

Riga 23 rd of August, 2023

CrossChem SIA

Annual report for year 01.01.2023 - 30.06.2023

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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	LV40003888244, Riga, 11.01.2007.g.
Registered office	"Naftaluka", Olaines pagasts, Olaines novads, LV-2127
Major shareholders	SIA CrossChem International - 100%
Members of the Board	<div>Ričards Andersons – Chairman of the Board</div> <div>Aleksandrs Muzičenko – Board member</div> <div>Dagnija Turlaja – Board member</div>
Annual report drawn up by	Ieva Grase – Chief Accountant
Reporting year	from 01.01.2023 to 30.06.2023
Information on group's subsidiary	SIA CrossChem Estonia - 51%
Type of company's activity	Manufacture of other chemical products
NACE classification code	2059

MANAGEMENT REPORT

Type of activity

Limited liability company CrossChem (hereinafter - the Company) produces and sells imported chemical goods and additional products related to their use, storage, and transportation. The Company also provides a range of services related to the quality control and delivery of these chemical products.

The Company's performance and financial situation during the reporting period

The Company's revenue in the first six months of 2023 is EUR 9,439,679, while EBITDA reached EUR 584,746. The global drop in raw material prices also impacted the Company, reducing the price of consumed raw materials and resources by an average of 61%. The decrease in the prices of raw materials has a positive effect on the level of liquidity and allows the Company to finance economic activity and investments more efficiently. In order to balance the market conditions and continue to increase the volumes of the sold goods, the Company reduced the sales prices of its final products to its end consumers. A similar situation can be observed in the entire chemical industry and it can be considered as an adaptation to the current market conditions.

The amount of the Company's equity increased by 22%, which as of June 30, 2023 is EUR 5,979,482 compared to EUR 4,917,501 on June 30, 2022, which indicates the financial stability of the Company and its ability to cover its current payments, as well as ensure the implementation of the investment and development plan. Likewise, the amount of fixed assets has increased by 14%, reaching EUR 2,789,482. These financial resources, invested in the modernization and the purchase of new equipment will further help the Company to perform its economic activities more efficiently and reduce production costs. It should also be mentioned that the total amount of assets has increased by 5%, reaching EUR 14,624,358 as of June 30, 2023.

The concluded global supply agreement with the service station network Circle K (<https://view.news.eu.nasdaq.com/view?id=b926976ff33938a4eaf4ad8261be7f5b3&lang=lv>), as well as the investment projects commenced in 2022, which will be completed in 2023, will provide significant advantages to the Company, will allow to streamline work and reduce production costs, channelling the savings towards the creation of a professional team.

In 2023, the Company will strengthen and form the foundations on which the development of the next 5-10 years will be based.

Future Development Plans

The Company has developed a short-term 2-3 year and a long-term 7-10 year development plan. These envisage expanding the production and trade of chemical products and developing the range of services provided with them, providing customers with effective, safe products and services.

The main strategic objectives are:

1. To continue development of the infrastructure for the circulation of chemical products;
2. To expand the product portfolio and services;
3. To modernise and automate work processes;
4. To expand the sales markets and increase their volumes. Meanwhile, an important task is to ensure a stable growth and development of the Company, ensuring the well-being of employees and the ability to work for a common goal

The main tasks are:

- A. To improve the computerised Company's management system;
- B. To streamline product delivery channels for customers;
- C. To expand the range of manufactured and offered products.

In the investment policy, the greatest attention is and will be paid to the long-term development of the Company and for ensuring competitiveness. A significant risk that can affect the Company's performance is the geopolitical situation in the world, which affects the raw materials market, the stability of the EUR/USD currency and the lack of quality workforce. The Company follows the current situation of sanctions decisions and is ready to react in time to minimise the impact of these risks. At the same time, the Company's management system, introduced at the same time, controls the true origin of the purchased goods and ensures the audit of partners, so that all economic activities are carried out in accordance with the current legislation and regulations.

Financial risk management

The Company's financial assets mainly consist of debtors, which are denominated in euro currency, as well as demand deposits in financial institutions. The majority of the financial liabilities consist of debts owed to suppliers for goods and services. The funds are mainly placed in Latvian financial institutions. The Company's main sources of external financing are bond issues on the Nasdaq Baltic exchange and loans from financial institutions. The Company focuses its attention on interest rates, especially changes in EURIBOR, as this is a significant factor influencing the solvency of the overall economy.

Systematic monitoring of debtors is ensured, risks are reinsured in international insurance companies, and this work brings high efficiency and minimises the risks of losses, thus not creating significant differences between the balance sheet value of financial assets and liabilities and their true value.

The Company continues to focus on improving efficiency, modernising work processes and automation by investing in infrastructure, equipment and team composition to ensure a sustainable growth.

Based on statistics that indicate the renewal of the machinery park in the Baltic States, as well as expanding the range of products and services offered, the Company intends to increase the volumes of the products sold. The expected increase in raw material prices in the autumn-winter period of 2023 can also have a significant impact on the turnover of the Company in the second half of the year. Due to the materially changed market conditions the projected turnover target for 2023 is now between EUR 20-30 million (the previous forecast, announced together with the 2022 unaudited report, was at the level of 2022, or EUR 38 million). The forecasted EBITDA margin level remains within the range of 6-7%.

Ričards Andersons
(Chairman of the Board)



23 rd of August, 2023

INCOME STATEMENT
 (classified per function of expenditure)

		2023	2022
	Note	01.01-30.06	01.01-30.06
	number	EUR	EUR
Net turnover:	2	9 439 679	23 711 962
b) from other main activity types.		9 439 679	23 711 962
Production cost of goods sold, acquisition cost of goods sold or services provided	3	(8 216 789)	(20 826 649)
Gross profit or loss		1 222 890	2 885 313
Selling expenses	4	(679 686)	(764 657)
Administrative expenses	5	(372 711)	(205 950)
Other operating income	6	340 036	71 235
Other operating expenses	7	(168 140)	(195 390)
Other interest and similar income:		4 113	-
b) from other persons.		4 113	-
Interest payments and similar expenses:		(101 267)	(89 455)
b) to other persons.		(101 267)	(89 455)
Profit or loss before the corporate income tax		245 235	1 701 096
Corporate income tax for the reporting year		(75 031)	(125 020)
Profit or loss of the reporting year		170 204	1 576 076

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

Ričards Andersons
 (Chairman of the Board)

23 rd of August, 2023

Annual report drawn up by:

Ieva Grase
 (Chief Accountant)

BALANCE SHEET

ASSETS	Note number	30.06.2023 EUR	31.12.2022 EUR
Long-term investments			
Intangible assets			
Concessions, patents, licences, trademarks and similar rights		188 243	180 913
Advance payments for intangible assets		41 283	39 683
Total intangible assets	8	229 526	220 596
Fixed assets			
Real estate:		236 092	98 612
a) land, buildings and structures,		236 092	98 612
Long-term investment in leased fixed assets		44 500	93 981
Technology devices and equipment		891 601	696 240
Other fixed assets and inventory		757 478	656 652
Expense of tangible assets and construction in progress		740 360	719 543
Advance payments for fixed assets		119 451	179 292
Total fixed assets	9	2 789 482	2 444 320
Long-term financial investments			
Shareholding in the capital of subsidiary companies	10	177 256	177 256
Loans to subsidiary companies	11	743 342	730 261
Total long-term financial investments		920 598	907 517
Total long-term investments		3 939 606	3 572 433
Current assets			
Inventories			
Raw materials, direct materials and auxiliary materials		3 514 885	4 090 734
Finished products and goods for sale		547 382	707 060
Advance payments for inventories		2 776 155	1 858 208
Total inventories		6 838 422	6 656 002
Receivables			
Trade receivables	12	2 222 220	3 041 376
Amounts owed by related companies	11	185 369	221 391
Other receivables	13	3 859	24 861
Prepaid expenses		31 210	16 708
Total receivables		2 442 658	3 304 336
Cash and cash equivalents		1 403 672	423 806
Total current assets		10 684 752	10 384 144
TOTAL ASSETS		14 624 358	13 956 577

BALANCE SHEET

LIABILITIES	Note number	30.06.2023 EUR	31.12.2022 EUR
Equity capital			
Share capital (equity capital)	14	1 301 400	1 301 400
Long-term investment revaluation reserve	15	296 822	316 610
Reserves:		14	14
f) other reserves		14	14
Retained earnings or uncovered losses of previous years		4 211 042	1 200 808
Profit or loss of the reporting year		170 204	3 310 234
Total equity capital		5 979 482	6 129 066
Creditors			
Long-term liabilities			
Loans to bonds	16	1 913 000	2 013 000
Borrowings from credit institutions	17	1 491 000	-
Other borrowings	18	283 770	198 912
Total long-term liabilities		3 687 770	2 211 912
Short-term liabilities			
Borrowings from credit institutions	17	-	111 104
Other borrowings	18	42 748	277 566
Advance payments from customers		436 882	1 025 132
Trade payables		3 964 794	3 657 034
Amounts owed to subsidiary companies		53 131	42 601
Taxes and mandatory state social insurance contributions	19	136 033	149 486
Other liabilities	20	140 148	129 020
Deferred income		59 170	46 089
Accrued liabilities	21	124 200	177 567
Total short-term liabilities		4 957 106	5 615 599
Total liabilities		8 644 876	7 827 511
TOTAL LIABILITIES		14 624 358	13 956 577

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

Ričards Andersons
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CASH FLOW STATEMENT

(indirect method)

	Note number	2023 01.01-30.06 EUR	2022 01.01-30.06 EUR
Cash Flow from operating activities			
Profit or loss before taxation		245 235	1 701 096
Adjustments:			
Adjustments of decrease in value of equity capital		205 887	134 519
Amortization of intangible assets		16 982	19 276
Unrealized profit from fluctuations of currency exchange rate		(4 546)	29 838
Interest and similar income		-	-
		(73 878)	-
Gains / losses on disposal of long-term assets		-	(27 461)
Interest and similar expenses		101 267	89 455
Cash Flow before adjustments on changes in current assets and liabilities		490 947	1 946 723
Adjustments for:			
Increase (-)/ decrease (+) in trade and other receivables		861 678	2 111 634
Increase (-)/ decrease (+) in inventories		(182 420)	227 167
Increase (+)/ decrease (-) in trade and other payables		(362 718)	(1 324 607)
Gross operating cash flow		807 487	2 960 917
Interest paid		(101 267)	(89 455)
Corporate tax paid		(110 159)	(185 838)
Net cash flow from operating activities		596 061	2 685 624
Cash flow from investing activities			
Long-term investments in leased fixed assets		(9 966)	(65 155)
Purchase of non-current assets		(566 491)	(222 303)
Proceeds from sale of fixed and intangible assets		19 546	43 079
Interest received		4 113	-
Net cash flow from investing activities		(552 798)	(244 379)
Cash flow from financing activities			
Loans from credit institutions received		1 491 000	489 569
Received grants, subsidies and donations		73 878	-
Loans from credit institutions repaid		(328 275)	(679 905)
Dividends paid		(300 000)	(699 000)
Net cash flow from financing activities		936 603	(889 336)
Net increase/decrease in cash and cash equivalents		979 866	1 551 909
Cash and cash equivalents at the beginning of the period		423 806	1 225 826
Cash and cash equivalents at the end of the period		1 403 672	2 777 735

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

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STATEMENT OF CHANGES IN EQUITY

	Share capital	Revaluation reserve of financial instruments	Reserves	Retained earnings	Total equity
	EUR	EUR	EUR	EUR	EUR
As at 31.12.2021	1 301 400	366 664	14	2 200 808	3 868 886
Gains or loss from revaluation of fixed assets	-	(50 054)	-	-	(50 054)
Increase / decrease in the fair value of financial instruments	-	-	-	(1 000 000)	(1 000 000)
Profit for the financial year	-	-	-	3 310 234	3 310 234
As at 31.12.2022	1 301 400	316 610	14	4 511 042	6 129 066
Increase / decrease in share capital	-	-	-	(300 000)	(300 000)
Gains or loss from revaluation of fixed assets	-	(19 788)	-	-	(19 788)
Profit for the financial year	-	-	-	170 204	170 204
As at 30.06.2023	1 301 400	296 822	14	4 381 246	5 979 482

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

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NOTES TO THE FINANCIAL STATEMENTS

(1) Significant accounting principles

Principles of preparation of financial statements

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

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

On June 30, 2023, 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
- 5) costs are reconciled with revenues in the respective reporting periods;
- 6) the amounts indicated in the relevant balance sheet items (opening balances) correspond to the amounts indicated in the same balance sheet items at the end of the previous reporting year (closing balances);
- 7) asset and liability items are valued separately;
- 8) the amounts in the balance sheet and profit and loss statement items are indicated taking into account the content and nature of economic transactions, and not only the legal form.

Reporting period

In order for the data to be comparable, the data for the first 6 months of 2022 were used for the calculation of Profit or Loss and the Cash Flow Report.

The reporting period is 6 months	01.01.2023	to	30.06.2023
The previous period is 6 months from	01.01.2022	to	31.06.2022

Transactions in foreign currencies

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

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

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

Related parties

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

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

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

Intangible assets and fixed assets

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

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

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

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

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

Long-term financial investments

- *Related companies*

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

Evaluation of inventories

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

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

Receivables

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

Provisions for bad and doubtful debtors

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

Cash

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

Financial instruments

- Long-term loans and claims

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

Financial leasing liabilities

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

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

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

Provisions

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

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

Accrued liabilities

Provisions for unused vacation compensation

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

Provision for not received expense invoices

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

Accrued interest payments

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

Recognition of income

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

Corporate income tax

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

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

Application of assumptions

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

(2) Net turnover:

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

Type of activity	2023	2022
	01.01-30.06	01.01-30.06
	EUR	EUR
Manufacture of other chemical products nec (NACE 2059)	9 439 679	23 711 962
Total	9 439 679	23 711 962

Net sales by geographical markets:

Country	Country code	2023	2022
		01.01-30.06	01.01-30.06
		EUR	EUR
Lavtia		3 634 159	4 209 094
EU		4 496 626	17 667 324
3rd Country		1 308 894	1 835 544
Total	X	9 439 679	23 711 962

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

	2023	2022
	01.01-30.06	01.01-30.06
	EUR	EUR
Costs of purchased raw materials	7 177 052	19 070 488
Cost of goods purchased	301 133	1 003 594
Staff costs	403 851	395 109
Rental costs	110 097	117 340
Depreciation of fixed and intangible assets	159 205	87 503
Other costs	65 451	152 615
Total	8 216 789	20 826 649

(4) Selling expenses

	2023	2022
	01.01-30.06	01.01-30.06
	EUR	EUR
Personnel expenses	387 646	444 028
Transport costs	137 120	132 585
Advertising expenses	22 228	86 787
Business travel costs	19 795	22 906
Office expenses	18 463	17 106
ABUS maintenance costs	15 578	16 117
Depreciation of fixed assets	20 164	-
Other selling expenses	58 692	45 128
Total	679 686	764 657

(5) Administrative expenses

	2023	2022
	01.01-30.06	01.01-30.06
	EUR	EUR
Personnel expenses	187 408	151 565
Depreciation of fixed assets	41 358	24 779
Ancillary expenses related to securities turnover	2 839	-
Other administration expenses	141 106	29 606
Total	372 711	205 950

(6) Other operating income

	2023	2022
	01.01-30.06	01.01-30.06
	EUR	EUR
Income net of exchange rate fluctuations	147 958	43 470
Revenue from received financing LIAA	73 878	-
Other income	118 200	27 765
Total	340 036	71 235

(7) Other operating expenses

	2023	2022
	01.01-30.06	01.01-30.06
	EUR	EUR
Expenses for writing down the residual value of written-off fixed assets	65 067	-
Other economic costs - for the improvement of the territory and premises	17 387	85 633
Materials for ensuring economic activity	4 780	-
Net depreciation expense on sale of property, plant and equipment	15 000	22 373
Other personnel expenses	7 751	5 969
Donations	418	-
Utility expenses	3 729	-
Expenditure on staff sustainability measures	10 267	5 929
Road usage expenses	2 894	-
Work clothes	2 404	3 043
Equipment rental and maintenance	7 964	480
Other office expenses	2 906	-
Expenses related to the LIAA program	15 294	-
Losses from adjustment to prior periods	2 001	41
Fines and penalties paid	18	300
Other expenses	10 260	71 622
Total	168 140	195 390

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

Long-term investment object	Balance value at the moment of exclusion	Alienation income	Alienation expenses	Gross income or profit	Profit or loss from the object's alienation
	EUR	EUR	EUR	EUR	EUR
Car VW Transporter KL9803	4 000	5 992	-	5 992	1 992
Car Mercedes Benz Vito, KA6170 (vieglā)	11 000	11 488	-	11 488	488
Car VW Passat, JE9681	-	2 066	-	2 066	2 066
Total	15 000	19 546	-	19 546	4 546

(8) Intangible assets

		Concessions, patents, licenses, trade marks and similar rights	Advances for intangible assets	Total intangible assets
		EUR	EUR	EUR
Acquisition value	01.01.2023	305 934	39 683	345 617
Additions		24 312	1 600	25 912
Acquisition value	30.06.2023	330 246	41 283	371 529
Accumulated amortization	01.01.2023	125 021	-	125 021
Amortization charge		16 982	-	16 982
Accumulated amortization	30.06.2023	142 003	-	142 003
Net book value	01.01.2023	180 913	39 683	220 596
Net book value	30.06.2023	188 243	41 283	229 526

(9) Fixed assets

	Real estate	Investments in leasehold improvements	Technologic al equipment and devices	Machinery and equipment	Equipment t for LIAA project NP-2021/8	R&D research facilities	Other fixed assets and inventory	Fixed assets under construction	Advances for fixed assets	Total fixed assets	
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	
Acquisition value	01.01.2023	98 612	319 228	511 679	430 476	63 660	264	1 003 958	719 543	179 292	3 326 712
Additions		137 480	9 966	391	77 894	105 009	2 083	210 752	22 916	-	566 491
Disposal		-	-	-	-	-	-	(70 293)	-	-	(70 293)
Reclassified		-	-	-	2 351	59 841	-	248	(2 599)	(59 841)	-
Moved from inventory item		-	-	-	28 339	-	-	-	500	-	28 839
Moved to inventory item		-	-	-	-	-	-	(9 493)	-	-	(9 493)
Acquisition value	30.06.2023	236 092	329 194	512 070	539 060	228 510	2 347	1 135 172	740 360	119 451	3 842 256
Accumulated depreciation	01.01.2023	-	225 247	131 325	174 518	3 996	-	347 306	-	-	882 392
Depreciation charge		-	59 447	20 682	42 314	17 356	195	85 681	-	-	225 675
Amortization of intangible assets that have been liquidated or reclassified		-	-	-	-	-	-	(55 293)	-	-	(55 293)
Reclassified		-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	30.06.2023	-	284 694	152 007	216 832	21 352	195	377 694	-	-	1 052 774
Net book value	01.01.2023	98 612	93 981	380 354	255 958	59 664	-	656 652	719 543	179 292	2 444 320
Net book value	30.06.2023	236 092	44 500	360 063	322 228	207 158	2 152	757 478	740 360	119 451	2 789 482

As at 30 June 2023, the carrying amount in the property, plant and equipment category "Other property, plant and equipment" includes cars purchased in finance leases in the amount of EUR 553 566

As of 30 June 2023, the cadastral value of the real estate owned by the company is EUR 236 092.

(10) Shareholding in the capital of subsidiary companies

	30.06.2023	31.12.2022
	EUR	EUR
Acquisition value at the beginning of the reporting year	177 256	177 256
Investments in the beginning of period	177 256	177 256
Changes to value adjustments in relation to write-off or carrying over	-	-
Acquisition value at the end of the reporting period	177 256	177 256
Changes in the accrued participation value at the end of the reporting period	-	-
Investments in the beginning of period	177 256	177 256

Company name

	Owned shares, %	Acquisition value	Investment book value	Subsidiary Profit or Loss 2022	Subsidiary company's equity value on 30.06.2023
OU CrossChem Estonia	51	177 256	177 256	(62 806)	(76 474)
	X	177 256	177 256	(62 806)	(76 474)

(11) Loans to subsidiary companies

	Changes within the reporting period	30.06.2023	31.12.2022
		EUR	EUR
Long-term loans			
SIA CrossChem International	13 081	743 342	730 261
Total long term loans	13 081	743 342	730 261

	Changes within the reporting period	30.06.2023	31.12.2022
		EUR	EUR
Short term liabilities			
CrossChem Estonia OU	(35 817)	117 554	153 371
CrossChem Japan Co.,Ltd	(205)	67 815	68 020
Total short term liabilities	(36 022)	185 369	221 391

(12) Trade receivables

	30.06.2023	31.12.2022
	EUR	EUR
Trade receivables carrying amount	2 222 220	3 041 376
Total	2 222 220	3 041 376

(13) Other receivables

	30.06.2023	31.12.2022
	EUR	EUR
Tax overpayment	1 395	18 643
Other debtors	2 464	6 218
Total	3 859	24 861

(15) 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
	01.01.2023	30.06.2023	01.01.2023	2023.g.	30.06.2023	30.06.2023
	EUR	EUR	EUR	EUR	EUR	EUR
Technology devices and equipment:						
A/m Scania 124	5 779	5 418	13 000	361	15 280	20 698
AdBlue production facility	241 667	226 563	275 782	15 104	31 983	258 546
AdBlue plant 2 (expansion in Latvia)	64 617	60 578	78 400	4 039	16 579	77 157
AdBlue filling station 9000I_6	1 519	1 424	6 066	95	4 035	5 459
AdBlue filling station 9000I_4	1 828	1 714	5 906	114	3 601	5 315
High pressure washer HD1140	800	750	800	50	-	750
Washing machine NEPTUNE 5-49	400	375	400	25	-	375
Total	316 610	296 822	380 354	19 788	71 478	368 300

(16) Loans to bondsLoans to bonds

	30.06.2023	31.12.2022
	EUR	EUR
Loans to be paid in 1 to 5 years	1 913 000	2 013 000
Total	1 913 000	2 013 000

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 30.06.2023 is EUR 1 087 000.

(17) Borrowings from credit institutions

Long-term borrowings (from 1 to 5 years)

	% rate	Date of payment	30.06.2023	31.12.2022
			EUR	EUR
ALTUM	2.9%	24.11.2025	1 491 000	-
Total long-term borrowings	X	X	1 491 000	-

Short-term borrowings

	% rate	payment	30.06.2023	31.12.2022
			EUR	EUR
ALTUM	2.9%	25.03.2023	-	111 104
Total short - term borrowings	X	X	-	111 104

(18) Other borrowings

	% rate	payment	30.06.2023	31.12.2022
			EUR	EUR
Long-term borrowings (from 1 to 5 years)				
CrossChem Agro SIA	10,5	31.12.2025	-	26

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Reg. No 4000388244, "Naftaluka", Olaine district, Olaine region, LV-2127

AS SEB lizings	2.65/2.5	31.12.2026	283 770	198 886
Total long-term borrowings	X	X	283 770	198 912

	% rate	Date of payment	30.06.2023 EUR	31.12.2022 EUR
Short-term borrowings				
Other companies	6,5	31.12.2023	-	216 570
AS SEB lizings	2.9/4.5	31.12.2023	42 748	60 996
Total	X	X	42 748	277 566

(19) Taxes and mandatory state social insurance contributions

	30.06.2023 EUR	31.12.2022 EUR
Social contributions	49 063	47 998
Value added tax	56 596	38 107
Corporate income tax	-	35 128
Personal income tax	26 112	25 567
Company Car Tax	2 923	2 651
Property tax	1 315	-
Risk duties	24	21
Natural resource tax	-	14
Total	136 033	149 486

(20) Other liabilities

	30.06.2023 EUR	31.12.2022 EUR
Short-term other creditors		
Salary	96 649	88 743
Settlements for deposits received	43 499	38 378
Settlements with customers for erroneously credited amounts	-	1 482
Other creditors	-	417
Total short-term other creditors	140 148	129 020

(21) Accrued liabilities

	30.06.2023 EUR	31.12.2022 EUR
Provisions for unused vacations	124 200	124 200
Settlements with creditors for accrued liabilities	-	32 394
Provisions for interest payments	-	20 973
Total	124 200	177 567

(22) Transactions with related parties

	Services rendered and goods sold	Services rendered and goods purchased	Amounts owed by related parties	Payables to related parties
Related party	2023 EUR	2023 EUR	30.06.2023 EUR	30.06.2023 EUR
SIA CrossChem International	13 081	77 627	743 342	10 530
OU CrossChem Estonia	962	220 500	74 554	42 602
	5 130	-	65 456	-
	19 173	298 127	883 352	53 132

(23) Average number of employees

	2023 01.01-30.06	2022 01.01-30.06
Members of the Board	3	3
Other employees	61	59
Average number of employees	64	62

(24) Personnel expenses

	2023 EUR	2022 EUR
Wages	792 062	1 594 631
Mandatory state social insurance contributions	186 703	375 875
Other personnel expenses	978 765	1 970 506

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

The remuneration of members of the Board for fulfilment of their duties at the Board, as well as for performance of their work obligations is as follows:

Board members receive a salary for the performance of their duties in accordance with their mandate agreements.

Type of costs	2023 EUR	2022 EUR
Wages	38 220	66 196
Mandatory state social insurance contributions	13 028	22 567
Total	51 248	88 763

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

Commercial pledge agreement 216119/02-K1 from 23.12.2022. - with the right of the first claim to the entire property as a joint property at the time of the pledge, as well as to the subsequent components of the joint property, including fixed assets to be purchased with the Loan funds. The loan is secured by a mortgage on the company's real estate. The contract is valid until 24.11.2025

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

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

(28) Important events after the end of the report year

No significant subsequent events have occurred that would materially impact the financial statement.

(29) Financial risk management

The Company's financial assets mainly consist of debtors, which are denominated in euro currency, as well as demand deposits in financial institutions. The majority of the financial liabilities consist of debts owed to suppliers for goods and services. The funds are mainly placed in Latvian financial institutions. The Company's financial assets mainly consist of debtors, which are denominated in euro currency, as well as demand deposits in financial institutions. The majority of the financial liabilities consist of debts owed to suppliers for goods and services. The funds are mainly placed in Latvian financial institutions.

The Company's main sources of external financing are bond issues on the Nasdaq Baltic exchange and loans from financial institutions. The Company focuses its attention on interest rates, especially changes in EURIBOR, as this is a significant factor influencing the solvency of the overall economy.

Systematic monitoring of debtors is ensured, risks are reinsured in international insurance companies, and this work brings high efficiency and minimises the risks of losses, thus not creating significant differences between the balance sheet value of financial assets and liabilities and their true value.

The Company continues to focus on improving efficiency, modernising work processes and automation by investing in infrastructure, equipment and team composition to ensure a sustainable growth.

Based on statistics that indicate the renewal of the machinery park in the Baltic States, as well as expanding the range of products and services offered, the Company intends to increase the volumes of the products sold. The expected increase in raw material prices in the autumn-winter period of 2023 can also have a significant impact on the turnover of the Company in the second half of the year. Due to the materially changed market conditions the projected turnover target for 2023 is now between EUR 20-30 million (the previous forecast, announced together with the 2022 unaudited report, was at the level of 2022, or EUR 38 million). The forecasted EBITDA margin level remains within the range of 6-7%.

Ričards Andersons

23 rd of August, 2023

(Chairman of the Board)

Annual report drawn up by:

Ieva Grase
(Chief Accountant)