

DRAFT

Riga 22 nd of February, 2023

CrossChem SIA
Annual report for year 01.01.2022 - 31.12.2022

CONTENT

	Page
Information on the Company	3
Management Report	4
Income Statement	6
Balance Sheet	7
Cash Flow Statement	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11
Auditor's Report	25

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	Ričards Andersons	–	Chairman of the Board
	Aleksandrs Muzičenko	–	Board member
	Dagnija Turlaja	–	Board member
Annual report drawn up by	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	SIA Grant Thornton Baltic Audit	Certified Auditor	
	Brivibas str. 85-5	Silvija Gulbe	
	Riga, 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 6,131,246. 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.

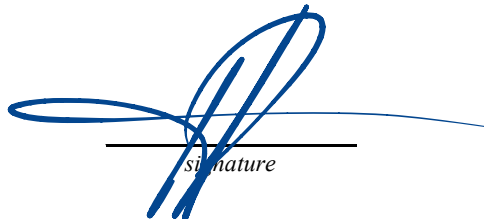
Financial risk management

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

22 nd of February, 2023

INCOME STATEMENT
 (classified per function of expenditure)

	Note number	2021 EUR	2020 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	(32 481 510)	(28 309 526)
Gross profit or loss		5 833 987	3 496 252
Selling expenses	4	(1 564 176)	(1 090 010)
Administrative expenses	5	(483 880)	(421 446)
Other operating income	6	539 363	241 922
Other operating expenses	7	(583 043)	(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)
Profit or loss before the corporate income tax		3 547 580	1 891 222
Corporate income tax for the reporting year		(235 166)	(93 486)
Profit or loss of the reporting year		3 312 414	1 797 736

Notes on pages 11 to 24 form are integral part of these financial statements.

Ričards Andersons
 (Chairman of the Board)



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22 nd of February, 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
Long-term investments			
Intangible assets			
Concessions, patents, licences, trademarks and similar rights		220 596	229 447
Advance payments for intangible assets		-	17 530
Total intangible assets	9	220 596	246 977
Fixed assets			
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
Total fixed assets	10	2 265 028	1 946 245
Long-term financial investments			
Shareholding in the capital of subsidiary companies	11	177 256	177 256
Loans to subsidiary companies	12	730 261	703 882
Total long-term financial investments		907 517	881 138
Total long-term investments		3 393 141	3 074 360
Current assets			
Inventories			
Raw materials, direct materials and auxiliary materials		4 090 734	4 454 126
Finished products and goods for sale		707 083	213 281
Advance payments for inventories		2 037 500	813 701
Total inventories		6 835 317	5 481 108
Receivables			
Trade receivables	13	3 041 377	4 109 162
Amounts owed by related companies	12	221 391	128 765
Other receivables	14	24 861	7 599
Prepaid expenses		16 708	13 567
Total receivables		3 304 337	4 259 093
Cash and cash equivalents		423 806	1 225 826
Total current assets		10 563 460	10 966 027
TOTAL ASSETS		13 956 601	14 040 387

BALANCE SHEET

LIABILITIES	Note number	31.12.2022 EUR	31.12.2021 EUR
Equity capital			
Share capital (equity capital)	15	1 301 400	1 301 400
Long-term investment revaluation reserve	16	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		3 312 414	1 797 736
Total equity capital		6 131 246	3 868 886
Creditors			
Long-term liabilities			
Loans to bonds	17	2 013 000	1 919 546
Borrowings from credit institutions	18	-	111 104
Other borrowings	19	198 912	60 818
Total long-term liabilities		2 211 912	2 091 468
Short-term liabilities			
Borrowings from credit institutions	18	111 104	666 672
Other borrowings	19	277 566	19 476
Advance payments from customers		1 025 132	4 951 499
Trade payables		3 657 033	1 232 336
Amounts owed to subsidiary companies		42 601	283 270
Taxes and mandatory state social insurance contributions	20	149 151	162 691
Other liabilities	21	129 021	351 083
Deferred income		46 089	19 710
Dividends payable		-	199 000
Accrued liabilities	22	175 746	194 296
Total short-term liabilities		5 613 443	8 080 033
Total liabilities		7 825 355	10 171 501
TOTAL LIABILITIES		13 956 601	14 040 387

Ričards Andersons
 (Chairman of the Board)

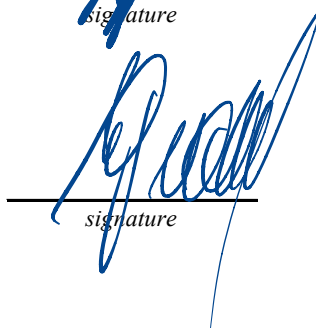


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22 nd of February, 2023

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 (Chief Accountant)



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CASH FLOW STATEMENT

(indirect method)

	Note number	2021 EUR	2021 EUR
Cash Flow from operating activities			
Profit or loss before taxation		3 547 580	1 891 222
Adjustments:			
Adjustments of decrease in value of equity capital		318 971	208 292
Amortization of intangible assets		35 440	39 127
(Profit) or loss from the sale of fixed assets		(19 874)	20 035
Unrealized profit from fluctuations of currency exchange rate		(174 529)	-
Interest and similar income		-	(14 480)
Received grants, subsidies and donations		(84 563)	(110 220)
Interest and similar expenses		194 671	99 860
Cash Flow before adjustments on changes in current assets and liabilities		3 817 696	2 133 836
Adjustments for:			
Increase (-)/ decrease (+) in trade and other receivables		954 756	(3 376 216)
Increase (-)/ decrease (+) in inventories		(1 309 190)	(2 981 072)
Increase (+)/ decrease (-) in trade and other payables		(1 946 740)	4 916 274
Gross operating cash flow		1 516 522	692 822
Interest paid		(194 671)	(99 860)
Corporate tax paid		(258 364)	(44 305)
Net cash flow from operating activities		1 063 487	548 657
Cash flow from investing activities			
Proceeds from investment properties		-	1 500
Long-term investments in leased fixed assets		(57 954)	(38 077)
Purchase of non-current assets		(744 318)	(1 019 985)
Proceeds from sale of fixed and intangible assets		70 363	31 000
Loans granted		-	(1 258)
Interest received		-	14 480
Net cash flow from investing activities		(731 909)	(1 012 340)
Cash flow from financing activities			
Loans from credit institutions received		472 982	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)
Net cash flow from financing activities		(1 308 127)	1 313 331
Result of foreign exchange rate fluctuations		174 529	-
Net increase/decrease in cash and cash equivalents		(802 020)	849 648
Cash and cash equivalents at the beginning of the period		1 225 826	376 178
Cash and cash equivalents at the end of the period		423 806	1 225 826

Notes on pages 10 to 22 form an integral part of these financial statements.

Ričards Andersons
 (Chairman of the Board)

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22 nd of February, 2023

STATEMENT OF CHANGES IN EQUITY

	Share capital	Revaluation reserve of financial instruments	Reserves	Retained earnings	Total equity
	EUR	EUR	EUR	EUR	EUR
As at 31.12.2020	1 301 400	407 404	14	778 072	2 486 890
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
As at 31.12.2021	1 301 400	366 664	14	2 200 808	3 868 886
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	-	-	-	3 312 414	3 312 414
As at 31.12.2022	1 301 400	316 610	14	4 513 222	6 131 246

Notes on pages 11 to 24 form an integral part of these financial statements.

Ričards Andersons
 (Chairman of the Board)



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22 nd of February, 2023

Annual report drawn up by:

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

In order for the data to be comparable, the data for the first 6 months of 2021 were used for the calculation of Profit or Loss and the Cash Flow Report.

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.

- Associated companies

Associated company is a company over which the group has direct or indirect significant influence (at least 20%, but not more than 50% of the shareholders' voting rights in this company), but has no control over financial and operating policy. The company recognises the income from investment only to the extent the distribution of the profit accumulated after the acquisition date is received from the respective subsidiary company. Received distribution in excess of such profit is regarded as investment recovery cost and is recognised as a decrease of purchase cost of the investments in related companies.

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. Dividend income is recognised when the shareholder's right to receive payment is established. 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.

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:

Net turnover - proceeds from company's major activity - 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
Total	38 315 497	31 805 778

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

	2022 EUR	2021 EUR
Costs of purchased raw materials	29 656 528	24 993 927
Cost of goods purchased	1 364 264	2 082 163
Staff costs	757 372	665 579
Rental costs	238 845	222 100
Depreciation of fixed and intangible assets	216 269	131 555
Other costs	248 232	214 202
Total	32 481 510	28 309 526

(4) Selling expenses

	2022 EUR	2021 EUR
Personnel expenses	917 168	632 806
Transport costs	283 873	106 025
Office expenses	36 728	155 198
Advertising expenses	46 701	46 718
ABUS maintenance costs	35 372	39 897
Business travel costs	41 059	29 113
Depreciation of fixed assets	30 992	20 793
Other selling expenses	172 283	59 460
Total	1 564 176	1 090 010

(5) Administrative expenses

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

(6) Other operating income

	2022	2021
	EUR	EUR
Income net of exchange rate fluctuations	174 529	-
Revenue from received financing LIAA	84 563	110 220
Revenue from prior period adjustments	1	1 730
Other income	280 270	129 972
Total	539 363	241 922

(7) Other operating expenses

	2022	2021
	EUR	EUR
Other economic costs - for the improvement of the territory and premises	144 313	75 356
Expenses for writing down the residual value of written-off fixed assets	216 563	55 000
Other personnel expenses	14 554	37 370
Net depreciation expense on sale of property, plant and equipment		
Expenditure on staff sustainability measures	13 585	8 239
Work clothes	4 525	5 632
Equipment rental and maintenance	3 366	5 142
Fines and penalties paid	454	2 088
Losses from adjustment to prior periods	2 126	1 092
Net losses from exchange rate fluctuations	-	29
Other expenses	153 377	39 847
Total	552 863	229 795

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

(8) 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, Katlakalns, Kekava	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	4 500	5 785	-	5 785	1 285
Complex of filling reservoirs from 6 volumes	-	7 000	-	7 000	7 000
Total	100 543	70 363	-	70 363	(30 180)

(9) Intangible assets

		Concessions, patents, licenses, trade marks and similar rights	Advances for intangible assets	Total intangible assets
		EUR	EUR	EUR
Acquisition value	01.01.2022	319 028	17 530	336 558
Additions		1 906	7 153	9 059
Disposal		-	-	-
Reclassified		(15 000)	15 000	-
Acquisition value	31.12.2022	305 934	39 683	345 617
Accumulated amortization	01.01.2022	89 581	-	89 581
Amortization charge		35 440	-	35 440
Accumulated amortization	31.12.2022	125 021	-	125 021
Net book value	01.01.2022	229 447	17 530	246 977
Net book value	31.12.2022	180 913	39 683	220 596

(10) 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	Total fixed assets
		EUR	EUR	EUR	EUR		EUR	EUR	EUR	EUR
Acquisition value	01.01.2022	179 204	254 072	550 682	315 627	-	-	522 080	747 160	2 568 825
Additions		-	57 954	2 856	31 748	63 660	264	141 007	423 007	720 496
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)
Acquisition value	31.12.2022	98 612	319 228	511 679	430 476	63 660	264	1 003 958	719 543	3 147 420
Accumulated depreciator	01.01.2022	-	130 804	108 827	117 038	-	-	265 911	-	622 580
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)
Accumulated depreciator	31.12.2022	-	225 247	131 325	174 518	3 996	-	347 306	-	882 392
Net book value	01.01.2022	179 204	123 268	441 855	198 589	-	-	256 169	747 160	1 946 245
Net book value	31.12.2022	98 612	93 981	380 354	255 958	59 664	264	656 652	719 543	2 265 028

As at 31 December 2022, the carrying amount in the property, plant and equipment category "Other property, plant and equipment" includes cars purchased in

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

(11) 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
Investments in the beginning of period	177 256	178 756
Acquisition (+)	-	-
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)
Investments in the beginning of period	177 256	177 256

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	2 565	(10 296)
	X	177 256	177 256	2 565	(10 296)

(12) Loans to subsidiary companies

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

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

(13) Trade receivables

	31.12.2022	31.12.2021
	EUR	EUR
Trade receivables carrying amount	3 041 377	4 109 162
Total	3 041 377	4 109 162

(14) Other receivables

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

(15) 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.

(16) 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 beginning of the period 01.01.2022	Decrease of revaluating reserve 2022.g.	Value of fixed assets at the end of the period	
	beginning	end			without revaluating	with revaluating
	01.01.2022	31.12.2022			31.12.2022	31.12.2022
	EUR	EUR	EUR	EUR	EUR	EUR
Technology devices and equipment:						
A/m Scania 124 KP6295	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 90001_6	1 709	1 519	4 650	190	4 547	6 066
AdBlue filling station 90001_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	-	-
Total	366 663	316 610	441 854	50 053	63 744	380 354
Total	366 663	316 610	441 854	50 053	63 744	380 354

(17) Loans 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
Total	2 013 000	1 919 546

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.

(18) 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
Total long-term borrowings	X	X	-	1 000 000
Short-term borrowings				
	% rate	Date of	31.12.2022	31.12.2021
			EUR	EUR
ALTUM	-	45 010	111 104	666 672
Total short - term borrowings	X	X	111 104	666 672

(19) Other borrowings

	% rate	Date of	31.12.2022	31.12.2022	31.12.2021
			Currency	EUR	EUR
Long-term borrowings (from 1 to 5 years)					
CrossChem Agro SIA	10,5	31.12.2025	-	26	26
AS SEB lizings	2.65/2.5	31.12.2026	138 094	198 886	60 792
Total long-term borrowings	X	X	X	198 912	60 818

Loan agreements with SIA SEB Leasing: U110090, interest rate 2.65%, U119731, interest rate 2.5%, all loans must be repaid by 31.12.2026.V028998, interest rate 2.65%, by 11.08.2026; V054469, interest rate 2.60%, by 25.05.2027; V059172, interest rate 2.60%, by 25.05.2027;V085907, interest rate 2.65% by 31.10.2027;V095579. interest rate 2.65% by 31.10.2027;V103049, interest rate 2.65%,by 25.10.2027;V109084, interest rate 2.65%, by 25.10.2027;V118257, interest rate 2.65%, by 25.11.2027;V1127795, interest rate 2.65%, by 27.12.2027. Loan agreement with CrossChem Agro from 01.07.2019 - 4.1% per annum until 31.12.2025

	% rate	Date of	31.12.2022	31.12.2021
			EUR	EUR
Short-term borrowings				
Irina Andersone	6,5	31.12.2023	216 570	-
Swedbank leasing EUR	2.9/4.5	31.12.2023	60 996	19 476
Total	X	X	277 566	19 476

Loan agreements with SIA SEB Leasing: U110090, interest rate 2.65%, U119731, interest rate 2.5%, all loans must be repaid by 31.12.2026.V028998, interest rate 2.65%, by 11.08.2026; V054469, interest rate 2.60%, by 25.05.2027; V059172, interest rate 2.60%, by 25.05.2027;V085907, interest rate 2.65% by 31.10.2027;V095579. interest rate 2.65% by 31.10.2027;V103049, interest rate 2.65%,by 25.10.2027;V109084, interest rate 2.65%, by 25.10.2027;V118257, interest rate 2.65%, by 25.11.2027;V1127795, interest rate 2.65%, by 27.12.2027.

(20) Taxes and mandatory state social insurance contributions

	31.12.2022	31.12.2021
	EUR	EUR
Social contributions	47 998	62 308
Value added tax	37 772	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
Total	149 151	162 691

(21) Other liabilities

	31.12.2022	31.12.2021
	EUR	EUR
Short-term other creditors		
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	418	603
Total short-term other creditors	129 021	351 083

(22) Accrued liabilities

	31.12.2022	31.12.2021
	EUR	EUR
Provisions for unused vacations	124 200	101 180
Settlements with creditors for accrued liabilities	30 573	61 406
Provisions for interest payments	20 973	31 710
Total	175 746	194 296

(23) Average number of employees

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

(24) Personnel expenses

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

(25) 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

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

(26) 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

(27) 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; SIA KOROLA, reg.No.40003493307 -Land lease agreement 12/09/19 from 12.09.2019

(28) 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

(29) 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

22 nd of February, 2023

Annual report drawn up by:

Ieva Grase
(Chief Accountant)



signature