

Limited Liability Company
Banga Ltd
Unified registration No. 41203031343
Taxpayer's registration No.41203031343
ANNUAL REPORT 2021

7 April 2022, Roja.

**Limited Liability Company
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Management report

Type of activity

The core business of the company is processing and preserving of fish, wholesale of canned fish.

Activity of the Company in the reporting year

The reporting year is the eleventh year of active operations of the company. In the reporting year the Company continued production of sterilised canned fish extending production volumes and sales of its products in world markets.

The financial condition of the Company is evaluated as stable. The company's activity is subject to different financial risks, including the credit risk, the risk of fluctuations in interest rates and the fluctuations in currency exchange rates. The management of the Company tries to minimise the potential negative impact of financial risks on the Company's financial condition. Borrowings of the Company have variable interest rates.

Main non-financial indicators characterising the company and the sector

The entire reporting year the demand for products of the Company was higher than its production capacity. The development of sterilised fish products – as products that can be easily stored – continued. This is fostered by new types of products and novelties in types of packaging. At the same time, after a big jump caused by the impact of COVID, the total demand for canned fish started to return to a normal level.

Generally, COVID still continued to affect the increase in prices of raw materials, which is also affected by production costs. The total level of impact of COVID on operations and risks of the Company reduced significantly. This was due to investments in safety measures and because all the employees of the company have been vaccinated and the risk of contracting the disease has reduced significantly.

The Company continued working on new, innovative projects to partially replace manual work with robotic solutions in the future.

Conditions and events after the balance sheet date

In the time period from the last day of the year until signature of this statement there have been no events which would affect the financial position of the Company after 31 December 2021.

Future perspective

The next reporting year is planned with an increase in turnover based on invariably growing demand for the products produced by the company, the use of efficient and innovative solutions in production, optimisation of production processes and commissioning of new production equipment, for the purposes of starting to produce products in a new packaging. The increase in turnover will also be affected by the increase in costs of raw materials reflecting also in growing sales prices.

The Company will continue the implementation of its long-term investment plans. Improvement of existing infrastructure – completion of construction of an additional warehouse for finished products and raw materials, construction of additional wastewater treatment systems, construction of additional production premises.

At the end of the reporting year, a general business risk assessment of the company was conducted and an investment and development plan for the coming 3 years was approved providing for significant investments in the infrastructure and equipment of the Company for the purposes of diversifying production methods and effectivising future activities considering the changes in the global geopolitical situation.

Results of the reporting year and proposal for their spending

The result of the reporting year after tax is profit of 501,265 EUR. The profit of 50,000 EUR will be paid to the owner of the company as dividends, the rest of the profit will be invested in the development of the company.

Ingus Veckāgans

Member of the Board

7 April 2022

/signature/



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Information about the Company


Name of the company	SIA Banga Ltd
Legal status of the company	Limited Liability Company
Number, place and date of registration	41203031343 Ventspils, 22 November 2007.
Type of activity	Processing and preserving of fish, crustaceans and molluscs
Address	Akas iela 74B, Roja, Rojas novads, LV 3264
Member of the Board	Ingus Veckāgans from 14 June 2011
Annual report prepared by	Inita Andriksone, chief accountant of SIA "Banga Ltd"
Auditor	SIA "Konsultāciju birojs Lauda" License No.77 Certified auditor Līga Ofkante
Reporting year	1 January 2021 – 31 December 2021

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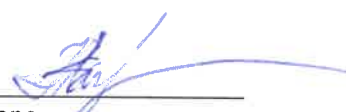
Profit and loss statement for January – December 2019

	Notes	2021 EUR	2020 EUR
1. Net turnover from other core business	1	8,870,662	7,975,131
2. Costs of goods sold, costs of purchasing of sold goods or provided services	2	(8,023,656)	(6,839,548)
3. Gross profit or loss		847,006	1,135,583
4. Selling expenses	3	(175,777)	(179,908)
5. Administrative expenses	4	(280,917)	(208,420)
6. Other operating income	5	95,842	18,423
7. Other operating expenses	6	(11,527)	(124,261)
8. Other interest income and similar income	7	86,033	65,947
9. Interest payments and similar expenses	8	(58,720)	(103,925)
10. Profit before tax		501,940	603,439
11. Corporate income tax		(675)	(2,968)
12. Profit after tax		501,265	600,471
13. Profit or loss for the reporting year		501,265	600,471

Notes from page 10 to 21 are an integral part of these financial statements.


/signature/
Ingus Veckāgans
Member of the Board

Riga, 7 April 2022


/signature/
Inita Andriksone
Chief accountant

Riga, 7 April 2022

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Balance sheet at 31 December 2019

	Notes	31.12.2021 EUR	31.12.2020 EUR
<u>Assets</u>			
Long-term investments			
Intangible investments			
1. Other intangible investments		23,234	1,368
2. Advance payments for intangible investments			25,066
Total intangible investments		23,234	26,434
Fixed assets:			
1. Land plots, buildings, structures and engineering structures		724,217	584,264
2. Plant and machinery		679,107	674,177
3. Other fixed assets and inventory		313,917	191,465
4. Creation of fixed assets		33,085	22,582
5. Advance payments for fixed assets		43,045	47,289
Total fixed assets:	9	1,793,371	1,519,777
Ownership interests in affiliates:			
1. Ownership interests in affiliates	10	30,722	
Total receivables:		30,722	
 Total long-term investments		 1,847,327	 1,546,211
Current assets			
Inventories:			
1. Raw materials and consumables.		555,309	722,147
2. Finished goods and goods for resale		875,378	670,205
3. Production in progress		3,831	
4. Advance payments		6,059	14,947
Total inventories:		1,440,577	1,407,299
Receivables:			
1. Trade receivables	11	802,652	590,738
2. Other receivables	12	39,895	97,475
3. Receivable from affiliates	13	282,472	130,256
4. Deferred expenses	14	7,957	4,543
Total receivables:		1,132,976	823,012
 Cash in hand and at bank		 27,410	 24,533
Total current assets:		2,600,963	2,254,844
<u>Total assets</u>		4,448,290	3,801,055

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Balance sheet at 31 December 2019

	Notes	31.12.2021 EUR	31.12.2020 EUR
<u>Equity and liabilities</u>			
Equity:			
1. Stock or share capital	15	547,565	547,565
2. Long-term investments revaluation reserve		54,265	54,265
3. Reserves:			
a) other reserves		2	2
4. Retained earnings			
a) previous years' retained earnings		693,320	92,849
b) reporting year's retained earnings (losses)		501,265	600,471
Total equity:		1,796,417	1,295,152
Liabilities:			
Long-term liabilities:			
1. Borrowings from credit institutions	16	189,260	328,642
2. Other borrowings	17	253,036	184,654
3. Deferred income	18	199,368	103,186
Total long-term liabilities:		641,664	616,482
Short-term liabilities:			
1. Borrowings from credit institutions	19	253,408	231,454
2. Other borrowings	20	145,931	178,311
3. Trade payables	21	1,270,193	1,010,647
4. Advance payments from purchasers		10,408	122,781
5. Taxes and mandatory social insurance contributions	22	53,120	124,918
6. Other liabilities		72,808	55,021
7. Accrued liabilities	23	133,107	104,082
8. Deferred income	24	71,234	62,207
Total short-term liabilities:		2,010,209	1,889,421
Total liabilities:		2,651,873	2,505,903
<u>Grand total equity and liabilities</u>		<u>4,448,290</u>	<u>3,801,055</u>

Notes from page 10 to 21 are an integral part of these financial statements

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Statement of changes in equity

	Registered and paid-up share capital	Other reserves	Previous years' retained earnings	Reporting year's retained earnings	Total
	EUR	EUR	EUR	EUR	EUR
31.12.2019	<u>547,565</u>	<u>54,267</u>	<u>(84,226)</u>	<u>177,076</u>	<u>694,682</u>
Previous years' retained earnings			177,076	(177,076)	
Profit for the reporting year	-			600,471	600,471
31.12.2020	<u>547,565</u>	<u>54,267</u>	<u>92,849</u>	<u>600,471</u>	<u>1,295,152</u>
Previous years' retained earnings			600,471	(600,471)	
Profit for the reporting year	-			501,265	501,265
31.12.2021	<u>547,565</u>	<u>54,267</u>	<u>693,320</u>	<u>501,265</u>	<u>1,796,417</u>

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Cash flow statement

	2021	2020
	EUR	EUR
Cash flow from operations		
Profit or loss before extraordinary items and tax	501,940	603,439
<u>Adjustments:</u>		
– depreciation of fixed assets	255,839	193,612
– write-off of the value of intangible investments	2,083	2,822
– creation of provisions		
– profit from sale of fixed assets	3,895	15,292
– interest and similar income	(86,033)	(65,947)
– interest payments and similar expenses	58,720	103,925
Profit from operations before changes in current assets	<u>736,444</u>	<u>853,143</u>
Increase (-), decrease (+) in the balance of accounts receivable	(323,859)	(409,371)
Increase (-), decrease (+) in the balance of inventories	(33,278)	(588,108)
Increase (+), decrease (-) in the balance of accounts payable	98,989	777,813
Cash flow from operations	<u>478,296</u>	<u>633,477</u>
Interest expenses	(48,666)	(91,488)
Corporate income tax expenses	(675)	(2,968)
Real estate tax payments	(3,002)	(3,001)
I. Net cash flow from operations	<u>425,953</u>	<u>536,020</u>
Cash flow from investing activities		
Expenses on acquisition of fixed assets	(595,570)	(418,027)
Sold fixed assets	46,058	30,252
Investments into a subsidiary	(30,722)	
Loans to an affiliate	(114,250)	(140,570)
Repaid loans of affiliates	128,145	25,311
Interest received	3,324	1,202
II. Net cash flow from investing activities	<u>(563,015)</u>	<u>(386,573)</u>
Cash flow from financing activities		
Loans received	336,263	389,527
Rural Support Service payment received	179,343	37,002
Expenses on repayment of loans	(218,315)	(372,590)
Expenses on repayment of financial leases	(157,352)	(115,219)
Dividends paid		
III. Net cash flow from financing activities	<u>139,939</u>	<u>(176,539)</u>
IV. Result of foreign exchange rate fluctuations		
V. Increase (decrease) in net cash and cash equivalents	2,877	(27,092)
VI. Cash and cash equivalents at the beginning of the reporting year	24,533	51,625
VII. Cash and cash equivalents at the end of the reporting year	<u>27,410</u>	<u>24,533</u>

Notes from page 10 to 21 are an integral part of these financial statements

Notes

Accounting policy

(1) General principles

The financial statement has been prepared according to the law of the Republic of Latvia On Accounting and the Law On the Annual Financial Statements and Consolidated Financial Statements and observing provisions of Cabinet of Ministers Regulations No.775 of 22 December 2015 Regulations Regarding the Application of the Law On the Annual Financial Statements and Consolidated Financial Statements.

The profit and loss statement is classified according to the function of expenses.

The valuation methods used by the Company have not changed compared to the previous reporting year.

The inventories accounting method has changed from periodic to perpetual.

Annual report items are evaluated in compliance with the following accounting principles:

- a) It is assumed that the company will continue as a going concern,
- b) The same evaluation methods are used as were used in the previous year,
- c) The evaluation of items is carried out with due care, i.e.,
 - only the profit earned before the balance sheet date is included in the report;
 - all anticipated amounts at risk and losses that have occurred during the reporting year or previous years, even if they have become known during the time period between the balance sheet date and the annual report preparation date, are taken into account,
 - all value impairment and depreciation amounts are calculated and taken into account regardless of whether the reporting year has closed with a profit or a loss.
- d) Income and expenses related to the reporting year are taken into account regardless of the payment date or the date of receipt or issue of the invoice. Expenses are harmonised with income in the reporting period.
- e) The component parts of asset and liability items are evaluated separately.
- f) At the beginning of the reporting year the balance accords with the closing balance of the previous year.
- g) Economic transactions are reflected taking into account their economic content and nature, not their legal form.

A financial year covers 12 months and matches a calendar year.

(2) Revenue recognition and net turnover

Revenues from sales of goods and services is recognised when they occur.

Turnover is the total market value of the goods and services sold within a year without value added tax and granted discounts.

(3) Foreign currency translation into euro.

Assets and liabilities in foreign currencies are translated into euro according to the exchange rate of the ECB on the last day of the reporting year. Profit or loss earned as a result of foreign currency fluctuations is reflected in the profit and loss statement of the period concerned.

(4) Intangible investments and fixed assets

Fixed assets and intangible investments are reflected at cost of their acquisition less depreciation. Fixed assets are acquired assets, if their value exceeds 300 EUR and their useful life exceeds 1 year. Assets purchased for less than 300 EUR or having higher value, but estimated useful life shorter than 1 year, are depreciated at the time of their acquisition.

The acquisition value of fixed assets comprises their acquisition price, import duty and nondeductible acquisition taxes, other acquisition-related expenses to deliver the asset to its location and prepare for operation according to its intended use.

Only the rights acquired for payment are reflected in “Concessions, patents, licenses, trade marks and similar rights”.

Depreciation is calculated during the useful life of the asset according to the straight-line method choosing the following depreciation rates as a basis:

Fixed assets:

Buildings and structures	4%-5%
Plant	14%-20%
Office equipment	20%-50%
Computer equipment	20%-50%
Vehicles	20%-33%
Other fixed assets	20%-33%

Gain or loss from sale of fixed assets is reflected in the profit and loss statement of the period concerned. Expenses on repair and renewal works increasing the period of use or the value of a fixed asset are capitalized and written off during their period of their useful life. Other expenses on repair and renewal works are included into losses of the reporting period.

The costs related to the improvements of leased property are capitalised and reflected as fixed assets. Depreciation is calculated during the entire lease period using a straight-line method. Costs of borrowing directly related to creation of fixed assets and construction-in-progress are capitalised, if those can be reasonably determined and are directly related. Costs of borrowing are capitalised until commissioning of the fixed assets.

(5) Inventories

The Company uses the perpetual method for recording of inventories. Inventories are evaluated at the lower of own cost or net realisable value. Net realisable price is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Balances of inventories are verified during the stocktaking.

(6) Receivables

Receivables are carried according to the initial amount of invoices less provisions for doubtful debts. Provisions are created, if the collection of complete amount of debt is doubtful. Debts are written off, if they are deemed impossible to collect.

(7) Cash and cash equivalents.

Cash comprises cash in hand and balances at current bank accounts.

(8) Financial leasing liabilities

Assets rented within the framework of a financial leasing are carried at their acquisition value showing liabilities in the same amount. Depreciation is calculated for all the period of economically useful life of these assets. Financial leasing payments are allocated between financial costs specified in profit and loss statement as interest payments, and decrease in remaining liabilities.

(9) Recognition of income and expenses

Revenues from sales of goods are recognised as soon as the buyer is transferred the most significant property rights and risks to goods, and the remuneration may be feasibly estimated. Revenues from provision of services are recognised according to the degree of execution of orders. Dividend income is recognised, when the right of the shareholder to receive dividends arises. Interest revenues are recognised according to the period of time concerned.

Expenses are recognised when those occur, regardless of reception of cash.

(10) Accrued liabilities for unused vacations

The estimated amounts of liabilities towards employees for the unused vacation days accumulated in the reporting year are shown in the item “Accrued liabilities”.

(11) Accrued liabilities

Clearly known trade payables for services and goods received during the reporting year are shown, if no corresponding settlement document (invoice) has been received yet on the balance sheet date in compliance with the provisions of supply, purchase or contractor agreement or due to other reasons. These amounts of liabilities are calculated on the basis of the price specified in the contract and documents supporting the actual receipt of goods or services.

(12) Related parties

Related parties are shareholders and members of the board of the company, their close family members and companies, over which the persons concerned have control or significant influence.

The company provides information about its transactions with related parties, if these transactions are significant and do not correspond to regular market conditions, specifying amounts of these transactions, the type of relationship with the related parties and other information about these transactions, which is necessary to understand the financial condition of the company.

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Notes

Explanatory notes for individual items of the profit and loss statement

(1) Net turnover from other core business

	2021	2020
	EUR	EUR
Income from sale of canned fish and by-products	8,870,662	7,975,131
	8,870,662	7,975,131

(2) Costs of goods sold

Material costs	6,129,876	5,188,772
Personnel costs	1,335,967	1,140,516
Other external costs	299,891	313,826
Depreciation of fixed assets	257,922	196,434
	8,023,656	6,839,548

(3) Selling expenses

Services of other companies related to sales of products	175,777	179,908
	175,777	179,908

(4) Administrative expenses

Personnel costs	183,155	150,386
Other administrative expenses	97,762	58,034
	280,917	208,420

(5) Other operating income

Income from sale of current assets	74,218	2,093
Income from sale of fixed assets	3,896*	15,292
<i>(fixed assets sales income 397,370 EUR - fixed assets depreciation losses 364,250 EUR)</i>		
Other income	17,728	1,038
	95,842	18,423

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Notes

Explanatory notes for individual items of the profit and loss statement *(continued)*

	2021	2020
	EUR	EUR
(6) Other operating expenses		
Personnel sustainability expenses	4,619	2,477
Loss on provisions for doubtful debts		19,625
Losses from debt write-offs		10,760
Donations	2,444	
Non-operating expenses	776	
Different services		87,587
Business trip costs	686	810
Real estate tax	3,002	3,002
	11,527	124,261
(7) Other interest income and similar income		
EU structural funds support part	81,088	58,492
Income from increase in exchange rates	1,324	
Other	297	
Interest income	3,324	1,202
Extraordinary income		6,253
	86,033	65,947
(8) Interest payments and similar expenses		
Interest payments to non-financial institutions		72,402
Interest to credit institutions	48,666	19,086
Losses from foreign currency fluctuations		3,620
Fines and contractual penalties	10,054	7,081
Donations		630
Non-operating expenses		1,106
	58,720	103,925

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Explanatory notes for individual balance sheet items

(9) Fixed assets and intangible investments

	Software, intangible investments	Land, buildings, structures	Plant and machinery	Other fixed assets total	Intangible investments and fixed assets creation and advance payments	Total
	EUR	EUR	EUR	EUR	EUR	EUR
<u>Initial value</u>						
31.12.2019	37,637	662,179	968,898	264,222	1,245	1,934,181
Acquired in 2020		32,290	265,017	120,720	226,553	644,580
Revaluation in 2020						
Written off in 2020				(45,456)	(132,861)	(178,317)
31.12.2020	37,637	694,469	1,233,915	339,486	94,937	2,400,444
Acquired in 2021	23,949	160,010	189,751	215,575	120,423	709,709
Revaluation in 2021						
Written off in 2021				(69,008)	(139,231)	(208,239)
31.12.2021	61,586	854,479	1,423,666	486,053	76,130	2,901,914
<u>Depreciation</u>						
31.12.2019	33,447	94,600	422,027	135,909		685,983
Calculated in 2020	2,822	15,605	137,711	40,296		196,434
Excluded in 2020				(28,184)		(28,184)
31.12.2020	36,269	110,205	559,738	148,021		854,233
Calculated in 2021	2,083	20,057	184,821	50,961		257,922
Excluded in 2021				(26,846)		(26,840)
31.12.2021	38,352	130,262	744,559	172,136		1,085,309
<u>Book value</u>						
31.12.2019	4,190	567,579	546,871	128,313	1,245	1,248,198
31.12.2020	1,368	584,264	674,177	191,465	94,937	1,546,211
31.12.2021	23,234	724,217	679,107	313,917	76,130	1,816,605

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Explanatory notes for individual balance sheet items *(continued)*

(10) Ownership interests in affiliates

The company owns 100 % of capital shares in a Ukraine-based Limited Liability Company “Banga Ukraine LTD”, registered address: Hotkevicha Gnata 12, office No.177, Kyiv, Ukraine, 02094. Ownership interest as at 31.12.2021 – 30,722 EUR.

	Profit or loss (EUR)	Equity (EUR)
31.12.2020	(65)	970
31.12.2021	390	30,722

(11) Trade receivables

Trade receivables (LV)	391,465	98,616
Trade receivables (EU)	81,067	31,743
Trade receivables (3rd countries)	330,120	460,379
	802,652	590,738

The company uses ALTUM guarantees in factoring transactions.

(12) Other receivables

Security deposit	17,086	17,078
VAT overpayment	22,809	80,397
	39,895	97,475

(13) Receivable from affiliates

Short-term loan	106,639	119,312
Trade receivables	175,833	10,944
	282,472	130,256

Reports on transactions with related parties in 2021:

Partner's name	Transaction amount EUR
Ingus Veckāgans	520
Raivis Veckāgans	884
Banga Ukraine LTD	534758
Curlandia SIA	210120
Popes County farm Tīrumi	605

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Explanatory notes for individual balance sheet items (continued)

	31.12.2021	31.12.2020
	EUR	EUR
(14) Deferred expenses		
Insurance expenses	7,707	3,677
Repair expenses	250	866
	<u>7,957</u>	<u>4,543</u>

(15) Share capital.

Registered and fully paid share capital is 547,565 EUR.

	Amount EUR	Number of shares	Share value EUR
31.12.2021	547,565	547,565	1

(16) Long-term borrowings from a credit institution

Long-term borrowing from a credit institution	189,260	328,642
	<u>189,260</u>	<u>328,642</u>

In 2019, a Loan agreement was concluded with AS "Swedbank". Maturity – 2023. Base rate – 6-month EURIBOR, added rate 5%.

In 2020, a Loan agreement was concluded with AS "Swedbank". Maturity – 2024. Base rate – 6-month EURIBOR, added rate 5%.

A mortgage on immovable property and a commercial pledge serve as a security of the credit liabilities.

(17) Other long-term borrowings

EUR – Legal person*	50,963	62,727
EUR – leasing companies	202,073	121,927
	<u>253,036</u>	<u>184,654</u>

*In 2020, a loan agreement was concluded with AS "Attīstības finanšu institūcija ALTUM". Maturity – 2027. Annual rate 6%.
A commercial pledge serves as a security of the credit liabilities.*

Lease objects serve as a security for lease liabilities.

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Notes

Explanatory notes for individual balance sheet items (continued)

	31.12.2021	31.12.2020
	EUR	EUR
(18) Accrued income (long-term)		
EU financial support	199,368	103,186
	199,368	103,186

The company implemented round 1 of the LSD contract project "Extension of canned fish production facility" in August 2012, round 2 – in 2013, round 3 – in 2014, round 4 – in 2015, round 5 – in 2016, round 6 – in 2020, round 7 and 8 in 2021. The received support amounts are written down during the period of use of the fixed assets using the straight-line method.

(19) Short-term borrowings from a credit institution

Cash in transit	28,712	
Credit limit*	19,963	19,413
Short-term borrowing from a credit institution**	204,733	2,120,541
	253,408	231,454

**A credit limit agreement was concluded with AS Citadele banka in 2017, credit interest rate (annual) – 20%.*

***In 2019, a Loan agreement was concluded with AS Swedbank. Maturity – 2023. Base rate – 6-month EURIBOR, added rate 5%.*

***In 2020, a Loan agreement was concluded with AS "Swedbank". Maturity – 2024. Base rate – 6-month EURIBOR, added rate 4.3%. Including 7269 EUR are credit facility funds used.*

A mortgage on an immovable property object and a commercial pledge serve as a security of the credit liabilities.

(20) Other short-term borrowings

EUR - Legal person**	11,765	78,413
EUR - Leasing companies	134,166	99,898
	145,931	178,311

**In 2020, a loan agreement was concluded with AS "Attīstības Finanšu institūcija ALTUM". Maturity – 2027. Annual rate 6%. Credit liabilities in the amount of 70,571 EUR have been repaid by the date of approval of the annual report.*

A commercial pledge serves as a security of the credit liabilities.

Lease objects serve as a security for lease liabilities.

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Explanatory notes for individual balance sheet items (continued)

(21) Trade payables

To domestic suppliers	618,644	354,617
To foreign suppliers	651,549	656,030
	<u>1,270,193</u>	<u>1,010,647</u>

(22) Taxes and social insurance payments	31.12.2020	Calculated	Penalti es	Paid	31.12.2021
	EUR	EUR	EUR	EUR	EUR
Corporate income tax	2,701	675	1	2,737,106	534
<i>From VAT</i>				106	
Mandatory soc. insurance contributions	59,806***	404,061	4,705	227,915	35,238
<i>From VAT</i>				205,418	
<i>From NRT</i>				1	
Income tax for employees	60,133**	158,309	2,639	78,230	14,499
<i>From VAT</i>				128,352	
Value added tax	(80,397)*	(324,405)	8	(44,666)	(22,809)
<i>Diverted to NRT</i>				805	
<i>Diverted to CIT</i>				106	
<i>Diverted to risk fee</i>				294	
<i>Diverted to PIT</i>				128,352	
<i>Diverted to soc. ins.</i>				205,418	
<i>Overpayment</i>				(2,344)	
Natural resource tax	489	2,695	31	1,606	804
<i>From VAT.</i>				805	
Business risk fee	92	581	8	339	48
<i>From VAT</i>				294	
Real estate tax		3,002		3,002	
Company car tax	1,698	1,140		841	1,997
	44,522	246,058	7,392	267,661	30,311
Including: overpayment* debt	(80,397)* 124,919****				(22,809)* 53,120

*Tax overpayments are shown in Note No.15 "Other receivables"

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Notes

Explanatory notes for individual balance sheet items (continued)

** including 12,169 EUR long-term temporary PIT deadline extension until 2020

*** including 23,148 EUR long-term temporary MSSIC deadline extension until 2020

**** including 35,317 EUR total long-term temporary tax deadline extension until 2020, short-term debt 58,180 EUR.

	31.12.2021	31.12.2020
	EUR	EUR
(23) Accrued liabilities		
Accrued liabilities for services	22,657	24,722
Accrued liabilities for unused vacations	110,450	79,360
	<u>133,107</u>	<u>104,082</u>
(24) Accrued income (short-term)		
EU financial support	71,234	62,207
	<u>71,234</u>	<u>62,207</u>

The company implemented round 1 of the LSD contract project "Extension of canned fish production facility" in August 2012, round 2 – in 2013, round 3 – in 2014, round 4 – in 2015, round 5 – in 2016, round 6 – in 2020, round 7 and 8 in 2021. The received support amounts are written down during the period of use of the fixed assets using the straight-line method.

General explanations

(25) Average number of Company's employees

	2021	2020
Average number of company's employees in the reporting year,	129	120
including Board	1	1
<i>Emolument to the Board,</i>	40,665	69,025
<i>including employer's MSSIC</i>	7,762	13,175
<i>Remuneration to others,</i>	1,434,688	1,218,297
<i>including employer's MSSIC</i>	271,843	235,302

(26) Issued guarantees and pledges.

The company has issued commercial pledges on the assets it owns to secure credit resources. The company concluded a Mortgage agreement for 506,800 EUR with AS Swedbank to secure credit liabilities. A commercial pledge agreement for 141,140 EUR has been concluded with AS "Attīstības finanšu institūcija "Altum"".

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(27) Events after the end of the reporting year

In the time period from the last day of the year until signature of this statement there have been no events which would significantly affect the financial position of the Company as at 31 December 2021.

After the end of the financial year, in February 2022, the military forces of the Russian Federation invaded Ukraine thus undermining or endangering territorial integrity, sovereignty and independence of Ukraine. A wide range of sanctions were imposed due to the hostilities causing substantial negative impact on economic development in the country and globally. The development of the situation in the future cannot be anticipated, and therefore there is uncertainty about economic development. The company management is continuously assessing the situation. Orders and sales of the Company to the Ukrainian market have currently increased, because there is demand for canned food. Buyers pay in a timely manner. The management of the Company believes that the Company will be able to overcome the emergency without compensatory measures. However, this conclusion is based on the information available at the moment of signing this financial statement and the impact of further events on future operations of the Company may differ from the management's evaluation.

/signature/

Ingus Veckagans
Member of the Board

Riga, 7 April 2022

/signature/

Inita Andriksone
Chief accountant

Riga, 7 April 2022



INDEPENDENT AUDITORS' REPORT

For the shareholder SIA "Banga Ltd"

Our Opinion Regarding the Financial Statement

We have audited the financial statement included in the accompanying annual report of SIA "Banga Ltd" (Company) on pages 5 to 21. The appended financial statement includes:

- the balance sheet as at 31 December 2021,
- the profit and loss statement for the year ended on 31 December 2021,
- the statement of changes in equity for the year ended 31 December 2021,
- the cash flow statement for the year ended 31 December 2021,
- notes to the financial statement, which include a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statement gives a true and fair view of the financial position of SIA "Banga Ltd" as at 31 December 2021 and of its financial performance and cash flow in the year ended on 31 December 2021 in accordance with the Law On the Annual Financial Statements and Consolidated Financial Statements of the Republic of Latvia ("Law On the Annual Financial Statements and Consolidated Financial Statements").

Basis for Opinion

In accordance with the Law on Audit Services of the Republic of Latvia (the Law on Audit Services), we conducted our audit in accordance with the International Standards on Auditing (hereinafter referred to as ISA) recognized in the Republic of Latvia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report.

We are independent of the Company in accordance with the requirements of the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (including International Independence Standard) and the independence requirements included in the Law on Auditing Services applicable to our audit of the financial statement in the Republic of Latvia. We have observed all other principles of professional ethics and objectivity requirements set out in the Code of Ethics for Professional Accountants (including International Independence Standard).

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

Highlights of Conditions

We draw attention to note 27 to the financial statement “Events after the balance sheet date”, which describe the consequences of the invasion of Ukraine by the military forces of the Russian Federation and the impact of the sanctions imposed as a result of that in further operations of the Company. The outcome of these circumstances cannot be determined, but company management believes that it will be able to overcome the emergency and continue business.

We do not further object to this condition.

Other Information

The Company management is responsible for other information. Other information includes:

- the management report provided in the accompanying annual report on page 3.

Our opinion on the financial statement does not cover the other information included in the annual report and we do not express any form of assurance conclusion thereon other than that specified in *Other Reporting Requirements in Accordance with the Requirements of Regulatory Enactments of the Republic of Latvia* section of our report.

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

Nothing has come to our attention that would have to be reported.

Other Reporting Requirements in Accordance with the Requirements of Regulatory Enactments of the Republic of Latvia

Furthermore, in accordance with the Law on Auditing Services our responsibility is to provide an opinion whether the Management report has been prepared according to the requirements of the regulatory enactment regulating its preparation, the Law On the Annual Financial Statements and Consolidated Financial Statements.

Based solely on our audit procedures, we believe that:

- The information provided in the management report for the financial year for which the financial statements have been prepared is consistent with the financial statements, and
- The management report has been prepared in accordance with the requirements of the Law on the Annual Financial Statements and Consolidated Financial Statements.

Responsibility of Management and Other Persons, who have been Entrusted to Supervise the Company, for the Financial Statement.

The management is responsible for the preparation of the financial statement, which gives a true and fair view in accordance with the Law On the Annual Financial Statements and Consolidated Financial Statements of the Republic of Latvia, and such internal control relevant, according to the management, to the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

When preparing the financial statement, management shall make an assessment of the Company's ability to continue as a going concern, disclosing conditions related to the Company's ability to continue as a going concern and application of the going concern principle as needed, unless management either intends to liquidate the Company or to cease its operations, or has no realistic alternative but to do so.

The persons charged with supervision of the Company are responsible for supervision of the process of preparation of the Company's financial statements.

Auditor's Responsibilities for the Audit of the Financial Statement

Our goal is to obtain reasonable assurance whether the financial statement taken as a whole is free from material misstatement, whether due to fraud or error, and to provide an auditor's report comprising our opinion. Reasonable assurance is a high level assurance, yet it does not guarantee that the audit performed in accordance with ISA will always discover material misstatement, if any. Misstatements may be caused by fraud or error, and they are deemed to be material, if it can be reasonably believed that each of them or all of them might affect economic decisions taken by users based on this financial statement.

When conducting our audit in accordance with ISA, during the entire audit procedure we make professional judgments and have an attitude of professional scepticism. We also:

- Identify and assess the risks of material misstatement of the financial statement, 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 that material misstatement due to fraud is not discovered is higher than the risk that misstatement due to error is not discovered, because fraud may involve tacit collusion, fraud of documents, intentional non-disclosure of information, false reflection of information or internal control violations;
- 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 the use of the going concern basis of accounting by the management 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 there is material uncertainty, the auditors' report highlights the information provided in the financial statement on these conditions, or, if no such information is provided, we provide a modified report. Our conclusions are based on audit evidence obtained up to the date of the auditors' report. However, due to future events or circumstances, the Company may cease its operations;
- Evaluate the structure and content of the financial statement, including the disclosures and explanations in notes, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We contact the persons, who have been entrusted to supervise the Company, and, inter alia, provide information on the planned scope and period of the audit, as well as about important observations of the audit, including significant shortcomings in internal control, which we have identified during the audit.

SIA "Konsultāciju birojs Lauda"
License No.77

The document has been signed electronically, for the date see the time stamp

Līga Ofkante
Chairperson of the Board
LR certified auditor, certificate No.3

Užavas iela 8 Ventspils

