

Riga, February 22, 2022

**CrossChem SIA**  
Annual report for year 01.01.2021 - 31.12.2021

(UNAUDITED)

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**COMPANY INFORMATION**

Name of the Company	CrossChem SIA
Legal status of the Company	Limited liability company
Registration No., place and date	LV4000388244, Riga, 11.01.2007.g.
Registered office	"Naftaluka", Olaines pagasts, Olaines novads, LV-2127
Major shareholders	SIA CrossChem International - 100%
Members of the Board	Ričards Andersons – Chairman of the Board
Annual report drawn up by	Ieva Grase – Chief Accountant
Reporting year	from 01/01/2021 to 31/12/2021
Information on group's subsidiary	SIA CrossChem Estonia - 51% SIA CrossChem International - 100%
Type of company's activity	Manufacture of other chemical products
NACE classification code	2059

## **MANAGEMENT REPORT**

### **Type of activity**

SIA „CrossChem” (hereinafter in the text – the Company) produces and also sells imported chemical products and the additional products related to their use, storage and transporting. The company also provides series of services related to verification of the quality and delivery of these chemical products.

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

In 2021 the net turnover of the Company was EUR 31,806,815. Compared to 2020 this increased by EUR 16,280,940 or 52%. This was achieved by attracting new clients for the existing products and increasing the sales of imported chemical products and production facilities as well as the increase in AdBlue prices due to the increase in raw material costs. The equity of the Company as of December 31, 2021 is EUR 3,838,744. The year ended with a profit. The Company is financially stable and able to meet its regular payments, as well as ensure implementation of the investment plan. This is reflected in the total current ratio (current assets/ short-term liabilities) of 1.48. The total amount of the fixed assets has increased, amounting to EUR 1,944,478 in 2021. The financial resources were invested in renewal, modernization, purchase of fixed assets and non-tangible investments. It is important to note the events of the 4th quarter of 2021, which affected the entire chemical industry. The increase in gas prices led to a partial suspension of the activities of a number of large European producers of fertilizers and AdBlue, which led to a shortage of finished products in the market. This placed a heavy burden on smaller producers with sufficient stocks of raw materials for production, including CrossChem SIA, which was able to partially meet additional market needs and increase its volumes in Q4 2021.

### **Strategy and Future Development Plans**

The Company will continue to develop and expand the range of products offered and manufactured in the coming years, as well as provide efficient, safe and high-quality services.

The main strategic objectives are:

1. To continue development of the new production warehouse project.
2. To expand the range of products offered to the clients.
3. To expand the geography and scope of product sales. An important task is to ensure stable growth and development of the Company by ensuring welfare of the personnel and abilities to work towards a common goal.

The main tasks of the long-term development are:

- A. To improve the digital corporate management system.
- B. To improve efficiency of the channels used for delivery of products to the clients.
- C. To expand the range of products produced and offered. The investment policy will continue to focus on the long-term development and competitiveness of the Company. Significant risks that may affect the Company's results of operations include rising raw material prices, EUR / USD exchange rate fluctuations and SARS-CoV-2. The company also monitors the current situation of sanctions decisions and prepares for a timely response to the situation. In order to reduce the impact of these risks, the Company intends to strengthen the existing relationships with suppliers together with establishing new ones and will facilitate trade with buyers in the above currencies. Risk that the Company may face in the next operating period is an increased competition in international markets, therefore great emphasis will be placed on individual customer visits and closer cooperation with customers. This year, the company has successfully raised debt capital by issuing its first bonds on Nasdaq Riga alternative market First North. This made it possible to increase the Company's turnover and in general to improve the financial results of the year.

### **Financial Risk Management**

The financial assets of the Company are mostly comprised by the receivables denominated in euro, as well as demand deposits in credit institutions. Majority of financial obligations are comprised by debts to suppliers for products and services. Cash is mostly placed in well-known Latvian financial institutions. The main external funding source of the Company, besides issued bonds on Nasdaq Riga, is Latvian credit institution ALTUM, which granted a loan for current assets to mitigate the COVID-19 effect. The Company ascribes a low interest rate risk for the current credit obligations, and therefore this should avoid a significant effect on its operating results in the future. The Company has developed the following policy to address issues related to receivables: direct managers work with clients that have late payments for up to 30 calendar days, after exceeding 30 calendar days of debt, its recovery is transferred to the Company's lawyer, who, according to experience, ensures 99% debt recovery. Besides, the Company is cooperating with SIA Factris LV1 factoring. Since factoring customers are insured, then in negative scenario case the Company will recover 90% of the debt amount. There is no significant difference between the carrying amount of financial assets and liabilities and their fair value. Taking into account the situation in the country and in the world with the spread of SARS-CoV-2 virus, the Company kept production volumes at a high level and was able to organize work to ensure timely provision of products to all customers. The main challenges that the Company was able to overcome due to the current negative situation in the world were the increase in prices for raw materials, fuel and components, as well as delays in traditional logistics routes. Despite all these difficulties, the Company showed robust financial results in 2021, which became possible due to the rapid adaptation to the new market conditions. Based on the current situation of high prices for raw materials and products in the 1st quarter of 2022 and taking into account the assumption of a gradual normalization of prices in the 2nd -3rd quarter of 2022, we forecast the Company's turnover in 2022 at the level of EUR 30 million, while maintaining the target level of EBITDA margin within 6 %-7%. This forecast is 46% higher than the baseline scenario for 2022 prepared in mid-2021 (EUR 20.5 million) and will be subsequently adjusted based on the results of the first quarter of 2022.

Ričards Andersons  
(Chairman of the Board)

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February 22, 2022

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

	Note number	<b>2021</b> EUR	<b>2020</b> EUR
Net turnover:	2	31,806,815	15,525,875
b) from other main activity types.		31,806,815	15,525,875
Production cost of goods sold, acquisition cost of goods sold or services provided	3	(28,330,192)	(13,574,236)
<b>Gross profit or loss</b>		<b>3,476,623</b>	<b>1,951,639</b>
Selling expenses	4	(1,099,353)	(803,204)
Administrative expenses	5	(421,346)	(286,124)
Other operating income	6	239,738	88,792
Other operating expenses	7	(249,703)	(80,625)
Income from other securities and loans which make long-term financial investments:		1,915	-
b) from associated companies and other companies, as well as from securities and other long-term receivables.		1,915	-
Other interest and similar income:		13,490	937
a) from subsidiary companies,		5,067	937
b) from other persons.		8,423	-
Interest payments and similar expenses:		(100,284)	(167,211)
b) to other persons.		(100,284)	(167,211)
<b>Profit or loss before corporate income tax</b>		<b>1,861,080</b>	<b>704,204</b>
Corporate income tax for the reporting year		(93,486)	(11,391)
<b>Profit or loss of the reporting year</b>		<b>1,767,594</b>	<b>692,813</b>

Notes on pages 12 to -1 form are integral part of these financial statements.

Ričards Andersons  
 (Chairman of the Board)

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*signature*

February 22, 2022

**Annual report drawn up by:**

Ieva Grase  
 (Chief Accountant)

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**BALANCE SHEET**

ASSETS	Note number	<b>31/12/2021</b> EUR	<b>31/12/2020</b> EUR
<b>Long-term investments</b>			
<b>Intangible assets</b>			
Concessions, patents, licences, trademarks and similar rights		246,977	221,696
<b>Total intangible assets</b>	8	<b>246,977</b>	<b>221,696</b>
<b>Fixed assets</b>			
Real estate:		179,204	229,204
a) land, buildings and structures,		179,204	229,204
Animals and plants:		-	-
a) working or productive animals and long-term plantings,		-	-
Long-term investment in leased fixed assets		123,268	140,897
Technology devices and equipment		640,444	635,357
Other fixed assets and inventory		256,169	236,092
Expense of tangible assets and construction in progress		745,393	303,407
<b>Total fixed assets</b>	9	<b>1,944,478</b>	<b>1,544,957</b>
<b>Long-term financial investments</b>			
Shareholding in the capital of subsidiary companies	10	177,256	178,756
Loans to subsidiary companies	11	703,882	326,574
Other loans and long-term receivables	12	22,625	376,050
Own shares		-	-
Loans to shareholders and management		-	-
Deferred tax assets		-	-
<b>Total long-term financial investments</b>		<b>903,763</b>	<b>881,380</b>
<b>Total long-term investments</b>		<b>3,095,218</b>	<b>2,648,033</b>
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials, direct materials and auxiliary materials		4,454,099	2,047,307
Finished products and goods for sale		212,533	84,510
Advance payments for inventories		818,205	75,920
<b>Total inventories</b>		<b>5,484,837</b>	<b>2,207,737</b>
<b>Receivables</b>			
Trade receivables	13	4,178,296	841,447
Amounts owed by related companies	11	60,950	22,366
Other receivables	14	7,112	3,786
Prepaid expenses		13,567	15,278
<b>Total receivables</b>		<b>4,259,925</b>	<b>882,877</b>
<b>Cash and cash equivalents</b>		<b>1,225,826</b>	<b>376,178</b>
<b>Total current assets</b>		<b>10,970,588</b>	<b>3,466,792</b>
<b>TOTAL ASSETS</b>		<b>14,065,806</b>	<b>6,114,825</b>

**BALANCE SHEET**

<b>LIABILITIES</b>	Note number	<b>31/12/2021</b> EUR	<b>31/12/2020</b> EUR
<b>Equity capital</b>			
Share capital (equity capital)	15	1,301,400	1,301,400
Long-term investment revaluation reserve	16	366,664	407,404
Reserves:		14	14
f) other reserves		14	14
Retained earnings or uncovered losses of previous years		403,072	85,259
Profit or loss of the reporting year		1,767,594	692,813
<b>Total equity capital</b>		<b>3,838,744</b>	<b>2,486,890</b>
<b>Creditors</b>			
<b>Long-term liabilities</b>			
Bonds		1,951,256	-
Borrowings from credit institutions	17	777,776	1,000,000
Other borrowings	18	81,139	34,774
<b>Total long-term liabilities</b>		<b>2,810,171</b>	<b>1,034,774</b>
<b>Short-term liabilities</b>			
Borrowings from credit institutions	17	-	-
Other borrowings	18	39,406	395,441
Advance payments from customers		5,175,119	724,605
Trade payables		1,243,915	1,152,718
Amounts owed to subsidiary companies		59,650	15,000
Taxes and mandatory state social insurance contributions	19	163,192	110,421
Other liabilities	20	354,313	69,482
Deferred income		19,710	4,316
Dividends payable		199,000	-
Accrued liabilities	21	162,586	121,178
<b>Total short-term liabilities</b>		<b>7,416,891</b>	<b>2,593,161</b>
<b>Total liabilities</b>		<b>10,227,062</b>	<b>3,627,935</b>
<b>TOTAL LIABILITIES</b>		<b>14,065,806</b>	<b>6,114,825</b>

Notes on pages 12 to -1 form are integral part of these financial statements.

Ričards Andersons  
 (Chairman of the Board)

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*signature*

February 22, 2022

**Annual report drawn up by:**

Ieva Grase  
 (Chief Accountant)

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*signature*



**CASH FLOW STATEMENT**

(indirect method)

	Note number	2021 EUR	2020 EUR
<b>Cash Flow from operating activities</b>			
Profit or loss before taxation		<b>1,861,080</b>	<b>704,204</b>
<b>Adjustments:</b>			
Adjustments of decrease in value of equity capital		208,292	167,144
Amortisation of intangible assets		39,127	22,094
Increase / decrease in provisions		-	-
Unrealised profit from fluctuations of currency exchange rate		20,035	-
Interest and similar income		(13,490)	(937)
Income from subsidies		(110,220)	
Interest and similar expenses		100,284	167,211
<b>Cash Flow before adjustments on changes in current assets and liabilities</b>		<b>2,105,108</b>	<b>1,059,716</b>
<b>Adjustments for:</b>			
Increase (-)/ decrease (+) in trade and other receivables		(3,387,502)	756,326
Increase (-)/ decrease (+) in inventories		(2,984,801)	(640,867)
Increase (+)/ decrease (-) in trade and other payables		4,931,544	(446,130)
<b>Gross operating cash flow</b>		<b>664,349</b>	<b>729,045</b>
<b>Interest paid</b>		(100,284)	(167,211)
<b>Corporate tax paid</b>		(44,265)	16,135
<b>Net cash flow from operating activities</b>		<b>519,800</b>	<b>577,969</b>
<b>Cash flow from investing activities</b>			
Acquisition of an affiliate		-	(172,256)
Proceeds from investment properties		1,500	2,840
Long-term investments in leased fixed assets		(38,077)	-
Purchase of non-current assets		(1,018,218)	(335,417)
Proceeds from sale of fixed and intangible assets		31,000	17,007
Loans granted		(23,883)	(552,637)
Proceeds from refunded loans		-	-
Interest received		13,490	937
Dividends received		-	-
<b>Net cash flow from investing activities</b>		<b>(1,034,188)</b>	<b>(1,039,526)</b>
<b>Cash flow from financing activities</b>			
Loans from credit institutions received		2,008,075	1,109,021
Received grants, subsidies and donations		110,220	72,468
Loans from credit institutions repaid		(578,259)	-
Repayment costs of leasehold property		-	-
Dividends paid		(176,000)	(357,296)
<b>Net cash flow from financing activities</b>		<b>1,364,036</b>	<b>824,193</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>849,648</b>	<b>362,636</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>376,178</b>	<b>86,010</b>
<b>Cash and cash equivalents at the end of the period</b>	0	<b>1,225,826</b>	<b>376,178</b>

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

Ričards Andersons  
 (Chairman of the Board)

*signature*

February 22, 2022

**Annual report drawn up by:**

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Annual Report 01.01.2021 - 31.12.2021 of CrossChem SIA  
Reg. No 4000388244, "Naftaluka", Olaine district, Olaine region, LV-2127

Ieva Grase  
(Chief Accountant)

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(132,635)

**STATEMENT OF CHANGES IN EQUITY**

	<b>Share capital</b>	<b>Revaluation reserve of financial instruments</b>	<b>Reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
	EUR	EUR	EUR	EUR	EUR
<b>As at 31/12/2019</b>	<b>140,400</b>	-	<b>14</b>	<b>85,259</b>	<b>225,673</b>
Increase / decrease in share capital	1,161,000	-	-	-	<b>1,161,000</b>
Gains or loss from revaluation of fixed assets	-	407,404	-	-	<b>407,404</b>
Profit for the financial year	-	-	-	692,813	<b>692,813</b>
<b>As at 31/12/2020</b>	<b>1,301,400</b>	<b>407,404</b>	<b>14</b>	<b>778,072</b>	<b>2,486,890</b>
Increase / decrease in share capital	-	-	-	(375,000)	<b>(375,000)</b>
Gains or loss from revaluation of fixed assets	-	(40,740)	-	-	<b>(40,740)</b>
Profit for the financial year	-	-	-	1,767,594	<b>1,767,594</b>
<b>As at 31/12/2021</b>	<b>1,301,400</b>	<b>366,664</b>	<b>14</b>	<b>2,170,666</b>	<b>3,838,744</b>

Notes on pages 12 to -1 form an integral part of these financial statements.

Ričards Andersons  
 (Chairman of the Board)

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*signature*

February 22, 2022

**Annual report drawn up by:**

Ieva Grase  
 (Chief Accountant)

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## **NOTES TO THE FINANCIAL STATEMENTS**

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

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

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

The profit or loss statement has been classified according to expenditure function method. The cash flow statement is On December 31, 2021, the company corresponds to the category of a medium-sized company. The annual report is prepared by applying the following basic principles:

1) it is assumed that the Company will continue its operation;  
2) The same accountancy policy and evaluation methods was used as in the previous year, except for the balance sheet items, which can be abandoned in accordance with the new law „Law on Annual Accounts and Consolidated Annual Accounts”, since the Company is not using SFPS in preparation of the annual report;

3) Items in the financial statements are recognized and measured on a prudent basis subject to the following conditions:

a) the financial statement includes only the profit earned up to the balance sheet date;  
b) all liabilities and expected risk amounts and losses incurred during the reporting year or previous years are taken into account, even if they became known between the balance sheet date and the date when the annual report is signed by the Company's management body;

c) all amounts of impairment and depreciation of assets have been calculated and taken into account, regardless of whether the reporting year is closed with profit or loss;

4) the items in the balance sheet and profit and loss statement are shown on an accrual basis, i.e. income and expenditure are represented on the basis of the time of their occurrence and not the time of receipt or disbursement of money. Income and expenditure related to the reporting year are represented regardless of the date of receipt of the payment or invoice;

5) costs are reconciled with revenues in the respective reporting periods;

6) the amounts indicated in the relevant balance sheet items (opening balances) correspond to the amounts indicated in the same balance sheet items at the end of the previous reporting year (closing balances);

7) asset and liability items are valued separately;

8) the amounts in the balance sheet and profit and loss statement items are indicated taking into account the content and nature of economic transactions, and not only the legal form.

#### **Reporting period**

The reporting period is 12 months	01/01/2021	to	31/12/2021
The previous period is 12 months from	01/01/2020	to	31/12/2020

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

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

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

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

#### **Related parties**

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

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

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

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

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

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

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

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

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

Research costs are recognized as losses of the reporting year at the moment when they are incurred. The Company's development costs are capitalized if their recoverability in the future may be substantially proved. Amortization is calculated during the whole recovery period of development costs.

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

*- Related companies*

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

*- Associated companies*

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

### **Evaluation of inventories**

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

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

### **Receivables**

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

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

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

### **Cash**

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

### **Financial instruments**

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

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

### **Financial leasing liabilities**

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

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

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



## **Provisions**

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

*At the end of the reporting year, the following provisions have been made:*

## **Accrued liabilities**

### *Provisions for unused vacation compensation*

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

### *Provision for not received expense invoices*

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

## **Recognition of income**

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

## **Corporate income tax**

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

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

As of 2018, when the taxable basis for the corporate income tax changes, temporary differences in provision on

## **Application of assumptions**

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

**(2) Net turnover:**

Net turnover - proceeds from company's major activity - rendering of services without value added tax.

Type of activity	2021 EUR	2020 EUR
Manufacture of other chemical products nec (NACE 2059)	31,806,815	15,525,875
<b>Total</b>	<b>31,806,815</b>	<b>15,525,875</b>

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

	2021 EUR	2020 EUR
Costs of purchased raw materials	25,014,605	11,142,300
Cost of goods purchased	2,082,164	1,481,868
Staff costs	665,579	427,080
Rental costs	222,100	190,469
Depreciation of fixed and intangible assets	131,555	130,817
Other costs	214,189	201,702
<b>Total</b>	<b>28,330,192</b>	<b>13,574,236</b>

**(4) Selling expenses**

	2021 EUR	2020 EUR
Personnel expenses	632,805	461,836
Transport costs	106,025	114,178
Office expenses	155,198	87,747
ABUS maintenance costs	29,113	24,140
Advertising expenses	39,897	17,983
Business travel costs	46,718	10,436
Depreciation of fixed assets	20,793	15,097
Other selling expenses	68,804	71,787
<b>Total</b>	<b>1,099,353</b>	<b>803,204</b>

**(5) Administrative expenses**

	2021 EUR	2020 EUR
Personnel expenses	243,841	207,725
Depreciation of fixed assets	34,896	22,641
Other administration expenses	78,480	55,758
Ancillary expenses related to securities turnover	64,129	-
<b>Total</b>	<b>421,346</b>	<b>286,124</b>

**(6) Other operating income**

	<b>2021</b>	<b>2020</b>
	EUR	EUR
Revenue from received financing LIAA	110,220	72,468
Revenue from prior period adjustments	1,459	4,260
Other income	128,059	12,064
<b>Total</b>	<b>239,738</b>	<b>88,792</b>

**(7) Other operating expenses**

	<b>2021</b>	<b>2020</b>
	EUR	EUR
Other personnel expenses	37,369	25,084
Losses from adjustment to prior periods	29	19,337
Fines and penalties paid	918	10,863
Net losses from exchange rate fluctuations	5,142	8,057
Other economic costs - for the improvement of the territory and premises	75,129	-
Expenditure on staff sustainability measures	8,239	3,295
Work clothes	5,632	-
Net depreciation expense on sale of property, plant and equipment	20,321	-
Equipment rental and maintenance	2,088	-
Expenditure on writing off the residual value of depreciated fixed assets	55,000	-
Other expenses	39,836	13,988
<b>Total</b>	<b>249,703</b>	<b>80,624</b>

**(8) Intangible assets**

		<b>Concessions, patents, licenses, trade marks and similar rights</b>	<b>Total intangible assets</b>
		EUR	EUR
<b>Acquisition value</b>	<b>01/01/2021</b>	<b>273,220</b>	<b>273,220</b>
Additions		46,878	<b>46,878</b>
Disposal		-	-
Reclassified		17,530	<b>17,530</b>
<b>Acquisition value</b>	<b>31/12/2021</b>	<b>337,628</b>	<b>337,628</b>
<b>Accumulated amortisation</b>	<b>01/01/2021</b>	<b>51,524</b>	<b>51,524</b>
Amortisation charge		39,127	<b>39,127</b>
Amortisation of intangible assets that have been liquidated or reclassified		-	-
<b>Accumulated amortisation</b>	<b>31/12/2021</b>	<b>90,651</b>	<b>90,651</b>
<b>Net book value</b>	<b>01/01/2021</b>	<b>221,696</b>	<b>221,696</b>
<b>Net book value</b>	<b>31/12/2021</b>	<b>246,977</b>	<b>246,977</b>

**(9) Fixed assets**

		Real estate	Animals and plants	Investments in leasehold improvements	Long-term investments in fixed assets of the public partner	Machinery and equipment
		EUR	EUR	EUR	EUR	EUR
<b>Acquisition value</b>	<b>01/01/2021</b>	<b>229,204</b>	-	<b>215,995</b>	<b>539,592</b>	<b>245,001</b>
Additions		-	-	38,077	11,090	110,632
Disposal		(50,000)	-	-	-	(40,006)
Reclassified		-	-	-	-	-
		-	-	-	-	-
<b>Acquisition value</b>	<b>31/12/2021</b>	<b>179,204</b>	-	<b>254,072</b>	<b>550,682</b>	<b>315,627</b>
<b>Accumulated depreciati</b>	<b>01/01/2021</b>	-	-	<b>75,098</b>	<b>60,792</b>	<b>88,445</b>
Depreciation charge		-	-	55,706	48,035	38,840
Amortization of intangible assets that have been liquidated or reclassified		-	-	-	-	(10,247)
Reclassified		-	-	-	-	-
<b>Accumulated depreciati</b>	<b>31/12/2021</b>	-	-	<b>130,804</b>	<b>108,827</b>	<b>117,038</b>
<b>Net book value</b>	<b>01/01/2021</b>	<b>229,204</b>	-	<b>140,897</b>	<b>478,800</b>	<b>156,556</b>
<b>Net book value</b>	<b>31/12/2021</b>	-	-	<b>123,268</b>	<b>441,855</b>	<b>198,589</b>

On 31 December 2020, the accounting sum in the category of fixed assets "Other fixed assets" include cars 65124 financial lease.

On 31 December 2020, the cadastral value of the real estate owned by the Company is 229204 EUR

<b>Other fixed assets and inventory</b>	<b>Fixed assets under construction</b>	<b>Total fixed assets</b>
EUR	EUR	EUR
<b>458,452</b>	<b>303,407</b>	<b>1,991,651</b>
97,803	734,285	991,887
(34,175)	-	(124,181)
-	-	-
-	(292,299)	(292,299)
<b>522,080</b>	<b>745,393</b>	<b>2,567,058</b>
<b>222,359</b>	-	<b>446,694</b>
65,711	-	208,292
(22,159)	-	(32,406)
-	-	-
-	-	-
<b>265,911</b>	-	<b>622,580</b>
<b>236,093</b>	<b>303,407</b>	<b>1,544,957</b>
<b>256,169</b>	<b>745,393</b>	<b>1,944,478</b>

† EUR value, which have been purchased in

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

	<b>31/12/2021</b>	<b>31/12/2020</b>
	EUR	EUR
Acquisition value at the beginning of the reporting year	178,756	9,340
<b>Investments in the beginning of period</b>	<b>178,756</b>	<b>9,340</b>
Acquisition (+)	-	172,256
Changes to value adjustments in relation to write-off or carrying over	(1,500)	(2,840)
Acquisition value at the end of the reporting period	178,756	181,596
Changes in the accrued participation value at the end of the reporting period	(1,500)	(2,840)
<b>Investments in the beginning of period</b>	<b>177,256</b>	<b>178,756</b>

**Company name**

	<b>Owned shares, %</b>	<b>Acquisition value</b>	<b>Investment book value</b>	<b>Subsidiary Profit or Loss 2020</b>	<b>Subsidiary company's equity value on 31.12.2021</b>
OU CrossChem Estonia	51	177,256	177,256	-	-
	<b>X</b>	<b>177,256</b>	<b>177,256</b>	-	-

**(11) Loans to subsidiary companies**

	<b>Changes within the reporting period</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
		EUR	EUR
<b>Long-term loans</b>			
SIA CrossChem Latvia/ETEX	(3,949)	-	3,949
SIA CrossChem International	(300,000)	-	300,000
SIA CrossChem Agro	(22,625)	-	22,625
SIA CrossChem International	703,882	703,882	
<b>Total long term loans</b>	<b>377,308</b>	<b>703,882</b>	<b>326,574</b>

	<b>Changes within the reporting period</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
		EUR	EUR
<b>Short term liabilities</b>			
CrossChem Estonia OU	39,430	60,950	21,520
SIA CrossChem International	(846)	-	846
<b>Total short term liabilities</b>	<b>38,584</b>	<b>60,950</b>	<b>22,366</b>

**(12) Other loans and long-term receivables**

	<b>31/12/2021</b>	<b>31/12/2020</b>
	EUR	EUR
Other loans	22,625	376,050
<b>Total</b>	<b>22,625</b>	<b>376,050</b>

**(13) Trade receivables**

	31/12/2021	31/12/2020
	EUR	EUR
Trade receivables carrying amount	4,178,296	841,447
<b>Total</b>	<b>4,178,296</b>	<b>841,447</b>

**(14) Other receivables**

	31/12/2021	31/12/2020
	EUR	EUR
Tax overpayment	6,973	1,010
Payments to employees	15	-
Other debtors	124	2,776
<b>Total</b>	<b>7,112</b>	<b>3,786</b>

**(15) Share capital (equity capital)**

In accordance with the minutes of the Meeting of the Shareholders No. 4/2020 of 23 December 2020, a decision has been made to change the size of the capital share and increase the share capital by making a material investment. As at 31 December 2020, the share capital is fully paid. It consists of 1301400 shares with a nominal value of EUR 1.

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

Item of fixed assets (object name)	Revaluation reserve surplus at the period's		Value of the fixed asset in the beginning of the period	Decrease of revaluating reserve	Value of fixed assets at the end of the period	
	beginning	end			without revaluating	with revaluating
	01/01/2021	31/12/2021	01/01/2021	2021	31/12/2021	31/12/2021
	EUR	EUR	EUR	EUR	EUR	EUR
<u>Technology devices and equipment:</u>						
A/m Scania 124	7,223	6,501	15,000	722	7,499	14,000
A/m Scania RO2584	8,341	7,507	15,000		11,388	18,895
AdBlue production facilit	302,083	271,875	336,000		35,414	307,289
AdBlue plant 2 (expansion in Latvia)	80,771	72,694	98,000	8,077	15,506	88,200
AdBlue filling station 90001_6	1,900	1,710	5,000		2,940	4,650
AdBlue filling station 90001_4	2,286	2,057	5,000		2,443	4,500
High pressure washer HD1140	1,000	900	1,000		-	900
Washing machine NEPTUNE 5-49	500	450	500		-	450
Filling tank complex of 6 tanks	3,300	2,970	3,300		-	2,970
<b>Total</b>	<b>407,404</b>	<b>366,664</b>	<b>478,800</b>	<b>8,799</b>	<b>75,190</b>	<b>441,854</b>
<b>Total</b>	<b>407,404.00</b>	<b>366,664.00</b>	<b>478,800.00</b>	<b>8,799.00</b>	<b>75,190.00</b>	<b>441,854.00</b>



**(17) Borrowings from credit institutions**

	% rate	Date of payment	31/12/2021 Currency	31/12/2021 EUR	31/12/2020 EUR
<b>Long-term loans against bonds</b>					
Bonds issued at nominal value	6.75	04/11/2024	3,000,000	3,000,000	-
Unrealised bonds	-	-	(1,070,000)	(1,070,000)	-
Calculated coupon	-	-	21,256	21,256	-
<b>Total</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>1,951,256</b>	<b>-</b>

In November 2021, SIA CrossChem issue 3000 bonds with a nominal value of 1000 EUR on the Nasdaq Riga Alternative Market First North. The annual bond coupon rate is 6.75% with a quarterly coupon payment. Maturity of the bonds 04.11.2024. The nominal value of bonds issued but not sold as of 31.12.2021 is EUR 1070000.

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

ALTUM	2.9%	45,163	777,776	777,776	1,000,000
<b>Total</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>777,776</b>	<b>1,000,000</b>
<b>Total long-term borrowings</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>777,776</b>	<b>1,000,000</b>

**(18) Other borrowings**

	% rate	Date of payment	31/12/2021 Currency	31/12/2021 EUR	31/12/2020 EUR
<b>Long-term borrowings (from 1 to 5 years)</b>					
CrossChem Agro SIA	-	11	46,022	20,347	34,774
SEB leasing EUR	- 2.65/2.5		46,387	60,792	-
<b>Total long-term borrowings</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>81,139</b>	<b>34,774</b>

Loan agreements with SIA SEB Leasing: U107284, interest rate 2.65%, U110090, interest rate 2.65%, U119731, interest rate 2.5%, all loans must be repaid by 31.12.2026. Loan agreement with CrossChem Agro from 01.07.2019 - 4.1% per annum until 31.12.2025

	% rate	Date of payment	31/12/2021 Currency	31/12/2021 EUR	31/12/2020 EUR
<b>Short-term borrowings</b>					
Irina Andersone	-	6	44,317	-	30,000
Līvija Lūse	-	6 10 darba dienu		-	350,000
SEB leasing EUR	2.65/2.5		31/12/2026	39,406	-
Swedbank leasing EUR	- 2.9/4.5		31/12/2021	-	15,441
<b>Total</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>39,406</b>	<b>395,441</b>

Swedbank leasing agreements: 158384- 6 months.EURIBOR, 2.9% rate valid until 30.06.2021; 168537-6 months.EURIBOR, 2.9% rate valid until 30.12.2021; 168538-6 months.EURIBOR, 2.9% rate valid until 30.12. 162100-6 months.EURIBOR, 4.5% rate valid until 30.12.2021.Loan agreements with SIA SEB Leasing: U107284, interest rate 2.65%, U110090, interest rate 2.65%, U119731, interest rate 2.5%, all loans must be repaid by 31.12.2026. Loan agreement with CrossChem Agro from 01.07.2019 - 4.1% per annum until 31.12.2025

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

	<b>31/12/2021</b>	<b>31/12/2020</b>
	EUR	EUR
Social contributions	62,308	56,188
Personal income tax	31,547	37,339
Corporate income tax	58,326	9,105
Value added tax	7,717	4,953
Company Car Tax	3,272	2,817
Risk duties	22	19
<b>Total</b>	<b>163,192</b>	<b>110,421</b>

**(20) Other liabilities**

	<b>31/12/2021</b>	<b>31/12/2020</b>
	EUR	EUR
<b>Short-term other creditors</b>		
Salary	89,343	60,915
Settlement of received deposits	19,392	4,760
Loan interest payments	3,717	3,789
Settlement of factoring transactions	-	-
Payments to customers for incorrect amounts	241,745	-
Other creditors	116	18
<b>Total short-term other creditors</b>	<b>354,313</b>	<b>69,482</b>

**(21) Accrued liabilities**

	<b>31/12/2021</b>	<b>31/12/2020</b>
	EUR	EUR
Provisions for unused vacations	101,180	74,955
Settlements with creditors for accrued liabilities	61,406	46,223
<b>Total</b>	<b>162,586</b>	<b>121,178</b>

**(22) Related Party transactions**

	Related company or person		
	SIA CrossChem International	SIA CrossChem Agro	OU CrossChem Estonia
<b><u>Debtors, EUR</u></b>			
related party debt at the beginning of the financial year	846	22,625	321,520
related party debt at the end of the financial year	703,882	-	60,950

	Related company or person		
	SIA CrossChem International	SIA CrossChem Agro	OU CrossChem Estonia
<b><u>Creditors, EUR</u></b>			
debt to a related party at the beginning of the financial year	6,258	38,593	19,316
debt to a related party at the end of the financial year	44,650	-	19,316

*Note: Related parties - participation and operation of board and council members in other companies*