



**COOPERATIVE SOCIETY OF AGRICULTURAL SERVICES  
LATRAPs**

**(UNIFIED REGISTRATION NUMBER 58503007191)**

**ANNUAL REPORT**

**For the period 1 July 2022 through 30 June 2023**

**PREPARED IN ACCORDANCE WITH  
THE LAW OF THE REPUBLIC OF LATVIA ON ANNUAL REPORTS  
AND CONSOLIDATED ANNUAL REPORTS**

**TOGETHER WITH INDEPENDENT AUDITORS' REPORT**

**ELEJA, 2023**

\* This version of financial statements is a translation from the original, which was prepared in the Latvian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of financial statements takes precedence over this translation.

## CONTENTS

|                                   |                                       |
|-----------------------------------|---------------------------------------|
| General information               | 3                                     |
| Management report                 | <b>Error! Bookmark not defined.-5</b> |
| Financial statements:             |                                       |
| Statement of profit or loss       | 6                                     |
| Balance sheet                     | 7-8                                   |
| Statement of cash flows           | 9                                     |
| Statement of changes in equity    | 10                                    |
| Notes to the financial statements | 11-30                                 |
| Independent auditors' report      |                                       |

## General information

|                                                         |                                                                                                                                                                                                                                                                                                                                                               |                                                                                        |
|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| Name of the company                                     | Cooperative Society of Agricultural Services LATRAPs                                                                                                                                                                                                                                                                                                          |                                                                                        |
| Legal status                                            | Cooperative society                                                                                                                                                                                                                                                                                                                                           |                                                                                        |
| Registration number and date                            | 58503007191, 9 May 2000                                                                                                                                                                                                                                                                                                                                       |                                                                                        |
| Taxpayer's registration number and date of registration | LV58503007191, 23 May 2000                                                                                                                                                                                                                                                                                                                                    |                                                                                        |
| Registered office                                       | Lietuvas iela 16 A<br>Eleja, Eleja pagasts, Jelgava municipality, Latvia                                                                                                                                                                                                                                                                                      |                                                                                        |
| Chairman of the Board                                   | Roberts Stripnieks                                                                                                                                                                                                                                                                                                                                            |                                                                                        |
| Board Members                                           | Girts Ozols<br>Gundars Ruža<br>Ilga Anita Bērzkalna (from 14/12/2022)<br>Ginta Briede (from 16/05/2023)                                                                                                                                                                                                                                                       |                                                                                        |
| Chairman of the Council                                 | Valters Bruss                                                                                                                                                                                                                                                                                                                                                 |                                                                                        |
| Deputy Chairman of the Council                          | Artūrs Akmens                                                                                                                                                                                                                                                                                                                                                 |                                                                                        |
| Council Members                                         | Laima Klidziņa<br>Artūrs Tjušs<br>Māris Bērziņš<br>Sandris Bēča<br>Juris Lazdiņš<br>Mārtiņš Trons<br>Gunvaldis Sproģis                                                                                                                                                                                                                                        |                                                                                        |
| Subsidiaries                                            | Bio Diesel Latvia SIA, Lietuvas iela 16 A, Eleja, equity interest: 100% (27/01/2006)<br>ASNS Investment SIA, Lietuvas iela 16 A, Eleja, equity interest: 100% (16/09/2020)<br>ASNS Ingredient SIA, Lietuvas iela 16 A, Eleja, equity interest: 99.2897% (21/12/2022)<br>Latmalt SIA, Jaunsvirlauka pag., Valmju iesalnīca, equity interest: 100% (21/08/2020) |                                                                                        |
| Financial year                                          | 1 July 2022 – 30 June 2023                                                                                                                                                                                                                                                                                                                                    |                                                                                        |
| Chief Accountant                                        | Diāna Bērzniece                                                                                                                                                                                                                                                                                                                                               |                                                                                        |
| Auditors                                                | Dace Negulinere<br>Latvian Certified Auditor<br>Certificate No 175                                                                                                                                                                                                                                                                                            | SIA Ernst & Young Baltic<br>Muitas iela 1a, Rīga<br>Latvia, LV – 1010<br>License No 17 |

## Management report

### Type of business

The cooperative society of agricultural services LATRAPs (hereinafter – LATRAPs or the Cooperative) is a farmer-founded and member-owned entity whose main objective is to raise the efficiency of commercial transactions through cooperation by pooling needs, thus increasing profitability.

LATRAPs' core business is the sale of agricultural raw materials needed by its members and products grown by them, and the primary processing of grain, rapeseed and pulses. In addition, LATRAPs provides crop insurance brokerage services, sells agricultural machinery and spare parts, and supplies maintenance and logistics services, as well as produces rapeseed oil.

Operations are mainly carried out in the interests of its members: selling the grain, pulses and rapeseed produced by its members, providing the services its members need, procuring the inputs they need for crop production, providing advice and training on how to achieve the best results for sustainable growth.

### Operations during the reporting year

In 2022, the total area under cereals did not change considerably in Latvia, while cereal yield was the second highest over the last five years thanks to slightly more favorable weather. Last year, the total grain harvested in Latvia was 3.24 million tonnes. This is an increase by 249 thousand tonnes, or 7.7%, compared to 2021, which should overall be regarded as good.

For the period 1 July 2022 through 30 June 2023, LATRAPs' revenues from the sale and a significant increase in the value of cereals and rapeseed rose by more than 18% compared to the previous reporting period, while overall net turnover was up by 13% to EUR 339 million, the highest in LATRAPs' history. Besides the cereals growth, the most important driver of the total turnover growth is the sale of crop raw materials.

Early 2023 saw a significant fall in the market price of cereals and raw materials, which had a significant impact on stock purchases and sales planned for the future, but given future projections and risk-mitigating factors available on the market, gross profit was not materially affected overall.

On 19 July 2022, the general members' meeting resolved to reorganize LPKS LATRAPs and LPKS KUZIKS by way of a merger. On 29 December 2022, the reorganization of LPKS LATRAPs and LPKS KUZIKS by way of a merger and the takeover of assets and liabilities were finished, by LATRAPs (as the acquirer) acquiring LPKS KUZIKS (as the acquiree). As a result of acquiring LPKS KUZIKS, LATRAPs' total equity as at 29 December 2022 grew by EUR 585 thousand and total assets by EUR 3 million.

On 21 December 2022, a share capital increase of EUR 1 200 000 was completed in the subsidiary SIA ASNS Ingredient, which is currently working on establishing a new pea processing plant in Latvia. In 2022, two new members of SIA ASNS Ingredient were attracted: the cooperative companies Barkavas Arodi and Durbes grauds, which together hold a 0.7% stake in the company.

During the reporting year, the expansion of grain storage and drying complexes at LATRAPs' Jēkabpils and Madona primary processing facilities was completed, enabling to increase the volume of the Cooperative's capacity for storing grain.

As a result, in 2022/2023, due to adequate weather conditions in Latvia as well as the risk-reducing approach to the sale of grain, rapeseed and raw materials, the Cooperative earned EUR 2 729 673, which accounts for 0.8% of the turnover. The Board of the Cooperative is content with the result achieved, which allows for a significant improvement of the existing equity and liquidity ratios.

### Branches and representative offices abroad

The cooperative society LATRAPs has no branches or representative offices abroad.

### Use of financial instruments

The Cooperative uses financial instruments to hedge against unfavorable future sales prices of grain and rapeseed relative to procurement prices. For this purpose, the Cooperative has entered into contracts with SAXO Bank (Denmark), RJO'Brien (UK) and INTL FCStone Markets LLC (USA) on futures for which regular settlements with the bank are carried out. See the section 'Financial instruments and financial risks' under Note 1 to the financial statements.

LATRAPs ensures a model for selling raw materials in line with market conditions. According to this model, in the event of rising EURIBOR rates, the Cooperative secures a sales platform with balanced revenues and costs in a changing situation of interest rate growth.

### Events after balance sheet date

Subsequent to the year end, there have been no circumstances or events that may have a material effect on the future operations of the Cooperative.



**Profit distribution suggested by the Board**

The Board suggests that a profit of EUR 2 729 673 earned by the Cooperative LATRAPs for the year 2022/2023 and a profit of EUR 163 293 acquired from LPKS KUZKS as a result of the acquisition be used as follows:

- a portion of EUR 550 000 be distributed among the members of the Cooperative;
- a portion of EUR 2 342 966 be transferred to other reserves under equity for further development of the Cooperative.

**Future prospects and development**

The Cooperative has successfully completed the 2023 harvest season. As of the last day of the reporting year until the date of preparing these financial statements more than 66% of the grain and rapeseed delivered by the members has been sold at a budgeted margin. This has contributed to the Cooperative's ability of a timely settlement with the Members for goods and services received and continuous reduction of its existing loan liabilities.

The management of the Cooperative is confident of LATRAPs' successful future development towards a sustainable and reasonable profit by continuing to develop both the existing business activities and the subsidiaries already established or acquired.

Roberts Strīpnieks  
Chairman of the Board



Gundars Ruža  
Board Member



Ģirts Ozols  
Board Member



Iga Anita Berzkalna  
Board Member



Ginta Briede  
Board Member



1 December 2023

## Statement of profit or loss

|                                              | Notes | 01/07/2022-<br>30/06/2023<br>EUR | 01/07/2021-<br>30/06/2022<br>EUR |
|----------------------------------------------|-------|----------------------------------|----------------------------------|
| Net turnover from other operating activities | 1     | 339 132 526                      | 299 481 959                      |
| Cost of sales                                | 2     | (324 081 430)                    | (283 220 952)                    |
| <b>Gross profit</b>                          |       | <b>15 051 096</b>                | <b>16 261 007</b>                |
| Distribution costs                           | 3     | (9 078 568)                      | (9 518 277)                      |
| Administrative expense                       | 4     | (2 177 881)                      | (2 029 029)                      |
| Other operating income                       | 5     | 1 257 550                        | 622 388                          |
| Other operating expense                      | 6     | (412 191)                        | (319 824)                        |
| Other interest and similar income            | 7     | 224 356                          | 195 320                          |
| Interest and similar expense                 | 8     | (2 132 539)                      | (1 487 620)                      |
| <b>Profit before corporate income tax</b>    |       | <b>2 731 823</b>                 | <b>3 723 965</b>                 |
| <b>Income tax expense</b>                    |       | <b>(2 150)</b>                   | <b>-</b>                         |
| <b>Net profit for the reporting year</b>     |       | <b>2 729 673</b>                 | <b>3 723 965</b>                 |

The accompanying notes form an integral part of these financial statements.

Roberts Strīpnieks  
Chairman of the Board



Gundars Ruža  
Board Member



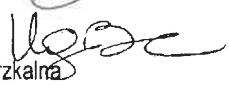
Ģirts Ozols  
Board Member



Ginta Briede  
Board Member



Ilga Anita Bērzkalna  
Board Member



Diāna Bērzniece  
Chief Accountant



1 December 2023

**BALANCE SHEET****ASSETS**

|                                                                  | Notes     | 30/06/2023         | 30/06/2022         |
|------------------------------------------------------------------|-----------|--------------------|--------------------|
|                                                                  |           | EUR                | EUR                |
| <b>NON-CURRENT ASSETS</b>                                        |           |                    |                    |
| <b>Intangible assets</b>                                         |           |                    |                    |
| Concessions, patents, licenses, trademarks and similar rights    |           | 66 324             | 39 963             |
| <b>TOTAL</b>                                                     | <b>9</b>  | <b>66 324</b>      | <b>39 963</b>      |
| <b>Property, plant and equipment</b>                             |           |                    |                    |
| Real estate: land plots, buildings and engineering constructions |           | 20 461 289         | 17 374 215         |
| Equipment and machinery                                          |           | 6 828 254          | 5 414 761          |
| Other fixtures and fittings, tools and equipment                 |           | 1 771 273          | 1 463 435          |
| Construction in progress                                         |           | 320 793            | 158 436            |
| Leasehold improvements                                           |           | 730                | -                  |
| Prepayments for property, plant and equipment                    |           | 66 809             | 5 788              |
| <b>TOTAL</b>                                                     | <b>9</b>  | <b>29 449 148</b>  | <b>24 416 635</b>  |
| <b>Non-current financial assets</b>                              |           |                    |                    |
| Investments in related companies                                 | 10        | 6 650 336          | 5 000 336          |
| Other securities and investments                                 | 11        | 416 092            | 416 149            |
| Loans to related companies                                       | 12        | 4 808 886          | 3 832 826          |
| Other loans and non-current receivables                          | 13        | -                  | 1 724 875          |
| <b>TOTAL</b>                                                     |           | <b>11 875 314</b>  | <b>10 974 186</b>  |
| <b>TOTAL NON-CURRENT ASSETS</b>                                  |           | <b>41 390 786</b>  | <b>35 430 784</b>  |
| <b>CURRENT ASSETS</b>                                            |           |                    |                    |
| <b>Inventories</b>                                               |           |                    |                    |
| Raw materials and consumables                                    |           | 35 801             | 76 859             |
| Finished goods and goods for sale                                |           | 26 463 882         | 22 574 452         |
| Prepayments for inventories                                      |           | 1 309 446          | 1 325 995          |
| <b>TOTAL</b>                                                     | <b>14</b> | <b>27 809 129</b>  | <b>23 977 306</b>  |
| <b>Receivables</b>                                               |           |                    |                    |
| Trade receivables                                                | 15        | 54 503 324         | 70 545 750         |
| Receivables from related companies                               | 16        | 534 309            | -                  |
| Other receivables                                                | 17        | 22 194             | 139 364            |
| Prepaid expense                                                  | 18        | 57 227             | 47 730             |
| Accrued income                                                   | 19        | 85 000             | 7 609              |
| <b>TOTAL</b>                                                     |           | <b>55 202 054</b>  | <b>70 740 453</b>  |
| <b>Cash</b>                                                      | <b>20</b> | <b>1 947 495</b>   | <b>2 725 093</b>   |
| <b>TOTAL CURRENT ASSETS</b>                                      |           | <b>84 958 678</b>  | <b>97 442 852</b>  |
| <b>TOTAL ASSETS</b>                                              |           | <b>126 349 464</b> | <b>132 873 636</b> |

The accompanying notes form an integral part of these financial statements.

Roberts Strīpnieks  
Chairman of the Board

Gundars Ruža  
Board Member

Ģirts Ozols  
Board Member

Ginta Briede  
Board Member

Ilgā Anita Bērzkāle  
Board Member

Dāna Bērzniece  
Chief Accountant

1 December 2023

**BALANCE SHEET****EQUITY AND LIABILITIES**

|                                                     | Notes | 30/06/2023<br>EUR  | 30/06/2022<br>EUR  |
|-----------------------------------------------------|-------|--------------------|--------------------|
| <b>EQUITY</b>                                       |       |                    |                    |
| Share capital                                       | 21    | 773 136            | 716 248            |
| Reserves:                                           |       |                    |                    |
| reserves under the Articles of Association          | 22    | 3 550              | 3 195              |
| other reserves                                      | 23    | 25 676 245         | 22 449 859         |
| Retained earnings                                   |       | 548 293            | -                  |
| Profit for the reporting year (LPKS KUZIKS)         |       | 163 293            | -                  |
| Profit for the reporting year                       |       | 2 729 673          | 3 723 965          |
| <b>TOTAL EQUITY</b>                                 |       | <b>29 894 190</b>  | <b>26 893 267</b>  |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>       |       |                    |                    |
| Other provisions                                    | 24    | 359 725            | 320 960            |
| <b>TOTAL PROVISIONS FOR LIABILITIES AND CHARGES</b> |       | <b>359 725</b>     | <b>320 960</b>     |
| <b>LIABILITIES</b>                                  |       |                    |                    |
| <b>Non-current liabilities</b>                      |       |                    |                    |
| Bond-secured loans                                  | 25    | 2 501 000          | 3 132 000          |
| Loans from credit institutions                      | 26    | -                  | 1 793 832          |
| Other loans                                         | 27    | 4 773 574          | 4 573 573          |
| Deferred income                                     | 28    | 6 703 610          | 4 919 259          |
| <b>TOTAL</b>                                        |       | <b>13 978 184</b>  | <b>14 418 664</b>  |
| <b>Current liabilities</b>                          |       |                    |                    |
| Bond-secured loans                                  | 29    | 631 000            | -                  |
| Loans from credit institutions                      | 30    | 33 670 326         | 44 837 967         |
| Other loans                                         | 31    | 78 130             | 251 974            |
| Prepayments received from customers                 |       | 22 572             | 20 467             |
| Trade payables                                      |       | 43 221 066         | 43 757 659         |
| Taxes payable                                       |       | 394 648            | 693 391            |
| Other liabilities                                   | 32    | 577 474            | 239 394            |
| Deferred income                                     | 33    | 1 633 101          | 339 644            |
| Accrued liabilities                                 | 34    | 1 416 799          | 1 098 708          |
| Undrawn dividends                                   |       | 472 249            | 1 541              |
| <b>TOTAL</b>                                        |       | <b>82 117 365</b>  | <b>91 240 745</b>  |
| <b>TOTAL LIABILITIES</b>                            |       | <b>96 095 549</b>  | <b>105 659 409</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                 |       | <b>126 349 464</b> | <b>132 873 636</b> |

The accompanying notes form an integral part of these financial statements.

Roberts Strīpnieks  
Chairman of the Board

Gundars Ruža  
Board Member

Ģirts Ozols  
Board Member

Ginta Briede  
Board Member

Ilgā Anita Bērzkalna  
Board Member

Dāna Bērzniece  
Chief Accountant

1 December 2023

## Statement of cash flows

|                                                                                                              | 01/07/2022-30/06/2023 | 01/07/2021-30/06/2022 |
|--------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>CASH FLOWS TO/FROM OPERATING ACTIVITIES</b>                                                               |                       |                       |
| <b>Profit or loss before corporate income tax</b>                                                            | <b>2 731 823</b>      | <b>3 723 965</b>      |
| Adjustments for:                                                                                             |                       |                       |
| depreciation and impairment of property, plant and equipment                                                 | 1 542 712             | 1 466 256             |
| amortization and impairment of intangible assets                                                             | 64 062                | 62 357                |
| result of disposal of property, plant and equipment and intangible assets                                    | (4 616)               | 583 599               |
| change in provisions (except for allowances for doubtful receivables)                                        | 851 094               | 230 318               |
| subsidies, grants, EU funding received                                                                       | (558 088)             | (183 329)             |
| leasehold improvements                                                                                       | -                     | 261 924               |
| other interest and similar income                                                                            | (224 356)             | (195 320)             |
| interest and similar expense                                                                                 | 2 132 539             | 1 487 620             |
| <b>Profit or loss before adjustments for the effect of changes in current assets and current liabilities</b> | <b>6 535 170</b>      | <b>7 437 390</b>      |
| Decrease or (increase) in receivables                                                                        | 15 820 307            | (22 248 685)          |
| Decrease or (increase) in inventories                                                                        | (4 644 152)           | (10 050 354)          |
| Increase or (decrease) in trade and other payables                                                           | (280 414)             | 15 724 684            |
| <b>Cash generated from operations</b>                                                                        | <b>17 430 911</b>     | <b>(9 136 965)</b>    |
| Interest paid                                                                                                | (2 132 539)           | (1 487 621)           |
| Corporate income tax paid                                                                                    | (2 150)               | -                     |
| <b>NET CASH FLOWS TO/FROM OPERATING ACTIVITIES</b>                                                           | <b>15 296 222</b>     | <b>(10 624 585)</b>   |
| <b>CASH FLOWS TO/FROM INVESTING ACTIVITIES</b>                                                               |                       |                       |
| Purchase of shares in related companies, associates or other companies                                       | (1 650 000)           | (244 336)             |
| Purchase of property, plant and equipment and intangible assets                                              | (1 585 529)           | (1 471 056)           |
| Proceeds from sale of property, plant and equipment and intangible assets                                    | 241 163               | 95 827                |
| Loans issued                                                                                                 | -                     | (1 599 331)           |
| Loans repaid                                                                                                 | 749 227               | -                     |
| Interest received                                                                                            | 224 356               | 195 320               |
| Cash acquired as a result of the merger                                                                      | 35 384                | -                     |
| <b>NET CASH FLOWS TO/FROM INVESTING ACTIVITIES</b>                                                           | <b>(1 985 399)</b>    | <b>(3 023 576)</b>    |
| <b>CASH FLOWS TO/FROM FINANCING ACTIVITIES</b>                                                               |                       |                       |
| Proceeds from borrowings                                                                                     | -                     | 13 969 608            |
| Repayment of borrowings                                                                                      | (15 663 909)          | -                     |
| Contributions to equity                                                                                      | 53 606                | 11 885                |
| Dividends paid                                                                                               | (29 293)              | -                     |
| Subsidies, grants, EU funding received                                                                       | 1 551 175             | 183 329               |
| Payment of finance lease liabilities                                                                         | -                     | (261 924)             |
| <b>NET CASH FLOWS TO/FROM FINANCING ACTIVITIES</b>                                                           | <b>(14 088 421)</b>   | <b>13 902 898</b>     |
| <b>Net cash flow for the year</b>                                                                            | <b>(777 598)</b>      | <b>254 737</b>        |
| <b>Cash and cash equivalents at the beginning of the year</b>                                                | <b>2 725 093</b>      | <b>2 470 326</b>      |
| <b>Cash and cash equivalents at the end of the year</b>                                                      | <b>1 947 495</b>      | <b>2 725 063</b>      |

The accompanying notes form an integral part of these financial statements.

Roberts Strīpnieks  
Chairman of the Board

Gundars Ruža  
Board Member

Ģirts Ozols  
Board Member

Ginta Briede  
Board Member

Iga Anita Bērzkaina  
Board Member

Diāna Bērzniece  
Chief Accountant

1 December 2023

## Statement of changes in equity

| Transactions                                                        | Share capital<br>(EUR) | Reserves<br>(EUR) | Reserves<br>under the<br>Articles of<br>Association<br>(EUR) | Retained<br>earnings<br>(EUR) | Total (EUR)       |
|---------------------------------------------------------------------|------------------------|-------------------|--------------------------------------------------------------|-------------------------------|-------------------|
| <b>Equity as at 30/06/2021</b>                                      | <b>705 783</b>         | <b>19 406 018</b> | <b>1 775</b>                                                 | <b>3 043 841</b>              | <b>23 157 417</b> |
| Profit for 2020/2021 transferred to reserves                        | -                      | 3 043 841         | -                                                            | (3 043 841)                   | -                 |
| Under quota contracts                                               | 3 365                  | -                 | -                                                            | -                             | 3 365             |
| Contributions made by new members                                   | -                      | -                 | 11 360                                                       | -                             | 11 360            |
| Admission of new members                                            | 9 940                  | -                 | (9 940)                                                      | -                             | -                 |
| Exclusion of members in accordance with the Articles of Association | (2 840)                | -                 | -                                                            | -                             | (2 840)           |
| Profit for 2021/2022                                                | -                      | -                 | -                                                            | 3 723 965                     | 3 723 965         |
| <b>Equity as at 30/06/2022</b>                                      | <b>716 248</b>         | <b>22 449 859</b> | <b>3 195</b>                                                 | <b>3 723 965</b>              | <b>26 893 267</b> |
| Profit for 2021/2022 transferred to reserves                        | -                      | 3 223 965         | -                                                            | (3 223 965)                   | -                 |
| Profit for 2021/2022 paid out to members                            | -                      | -                 | -                                                            | (500 000)                     | (500 000)         |
| Under quota contracts                                               | 42 052                 | -                 | -                                                            | -                             | 42 052            |
| Contributions made by new members                                   | -                      | -                 | 16 285                                                       | -                             | 16 285            |
| Admission of new members                                            | 15 930                 | -                 | (15 930)                                                     | -                             | -                 |
| Exclusion of members in accordance with the Articles of Association | (4 729)                | -                 | -                                                            | -                             | (4 729)           |
| Acquisition of KUZIKS LPKS                                          | 3 635                  | 2 421             | -                                                            | 711 588                       | 717 644           |
| Profit for 2022/2023                                                | -                      | -                 | -                                                            | 2 729 673                     | 2 729 673         |
| <b>Equity as at 30/06/2023</b>                                      | <b>773 136</b>         | <b>25 676 245</b> | <b>3 550</b>                                                 | <b>3 441 261</b>              | <b>29 894 192</b> |

The accompanying notes form an integral part of these financial statements.

Roberts Strīpnieks  
Chairman of the Board

Gundars Ruža  
Board Member

Ģirts Ozols  
Board Member

Ginta Briede  
Board Member

Ilgā Anita Bērzkalna  
Board Member

Diāna Bērzniece  
Chief Accountant

1 December 2023

## Notes to the financial statements

### 1. Corporate information

The cooperative society of agricultural services LATRAPs is a farmer-founded and member-owned entity whose main objective is to raise the efficiency of commercial transactions through cooperation by pooling needs, thus increasing profitability. Registered with the Enterprise Register on 9 May 2000.

The Cooperative's core business is the sale of agricultural raw materials needed by its members and products grown by them, and the primary processing of grain and rapeseed. In addition, the Cooperative provides crop insurance brokerage services, sells agricultural machinery and spare parts, as well as supplies maintenance services and accounting services to its subsidiaries.

The registered office of the Cooperative is at Lietuvas iela 16a, Eleja, Eleja pagasts, Jelgava municipality, Latvia.

On 29 December 2022, the reorganization process was completed and the cooperative society of agricultural services KUZIKS was acquired.

### 2. Basis of preparation

The Cooperative's financial statements have been prepared in accordance with the Law of the Republic of Latvia on Annual Reports and Consolidated Annual Reports. The titles of certain reporting items are adapted to the Cooperative's specific needs.

The statement of profit or loss has been prepared according to the function of expense method.

The statement of cash flows has been prepared under the indirect method.

The Cooperative meets the criteria of a large enterprise specified in the law.

The law sets forth additional exemptions for small and medium-sized enterprises with regard to the preparation of financial statements, meanwhile providing that the financial statements must give a true and fair view of a company's financial position and profit or loss, while as regards annual reports of medium-sized and large enterprises, also of cash flows.

These are the separate financial statements of the Cooperative. Consolidated annual reports are not prepared as the figures of the subsidiaries were immaterial at the balance sheet date.

The financial statements are prepared on the basis that the Cooperative will continue to be a going concern.

### 3. Summary of significant accounting policies

#### ACCOUNTING PRINCIPLES APPLIED

The financial statements give a true and fair view of the financial position and financial performance of the Cooperative and its cash flows.

The financial statements have been prepared in accordance with the following principles:

- 1) The going concern assumption that the Cooperative will continue as a going concern;
- 2) Consistent valuation principles with those used in the prior year;
- 3) Items are measured in accordance with the principle of prudence:
  - a) the financial statements reflect only the profit generated to the balance sheet date;
  - b) all expected risk amounts and current or prior year losses are taken into consideration, even if discovered within the period from the last day of the reporting year to the date of preparing these financial statements;
  - c) all amounts of impairment and depreciation are calculated and taken into consideration irrespective of whether the financial result was a profit or loss;
- 4) Income and expense for the reporting year are taken into consideration irrespective of the payment date or the date when the invoice is received or issued. Costs are matched with revenue for the reporting year;
- 5) Assets and liabilities are valued separately;
- 6) The opening balance agrees with the prior year closing balance. The item classification in the statement of profit or loss has been changed from that of the previous year. In the reporting year, the result from trading transactions is classified under 'Cost of sales', while it was under 'Other operating expense' in the previous reporting year. The management believes that the new classification is more appropriate because, in substance, the sales income relates to the cost of sales that is incurred to sell goods to a buyer who is not a party to the contract. The prior year comparatives have been reclassified accordingly and are comparable. The reclassification has no impact on the net result;
- 7) All items having a material impact on the evaluation or decision making by the users of the financial statements are presented, immaterial items are aggregated and their details are disclosed in the notes;
- 8) Business transactions are recorded according to their substance and economic reality and not merely their legal form.

The management of the Cooperative believes the accounting policies applied in the preparation of the financial statements are substantially consistent with those of the previous year.

### 3. Summary of significant accounting policies (cont'd)

#### RELATED PARTIES

Related parties represent both legal and natural persons related to the Cooperative in accordance with the provisions set out below, which are defined in the applicable legislation:

- 1) A person or a close member of that person's family is related to a reporting entity if that person:
  - a) has control or joint control over the reporting entity;
  - b) has significant influence over the reporting entity; or
  - c) is a member of the key management personnel of the reporting entity.
- 2) An entity is related to a reporting entity if any of the following conditions applies:
  - a) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - b) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - c) both entities are joint ventures of the same third party;
  - d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - e) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
  - f) the entity is controlled or jointly controlled by a person identified in (a);
  - g) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
  - h) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

#### INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND OTHER ENTITIES

Investments in subsidiaries are initially recognized at cost. If, at the balance sheet date, the investment value is lower than the cost or net carrying amount recognized on the prior year balance sheet and if the impairment is expected to be permanent, the investments are measured at the lower of the above amounts.

Associates are entities where the Cooperative has significant influence, which is presumed to exist with 20% to 50% interest of the share capital of the entity, or as a result of other arrangements.

The Cooperative's investments in associates and other entities as well as investments in the shares of other cooperatives are recognized at cost less an impairment loss.

#### FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

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

The Cooperative's principal financial instruments are financial assets, such as trade and other receivables and loans, and financial liabilities, such as loans from credit institutions, bond-secured loans, lease and factoring liabilities, trade and other payables as well as derivative financial instruments used for risk mitigation. See below.

Financial assets and liabilities are stated at amortized cost using the effective interest method less impairment.



### 3. Summary of significant accounting policies (cont'd)

#### Financial risks arising from the Cooperative's financial instruments and their management

- 1) The main financial risks arising from the Cooperative's financial instruments are:
  - a) Credit risk – the risk that the Cooperative may incur financial loss if counterparties default on their contractual obligations;
  - b) Foreign currency risk – the risk that the Cooperative may incur unexpected loss due to fluctuations in currency exchange rates;
  - c) Interest rate risk – the risk that the Cooperative may incur loss due to unfavorable fluctuations in market rates;
  - d) Liquidity risk – the risk that the Cooperative may be unable to meet its financial liabilities in a timely manner;
  - e) Price risk – the risk that the Cooperative may incur unexpected loss due to price fluctuations.
- 2) The Cooperative has put in place adequate procedures to manage major risks:
  - a) Credit risk management is supported by a policy on the sale of goods and the provision of services on a post-paid basis, namely, limits are set on the amount of post-paid services to a particular customer or a group of customers. Receivables are monitored on a regular basis to ensure timely identification of problems and appropriate action for debt recovery;
  - b) The Cooperative is exposed to interest rate risk mainly through its borrowings. On the basis of the existing borrowings, the management of the Cooperative assesses interest rate risk as immaterial for the foreseeable future and accepts it;
  - c) Liquidity risk is managed through reconciling the maturities of receivables and payables, monitoring and dealing with debtors and communicating with creditors in a timely manner and raising the necessary funding from credit institutions.
  - d) Derivatives are used to hedge the risk of price fluctuations. These financial transactions provide a way of fixing the price of an underlying asset if it is expected to be bought or sold at some future date, thereby hedging against the potential loss on buying/selling the underlying asset at some future date when the market price has changed.

#### Use of derivative financial instruments, hedging

The Cooperative uses financial instruments to hedge against unfavorable future sales prices of grain and rapeseed relative to procurement prices. For this purpose, the Cooperative has entered into contracts with SAXO Bank (Denmark), RJO'Brien (UK) and INTL FCStone Markets LLC (USA) on futures for which regular settlements with the bank are carried out. The Cooperative recognizes the result of these transactions in the statement of profit or loss on the contract closing day, i.e. when the grain is sold. In this way, the Cooperative matches potential gains or losses with the result of grain sales. At the balance sheet date, open transactions are recognized at their market value, while the difference between that amount and the account balance – as changes in the value of inventories.

No other derivatives are used for risk hedging.

#### Fair value of financial assets and liabilities

The fair value of financial assets and financial liabilities is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where the management of the Cooperative believes that the fair values of the financial assets and liabilities considerably differ from their carrying values, the fair values of such assets and liabilities are disclosed separately in the notes to the financial statements.

#### REPORTING PERIOD

The financial statements cover the 12-month period 1 July 2022 through 30 June 2023.

#### CURRENCY UNIT AND FOREIGN CURRENCY TRANSLATION

The figures in these financial statements are presented in the official currency of Latvia, the euro (EUR).

Transactions in foreign currencies are translated into the euro at the euro foreign exchange reference rate published by the European Central Bank at the date of the transaction.

Monetary assets and liabilities are translated into the euro applying the exchange rate published by the European Central Bank at the last day of the reporting year. Non-monetary assets and liabilities are translated into the euro at the exchange rate published by the European Central Bank at the date of the transaction.

| Currency | 30/06/2023<br>(EUR 1) | 30/06/2022<br>(EUR 1) |
|----------|-----------------------|-----------------------|
| USD      | 1.09                  | 1.04                  |

Foreign exchange gains or losses are recognized in the statement of profit or loss for the respective reporting period.

### 3. Summary of significant accounting policies (cont'd)

#### ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets and liabilities, revenues and expenses. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period when those estimates are revised and in the next periods. Key sources of estimation uncertainty are as follows:

##### 1) Impairment of investments in companies

An impairment loss is recognized when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. An impairment loss on investments in companies is recognized in the statement of profit or loss.

##### 2) Useful lives of property, plant and equipment and intangible assets

The management estimates the useful life of certain items of property, plant and equipment and intangible assets in proportion to the expected useful life of the asset based on the historical expertise with similar property, plant and equipment and future plans. According to management's estimates, as of 1 July 2021, items of property, plant and equipment and intangible assets have been subject to the following depreciation rates:

| Property, plant and equipment                    | % per annum |
|--------------------------------------------------|-------------|
| Buildings and constructions                      | 2.5-10      |
| Equipment and machinery                          | 3.3-33.33   |
| Cars                                             | 20-33.33    |
| Trucks                                           | 12.5-20     |
| Trailers/semi-trailers                           | 10-20       |
| Telescopic handlers                              | 16.66-20    |
| Office equipment                                 | 33.33       |
| Other handlers                                   | 10-20       |
| Roads and sites                                  | 2.5-6.66    |
| Other fixtures and fittings, tools and equipment | 10-33.33    |
| Mobile phones                                    | 50          |
| Intangible assets                                | 20          |

##### 3) Determining the net realizable value of inventories

The management is required to prepare estimates of the inventory value when it is established that the recoverable amount of inventories is less than their cost. If that is the case, inventories are written down to their net realizable value, i.e., the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. Impairment allowances are considered for slow-moving and obsolete items, i.e., spare parts and agricultural machinery.

##### 4) Assessment of loans and receivables

The process of monitoring financial assets and determining impairment is subject to a number of material risks and uncertainties. These risks and uncertainties include the risk that the Cooperative's assessment of a customer's ability to meet all its contractual obligations will change in line with the changes in the customer's credit rating, and the risk of more serious than expected deterioration of the economic situation or the latter's more material impact on the customer.

Loans and receivables are measured following the principle of prudence and carried net of allowances for any doubtful balances.

Allowances for doubtful trade receivables are estimated based on the aging analysis, but mainly on the basis of information about the financial position of the specific debtor or borrower and the recoverability of receivables. For deferred payments, the value of collateral received is considered in determining the allowance amount.

##### 5) Provisions and accrued liabilities

Provisions are recognized when a past event has given rise to a present obligation or losses and their amount can be estimated reasonably. The likelihood of loss is assessed based on management assumptions. Determining the amount of loss requires management to select an appropriate calculation method and make specific assumptions connected with the specific risk.

At the end of the reporting period, the following provisions and accruals have been made:

- accrued annual performance bonuses – as decided by the Board,
- provisions for bonuses on delivered products – based on an estimate of the expected bonuses,
- the vacation pay reserve is estimated by multiplying the total number of vacation days earned but not taken as at the year end by the average daily remuneration expense for the last six months of the reporting year;
- accrued liabilities to suppliers and other creditors are recognized based on the contractual terms or according to invoices for the reporting year received in the following financial year.

### 3. Summary of significant accounting policies (cont'd)

#### REVENUE

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Cooperative and the revenue can be reliably measured, less value added tax and sales-related discounts.

##### 1) Sale of goods

Revenue is recognized in the statement of profit or loss when the significant risks and rewards of ownership of the goods have passed to the buyer.

Revenue is not recognized if, under the terms of the transaction, the Cooperative retains significant risks of ownership of the goods and the goods can be returned. The most important are revenues from the sale of grain, rapeseed, pulses, fertilizers, plant protection products, seeds, machinery and fuel.

##### 2) Rendering of services

Revenue is recognized in the period when the services are rendered. Most important – drying facility, laboratory, transport services.

##### 3) Rentals

Revenue from leased property is recognized in the statement of profit or loss on a straight-line basis over the lease term.

##### 4) Subsidies and EU structural funds

Funds received from participation in projects co-financed by the EU Structural Funds are initially recognized in the balance sheet as deferred income. Subsidies that compensate the Cooperative for costs incurred are recognized as income in the statement of profit or loss in the period in which the costs are incurred. Subsidies or EU funds received for compensating the acquisition of property, plant and equipment of the Cooperative are taken to income on a systematic basis over the useful lives of the assets acquired.

##### 5) Interest

Revenue is recognized on a time proportion basis by reference to the actual yield of the asset. Interest is recognized as revenue when its receipt is reliably foreseeable.

##### 6) Funding under quota contracts

In accordance with the terms of quota contracts and the Regulation on Internal Movement of Quotas, the members of the Cooperative contribute to the financing of the items of property, plant and equipment belonging to the Cooperative. The quota contracts ensure the right of quota holders to use the primary processing facilities owned by the Cooperative.

The funding are stage payments and are initially recognized in the balance sheet under 'Deferred income' and subsequently as income in the statement of profit or loss in proportion to the useful lives of the related items of property, plant and equipment. When members subscribe for quotas, additional shares are obtained. See the *Equity* section.

#### NON-CURRENT AND CURRENT CLASSIFICATION

Non-current captions comprise balances that are due more than one year after the balance sheet date. Balances to be received, paid or written off within one year are classified as current.

#### FINANCE LEASE

Where the asset has been acquired under a finance lease and all the risks and benefits incidental to ownership of the leased item are transferred to the lessee, the leased assets and liabilities are recognized at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable; if not, the lessee's incremental borrowing rate is used.

Depreciation and finance charges resulting from the finance lease during the reporting period are recognized in the statement of profit or loss. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life; otherwise leased assets are depreciated over their useful lives.

#### OPERATING LEASE

Operating lease payments are recognized as an expense in the statement of profit or loss on a straight-line basis over the lease term.

### 3. Summary of significant accounting policies (cont'd)

#### ACCOUNTING FOR INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible non-current assets are stated at cost and amortized over their estimated useful lives on a straight-line basis. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Losses from impairment are recognized where the carrying value of intangible non-current assets exceeds their recoverable amount.

Property, plant and equipment (PPE) are tangible non-current assets with a useful life of longer than one year and an acquisition value higher than EUR 143, which are held for use in the production or supply of goods or services, for rental to others, or for administrative or other purposes, but not for sale.

Property, plant and equipment include:

- land plots, buildings and engineering constructions;
- equipment and machinery;
- other fixtures and fittings, tools and equipment.

Construction in progress, leasehold improvements and prepayments for property, plant and equipment are recorded on the balance sheet separately.

Intangible assets and property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated starting with the first day of the following month after the asset is put into operation and is ceased starting with the first day of the following month after the asset is derecognized. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset.

The depreciation method is reviewed at least at the end of each reporting period.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the higher of an asset's net selling price and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of profit or loss in the cost of sales caption.

#### INVENTORIES

Inventories are stated at the lower of cost and net realizable value. They are accounted for on a first-in, first-out (FIFO) basis and according to the perpetual inventory method. Balances are checked during annual inventory counts.

The Cooperative accounts for subsequent transactions according to their valuation at the end of the period by adjusting the corresponding stock balances.

#### EQUITY

##### 1) Share capital

The share capital of the Cooperative represents the total value of the cooperative shares of all members.

Basic cooperative share – a contribution of a natural or legal person to the Cooperative's share capital that provides a cooperative society member with all the membership rights specified in the Articles of Association of the Cooperative. A member has 250 basic cooperative shares.

Additional co-operative share – a cooperative share that grants to a Cooperative member the right to receive the Cooperative's services, but not voting rights. Additional cooperative shares are obtained through signing quota contracts.

##### 2) Distribution of profit – the Cooperative's profit is distributed by the decision of the General Meeting:

- a) to be transferred to the reserve capital;
- b) to be paid to members commensurate with the extent of their use of the services that generated the profits.

If the Cooperative incurs a loss for the financial year, the General Meeting decides on the procedure for covering the loss in accordance with the law.

#### CAPITALIZATION OF BORROWING COSTS

The original value of construction in progress is not increased by interest on borrowings used to develop the underlying asset.

### 3. Summary of significant accounting policies (cont'd)

#### GAINS OR LOSSES ON SALES TRANSACTIONS

Gains or losses on sales transactions arise when the buyer or seller is unable to fulfil the signed grain or rapeseed futures contracts. The performance of contracts in international markets is regulated by GAFTA rules. The gain or loss amount depends on the ratio of the value of the outstanding contract to the then exchange value of the underlying commodity and is recognized in the statement of profit or loss on the contract expiration date.

#### CORPORATE INCOME TAX

LATRAPS has been a corporate taxpayer (according to the Corporate Income Tax Law) from 1 January 2018. Prior to this date, LATRAPs was exempted from paying corporate income tax as an eligible cooperative society.

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

No provision is recognized for income tax payable on a dividend distribution before dividends are declared.

#### ACQUISITION OF LPKS KUZIKS

On 19 July 2022, the general members' meeting of LPKS LATRAPs resolved to reorganize LPKS LATRAPs and LPKS KUZIKS, reg. No 45403013027, registered office: Vārpas, Kūkas pagasts, Jēkabpils municipality, LV-5222 (hereinafter – LPKS KUZIKS), by way of a merger, by LPKS LATRAPs (as the acquirer) acquiring LPKS KUZIKS (as the acquiree).

The reorganization process was completed on 29 December 2022.

The objective of the merger – both cooperatives have been linked historically and have close cooperation. The merger appreciates the contributions made by the cooperatives' members, as well as improving the acquirer's financial position and making it possible to raise new financing for future investment projects.

The merger was carried out in accordance with the Law on Cooperative Societies and the Reorganization Agreement.

The merger was carried out by LPKS LATRAPs (as the acquirer) acquiring LPKS KUZIKS (as the acquiree). The acquiree's assets, liabilities and rights were transferred to the acquirer. LPKS KUZIKS ceased to exist after the merger. The official date of the merger is 29 December 2022, but 31 December 2022 has been used in the financial statements for practical reasons. The assets and liabilities were transferred at their carrying amount. Mutual balances due and equity interest were separated. Assets, liabilities and equity were summed up. Based on a Board's suggestion, the retained earnings of LPKS KUZIKS will be transferred to reserves.

#### SUBSEQUENT EVENTS

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

**1. Net turnover**

| <b>By business activities</b>             | <b>NACE code</b> | <b>01/07/2022-<br/>30/06/2023</b> | <b>01/07/2021-<br/>30/06/2022</b> |
|-------------------------------------------|------------------|-----------------------------------|-----------------------------------|
| Sale of grain, rapeseed and pulses        | 4621             | 225 313 120                       | 190 504 946                       |
| Sale of raw materials for crop production | 4675             | 91 920 113                        | 89 396 698                        |
| Sale of finished goods and materials      | 4661,4671        | 14 436 406                        | 14 117 021                        |
| Services of the drying facility           | 0162             | 3 684 783                         | 2 415 497                         |
| Other income from operations              | 4661             | 3 778 104                         | 3 047 797                         |
| <b>TOTAL:</b>                             |                  | <b>339 132 526</b>                | <b>299 481 959</b>                |

| <b>By geographical segments</b> | <b>30/06/2023</b> | <b>30/06/2022</b> |
|---------------------------------|-------------------|-------------------|
| Export to the European Union    | 14.30%            | 28.55%            |
| Export to other countries       | 31.13%            | 13.91%            |
| Domestic sales                  | 54.57%            | 57.54%            |
| <b>TOTAL:</b>                   | <b>100%</b>       | <b>100%</b>       |

**2. Cost of sales**

|                                                                                                         | <b>01/07/2022-<br/>30/06/2023</b> | <b>01/07/2021-<br/>30/06/2022</b> |
|---------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| Cost of raw materials and other materials                                                               | 309 537 263                       | 263 845 047                       |
| Hedging result, net                                                                                     | 4 304 540                         | 9 005 285                         |
| Wages of workers and changes in vacation pay reserve and provisions for bonuses                         | 3 995 564                         | 3 382 254                         |
| Depreciation                                                                                            | 1 606 774                         | 1 528 616                         |
| Statutory social insurance contributions and changes in vacation pay reserve and provisions for bonuses | 936 920                           | 792 422                           |
| Purchase and delivery of goods                                                                          | 455 974                           | 639 649                           |
| Write-offs of current assets and changes in allowances                                                  | (523 528)                         | (545 787)                         |
| Other cost of sales                                                                                     | 3 767 923                         | 4 573 466                         |
| <b>TOTAL:</b>                                                                                           | <b>324 081 430</b>                | <b>283 220 952</b>                |

**3. Distribution costs**

|                                                      | <b>01/07/2022-<br/>30/06/2023</b> | <b>01/07/2021-<br/>30/06/2022</b> |
|------------------------------------------------------|-----------------------------------|-----------------------------------|
| Transportation of goods                              | 5 240 267                         | 5 791 938                         |
| Other distribution costs (forwarders, brokers, etc.) | 3 838 301                         | 3 726 339                         |
| <b>TOTAL:</b>                                        | <b>9 078 568</b>                  | <b>9 518 277</b>                  |

**4. Administrative expense**

|                                                                                                                | 01/07/2022-<br>30/06/2023 | 01/07/2021-<br>30/06/2022 |
|----------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| Salaries of management and administration staff and changes in vacation pay reserve and provisions for bonuses | 1 073 194                 | 1 173 636                 |
| Statutory social insurance contributions and changes in vacation pay reserve and provisions for bonuses        | 210 846                   | 255 649                   |
| State duties                                                                                                   | 31 426                    | 20 789                    |
| Fee paid to the firm of Latvian certified auditors*                                                            | 43 718                    | 20 396                    |
| Other administrative expense                                                                                   | 818 697                   | 558 559                   |
| <b>TOTAL:</b>                                                                                                  | <b>2 177 881</b>          | <b>2 029 029</b>          |

\*The total fee paid to the firm of certified auditors by types of audit services was as follows:

|                          | 30/06/2023    | 30/06/2022    |
|--------------------------|---------------|---------------|
| Statutory annual audit   | 23 275        | 20 396        |
| Other specialist's tasks | 20 443        | -             |
| <b>TOTAL:</b>            | <b>43 718</b> | <b>20 396</b> |

**Key management personnel compensation:**

|                                          | 01/07/2022-<br>30/06/2023 | 01/07/2021-<br>30/06/2022 |
|------------------------------------------|---------------------------|---------------------------|
| <b>Board Members</b>                     |                           |                           |
| Wages and salaries                       | 233 775                   | 499 452                   |
| Statutory social insurance contributions | 55 147                    | 117 820                   |
| <b>Council Members</b>                   |                           |                           |
| Wages and salaries                       | 32 000                    | 49 000                    |
| Statutory social insurance contributions | 7 549                     | 11 559                    |
| <b>TOTAL:</b>                            | <b>328 471</b>            | <b>677 831</b>            |

**Number of employees**

|                                                    | 01/07/2022-<br>30/06/2023 | 01/07/2021-<br>30/06/2022 |
|----------------------------------------------------|---------------------------|---------------------------|
| <b>During the reporting year</b>                   |                           |                           |
| Average number of Council Members                  | 9                         | 9                         |
| Average number of Board Members                    | 4                         | 3                         |
| Average number of workers and administrative staff | 206                       | 202                       |
| <b>TOTAL:</b>                                      | <b>219</b>                | <b>214</b>                |

**5. Other operating income**

|                                                                                    | 01/07/2022-<br>30/06/2023 | 01/07/2021-<br>30/06/2022 |
|------------------------------------------------------------------------------------|---------------------------|---------------------------|
| EU funds and subsidies, total:                                                     | 558 088                   | 522 341                   |
| - of which EU structural funds                                                     | 373 423                   | 339 012                   |
| - of which support to non-governmental agriculture organizations and farmers, etc. | 184 665                   | 183 329                   |
| Gain on disposal of property, plant and equipment, net                             | 241 163                   | 95 827                    |
| Gain on revaluation of assets*                                                     | 450 000                   | -                         |
| Other operating income                                                             | 8 299                     | 4 220                     |
| <b>TOTAL:</b>                                                                      | <b>1 257 550</b>          | <b>622 388</b>            |

\* On 30 June 2023, an investment in the subsidiary SIA Bio Diesel Latvija was revalued; the investment value was increased by EUR 450 000.

**6. Other operating expense**

|                                                                                  | 01/07/2022-<br>30/06/2023 | 01/07/2021-<br>30/06/2022 |
|----------------------------------------------------------------------------------|---------------------------|---------------------------|
| Penalties paid for VAT refund deferral, fees paid for idle time (at ports, etc.) | 17 508                    | 107 825                   |
| Real estate tax                                                                  | 51 116                    | 59 489                    |
| Currency exchange loss, net                                                      | 7 970                     | 1 209                     |
| Other operating expense                                                          | 335 597                   | 151 301                   |
| <b>TOTAL:</b>                                                                    | <b>412 191</b>            | <b>319 824</b>            |

**7. Interest and similar income**

|                                        | 01/07/2022-<br>30/06/2023 | 01/07/2021-<br>30/06/2022 |
|----------------------------------------|---------------------------|---------------------------|
| Interest income from related companies | 110 311                   | 120 517                   |
| Other interest income                  | 114 045                   | 74 803                    |
| <b>TOTAL:</b>                          | <b>224 356</b>            | <b>195 320</b>            |

**8. Interest and similar expense**

|                                            | 01/07/2022-<br>30/06/2023 | 01/07/2021-<br>30/06/2022 |
|--------------------------------------------|---------------------------|---------------------------|
| Interest on loans from credit institutions | 1 949 306                 | 1 251 030                 |
| Other expense                              | 183 233                   | 236 590                   |
| <b>TOTAL:</b>                              | <b>2 132 539</b>          | <b>1 487 620</b>          |



**9. Intangible assets and property, plant and equipment**

|                                                              | Licenses and software | Land plots, buildings and engineering constructions | Equipment and machinery | Other fixtures and fittings, tools and equipment | Leasehold improvements | Construction in progress | Prepayments for property, plant and equipment | TOTAL       |
|--------------------------------------------------------------|-----------------------|-----------------------------------------------------|-------------------------|--------------------------------------------------|------------------------|--------------------------|-----------------------------------------------|-------------|
| <b>Cost</b>                                                  |                       |                                                     |                         |                                                  |                        |                          |                                               |             |
| As at 30/06/2021                                             | 322 467               | 25 619 685                                          | 14 122 029              | 3 295 610                                        | 182 074                | 1 281 920                | 3 014                                         | 44 826 799  |
| Additions                                                    | 25 101                | 18 880                                              | 325 884                 | 80 305                                           | -                      | 929 677                  | 91 209                                        | 1 471 056   |
| Disposals                                                    | (17 384)              | -                                                   | (307 874)               | (45 345)                                         | (182 074)              | (344 477)                | (88 435)                                      | (985 589)   |
| Reclassification                                             |                       | 1 030 648                                           | 352 204                 | 113 504                                          | -                      | (1 496 356)              | -                                             | -           |
| Transferred from inventories                                 |                       | -                                                   | -                       | -                                                | -                      | 32 008                   | -                                             | 32 008      |
| Investments in subsidiaries                                  |                       | -                                                   | -                       | -                                                | -                      | (244 336)                | -                                             | (244 336)   |
| As at 30/06/2022                                             | 330 184               | 26 669 213                                          | 14 492 243              | 3 444 074                                        | -                      | 158 436                  | 5 788                                         | 45 099 938  |
| <b>Accumulated depreciation</b>                              |                       |                                                     |                         |                                                  |                        |                          |                                               |             |
| As at 30/06/2021                                             | 245 248               | 8 633 780                                           | 8 772 771               | 1 799 343                                        | 182 074                | -                        | -                                             | 19 633 216  |
| Depreciation charge                                          | 62 357                | 661 218                                             | 604 471                 | 200 567                                          | -                      | -                        | -                                             | 1 528 613   |
| Depreciation of disposals                                    | (17 384)              | -                                                   | (299 760)               | (19 271)                                         | (182 074)              | -                        | -                                             | (518 489)   |
| As at 30/06/2022                                             | 290 221               | 9 294 998                                           | 9 077 482               | 1 980 639                                        | -                      | -                        | -                                             | 20 643 340  |
| Carrying amount as at 30/06/2021                             | 77 219                | 16 985 905                                          | 5 349 258               | 1 496 267                                        | -                      | 1 281 920                | 3 014                                         | 25 193 583  |
| Carrying amount as at 30/06/2022                             | 39 963                | 17 374 215                                          | 5 414 761               | 1 463 435                                        | -                      | 158 436                  | 5 788                                         | 24 456 598  |
| <b>Cost</b>                                                  |                       |                                                     |                         |                                                  |                        |                          |                                               |             |
| As at 30/06/2022                                             | 330 184               | 26 669 213                                          | 14 492 243              | 3 444 074                                        | -                      | 158 436                  | 5 788                                         | 45 099 938  |
| Additions                                                    | -                     | -                                                   | -                       | -                                                | -                      | 1 423 722                | 62 919                                        | 1 486 641   |
| Additions (assets acquired from KUZIKS LPKS)                 | 200                   | 2 229 623                                           | 1 386 421               | 327 337                                          | 1 227                  | 2 630 849                | -                                             | 6 575 657   |
| Disposals                                                    | (143)                 | (100 000)                                           | (370 328)               | (144 555)                                        | -                      | -                        | (1 898)                                       | (616 924)   |
| Disposals (assets acquired from KUZIKS LPKS)                 | (200)                 | (521 420)                                           | (645 453)               | (91 446)                                         | (472)                  | -                        | -                                             | (1 258 991) |
| Reclassification                                             | 90 424                | 2 219 086                                           | 1 241 602               | 289 870                                          | -                      | (3 840 982)              | -                                             | -           |
| Account adjustments                                          | -                     | -                                                   | 141 355                 | 8 765                                            | -                      | (51 232)                 | -                                             | 98 888      |
| As at 30/06/2023                                             | 420 465               | 30 496 502                                          | 16 245 840              | 3 834 045                                        | 755                    | 320 793                  | 66 809                                        | 51 385 209  |
| <b>Accumulated depreciation</b>                              |                       |                                                     |                         |                                                  |                        |                          |                                               |             |
| As at 30/06/2022                                             | 290 221               | 9 294 998                                           | 9 077 482               | 1 980 639                                        | -                      | -                        | -                                             | 20 643 340  |
| Depreciation charge                                          | 64 062                | 740 215                                             | 596 106                 | 206 366                                          | 25                     | -                        | -                                             | 1 606 774   |
| Depreciation charge (assets acquired from KUZIKS LPKS)       | 200                   | 521 420                                             | 645 453                 | 91 446                                           | 472                    | -                        | -                                             | 1 258 991   |
| Depreciation of disposals                                    | (142)                 | -                                                   | (256 002)               | (124 233)                                        | -                      | -                        | -                                             | (380 377)   |
| Depreciation of disposals (assets acquired from KUZIKS LPKS) | (200)                 | (521 420)                                           | (645 453)               | (91 446)                                         | (472)                  | -                        | -                                             | (1 258 991) |
| As at 30/06/2023                                             | 354 141               | 10 035 213                                          | 9 417 586               | 2 062 772                                        | 25                     | -                        | -                                             | 21 869 737  |
| Carrying amount as at 30/06/2022                             | 39 963                | 17 374 215                                          | 5 414 761               | 1 463 435                                        | -                      | 158 436                  | 5 788                                         | 24 456 598  |
| Carrying amount as at 30/06/2023                             | 66 324                | 20 461 289                                          | 6 828 254               | 1 771 273                                        | 730                    | 320 793                  | 66 809                                        | 29 515 472  |

## 9. Intangible assets and property, plant and equipment (cont'd)

### Pledges and other restrictions on title

The Cooperative's obligations under the loan agreements are secured by the following collateral:

- a commercial pledge on the borrower's aggregate property at the time of the pledge, including any future parts thereof;
- the first mortgage on:
  - the real estate located at Lietuvas iela 12, Eleja, Eleja pagasts, Jelgava municipality (Eleja Pagasts Land Register Division No 229, cadastral No 5448 006 0266);
  - the real estate located at Lietuvas iela 26, Eleja, Eleja pagasts, Jelgava municipality (Eleja Pagasts Land Register Division No 100000019839, cadastral No 5448 006 0284);
  - the real estate located at Lietuvas iela 16A, Eleja, Eleja pagasts, Jelgava municipality (Eleja Pagasts Land Register Division No 100000011971, cadastral No 5448 006 0283);
  - the real estate *Strūgas* located at Strūgas, Eleja pagasts, Jelgava municipality (Eleja Pagasts Land Register Division No 100000276290, cadastral No 5448 006 0271);
  - the real estate located at Īslīces iela 9, Bauska, Bauska municipality (Bauska Town Land Register Division No 302, cadastral No 4001 007 0039);
  - the real estate located at Īslīces iela 11, Bērzkalni, Īslīce pagasts, Bauska municipality (Īslīce Pagasts Land Register Division No 545, cadastral No 4068 003 0234);
  - the real estate *Graudiņi* located at Graudiņi, Virbi pagasts, Talsi municipality, Lielā iela 39, Jaunpagasts, Virbi pagasts, Talsi municipality, (Virbi Pagasts Land Register Division No 100000161725, cadastral No 8896 004 0249);
  - the real estate located at Jaunceltnes iela 20A, Aizkraukle, Aizkraukle municipality (Aizkraukle Town Land Register Division No 100000541867, cadastral No 3201 001 0023);
  - the real estate located at Saules iela 68, Madona, Madona municipality (Madona Town Land Register Division No 770, cadastral No 7001 001 0624);
  - the real estate *Grīši* located at Grīši, Saldus pagasts, Saldus municipality (Saldus Pagasts Land Register Division No 100000175433, cadastral No 8486 002 0099);
  - the real estate located at Ganību iela 78, Jelgava (Jelgava Town Land Register Division No 851, cadastral No 0900 011 0016);
  - the real estate located at Ārijas Elksnes iela 6, Jēkabpils (Jēkabpils Town Land Register Division No 100000039653, cadastral No 5601 001 3513);
  - the real estate located at Ārijas Elksnes iela 6, Jēkabpils (Jēkabpils Town Land Register Division No 2006, cadastral No 5601 501 0035);
  - the real estate located at Ārijas Elksnes iela 6A, Jēkabpils (Jēkabpils Town Land Register Division No 100000207869, cadastral No 5601 001 3564);
  - the real estate located at Ārijas Elksnes iela 6D, Jēkabpils (Jēkabpils Town Land Register Division No 100000569775, cadastral No 5601 001 0182);
  - the real estate located at Viršu iela 56D, Daugavpils (Daugavpils City Land Register Division No 100000566122, cadastral No 0500 031 0302);
  - the real estate located at Viršu iela 56 k-1, Daugavpils (Daugavpils City Land Register Division No 100000511734, cadastral No 0500 031 0001).

**10. Investments in related companies**

| Company               | % of equity interest as at 30/06/2022 | Investment as at 30/06/2022 | Investment appreciation in 01/07/2022-30/06/2023* | % of equity interest as at 30/06/2023 | Investment as at 30/06/2023 |
|-----------------------|---------------------------------------|-----------------------------|---------------------------------------------------|---------------------------------------|-----------------------------|
| SIA Bio Diesel Latvia | 100                                   | -                           | 450 000                                           | 100                                   | 450 000                     |
| SIA ASNS Ingredient   | 98.9                                  | 247 136                     | 1 200 000                                         | 99.2897                               | 1 447 136                   |
| SIA ASNS Investment   | 100                                   | 3 134 800                   | -                                                 | 100                                   | 3 134 800                   |
| SIA Latmalt           | 100                                   | 1 618 400                   | -                                                 | 100                                   | 1 618 400                   |
| <b>TOTAL:</b>         |                                       | <b>5 000 336</b>            | <b>1 650 000</b>                                  |                                       | <b>6 650 336</b>            |

\*On 14 December 2022, the Cooperative paid EUR 1 200 000 into the share capital of its subsidiary SIA ASNS Ingredient.

On 30 June 2023, the Cooperative revalued its investment in the subsidiary SIA Bio Diesel Latvija; the investment value was increased by EUR 450 000.

**Financial information about subsidiaries:**

| Company (the financial year coincides with the calendar year) |  | Equity     |            | Profit/(loss) for the year |         |
|---------------------------------------------------------------|--|------------|------------|----------------------------|---------|
| Period                                                        |  | 31/12/2022 | 31/12/2021 | 2022                       | 2021    |
| SIA Bio Diesel Latvia (Eleja, Lietuvas iela 16A)              |  | 179 495    | 238 917    | (59 422)                   | 61 310  |
| SIA ASNS Investment (Eleja, Lietuvas iela 16A)                |  | 3 441 644  | 3 538 588  | (96 894)                   | 497 539 |

| Company (the financial year does not coincide with the calendar year) |  | Equity     |            | Profit/(loss) for the year |                       |
|-----------------------------------------------------------------------|--|------------|------------|----------------------------|-----------------------|
| Period                                                                |  | 30/06/2023 | 30/06/2022 | 01/07/2022-30/06/2023      | 01/07/2021-30/06/2022 |
| SIA Latmalt (Jaunsvirlauka pag., Valmju iesalnica)                    |  | 1 701 956  | 1 580 872  | 86 665                     | 44 086                |

| Company (the financial year does not coincide with the calendar year) |  | Equity     |            | Profit/(loss) for the year |                       |
|-----------------------------------------------------------------------|--|------------|------------|----------------------------|-----------------------|
| Period                                                                |  | 30/06/2023 | 31/12/2022 | 01/01/2023-30/06/2023      | 01/01/2022-31/12/2022 |
| SIA ASNS Ingredient (Eleja, Lietuvas iela 16)                         |  | 2 754 858  | 2 914 896  | (160 038)                  | (485 108)             |

The management of the Cooperative has assessed the recoverability of the investments and has not identified any indications of impairment.

**11. Other securities and investments**

|                                                         | 30/06/2023     | 30/06/2022     |
|---------------------------------------------------------|----------------|----------------|
| Investment in SIA Latvijas Piens                        | 1 766 391      | 1 766 391      |
| Basic cooperative shares in other cooperative societies | 21 335         | 21 392         |
| Allowances for revaluation of non-current investments*  | (1 371 634)    | (1 371 634)    |
| <b>TOTAL:</b>                                           | <b>416 092</b> | <b>416 149</b> |

\*Allowances for revaluation of investments in SIA Latvijas Piens.

**12. Loans to related companies**

|                       | 30/06/2023       | 30/06/2022       |
|-----------------------|------------------|------------------|
| SIA ASNS Investment   | 3 122 500        | 2 522 500        |
| SIA Latmalt           | 800 000          | -                |
| SIA Bio Diesel Latvia | -                | 667 060          |
| SIA ASNS Ingredient   | 886 386          | 643 266          |
| <b>TOTAL:</b>         | <b>4 808 886</b> | <b>3 832 826</b> |

The loan granted to SIA ASNS Ingredient matures on 31 December 2023, to be capitalized by the same date. The loan to SIA ASNS Investment matures on 11 August 2024, the loan to SIA Bio Diesel Latvija is repayable on 30 June 2024, and the loan issued to SIA Latmalt matures on 31 December 2026. The loans are not secured and are interest-bearing.

**13. Other loans and non-current receivables**

|                             | 30/06/2023 | 30/06/2022       |
|-----------------------------|------------|------------------|
| Other loans and agreements* | -          | 1 724 875        |
| <b>TOTAL:</b>               | <b>-</b>   | <b>1 724 875</b> |

\*This caption represents loans granted for specific projects and the non-current portion of receivables from the sale of property, plant and equipment. The maturities vary beyond 30 June of the following year, but not longer than five years.

**14. Inventories**

|                                                    | 30/06/2023        | 30/06/2022        |
|----------------------------------------------------|-------------------|-------------------|
| Finished goods and goods for sale, incl.:          | 27 549 963        | 22 848 204        |
| - finished goods and goods for sale                | 27 549 963        | 20 153 322        |
| - prepaid expense related to financial instruments | -                 | 2 694 882         |
| Prepayments for goods                              | 1 309 446         | 1 325 995         |
| Raw materials and consumables                      | 35 801            | 76 859            |
| Allowances for goods for sale                      | (1 086 081)*      | (273 752)         |
| <b>TOTAL:</b>                                      | <b>27 809 129</b> | <b>23 977 306</b> |

\*Inventories are stated at the lower of cost and net realizable value.

**15. Trade receivables**

|                                     | 30/06/2023        | 30/06/2022        |
|-------------------------------------|-------------------|-------------------|
| Trade receivables                   | 56 090 225        | 72 166 147        |
| Allowances for doubtful receivables | (1 586 901)       | (1 620 397)       |
| <b>TOTAL:</b>                       | <b>54 503 324</b> | <b>70 545 750</b> |

**16. Receivables from related companies**

|                                      | 30/06/2023     | 30/06/2022 |
|--------------------------------------|----------------|------------|
| Loan issued to SIA Bio Diesel Latvia | 534 309        | -          |
| <b>TOTAL:</b>                        | <b>534 309</b> | <b>-</b>   |

The loan matures on 30 June 2024.

**17. Other receivables**

|                                     | 30/06/2023    | 30/06/2022     |
|-------------------------------------|---------------|----------------|
| Other current loans*                | 826 170       | 1 019 847      |
| Security deposits paid              | 20 426        | 20 451         |
| VAT unpaid to suppliers             | -             | 7 546          |
| Allowances for doubtful receivables | (824 402)     | (908 480)      |
| <b>TOTAL:</b>                       | <b>22 194</b> | <b>139 364</b> |

\*Other current loans chiefly represent the current portion of deferred receivables from the members of the Cooperative and deferred restructured receivables from buyers of agricultural raw materials, which are payable based on an agreement over a period not exceeding 12 months after the balance sheet date.

**18. Prepaid expense**

|                                    | 30/06/2023    | 30/06/2022    |
|------------------------------------|---------------|---------------|
| Real estate tax                    | 26 902        | 20 313        |
| Annual leaves                      | 17 440        | 16 178        |
| Employee health and life insurance | 11 239        | 11 239        |
| Other                              | 1 646         | -             |
| <b>TOTAL:</b>                      | <b>57 227</b> | <b>47 730</b> |

**19. Accrued income**

|                                                  | 30/06/2023    | 30/06/2022   |
|--------------------------------------------------|---------------|--------------|
| Accrued income from price corrections/surcharges | 85 000        | 7 609        |
| <b>TOTAL:</b>                                    | <b>85 000</b> | <b>7 609</b> |

**20. Cash**

Cash in foreign currencies is translated into the euro at the rate fixed by the European Central Bank on 30 June 2023.

|                           | 30/06/2023       | 30/06/2022       |
|---------------------------|------------------|------------------|
| Cash and cash equivalents | 1 947 495        | 2 725 093        |
| <b>TOTAL:</b>             | <b>1 947 495</b> | <b>2 725 093</b> |

**21. Share capital**

As at 30 June 2023, the cooperative share capital amounted to EUR 773 136 and consisted of 293 698 basic cooperative shares (at the beginning of the year: 283 250) and 250 764 additional cooperative shares (at the beginning of the year: 221 150). The par value of each share is EUR 1.42. All the shares are fully paid.

|                          | 30/06/2023     | 30/06/2022     |
|--------------------------|----------------|----------------|
| Basic cooperative shares | 417 051        | 402 215        |
| Participation capital    | 356 085        | 314 033        |
| <b>TOTAL:</b>            | <b>773 136</b> | <b>716 248</b> |

**22. Reserves under the Articles of Association**

|                                                               | 30/06/2023   | 30/06/2022   |
|---------------------------------------------------------------|--------------|--------------|
| Contributions of cooperative shares made by candidate members | 3 550        | 3 195        |
| <b>TOTAL:</b>                                                 | <b>3 550</b> | <b>3 195</b> |

**23. Other reserves**

|                                                              | 30/06/2023        | 30/06/2022        |
|--------------------------------------------------------------|-------------------|-------------------|
| Other reserves at the beginning of the reporting period      | 22 449 859        | 19 406 018        |
| Retained earnings/(accumulated loss) transferred to reserves | 3 223 965         | 3 043 841         |
| Acquired from the merger with KUZIKS LPKS                    | 2 421             | -                 |
| <b>TOTAL:</b>                                                | <b>25 676 245</b> | <b>22 449 859</b> |

Other reserves consist of reserves created from the previous years' profits and other reserves (funding from quota contracts).

In June 2023, dividends for the financial year 2021/2022 amounting to EUR 500 000 were declared and distributed to the members of the Cooperative.

The Board suggests that a profit of EUR 2 729 673 earned by the Cooperative LATRAPs for the financial year 2022/2023 and a profit of EUR 163 293 acquired from LPKS Kuziks as a result of the acquisition be used as follows:

- a portion of EUR 550 000 be distributed among the members of the Cooperative,
- a portion of EUR 2 342 966 be transferred to other reserves under equity for further development of the Cooperative.

The transferred net assets of LPKS KUZIKS at the time of the acquisition consisted of the following:

|                                                    | Carrying amount upon acquisition,<br>EUR |
|----------------------------------------------------|------------------------------------------|
| Real estate (land, buildings, constructions, etc.) | 1 708 203                                |
| Equipment and machinery                            | 740 968                                  |
| Other fixtures and fittings, tools and equipment   | 235 891                                  |
| Construction in progress                           | 2 630 849                                |
| Leasehold improvements                             | 755                                      |
| Other securities                                   | 355                                      |
| Raw materials                                      | 234                                      |
| Prepayments for goods                              | 1 184                                    |
| Trade receivables                                  | 245 966                                  |
| Prepaid expense                                    | 1 646                                    |
| Cash                                               | 35 384                                   |
| Other loans (non-current)                          | (520 415)                                |
| Loans from credit institutions (non-current)       | (2 634 870)                              |
| Other loans (current)                              | (698 000)                                |
| Trade payables                                     | (110 395)                                |
| Accrued liabilities                                | (31 649)                                 |
| Other liabilities                                  | (751)                                    |
| Taxes payable                                      | (1 068)                                  |
| Deferred income                                    | (886 643)                                |
| <b>Difference</b>                                  | <b>717 644</b>                           |

The difference is recognized under equity as follows:

The share capital of EUR 1 874 and the participation capital of EUR 1 761 are included in the share capital of LPKS LATRAPs.

Other reserves amounting to EUR 2 421 are included in other reserves.

Retained earnings of EUR 711 588, which comprise retained earnings brought forward and the profit for 2022, are recognized as retained earnings and the profit for the reporting year (LPKS KUZIKS).

**24. Other provisions**

|                     | 30/06/2023     | 30/06/2022     |
|---------------------|----------------|----------------|
| Delivery surcharges | 359 725        | 320 960        |
| <b>TOTAL:</b>       | <b>359 725</b> | <b>320 960</b> |

**25. Non-current bond-secured loans**

|                    | 30/06/2023       | 30/06/2022       |
|--------------------|------------------|------------------|
| Bond-secured loans | 2 501 000        | 3 132 000        |
| <b>TOTAL:</b>      | <b>2 501 000</b> | <b>3 132 000</b> |

Closed-end bond issue, where a public offer was made only to the members and employees of LATRAPs. The maturity of the loans against the bonds is limited to five years (the maximum time limit: December 2025).

**26. Non-current loans from credit institutions**

| Non-current:                |     | Maturity   | 30/06/2023 | 30/06/2022 |
|-----------------------------|-----|------------|------------|------------|
| Loan from AS Luminor banka* | EUR | 30/04/2024 | -          | 1 793 832  |
| TOTAL :                     |     |            | -          | 1 793 832  |

\*For collateral see Note 9.

**27. Other non-current loans**

|                                 | 30/06/2023       | 30/06/2022       |
|---------------------------------|------------------|------------------|
| Non-current loans from members* | 4 440 000        | 4 240 000        |
| Luminor LTzings SIA, leases     | 314 591          | 314 591          |
| Swedbank LTzings SIA, leases    | 18 983           | 18 982           |
| <b>TOTAL:</b>                   | <b>4 773 574</b> | <b>4 573 573</b> |

\*Non-current loans from members are intended to support the Cooperative's business activities and mature in less than five years (until 30 December 2024). During the reporting year, there were additional new loan agreements signed.

Lease agreements are for the purchase of property, plant and equipment and mature in less than six years. The portion of lease payments maturing in more than five years totals EUR 0.

**28. Non-current deferred income**

|                               | 30/06/2023       | 30/06/2022       |
|-------------------------------|------------------|------------------|
| EU funding                    | 5 680 296        | 3 879 520        |
| Funding under quota contracts | 1 023 314        | 1 039 739        |
| <b>TOTAL:</b>                 | <b>6 703 610</b> | <b>4 919 259</b> |

The portion of EU funding to be recognized as revenue over a period of more than five years is EUR 4 180 406 (30 June 2022: EUR 2 181 304). The monitoring period for projects is five years from the date of funding receipt.

The funding under quota contracts is received both in cash and through offsetting the Cooperative's debts.

**29. Current bond-secured loans**

|                    | 30/06/2023     | 30/06/2022 |
|--------------------|----------------|------------|
| Bond-secured loans | 631 000        | -          |
| <b>TOTAL:</b>      | <b>631 000</b> | <b>-</b>   |

Bonds mature in December 2023.

**30. Current loans from credit institutions**

Loans mature on 30 April 2024. The maximum credit line limit varies by periods, and it was EUR 55 000 000 as at 30 June 2023.

The Cooperative's liabilities are secured by a commercial pledge on the borrower's aggregate property at the time of the pledge. The list of pledged real estate is given in Note 9. The management believes in the absence of any obstacles to extend the credit line agreement upon its expiry.

|                         | 30/06/2023        | 30/06/2022        |
|-------------------------|-------------------|-------------------|
| Loan from Luminor banka | 33 670 326        | 44 837 967        |
| <b>TOTAL:</b>           | <b>33 670 326</b> | <b>44 837 967</b> |

**31. Other current loans**

|                             | 30/06/2023    | 30/06/2022     |
|-----------------------------|---------------|----------------|
| SIA Luminor LTzings         | 76 576        | 236 267        |
| SIA Luminor LTzings Latvija | -             | 5 167          |
| SIA Swedbank LTzings        | 1 554         | 10 540         |
| <b>TOTAL:</b>               | <b>78 130</b> | <b>251 974</b> |

Other current loans represent leases of property, plant and equipment with a maturity of less than one year.

**32. Other liabilities**

|                    | 30/06/2023     | 30/06/2022     |
|--------------------|----------------|----------------|
| Wages and salaries | 269 928        | 207 269        |
| Other liabilities  | 307 546        | 32 124         |
| <b>TOTAL:</b>      | <b>577 474</b> | <b>239 394</b> |

**33. Current deferred income**

|                                            | 30/06/2023       | 30/06/2022     |
|--------------------------------------------|------------------|----------------|
| EU funding, current portion                | 430 339          | 339 644        |
| Deferred income from financial instruments | 623 480          | -              |
| Other income                               | 579 282          | -              |
| <b>TOTAL:</b>                              | <b>1 633 101</b> | <b>339 644</b> |

**34. Accrued liabilities**

|                              | 30/06/2023       | 30/06/2022       |
|------------------------------|------------------|------------------|
| Provisions for staff bonuses | 563 458          | 455 296          |
| Vacation pay reserve         | 483 897          | 375 194          |
| Accrued bond coupon payments | 316 284          | 172 814          |
| Accrued liabilities          | 53 160           | 95 404           |
| <b>TOTAL:</b>                | <b>1 416 799</b> | <b>1 098 708</b> |



### 35. Related party disclosures

In 2022/2023, the subsidiaries of LATRAPs are regarded as related parties.

|                                                | 01/07/2022-<br>30/06/2023<br>(EUR) | 01/07/2021-<br>30/06/2022<br>(EUR) |
|------------------------------------------------|------------------------------------|------------------------------------|
| <b>Income</b>                                  |                                    |                                    |
| <b>Rendering of services</b>                   |                                    |                                    |
| - SIA Bio Diesel Latvia                        | 632                                | 513                                |
| - SIA Latmalt                                  | 80 992                             | 75 806                             |
| - SIA ASNS Ingredient                          | 1 604                              | 3 661                              |
| - SIA ASNS Investment                          | 540                                | 460                                |
| <b>Interest income</b>                         |                                    |                                    |
| - SIA Latmalt                                  | 5 923                              | -                                  |
| - SIA ASNS Investment                          | 79 522                             | 93 259                             |
| - SIA Bio Diesel Latvia                        | 17 253                             | 20 230                             |
| - SIA ASNS Ingredient                          | 13 536                             | 7 028                              |
| <b>Goods and property, plant and equipment</b> |                                    |                                    |
| - SIA Latmalt                                  | 1 185 848                          | 979 973                            |
| - SIA ASNS Ingredient                          | -                                  | 78 312                             |
| <b>TOTAL:</b>                                  | <b>1 385 850</b>                   | <b>1 259 242</b>                   |

In addition, loans were issued to the subsidiaries in the financial year 2022/2023. See Note 12.

### 36. Commitments and contingencies

#### Off-balance sheet liabilities and assets

In accordance with agreements existing as at 30 June 2023, the Cooperative has commitments for the purchase of grain and rapeseed. The Cooperative does not disclose detailed information on volumes, this being a business secret.

#### Operating leases

The Cooperative has entered into operating lease agreements. According to the existing operating leases, the Cooperative will be required to make the following lease payments in subsequent years:

| Maturing                   | 30/06/2023     | 30/06/2022     |
|----------------------------|----------------|----------------|
| In less than one year      | 145 242        | 84 889         |
| Between one and five years | 212 877        | 125 576        |
| <b>Total:</b>              | <b>358 119</b> | <b>210 465</b> |

#### Legal claims

The Cooperative is not involved in any court cases initiated against LATRAPs. The Cooperative has brought three proceedings for recovery of a total of EUR 1 054 920.

**38. Events after balance sheet date**

In July 2023, SIA Bio Diesel Latvija made full repayment of the loan amounting to EUR 534 309 to the Cooperative.

The Cooperative issued an additional loan for an amount of EUR 300 000 in July 2023 and EUR 200 000 in November 2023 to SIA ASNS Ingredient.

As of the last day of the reporting year until the date of signing these financial statements there have been no other events requiring adjustment of or disclosure in the financial statements or notes thereto.

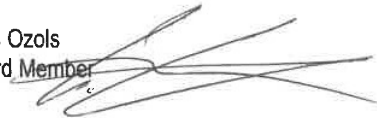
Roberts Stripnieks  
Chairman of the Board



Gundars Ruža  
Board Member



Ģirts Ozols  
Board Member



Ginta Briede  
Board Member



Ilgā Anīta Bērzkalna  
Board Member



Dāna Bērzniece  
Chief Accountant



1 December 2023

*Translation from Latvian*

## INDEPENDENT AUDITORS' REPORT

To the Members of LATRAPs LPKS

### Opinion

We have audited the accompanying financial statements of LATRAPs LPKS (the Company) set out on pages 6 to 30 of the accompanying annual report, which comprise the balance sheet as at 30 June 2023, and the statement of profit or loss, statement of changes in equity and statement of cash for the period from 1 July 2022 through 30 June 2023, and notes to the financial statements, including 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 LATRAPs LPKS as at 30 June 2023, and of its financial performance and its cash flows for the for the period from 1 July 2022 through 30 June 2023 in accordance with the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

### Basis for Opinion

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 Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the independence requirements included in the Law on Audit Services of Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the Law on Audit Services of Republic of Latvia and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Reporting on other information

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

- the General information about the Company as set out on page 3 of the accompanying Annual Report;
- the Management Report as set out on pages 4 to 5 of the accompanying Annual Report.

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

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

In connection with our audit of the 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*

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

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



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

- the information given in the Management Report for the financial year for which the 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 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 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 Responsibilities 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 skepticism 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 fair presentation.



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

ERNST & YOUNG BALTIC SIA  
Licence No. 17

Diāna Krišjāne  
Chairperson of the Board

Dace Negulinere  
Latvian Certified Auditor  
Certificate No. 175

Riga, 1 December 2023