

LIMITED LIABILITY COMPANY

"Marijas 2"

UNIFIED REGISTRATION NUMBER 50203281461

ANNUAL REPORT FOR THE YEAR 2022

PREPARED IN ACCORDANCE WITH THE LAW OF THE REPUBLIC OF LATVIA

ON ANNUAL REPORTS AND CONSOLIDATED ANNUAL REPORTS

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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INFORMATION OF THE COMPANY

COMPANY NAME	SIA "Marijas 2"
COMPANY LEGAL STATUS	Limited liability company
REGISTRATION NUMBER, PLACE AND DATE	50203281461 Riga, 21.12.2020
TYPE OF OPERATIONS (NACE CLASSIFICATION CODE)	68.20 (renting and managing own or leased real estate)
COMPANY LEGAL ADDRESS	Rīga, Krisjana Valdemara street 33 - 18, LV-1010
SHAREHOLDERS	65.38% - Evernord Real Estate Fund III Closed-end fund intended for informed investors (Lithuania) 34.62% - Novira SIA (Latvia)
MEMBERS OF THE BOARD	Nikolay Kryzhanovskiy - member of the Board (from 25.03.2023) Jolanta Jurga - member of the Board Andres Liinso - member of the Board (till 25.03.2022)
ACCOUNTING YEAR	01.01.2022 - 31.12.2022
RESPONSIBLE ACCOUNTANT	Edgars Sniegs SIA Cipari Baltic Kr. Valdemara Street 33-19, Riga, LV-1010 Phone: (371) 67212468 www.cipari.com
NAME AND ADDRESS OF AUDITOR AND RESPONSIBLE AUDITOR	PricewaterhouseCoopers SIA Certified Auditors' Company, Licence Nr. 5 Kr. Valdemāra iela 21-21, Rīga LV-1010 Responsible Certified Auditor: Ilandra Lejiņa, Certificate Nr. 168

MANAGEMENT REPORT

Type of operations

According to the Statistical Classification of Economic Activities, the main activity of Marijas 2 SIA (hereinafter referred to as the Company) is renting and managing own or leased property (NACE code 68.20).

Information on Company's share capital

The Company's registered and fully paid share capital is EUR 14,502,800, it consists of 145,028 ordinary shares with EUR 100 nominal value per share.

Performance of the Company during the year

The Company owns real estate located at Marijas street 2A and presumed parts of real estate located at Marijas street 2. Since the establishment, all activities have been focused on development of a modern 7-floor A-class office building.

Total aboveground area of the building is 29 700 m² which comprises ground floor retail area and A-class offices on. In addition to that, two underground floors with area of 9 900 m² will accommodate 255 car parking spaces and spacious bike storages.

The construction works have started in 2021, underground works were completed in February 2022. The aboveground construction agreement was signed in December 2021. In 2022 the concrete frame has been completed; façade, glazing and interior works have been started. Due to the Ukraine war induced changes in the markets for various construction materials and supply chains, the deadline of completion is slightly modified to October 2023.

After the COVID-19 pandemic and increased remote working, the changes of workplace set-up have stabilized. New hybrid work model will have significant role for companies moving forward, increasing their demand for flexibility. Companies have been looking more actively at the new projects as it gives them perfect opportunity to update and optimize the office area as well as provide them with capability to use new know-how and solutions to adapt and make a modern working space most suitable for the company's needs. Higher construction and fit-out costs push A-class rent rates higher but despite widening gap between rent rates in A-class and lower-class buildings, effective cost difference is reduced thanks to the innovative technologies and energy-efficient solutions. Average range of rent rates for A-class offices in Riga is 15 - 18 EUR/m² and prime yield for offices is 5.5%, both with a current tendency for increasing. Prime yield will highly depend on the EURIBOR rates meaning current landlords may hold assets longer waiting for more favourable economic environment.

In spite of major disruptions to the supply chains in Europe resulting from Ukraine war, some larger developments in Riga have been postponed but none have been suspended. In 2022 office take-up reached 50,000 m² with nearly 40% of this amount being pre-leases in the projects under development. This trend has been present for the past couple of years, confirming rising interest of tenants in new sustainable and technically advanced projects. In 2022 A-class vacancy decreased by 2,3 percentage points (bps) and in B-class by 1,3 percentage points (bps). Vacancy rates in Central Business District (CBD) and overall continue to decrease falling below 9%- and 11%-mark respectively for the first time since the COVID-19 pandemic. Even though the current pipeline suggests Riga supply of offices increases by 20% over the next two years, the vacancy rate of A-class offices is expected to keep downward trend. The vacancy may have a temporary spike because new buildings will not be fully leased at commissioning, however, landlords can expect even stronger interest from tenants after bulk of construction works are completed.

The company has issued bonds (ISIN LV0000802551) to finance its business operations until the completion of the construction works and commissioning the building. The company expects to attract 45 million euro over 18 months. The fourth tranche has been successfully completed with total raised amount of 19.5 million euro in November 2022. The company plans to continue with quarterly issues of bonds.

In 2022 the Company did not have any employees and no remuneration was paid to the Management Board.

Risk management

The Company's most significant financial instruments are borrowings from banks, other borrowings, cash and bank deposits. The main task of these financial instruments is to provide financing for the Company's business operations. The Company also has a number of other financial assets and liabilities, such as trade receivables and payables to suppliers and contractors, arising directly from its operations.

Market risk is the risk that changes of current market factors will significantly influence the Company's business and ability to attract funding. Company sees that the main factor is the rent rate of offices that influences both the value of the assets and covenants to secure the bank financing. To mitigate the risk the Company is in constant contact with real estate agents who help assess the market situation and provide consultations about planned pre-lease contracts.

Interest risk is the risk of increasing financial costs due to changes in interest rates for the Company due to rising EURIBOR value. The company will continue to manage the interest risk by keeping a close eye on the interest rates on the market and look for more favorable financing options.

The Company adheres to prudent liquidity and cash flow risk management, ensuring that adequate credit resources are available to settle liabilities in a timely manner. The Company's management manages liquidity and cash flow risk by maintaining adequate cash reserves and providing sufficient funding through loans, credit lines, financial leases, etc., as well as by constantly monitoring expected and actual cash flows and harmonizing the maturity structure of financial assets and liabilities.

The company is not subject to a currency risk since business is conducted in euros.

Future prospects

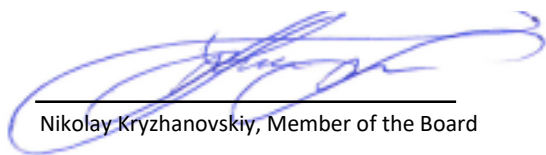
In 2023, the Company management will focus on completing the construction project and adapting the premises to the needs of the tenants, as well as finding tenants for the vacant premises.

Post balance sheet events

During the period between the last day of the financial year and the date of signing this report, there have been no significant events that would have a material effect on the year-end results.

Current year loss

Current year loss EUR 118 544 will be offset with future years' profits.



Nikolay Kryzhanovskiy, Member of the Board

20.04.2023



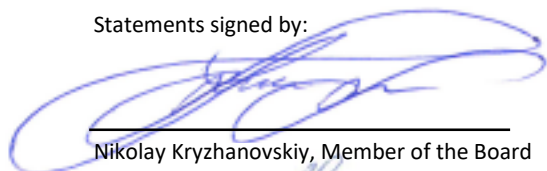
Jolanta Jurga, Member of the Board

PROFIT OR LOSS ACCOUNT

	Notes	2022 EUR	2021 EUR
Selling expenses	2	(30 164)	(30 689)
Administrative expenses	3	(88 167)	(23 656)
Other operating expenses		(213)	(122)
(Loss) before corporate income tax		(118 544)	(54 467)
Current year's (loss)		(118 544)	(54 467)

The notes on pages 10 to 18 is an integral part of these financial statements.

Statements signed by:



Nikolay Kryzhanovskiy, Member of the Board

Jolanta Jurga, Member of the Board

20.04.2023

Statements prepared by:



Edgars Sniegs, accountant

SIA Cipari Baltic

BALANCE


ASSETS	Notes	31.12.2022.	31.12.2021.
		EUR	EUR
Non-current assets			
Intangible assets			
Other intangible assets	4	10 013	15 019
Total intangible assets		10 013	15 019
Fixed assets			
Land and buildings	5	14 500 000	14 500 000
(a) land and buildings		14 500 000	14 500 000
Construction in progress	5	20 811 699	7 577 772
Total fixed assets		35 311 699	22 077 772
Financial investments			
Deferred expenses	7	64 086	-
Total financial investments		64 086	-
Total non-current investments		35 385 798	22 092 791
Current assets			
Debtors			
Trade receivables		65 146	-
Deferred expenses	7	372 068	-
Other debtors	6	48 701	26 857
Total debtors		485 915	26 857
Cash	8	9 932 144	139 972
Total current assets		10 418 059	166 829
Total assets		45 803 857	22 259 620

BALANCE

LIABILITIES AND EQUITY	Notes	31.12.2022.	31.12.2021.
		EUR	EUR
Equity			
Share capital	9	14 502 800	14 502 800
Accumulated losses			
Prior year accumulated (loss)		(54 477)	(10)
Current year's (loss)		(118 544)	(54 467)
Total equity		14 329 779	14 448 323
Creditors			
Long-term creditors			
Borrowings against bonds	10	19 500 000	-
Amounts due to related companies	11	11 672 570	7 556 166
Other creditors	13	84 620	-
Long-term creditors total		31 257 190	7 556 166
Short-term creditors			
Borrowings against bonds	10	109 146	-
Trade payables		46 339	40 562
Amounts due to related companies	12	40 016	205 936
Taxes and social security contributions		-	50
Other creditors		12 800	-
Accrued liabilities		8 587	8 583
Total short-term creditors		216 888	255 131
Total creditors		31 474 078	7 811 297
Total liabilities and equity		45 803 857	22 259 620

The notes on pages 10 to 18 is an integral part of these financial statements.

Statements signed by:




Nikolay Kryzhanovskiy, Member of the Board

Jolanta Jurga, Member of the Board

20.04.2023

Statements prepared by:



Edgars Snieg, accountant
SIA Cipari Baltic


CASH FLOW STATEMENT	Notes	2022	2021
		EUR	EUR
Operating activities			
Loss before taxes and corporate income tax		(118 544)	(54 467)
intangible asset amortisation		5 006	-
Loss before current asset and liability changes		(113 538)	(54 467)
accounts receivable and deferred expenses increase		(522 496)	(26 806)
accounts payable increase		156 894	257 870
Net cash from operating activities		(479 140)	176 597
Investing activities			
acquisition of fixed assets	5	(11 734 128)	(7 311 606)
acquisition of intangible assets	4	-	(15 019)
Net cash from investing activities		(11 734 128)	(7 326 625)
Financing activities			
loans received	11	3 210 000	7 290 000
bond emission	10	19 279 690	-
interest paid		(484 250)	-
Net cash from financing activities		22 005 440	7 290 000
Net change in cash		9 792 172	139 972
Cash at the beginning of the year		139 972	-
Cash at the end of the year	8	9 932 144	139 972

The notes on pages 10 to 18 is an integral part of these financial statements.

Statements signed by:

Statements prepared by:


Nikolay Kryzhanovskiy, Member of the Board


Edgars Sniegs, accountant

SIA Cipari Baltic


Jolanta Jurga, Member of the Board

20.04.2023

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

General principles

Legal address of Marijas 2 is Krisjana Valdemara street 33 - 18, Riga, LV-1010. The Company is registered in the Commercial register of the Republic of Latvia under number 50203281461. The Company's shareholders are Evernord Real Estate Fund III Closed-end fund intended for informed investors (Lithuania), which owns 65.38% of the Company's share capital and Novira SIA, which owns 34.62% of the Company's share capital. Company's members of the Board are Nikolay Kryzhanovskiy and Jolanta Jurga. The Company's auditor is PricewaterhouseCoopers SIA, and responsible auditor is Ilandra Lejiņa.

General principles

Annual accounts are prepared in accordance with the laws of the Republic of Latvia "On Accounting" and "Annual financial statements and consolidated statements" and Regulations of the Cabinet of Ministers Nr. 775 "Rules for Application of the law on annual financial statements and consolidated financial statements." The profit and loss account is prepared in accordance with the turnover module. According to the law on "Annual financial statements and consolidated financial statements" Article 5, Section 2 the company is classified as micro company. Compared to the previous reporting year, the accounting and valuation methods used by the Company have not changed.

Going concern

Growing inflation in Latvia and particularly in the construction sector may negatively affect volume of funds the Company intends to raise in order to finance the ongoing development.

The Company has issued bonds (ISIN LV0000802551) to finance its business operations until the completion of the construction works and commissioning the building. The Company expects to attract 45 million euro over 18 months in up to 10 tranches. In November 2022 The fourth tranche has been completed with total raised amount of 19.5 million euro. The Company plans to continue with quarterly issues of bonds.

To further mitigate the financing risks, the Company plans to public bond emission. This will allow the Company to reach more potential investors and obtain financing at shorter time notices.

Additionally, the Company co-operates with major Latvian banks to negotiate alternative financing sources. The Company considers bank financing as a viable source of funds in beginning of 2024.

The Company's management believes that the going concern assumption is appropriate for the preparation of these financial statements.

Currency

The figures presented in these financial statements are expressed in the official currency of Latvia - the euro (EUR). Cash and cash equivalents consist of cash current bank account balances.

Intangible and tangible fixed assets

All intangibles and fixed assets are recorded at cost net of accumulated amortisation and depreciation. Depreciation or amortization is calculated on a straight-line basis to write down each asset to its estimated residual value over its estimated useful life as follows:

	% per annum
Intangible assets	20%
Buildings	5%
Technological equipment	20%
Other assets	20%

Land is not subject to depreciation.

Interest costs on borrowing to finance the fixed assets under construction and other direct charges related to the particular fixed asset under construction are capitalized. This is during the period of time that is required to complete and prepare the asset for its intended use, as part of the cost of the asset. Capitalization of the borrowing costs is suspended during extended periods in which active developments are interrupted.

Where the carrying amount of an intangible asset or property, plant and equipment exceeds its recoverable amount, the intangible asset or property, plant and equipment is written down immediately to its recoverable amount. Recoverable amount is the higher of an intangible asset's or property, plant and equipment's fair value less costs to sell and value in use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Such costs are depreciated over the remaining useful life of the asset. When capitalizing the cost of an installed spare part, the residual value of the replaced part is written off in the income statement.

The costs of repairs and maintenance of property, plant and equipment are charged to the income statement in the period in which they are incurred.

Accounts receivable

Receivables are carried in the balance sheet at amortized cost less any allowance for impairment. Impairment losses are recognized when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount of the receivable and its recoverable amount. The amount of the provision is included in the income statement.

Taxation

Corporate income tax for the reporting period is included in the financial statements based on management's calculations which are prepared in accordance with Latvian Republic tax legislation.

Corporate income tax is calculated on distributed profits (20/80 of the net distributed amount). The corporate income tax tax on distributed profits is recognized when the Company's shareholders decide on profit distribution.

The Company also calculates and pays corporate income tax on conditionally distributed profits (20/80 of the calculated taxable base), including statutory taxable items such as non-operating expenses, accrued doubtful debts and loans to related parties, if they meet the certain criteria, as well as other costs that exceed the statutory deductible thresholds. Corporate income tax is recognized in the income statement in the year in which it arises. Corporate income tax on distributed profit and corporate income tax on conditionally distributed profit are presented in the income statement line "Corporate income tax for the reporting year", and tax calculation details are provided in the notes to the financial statements.

Amounts due to related parties and borrowings against bonds

Borrowings are recognized initially at the proceeds received net of transaction costs incurred. In subsequent periods, borrowings are stated at the amortized cost using the effective yield method. Any difference between proceeds net of any transaction costs and the redemption value is gradually recognized in the profit and loss account or capitalized to fixed assets under construction, according to the fixed assets accounting policy over the period of borrowings or capitalize as part of construction in progress, in accordance with the accounting policy for property, plant and equipment.

Related parties

Related parties are defined as shareholders of the Company, members of the board, their close relatives, and companies in which they have a significant influence or control.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Future events occur which cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

Subsequent events

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

2	Selling expenses	2022	2021
		EUR	EUR
	Marketing and public relations	30 164	30 689
		<u>30 164</u>	<u>30 689</u>
3	Administrative expenses	2022	2021
		EUR	EUR
	Professional services	64 034	18 160
	Bank commissions	13 167	4 315
	Office rent	960	779
	Other	10 006	402
		<u>88 167</u>	<u>23 656</u>
4	Intangible assets		
		Other intangible assets	Total
		EUR	EUR
	<u>Historical cost</u>		
	31.12.2021.	<u>15 019</u>	<u>15 019</u>
	31.12.2022.	<u>15 019</u>	<u>15 019</u>
	<u>Amortisation</u>		
	31.12.2021.	<u>-</u>	<u>-</u>
	Current year amortisation in 2022	<u>5 006</u>	<u>5 006</u>
	31.12.2022.	<u>5 006</u>	<u>5 006</u>
	<u>Net book value</u>		
	31.12.2021.	<u>15 019</u>	<u>15 019</u>
	31.12.2022.	<u>10 013</u>	<u>10 013</u>

Intangible assets include costs of creating the Company's website.

5 Fixed assets

	Land and buildings	Construction in progress	Total
	EUR	EUR	EUR
Historical cost			
31.12.2021.	14 500 000	7 577 772	22 077 772
Additions	-	13 233 927	13 233 927
31.12.2022.	14 500 000	20 811 699	35 311 699
Accumulated depreciation			
31.12.2021.	-	-	-
Additions in 2022	-	-	-
31.12.2022.	-	-	-
Net book value			
31.12.2021.	14 500 000	7 577 772	22 077 772
31.12.2022.	14 500 000	20 811 699	35 311 699

Fixed assets include land and an unfinished construction site, both located in Riga, at Marijas Street 2 / 2A, where a modern seven-story Class-A office complex is being developed. In 2020 the land and construction costs were valued by an independent licensed valuator SIA "OberHaus Vērtēšanas serviss". The valuation determined the market value of the real estate by combining valuation methods of projected future income and market prices of comparable projects.

The total planned investment in the object, excluding the value of the land, is EUR 57.5 million. During the reporting period, investments were made in the amount of 13.2 million EUR, or 23% of the total planned investments. The share of the financial investment made corresponds to the actual stage of completion of the project.

During the reporting year, interest capitalized in construction costs, amortization of bond issue expenses and bond discount amortization amounted to EUR 1,939,609 (2021: EUR 270,061).

Due to the Nasdaq-registered bond issue of EUR 19,500,000 EUR due in 2022, a mortgage of EUR 58,000,000 was registered in 2021 on the plots in favor of the security agent. The mortgage ensures bond coupon and principal payment, anticipating future growth in the volume of issued bonds.

6 Other debtors

	31.12.2022.	31.12.2021.
	EUR	EUR
Tax overpayment	48 701	26 857
	48 701	26 857

7	Deferred expenses	31.12.2022.	31.12.2021.
		EUR	EUR
	The unamortized part of bond issue expenses		
	long term part	40 363	-
	short term part	229 728	-
	The unamortized portion of the bond discount		
	long term part	23 723	-
	short term part	142 340	-
	Long term part total	64 086	-
	Short term part total	372 068	-
		<hr/> <hr/>	<hr/> <hr/>
8	Cash	31.12.2022.	31.12.2021.
		EUR	EUR
	BluOr bank account balance	198 382	139 252
	LHV bank account balance	9 730 416	720
	AB Šiaulių bankas account balance	3 346	-
		9 932 144	139 972
		<hr/> <hr/>	<hr/> <hr/>

9 Share capital

As at 31 December 2022 and 2021, the Company's registered and fully paid-up share capital consisted of 14,502,800 ordinary shares with a nominal value of EUR 100 each. The capital consists of a cash investment of EUR 2,800 and a property investment of EUR 14,500,000.

10	Borrowing against bonds	31.12.2022.	31.12.2021.
		EUR	EUR
	Issue of bonds		
	Nominal value of bonds (long-term liabilities)	19 500 000	-
	Accrued interest (short-term liabilities)	109 146	-
		19 609 146	-
		<hr/> <hr/>	<hr/> <hr/>

The Company has issued bonds (ISIN LV0000802551) to finance its business operations until the completion of the construction works and commissioning the building. The Company expects to attract 45 million euro over 18 months in up to 10 tranches. In November 2022 The fourth tranche has been completed with total raised amount of 19.5 million euro. The Company plans to continue with quarterly issues of bonds.

11 Due to related companies	31.12.2022.	31.12.2021.
	EUR	EUR
Loan from Evernord Real Estate Fund III		
<i>Years interest rate 9%, repayment date 31.12.2027</i>		
At the beginning of the reporting year	4 941 438	-
Loans received during the reporting year	2 099 340	4 767 660
Interest calculated during the reporting year	592 786	173 778
At the end of the reporting year	7 633 564	4 941 438
Loan from SIA Novira		
<i>Years interest rate 9%, repayment date 31.12.2027</i>		
At the beginning of the reporting year	2 614 728	-
Loans received during the reporting year	1 110 660	2 522 340
Interest calculated during the reporting year	313 618	92 388
At the end of the reporting year	4 039 006	2 614 728
Aizņēmums no Novira Finance OU		
<i>Procentu likme 12% gadā, atmaksājams uz pieprasījumu</i>		
At the beginning of the reporting year	-	-
Loans received during the reporting year	-	439 000
Loans paid during the reporting year	-	(439 000)
Interest calculated during the reporting year	-	3 894
Interest paid during the reporting year	-	(3 894)
At the end of the reporting year	-	-
In total, the loans are repayable in more than 5 years	11 672 570	7 556 166

Loans are unsecured. Repayment of the loan principal and interest is planned to start in 2023/2024, after the building has been put into operation and Company will start earning income from renting premises.

12 Amounts due to related company	31.12.2022.	31.12.2021.
	EUR	EUR
Interest free short term debt to related company SIA Novira Capital	40 016	205 936
	40 016	205 936
13 Other creditors (long-term)		
	31.12.2022.	31.12.2021.
	EUR	EUR
Tenants security deposits	84 620	-
	84 620	-

14 Capital commitments

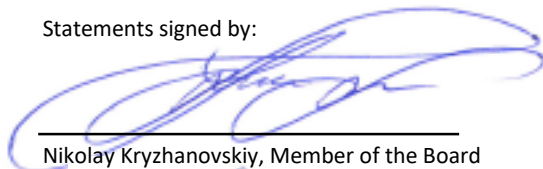
In accordance with the construction agreement signed by the Company and the general contractor, the Company is committed to pay for the above ground construction works EUR 39.5 million, plus the value added tax applicable in the Republic of Latvia. The payments should be made in accordance with the contract terms. The completion of the construction under this contract is planned for September 2023.

15 Post balance sheet events

In February 2023 the Company has successfully completed 5th tranche of the Bonds raising 5.5 mill EUR. Since March 2022 the Company has issued 25 mill EUR worth of bonds and plans to continue with quarterly issues to finance the development.

Other the mentioned above, during the period between the last day of the financial year and the date of signing this report, there have been no significant events that would have a material effect on the year-end results.

Statements signed by:



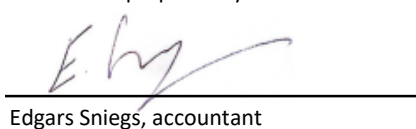
Nikolay Kryzhanovskiy, Member of the Board



Jolanta Jurga, Member of the Board

20.04.2023

Statements prepared by:



Edgars Sniegs, accountant

SIA Cipari Baltic



Independent Auditor's Report

To the Shareholders of SIA "Marijas 2"

Our opinion

In our opinion, the accompanying financial statements set out on pages 7 to 18 of the accompanying annual report give a true and fair view of the financial position of SIA "Marijas 2" (the "Company") as at 31 December 2022, and the Company's financial performance for the year ended 31 December 2022 in accordance with the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

What we have audited

The Company's financial statements comprise:

- the profit and loss account for the year ended 31 December 2022,
- the balance sheet as at 31 December 2022,
- the cash flow statement for the year ended 31 December 2022, and
- the notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Law on Audit Services that are relevant to our audit of the financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Law on Audit Services.

Reporting on Other Information

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

- Information on the Company as set out on page 3 of the accompanying annual report,
- the Management Report as set out on pages 4 to 6 of the accompanying annual report,

but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with

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



the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Management Report, we also performed the procedures required by the Law on Audit Services. Those procedures include considering whether the Management Report is prepared in accordance with the requirements of the Law on Annual Reports and Consolidated Annual Reports.

Based on the work undertaken in the course of our audit, in our opinion, in all material respects:

- the information given in the Management Report and information on the Company for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report has been prepared in accordance with requirements of the Law on Annual Reports and Consolidated Annual Reports.

In addition, in light of the knowledge and understanding of the entity and its operating environment obtained in the course of our audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this respect.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers SIA
Certified audit company
Licence No. 5

A handwritten signature in blue ink, appearing to read 'Eva Jansen-Diener'.

Eva Jansen-Diener
Persona per procura

A handwritten signature in blue ink, appearing to read 'Ilandra Lejiņa'.

Ilandra Lejiņa
Certified auditor in charge
Certificate No.168

Riga, Latvia
20 April 2023

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