



**Building a better  
working world**

SIA „Ernst & Young Baltic“  
Muitas iela 1a  
Rīga, LV-1010  
Latvija  
Tel.: +371 6704 3801  
riga@lv.ey.com  
www.ey.com/lv

Reģistrācijas Nr. 40003593454  
PVN maksātāja Nr. LV40003593454

SIA Ernst & Young Baltic  
Muitas iela 1a  
Rīga, LV-1010  
Latvija  
Tel.: +371 6704 3801  
riga@lv.ey.com  
www.ey.com/lv

Reg. No: 40003593454  
VAT payer code: LV40003593454

*Translation from Latvian*

## INDEPENDENT AUDITORS' REPORT

DOCUMENT DATE IS THE TIME OF ITS ELECTRONIC SIGNATURE

To the Shareholders of RĪGAS SILTUMS AS

### Qualified Opinion

We have audited the accompanying consolidated financial statements of RĪGAS SILTUMS AS and its related companies (the Group) set out on pages 9 to 33 of the accompanying consolidated annual report, which comprise the consolidated balance sheet as at 30 September 2023, and the consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraphs, the accompanying consolidated financial statements give a true and fair view of the Group as at 30 September 2023, and of its financial performance and its cash flows for the year then ended in accordance with the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

### Basis for Qualified Opinion

The Group's balance sheet position "Loans from credit institutions" as September 30, 2022 includes long term debt from financial institutions in the amount of EUR 46 144 913. As stated in the Note 15 in the financial statements as at September 30, 2022 the Parent Company did not meet several covenants of the loan agreements concluded with financial institutions. In case of covenant breach, financial institution had the rights unilaterally terminate the contract and request repayment of the loan within the short notice. As at September 30, 2022 the Group has classified outstanding debt of EUR 38 000 000 as long-term liability based on the covenants waiver obtained from the financial institutions subsequent to the year-end.

In our opinion the outstanding long-term debt in amount of EUR 38 000 000 should have been classified as short term based on the requirements of the Law on Annual Statements and Consolidated Annual Statements. Had the Group correctly classified the loan from the bank, long term liabilities would decrease, and short-term liabilities would increase by EUR 38 000 000 as at September 30, 2022. Prior year auditors' report issued on March 1, 2023 was qualified accordingly. Our opinion on the current period's financial statements is also modified because of the effect of this matter on the comparability of the current period's figures and the comparative information.

We conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the independence requirements included in the Law on Audit Services of Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the Law on Audit Services of Republic of Latvia and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Reporting on other information

Management of the Group is responsible for the other information. The other information comprises:

- the General information about the Group as set out on pages 3 to 4 of the accompanying Annual Report;
- the Management Report, as set out on pages 5 to 8 of the accompanying Annual Report;

Other information does not include the consolidated financial statements and our auditors report thereon.

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

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

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

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

We have other reporting responsibilities in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report. These additional reporting responsibilities are beyond those required under the ISAs.

Our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the Law on Annual Statements and Consolidated Annual Statements of the Republic of Latvia.

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

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

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

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

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

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

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

ERNST & YOUNG BALTIC SIA  
Licence No. 17

Diāna Krišjāne  
Chairperson of the Board  
Latvian Certified Auditor  
Certificate No. 124

Rīga,  
THIS DOCUMENT IS SIGNED ELECTRONICALLY WITH A SAFE ELECTRONIC SIGNATURE AND CONTAINS A TIME  
STAMP