



AS “Mapon”

Consolidated annual report for 2023

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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%) Ojāra Vācieša street 6B, Riga, Latvia AS Pirmdiena (45%) Ojāra Vācieša street 6B, Riga, Latvia Mapon AS (4%) Ojāra Vācieša street 6B, Riga, Latvia
Names and positions of Board members	Edmunds Riekstiņš – Chairman of the Board Andris Dzudzilo – Member of the Board Ingus Rūķis – Member of the Board Aleksis Avanesovs – Member of the Board Dāvis Siksnāns – Member of the Board

Names and positions of Council members	Agris Tamanis – Chairman of the Council Lauris Liberts – Deputy chairman of the Council Inga Liberte – Member of the Council
Person responsible for accounting	Chief accountant Inga Groza-Kovaļauska
Financial year	1 January - 31 December 2023
Name and address of the auditor	SIA "Potapoviča un Andersone" Certified Auditors' Company License No. 99 Ūdens Street 12-45, Riga, LV-1007 Latvia Responsible Certified Auditor Anna Temerova-Allena Certificate No. 154

AS "Mapon"

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Subsidiaries of the Parent company

Parent company	Subsidiary	Share of the investment in the subsidiary as at 31.12.2023	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	CarCops OU	100 %	10.03.2023	Peterburi Tee 90F, 41-1, Tallinn, 11415, Estonia	Sales of Mapon platform, equipment and sales and maintenance of fuel level meters.

Branch of the Parent company

Parent company	Branch	Address	Type of operations
AS Mapon	AS Mapon Sucursal En Espana	Calle L'escar 26, Barcelona, 08039, Spain	Sales of Mapon platform, equipment and sales and maintenance of fuel level meters.

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 in the Baltics. 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 business volume grew by 34% in total and the year was closed with a profit of 1 344 371 EUR.

Apart from steady organic business growth, the Parent company did an acquisition of CarCops in Estonia and initiated an integration of the target into Mapon Estonia operations.

Information on the Group's share capital

As at 31 December 2023 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.

In 2023 the Parent company increased its share capital by issuing 6 250 new shares, which were paid in cash with a total share premium of EUR 843 750.

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 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. The main purpose of attracting corporate bonds is to finance potential M&A activities of the Group.

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 profit and loss account for the year ended 31 December 2023

	Note	2023 (EUR)	2022 (EUR) Adjusted
Net sales	1	17 361 134	12 942 556
Cost of sales, cost of goods sold, cost of services rendered	2	(10 251 164)	(7 927 706)
Gross profit		7 109 970	5 014 850
Selling expenses	3	(3 232 304)	(3 029 516)
Administrative expenses	4	(2 303 084)	(1 563 134)
Other operating income	5	46 773	50 026
Other operating expenses	6	(108 819)	(78 155)
Interest and similar income from other persons		10 634	-
Interest and similar expenses to other persons		(20 998)	(11 669)
Profit before corporate income tax		1 502 172	382 402
Corporate income tax for the reporting year	7	(157 801)	(23 982)
Net profit		1 344 371	358 420

Notes on pages from 13 to 27 are integral part of these consolidated financial statements.

Edmunds Riekstiņš

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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

Consolidated balance sheet as at 31 December 2023

(1)

Assets	Note	31.12.2023. EUR	31.12.2022. EUR Adjusted
Long-term investments			
Intangible assets:			
Licenses and similar rights		1 104 398	982 994
Goodwill		1 982 125	1 436 291
Advances for intangibles		39 040	-
Total intangible assets:	8	3 125 563	2 419 285
Fixed assets			
Leasehold improvements		334	534
Other fixed assets and inventory		1 060 187	713 623
Advances for fixed assets		14 878	8 128
Total fixed assets:	9	1 075 399	722 285
Long-term financial investments			
Other securities and investments		-	5 250
Total long-term financial investments:		-	5 250
Total long-term investments:		4 200 962	3 146 820
Current assets			
Stock:			
Work-in-progress		-	34 688
Finished goods and goods for sale		797 177	1 074 985
Advances for goods receivable		5 680	58 160
Total stock:		802 857	1 167 833
Receivables			
Trade receivables	10	2 224 372	1 417 963
Other receivables	11	63 156	53 299
Deferred expenses	13	61 517	66 885
Accrued income	12	184 045	171 767
Total debtors:		2 533 090	1 709 914
Short-term financial investments			
Own stocks and shares	14	10 000	10 000
Total short-term financial investments:		10 000	10 000
Cash and bank:			
	15	1 828 671	688 629
Total current assets:		5 174 618	3 576 376
Total assets:		9 375 580	6 723 196

Notes on pages from 13 to 27 are integral part of these consolidated financial statements

Consolidated balance sheet as at 31 December 2023

(2)

Liabilities and shareholders' funds	Note	31.12.2023. (EUR)	31.12.2022. (EUR) Adjusted
Shareholder's funds:			
Share capital	16	230 924	224 674
Share premium	16	1 888 674	1 044 924
Prior years' retained earnings		3 063 294	2 704 874
Current year's profit		1 344 371	358 420
Foreign currency exchange rate difference		(374)	-
Total shareholders' funds:		6 526 889	4 332 892
Long-term creditors:			
Other borrowings	18	191 924	85 527
Trade creditors		32 981	18 009
Deferred income	19	178 072	193 977
Total long-term creditors:		402 977	297 513
Short-term creditors:			
Other borrowings	18	133 431	44 445
Advances from customers		5 035	91 717
Trade creditors		446 892	472 703
Taxes and social insurance payments	20	787 841	552 275
Other creditors	21	32 379	77 104
Deferred income	19	300 964	152 248
Accrued liabilities	22	739 172	702 299
Total short-term creditors:		2 445 714	2 092 791
Total liabilities and shareholders' funds		9 375 580	6 723 196

Notes on pages from 13 to 27 are integral part of these consolidated financial statements.

Edmunds RiekstiņšChairman 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

Consolidated statement of changes in equity for the year ended 31 December 2023

	Share capital	Share premium	Retained earnings	Total
	EUR	EUR	EUR	EUR
As at 31 December 2021 before adjustment	200 400	548 934	2 779 368	3 528 702
Adjustment	-	-	(74 494)	(74 494)
As at 31 December 2021 after adjustment	200 400	548 934	2 704 874	3 454 208
Share capital increase	24 274	495 990	-	520 264
Adjusted profit for the year	-	-	358 420	358 420
As at 31 December 2022 after adjustment	224 674	1 044 924	3 063 294	4 332 892
Share capital increase	6 250	843 750	-	850 000
Foreign currency exchange rate difference	-	-	(374)	(374)
Profit for the year	-	-	1 344 371	1 344 371
As at 31 December 2023	230 924	1 888 674	4 407 291	6 526 889

Notes on pages from 13 to 27 are integral part of these consolidated financial statements.

Consolidated cash flow statement for the year ended 31 December 2023

	Note	2023 EUR	2022 EUR Adjusted
Cash flow from operating activities			
Profit before corporate income tax		1 502 172	382 402
Adjustments for:			
corrections of decrease in value of fixed assets		521 169	322 571
corrections of decrease in value of intangibles		604 423	352 987
interest income and similar income		(10 634)	-
interest and similar expense		20 998	11 669
profit from fixed asset disposals		(27 136)	(12 498)
Profit before adjustments of working capital and short-term liabilities		2 610 992	1 057 131
Adjustments for:			
trade debtors (increase)		(816 650)	(117 531)
stock (increase) / decrease		230 624	(507 395)
trade creditors' increase		392 432	590 123
Gross cash flow from operating activities		2 417 398	1 022 328
Corporate income tax payments		(47 970)	(279)
Net cash flow from operating activities		2 369 428	1 022 049
Cash flow from investing activities			
Share acquisition of related, associated or other companies		-	(5 250)
Acquisition of fixed assets and intangibles		(2 231 401)	(1 612 007)
Proceeds from sales of fixed assets and intangibles		53 249	31 168
Interest received		10 634	-
Cash acquired by acquisition of subsidiary		226 155	335
Net cash flow from investing activities		(1 941 363)	(1 585 754)
Cash flow from financing activities			
Share capital and share premium increase		850 000	500 264
Repaid loans		-	(96 900)
Finance lease payments		(117 025)	(35 425)
Interest paid		(20 998)	(11 669)
Net cash flow from financing activities		711 977	356 270
Net cash flow of the reporting year		1 140 042	(207 435)
Cash and cash equivalents at the beginning of the reporting year		688 629	896 064
Cash and cash equivalents at the end of reporting year	15	1 828 671	688 629

Notes on pages from 13 to 27 are integral part of these consolidated financial statements.

Notes

Accounting policies

(a) General principles

The consolidated annual report is prepared in accordance with the laws of the Republic of Latvia "Accounting Law" and "The Law of the Annual Accounts and Consolidated Annual Accounts" and the Regulations No. 775 of the Cabinet of Ministers of the Republic of Latvia "On Application of the Law of the Annual Accounts and Consolidated Annual Accounts". The profit and loss account is prepared in accordance with the format set in Appendix 3 of "The Law of the Annual Accounts and Consolidated Annual Accounts" (classified in accordance with the expenditure function). In accordance with Article 6 of "The Law of the Annual Accounts and Consolidated Annual Accounts" the Group is classified as a medium group. The consolidated annual report is prepared in accordance with the requirements of Article 69 of "The Law of the Annual Accounts and Consolidated Annual Accounts".

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

In 2023 harmonized depreciation rates were applied to fixed assets and unrealized profit was excluded from fixed assets. A retrospective adjustment was made in the profit and loss account item "Cost of sales, cost of goods sold, cost of services rendered" and in the balance sheet items "Other fixed assets and inventory", "Prior years' retained earnings", and "Current year's profit".

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

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

	2022 (before adjustment) (EUR)	Adjustment (EUR)	2022 (after adjustment) (EUR)
Net sales	12 883 556	59 000	12 942 556
Cost of sales, cost of goods sold, cost of services rendered	(8 127 605)	199 899	(7 927 706)
Gross profit	4 755 951	258 899	5 014 850
Selling expenses	(2 905 018)	(124 498)	(3 029 516)
Administrative expenses	(1 470 202)	(92 932)	(1 563 134)
Profit before corporate income tax	340 933	41 469	382 402
Net profit	316 951	41 469	358 420

	31.12.2022 (before adjustment)	Adjustment	31.12.2022 (after adjustment)
	(EUR)	(EUR)	(EUR)
Other fixed assets and inventory	902 648	(189 025)	713 623
Total fixed assets:	911 310	(189 025)	722 285
Total long-term investments:	3 335 845	(189 025)	3 146 820
Accrued income	15 767	156 000	171 767
Total debtors:	1 553 914	156 000	1 709 914
Total current assets:	3 420 376	156 000	3 576 376
Total assets:	6 756 221	(33 025)	6 723 196
Prior years' retained earnings	2 779 368	(74 494)	2 704 874
Current year's profit	316 951	41 469	358 420
Total shareholders' funds:	4 365 917	(33 025)	4 332 892
Total liabilities and shareholders' funds	6 756 221	(33 025)	6 723 196

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

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

(b) Information on the Group

Information about the Group is presented in a separate section of this annual report on pages 3 to 4.

(c) Consolidation principles

Consolidated annual accounts are prepared using acquisition method. Consolidation involves the holding company and the subsidiary undertakings, which are those entities in which the holding company has direct or indirect interest of more than one half of the voting rights or otherwise has power to exercise control over the financial and operating policies of the entity. If the Group has an interest of more than one half of the voting rights, but no power to exercise the control, the respective company is not included in consolidation. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. In case the transfer of control date is considerably different from the date of official registration of transfer of the control, the consolidation is commenced in accordance with the date of actual transfer of control based on share purchase or sale agreement stipulations. All intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated; unrealized losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Minority shareholders' interests in share capital of the consolidated subsidiary undertakings and profit and loss for the year are presented separately.

(c) Net sales

Net sales represent the total of goods and services sold during the year net of discounts and value added tax.

Income from the services rendered, including subscription services, is recognized when they are provided.

Income from the sale of goods is recognized once the goods are delivered.

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

Notes (continued)**Accounting policies (continued)****(d) Foreign currency translation**

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

(e) Goodwill

Goodwill arising on an acquisition of subsidiary or associated company is carried at cost as established at the date of acquisition of subsidiary or associated company less accumulated amortisation. Amortisation is calculated on a straight-line basis to write down each asset to its estimated residual value over its estimated useful life as follows:

	% per annum
Goodwill	10

Positive goodwill is tested for impairment annually.

(f) Intangible and tangible fixed assets

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

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

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

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

(g) Stock

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

(h) Accounts receivable

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

Notes (continued)**Accounting policies (continued)****(i) Finance leases**

Leases of assets under which the Group has substantially all the risks and rewards of ownership are classified as financial leases. Financial leases are capitalized at the inception of the lease at the present value of the minimum lease payments. Interest element of leasing payments is charged to the profit and loss account over the lease period.

(j) Operating leases

The Group as a lessee

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

The Group as a lessor

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

(k) Corporate income tax

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

(l) Provisions

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

(m) Accrued liabilities

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

(n) Provisions for warranty repairs

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

(o) Accrued income and deferred expenses

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

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

(p) Originated loans

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

Notes (continued)**Accounting policies (continued)****(q) Borrowings**

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

(r) Cash and cash equivalents

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

(s) Related parties

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

(t) Use of estimates

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

(u) Subsequent events

Post-period-end events that provide additional information about the Group’s position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

(v) Contingencies

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

Notes (continued)**(1) Net sales**

	2023	2022
	EUR	EUR
Sales and maintenance of navigation systems	17 361 134	12 883 556

Net sales by geographic markets

Latvia	3 739 746	3 132 623
EU, excluding Latvia	11 310 763	7 944 966
Other countries	2 310 625	1 805 967
	17 361 134	12 883 556

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

Material costs	2 616 856	1 534 702
Salary expenses	3 207 376	2 447 789
Communication and server rent	1 013 086	742 326
Work and services purchased	452 531	839 603
Fixed asset depreciation	1 076 208	646 732
Rent and maintenance expenses	391 999	313 377
Social insurance and business risk duty	730 927	518 890
Vehicle upkeep expenses	148 145	255 202
Royalty fees	11 362	17 764
Business trip expenses	73 663	138 491
Material delivery expenses	23 670	27 420
Other expenses	91 739	102 928
Accrued expenses for unused annual leaves	35 556	45 640
Employee training and other expenses	30 017	27 104
Insurance expenses	30 371	10 490
Provisions for equipment guarantees and repairs	10 980	6 780
IT expenses	110 853	99 694
Software subscription expenses	195 825	152 774
	10 251 164	7 927 706

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

	2023	2022
	EUR	EUR
Salary expenses	2 196 685	2 152 878
Social insurance payments	293 146	348 707
Fixed asset depreciation	27 584	19 197
Rent and maintenance expenses	76 032	81 161
Vehicle maintenance costs	179 798	34 108
Revenue share of partners (distributors)	61 480	66 625
Advertisement expenses	151 172	159 290
Business trip expenses	115 131	54 776
Marketing expenses	108 840	71 967
Software subscription expenses	22 101	24 140
Other selling expenses	335	16 667
	3 232 304	3 029 516

(4) Administrative expenses

Salary expenses	1 001 039	675 138
Social insurance payments	177 135	137 851
Fixed asset depreciation	20 688	9 599
Rent and maintenance expenses	76 769	61 543
Professional fees	317 363	173 243
Employee insurance, training and selection	85 732	49 653
Transportation costs	168	186
Communication and postal service expenses	111 141	64 513
Representation costs	38 126	16 880
Sustainability costs	179 503	129 723
Cash turnover side expenses	67 720	50 437
Office expenses	54 502	34 869
ISO implementation	46 362	9 720
Software subscription expenses	16 576	12 070
Other administrative costs	110 260	137 709
	2 303 084	1 563 134

Notes (continued)

(5) Other operating income

	2023	2022
	EUR	EUR
Net profit on disposal of fixed asset	27 136	12 498
Net profit from foreign currency exchange	-	5 800
Other income	19 637	31 728
	46 773	50 026

(6) Other operating expenses

Net provisions and write-offs for bad and doubtful debtors	54 905	12 302
Provisions for stock	17 907	40 878
Net loss from currency rate fluctuation	5 049	-
Expenses not related to operating activities	9 489	3 880
Donations	6 230	18 650
Penalties	343	214
Other expenses	14 896	2 231
	108 819	78 155

(7) Corporate income tax for the reporting year

CIT Latvia	2 960	1 730
CIT Spain	55 384	-
CIT Finland	95 828	22 243
CIT Estonia	3 629	9
	157 801	23 982

Deferred tax asset from accumulated tax losses is not recognized based on prudence principle.

Notes (continued)**(8) Intangible assets**

	Licenses and similar rights	Goodwill	Advance payments	Total
	EUR	EUR	EUR	EUR
Cost				
31.12.2022.	1 370 444	1 890 643	-	3 261 087
Additions	477 177	794 484	39 040	1 310 701
Disposals	(117 064)	-	-	(117 064)
31.12.2023.	1 730 557	2 685 127	39 040	4 454 724
Amortization				
31.12.2022.	387 450	454 352	-	841 802
Charge for 2023	355 773	248 650	-	604 423
Disposals	(117 064)	-	-	(117 064)
31.12.2023.	626 159	703 002	-	1 329 161
Net book value				
31.12.2022.	982 994	1 436 291	-	2 419 285
31.12.2023.	1 104 398	1 982 125	39 040	3 125 563

Licenses and similar rights mainly consist of self-developed software and it's costs mainly are capitalized employee costs.

Goodwill additions 794 484 EUR in period are from acquisition of subsidiary CarCops OU in March 2023. There no deferred payments or unsettled price corrections from acquisition of CarCops OU.

Notes (continued)

(9) Fixed assets

	Leasehold improvements	Other fixed assets and inventory	Advance payments	Total
	EUR	EUR	EUR	EUR
Cost				
31.12.2022.	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 rate difference	-	(190)	-	(190)
Disposals	-	(376 277)	-	(376 277)
31.12.2023.	801	1 806 488	14 878	1 822 167
Amortization				
31.12.2022.	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
Net book value at				
31.12.2022.	534	713 623	8 128	722 285
31.12.2023.	334	1 060 187	14 878	1 075 399

As at 31 December 2023 the residual value of fixed assets acquired under finance leases is EUR 324 010 (as at 31 December 2022: EUR 134 089). Ownership of these fixed assets will be transferred to the Group only after all leasing obligations have been fulfilled.

In 2023 harmonized depreciation rates were applied to fixed assets and unrealized profit was excluded from fixed assets. A retrospective adjustment was made (see Accounting policies (a) General principles)

Notes (continued)

(10) Trade receivables

	31.12.2023	31.12.2022.
	EUR	EUR
Trade receivables gross	2 289 807	1 455 899
Provisions for bad and doubtful receivables	(65 435)	(37 936)
	2 224 372	1 417 963

(11) Other receivables

Security deposit paid	39 525	29 065
Other debtors	23 631	24 234
	63 156	53 299

(12) Accrued income

Accrued income of 184 045 EUR (31.12.2022.: 171 767 EUR) represent services rendered during the reporting year for which invoices are issued after the end of the reporting year. Please also refer to Accounting policy section "General Principles", which describes the adjustment of comparative figures for the previous period, including, among others, the adjustment of accrued income.

(13) Deferred expenses

Insurance expenses	8 804	8 794
Other deferred expenses	52 713	58 091
	61 517	66 885

(14) Own stocks and shares

	31.12.2023	31.12.2022
	EUR	EUR
The right for employees to receive shares free of charge	10 000	10 000

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

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

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

Notes (continued)**(15) Cash and bank**

	31.12.2023	31.12.2022
	EUR	EUR
Cash at bank and PayPal	1 828 671	688 629

(16) Share capital

As at 31 December 2022 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 reporting year 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 230 924 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 10 000 for the possible allocation of shares to employees (see Note 14).

(17) Loans from credit institutions

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

The 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.

(18) Other borrowings

Finance lease with a repayment term of 2 – 5 years	191 924	85 527
Total long-term part	191 924	85 527
Finance lease liabilities	133 431	44 445
Total short-term part	133 431	44 445
	325 355	129 972

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

Notes (continued)**(19) Deferred income**

	31.12.2023	31.12.2022
Deferred income for subscription services with a term of 2 – 5 years	178 072	193 977
Total long-term part	178 072	193 977
Deferred income for subscription services	300 964	152 248
Total short-term part	300 964	152 248
	479 036	346 225

(20) Taxes and social insurance payments

VAT Latvia	13 174	11 688
VAT Spain	47 986	42 683
VAT Finland	156 188	148 214
VAT Estonia	12 935	4 044
VAT Danmark	101 978	35 499
Social insurance Latvia	127 548	125 118
Social insurance Spain	14 114	12 306
Social insurance Lithuania	12	56
Social insurance Finland	26 004	25 213
Social insurance Estonia	11 946	2 951
Social insurance Danmark	26 560	6 237
PIT Latvia	69 479	68 222
PIT Spain	25 385	20 644
PIT Lithuania	6	53
PIT Finland	16 056	23 642
PIT Estonia	6 156	1 574
PIT Danmark	-	158
CIT Latvia	2 647	1 730
CIT Spain	33 599	
CIT Finland	95 828	22 243
NRT Latvia	240	-
	787 841	552 275

(21) Other creditors

Unpaid salaries	21 384	21 145
Other creditors	10 995	55 959
	32 379	77 104

Notes (continued)**(22) Accrued liabilities**

	31.12.2023	31.12.2022
	EUR	EUR
Accrued liabilities for unused annual leaves	411 779	324 851
Accrued liabilities for contingent share purchase payments	181 230	225 105
Accrued liabilities for warranty repairs	25 507	15 368
Other accrued liabilities	120 656	136 975
	739 172	702 299

(23) Average number of employees and division of employees by categories

	2023	2022
Board members of the Parent company	4	4
Other employees	173	143
	177	147

(24) Remuneration of the Parent Company's management

	2023	2022
Board members' remuneration:		
· salary expenses	274 217	287 640
· social insurance payments	64 688	67 854
	338 905	355 494

(25) 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.

(26) Research and development costs

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

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

Notes (continued)**(27) Subsequent events**

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.

Related to issued bonds two commercial pledges were issued in March 2024 pledging 60% of AS Mapon share capital (see Note 25).

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

Edmunds Riekstiņš

Chairman of
the Board

Andris Dzudzilo

Member of
the Board

Ingus Rūķis

Member of
the Board

Aleksei Avanesov

Member of
the Board

Dāvis Siksnāns

Member of
the Board

Inga Groza-Kovaļauska

Chief accountant

Independent Auditor's Report
(Translation from Latvian)

Ūdens iela 12-45, Rīga, LV-1007, Latvija
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To the shareholders of AS "Mapon"

Our Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of AS "Mapon" ("the Company") and its subsidiaries ("the Group") set out on pages 8 to 27 of the accompanying consolidated annual report, which comprise:

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

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of AS "Mapon" and its subsidiaries as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Basis for Opinion

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

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

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

Reporting on Other Information

The Company management is responsible for the other information. The other information is the Management Report, as set out on pages 6 to 7 of the accompanying consolidated Annual Report.

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

In connection with our audit of the 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

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

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

- the information given in the Management Report for the financial year for which the 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 the Annual Reports and Consolidated Annual Reports' 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 the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia and for such internal control as management determines is necessary to enable the preparation of 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 Responsibility 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 scepticism 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 a 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.

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

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

ELECTRONIC SIGNATURE OF THE AUDITOR RELATES TO THE AUDITOR'S REPORT ENCLOSED WITH THE ANNUAL REPORT ON PAGES 28 TO 29.

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