 646 897	373 877
Corporate income tax for the reporting year	8	(58 344)	(1 730)
Current year's profit		1 588 553	372 147

Notes on pages from 10 to 19 are integral part of these financial statements.

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Aleksis Avanesov
Member of the Board

Dāvis Siksnāns
Member of
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Inga Groza-Kovaļauska
Chief accountant

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Balance sheet as at 31 December 2023

	Notes	31.12.2023. EUR	(1) 31.12.2022. EUR Adjusted
<u>Assets</u>			
Long-term investments			
Intangible assets:			
Concessions, patents, licences, trademarks and similar rights		1 104 398	982 994
Advance payments for intangible investments		39 040	-
Total intangible assets:	9	1 143 438	982 994
Fixed assets:			
Leasehold improvements		334	534
Other fixed assets and inventory		728 785	453 218
Advance payments for fixed assets		14 878	8 128
Total fixed assets:	9	743 997	461 880
Long-term financial investments:			
Participation in the share capital of related companies	10	2 860 417	1 987 125
Other securities and investments		-	5 250
Receivables from affiliated companies	13	539 819	-
Total long-term financial investments:		3 400 236	1 992 375
Total long-term investments:		5 287 671	3 437 249
Current assets			
Stock:			
Work-in-progress		-	34 688
Finished goods and goods for sale	11	624 579	856 250
Advances for goods receivable		5 680	58 160
Total stock:		630 259	949 098
Debtors:			
Trade debtors	12	1 551 613	1 061 520
Receivables from affiliated companies	13	185 753	250 235
Other debtors	14	61 959	52 494
Deferred expenses	15	49 942	45 337
Accrued income	12	184 045	171 767
Total debtors:		2 033 312	1 581 353
Short-term financial investments:			
Own stocks and shares	16	10 000	10 000
Total short-term financial investments:		10 000	10 000
Cash and bank:	17	1 021 835	330 892
Total current assets:		3 695 406	2 871 343
<u>Total assets</u>		<u>8 983 077</u>	<u>6 308 592</u>

Notes on pages from 10 to 19 are integral part of these financial statements.

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Balance sheet as at 31 December 2023

	Notes	31.12.2023. EUR	(2) 31.12.2022. EUR Adjusted
<u>Liabilities and shareholders' funds</u>			
Shareholder's funds:			
Share capital	18	230 924	224 674
Share premium	18	1 888 674	1 044 924
Prior years' retained earnings		3 708 691	3 336 544
Current year's profit		1 588 553	372 147
Total shareholders' funds:		7 416 842	4 978 289
Creditors:			
Long-term creditors:			
Other borrowings	20	185 531	85 527
Total long-term creditors:		185 531	85 527
Short-term creditors:			
Other borrowings	20	122 442	40 407
Advances from customers		1 244	5 111
Trade creditors		312 216	363 237
Accounts payable to affiliated companies	21	60 484	64 194
Taxes and social insurance payments	22	334 190	282 500
Other creditors	23	28 264	28 331
Accrued liabilities	24	521 864	460 996
Total short-term creditors:		1 380 704	1 244 776
<u>Total liabilities and shareholders' funds</u>		<u>8 983 077</u>	<u>6 308 592</u>

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Statement of changes in equity for the year ended 31 December 2023

	Share capital EUR	Share premium EUR	Retained earnings EUR	Total EUR
As at 31 December 2021 before adjustment	200 400	548 934	3 239 544	3 988 878
Adjustment	-	-	97 000	97 000
As at 31 December 2021 after adjustment	200 400	548 934	3 336 544	4 085 878
Share capital increase	24 274	495 990	-	520 264
Adjusted profit for the year	-	-	313 147	313 147
As at 31 December 2022 after adjustment	224 674	1 044 924	3 552 691	4 822 289
Share capital increase	6 250	843 750	-	850 000
Profit for the year	-	-	1 588 553	1 588 553
As at 31 December 2023	230 924	1 888 674	5 297 244	7 416 842

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Cash flow statement for the year ended 31 December 2023

	Notes	2023 EUR	2022 EUR Adjusted
Cash flow from operating activities			
Profit before corporate income tax		1 646 897	373 877
Adjustments for:			
corrections of decrease in value of fixed assets		276 145	207 046
corrections of decrease in value of intangibles		355 773	239 399
Interest income and similar income		(23 219)	(3 224)
interest and similar expense		19 645	10 829
profit from fixed asset disposals		(23 959)	(12 457)
Profit before adjustments of working capital and short-term liabilities		2 251 282	815 470
Adjustments for:			
trade debtors (increase)		(553 824)	(235 822)
stock (increase) / decrease		318 839	(261 886)
trade creditors' increase		110 939	169 328
Gross cash flow from operating activities		2 127 236	487 090
Corporate income tax payments		(23 828)	(270)
Net cash flow from operating activities		2 103 408	486 820
Cash flow from investing activities			
Share acquisition of related, associated or other companies		(911 918)	(561 769)
Acquisition of fixed assets and intangibles		(849 405)	(799 956)
Proceeds from sales of fixed assets and intangibles		48 902	31 127
Loans issued		(474 196)	(113 118)
Repayment of the issued loans		47 496	152 713
Interest received		11 966	3 312
Net cash flow from investing activities		(2 127 155)	(1 287 691)
Cash flow from financing activities			
Income from equity participations		850 000	500 264
Repaid loans		-	(96 900)
Finance lease payments		(115 665)	(35 426)
Interest paid		(19 645)	(10 829)
Net cash flow from financing activities		714 690	357 109
Net cash flow of the reporting year		690 943	(443 762)
Cash and cash equivalents at the beginning of the reporting year		330 892	774 654
Cash and cash equivalents at the end of reporting year	17	1 021 835	330 892

Notes on pages from 10 to 19 are integral part of these financial statements.

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Notes

Accounting policies

General principles

The annual report is prepared in accordance with the laws of the Republic of Latvia "On Accounting" and "The Law of the Annual Accounts and Consolidated Annual Accounts" and the Regulations No. 775 of the Cabinet of Ministers of the Republic of Latvia "On Application of the Law of the Annual Accounts and Consolidated Annual Accounts". The profit and loss account is prepared in accordance with the format set in Appendix 3 of "The Law of the Annual Accounts and Consolidated Annual Accounts" (classified in accordance with the expenditure function). In accordance with Article 5 of "The Law of the Annual Accounts and Consolidated Annual Accounts" the company is classified as a medium company. The annual report is prepared in accordance with the requirements of Article 9 of "The Law of the Annual Accounts and Consolidated Annual Accounts".

In 2023 it was discovered that some of the invoices issued at the beginning of 2023 and 2022 for services rendered in the previous year had not been recognized in the correct reporting period. A retrospective adjustment was made in the profit and loss account item "Net sales" and in the balance sheet items "Accrued income", "Prior years' retained earnings", and "Current year's profit". As a result of adjustments made net sales have increased by 59 000 EUR in year 2022.

Additionally in 2023 the cost allocation principles among the profit and loss account items "Cost of sales, cost of goods sold, cost of services rendered", "Selling expenses", and "Administrative expenses" were changed. Corresponding adjustments were made to the comparative figures of 2022, which did not affect current year's profit or equity.

The adjustments were made retrospectively, and the comparative figures of previous years were adjusted in the 2023 report, as described in the table below.

	31.12.2022. (before adjustment)	Adjustment	31.12.2022. (after adjustment)
	EUR	EUR	EUR
Net sales	10 908 270	59 000	10 967 270
Cost of sales, cost of goods sold, cost of services rendered	(7 698 812)	196 467	(7 502 345)
Gross profit	3 209 458	255 467	3 464 925
Selling expenses	(1 816 392)	(124 498)	(1 940 890)
Administrative expenses	(1 085 186)	(71 969)	(1 157 155)
Profit before corporate income tax	314 877	59 000	373 877
Current year's profit	313 147	59 000	372 147
Accrued income	15 767	156 000	171 767
Debtors:	1 425 353	156 000	1 581 353
Total current assets:	2 715 343	156 000	2 871 343
Total assets	6 152 592	156 000	6 308 592
Prior years' retained earnings	3 239 544	97 000	3 336 544
Current year's profit	313 147	59 000	372 147
Total shareholders' funds:	4 822 289	156 000	4 978 289
Total liabilities	6 152 592	156 000	6 308 592

Except for the above mentioned, there have been no changes in accounting policies and valuation methods.

The annual report is prepared in accordance with the going concern principle.

This is the individual financial report of the Company, the consolidated report will be prepared in accordance with the law.

Information on the Company

Information requested by law on the Company has been disclosed in separate part of this annual report, on page 3.

Net sales

Net sales represent the total of goods and services sold during the year net of discounts and value added tax. Income from the services rendered, including subscription services, is recognized when they are provided. Income from the sale of goods is recognized once the goods are delivered.

Other revenue is recognized when realized or when the legal rights to the revenues are enforced.

Notes (continued)

Accounting policies (continued)

Foreign currency translation

The Company maintains its accounts in euros. During the reporting period transactions in foreign currencies are recorded using euro foreign exchange reference rates that are published based on a regular daily conversion procedure between central banks of the European System of Central Banks and other central banks. At the end of the reporting year foreign currency cash balance and balances of advances and loans denominated in foreign currencies as well as other debtors' or creditors' debts payable in foreign currencies are translated from the foreign currency to the euro in accordance with the foreign exchange rates in force on the last date of the reporting year. The resulting profit or loss is charged to the profit and loss account.

Investments in subsidiaries and associated undertakings

Investments in subsidiary undertakings and associated companies are stated at cost value that is adjusted to recoverable value in case of permanent diminution in value. The recoverable amount is regularly assessed (at least once per year) in accordance with the valuation policy of the Management. In cases where the participation is 50%, the Company assesses the investment to determine whether control has been obtained and whether the investment would not be classified as an investment in the subsidiary.

Intangible and tangible fixed assets

All intangibles and fixed assets are recorded at cost net of depreciation. Depreciation or amortisation is calculated on a straight-line basis to write down each asset to its estimated residual value over its estimated useful life as follows:

	% per annum
Leased equipment	50
Hardware and communication equipment	20-33
Other fixed assets	20-33
Software	33

Current repairs and maintenance costs are charged to profit and loss account in the period when the respective costs are incurred.

Expenses which are directly related to the development of new software are capitalized as intangible assets if it is probable that the Company will benefit from the use of the asset.

Stock

The stock is recorded at the lower of cost and net realisable value. The stock cost has been determined using the FIFO method. Where required, slow moving, obsolete or damaged stock has been written down.

Accounts receivable

Accounts receivable are recorded in the balance sheet at their net value less provisions made to cover anticipated loss on bad and doubtful accounts receivable. Specific provisions for doubtful accounts receivable are made when the recoverability of the specific debtor is considered by the Company's management to be uncertain. A general provision for doubtful accounts receivable is made in addition to the specific provisions based on accounts receivable ageing.

Operating leases - The Company as a lessee

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

Operating leases - The Company as a lessor

Assets that are leased out under operating lease terms are recorded within fixed assets at historic cost less depreciation. Depreciation is calculated on a straight-line basis to write down each asset to its estimated residual value over its estimated useful life using rates set for similar assets of the Company. Rental income from operating lease including advances received is recognized on a straight-line basis over the period of the lease.

Corporate income tax

Corporate income tax for the reporting period is included in the financial statements based on the management's calculations prepared in accordance with Latvian Republic tax legislation.

Provisions

Provisions are made in cases when the liability is clearly definable as at the balance sheet date and there is a reasonable possibility of realization of the noted liability, although the timing and amount of the liability may vary.

Notes (continued)

Accounting policies (continued)

Accrued liabilities

Liabilities owed to suppliers and contractors for the goods or services received during the reporting year and the amount of which is clearly known, but for which, at the balance sheet date, the relevant payment document (an invoice) according to the terms and conditions of the supply, purchase or contract agreement or due to other reasons has not been received yet, are presented in the account "Accrued liabilities". Provisions for unused annual leaves are estimated by multiplying the average daily earnings of employees for the last six months of the reporting year by the number of unused vacation days accrued at the end of the reporting year.

Provisions for warranty repairs

Provisions for warranty repairs are calculated on the basis of historical warranty costs and net turnover.

Accrued income and deferred expenses

Accrued income includes revenues for the reporting year invoiced after balance sheet date.

Deferred expenses include expenses paid in the reporting year for the next periods.

Originated loans

Originated loans are recognised at the moment when cash is paid out to the borrower. Originated loans are stated at amortized cost using the effective interest method. Interest income is recognised in the profit and loss account using the effective interest rate method.

Borrowings

Borrowings are recognised initially at the proceeds received net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds net of any transaction costs and the redemption value is gradually recognised in the profit and loss account or capitalised to fixed assets under construction according to fixed assets accounting policy over the period of borrowings.

Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents comprise cash on hand, balances of current account with banks, short-term deposits with maturity up to 90 days and part of group account balance in accordance with group account accounting policy.

Related parties

Related parties are defined as shareholders of the Company, members of the board, their close relatives and companies in which they have a significant influence or control. The term "Related parties" corresponds with the term used in annex IAS 24 "*Related Party Disclosures*" of COMMISSION REGULATION (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Future events occur which cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

Subsequent events

Post-period-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-period-end events that are not adjusting events are disclosed in the notes when material.

Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

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Notes (continued)

(1) Net sales

	2023 EUR	2022 EUR
Sales and maintenance of navigation systems	13 563 300	10 967 270
	13 563 300	10 967 270
Net sales by geographic markets		
Latvia	3 739 746	3 149 623
EU, excluding Latvia	7 512 929	6 001 680
Other countries	2 310 625	1 815 967
	13 563 300	10 967 270

(2) Cost of sales, cost of goods sold, cost of services rendered

Material costs	2 386 176	2 410 072
Salary expenses	2 653 075	2 143 454
Communication and server rent	865 652	702 398
Work and services purchased	404 785	362 728
Fixed asset depreciation	582 756	417 650
Rent and maintenance expenses	374 449	314 227
Social insurance and business risk duty	642 384	501 036
Vehicle upkeep expenses	121 752	119 084
Royalty fees	11 362	17 764
Business trip expenses	52 849	101 190
Material delivery expenses	2 239	1 186
Other expenses	47 566	96 378
Accrued expenses for unused annual leaves	35 556	45 640
Employee training and other expenses	28 524	26 357
Insurance expenses	18 195	4 581
Provisions for guarantees, repairs and stock	95 139	2 185
IT expenses	84 004	83 642
Software subscription expenses	195 635	152 773
	8 602 098	7 502 345

(3) Selling expenses

Salary expenses	1 124 928	1 282 634
Social insurance payments	278 810	331 374
Fixed asset depreciation	27 584	19 197
Rent and maintenance expenses	76 032	81 161
Affiliate revenue share (distributors)	6 783	7 477
Advertisement expenses	38 468	78 129
Business trip expenses	97 640	54 776
Vehicle maintenance costs	35 753	14 130
Marketing expenses	101 836	44 072
Software subscription expenses	22 101	24 140
Other selling expenses	333	3 800
	1 810 268	1 940 890

(4) Administrative expenses

Salary expenses	604 510	509 617
Social insurance payments	146 077	117 996
Fixed asset depreciation	20 688	9 599
Rent and maintenance expenses	57 024	40 580
Professional fees	188 852	106 807
Employee insurance, training and selection	65 345	47 808
Communication and postal service expenses	64 450	44 670
Representation costs	23 200	16 495
Sustainability costs	100 115	90 684
Cash turnover side expenses	64 258	45 295
Office expenses	28 598	25 816
ISO implementation	23 115	9 720
Software subscription expenses	16 576	12 070
Other administrative costs	74 137	79 998
	1 476 945	1 157 155

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Notes (continued)

(5) Other operating income

	2023 EUR	2022 EUR
Net profit on fixed asset realization	23 959	12 457
Net profit from foreign currency exchange	-	7 065
Other income	16 232	21 941
	40 191	41 463

(6) Other operating expenses

Net loss from currency rate fluctuation	8 647	-
Penalties	-	214
Expenses not related to operating activities	9 164	6
Other expenses	2 797	2 124
Donations	6 124	18 150
Net provisions and write-offs for bad and doubtful debtors	44 125	6 367
	70 857	26 861

(7) Interest expenses and similar expenses

Lease interest expenses	15 635	2 092
Loan interest expenses	4 010	8 737
	19 645	10 829

(8) Corporate income tax and deferred tax for the reporting year

CIT Latvia	2 960	1 730
CIT Spain	55 384	-
	58 344	1 730

(9) Fixed assets and Intangible assets

	Concessions, patents, licenses, trademarks and similar rights EUR	Other fixed assets and inventory EUR	Leasehold improve- ments EUR	Advance payments EUR	Total EUR
Cost					
31.12.2022.	1 370 444	880 931	801	8 128	2 260 304
Additions	477 177	576 455	-	45 791	1 099 423
Disposals	(117 064)	(199 520)	-	-	(316 584)
31.12.2023.	1 730 557	1 257 866	801	53 919	3 043 143
Amortization					
31.12.2022.	387 450	427 713	267	-	815 430
Charge for			200	-	
2023	355 773	275 945			631 918
Disposals	(117 064)	(174 577)	-	-	(291 641)
31.12.2023.	626 159	529 081	467	-	1 155 707
Net book value at					
31.12.2022.	982 994	453 218	534	8 128	1 444 874
31.12.2023.	1 104 398	728 785	334	53 919	1 887 436

As at 31 December 2023 the residual value of fixed assets acquired under finance leases is EUR 304 053 (As at 31 December 2022: EUR 134 089). Ownership of these fixed assets will be transferred to the Company only after all leasing obligations have been fulfilled.

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Notes (continued)

(10) Equity participation in associated companies

	Equity participation in associated companies EUR
Cost	
31.12.2022.	1 987 125
Additions	873 292
31.12.2023.	2 860 417
Net book value at 31.12.2022.	1 987 125
Net book value at 31.12.2023.	2 860 417

Name	Participation in related company acquisition cost and balance sheet value	
	31.12.2023. EUR	31.12.2022. EUR
Mapon Finland OY (100%)	1 203 000	1 203 000
Mapon Estonia OU (100%)	42 500	42 500
Mapon Denmark ApS (100%)	741 625	741 625
CarCops OU (100%)	873 292	-
	2 860 417	1 987 125

Information on associated and related companies:

Name	Address	Share capital 31.12.2023. EUR	31.12.2022. EUR	Profit/ (loss) for the year 2023 EUR	2022 EUR
Mapon Finland OY	Hedelmätarhantie 19, Hollola, Finland, FIN-15860	672 257	290 062	382 195	300 360
Mapon Estonia OU	Peterburi Tee 90F, 41-1, Tallinn, 11415	(52 374)*	(9 632)*	(33 079)*	(36 138)*
Mapon Denmark ApS	Søndergade 19L, 8464 Galten, Denmark	(397 745)*	(111 304)*	(286 441)*	-
CarCops OU	Peterburi Tee 90 F, 41-1, Tallinn, 11415, Estonia	149 820*	-	44 930*	-

* Unaudited data.

The acquisition value of Mapon Denmark ApS includes a deferred payment, which will be adjusted during 2024.

Mapon Denmark ApS equity is negative and the Company's will provide the necessary financial support to ensure continuation of Mapon Denmark ApS operations (see Note 27).

During the reporting year the Company acquired 100% of the capital shares of CarCops OU. The acquisition cost has been fully paid.

In 2024 it is planned to merge the subsidiaries Mapon Estonia OU and CarCops OU through a reorganization.

As at 31 December 2023 equities of the subsidiaries are significantly lower than the acquisition costs. The management of the Company has reviewed an independent expert evaluation conducted in 2019, which is based on the number of subscribers, market capitalization, revenue, and EBITDA indicators of comparable companies. Since the total number of subscribers in the subsidiaries has systematically improved, and the financial results of the oldest acquired subsidiary Mapon Finland OY also indicate a successful investment, the management believes that the investments are fully recoverable and there is no need to create a provision for impairment.

The main operations of Mapon Finland OY, Mapon Denmark ApS, Mapon Estonia OU and CarCops OU consist of supporting Mapon software platform to end users and partners, equipment and fuel level meter sales, installation and maintenance.

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Notes (continued)

(11) Finished goods and goods for sale

	31.12.2023. EUR	31.12.2022. EUR
Finished goods and goods for sale	709 579	856 250
Provision for slow moving stock	(85 000)	-
	<u>624 579</u>	<u>856 250</u>

(12) Trade receivables

Trade receivables debt carrying amount	1 593 112	1 093 521
Provisions for bad and doubtful debtors	(41 499)	(32 001)
	<u>1 551 613</u>	<u>1 061 520</u>
Accrued income	184 045	171 767
	<u>184 045</u>	<u>171 767</u>

Accrued income is services rendered during the reporting year for which invoices issued after the end of the reporting year. Please also refer to Accounting policy section "General Principles", which describes the adjustment of comparative figures for the previous period, including, among others, the adjustment of accrued income.

(13) Receivables from affiliated companies

Loan to Mapon Denmark ApS *	539 819	-
Long term part	<u>539 819</u>	<u>-</u>
Mapon Finland OY	3 974	3 409
Mapon Estonia OU	144 526	114 289
Loan to Mapon Denmark ApS *	-	113 118
Accrued interest Mapon Denmark ApS	11 614	361
Mapon Denmark ApS	22 357	19 058
CarCops OU	3 282	-
Short term part	<u>185 753</u>	<u>250 235</u>
	<u>725 572</u>	<u>250 235</u>

* The loan to Mapon Denmark ApS with a fixed interest rate is repayable till 31 December 2024. After the repayment date the interest rate will be reviewed and is planned to be extended, therefore in the 2023 balance sheet it is disclosed under the long term loans.

(14) Other debtors

Security deposit paid	38 821	29 065
Other debtors	23 138	23 429
	<u>61 959</u>	<u>52 494</u>

(15) Deferred expenses

Insurance expenses	8 804	8 794
Other deferred expenses	41 138	36 543
	<u>49 942</u>	<u>45 337</u>

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Notes (continued)

(16) Own stocks and shares

	31.12.2023. EUR	31.12.2022. EUR
The right for employees to receive shares free of charge	<u>10 000</u>	<u>10 000</u>

In 2021 the management and shareholders of the Company decided to grant two employees the right to acquire 20 000 shares for free in the period till May 2030. In 2022 the new shares were registered in the commercial register as notional share capital and employees exercised half of the mentioned rights by acquiring 10 000 shares.

In 2022 the management and shareholders of the Company granted to a board member the right to acquire 2 240 shares for free till November 2026. In 2023 the management and shareholders of the Company decided to grant board members the right to acquire an additional 3 440 shares for free till November 2027. The new shares have not been registered in the commercial register. In January 2024 a board member exercised part of these rights by acquiring 560 company shares, which the Company's shareholders then transferred to the Company without compensation in the same month.

As of the date of signing of the report the total volume of granted, but unexercised share rights is 15 120 shares, of which 10 000 are registered in the commercial register and 5 120 are not registered.

(17) Cash and bank

Cash at bank	992 685	295 952
PayPal	29 150	34 940
	<u>1 021 835</u>	<u>330 892</u>

(18) Share capital

As at 31 December 2022 the subscribed and fully paid share capital of the Company is 224 674 EUR that consists of 224 674 ordinary shares with a nominal value of 1 EUR per share.

During the reporting year the Company increased its share capital by issuing 6 250 new shares with a nominal value of EUR 1 per share. The price of each new share is set at EUR 136, which includes a premium of EUR 135 per share (total increase in share issuance premium by EUR 843 750). All new shares were paid by cash.

Therefore, as at 31 December 2023 the subscribed and fully paid share capital of the Company is 230 924 EUR that consists of 230 924 ordinary shares with a nominal value of 1 EUR per share.

The share capital includes the Company's own shares amounting to EUR 10 000 for the possible allocation of shares to employees (see Note 16).

(19) Loans from credit institutions

Loan from AS SEB Banka	<u>-</u>	<u>-</u>
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The credit line agreement with AS SEB Banka in the amount of EUR 600 000 has a variable interest rate and repayment date till 11 December 2024. As at 31 December 2023 credit line has not been used.

The Company has pledged all its assets in favour of AS SEB Banka to secure fulfilment of credit line agreement liabilities. The maximum amount of the secured claim is EUR 1 350 000.

(20) Other borrowings

Finance lease with a repayment term of 2 – 5 years	185 531	85 527
Total long-term part	<u>185 531</u>	<u>85 527</u>
Finance lease liabilities	122 442	40 407
Total short-term part	<u>122 442</u>	<u>40 407</u>
	<u>307 973</u>	<u>125 934</u>

The Company has acquired fixed assets on finance lease terms. These financial lease liabilities have a variable interest rates.

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Notes (continued)

(21) Accounts payable to affiliated companies

	31.12.2023. EUR	31.12.2022. EUR
Mapon Finland OY	<u>60 484</u>	<u>64 194</u>

(22) Taxes and social insurance payments

VAT Latvia	13 174	11 688
VAT Spain	47 986	42 683
Social insurance Latvia	127 548	125 118
Social insurance Spain	14 114	12 306
Social insurance Lithuania	12	56
PIT Latvia	69 479	68 222
PIT Spain	25 385	20 644
PIT Lithuania	6	53
CIT Latvia	2 647	1 730
CIT Spain	33 599	-
NRT Latvia	240	-
	<u>334 190</u>	<u>282 500</u>

(23) Other creditors

Unpaid salaries	21 384	21 145
Settlements with advance payment persons	104	477
Other creditors	6 776	6 709
	<u>28 264</u>	<u>28 331</u>

(24) Accrued liabilities

Accrued liabilities for unused annual leaves	194 097	158 541
Accrued liabilities for deferred share purchase payments	181 230	225 105
Accrued liabilities for warranty repairs	25 507	15 368
Other accrued liabilities	121 030	61 982
	<u>521 864</u>	<u>460 996</u>

(25) Average number of employees

	2023	2022
Board members	4	4
Other employees	135	119
Average number of employees during the reporting year:	<u>139</u>	<u>123</u>

(26) Management remuneration

	2023 EUR	2022 EUR
Board members:		
· salary expenses	274 217	287 640
· social insurance payments	64 688	67 854
	<u>338 905</u>	<u>355 494</u>

(27) Pledges and guarantees

Related to issued bonds after the end of the reporting year on 26 March 2024 and 27 March 2024, two commercial pledges were issued in favour of ZAB Eversheds Sutherland Bitāns SIA as the pledgee, pledging 60% of AS Mapon share capital, with AS Draugiem Group (30% share) and SIA Pirmdiena (30% share) as the pledgers. The maximum amount of the secured claim is EUR 6.5 million. The pledgee has the right to sell the pledged property without auction. It is prohibited to re-pledge the subject of the commercial pledge.

Mapon Denmark ApS equity is negative. The company's continued operation is conditional on the parent company continuing to provide the necessary financial support so that the company can fulfil its financial obligations. No written agreements regarding this support were entered into at the time of the preparation of the annual accounts, but management expects to evaluate the necessity of such agreements to be entered into.

Notes (continued)

(28) Distribution of profit proposed by the Board

The distribution of profit proposed by the Board is presented in the Management report of these annual accounts.

(29) Research and development costs

During the reporting year the Company capitalized employee costs in the amount of EUR 477 177. The costs are capitalized as part of the developed software and included in the balance sheet item "Concessions, patents, licenses, trademarks and similar rights" and are to be amortized over a 3 to 5 year period.

During the reporting year the Company did not have expenses, which would be classified as research and development costs according to the law on Annual Statements and Consolidated Annual Statements.

(30) Subsequent events

On 8 March 2024 the Company issued bonds valued at 3 million EUR with a maturity date of 8 March 2027. The coupon rate is 5% plus 3-month EURIBOR.

Related to issued bonds two commercial pledges were issued in March 2024 pledging 60% of AS Mapon share capital (see Note 27).

During the period between the last day of the financial year and the date of signing of this report there have been no other significant events that would have a material effect on the year end results.

Edmunds Riekstiņš
Chairman of
the Board

Andris Dzudzilo
Member of
the Board

Ingus Rūķis
Member of
the Board

Aleksei Avanesov
Member of the Board

Dāvis Siksnāns
Member of
the Board

Inga Groza-Kovaļauska
Chief accountant

ELECTRONIC SIGNATURES OF THE BOARD MEMBERS RELATE TO THE ANNUAL REPORT AS A SINGLE DOCUMENT FROM PAGE 1 TO 19.

ELECTRONIC SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTING RELATES TO THE FINANCIAL STATEMENTS ON PAGE 3 AND FROM PAGE 5 TO 19.

To the shareholders of AS Mapon

Our Opinion on the Financial Statements

Ūdens iela 12-45, Rīga, LV-1007, Latvija
T. +371 67607902, www.p-a.lv

We have audited the accompanying financial statements of AS Mapon ("the Company") set out on pages 5 to 19 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 Mapon 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 management is responsible for the other information. The other information is 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.

On behalf of
SIA Potapoviča un Andersone,
Ūdens street 12-45, Riga, LV-1007
Certified Auditors Company licence No. 99

Anna Temerova-Allena
Responsible Certified Auditor
Certificate No. 154
Member of the Board

ELECTRONIC SIGNATURE OF THE AUDITOR RELATES TO THE AUDITOR'S REPORT ENCLOSED WITH THE ANNUAL REPORT ON PAGES 20 TO 21.

THE DOCUMENT IS SIGNED WITH SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP.