

Riga 28 th of March, 2023

**CrossChem SIA**  
Annual report for year 01.01.2022 - 31.12.2022

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### **COMPANY INFORMATION**

Name of the Company	CrossChem SIA								
Legal status of the Company	Limited liability company								
Registration No., place and date	LV4000388244, Riga, 11.01.2007.g.								
Registered office	"Naftaluka", Olaines pagasts, Olaines novads, LV-2127								
Major shareholders	SIA CrossChem International - 100%								
Members of the Board	<table> <tr> <td>Ričards Andersons</td><td>– Chairman of the Board</td></tr> <tr> <td>Aleksandrs Mužičenko</td><td>– Board member</td></tr> <tr> <td>Dagnija Turlaja</td><td>– Board member</td></tr> </table>	Ričards Andersons	– Chairman of the Board	Aleksandrs Mužičenko	– Board member	Dagnija Turlaja	– Board member		
Ričards Andersons	– Chairman of the Board								
Aleksandrs Mužičenko	– Board member								
Dagnija Turlaja	– Board member								
Annual report drawn up by	<table> <tr> <td>Ieva Grase</td><td>– Chief Accountant</td></tr> </table>	Ieva Grase	– Chief Accountant						
Ieva Grase	– Chief Accountant								
Reporting year	from 01.01.2022 to 31.12.2022								
Information on group's subsidiary	SIA CrossChem Estonia - 51%								
Type of company's activity	Manufacture of other chemical products								
NACE classification code	2059								
Auditors	<table> <tr> <td>SIA Grant Thornton Baltic Audit</td><td>Certified Auditor</td></tr> <tr> <td>Brīvības str. 85-5</td><td>Silvija Gulbe</td></tr> <tr> <td>Rīga, LV - 1001</td><td>Certificate No. 142</td></tr> <tr> <td>License No. 183</td><td></td></tr> </table>	SIA Grant Thornton Baltic Audit	Certified Auditor	Brīvības str. 85-5	Silvija Gulbe	Rīga, LV - 1001	Certificate No. 142	License No. 183	
SIA Grant Thornton Baltic Audit	Certified Auditor								
Brīvības str. 85-5	Silvija Gulbe								
Rīga, LV - 1001	Certificate No. 142								
License No. 183									

## **MANAGEMENT REPORT**

### **Type of activity**

"CrossChem" Limited Liability Company (hereinafter - the Company) produces and sells chemical goods and additional products related to their use. Also, the company provides a range of services related to the storage and handling of chemical goods.

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

The Company's revenues in 2022 amounted to EUR 38,315,497 and compared to 2021, the Company has managed to increase its turnover by 20%, improved gross profit profitability from 11% to 15.2%, EBITDA from 7% to 11%. The company has also reduced its debt and improved equity to total assets from 28% to 44%. This was achieved by attracting new customers, increasing the range of offered goods and services, as well as increasing the volume of circulation of chemical substances. The amount of the company's own capital as of December 31, 2022 is EUR 6,129,066. The company is financially stable and able to cover its current payments, as well as ensure the implementation of the investment plan. The total amount of fixed assets is EUR 2,265,028. Financial resources are invested in the renovation, modernization, purchase of fixed assets, intangible investments.

### **Future Development Plans**

In the coming years, the company will continue to develop and expand the range of offered and manufactured goods, as well as provide efficient, safe and high-quality services.

The main strategic objectives are:

1. Continue to expand the range of offered goods and services.
2. Modernize and automate work processes
3. To expand the geography of goods sales and sales volumes. An important task is to ensure stable growth and development of the Company, ensuring the well-being of employees and the ability to work for a common goal. The main tasks are:

A. Automate production and management systems of the company.

B. Expand delivery channels and products.

C. Increase range chemical product and services connected with them. In the investment policy, the greatest attention is and will be paid to long-term company development and ensuring competitiveness. A significant risk that can affect the Company's performance is the geopolitical situation in the world, which strongly affects the raw materials market, fluctuations in the EUR/USD exchange rate, and the lack of qualified workforce. The company follows current situation with sanctions, prepare solutions to minimize the impact of these risks and created a management system to audit and control the true origin of purchased goods and ensure stable operation in accordance with current legislation and regulations.

### **Financial risk management**

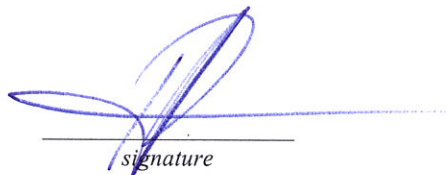
The company's financial assets mainly consist of client's debts as well as credits from financial institutions. Most financial liabilities consist of debts owed to suppliers for goods and services. Funds are mainly placed in well-known Latvian financial institutions. The company's main source of external financing, apart from issuing bonds on the Nasdaq Baltic Exchange, is the Latvian credit institution ALTUM, which granted several loans for current assets. We pay attention to the changes in interest rates, especially EIRIBOR, because it significantly affects the overall national economy and solvency of the client. In relation to debtors, monitoring has been increased, insurance and reinsurance services have been engaged and this work reduces the risks of losses, thus not creating significant differences between the balance sheet value of financial assets and liabilities and their true value.



Despite the fact emerging geopolitical situation in the world, the Company maintained production volumes at a high level and was able to organize work to ensure in time delivery of products to the customers. The main challenges that the Company was able to overcome due to the current negative situation in the world were the increase in the price of raw materials, fuel and components, as well as delays in traditional logistics routes and extension of delivery terms. Despite all these difficulties, the company showed a stable financial result of its operations in 2022, which became possible thanks to rapid adaptation to the new market conditions and cohesive teamwork.

Based on the uncertainty of the market due to geopolitical conditions, taking into account the record high prices of raw materials in 2022 and predicting the economic recession in the euro zone in 2023, the company will focus on increasing efficiency, modernizing and automating processes by investing in infrastructure, team composition to ensure the fastest and strongest growth after the situation in the world will stabilize again. The plan is to keep the turnover at the level of 2022, keeping the EBITDA level within 6%-7%.

Ričards Andersons  
(Chairman of the Board)



signature

28 th of March, 2023

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

	Note number	2022 EUR	2021 EUR
Net turnover:	2	38 315 497	31 805 778
b) from other main activity types.		38 315 497	31 805 778
Production cost of goods sold, acquisition cost of goods sold or services provided	3	(32 483 334)	(28 309 526)
<b>Gross profit or loss</b>		<b>5 832 163</b>	<b>3 496 252</b>
Selling expenses	4	(1 564 197)	(1 090 010)
Administrative expenses	5	(483 880)	(421 446)
Other operating income	6	539 324	241 922
Other operating expenses	7	(583 339)	(250 116)
Other interest and similar income:		-	14 480
a) from subsidiary companies,		-	5 067
b) from other persons.		-	9 413
Interest payments and similar expenses:		(194 671)	(99 860)
b) to other persons.		(194 671)	(99 860)
<b>Profit or loss before the corporate income tax</b>		<b>3 545 400</b>	<b>1 891 222</b>
Corporate income tax for the reporting year		(235 166)	(93 486)
<b>Profit or loss of the reporting year</b>		<b>3 310 234</b>	<b>1 797 736</b>

Notes on pages 11 to 25 form are integral part of these financial statements.

Ričards Andersons  
(Chairman of the Board)

  
signature

28 th of March, 2023

**Annual report drawn up by:**

Ieva Grase  
(Chief Accountant)

  
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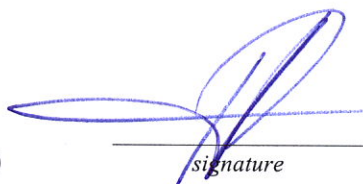
**BALANCE SHEET**

ASSETS	Note number	31.12.2022 EUR	31.12.2021 EUR
<b>Long-term investments</b>			
<b>Intangible assets</b>			
Concessions, patents, licences, trademarks and similar rights		180 913	214 447
Advance payments for intangible assets		39 683	32 530
<b>Total intangible assets</b>	10	<u>220 596</u>	<u>246 977</u>
<b>Fixed assets</b>			
Real estate:		98 612	179 204
a) land, buildings and structures,		98 612	179 204
Long-term investment in leased fixed assets		93 981	123 268
Technology devices and equipment		696 240	640 444
Other fixed assets and inventory		656 652	256 169
Expense of tangible assets and construction in progress		719 543	747 160
Advance payments for fixed assets		179 292	-
<b>Total fixed assets</b>	11	<u>2 444 320</u>	<u>1 946 245</u>
<b>Long-term financial investments</b>			
Shareholding in the capital of subsidiary companies	12	177 256	177 256
Loans to subsidiary companies	13	730 261	703 882
<b>Total long-term financial investments</b>		<u>907 517</u>	<u>881 138</u>
<b>Total long-term investments</b>		<u>3 572 433</u>	<u>3 074 360</u>
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials, direct materials and auxiliary materials		4 090 734	4 454 126
Finished products and goods for sale		707 060	213 281
Advance payments for inventories		1 858 208	813 701
<b>Total inventories</b>		<u>6 656 002</u>	<u>5 481 108</u>
<b>Receivables</b>			
Trade receivables	14	3 041 376	4 109 162
Amounts owed by related companies	13	221 391	128 765
Other receivables	15	24 861	7 599
Prepaid expenses		16 708	13 567
<b>Total receivables</b>		<u>3 304 336</u>	<u>4 259 093</u>
<b>Cash and cash equivalents</b>		423 806	1 225 826
<b>Total current assets</b>		<u>10 384 144</u>	<u>10 966 027</u>
<b>TOTAL ASSETS</b>		<u>13 956 577</u>	<u>14 040 387</u>

**BALANCE SHEET**

<b>LIABILITIES</b>	<b>Note number</b>	<b>31.12.2022 EUR</b>	<b>31.12.2021 EUR</b>
<b>Equity capital</b>			
Share capital (equity capital)	16	1 301 400	1 301 400
Long-term investment revaluation reserve	17	316 610	366 664
Reserves:		14	14
f) other reserves		14	14
Retained earnings or uncovered losses of previous years		1 200 808	403 072
Profit or loss of the reporting year		3 310 234	1 797 736
<b>Total equity capital</b>		<b>6 129 066</b>	<b>3 868 886</b>
<b>Creditors</b>			
<b>Long-term liabilities</b>			
Loans to bonds	18	2 013 000	1 919 546
Borrowings from credit institutions	19	-	111 104
Other borrowings	20	198 912	60 818
<b>Total long-term liabilities</b>		<b>2 211 912</b>	<b>2 091 468</b>
<b>Short-term liabilities</b>			
Borrowings from credit institutions	19	111 104	666 672
Other borrowings	20	277 566	19 476
Advance payments from customers		1 025 132	4 951 499
Trade payables		3 657 034	1 232 336
Amounts owed to subsidiary companies		42 601	283 270
Taxes and mandatory state social insurance contributions	21	149 486	162 691
Other liabilities	22	129 020	351 083
Deferred income		46 089	19 710
Dividends payable		-	199 000
Accrued liabilities	23	177 567	194 296
<b>Total short-term liabilities</b>		<b>5 615 599</b>	<b>8 080 033</b>
<b>Total liabilities</b>		<b>7 827 511</b>	<b>10 171 501</b>
<b>TOTAL LIABILITIES</b>		<b>13 956 577</b>	<b>14 040 387</b>

Ričards Andersons  
(Chairman of the Board)

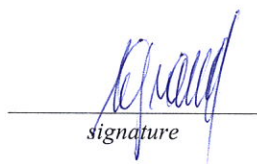


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28 th of March, 2023

Annual report drawn up by:

Ieva Grase  
(Chief Accountant)



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**CASH FLOW STATEMENT**

(indirect method)

	Note number	2022 EUR	2021 EUR
<b>Cash Flow from operating activities</b>			
Profit or loss before taxation		3 545 400	1 891 222
<b>Adjustments:</b>			
Adjustments of decrease in value of equity capital		268 917	208 292
Amortization of intangible assets		35 440	39 127
Unrealized profit from fluctuations of currency exchange rate		30 180	20 035
Interest and similar income		-	(14 480)
Revenue from subsidies		(84 563)	(110 220)
Interest and similar expenses		194 671	99 860
<b>Cash Flow before adjustments on changes in current assets and liabilities</b>		<b>3 990 045</b>	<b>2 133 836</b>
<b>Adjustments for:</b>			
Increase (-)/ decrease (+) in trade and other receivables		954 757	(3 376 216)
Increase (-)/ decrease (+) in inventories		(1 174 894)	(2 981 072)
Increase (+)/ decrease (-) in trade and other payables		(1 942 281)	4 916 274
<b>Gross operating cash flow</b>		<b>1 827 627</b>	<b>692 822</b>
<b>Interest paid</b>		(194 671)	(99 860)
<b>Corporate tax paid</b>		(260 841)	(44 305)
<b>Net cash flow from operating activities</b>		<b>1 372 115</b>	<b>548 657</b>
<b>Cash flow from investing activities</b>			
Proceeds from investment properties		-	1 500
Long-term investments in leased fixed assets		(65 156)	(38 077)
Purchase of non-current assets		(856 832)	(1 019 985)
Proceeds from sale of fixed and intangible assets		65 703	31 000
Loans granted		(26 379)	(1 258)
Interest received		-	14 480
<b>Net cash flow from investing activities</b>		<b>(882 664)</b>	<b>(1 012 340)</b>
<b>Cash flow from financing activities</b>			
Loans from credit institutions received		489 638	1 957 370
Received grants, subsidies and donations		84 563	110 220
Loans from credit institutions repaid		(666 672)	(578 259)
Dividends paid		(1 199 000)	(176 000)
<b>Net cash flow from financing activities</b>		<b>(1 291 471)</b>	<b>1 313 331</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>(802 020)</b>	<b>849 648</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>1 225 826</b>	<b>376 178</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>423 806</b>	<b>1 225 826</b>

Notes on pages 11 to 25 form an integral part of these financial statements.

Ričards Andersons  
(Chairman of the Board)

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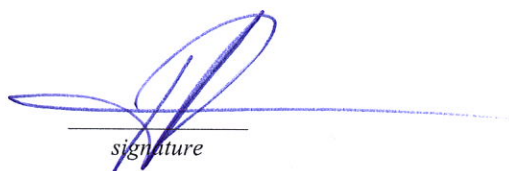


**STATEMENT OF CHANGES IN EQUITY**

	Share capital	Revaluation reserve of financial instruments	Reserves	Retained earnings	Total equity
	EUR	EUR	EUR	EUR	EUR
<b>As at 31.12.2020</b>	<b>1 301 400</b>	<b>407 404</b>	<b>14</b>	<b>778 072</b>	<b>2 486 890</b>
Gains or loss from revaluation of fixed assets	-	(40 740)	-	-	(40 740)
Increase / decrease in the fair value of financial instruments	-	-	-	(375 000)	(375 000)
Profit for the financial year	-	-	-	1 797 736	1 797 736
<b>As at 31.12.2021</b>	<b>1 301 400</b>	<b>366 664</b>	<b>14</b>	<b>2 200 808</b>	<b>3 868 886</b>
Increase / decrease in share capital	-	-	-	(1 000 000)	(1 000 000)
Gains or loss from revaluation of fixed assets	-	(50 054)	-	-	(50 054)
Profit for the financial year	-	-	-	3 310 234	3 310 234
<b>As at 31.12.2022</b>	<b>1 301 400</b>	<b>316 610</b>	<b>14</b>	<b>4 511 042</b>	<b>6 129 066</b>

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(Chairman of the Board)



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28 th of March, 2023

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Ieva Grase  
(Chief Accountant)



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## **NOTES TO THE FINANCIAL STATEMENTS**

### **(1) Significant accounting principles**

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

The annual report has been prepared in accordance with the laws "On Accounting" and "Law on Annual Accounts and Consolidated Annual Accounts".

The profit or loss statement has been classified according to expenditure function method. The cash flow statement is prepared using indirect cash flow method.

On December 31, 2022, the company corresponds to the category of a medium-sized company. The annual report is prepared by applying the following basic principles:

- 1) it is assumed that the Company will continue its operation;
- 2) The same accountancy policy and evaluation methods was used as in the previous year, except for the balance sheet items, which can be abandoned in accordance with the new law „Law on Annual Accounts and Consolidated Annual Accounts”, since the Company is not using SFPS in preparation of the annual report;
- 3) Items in the financial statements are recognized and measured on a prudent basis subject to the following conditions:
  - a) the financial statement includes only the profit earned up to the balance sheet date;
  - b) all liabilities and expected risk amounts and losses incurred during the reporting year or previous years are taken into account, even if they became known between the balance sheet date and the date when the annual report is signed by the Company's management body;
  - c) all amounts of impairment and depreciation of assets have been calculated and taken into account, regardless of whether the reporting year is closed with profit or loss;
- 4) the items in the balance sheet and profit and loss statement are shown on an accrual basis, i.e. income and expenditure are represented on the basis of the time of their occurrence and not the time of receipt or disbursement of money. Income and expenditure related to the reporting year are represented regardless of the date of receipt of the payment or invoice;
- 5) costs are reconciled with revenues in the respective reporting periods;
- 6) the amounts indicated in the relevant balance sheet items (opening balances) correspond to the amounts indicated in the same balance sheet items at the end of the previous reporting year (closing balances);
- 7) asset and liability items are valued separately;
- 8) the amounts in the balance sheet and profit and loss statement items are indicated taking into account the content and nature of economic transactions, and not only the legal form.

#### **Reporting period**

The reporting period is 12 months	01.01.2022	to	31.12.2022
The previous period is 12 months from	01.01.2021	to	31.12.2021

#### **Transactions in foreign currencies**

Financial reports are prepared in the single currency of the European Union, euro (EUR).

All transactions in foreign currencies are converted into euro according to the official currency exchange rate set by the European Central Bank on the respective day of transaction. All monetary assets and liabilities are converted into euro according to the exchange rate set by the European Central Bank on the last day of the financial year.

Profit or loss gained as a result of currency exchange rate fluctuations have been recognized in the income statement for the respective period.



### **Related parties**

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

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

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

### **Intangible assets and fixed assets**

Fixed assets are displayed in their acquisition value less depreciation. The acquisition value of fixed assets consists of purchase price, import duties and non-refundable purchase taxes, other costs directly attributable to delivery of the assets to their location and getting in the working condition pursuant to the suggested use. Depreciation and amortisation is calculated over the useful life of the asset according to the linear method applying the following depreciation rates as the basis of calculation:

Buildings and structures	5%
Manufacturing devices	20%
Technological equipment	10%
Office equipment	20%
Computer hardware	35%
Motor vehicles	20-35%
Other fixed assets	20%

Intangible assets are displayed in their acquisition value less depreciation. Depreciation has been calculated within the period of useful life of an asset according to the linear method, applying the following depreciation rates:

Licenses	10-20%
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Gains or losses from sales of fixed assets are displayed in the income statement of the respective period. Repair or renovation expenses that increase the useful life of fixed assets or their value are capitalised and written off within the period of useful life of assets. Other repair or renovation expenses are recognised as the loss of the accounting period.

Expenses related to leasehold improvements are capitalised and displayed in the fixed assets. Depreciation is calculated over the lease period using the linear method. Loan issue expenses that are directly related to formation of fixed assets and construction in progress are capitalised, if such expenses are reasonably attributable and directly related. Loan issue expenses are capitalised before putting the fixed assets into operation. In 2020, the company has revalued one group of fixed assets - Technological equipment, creating a long-term investment revaluation reserve, assuming that the depreciation of the mentioned fixed assets is 10 years, and the revaluation of this group takes place after 5 years.

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

#### *- Related companies*

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

### **Evaluation of inventories**

Cost price of inventories is determined using FIFO method. Inventories are evaluated according to the cost price or the lowest market values on the balance date.

If inventory units are damaged, have become partly or totally obsolete, or the expenses of production completion or selling increase substantially - corresponding inventory units has to be valued at the net sales price. (Net sales price is the forecasted sales price in ordinary business, less the calculated products completion and selling expenses).

### **Receivables**

Receivables are recognized according to the amount of initial invoices, less accruals for doubtful debts. Accruals are made if receipt of full amount of the debt is doubtful. Debts are written off if their recovery is considered as impossible.

#### *Provisions for bad and doubtful debtors*

Provisions for bad and doubtful debtors are estimated over the whole year based on expected budget created as for proportional income and expense flows. Accounts receivables can be written off from the provisions if their recovery is considered to be impossible. At the end of the year the Company evaluates all account receivables - bad debts are written off, but doubtful debts are assigned to Provisions for doubtful debts.

### **Cash**

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

### **Financial instruments**

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

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

### **Financial leasing liabilities**

Lease is classified as a financial lease if in fact all risks and remunerations that are a characteristic of ownership are transferred to a tenant and if it corresponds to at least one of the following conditions:

- a) ownership to the leased asset will be transferred to the tenant upon expiration of the leasing term;
- b) the lease term includes the majority of the asset's time of useful use;
- c) the leased assets are so specific that only the tenant is entitled to use them without a significant modification.

The assets for financial lease are initially recognised as the Company's assets after their true value or after the current value of the minimum leasing payments if it is lower than the true value. Each of these values are determined on the date of acquiring the lease asset. Lease liabilities are included in the balance sheet as long-term and short-term liabilities of financial lease. Financial expenditure are reflected in the income statement on the relevant period so that a regular and periodic cost rate from the liability surplus would be provided for each reporting period.



### **Provisions**

Provisions are recognised when there is obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation. Extent of the liabilities can be credibly assessed while a certain date of liabilities' occurrence or discharge is not precisely known.

As the warranty for complete filling stations is provided by the equipment manufacturer, the company does not make provisions for warranty repairs.

### **Accrued liabilities**

#### *Provisions for unused vacation compensation*

The provision sum is established by multiplying the average wage for the last six months of the reporting period with the number of days of unused annual leaves on the end date of the reporting period, including also the mandatory state social insurance contributions made by the employer.

#### *Provision for not received expense invoices*

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

#### *Accrued interest payments*

In accordance with the terms and conditions of the bond issue on the Nasdaq Baltic Exchange, interest is paid quarterly from the moment of issue. Accrued but not yet paid interest is included in accrued liabilities.

### **Recognition of income**

Revenue recognition from the sale of goods is recognised as soon as a significant portion of ownership and risks of goods are transferred to the customer, and the reward can be measured reliably. Revenue from rendering of services is recognised in proportion to the stage of completion of the order. Interest income is recognised in the corresponding period of time.

### **Corporate income tax**

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

As of taxation year of 2018, corporate income tax is calculated for distributed profit (dividends) and conditionally distributed profit by applying the rate of 20%. Corporate income tax is recognised at the moment when the participants of the Company will make a decision on distribution of profit, or when the costs not promoting further development of the Company (conditionally distributed profit) will be recorded.

### **Reclassification**

Certain items in financial reports of 2021 have been reclassified to correspond to the form of reflecting this year's report.

<b>Year 2021</b>	<b>Initial balance, EUR</b>	<b>Correction, EUR</b>	<b>Corrected balance, EUR</b>
<i>Accounting value of concessions, patents, licenses, trademarks and similar rights</i>	229 447	(15 000)	214 447
<i>Advance payments for intangible assets book value</i>	17 530	15 000	32 530



**Application of assumptions**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as income and expenses. The management has assessed its income statement and concluded that the financial statements give a true and fair view of the financial position of the Company, based on all the information currently available.

**(2) Net turnover:**

Turnover is the income earned during the year from the company's major activity - sale of goods and rendering of services without value added tax.

Type of activity	2022 EUR	2021 EUR
Manufacture of other chemical products nec (NACE 2059)	38 315 497	31 805 778
<b>Total</b>	<b>38 315 497</b>	<b>31 805 778</b>

**Net sales by geographical markets:**

Country	2022 EUR	2021 EUR
The European Union	26 207 836	25 308 081
Republic of Latvia	9 211 789	3 568 155
Outside the European Union	2 895 872	2 929 542
<b>Total</b>	<b>38 315 497</b>	<b>31 805 778</b>

**(3) Production cost of goods sold, acquisition cost of goods sold or services provided**

	2022 EUR	2021 EUR
Costs of purchased raw materials	29 656 566	24 993 927
Cost of goods purchased	1 366 064	2 082 163
Staff costs	757 372	665 579
Rental costs	238 845	222 100
Depreciation of fixed assets	216 269	131 555
Other costs	248 218	214 202
<b>Total</b>	<b>32 483 334</b>	<b>28 309 526</b>

**(4) Selling expenses**

	2022 EUR	2021 EUR
Personnel expenses	917 168	632 806
Transport costs	283 873	106 025
Advertising expenses	46 701	46 718
Business travel costs	41 059	29 113
Office expenses	36 728	155 198
ABUS maintenance costs	35 393	39 897
Depreciation of fixed assets and intangible assets	40 662	20 793
Other selling expenses	162 613	59 460
<b>Total</b>	<b>1 564 197</b>	<b>1 090 010</b>

**(5) Administrative expenses**

	<b>2022</b>	<b>2021</b>
	EUR	EUR
Personnel expenses	296 239	243 841
Depreciation of fixed assets	57 322	34 896
Ancillary expenses related to securities turnover	4 316	64 129
Other administration expenses	126 003	78 580
<b>Total</b>	<b>483 880</b>	<b>421 446</b>

**(6) Other operating income**

	<b>2022</b>	<b>2021</b>
	EUR	EUR
Income net of exchange rate fluctuations	174 529	-
Revenue from received financing LIAA	84 563	110 220
Other income	280 232	131 702
<b>Total</b>	<b>539 324</b>	<b>241 922</b>

**(7) Other operating expenses**

	<b>2022</b>	<b>2021</b>
	EUR	EUR
Expenses for writing down the residual value of written-off fixed assets	216 563	55 000
Other economic costs - for the improvement of the territory and premises	144 312	75 356
Materials for ensuring economic activity	82 682	24 249
Net depreciation expense on sale of property, plant and equipment - see note 9	30 180	20 321
Other personnel expenses	37 573	37 370
Donations	17 500	2 000
Utility expenses	16 386	6 420
Expenditure on staff sustainability measures	13 585	8 239
Road usage expenses	5 711	694
Work clothes	4 525	5 632
Equipment rental and maintenance	3 366	5 142
Other office expenses	3 102	4 796
Expenses related to the LIAA program	2 540	-
Losses from adjustment to prior periods	2 126	1 092
Fines and penalties paid	750	2 088
Net losses from exchange rate fluctuations	-	29
Other expenses	2 438	1 688
<b>Total</b>	<b>583 339</b>	<b>250 116</b>

(8) Explanation of the financial aid received in the reporting year and previous years

Provider of financial assistance	Year of receipt	Sum, EUR	Receipt objective	Conditions
Latvian Investment and Development Agency	2022	84563	Contract 17.12.2021. Nr.NP-2021/8, open project submission Nr. AK-IES/2	International Competitiveness Program. Development of websites, online stores, digital applications and virtual communication platforms for export markets, 50% of total eligible costs

(9) Information on profit or loss from disposal of long-term investment objects

Long-term investment object	Balance value at the moment of exclusion	Alienation income	Alienation expenses	Gross income or profit	Profit or loss from the object's alienation
	EUR	EUR	EUR	EUR	EUR
Scania RO2584	10 791	12 500	-	12 500	1 709
*Land for sale in Frēziju street 9, Katlakalna, Kekava region	54 660	30 578	-	30 578	(24 082)
Land for sale in Zeidaki, Mores p. , Sigulda region	30 592	14 500	-	14 500	(16 092)
Volkswagen Passat RA6	4 500	5 785	-	5 785	1 285
Complex of filling reservoirs from 6 volumes	-	7 000	-	7 000	7 000
<b>Total</b>	<b>100 543</b>	<b>70 363</b>	<b>-</b>	<b>70 363</b>	<b>(30 180)</b>

\*The amount from the fixed assets movement report differs by 4660 due to the fact that this amount for electricity in the facility was listed on the fixed assets creation costs

**(11) Intangible assets**

		<b>Concessions, patents, licenses, trade marks and similar rights</b>	<b>Advances for intangible assets</b>	<b>Total intangible assets</b>
		EUR	EUR	EUR
<b>Acquisition value</b>	<b>01.01.2022</b>	<b>304 028</b>	<b>32 530</b>	<b>336 558</b>
Additions		1 906	7 153	9 059
<b>Acquisition value</b>	<b>31.12.2022</b>	<b>305 934</b>	<b>39 683</b>	<b>345 617</b>
<b>Accumulated amortization</b>	<b>01.01.2022</b>	<b>89 581</b>	<b>-</b>	<b>89 581</b>
Amortization charge		35 440	-	35 440
<b>Accumulated amortization</b>	<b>31.12.2022</b>	<b>125 021</b>	<b>-</b>	<b>125 021</b>
<b>Net book value</b>	<b>01.01.2022</b>	<b>214 447</b>	<b>32 530</b>	<b>246 977</b>
<b>Net book value</b>	<b>31.12.2022</b>	<b>180 913</b>	<b>39 683</b>	<b>220 596</b>



(11) Fixed assets

	Real estate	Investments in leasehold improvements	Technological equipment and devices	Machinery and equipment	Equipment for LIAA project NP-2021/8	R&D research facilities	Other fixed assets and inventory	Fixed assets under construction	Advances for fixed assets	Total fixed assets
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>Acquisition value</b>	<b>179 204</b>	<b>254 072</b>	<b>550 682</b>	<b>315 627</b>	<b>-</b>	<b>-</b>	<b>522 080</b>	<b>747 160</b>	<b>-</b>	<b>2 568 825</b>
Additions	-	57 954	2 856	31 748	63 660	264	141 007	423 007	179 292	899 788
Disposal	(80 592)	-	(45 459)	-	-	-	(38 887)	(4 660)	-	(169 598)
Reclassified	-	7 202	-	22 355	-	-	385 994	(415 551)	-	-
Moved from inventory	-	-	11 971	60 746	-	-	-	-	-	72 717
Moved to inventory item	-	-	(8 371)	-	-	-	(6 236)	(30 413)	-	(45 020)
<b>Acquisition value</b>	<b>98 612</b>	<b>319 228</b>	<b>511 679</b>	<b>430 476</b>	<b>63 660</b>	<b>264</b>	<b>1 003 958</b>	<b>719 543</b>	<b>179 292</b>	<b>3 326 712</b>
<b>Accumulated depreciation</b>	<b>-</b>	<b>130 804</b>	<b>108 827</b>	<b>117 038</b>	<b>-</b>	<b>-</b>	<b>265 911</b>	<b>-</b>	<b>-</b>	<b>622 580</b>
Depreciation charge	-	94 443	47 270	57 480	3 996	-	115 782	-	-	318 971
Amortization of intangible assets that have been liquidated or reclassified	-	-	(24 772)	-	-	-	(34 387)	-	-	(59 159)
<b>Accumulated depreciation</b>	<b>-</b>	<b>225 247</b>	<b>131 325</b>	<b>174 518</b>	<b>3 996</b>	<b>-</b>	<b>347 306</b>	<b>-</b>	<b>-</b>	<b>882 392</b>
<b>Net book value</b>	<b>179 204</b>	<b>123 268</b>	<b>441 855</b>	<b>198 589</b>	<b>-</b>	<b>-</b>	<b>256 169</b>	<b>747 160</b>	<b>-</b>	<b>1 946 245</b>
<b>Net book value</b>	<b>98 612</b>	<b>93 981</b>	<b>380 354</b>	<b>255 958</b>	<b>59 664</b>	<b>264</b>	<b>656 652</b>	<b>719 543</b>	<b>179 292</b>	<b>2 444 320</b>

As at 31 December 2022, the carrying amount in the property, plant and equipment category "Other property, plant and equipment" includes cars purchased in finance leases in the amount of EUR 373 620.

As of 31 December 2022, the cadastral value of the real estate owned by the company is EUR 98 612.

**(12) Shareholding in the capital of subsidiary companies**

	31.12.2022	31.12.2021
	EUR	EUR
Acquisition value at the beginning of the reporting year	177 256	178 756
<b>Investments in the beginning of period</b>	<b>177 256</b>	<b>178 756</b>
Changes to value adjustments in relation to write-off or carrying over	-	(1 500)
Acquisition value at the end of the reporting period	177 256	178 756
Changes in the accrued participation value at the end of the reporting period	-	(1 500)
<b>Investments in the beginning of period</b>	<b>177 256</b>	<b>177 256</b>

**Company name**

	Owned shares, %	Acquisition value	Investment book value	Subsidiary Profit or Loss 2022	Subsidiary company's equity value on 31.12.2022
OU CrossChem Estonia	51	177 256	177 256	(62 806)	(76 474)
	<b>X</b>	<b>177 256</b>	<b>177 256</b>	<b>(62 806)</b>	<b>(76 474)</b>

**(13) Loans to subsidiary companies**

	Changes within the reporting period	31.12.2022	31.12.2021
		EUR	EUR
<b>Long-term loans</b>			
SIA CrossChem Intaernational	26 379	730 261	703 882
<b>Total long term loans</b>	<b>26 379</b>	<b>730 261</b>	<b>703 882</b>

	Changes within the reporting period	31.12.2022	31.12.2021
		EUR	EUR
<b>Short term liabilities</b>			
CrossChem Estonia OU	92 421	153 371	60 950
CrossChem Japan Co.,Ltd	205	68 020	67 815
<b>Total short term liabilities</b>	<b>92 626</b>	<b>221 391</b>	<b>128 765</b>

**(14) Trade receivables**

	31.12.2022	31.12.2021
	EUR	EUR
Trade receivables carrying amount	3 041 376	4 109 162
<b>Total</b>	<b>3 041 376</b>	<b>4 109 162</b>

**(15) Other receivables**

	31.12.2022	31.12.2021
	EUR	EUR
Tax overpayment	18 643	6 973
Other debtors	6 218	626
<b>Total</b>	<b>24 861</b>	<b>7 599</b>

**(16) Share capital (equity capital)**

As at 31 December 2022, the share capital is fully paid. It consists of 1301400 shares with a nominal value of EUR 1.

**(17) Long-term investment revaluation reserve**

Item of fixed assets (object name)	Revaluation reserve surplus at the period's		Value of the fixed asset in the	Decrease of	Value of fixed assets at the	
	beginning	end	beginning of	revaluing	without	with
	01.01.2022	31.12.2022	the period 01.01.2022	reserve 2022.g.	revaluing 31.12.2022	revaluing 31.12.2022
	EUR	EUR	EUR	EUR	EUR	EUR
<u>Technology devices and equipment:</u>						
A/m Scania 124	6 501	5 779	14 000	722	7 221	13 000
A/m Scania RO2584	7 507	-	18 895	7 507	-	-
AdBlue production facility	271 875	241 667	307 289	30 208	34 115	275 782
AdBlue plant 2 (expansion in Latvia)	72 694	64 617	88 200	8 077	13 783	78 400
AdBlue filling station 9000l_6	1 709	1 519	4 650	190	4 547	6 066
AdBlue filling station 9000l_4	2 057	1 828	4 500	229	4 078	5 906
High pressure washer HD1140	900	800	900	100	-	800
Washing machine NEPTUNE 5-49	450	400	450	50	-	400
Filling tank complex of 6 tanks	2 970	-	2 970	2 970	-	-
<b>Total</b>	<b>366 663</b>	<b>316 610</b>	<b>441 854</b>	<b>50 053</b>	<b>63 744</b>	<b>380 354</b>
<b>Total</b>	<b>366 663</b>	<b>316 610</b>	<b>441 854</b>	<b>50 053</b>	<b>63 744</b>	<b>380 354</b>

**(18) Loans to bondsLoans to bonds**

	31.12.2022	31.12.2021
	EUR	EUR
Loans to be paid in 1 to 5 years	2 013 000	1 919 546
<b>Total</b>	<b>2 013 000</b>	<b>1 919 546</b>

In November 2021, SIA CrossChem issue 3000 bonds with a nominal value of 1000 EUR on the Nasdaq Riga Alternative Market First North. The annual bond coupon rate is 6.75% with a quarterly coupon payment. Maturity of the bonds 04.11.2024. The nominal value of bonds issued but not sold as of 31.12.2022 is EUR 987000.

**(19) Borrowings from credit institutions**

**Long-term borrowings (from 1 to 5 years)**

	% rate	Date of payment	31.12.2022	31.12.2021
			EUR	EUR
ALTUM	2.9%	25.03.2023	-	1 000 000
<b>Total long-term borrowings</b>	<b>X</b>	<b>X</b>	<b>-</b>	<b>1 000 000</b>

	% rate	Date of payment	31.12.2022	31.12.2021
			EUR	EUR
Short-term borrowings				
ALTUM	2.9%	25.03.2023	111 104	666 672
<b>Total short - term borrowings</b>	<b>X</b>	<b>X</b>	<b>111 104</b>	<b>666 672</b>



**(20) Other borrowings**

	% rate	Date of payment	31.12.2022 EUR	31.12.2021 EUR
<b>Long-term borrowings (from 1 to 5 years)</b>				
CrossChem Agro SIA	10.5	31.12.2025	26	26
AS SEB lizings	2.65/2.5	31.12.2026	198 886	60 792
<b>Total long-term borrowings</b>	<b>X</b>	<b>X</b>	<b>198 912</b>	<b>60 818</b>

	% rate	Date of payment	31.12.2022 EUR	31.12.2021 EUR
<b>Short-term borrowings</b>				
Other companies	6.5	31.12.2023	216 570	-
AS SEB lizings	2.9/4.5	31.12.2023	60 996	19 476
<b>Total</b>	<b>X</b>	<b>X</b>	<b>277 566</b>	<b>19 476</b>

**(21) Taxes and mandatory state social insurance contributions**

	31.12.2022 EUR	31.12.2021 EUR
Social contributions	47 998	62 308
Value added tax	38 107	9 687
Corporate income tax	35 128	58 326
Personal income tax	25 567	29 062
Company Car Tax	2 651	3 272
Risk duties	21	22
Natural resource tax	14	14
<b>Total</b>	<b>149 486</b>	<b>162 691</b>

**(22) Other liabilities**

	31.12.2022 EUR	31.12.2021 EUR
<b>Short-term other creditors</b>		
Salary	88 743	89 343
Settlements for deposits received	38 378	19 392
Settlements with customers for erroneously credited amounts	1 482	241 745
Other creditors	417	603
<b>Total short-term other creditors</b>	<b>129 020</b>	<b>351 083</b>

**(23) Accrued liabilities**

	31.12.2022 EUR	31.12.2021 EUR
Provisions for unused vacations	124 200	101 180
Settlements with creditors for accrued liabilities	32 394	61 406
Provisions for interest payments	20 973	31 710
<b>Total</b>	<b>177 567</b>	<b>194 296</b>

**(24) Transactions with related parties**

	Services rendered and goods sold	Services rendered and goods purchased	Amounts owed by related parties	Payables to related parties
Related party	2022 EUR	2022 EUR	31.12.2022 EUR	31.12.2022 EUR
SIA CrossChem International	699 401	236 650	714 795	61 650
OU CrossChem Estonia	209 302	80 296	136 291	42 602
CrossChem Japan Co.,Ltd	222 955	-	68 020	67 815
	<b>1 131 658</b>	<b>316 946</b>	<b>919 106</b>	<b>172 067</b>

**(25) Average number of employees**

	2022	2021
Members of the Board	3	3
Other employees	59	52
Average number of employees	<b>62</b>	<b>55</b>

**(26) Personnel expenses**

	2022 EUR	2021 EUR
Wages	1 594 631	1 247 950
Mandatory state social insurance contributions	375 875	294 036
<b>Other personnel expenses</b>	<b>1 970 506</b>	<b>1 541 986</b>

**(27) Information on the payments for members of the council and the board**

The remuneration of members of the Board for fulfilment of their duties at the Board, as well as for performance of

Type of costs	2022 EUR	2021 EUR
Wages	66 196	54 037
Mandatory state social insurance contributions	22 567	18 421
<b>Total</b>	<b>88 763</b>	<b>72 458</b>

**(28) Information on issued guarantees, warranties, and other possible liabilities and pledged assets**

Commercial pledge agreement 216119/01-K1 from 15.05.2020. - with the right of the first claim to the entire property as a joint property at the time of the pledge, as well as to the subsequent components of the joint property, including fixed assets to be purchased with the Loan funds. The loan is secured by a mortgage on the company's real estate. Commercial pledge agreement 216119/02-K1 from 23.12.2022. - with the right of the first claim to the entire property as a joint property at the time of the pledge, as well as to the subsequent components of the joint property, including fixed assets to be purchased with the Loan funds. The loan is secured by a mortgage on the company's real estate.



**(29) Information on lease and rent agreements, that have important influence on company's activity**

SIA Pirmas, reg.No.40103716379 n 01.08.2018 Real Estate Lease Agreement No.IzL2 / 2018 / 08-15; valid until 30.12.2028; SIA KOROLA, reg.No.40003493307 -Land lease agreement 12/09/19 from 12.09.2019 valid until 31.12.2023.

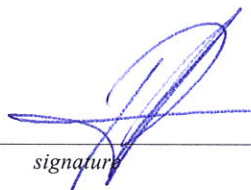
**(30) Important events after the end of the report year**

The global supply contract concluded in January with the gas station network Circle K as well as the investment projects started in 2022, which will be ended in 2023, will bring significant benefits to the Company, will allow to streamline work and reduce production costs, by channelling the savings to the creation of a professional team. In 2023, the society will strengthen and form the "foundations" on which the development and growth will be based for following 5-10 years of the Company.

**(31) Financial risk management**

The company's financial assets mainly consist of client's debts as well as credits from financial institutions. Most financial liabilities consist of debts owed to suppliers for goods and services. Funds are mainly placed in well-known Latvian financial institutions. The company's main source of external financing, apart from issuing bonds on the Nasdaq Baltic Exchange, is the Latvian credit institution ALTUM, which granted several loans for current assets. We pay attention to the changes in interest rates, especially EIRIBOR, because it significantly affects the overall national economy and solvency of the client. In relation to debtors, monitoring has been increased, insurance and reinsurance services have been engaged and this work reduces the risks of losses, thus not creating significant differences between the balance sheet value of financial assets and liabilities and their true value. Despite the fact emerging geopolitical situation in the world, the Company maintained production volumes at a high level and was able to organize work to ensure in time delivery of products to the customers. The main challenges that the Company was able to overcome due to the current negative situation in the world were the increase in the price of raw materials, fuel and components, as well as delays in traditional logistics routes and extension of delivery terms. Despite all these difficulties, the company showed a stable financial result of its operations in 2022, which became possible thanks to rapid adaptation to the new market conditions and cohesive teamwork. Based on the uncertainty of the market due to geopolitical conditions, taking into account the record high prices of raw materials in 2022 and predicting the economic recession in the euro zone in 2023, the company will focus on increasing efficiency, modernizing and automating processes by investing in infrastructure, team composition to ensure the fastest and strongest growth after the situation in the world will stabilize again. The plan is to keep the turnover at the level of 2022, keeping the EBITDA level within 6%-7%.

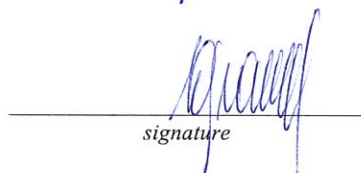
Ričards Andersons  
(Chairman of the Board)

  
signature

28 th of March, 2023

**Annual report drawn up by:**

Ieva Grase  
(Chief Accountant)

  
signature

## INDEPENDENT AUDITORS' REPORT

Grant Thornton Baltic Audit SIA  
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### *Our Opinion on the Financial Statements*

We have audited the accompanying financial statements of SIA "CrossChem" ("the Company") set out on pages 6 to 25 of the accompanying annual report, which comprise:

- the balance sheet as at 31 December 2022,
- the profit and loss statement for the year then ended,
- the statement of changes in equity for the year then ended,
- the statement of cash flows for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

**In our opinion, the accompanying financial statements give a true and fair view of the financial position of SIA "CrossChem" as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.**

### *Basis for Opinion*

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

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

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

### *Reporting on Other Information*

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

- Information about the Company, as set out on page 3 of the accompanying Annual Report,
- the Management Report, as set out on pages 4 and 5 of the accompanying Annual Report.

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

SIA „Grant Thornton Baltic Audit”  
License No. 183



Silvija Gulbe  
Sworn auditor  
Certificate No. 142  
Member of the Board

Riga, 28 March, 2023