



AS "Mapon"

Consolidated annual report for 2024

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General Information

Name of the Parent Company	Mapon
Legal status of the holding 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, Latvia, LV-1004
Names and addresses of main shareholders	AS Draugiem Group (45,01178%) Ojāra Vācieša street 6B, Riga, Latvia
	AS Pirmdiena (45,01178%) Ojāra Vācieša street 6B, Riga, Latvia
	SIA Regular (0,7418 %) Cēsu nov., Drabešu pag., Līvi, Zvārtas iela 3 - 3
	Management (6,47183%)
	Mapon AS (2,76281%) Ojāra Vācieša street 6B, Riga, Latvia
Names and positions of Board members	Edmunds Riekstiņš – Chairman of the Board from 12.04.2021 Andris Dzudzilo – Member of the Board from 12.04.2021 Ingus Rūķis – Member of the Board from 12.04.2021 Aleksi Avanesov – Member of the Board from 05.05.2022 Dāvis Siksnāns – Member of the Board from 07.10.2022

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Names and positions of Council members	Agris Tamanis – Chairman of the Council from 12.04.2021
	Lauris Liberts – Deputy chairman of the Council from 12.04.2021
	Inga Liberte – Member of the Council from 12.04.2021

Person responsible for accounting	Chief accountant Inga Groza-Kovaļauska
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Financial year	1 January - 31 December 2024
Prior year	1 January - 31 December 2023

Name and address of the auditor	SIA "BDO ASSURANCE"
	Reg.Nr 42403042353
	Certified Auditors' Company
	License No. 182
	Mihaila Tala Street 1, Riga, LV-1045 Latvia
	Responsible Sworn Auditor
	Raivis Janis Jaunkalns
	Certificate No. 237

AS "Mapon"

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Subsidiaries of the Parent Company

Parent Company	Subsidiary	Share of the investment in the subsidiary as at 31.12.2024	Date of investment	Address	Type of operations
AS Mapon	Mapon Finland OY	100 %	27.12.2018	Hedelmätarhantie 19, Hollola, Finland, FIN-15860	Sales of Mapon platform, equipment and sales and maintenance of fuel level meters.
AS Mapon	Mapon Estonia OU*	100 %	09.11.2018	Peterburi Tee 90F, 41-1, Tallinn, 11415, Estonia	Sales of Mapon platform, equipment and sales and maintenance of fuel level meters.
AS Mapon	Mapon Denmark ApS	100 %	26.08.2022	Søndergade 19L, 8464 Galten, Denmark	Sales of Mapon platform, equipment and sales and maintenance of fuel level meters.
AS Mapon	Mapon Lithuania UAB	100 %	14.05.2024	Ulonų g. 5, LT-08240 Vilnius, Lietuva	Sales of Mapon platform, equipment and sales and maintenance of fuel level meters.

*In 2024 merged with CarCops OU, which was acquired during 2023.

Branch of the Parent Company

Parent Company	Branch	Address	Type of operations
AS Mapon	AS Mapon Sucursal En Espana	C Alaba, Num 56 B - Planta 2, Barcelona, 08005, Spain	Sales of Mapon platform, equipment and sales and maintenance of fuel level meters.

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Management report

General information

The Group is one of the leading fleet management and asset-tracking solution providers in Northern Europe and one of the largest SaaS (Software as a Service) companies headquartered in Latvia. The Parent Company has been in the business for more than 18 years and since then has grown from a local company to an international business, developed a strong global partner network and established presence in Spain, Estonia, Finland, Denmark and Lithuania.

The Group offers a comprehensive end-to-end telemetry solution from widely compatible tracking devices to multiple state of the art management platforms that give actionable outputs and tools for business optimization.

Business results

During the reporting year the Group maintained its growth trajectory by attracting new clients and partners and growing the business from existing clients and partners. The Net Sales grew by 14% in total, reflecting successful client acquisition strategies and strong relationships with existing clients. The year was closed with a loss of 112 645 EUR that was largely affected by Share option reserves and increase in R&D investments. Even though higher R&D investments of 2.98 million EUR, aimed at developing new products and enhancing the platform, contributed to the net loss, they better position the Group for future revenue generation and market leadership.

Apart from steady organic business growth, the Parent Company has evaluated several acquisition opportunities as well as finalized merger of its subsidiaries CarCops OU and Mapon Estonia OU in May 2024. The latter further strengthened our position in the Estonian market.

On 8 March 2024 the Group successfully issued corporate bonds totaling 3 million EUR with a three-year term and a 5%+3M EURIBOR interest rate. On February 18, 2025 Mapon listed its corporate bonds on NASDAQ First North stock exchange under Ticker MAPONFLOT27FA. The main purpose of attracting corporate bonds is to finance potential M&A activities of the Group.

The Group's cash position remains strong at 5.49 million EUR, providing a solid foundation for continued investment in growth opportunities.

Information on the Group's share capital

As at 31 December 2024 the subscribed and fully paid share capital of the Parent Company is 230 924 EUR which consists of 230 924 ordinary shares with a nominal value of 1 EUR per share.

Risk management

Interest rate risk

Interest rate risk refers to changes in the market interest rates that lead to impacting Group's net profit and future cash flows. The Group exposure to this risk primarily relates to both short and long-term debt obligations, including leasing, overdraft and corporate bonds. Interest rate risk management is constrained by its external nature.

Currency fluctuation risk

The Group is not exposed to significant foreign exchange rate risks, as transactions mainly occur in euros or Danish Kroner (Danish Krone is pegged to euro). There is a certain level of transactions conducted in US Dollars (USD), but they do not represent a significant portion thus providing for very limited currency fluctuation risk.

Liquidity risk

The Group actively oversees and manages its cash and cash equivalents to ensure adequate liquidity for funding operations and fulfilling corporate objectives. The Group manages its liquidity risk not only by budgeting procedures and cash flow projections, but also through maintaining appropriate cash reserves and monitoring trade receivable repayment discipline.

Foreign subsidiaries and representation offices

The Group has a branch in Spain.

Post balance sheet events

On 10 February 2025 Parent Company finalized acquisition of Interkom AB (Sweden), fleet management services provider in Sweden that operates under Transit brand.

After the reporting period, there have been no other significant events, except the one disclosed above, that would materially affect the results of the reporting year or would need to be additionally explained in the annual report.

Future prospects

Despite the macroeconomic and geopolitical environment uncertainties, the Group is confident in its ability to adapt to the market conditions while maintaining its growth targets.

The Group will continue investments into new and existing product development to further improve customer value propositions and stay ahead of the competition.

The Group will continue to evaluate various acquisition opportunities in order to grow the customer portfolio in existing or new markets and add new products to Mapon product portfolio.

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

Consolidated Statement of Profit and Loss and Other comprehensive income for the year ended 31 December 2024

	Note	2024 (EUR)	2023 (EUR) Adjusted
Revenue from contracts with customers	1	19 729 358	17 361 134
Cost of sales	2	(7 948 965)	(8 147 744)
Gross profit		11 780 393	9 213 390
Selling expenses	3	(4 112 152)	(3 232 304)
Administrative expenses	4	(4 318 632)	(2 705 207)
Research and development expenses	5	(2 979 462)	(1 818 309)
Other operating income	6	52 698	273 289
Other operating expenses	7	(357 574)	(108 819)
Finance income		92 522	10 634
Finance expense		(235 112)	(20 998)
Profit / (loss) before corporate income tax		(77 319)	1 611 676
Income tax expense	8	(35 326)	(157 801)
Net profit / (loss)		(112 645)	1 453 875
Other comprehensive income		-	-
Total comprehensive income		-	-

Notes on pages from 13 to 53 are an integral part of these consolidated financial statements.

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

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Consolidated Statement of Financial Position as at 31 December 2024 (1)

Assets	Note	31.12.2024 (EUR)	31.12.2023 (EUR) *Adjusted	01.01.2023 (EUR) Adjusted
Long-term investments				
Intangible assets:				
Licenses and similar rights		834 768	1 104 398	982 994
Customer portfolio		2 558 000	2 428 000	1 712 000
Goodwill		152 899	-	-
Intangible assets under development		398 963	-	-
Advances for intangible assets		3 369	39 040	-
Total intangible assets:	9	3 947 999	3 571 438	2 694 994
Fixed assets				
Fixed assets:				
Leasehold improvements		133	334	534
Other fixed assets and inventory		1 166 507	1 060 187	713 623
Advances for fixed assets		-	14 878	8 128
Total fixed assets:	11	1 166 640	1 075 399	722 285
Non-current financial assets				
Other non-current financial assets		-	-	5 250
Total Non-current financial assets		-	-	5 250
Total long-term investments:		5 114 639	4 646 837	3 422 529
Current assets				
Stock:				
Work-in progress		-	-	34 688
Finished goods and goods for sale		1 243 787	797 177	1 074 985
Advances for goods receivable		60 618	5 680	58 160
Total stock:		1 304 405	802 857	1 167 833
Receivables				
Receivables:				
Trade receivables	13	2 403 164	2 224 372	1 417 963
Other receivables	14	53 840	63 156	53 299
Deferred expenses	16	214 184	61 517	66 885
Accrued income	15	33 494	184 045	171 767
Total receivables:		2 704 682	2 533 090	1 709 914
Short-term financial investments				
Own shares held	17	6 380	10 000	10 000
Total short-term financial investments:		6 380	10 000	10 000
Cash and cash equivalents:				
	18	5 492 994	1 828 671	688 629
Total current assets:		9 508 461	5 174 618	3 576 376
Total assets:		14 623 100	9 821 455	6 998 905

Notes on pages from 13 to 53 are an integral part of these consolidated financial statements.

*For more information please refer to Note on Material accounting policies (e) Transition to IFRS.

Consolidated Statement of Financial Position as at 31 December 2024

(2)

Equity and Liabilities	Note	31.12.2024 (EUR)	31.12.2023 (EUR) Adjusted	01.01.2023 EUR
Equity:				
Share capital	19	230 924	230 924	224 674
Share premium	19	3 060 339	2 529 843	1 686 093
Share options	20	351 838	63 781	3 119
Retained earnings		4 035 571	4 148 590	2 694 715
Foreign currency exchange rate difference		628	(374)	-
Shareholders' equity:		7 679 300	6 972 764	4 608 601
Long-term creditors:				
Interest-bearing loans and borrowing	21	3 096 162	191 924	85 527
Trade creditors		4 504	32 981	18 009
Deferred income	22	709 344	178 072	193 977
Total long-term creditors:		3 810 010	402 977	297 513
Short-term creditors:				
Interest-bearing loans and borrowing	21	90 930	133 431	44 445
Advances from customers		16 093	5 035	91 717
Trade creditors		717 848	446 892	472 703
Taxes and social insurance payments	23	737 438	787 841	552 275
Other creditors	25	22 033	32 379	77 104
Deferred income	22	823 758	300 964	152 248
Accrued liabilities	26	725 690	739 172	702 299
Total short-term creditors:		3 133 790	2 445 714	2 092 791
Total liabilities and shareholders' funds		14 623 100	9 821 455	6 998 905

Notes on pages from 13 to 53 are an integral part of these consolidated financial statements.

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				

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Consolidated Statement of Changes in Equity for the year ended 31 December 2024

	Share capital	Share premium	Share options	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR
As at 31 December 2022 before adjustment	224 674	1 044 924	-	3 063 294	4 332 892
Effect from IFRS Accounting standards first-time adoption (see Note (e))	-	641 169	3 119	(368 579)	275 709
As at 31 December 2022 after adjustment	224 674	1 686 093	3 119	2 694 715	4 608 601
Share capital increase	6 250	843 750	-	-	850 000
Increase in Share option reserves (see Note 20)	-	-	60 662	-	60 662
Foreign currency exchange rate difference	-	-	-	(374)	(374)
Profit/ (loss) for the year	-	-	-	1 453 875	1 453 875
As at 31 December 2023 after adjustment	230 924	2 529 843	63 781	4 148 216	6 972 764
Share option exercise	5 300	530 496	(535 796)	-	-
Increase in Share option reserves (see Note 20)	(5 300)	-	823 853	-	818 553
Foreign currency exchange rate difference	-	-	-	628	628
Profit/ (loss) for the year	-	-	-	(112 645)	(112 645)
As at 31 December 2024	230 924	3 060 339	351 838	4 036 199	7 679 300

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Consolidated Statement of Cash Flows for the year ended 31 December 2024

	Note	2024 EUR	2023 EUR Adjusted
Cash flow from operating activities			
Profit before corporate income tax		(77 319)	1 611 676
Adjustments for:			
depreciation of fixed assets		556 225	521 169
amortization of intangibles		428 657	355 773
amortization of customer portfolio		358 000	305 000
expense for recognition of Share option reserves		818 553	60 662
finance income		(92 522)	(10 634)
finance expense		235 112	20 998
gain from acquisition of customer portfolio		-	(226 516)
profit from fixed asset disposals		(9 704)	(27 136)
Profit before adjustments of working capital and short-term liabilities		2 217 002	2 610 992
Adjustments for:			
trade debtors (increase)		(91 146)	(816 650)
stock (increase) / decrease		(501 548)	230 624
trade creditors' increase		1 303 735	392 432
Gross cash flow from operating activities		2 928 043	2 417 398
Corporate income tax payments		(113 834)	(47 970)
Net cash flow from operating activities		2 814 209	2 369 428
Cash flow from investing activities			
Share acquisition of related, associated or other companies		(152 899)	-
Acquisition of fixed assets and intangibles		(1 771 372)	(2 231 401)
Proceeds from sales of fixed assets and intangibles		123 338	53 249
Interest received		92 522	10 634
Cash acquired by acquisition of subsidiary		-	226 155
Net cash flow from investing activities		(1 708 411)	(1 941 363)
Cash flow from financing activities			
Share capital and share premium increase		-	850 000
Net proceeds from issuance of bonds		2 931 900	-
Finance lease payments		(138 263)	(117 025)
Interest paid		(235 112)	(20 998)
Net cash flow from financing activities		2 558 525	711 977
Net cash flow of the reporting year		3 664 323	1 140 042
Cash and cash equivalents at the beginning of the reporting year		1 828 671	688 629
Cash and cash equivalents at the end of reporting year	18	5 492 994	1 828 671

Notes on pages from 13 to 53 are integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

Material accounting policies

(a) General principles

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The consolidated financial statements present fairly the Group's financial position, financial performance and cash flows. For the purposes of fair presentation, faithful information is provided concerning the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses. In order to achieve a true and fair view ('fair presentation'), the Group has complied with IFRS Accounting standards ("IFRS"), as adopted by the EU, which comprise the following:

- International Accounting Standards (IAS);
- IFRS Accounting standards (IFRS);
- interpretations issued by the International Financial Reporting Interpretations Committee; and
- Framework for the Preparation and Presentation of Financial Statements.

These policies have been consistently applied to all the years presented unless otherwise stated. Where necessary, comparatives are reclassified.

For all periods up to and including the year ended 31 December 2024, the Group prepared its consolidated financial statements in accordance with local generally accepted accounting principles (Local GAAP). These consolidated financial statements for the year ended 31 December 2024 are the first the Group has prepared in accordance with IFRS. Refer to Transition to IFRS in accounting politics for information on how the Group adopted IFRS.

Changes in accounting policies

New standards, interpretations and amendments adopted from 1 January 2024

The following amendments are effective for the period beginning 1 January 2024:

- Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1); and
- Non-current Liabilities with Covenants (Amendments to IAS 1).

These amendments to various IFRS Accounting Standards are mandatorily effective for reporting periods beginning on or after 1 January 2024.

Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7)

On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on the characteristics of supplier finance arrangements.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

On 22 September 2022, the IASB issued amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (the Amendments).

Prior to the Amendments, IFRS 16 did not contain specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction, the Amendments require a seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

These amendments had no effect on the consolidated financial statements of the Group.

Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1)

The IASB issued amendments to IAS 1 in January 2020: Classification of Liabilities as Current or Non-current, and subsequently, in October 2022: Non-current Liabilities with Covenants.

The amendments clarify the following:

- An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.
- If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In the case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

These amendments have no effect on the measurement of any items in the consolidated financial statements of the Group. However, the classification of certain borrowings has changed from non-current to current as a result of the application of the amendments for the current financial year as well as the comparative period.

New standards, interpretations, and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the annual reporting period beginning 1 January 2025:

- Lack of Exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates).

The following amendments are effective for the annual reporting period beginning 1 January 2026:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7).
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7).

The following standards and amendments are effective for the annual reporting period beginning 1 January 2027:

- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

The Group is currently assessing the effect of these new accounting standards and amendments.

IFRS 18 Presentation and Disclosure in Financial Statements

This standard, issued by the IASB in April 2024, supersedes IAS 1 and results in major consequential amendments to IFRS Accounting Standards, including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates, and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements of the Group, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorization and sub-totals in the statement of profit or loss, aggregation/disaggregation and labeling of information, and disclosure of management-defined performance measures.

IFRS 19 Subsidiaries without Public Accountability: Disclosures. Subsidiaries of the Group are subject to consolidated financial statements at the group level, thus, these are exempt from applying the full disclosure requirements of IFRS 19.

(b) Reclassification of prior year balances

In 2023 several effects were observed while introducing IFRS accounting standards first-time adoption:

1. The cost allocation principles among the profit and loss account items "Cost of sales", "Administrative expenses", and "Research and development expenses" were changed. A portion of the Cost of Goods Sold associated with Research and Development activities was reclassified to more accurately represent the nature of these expenses. The reclassification adjustments were made to the comparative figures of 2023, which did not affect the year's profit or equity.

2. Additionally, prior to the IFRS adjustment, the cost of sales included goodwill amortization. Subsequent to this adjustment, this amortization is reversed, and instead, the amortization of the customer portfolio is recognized under administrative expenses. Further details are provided in Note 9 – Intangible Assets.
3. As part of operating income, the results reflect income (gain) attributable to the acquisition of the Mapon Estonia customer portfolio.

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

	2023 (before adjustment)	Reclassification	Effect from IFRS Accounting standards first-time adoption	2023 (after adjustment)
	(EUR)	(EUR)	(EUR)	(EUR)
Cost of sales	(10 251 164)	1 854 770	248 650	(8 147 744)
Gross profit	7 109 970	1 854 770	248 650	9 213 390
Administrative expenses	(2 303 084)	(36 461)	(365 662)	(2 705 207)
Research and development	-	(1 818 309)	-	(1 818 309)
Other operating income	46 773	-	226 516	273 289
Profit before corporate income tax	1 502 172	-	109 504	1 611 676
Net profit	1 344 371	-	109 504	1 453 875

(c) Information on the Group

Information about the Group is presented in a separate section of this annual report on pages 3 to 5.

(d) Basis of preparation

The Consolidated financial statements of Mapon AS (Group) have been prepared in accordance with IFRS Accounting standards (IFRS) as adopted by the European Union (EU). Group prepares its separate financial statements separately. Due to the European Union's endorsement procedure, the standards and interpretations not yet approved for use in the European Union are also presented in this note as they may have an impact on the consolidated financial statements in the following periods if endorsed.

The consolidated financial statements are prepared on a historical cost basis.

The monetary unit used in the consolidated financial statements is the euro (EUR). The consolidated financial statements cover the period 1 January 2024 through 31 December 2024.

The preparation of consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies and income and expense for the reporting period.

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December 2024. 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 through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee

- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

(e) Transition to IFRS

These consolidated financial statements, for the year ended 31 December 2024, are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2023, the Group prepared its consolidated financial statements in accordance with Latvian generally accepted accounting principles (Latvian GAAP). Accordingly, the Group has prepared consolidated financial statements that comply with IFRS applicable as at 31 December 2024, together with the comparative period data for the year ended 31 December 2023, as described in the summary of significant accounting policies. In preparing the consolidated financial statements, the Group's opening statement of financial position was prepared as at 1 January 2023, the Group's date of transition to IFRS.

This note explains the principal adjustments made by the Group in restating its Local GAAP consolidated financial statements, including the statement of financial position as at 1 January 2023 and the consolidated financial statements for the year ended 31 December 2023.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The Group has applied the following exemptions:

- IFRS 16. The Group has elected not to apply IFRS 16 to leases that have a lease term of 12 months or less, in accordance with the short-term lease exemption. As such, none of the Group's lease agreements meet the criteria for recognition under IFRS 16.

IFRS 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under IFRS, or acquisitions of interests in associates and joint ventures that occurred before 1 January 2018. Use of this exemption means that the Local GAAP carrying amounts of assets and liabilities, that are required to be recognized under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognize or exclude any previously recognized amounts as a result of IFRS recognition requirements.

IFRS 1 also requires that the Local GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS. No goodwill impairment was deemed necessary at 1 January 2024.

Estimates

The estimates at 1 January 2023 and at 31 December, 2023 are consistent with those made for the same dates in accordance with Local GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Local GAAP did not require estimation:

- Any other estimate identified

The estimates used by the Group to present these amounts in accordance with IFRS reflect conditions at 1 January 2023, the date of transition to IFRS and as at 31 December 2023.

Consolidated statement of financial position as at 1 January 2023 (date of transition to IFRS)

	Notes	Local GAAP	Remeasurements	IFRS as at 1 January 2023
Assets				
Non-current assets				
Intangible assets				
Licenses and similar rights		982 994	-	982 994
Customer portfolio		-	1 712 000	1 712 000
Goodwill		1 436 291	(1 436 291)	-
Total intangible assets:		2 419 285	275 709	2 694 994
Total fixed assets:		722 285	-	722 285
Other non-current financial assets		5 250	-	5 250
Total long-term investments:		3 146 820	275 709	3 422 529
Total current assets:		3 576 376	-	3 576 376
Total assets		6 723 196	275 709	6 998 905
Equity and liabilities				
Equity				
Issued capital		224 674	-	224 674
Share premium		1 044 924	641 169	1 686 093
Share options		-	3 119	3 119
Retained earnings		3 063 294	(368 579)	2 694 715
Total equity		4 332 892	275 709	4 608 601
Total long-term creditors:		297 513	-	297 513
Total short-term creditors:		2 092 791	-	2 092 791
Total equity and liabilities		6 723 196	275 709	6 998 905

Consolidated statement of financial position as at 31 December 2023

	Notes	Local GAAP	Remeasurements	IFRS as at 31 December 2023
Assets				
Non-current assets				
Intangible assets:				
Licenses and similar rights		1 104 398	-	1 104 398
Customer portfolio		-	2 428 000	2 428 000
Goodwill		1 982 125	(1 982 125)	-
Advances for intangible assets		39 040	-	39 040
Total intangible assets		3 125 563	445 875	3 571 438
Total fixed assets:		1 075 399	-	1 075 399
Total long-term investments:		4 200 962	445 875	4 646 837
Total current assets:		5 174 618	-	5 174 618
Total assets		9 375 580	445 875	9 821 455

Equity and liabilities**Equity**

Issued capital	230 924	-	230 924
Share premium	1 888 674	641 169	2 529 843
Share options	-	63 781	63 781
Retained earnings	4 407 291	(259 075)	4 148 216
Total equity	6 526 889	445 875	6 972 764
Total long-term creditors:	402 977	-	402 977
Total short-term creditors:	2 445 714	-	2 445 714
Total equity and liabilities	9 375 580	445 875	9 821 455

The adjustment in share options represents the employee benefit recognized in connection with the employee share option plan.

The amortization expense related to the customer portfolio was recognized as an adjustment to prior years' retained earnings.

Consolidated statement of profit and loss and other comprehensive income for the year ended 31 December 2023

	Notes	Local GAAP	Reclas- sification	Remeasu- rements	IFRS for the year ended 31 December 2023
Revenue from contracts with customers		17 361 134	-	-	17 361 134
Cost of sales		(10 251 164)	1 854 770	248 650	(8 147 744)
Gross profit		7 109 970	1 854 770	248 650	9 213 390
Selling expenses		(3 232 304)	-	-	(3 232 304)
Administrative expense		(2 303 084)	(36 461)	(365 662)	(2 705 207)
Research expense		-	(1 818 309)	-	(1 818 309)
Other operating income		46 773	-	226 516	273 289
Other operating expense		(108 819)	-	-	(108 819)
Finance income		10 634	-	-	10 634
Finance expense		(20 998)	-	-	(20 998)
Profit before tax		1 502 172	-	109 504 -	1 611 676
Income tax expense		(157 801)	-	-	(157 801)
Profit for the year		1 344 371	-	109 504 -	1 453 875
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	-	-

(f) Business combinations and goodwill

The Group accounts for business combinations using the acquisition method, where control over the acquiree is transferred to the Group. The consideration transferred in the acquisition is generally recognized at fair value as of the acquisition date, with identifiable net assets being recognized at their fair value.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognized and measured at their respective fair values, except for deferred tax assets or liabilities, and employee benefit arrangements, which are measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively. The classification and designation of identifiable assets and liabilities is assessed based on contractual terms, economic conditions, and the acquiree's operating or accounting policies at the acquisition date.

Contingent consideration, if any, is recognized at fair value at the acquisition date and classified as either an asset, liability, or equity in accordance with IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement (or IFRS 9, where applicable). Subsequent changes in the fair value of contingent consideration classified as an asset or liability are recognized in profit or loss.

In cases where the acquisition costs exceed the fair value of the net assets acquired, the difference is recognized as goodwill. Goodwill is allocated to cash-generating units ("CGUs") or groups of CGUs that are expected to benefit from the synergies arising from the acquisition.

Goodwill is tested for impairment annually or whenever there are indicators of impairment in accordance with IAS 36 Impairment of Assets.

Where goodwill has been allocated to a CGU and a part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal, measured based on the relative values of the disposed and retained portions of the CGU.

If the reassessment of identifiable assets and liabilities results in an adjustment that reduces the previously recognized goodwill, the adjustment is made within the measurement period in accordance with IFRS 3.

Costs directly attributable to the acquisition of a business are expensed as incurred, except where they relate to the issuance of debt or equity securities.

(g) Foreign currency translation

The functional and presentation currency of the Group is the euro (EUR). Transactions in foreign currencies are translated into the euro at the official exchange rate established by the European Central Bank at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the euro applying the official exchange rate established by the European Central Bank at the last day of the reporting year. The differences arising on settlements of transactions or on reporting foreign currency transactions at rates different from those at which these transactions have originally been recorded are netted in the statement of profit or loss.

(h) Functional and presentation currency - The consolidated financial statements are presented in euro(EUR), unless stated otherwise. EUR is chosen as presentation currency since most of the Group's operational activities are based in European Union.

(i) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group's Management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

At each reporting date, the Group's Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group's Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. For more information please refer to Note 29.

(j) Revenue from contracts with customers

The Group offers a comprehensive end-to-end telemetry solution from widely compatible tracking devices to multiple state of the art management platforms that give actionable outputs and tools for business optimization. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue from subscription-based contracts is recognized over the subscription period, reflecting the continuous transfer of control of the service to the customer. The Group has concluded that it is the principal in its revenue arrangements, except for the procurement services below, because it typically controls the goods or services before transferring them to the customer.

Revenue from sale of equipment is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment at the customer's location. The normal credit term is 15 to 60 days upon delivery. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, existence of a significant financing component, noncash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Warranty obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for as warranty provisions. Refer to the accounting policy on warranty provisions in section w) Provisions.

The Group also provides a warranty beyond fixing defects that existed at the time of sale. These service-type warranties are sold either separately or bundled together with the sale of equipment. Contracts for bundled sales of equipment and service-type warranties comprise two performance obligations because the equipment and service-type warranties are both sold on a stand-alone basis and are distinct within the context of the contract. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognized as a contract liability. Revenue for service-type warranties is recognized over the period in which the service is provided based on the time elapsed.

Installation services

The Group provides installation services that are either sold separately or bundled together with the sale of equipment to a customer. The installation services do not significantly customize or modify the equipment. Contracts for bundled sales of equipment and installation services are comprised of two performance obligations because the equipment and installation services are both sold on a stand-alone basis and are distinct within the context of the contract. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the equipment and installation services.

The Group recognizes revenue from installation services over time because the customer simultaneously receives and consumes the benefits provided to them. The Group uses an input method in measuring progress of the installation services because there is a direct relationship between the Group's effort (i.e.,

based on the labor hours incurred) and the transfer of service to the customer. The Group recognizes revenue on the basis of the labor hours expended relative to the total expected labor hours to complete the service.

(k) Contract balances

Contract assets

A contract asset is initially recognized for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognized as contract assets is reclassified to trade receivables.

Trade receivables

A receivable is recognized if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section p) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

(l) Cost to obtain a contract

The Group pays sales commissions to its employees for each contract that they obtain for bundled sales of equipment and installation services. The Group applies the optional practical expedient to immediately expense costs to obtain a contract if the amortization period of the asset that would have been recognized is one year or less. As such, sales commissions are immediately recognized as an expense and included as part of employee benefits.

(m) Fair Value Measurement

The Group measures certain assets and liabilities at fair value for recognition or disclosure purposes. Recurring fair value measurement is primarily used for financial instruments (see Note 20 Share options). Non-recurring fair value measurement is applied for specific transactions, such as business combinations (see Note 12 - Business Combinations).

(n) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

	% per annum
Customer portfolio	10
Software	20-33

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to

determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

(o) Property, plant and equipment

Property, plant and equipment are recognized if

- it is probable that future economic benefits associated with the item will flow to the entity;
- the cost of the item can be measured reliably.

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. If there is a forest stand on a land plot acquired, the land plot is carried at its cadastral value, while the balance of the purchase price is recognized as the acquisition cost of biological assets (the forest stand). Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

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

Depreciation is calculated when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management or it is engaged in commercial activity. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. To the extent that the Group depreciates separately some parts of property, plant and equipment, it also depreciates separately the remainder of the item. The remainder consists of the parts that are individually insignificant. The depreciation for the remainder is determined using approximation techniques to faithfully represent its useful life.

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 or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the higher of an asset's fair value less costs to sell 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 cost of sales 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 the 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.

(p) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

GROUP AS A LESSEE

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Motor vehicles and other equipment 3 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings (see Note 21).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

GROUP AS A LESSOR

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

(q) Financial instruments – initial recognition, subsequent measurement and derecognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(r) Financial liabilities*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 21.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

(s) Inventories

Inventories are valued at the lower of cost and net realizable value. All inventories are measured on a first-in, first-out (FIFO) basis.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. When the net realizable value of inventories is lower than their cost, allowances are established to write down the value of the inventories to their net realizable value.

(t) Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Use of estimates and critical accounting judgments Note (cc)
- Fixed assets Note 11
- Intangible assets Note 9
- Impairment Test of Mapon Note 10

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(u) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

(v) Short-term investments in securities

Investments in securities represent investments in deposits with an original maturity of more than 90 days. Investments in actively traded securities are measured at their fair value. Investments in deposits are recognized by adding accumulated interest to be received.

(w) 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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(x) Income taxes

Legal entities have not been required to pay income tax on earned profits starting from 1 January 2018 in accordance with amendments made to the Corporate Income Tax Law of the Republic of Latvia. Corporate income tax is paid on distributed profits and deemed profit distributions. Consequently, current and deferred tax assets and liabilities are measured at the tax rate applicable to undistributed profits. Starting from 1 January 2018, both distributed profits and deemed profit distributions have been subject to the tax rate of 20 per cent of their gross amount, or 20/80 of net expense. Corporate income tax on dividends is recognized in the consolidated statement of profit or loss as expense in the reporting period when respective dividends are declared, while, as regards other deemed profit items, at the time when expense is incurred in the reporting year.

No provision is recognized for income tax payable on a dividend distribution before dividends are declared but information on the contingent liability is disclosed in the notes to the consolidated financial statements.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date in the countries where the Group operates and generates taxable income. The corporate income tax rates in countries where Group operates are as follows:

Country	Corporate income tax rate
Latvia	25%
Spain	25%
Lithuania	15%
Estonia	20%
Denmark	22%
Finland	20%

(y) Related parties

The parties are considered related when one party has a possibility to control the other one or has significant influence over the other party in making financial and operating decisions. Related parties of the Group are shareholders who could control or who have significant influence over the Group in accepting operating business decisions, key management personnel of the Group including members of Supervisory body – close family members of any above-mentioned persons, as well as entities over which those persons have a control or significant influence.

The Group has defined that a person or a close member of that person's family is related to a reporting entity if that person:

- has control or joint control of the reporting entity
- has control or joint control of the reporting entity;
- is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

- 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);
- 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);
- Both entities are joint ventures of the same third party;
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- 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;
- The entity is controlled or jointly controlled by a person identified that 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);
- 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.

All related party transactions were conducted on an arm's length basis, consistent with the Group's transfer pricing policy and in accordance with the OECD Transfer Pricing Guidelines.I.

(z) Contingencies

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

(aa) Subsequent events

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

(bb) Going concern

The consolidated financial statements have been prepared on a going concern basis. Management has assessed the Group's ability to continue as a going concern for a period of at least twelve months from the reporting date.

This assessment included consideration of expected profitability, debt repayment obligations, bond covenant compliance, liquidity reserves, and access to financing. Based on this assessment, management believes the Group has adequate resources to continue operating for the foreseeable future and no material uncertainties have been identified that cast significant doubt on the Group's ability to continue as a going concern.

Accordingly, the consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be necessary if the Group were unable to continue as a going concern.

(cc) Use of estimates and critical accounting judgments

The preparation of consolidated 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 consolidated financial statements, when determinable. The resulting accounting estimates may differ from the actual results. The estimates and assumptions 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:

Estimates concerning property, plant and equipment

Useful lives of property, plant and equipment

The Group makes estimates concerning the useful lives and residual values of property, plant and equipment. These estimates are reviewed at the end of each reporting period and are based on the past experience and industry practice. Previous experience has shown that the actual useful lives have sometimes been longer than the estimates.

Recoverable amount of property, plant and equipment

When the events and circumstances indicate a potential impairment, the Group performs impairment tests for items of property, plant and equipment.

According to these tests, assets are written down to their recoverable amounts, if necessary. For the purposes of impairment testing, the management uses various estimates for the cash flows arising from the use, sale, maintenance and repairs of the assets, as well as in respect of the inflation and interest rate growth.

Capitalization of development costs

The Group capitalizes a portion of employee salaries and related personnel expenses that are directly attributable to the development of internally developed software. Only costs that are directly attributable to bringing the asset to its intended use or development stage are eligible for capitalization. General and administrative overheads, training costs, and inefficiencies are not capitalized. Subsequent to initial recognition, the capitalized salary costs are amortized or depreciated over the useful life of the related asset, consistent with the Group's accounting policies for intangible assets.

Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 29.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognized by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 10.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affect its ability to exercise or

not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (i.e., three to five years). The Group typically exercises its option to renew these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Refer to Note 29 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Recognition and measurement of 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. Where the Group expects some or all of provisions to be reimbursed (for example, annual production bonuses), the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Customer Portfolio Amortization

For most B2B SaaS businesses it is estimated that Net Dollar Churn Rate equals to ca. 10%. Therefore, it is logical to assume that for a selected B2B SaaS business customers revenues should largely run-off in 10 years. This assumption explains the 10% depreciation per annum for Customer portfolio. The Group monitors its churn rate and in case the corresponding figure will be larger, the depreciation assumptions might be changed.

(dd) Impairment Testing of Goodwill

Goodwill arose from the acquisition of Trackon Fleet Management UAB (subsequently renamed Mapon Lithuania UAB) in 2024. Impairment testing of goodwill is conducted at the operating segment level, reflecting the entire Group's operations. As such, the impairment test is carried out for a group of Cash-Generating Units (CGUs). The integration process for the acquired companies is still ongoing, involving the transfer of customer contracts between entities and the use of various brands across different markets. This process may influence the future structure of the Group's CGUs

	2024	2023
	EUR	EUR
Mapon Lithuania UAB	152 899	-
Total goodwill	152 899	-

Notes (continued)

(1) Revenue from contracts with customers

	2024	2023
	EUR	EUR
Sales and maintenance of navigation systems	19 729 358	17 361 134

Revenue from contracts with customers by geographic markets

Latvia	3 870 120	3 739 746
EU, excluding Latvia	11 727 826	11 310 763
Other countries	4 131 412	2 310 625
	19 729 358	17 361 134

(2) Cost of sales

	2024	2023
	EUR	EUR
Material costs	2 770 864	2 616 856
Salary expenses	1 782 431	1 736 265
Communication and server rent	1 070 566	1 013 086
Fixed asset depreciation	848 183	827 558
Work and services purchased	472 999	452 531
Social insurance and business risk duty	393 600	383 729
Rent and maintenance expenses	167 686	391 999
Vehicle upkeep expenses	106 199	148 145
Software subscription expenses	99 940	195 825
Other expenses	62 601	91 739
Business trip expenses	55 558	73 663
Accrued expenses for unused annual leaves	52 892	29 112
Insurance expenses	23 468	30 371
Material delivery expenses	17 081	23 670
IT expenses	14 514	110 853
Provisions for equipment guarantees and repairs	10 083	10 980
Royalty fees	300	11 362
	7 948 965	8 147 744

Notes (continued)**(3) Selling expenses**

	2024	2023
	EUR	EUR
Salary expenses	2 534 449	2 196 685
Social insurance payments	456 272	293 146
Marketing expenses	242 100	108 840
Vehicle maintenance costs	181 251	179 798
Advertisement expenses	133 315	151 172
Rent and maintenance expenses	130 145	76 032
Other selling expenses	127 997	335
Business trip expenses	117 142	115 131
Accrued expenses for unused annual leaves	92 707	-
Revenue share of partners (distributors)	42 112	61 480
Fixed asset depreciation	29 691	27 584
Software subscription expenses	24 971	22 101
	4 112 152	3 232 304

(4) Administrative expenses

	2024	2023
	EUR	EUR
Salary expenses	1 633 774	1 387 136
Capitalized salary expenses including social insurance	(398 963)	(477 177)
Share option reserves	823 853	60 662
Fixed asset depreciation	397 666	325 688
Professional fees	355 334	317 363
Social insurance payments	323 058	268 215
Other administrative costs	228 056	110 260
Sustainability costs	200 148	179 503
Rent and maintenance expenses	123 824	76 769
Cash turnover side expenses	111 733	67 720
Employee insurance, training and selection	108 934	115 749
Office expenses	100 245	54 502
Software subscription expenses	74 207	16 576
Communication and postal service expenses	72 804	111 141
ISO implementation	61 412	46 362
Accrued expenses for unused annual leaves	57 325	6 444
Representation costs	27 635	38 126
Transportation costs	17 587	168
	4 318 632	2 705 207

Notes (continued)

(5) Research and development expenses

	2024	2023
	EUR	(Reclassified) EUR
Salary expenses	1 953 808	1 471 111
Social insurance payments	536 050	347 198
Accrued expenses for unused annual leaves	17 550	-
Fixed asset depreciation	67 343	-
Rent and maintenance expenses	180 293	-
Professional fees	2 620	-
Employee insurance, training and selection	82 180	-
Transportation costs	686	-
Communication and postal service expenses	35 514	-
Software subscription expenses	95 571	-
Other costs	7 847	-
	2 979 462	1 818 309

A portion of the Cost of Goods Sold associated with Research and Development activities was accounted in the Consolidated Statement of Comprehensive Income to more accurately represent the nature of these expenses. These costs are associated with new products development, the outcome of which is expected in upcoming years, when the development will be finalized.

(6) Other operating income

	2024	2023
	EUR	EUR
Net profit on disposal of fixed asset	9 704	27 136
Net profit from foreign currency exchange	13 554	-
Other income	29 440	19 637
Gain from acquisition of assets	-	226 516
	52 698	273 289

Notes (continued)

(7) Other operating expenses

	2024	2023
	EUR	EUR
Change in allowances for expected credit losses	38 296	27 499
Write-offs for doubtful receivables	276 775	27 406
Provisions for stock	-	17 907
Net loss from currency rate fluctuation	-	5 049
Expenses not related to operating activities	15 722	9 489
Donations	4 319	6 230
Penalties	4 354	343
Other expenses	18 108	14 896
	357 574	108 819

(8) Income tax expense

	2024	2023
	EUR	EUR
CIT Latvia	3 247	2 960
CIT Spain	30 140	55 384
CIT Lithuania	1 938	-
CIT Finland	-	95 828
CIT Estonia	1	3 629
	35 326	157 801

Deferred tax asset from accumulated tax losses is not recognized based on prudence principle. The unrecognized deferred tax asset as at 31.12.2024 is 323 550 EUR (31.12.2023 134 405 EUR).

Notes (continued)

(9) Intangible assets

	Licenses and similar rights	Customer portfolio*	Goodwill	Intangible assets under develop- ment	Advance payments	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Cost						
01.01.2023	1 370 444	2 279 000	-	-	-	3 649 444
Additions	-	1 021 000	-	-	39 040	1 060 040
Capitalized salaries	477 177	-	-	-	-	477 177
Disposals	(117 064)	-	-	-	-	(117 064)
31.12.2023.	1 730 557	3 300 000	-	-	39 040	5 069 597
Additions	180 261	488 000	152 899	398 963	(35 671)	1 184 452
Disposals	(178 634)	-	-	-	-	(178 634)
31.12.2024.	1 732 184	3 788 000	152 899	398 963	3 369	6 075 415
Amortization						
01.01.2023.	387 450	567 000	-	-	-	954 450
Charge for year	355 773	305 000	-	-	-	660 773
Disposals	(117 064)	-	-	-	-	(117 064)
31.12.2023.	626 159	872 000	-	-	-	1 498 159
Charge for year	428 657	358 000	-	-	-	786 657
Disposals	(157 400)	-	-	-	-	(157 400)
31.12.2024.	897 416	1 230 000	-	-	-	2 127 416
Net book value						
01.01.2023	982 994	1 712 000	-	-	-	2 694 994
31.12.2023.	1 104 398	2 428 000	-	-	39 040	3 571 438
31.12.2024.	834 768	2 558 000	152 899	398 963	3 369	3 947 999

Licenses and similar rights mainly consist of internally generated software and its costs mainly are capitalized employee costs. Goodwill additions amounting to EUR 152,899 during the period resulted from the acquisition of the subsidiary Mapon Lithuania UAB in May 2024. There are no deferred payments or unsettled price.

* for further details refer to Note 12 Business combinations

Notes (continued)**(10) Impairment Test of Mapon**

Goodwill is monitored by management at the operating segment level, with the entire group being treated as a single operating segment that includes multiple CGUs. Impairment testing is performed using value-in-use calculations, which involve discounting the projected future cash flows of the group of CGUs. After conducting the test, the recoverable amount of the group's CGUs was found to exceed its carrying value. Management has developed cash flow projections based on budgetary plans and strategic forecasts for the period from 2025 to 2029. For the years beyond this explicit forecast period, the cash flows are projected using a constant growth rate.

The main assumptions used in the value-in-use estimation are as follows:

	2024	2023
	%	%
Weighted Average Cost of Capital	15.0 %	-
Average EBITDA growth rate	26.8 %	-
Terminal Value growth rate	2.0 %	-

The assumptions used in the value-in-use calculation are derived from management's outlook on future industry trends, supported by both internal data and historical experience.

EBITDA: The value-in-use calculation relies on management's projections for expected revenue growth, and EBITDA margins. These projections reflect management's expectations for market and industry developments.

Cash Flow Projections: Cash flow projections cover the next five years and incorporate a terminal growth rate. The terminal growth rate is based on the market's long-term inflation expectations, assumed to be 2%.

Discount Rate: The discount rate applied is post-tax and incorporates specific risks associated with the group of CGUs. It is calculated using the weighted average cost of capital (WACC). The risk-free rate is derived from the 10-year government bond yield in Latvia.

CAPEX: Capital expenditures (CAPEX) are estimated under the assumption that the group's CAPEX will require 1,973 million EUR on average annually.

Goodwill impairment testing is carried out on an annual basis or when there are signs of potential impairment. In 2023 there was no goodwill, thus no impairment test conducted.

In 2024 no impairment loss was recorded, as the recoverable amounts were higher than the carrying amounts, according to the value-in-use analysis.

The group has conducted sensitivity analyses to assess any possible changes in key assumptions that could lead to the carrying amount of goodwill surpassing its recoverable amount.

The following adjustments to key assumptions would cause the value-in-use to match the carrying amount of goodwill, assuming all other factors remain constant:

	2024	2023
	%	%
Decline in average EBITDA growth rate (from 26,8% EBITDA growth to 0,5% growth as a break-even point)	-26.3 %	-
Increase in discount rate post-tax (from 15% WACC to 1000% WACC as a break-even point)	985 %	-
Decline in terminal value growth rate can not make goodwill recoverable amount smaller compared to recognized goodwill	-	-

Notes (continued)

(11) Fixed assets

	Leasehold improvements EUR	Other fixed assets and inventory EUR	Advance payments EUR	Total EUR
Cost				
01.01.2023	801	1 273 482	8 128	1 282 411
Additions	-	884 681	6 750	891 431
Acquired by acquisition of subsidiary	-	24 792	-	24 792
Foreign currency exchange difference	-	(190)	-	(190)
Disposals	-	(376 277)	-	(376 277)
31.12.2023.	801	1 806 488	14 878	1 822 167
Additions	-	751 097	(14 878)	736 219
Acquired by acquisition of subsidiary	-	3 600	-	3 600
Disposals	-	(456 629)	-	(456 629)
31.12.2024.	801	2 104 556	-	2 105 357
Amortization				
01.01.2023	267	559 859	-	560 126
Charge for year	200	520 743	-	520 943
Acquired by acquisition of subsidiary		4 847	-	4 847
Disposals	-	(339 148)	-	(339 148)
31.12.2023.	467	746 301	-	746 768
Charge for year	201	556 024	-	556 225
Disposals	-	(364 276)	-	(364 276)
31.12.2024.	668	938 049	-	938 717
Net book value at				
01.01.2023	534	713 623	8 128	722 285
31.12.2023.	334	1 060 187	14 878	1 075 399
31.12.2024.	133	1 166 507	-	1 166 640

As at 31 December 2024 the residual value of fixed assets acquired under finance leases is EUR 236 005 (as at 31 December 2023: EUR 324 010). Ownership of these fixed assets will be transferred to the Group only after all leasing obligations have been fulfilled.

Notes (continued)

(12) Business combinations

Measurement of fair value

The multi-period excess earnings method (MPEEM) was used to measure the fair value of material assets acquired to establish customer portfolio value. This approach is commonly applied in purchase price allocations and intangible asset valuations, particularly when customer relationships are a primary asset. The MPEEM considers the present value of net cash flows expected to be generated by the customer portfolio, excluding any cash flows related to contributory assets.

Mapon Lithuania UAB (Previously Trackon Fleet Management UAB)

On May 30, 2024, the Group completed the acquisition of 100% of the shares in Trackon UAB's fleet management business, Trackon Fleet Management UAB (Lithuania). The shares were acquired from a private shareholder, and the purchase price was settled in cash without an earn-out agreement.

The acquired company operates as a white-label distributor for a third-party fleet management software in Lithuania and internationally. Trackon Fleet Management UAB was formed on May 14, 2024, as a result of Trackon UAB's demerger process. The company has two employees engaged in sales activities and one employee covering existing customer service responsibilities.

The amounts recognized at the acquisition date in respect of identifiable assets acquired and liabilities assumed are detailed in the table below:

Description	Amounts in EUR
Cash consideration	663 049
Total purchase consideration	663 049
Customer portfolio value	488 000
Other long term assets	3 600
Inventory	728
Trade and other receivables	35 368
Cash and cash equivalents	1 000
Trade payables and other current liabilities	(18 546)
Total net identifiable assets acquired at fair value	510 150
Consideration	663 049
Goodwill / (Bargain Purchase Gain)	152 899

Notes (continued)**(12) Business combinations (continued)****CarCops OU**

On June 28, 2023, the Group completed the acquisition of 100% of the shares in CarCops OU. The shares were acquired from a private shareholder, and the purchase price was settled in cash without an earn-out agreement. CarCops OU was merged with Mapon Estonia OU during 2024 (subsidiary, which was established in 2028 by the Parent Company).

The acquired company operates as a white-label distributor for a third-party fleet management software in Estonia. The company has around 10 employees engaged in sales activities, installations of equipment and covering existing customer service responsibilities.

The amounts recognized at the acquisition date in respect of identifiable assets acquired and liabilities assumed are detailed in the table below:

Description	Amounts in EUR
Cash consideration	840 000
Total purchase consideration	840 000
Customer portfolio value	1 021 000
Other long term assets	20 000
Trade and other receivables	59 000
Cash and cash equivalents	226 000
Tax payable	(22 000)
Trade payables and other current liabilities	(203 000)
Total net identifiable assets acquired at fair value	1 101 000
Consideration	840 000
Goodwill / (Bargain Purchase Gain)*	(261 000)

*Bargain Purchase Gain recognized in Consolidated statement of profit and loss and other comprehensive income in position Other operating income in the respective year of acquisition.

Notes (continued)

(12) Business combinations (continued)

Mapon Denmark ApS (Previously Danfleet ApS)

On September 9, 2022, the Group completed the acquisition of 100% of the shares in Danfleet ApS's. The shares were acquired from two private shareholders, and the purchase price was settled in cash with an earn-out agreement.

The acquired company operates as a white-label distributor for a third-party fleet management software in Denmark. The company has four employees engaged in sales activities, installations of equipment and covering existing customer service responsibilities.

The amounts recognized at the acquisition date in respect of identifiable assets acquired and liabilities assumed are detailed in the table below:

Description	Amounts in EUR
Cash consideration	296 000
Earn-out (estimated)	225 000
Total purchase consideration	521 000
Customer portfolio value	940 000
Other long term assets	62 000
Inventory	16 000
Trade and other receivables	54 000
Tax payable	(73 000)
Trade payables and other current liabilities	(282 000)
Total net identifiable assets acquired at fair value	719 000
Consideration	521 000
Goodwill / (Bargain Purchase Gain)*	(197 000)

*Bargain Purchase Gain recognized in Consolidated statement of financial position in position Retained earnings, as the transaction took place before IFRS transition.

Notes (continued)

(12) Business combinations (continued)

Mapon Finland Oy

On December 27, 2018, the Group completed the acquisition of 100% of the shares in Mapon Finland Oy. The shares were acquired from two private shareholders, and the purchase price was settled in cash without an earn-out agreement.

The acquired company operates as a white-label distributor for a third-party fleet management software in Finland. The company has around 10 employees engaged in sales activities, installations of equipment and covering existing customer service responsibilities.

The amounts recognized at the acquisition date in respect of identifiable assets acquired and liabilities assumed are detailed in the table below:

Description	Amounts in EUR
Debt Conversion	142 000
Cash consideration	1 061 000
Total purchase consideration	1 203 000
Customer portfolio value	1 339 000
Other long term assets	246 000
Inventory	157 000
Trade and other receivables	118 000
Cash and cash equivalents	61 000
Tax payable	(87 000)
Trade payables and other current liabilities	(429 000)
Total net identifiable assets acquired at fair value	1 406 000
Consideration	1 203 000
Goodwill / (Bargain Purchase Gain)*	(203 000)

*Bargain Purchase Gain recognized in Consolidated statement of financial position in position Retained earnings, as the transaction took place before IFRS transition.

Notes (continued)

(13) Trade receivables

	31.12.2024	31.12.2023	01.01.2023
	EUR	EUR	EUR
Trade receivables gross	2 474 002	2 247 048	1 430 769
Trade receivables gross from Other related companies	32 893	42 759	25 130
Allowances for expected credit losses	(103 731)	(65 435)	(37 936)
	2 403 164	2 224 372	1 417 963

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2024	2023
	EUR	EUR
As at 1 January	65 435	37 936
Allowances for expected credit losses	83 552	43 913
Write-off	(45 256)	(16 414)
Foreign exchange movement	-	-
As at 31 December	103 731	65 435
TOTAL:	103 731	65 435

(14) Other receivables

	31.12.2024	31.12.2023	01.01.2023
	EUR	EUR	EUR
Security deposit paid	50 340	39 525	29 065
Other debtors	3 500	23 631	24 234
	53 840	63 156	53 299

(15) Accrued income

Accrued income of 33 494 EUR (31.12.2023.: 184 045 EUR; 01.01.2023.: 171 767 EUR) represent services rendered during the reporting year for which invoices are issued after the end of the reporting year.

(16) Deferred expenses

	31.12.2024	31.12.2023	01.01.2023
	EUR	EUR	EUR
Contract commission	109 973	-	-
Insurance expenses	15 668	8 804	8 794
Other deferred expenses	88 543	52 713	58 091
	214 184	61 517	66 885

Notes (continued)

(17) Own shares

	31.12.2024	31.12.2023	01.01.2023
	EUR	EUR	EUR
The right for employees to receive shares free of charge	6 380	10 000	10 000

As of the date of signing of the report the total volume of granted, but unexercised share rights is 16 616 shares, of which 6 380 are registered in the commercial register and 10 236 are not registered.

(18) Cash and cash equivalents

	31.12.2024	31.12.2023	01.01.2023
	EUR	EUR	EUR
Cash and cash equivalents	5 492 994	1 828 671	688 629

(19) Share capital

As at 01 January 2023 the subscribed and fully paid share capital of the Parent Company is 224 674 EUR that consists of 224 674 ordinary shares with a nominal value of 1 EUR per share.

During the 2023 the Parent 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 share 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 Parent Company is 230924 EUR that consists of 230 924 ordinary shares with a nominal value of 1 EUR per share.

The share capital includes the Parent Company's own shares amounting to EUR 6 380 for the possible allocation of shares to employees (see Note 20).

(20) Share options

Since 2021, the Parent Company has implemented a share options programme for its management as an additional motivation and involvement tool. During 2024 11 936 share options were issued. As a result, share option programme holders received 15 300 Parent Company shares. Management stock option scheme is an equity settled scheme that includes both a service and performance conditions.

The assessed fair value of options granted during the year ended 31 December 2024 was in the range of EUR 126.35 to EUR 126.60 per option, as outlined in the table below. Due to the zero strike price associated with the options, it is not possible to independently determine the fair value at grant date using the Black-Scholes model. In this case, the fair value is based on the forward price, which represents the expected future value of unconditionally receiving the shares. Given that the strike price is zero, volatility is not relevant for this calculation.

The forward price was calculated using the cost-of-carry model, which considers the current spot price of the underlying asset, the risk-free interest rate, and the time to maturity. This model provides an appropriate measure for the expected value of the shares at the time of exercise, accounting for the lack of a traditional strike price.

Notes (continued)**(20) Share options (continued)**

The share options granted during the year are part of an equity-settled employee stock option scheme, which is subject both to a service and performance conditions. The Management is granted shares of the company free of charge after completing vesting period and meeting performance conditions. There are no further restrictions on the utilisation of shares.

Key Inputs for options granted during the year ended 31 December 2024 included:

- Exercise price: EUR 125.79
- Grant date: Multiple grant dates
- Exercise period start date: 12 months following the respective grant date
- Expiry date: Management has estimated that all share options will be exercised by 31 December 2029. Any options not exercised by this date will expire.
- Share price at grant date: The share price on the respective grant date determined using a Comparable Stock listed companies multiples model
- Expected volatility of the Company's shares: Not applicable (due to zero strike price)
- Risk-free interest rate: Based on the German 5-year bond yield at the respective grant date

	Grant date	Date	15.08.2024	08.10.2024	14.10.2024	04.12.2024
Exercise price	EUR				0	
Expected price volatility of the company's shares	%				not applicable	
Exercise period first date	Date		15.08.2025	08.10.2025	14.10.2025	04.12.2025
Expiry date	Date		31.12.2029	31.12.2029	31.12.2029	31.12.2029
Share price at grant date	EUR		125,79	125,79	125,79	125,79
Risk free interest rate	%		2,19%	2,11%	2,14%	1,91%
Option price per option (forward)	EUR		126,60	126,50	126,52	126,35

The assessed fair value of options granted during the year ended 31 December 2023 was in the range of EUR 103.47 to EUR 103.60 per option, as outlined in the table below.

Key Inputs for options granted during the year ended 31 December 2023 included:

- Exercise price: EUR 102.22
- Grant date: Multiple grant dates
- Exercise period start date: 12 months following the respective grant date
- Expiry date: Management has estimated that all share options will be exercised by 31 December 2029. Any options not exercised by this date will expire.
- Share price at grant date: The share price on the respective grant date determined using a Comparable Stock listed companies multiples model
- Expected volatility of the Company's shares: Not applicable (due to zero strike price)
- Risk-free interest rate: Based on the German 5-year bond yield at the respective grant date

Notes (continued)

(20) Share options (continued)

Grant date	Date	05.10.2023	09.10.2023
Exercise price	EUR	0	
Expected price volatility of the company's shares	%	not applicable	
Exercise period first date	Date	05.10.2024	09.10.2024
Expiry date	Date	31.12.2029	31.12.2029
Share price at grant date	EUR	102,22	102,22
Risk free interest rate	%	2,77%	2,63%
Option price per option (forward)	EUR	103,60	103,47

	2024		2023	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
As of January 1	102.22	15 680	27.10	12 240
Granted during the year (+)	125.76	17 356	102.22	3 440
Exercised during the year (-)	125.76	(5 300)	-	-
Forfeited during the year (-)	-	(11 120)	-	-
As of 31 December	125.76	16 616	102.22	15 680
Vested and exercisable as of 31 December	-	-	-	-

(21) Interest-bearing loans and borrowings

	31.12.2024	31.12.2023	01.01.2023
	EUR	EUR	EUR
Bonds	3 000 000	-	-
Other borrowings	96 162	191 924	85 857
Loan from SEB	-	-	-
	3 096 162	191 924	85 527

On 8 March 2024 the Parent 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. On February 18, 2025 Mapon listed its corporate bonds on NASDAQ First North stock exchange under Ticker MAPONFLOT27FA.

Related to issued bonds, two commercial pledges were issued in March 2024 pledging 60% of AS Mapon share capital. (Note 31)

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 2025. As at 31 December 2024 credit line has not been used.

The Parent 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.

Notes (continued)**(21) Interest-bearing loans and borrowings (continued)**

	31.12.2024	31.12.2023	01.01.2023
	EUR	EUR	EUR
Finance lease with a repayment term of 2 – 5 years	96 162	191 924	85 527
Total long-term part	96 162	191 924	85 527
Finance lease liabilities	90 930	133 431	44 445
Total short-term part	90 930	133 431	44 445
	187 092	325 355	129 972

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations. Leases of motor vehicles and other equipment generally have lease terms between 4 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Motor vehicles
As at 1 January 2023	134 089
Additions	270 842
Depreciation expense	(69 816)
As at 31 December 2023	335 115
As at 1 January 2024	335 115
Additions	22 490
Disposal	(72 143)
Depreciation on disposal	14 281
Depreciation expense	(52 633)
As at 31 December 2024	247 110

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2024	2023
As at 1 January	325 355	125 934
Additions	20 242	321 264
Accretion of interest	14 872	16 024
Payments	(173 377)	(137 867)
As at 31 December	187 092	325 355
Current	90 930	133 431
Non-current	96 162	191 924

The maturity analysis of lease liabilities are disclosed in Note 29.

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

Notes (continued)

(22) Deferred income

	31.12.2024	31.12.2023	01.01.2023
	EUR	EUR	EUR
Deferred income for subscription services with a term of 2 – 5 years	709 344	178 072	193 977
Total long-term part	709 344	178 072	193 977
Deferred income for subscription services	823 758	300 964	152 248
Total short-term part	823 758	300 964	152 248
	1 533 102	479 036	346 225

For subscription income models, deferred income is recognized for the amount paid in advance for future services, and revenue is recognized over time (typically linearly for services provided over a period).

(23) Taxes and social insurance payments

	31.12.2024	31.12.2023	01.01.2023
	EUR	EUR	EUR
VAT Latvia	27 138	13 174	11 688
VAT Spain	59 965	47 986	42 683
VAT Finland	150 083	156 188	148 214
VAT Estonia	12 531	12 935	4 044
VAT Danmark	86 350	101 978	35 499
VAT Lithuania	6 624	-	-
Social insurance Latvia	149 737	127 548	125 118
Social insurance Spain	17 723	14 114	12 306
Social insurance Lithuania	6 549	12	56
Social insurance Finland	35 152	26 004	25 213
Social insurance Estonia	9 792	11 946	2 951
Social insurance Danmark	10 149	26 560	6 237
PIT Latvia	84 016	69 479	68 222
PIT Spain	28 094	25 385	20 644
PIT Lithuania	5 034	6	53
PIT Finland	-	16 056	23 642
PIT Estonia	5 063	6 156	1 574
PIT Danmark	23 260	-	158
CIT Latvia	2 529	2 647	1 730
CIT Spain	15 711	33 599	-
CIT Lithuania	1 938	-	-
CIT Finland	-	95 828	22 243
NRT Latvia	-	240	-
	737 438	787 841	552 275

Notes (continued)

(23) Taxes and social insurance payments (continued)

	31.12.2024	Repaid(+)	Estimated	Paid	31.12.2023
	EUR	EUR	EUR	EUR	EUR
Social insurance	229 102	-	2 220 153	(2 197 235)	206 184
Personal income tax	145 467	-	1 657 534	(1 629 149)	117 082
Corporate income tax	20 178	-	37 389	(149 285)	132 074
Value added tax	342 691	-	2 462 300	(2 451 870)	332 261
Natural resources tax	-	-	120	(360)	240
Total:	737 438		6 377 496	(6 427 899)	787 841
Including credit debit	737 438				787 841
	-				-

	31.12.2023	Repaid(+)	Estimated	Paid	01.01.2023
	EUR	EUR	EUR	EUR	EUR
Social insurance	206 184	-	2 041 257	(2 006 954)	171 881
Personal income tax	117 082	-	1 442 226	(1 439 437)	114 293
Corporate income tax	132 074	-	157 801	(49 700)	23 973
Value added tax	332 261	-	1 880 305	(1 790 172)	242 128
Natural resources tax	240	-	240	-	-
Total:	787 841		5 521 829	(5 286 263)	552 275
Including credit debit	787 841				552 275
	-				-

(24) Related party disclosures

Related party		Sales to related parties	Purchases from related parties	Interest from related parties	Amounts owed by related parties as at December 31 st	Amounts owed to related parties as at December 31 st
Parent of the Group	2024	4 765 834	256 339	747 841	1 287 625	654
	2023	3 734 847	49 404	19 014	1 141 000	60 484
	2022	2 533 674	-	3 224	380 063	64 194
Other related companies	2024	56 795	925 065	-	32 893	74 441
	2023	55 366	877 171	-	42 759	82 066
	2022	50 375	721 489	-	25 130	62 894
	2024	4 822 629	1 181 404	747 841	1 320 518	75 095
	2023	3 790 213	926 575	19 014	1 183 759	142 550
	2022	2 584 049	721 489	3 224	405 193	127 088

Notes (continued)

(25) Other creditors

	31.12.2024	31.12.2023	01.01.2023
	EUR	EUR	EUR
Unpaid salaries	20 911	21 384	21 145
Other creditors	1 122	10 995	55 959
	22 033	32 379	77 104

(26) Accrued liabilities

	31.12.2024	31.12.2023	01.01.2023
	EUR	EUR	EUR
Accrued liabilities for unused annual leaves	466 265	411 779	324 851
Accrued liabilities for contingent share purchase payments**	-	181 230	225 105
Accrued liabilities for warranty repairs	31 852	25 507	15 368
Other accrued liabilities*	227 573	120 656	136 975
	725 690	739 172	702 299

*Accrual for unreceived invoices that will be settled once received. It is a normal course of business to receive invoices after service are gendered and goods received.

**The accrued liabilities arising from contingent share purchase obligations, recognized in connection with business combinations, were fully settled during 2024.

(27) Staff costs and number of employees

	2024	2023
	EUR	EUR
Wages and salaries	7 553 834	6 405 100
Statutory social insurance contributions	1 660 646	1 201 208
Capitalised salaries and social contribution	398 963	477 177
Changes in vacation pay reserve	220 473	35 556
	9 833 916	8 119 041

The total staff costs are included in the following captions of the consolidated statement of profit and loss and other comprehensive income:

	2024	2023
	EUR	EUR
Cost of sales	2 228 923	2 149 106
Selling costs	3 083 428	2 489 831
Administrative expense	2 014 157	1 661 795
Research and development expenses	2 507 408	1 818 309
	9 833 916	8 119 041

Notes (continued)

(27) Staff costs and number of employees (continued)

Average number of employees and division of employees by categories

	2024	2023
Board members of the Parent Company	5	4
Other employees	181	173
	186	177

(28) Remuneration of the Parent Company's management

	2024	2023
Board members' remuneration:		
· salary expenses	358 009	274 217
· social insurance payments	84 454	64 688
	442 463	338 905

(29) Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, fair value and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Oversight of these risks is the responsibility of the Group's senior management, who ensure that all financial risk-related activities are conducted under established policies and procedures.

The Group's main financial liabilities include borrowings and trade and other payables, primarily used to support its operational activities. On the other hand, its key financial assets consist of trade and other receivables, along with cash and short-term deposits, which arise directly from its operations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. Fluctuations in interest rates associated with these long-term liabilities are not expected to have a significant impact on the Group's consolidated financial statements.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). Given the limited volume of such foreign currency-denominated transactions, the Group's exposure to foreign exchange rate fluctuations is considered insignificant.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Notes (continued)**(29) Financial risk management (continued)***Trade receivables*

The credit risk associated with receivables is managed by the Group and its Parent Company through ongoing monitoring of overdue accounts, issuance of payment reminders, implementation of automated controls within the Mapon system, and dedicated follow-up with major debtors on a case-by-case basis. At 31 December 2024, the Group had 4 customers that owed it more than EUR 20 000 each and accounted for approximately 5,7% of all the receivables and contract assets outstanding. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

31 December 2024		Trade receivables					
		Days past due					
		Current	<30 days	31-60 days	61-90 days	>91 days	TOTAL
		EUR	EUR	EUR	EUR	EUR	EUR
Expected credit loss rate		0,0056%	0,2136%	2,1567%	57,0281%	100,0005%	4,19284%
Gross carrying amount of Trade receivables		1 584 573	554 744	158 392	43 451	74 262	2 474 002
Expected credit loss		(89)	(1 185)	(3 416)	(24 779)	(74 262)	(103 731)
Total		1 584 484	553 559	154 976	18 672	0	2 370 271

Comparative figures for the year ended 31 December 2023 have not been presented due to the unavailability of relevant information.

Liquidity risk

Liquidity risk is associated with the Group's ability to settle liabilities as they fall due. For the purposes of liquidity risk management, the Group employs cash flow planning tools covering various periods. The management is monitoring rolling forecasts of the Group's cash flow and liquidity reserve, which comprises undrawn borrowing facilities, cash and cash equivalents.

Notes (continued)**(29) Financial risk management (continued)**

The Group's current assets exceed its current liabilities by EUR 6,374,671, indicating a strong liquidity position. This surplus reflects the Group's ability to meet its short-term obligations as they fall due. Consequently, the liquidity risk is assessed as low.

31.12.2024	Within 1 year	1 to 5 years	>5 years	TOTAL
	EUR	EUR	EUR	EUR
Interest bearing loans and borrowings	90 930	3 096 162	-	3 187 092
Advances from customers	16 093	-	-	16 093
Trade creditors	717 848	4 504	-	722 352
Taxes and social insurance payments	737 438	-	-	737 438
Other creditors	22 033	-	-	22 033
Deferred income	823 758	709 344	-	1 533 102
Accrued liabilities	725 690	-	-	725 690
Total	3 133 790	3 810 010	-	6 943 800

31.12.2023	Within 1 year	1 to 5 years	>5 years	TOTAL
	EUR	EUR	EUR	EUR
Interest bearing loans and borrowings	133 431	191 924	-	325 355
Advances from customers	5 035	-	-	5 035
Trade creditors	446 892	32 981	-	479 873
Taxes and social insurance payments	787 841	-	-	787 841
Other creditors	32 379	-	-	32 379
Deferred income	300 964	178 072	-	479 036
Accrued liabilities	739 172	-	-	739 172
Total	2 445 714	402 977	-	2 848 691

01.01.2023	Within 1 year	1 to 5 years	>5 years	TOTAL
	EUR	EUR	EUR	EUR
Interest bearing loans and borrowings	44 445	85 527	-	129 972
Advances from customers	91 717	-	-	91 717
Trade creditors	472 703	18 009	-	490 712
Taxes and social insurance payments	552 275	-	-	552 275
Other creditors	77 104	-	-	77 104
Deferred income	152 248	193 977	-	346 225
Accrued liabilities	702 299	-	-	702 299
Total	2 092 791	297 513	-	2 390 304

Notes (continued)

(30) Fair values

Presented below is a comparison, by class, of the carrying amounts and corresponding fair values of the Group's financial instruments, excluding those for which the carrying amounts represent a reasonable approximation of fair value, as at 31 December 2024:

31.12.2024

Financial liabilities	Carrying amount	Fair value
Interest bearing loans and borrowing:		
Registered bonds	3 000 000	2 944 770
Finance liability for car leasing	187 092	187 092
	3 187 092	3 131 862

31.12.2023

Financial liabilities	Carrying amount	Fair value
Interest bearing loans and borrowing:		
Finance liability for car leasing	325 355	325 355
	325 355	325 355

01.01.2023

Financial liabilities	Carrying amount	Fair value
Interest bearing loans and borrowing:		
Finance liability for car leasing	129 972	129 972
	129 972	129 972

As there is no active market with directly observable quoted prices for identical instruments, the bond is classified within Level 2 of the fair value hierarchy. The fair value of Bonds has been determined using a discounted cash flow model based on:

- Forecasted floating-rate cash flows (using observable forward 3-month EURIBOR rates as at the reporting date),
- The contractual fixed margin,
- An applicable market discount rate derived from the relevant risk-free yield curve plus an estimated credit spread of 500 basis points. The discount rate reflects current market conditions, issuer-specific credit risk, liquidity considerations, and observable market inputs.

No significant difference was found between the carrying value and the fair value.

Notes (continued)**(31) Pledges and guarantees**

Related to bonds issued 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.

(32) Research and development costs

During the reporting year the Group capitalized employee costs in the amount of EUR 398 963. The internal costs are capitalized as part of the developed software and included in the balance sheet item "Intangible assets under development" and are to be amortized over a 3 to 5 year period.

Product development costs included in Research and Development costs and related to the creation of new market-facing products and services are generally expensed as incurred due to the fact that at the initial development stages, there is significant uncertainty regarding the potential commercial viability of the new product and the probability of achieving future economic benefits cannot be established with sufficient certainty. Additionally, in many cases, technical feasibility and intention to complete commercialization cannot be evidenced reliably when the development work is at the early stages.

(33) Subsequent events

On 10 February 2025 Parent Company finalized acquisition of Interkom AB (Sweden), fleet management services provider in Sweden that operates under the Transit brand.

On February 18, 2025 Mapon listed its corporate bonds on NASDAQ First North stock exchange under Ticker MAPONFLOT27FA.

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 Avanessov

Member of
the Board

Dāvis Siksnāns

Member of
the Board

Inga Groza-Kovaļauska

Chief accountant