

Riga, 04th of August,2021

**CrossChem SIA**  
Interim financial report for period 01.01.2021 - 30.06.2021  
and an Independent Auditors' Report

Interim financial report 01.01.2021 - 30.06.2021 of CrossChem SIA  
Reg. No 4000388244, "Naftaluka", Olaine district, Olaine region, LV-2127

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Interim financial report 01.01.2021 - 30.06.2021 of CrossChem SIA  
Reg. No 4000388244, "Naftaluka", Olaine district, Olaine region, LV-2127

**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
	Dagnija Turlaja	–	Board member
	Aleksands Muzičenko	–	Board member
Annual report drawn up by	Ieva Grase	–	Chief Accountant
Reporting year	from 01.01.2021	to	30.06.2021
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		
Auditors	SIA Grant Thornton Baltic Audit Brivibas str. 85-5 Riga, LV - 1001 License No. 183		Certified Auditor Silvija Gulbe Certificate No. 142

## **MANAGEMENT REPORT**

### **Type of activity**

Limited liability company „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**

The company's revenue in the first six months of 2021 is 9 834 730 EUR. This is achieved by attracting new customers to existing products and increasing sales of imported chemicals and plants. The amount of the Company's equity as of June 30, 2021 is EUR 2 910 974. The company is financially stable and is able to cover its current payments, as well as ensure the fulfillment of the investment plan. The total amount of fixed assets is EUR 1 505 772. Financial resources are invested in renewal, modernization, acquisition of fixed assets, non-tangible

### **Future Development Plans**

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

The main strategic goals are:

1. Further develop the new production warehouse project.
2. To expand the range of goods offered to customers.
3. To expand the geography of sales and sales volumes. An important task is to ensure the 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 of long-term development are:

A. To improve the computerized enterprise management system.

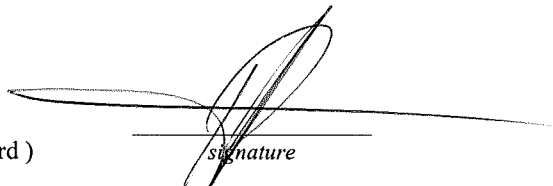
B. To streamline the delivery channels of goods to customers.

C. To expand the range of products produced and offered. Investment policy focuses and will focus on the long-term development and competitiveness of the company. Significant risks that may affect the Company's results of operations include rising commodity prices, EUR / USD exchange rate fluctuations and COVID-19. In order to reduce the impact of these risks, the Company intends to establish new and strengthen existing relationships with suppliers and will facilitate trade with buyers in the above currencies. Risks that the Company may face in the next operating period are increased competition in international markets, therefore great emphasis will be placed on individual customer visits and closer cooperation with customers. Increasing attention will be paid to the optimization of cash flow by maximizing the use of own funds remaining at the disposal of the Company and attracting additional funds in a timely manner in accordance with the Company's objectives. Received a Loan from Development Financial Institution Altum - working capital Covid-19 mitigation and LIAA support for Covid-19 crisis-affected exporters of goods and services to overcome the crisis - to compensate wages. The company will continue to form and maintain its image and importance, to take an active position in current issues of industry development.

### Research and Development Measures

The Company's financial assets mainly consist of trade receivables denominated in euros. Most of the financial liabilities are receivables from suppliers for goods and services. We practically do not use the funding of commercial institutions due to the disproportionate requirements imposed on business. Instead, we use the company's income, borrow in the private sector and attract state support instruments to increase financial flow and develop economic activity: 1) received a Loan from the Development Financial Institution Altum - working capital to reduce the consequences of Covid-19; 2) received LIAA support for exporters of goods and services affected by the Covid-19 crisis to overcome the consequences of the crisis - to compensate wages. The increased capital of the company ensures the stability of financial indicators and creates an additional safety margin for day-to-day operations. The company has developed the following policy to address receivables issues: direct managers work with clients for up to 30 calendar days of late payment, over 30 calendar days of debt collection is transferred to the company's lawyer, who, in experience, ensures 99% debt recovery. In addition, the Company works with factoring. As factoring customers are insured, in any case the company receives 90% of the amount owed. There is no significant difference between the carrying amount of financial assets and liabilities and their fair value. During the reporting year, the company did not use derivative financial instruments.

Ričards Andersons  
(Chairman of the Board )



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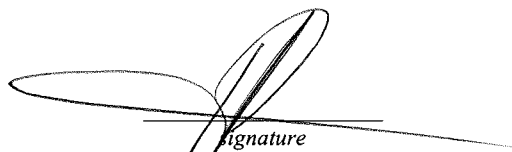
04th of August,2021

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

	Note number	<b>2021</b> <b>01.01-30.06</b> EUR	<b>2020</b> <b>01.01-30.06</b> EUR
Net turnover:	2	9 834 730	7 225 993
b) from other main activity types.		9 834 730	7 225 993
Production cost of goods sold, acquisition cost of goods sold or services provided	3	(8 606 216)	(6 343 404)
<b>Gross profit or loss</b>		<b>1 228 514</b>	<b>882 589</b>
Selling expenses	4	(565 764)	(290 095)
Administrative expenses	5	(171 108)	(210 493)
Other operating income	6	123 729	7 610
Other operating expenses	7	(12 489)	(9 433)
Other interest and similar income:		13 488	937
a) from subsidiary companies,		5 067	937
b) from other persons.		8 421	-
Interest payments and similar expenses:		(46 816)	(86 585)
b) to other persons.		(46 816)	(86 585)
<b>Profit or loss before the corporate income tax</b>		<b>569 554</b>	<b>294 530</b>
Corporate income tax for the reporting year		(25 000)	(558)
<b>Profit or loss of the reporting year</b>		<b>544 554</b>	<b>293 972</b>

Notes on pages 11 to 25 form are integral part of these financial statements.

Ričards Andersons  
 (Chairman of the Board)




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04th of August, 2021

**Annual report drawn up by:**

Ieva Grase  
 (Chief Accountant)



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**BALANCE SHEET**

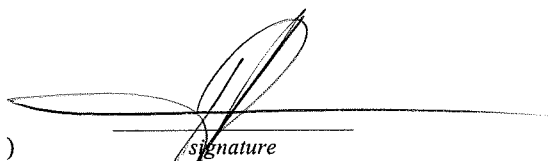
<b>ASSETS</b>	Note number	<b>30.06.2021</b> EUR	<b>31.12.2020</b> EUR
<b>Long-term investments</b>			
<b>Intangible assets</b>			
Concessions, patents, licences, trademarks and similar rights		236 639	221 696
<b>Total intangible assets</b>	8	<b>236 639</b>	<b>221 696</b>
<b>Fixed assets</b>			
Real estate:		229 204	229 204
a) land, buildings and structures,		229 204	229 204
Long-term investment in leased fixed assets		115 353	140 897
Technology devices and equipment		613 864	635 357
Other fixed assets and inventory		212 536	236 092
Expense of tangible assets and construction in progress		334 815	303 407
<b>Total fixed assets</b>	9	<b>1 505 772</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	690 629	326 574
Other loans and long-term receivables	12	22 625	376 050
<b>Total long-term financial investments</b>		<b>890 510</b>	<b>881 380</b>
<b>Total long-term investments</b>		<b>2 632 921</b>	<b>2 648 033</b>
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials, direct materials and auxiliary materials		1 399 935	2 047 307
Finished products and goods for sale		130 144	84 510
Advance payments for inventories		414 650	75 920
<b>Total inventories</b>		<b>1 944 729</b>	<b>2 207 737</b>
<b>Receivables</b>			
Trade receivables	13	1 957 611	841 447
Amounts owed by related companies	11	28 894	22 366
Other receivables	14	52 469	3 786
Prepaid expenses		20 393	15 278
<b>Total receivables</b>		<b>2 059 367</b>	<b>882 877</b>
<b>Cash and cash equivalents</b>		<b>203 458</b>	<b>376 178</b>
<b>Total current assets</b>		<b>4 207 554</b>	<b>3 466 792</b>
<b>TOTAL ASSETS</b>		<b>6 840 475</b>	<b>6 114 825</b>

**BALANCE SHEET**

<b>LIABILITIES</b>	Note number	<b>30.06.2021</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	387 034	407 404
Reserves:		14	14
f) other reserves		14	14
Retained earnings or uncovered losses of previous years		678 072	85 259
Profit or loss of the reporting year		544 554	692 813
<b>Total equity capital</b>		<b>2 911 074</b>	<b>2 486 890</b>
<b>Creditors</b>			
<b>Long-term liabilities</b>			
Borrowings from credit institutions	17	1 000 000	1 000 000
Other borrowings	18	20 347	34 774
<b>Total long-term liabilities</b>		<b>1 020 347</b>	<b>1 034 774</b>
<b>Short-term liabilities</b>			
Other borrowings	18	206 678	395 441
Advance payments from customers		976 542	724 605
Trade payables		1 152 650	1 152 718
Amounts owed to subsidiary companies		23 571	15 000
Taxes and mandatory state social insurance contributions	19	106 869	110 421
Other liabilities	20	361 331	69 482
Deferred income		6 458	4 316
Accrued liabilities	21	74 955	121 178
<b>Total short-term liabilities</b>		<b>2 909 054</b>	<b>2 593 161</b>
<b>Total liabilities</b>		<b>3 929 401</b>	<b>3 627 935</b>
<b>TOTAL LIABILITIES</b>		<b>6 840 475</b>	<b>6 114 825</b>

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Ričards Andersons  
 (Chairman of the Board )

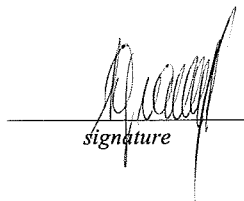


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04th of August,2021

**Annual report drawn up by:**

Ieva Grase  
 (Chief Accountant)



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**CASH FLOW STATEMENT**

(indirect method)

	Note number	2021 01.01-30.06 EUR	2020 01.01-30.06 EUR
<b>Cash Flow from operating activities</b>			
Profit or loss before taxation		569 554	294 530
<b>Adjustments:</b>			
Adjustments of decrease in value of equity capital		100 348	83 155
Amortization of intangible assets		45 133	9 722
Unrealized profit from fluctuations of currency exchange rate		22 628	-
Interest and similar income		(13 488)	(937)
Revenue from subsidies		(100 000)	-
Gains / losses on disposal of long-term assets		(20 370)	-
Interest and similar expenses		46 916	86 585
<b>Cash Flow before adjustments on changes in current assets and liabilities</b>		<b>650 721</b>	<b>473 055</b>
<b>Adjustments for:</b>			
Increase (-)/ decrease (+) in trade and other receivables		(1 176 490)	7 153
Increase (-)/ decrease (+) in inventories		263 008	(329 550)
Increase (+)/ decrease (-) in trade and other payables		513 761	(549 249)
<b>Gross operating cash flow</b>		<b>251 000</b>	<b>(398 591)</b>
<b>Interest paid</b>		<b>(46 916)</b>	<b>(86 585)</b>
<b>Corporate tax paid</b>		<b>(34 105)</b>	<b>(15 216)</b>
<b>Net cash flow from operating activities</b>		<b>169 979</b>	<b>(500 392)</b>
<b>Cash flow from investing activities</b>			
Proceeds from the disposal of shares in affiliated companies, associates or other companies		1 500	-
Purchase of non-current assets		(143 867)	(56 790)
Loans granted		(10 630)	-
Proceeds from refunded loans		-	9 846
Interest received		13 488	937
<b>Net cash flow from investing activities</b>		<b>(139 509)</b>	<b>(46 007)</b>
<b>Cash flow from financing activities</b>			
Loans from credit institutions received		-	991 016
Received grants, subsidies and donations		100 000	-
Loans from credit institutions repaid		(203 190)	-
Dividends paid		(100 000)	(197 296)
<b>Net cash flow from financing activities</b>		<b>(203 190)</b>	<b>793 720</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>(172 720)</b>	<b>247 321</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>203 458</b>	<b>333 331</b>

Notes on pages 11 to 25 form an integral part of these financial statements.

Ričards Andersons  
 (Chairman of the Board)

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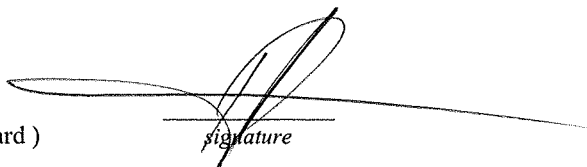
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**STATEMENT OF CHANGES IN EQUITY**

	Share capital	Revaluation reserve of financial instruments	Reserves	Retained earnings	Total equity
	EUR	EUR	EUR	EUR	EUR
<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	-	-	-	1 161 000
Gains or loss from revaluation of fixed assets	-	407 404	-	-	407 404
Profit for the financial year	-	-	-	692 813	692 813
<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>
Dividends	-	-	-	(100 000)	(100 000)
Gains or loss from revaluation of fixed assets	-	(20 370)	-	-	(20 370)
Profit for the financial year	-	-	-	544 554	544 554
<b>As at 30.06.2021</b>	<b>1 301 400</b>	<b>387 034</b>	<b>14</b>	<b>1 222 626</b>	<b>2 911 074</b>

Notes on pages 11 to 25 form an integral part of these financial statements.

Ričards Andersons  
 (Chairman of the Board )



signature

04th of August, 2021

Annual report drawn up by:

Ieva Grase  
 (Chief Accountant)



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## **NOTES TO THE FINANCIAL STATEMENTS**

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

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

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

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

The 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
  - 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**

The reporting period is 6 month from 01.01.2021           to       30.06.2021  
The previous period for the income   01.01.2020       to       30.06.2020.  
statement and cash flow statement is  
6 months from

#### **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

#### *- Associated companies*

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

### **Evaluation of inventories**

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

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

### **Receivables**

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

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

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

### **Cash**

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

### **Financial instruments**

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

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

### **Financial leasing liabilities**

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

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

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

### **Provisions**

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

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

### **Accrued liabilities**

#### *Provisions for unused vacation compensation*

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

#### *Provision for not received expense invoices*

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

### **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	2021	2020
	01.01-30.06	01.01-30.06
	EUR	EUR
Manufacture of other chemical products nec (NACE 2059)	9 834 730	7 225 993
<b>Total</b>	<b>9 834 730</b>	<b>7 225 993</b>

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

	2021	2020
	01.01-30.06	01.01-30.06
	EUR	EUR
Costs of purchased raw materials	7 157 110	5 252 025
Cost of goods purchased	857 205	694 520
Staff costs	320 772	152 128
Rental costs	109 237	93 063
Other costs	161 892	151 668
<b>Total</b>	<b>8 606 216</b>	<b>6 343 404</b>

**(4) Selling expenses**

	2021	2020
	01.01-30.06	01.01-30.06
	EUR	EUR
Personnel expenses	301 193	160 023
Office expenses	48 423	25 137
Transport costs	44 886	52 857
Business travel costs	32 191	2 876
Advertising expenses	19 772	5 484
ABUS maintenance costs	12 399	10 604
Other selling expenses	106 900	33 114
<b>Total</b>	<b>565 764</b>	<b>290 095</b>

**(5) Administrative expenses**

	2021	2020
	01.01-30.06	01.01-30.06
	EUR	EUR
Personnel expenses	115 943	177 075
Other administration expenses	55 165	33 418
<b>Total</b>	<b>171 108</b>	<b>210 493</b>



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**(6) Other operating income**

	<b>2021</b>	<b>2020</b>
	<b>01.01-30.06</b>	<b>01.01-30.06</b>
	EUR	EUR
Revenue from received financing LIAA	100 000	4 623
Revenue from prior period adjustments	1 096	189
Other income	22 633	2 798
<b>Total</b>	<b>123 729</b>	<b>7 610</b>

**(7) Other operating expenses**

	<b>2021</b>	<b>2020</b>
	<b>01.01-30.06</b>	<b>01.01-30.06</b>
	EUR	EUR
Other personnel expenses	3 964	3 529
Net losses from exchange rate fluctuations	2 603	1 137
Expenditure on staff sustainability measures	2 417	52
Fines and penalties paid	419	50
Losses from adjustment to prior periods	28	2 278
Other expenses	3 058	2 387
<b>Total</b>	<b>12 489</b>	<b>9 433</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		<u>60 076</u>	<u>60 076</u>
<b>Acquisition value</b>	<b>30.06.2021</b>	<b>333 296</b>	<b>333 296</b>
<b>Accumulated amortization</b>	<b>01.01.2021</b>	<b>51 524</b>	<b>51 524</b>
Amortization charge		<u>45 133</u>	<u>45 133</u>
<b>Accumulated amortization</b>	<b>30.06.2021</b>	<b>96 657</b>	<b>96 657</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>30.06.2021</b>	<b>236 639</b>	<b>236 639</b>

**(9) Fixed assets**

		Real estate	Investments in leasehold improvements	Long-term investments in fixed assets of the public partner	Machinery and equipment	Other fixed assets and inventory	Fixed assets under construction	Total fixed assets
		EUR	EUR	EUR	EUR	EUR	EUR	EUR
Acquisition value	01.01.2021	229 204	215 995	539 592	245 001	458 452	303 407	1 991 651
Additions		-	-	11 090	30 941	10 353	31 407	83 791
Disposal		-	-	-	(28 734)	(11 754)	-	(40 488)
Acquisition value	30.06.2021	229 204	215 995	550 682	247 208	457 051	334 814	2 034 954
Accumulated depreciation	01.01.2021	-	75 098	60 792	88 445	222 359	-	446 694
Depreciation charge		-	25 544	23 849	18 472	32 483	-	100 348
Amortization of intangible assets that have been liquidated or reclassified		-	-	-	(7 532)	(10 328)	-	(17 860)
Accumulated depreciation	30.06.2021	-	100 642	84 641	99 385	244 514	-	529 182
Net book value	01.01.2021	229 204	140 897	478 800	156 556	236 093	303 407	1 544 957
Net book value	30.06.2021	-	115 353	466 041	147 823	212 537	334 814	1 505 772

On 30 June 2021, the accounting sum in the category of fixed assets "Other fixed assets" include cars 65124 EUR value, which have been purchased in financial lease.

On 30 June 2021, the cadastral value of the real estate owned by the Company is 229204 EUR

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

	<b>30.06.2021</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>

**Change of investments:**

By the decision of the company's board, 50% of the shares of SIA CrossChem Agro owned by SIA CrossCher

**Company name**

<b>Company name</b>	<b>Owned shares, %</b>	<b>Acquisitio n value</b>	<b>Investment book value</b>	<b>Subsidiary Profit or Loss 2020</b>	<b>Subsidiary company's equity value on 30.06.2021</b>
OU CrossChem Estonia	51	177 256	177 256	83	(12 861)
	<b>X</b>	<b>177 256</b>	<b>177 256</b>	<b>83</b>	<b>(12 861)</b>

In order to strengthen its position and new opportunities in the Baltic market, SIA CrossChem continued to develop in the markets of neighboring countries, the share capital of the subsidiary in Estonia was increased

(11) Loans to subsidiary companies

	within the reporting period	30.06.2021 EUR	31.12.2020 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 Intaernational	690 629	690 629	
<b>Total long term loans</b>	<b>364 055</b>	<b>690 629</b>	<b>326 574</b>
	<b>Changes within the reporting period</b>	<b>30.06.2021 EUR</b>	<b>31.12.2020 EUR</b>
<b>Short term liabilities</b>			
CrossChem Estonia OU	7 132	28 652	21 520
SIA CrossChem Intaernational	(604)	242	846
<b>Total short term liabilities</b>	<b>6 528</b>	<b>28 894</b>	<b>22 366</b>

(12) Other loans and long-term receivables

	Changes within the reporting period	30.06.2021 EUR	31.12.2020 EUR
Other loans	(353 425)	22 625	376 050
<b>Total</b>	<b>(353 425)</b>	<b>22 625</b>	<b>376 050</b>

(13) Trade receivables

	30.06.2021 EUR	31.12.2020 EUR
Trade receivables carrying amount	1 957 611	841 447
<b>Total</b>	<b>1 957 611</b>	<b>841 447</b>

(14) Other receivables

	30.06.2021 EUR	31.12.2020 EUR
Tax overpayment - import duty	47 257	1 010
Payments to employees	2 802	-
Other debtors	2 410	2 776
<b>Total</b>	<b>52 469</b>	<b>3 786</b>

(15) Share capital (equity capital)

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	30.06.2021	01.01.2021	2021	30.06.2021	30.06.2021
	EUR	EUR	EUR	EUR	EUR	EUR
<u>Technology devices and equipment:</u>						
A/m Scania 124 KP6295	7 223	6 862	15 000	361	7 638	14 500
A/m Scania RO2584	8 341	7 924	15 000	417	12 021	19 945
AdBlue production facilit	302 083	286 979	336 000	15 104	37 382	324 361
AdBlue plant 2 (expansion in Latvia)	80 771	76 732	98 000	4 039	16 368	93 100
AdBlue filling station 90001_6	1 900	1 805	5 000	95	3 020	4 825
AdBlue filling station 90001_4	2 286	2 172	5 000	114	2 578	4 750
High pressure washer HD1140	1 000	950	1 000	50	-	950
Washing machine NEPTUNE 5-49	500	475	500	25	-	475
Filling tank complex of 6 tanks	3 300	3 135	3 300	165	-	3 135
<b>Total</b>	<b>407 404</b>	<b>387 034</b>	<b>478 800</b>	<b>20 370</b>	<b>79 007</b>	<b>466 041</b>

**(17) Borrowings from credit institutions**

	<b>% rate</b>	<b>Date of</b>	<b>30.06.2021</b>	<b>31.12.2020</b>
			EUR	EUR
<b>Long-term borrowings (from 1 to 5 years)</b>				
ALTUM	2.9%	25.08.2023	1 000 000	1 000 000
<b>Total long-term borrowings</b>	<b>X</b>	<b>X</b>	<b>1 000 000</b>	<b>1 000 000</b>

Commercial pledge of ALTUM loan security, in accordance with the agreement: 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 acquired for the Loan funds.

**(18) Other borrowings**

	<b>% rate</b>	<b>Date of</b>	<b>30.06.2021</b>	<b>31.12.2020</b>
			EUR	EUR
<b>Long-term borrowings (from 1 to 5 years)</b>				
CrossChem Agro SIA	-	31.12.2025	20 347	34 774
<b>Total long-term borrowings</b>	<b>X</b>	<b>X</b>	<b>20 347</b>	<b>34 774</b>

Loan agreement with CrossChem Agro from 01.07.2019 - 4.1% per annum until 31.12.2025

	<b>% rate</b>	<b>Date of</b>	<b>30.06.2021</b>	<b>31.12.2020</b>
		<b>payment</b>	EUR	EUR
<b>Short-term borrowings</b>				
Irina Andersone	6	01.05.2021	-	30 000
Līviņa Lūse	6	31.12.2022	200 000	350 000
Swedbank leasing EUR	2.9/4.5	31.12.2021	6 678	15 441
<b>Total</b>	<b>X</b>	<b>X</b>	<b>206 678</b>	<b>395 441</b>

Swedbank leasing agreements: 168537-6 months.EURIBOR, 2.9% rate valid until 30.12.2021; 168538-6 months.EURIBOR, 2.9% rate valid until 30.12.2021; 168900- 6 months.EURIBOR, 4.5% rate valid until 30.12.2021; Līviņa Lūse - Loan agreement 1102/2019, interest 6% per annum.

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

	<b>30.06.2021</b>	<b>31.12.2020</b>
	EUR	EUR
Social contributions	59 258	56 188
Personal income tax	28 379	37 339
Value added tax	16 403	4 953
Company Car Tax	2 378	2 817
Property tax	432	-
Risk duties	19	19
Corporate income tax	-	9 105
<b>Total</b>	<b>106 869</b>	<b>110 421</b>

**(20) Other liabilities**

	<b>30.06.2021</b>	<b>31.12.2020</b>
	EUR	EUR
<b>Short-term other creditors</b>		
Payments to Factoring (interim payments)	255 780	-
Salary	70 076	60 915
Settlement of received deposits	11 036	4 760
Loan interest payments	9 868	3 789
Other creditors	14 571	18
<b>Total short-term other creditors</b>	<b>361 331</b>	<b>69 482</b>

**(21) Accrued liabilities**

	<b>30.06.2021</b>	<b>31.12.2020</b>
	EUR	EUR
Provisions for unused vacations	74 955	74 955
Settlements with creditors for accrued liabilities	-	46 223
<b>Total</b>	<b>74 955</b>	<b>121 178</b>

**(22) Average number of employees**

	<b>2021</b>	<b>2020</b>
	<b>01.01-30.06</b>	<b>01.01-30.06</b>
Average number of employees	48	48

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

Commercial pledge agreement 100190524 from 20.05.2020. - with the right of the first claim to the entire property as a joint property at the time of the pledge, as well as to the subsequent components of the joint property, including fixed assets to be purchased with the Loan funds. The loan is secured by a mortgage on the company's real estate.



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

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

**(27) Important events after the end of the report year**

Due to the situation in the country and in the world, due to the spread of Covid-19 virus, in the first half of 2021 the company faced difficulties related to international logistics and rising world prices for the main product groups. It should be noted that the situation with general industrial production in the European Union has improved, the index was + 15% in the first half of the year, while for comparison this indicator in 2020 was -13%. Similarly, the global business activity index in the first half of 2021 was growing positively, indicating a gradual recovery of the global economy.

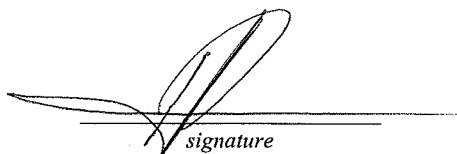
The company was able to adapt its operations to the latest changes in the market environment, thus providing its customers with a balanced approach to changes in the cost of products and services and fully meet customer needs.

Also, events related to virus restrictions showed that the market segment in which the company operates is important. The commercial vehicle and agricultural segment remained active throughout the Covid-19 virus restriction period, and the company was able to fully meet the demand for chemical products.

**(28) Financial risk management**

The Company's financial assets mainly consist of trade receivables denominated in euros. Most of the financial liabilities are receivables from suppliers for goods and services. We practically do not use the funding of commercial institutions due to the disproportionate requirements imposed on business. Instead, we use the company's income, borrow in the private sector and attract state support instruments to increase financial flow and develop economic activity: 1) received a Loan from the Development Financial Institution Altum - working capital to reduce the consequences of Covid-19; 2) received LIAA support for exporters of goods and services affected by the Covid-19 crisis to overcome the consequences of the crisis - to compensate wages. The increased capital of the company ensures the stability of financial indicators and creates an additional safety margin for day-to-day operations. The company has developed the following policy to address receivables issues: direct managers work with clients for up to 30 calendar days of late payment, over 30 calendar days of debt collection is transferred to the company's lawyer, who, in experience, ensures 99% debt recovery. In addition, the Company works with factoring. As factoring customers are insured, in any case the company receives 90% of the amount owed. There is no significant difference between the carrying amount of financial assets and liabilities and their fair value. During the reporting year, the company did not use derivative financial instruments.

Ričards Andersons  
(Chairman of the Board)

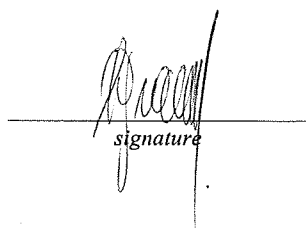


signature

04th of August,2021

**Annual report drawn up by:**

Ieva Grase  
(Chief Accountant)



signature



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the shareholders of "CrossChem" SIA

Grant Thornton Baltic Audit SIA  
Blaumaņa iela 22  
LV-1011 Rīga  
Latvija

T +371 6721 7569  
F +371 6721 7567  
E info@lv.gt.com  
www.grantthornton.lv

### *Our Opinion on the Financial Statements*

We have reviewed the accompanying intermediate financial statements (hereinafter referred to as the financial statement) for period from 01.01.2021. till 30.06.2021. on pages 6 to 25 of "CrossChem" SIA (thereinafter „Company”), which comprise the balance sheet as at June 30, 2021, and the profit and loss statement, statement of changes in equity and statement of cash flows for the year then, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, Engagements to Review Historical Financial Statements. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these financial statements.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not give a true and fair view of the financial position of SIA "CrossChem" as at June 30, 2021, and of its financial performance and cash flows for the year then ended, in accordance with 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

### *Report on Other Legal and Regulatory Requirements*

In addition, our responsibility is to assess whether the accounting information included in the Management Report, as set out on pages 4 and 5, the preparation of which is the responsibility of management, is consistent with the financial statements. Our work with respect to the Management Report was limited to the aforementioned scope and did not include a review of any information other than drawn from the financial statements of the Company. Nothing has come to our attention that



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causes us to believe that there are material inconsistencies between the Management Report and the financial statements.

SIA „Grant Thornton Baltic Audit“  
License No. 183

Silvija Gulbe  
Sworn auditor  
Certificate No. 142  
Member of the Board

Riga, 4 August, 2021