

SIA Bonava Latvija

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

Translation from Latvian original*

**This version of financial statements is a translation from 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 financial statements takes precedence over this translation.*

**BONAVA LATVIJA SIA
ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**BONAVA LATVIJA SIA
ANNUAL ACCOUNTS
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Information on the Company

Name of the Company	Bonava Latvija SIA
Legal status of the Company	Limited Liability Company
Number, place and date of registration	40003941615, Riga, 24 July 2007
Principal activities	Construction of residential and non-residential buildings, NACE code 41.20 Development of building projects, NACE code 41.10 Buying and selling of own real estate, NACE code 68.10 Demolition, NACE code 43.11 Site preparation, NACE code 43.12 Rental and operating of own or leased real estate, NACE code 68.20
Address	Brivibas gatve 275, Rīga, LV-1006
Chairman of the Board	Mareks Kļaviņš
Names and positions of the Board members	Maret Valjaots, Member of the Board
Chairman of the Supervisory Board	Sture Michael Bjorklund
Names and positions of the Supervisory Board members	Berndt Peter Wallin, Member of the Supervisory Board Lars Ingvar Granlof, Member of the Supervisory Board Hedvig Charlotta Wallander, Member of the Supervisory Board
Information on the Company's parent company	Bonava AB (publ) (100%)
Name and address of the certified audit company and certified auditor in charge	PricewaterhouseCoopers SIA Certified audit company Licence No. 5 Kr. Valdemāra Street 21-21 Riga, LV-1010 Latvia Certified auditor in charge: Jegors Podosiņņikovs Latvian Certified auditor Certificate No. 238

**BONAVA LATVIJA SIA
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Report of the Management

Type of operations

SIA Bonava Latvija (hereinafter - the Company) is engaged in development of real estate.

As at 31 December 2022 the subscribed and fully paid share capital of the Company consists of 15 780 000 ordinary shares with a nominal value of EUR 1 each.

Performance of the Company during the year

The Company was established on 24 July 2007. Bonava AB (legal address Lindhagensgatan 72, 112 18, Stockholm, Sweden) is the parent company of SIA Bonava Latvija. 2022 was the fifteenth full year of operation of the Company.

In the reporting year the Company continued construction of the Company's developed projects.

The Company continued to work on development of its own real estate and selling of the finished real estate. During 2022 the Company continued construction of residential houses in Dreilini, Ropazu parish and in Riga – Maskavas Street, Dumbrāja Street, Ropažu Street, Krīdenera dambis, Grēdu Street, Ganību dambis, Vienības gatve, Prūšu Street, Tumes Street and Ēvalda Valtera Street.

The financial result of the Company for the reporting year was a profit of EUR 4 998 085, which is 7,5% or EUR 402 498 less than in 2021.

The Company's net sales of the reporting year amounts to EUR 35 349 427, which is 7,1% less than in 2021. The decrease in net sales resulted from lower amount of units handed over compared with previous year.

As at 31 December 2022 the Company's current assets exceeded its current liabilities by EUR 23 443 624. 66% or EUR 23 340 136 of the current liabilities consist of the payables to related party.

During the reporting year the Company purchased real estate in Anniņmuižas, Eiženijas, Nīcgales, Skaistkalnes and Stendes Street in Riga and Nometņu Street in Salaspils.

Financial risk management

The activities of the Company expose it to a variety of financial risks, including the credit risk, liquidity risk and risk of changing interest rates. The Company's management seeks to minimise the potential adverse effects of financial risk on the financial performance of the Company.

The Company has borrowings from the group company Bonava AB and the borrowings have variable interest rates. Financial risk management activities are performed at the Bonava group level.

The financial assets that could potentially lead to a certain concentration of the credit risk in the Company are mainly cash and customers' debts. The Company has introduced and follows the credit policy by signing agreements with clients that have an adequate credit history. Receivables are reported at their recoverable value.

The Company pursues a prudent liquidity risk management maintaining sufficient credit resources that allow settling liabilities when they fall due.

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Report of the Management (continued)

Future prospects

During 2023 it is planned to finalise selling of apartments in Dumbrāja Street, Krīdenera dambis, Prūšu Street, Ropažu Street and Dreilini projects, and it is planned to continue construction works and selling of the started projects.

It is planned to continue research and planning of new projects during 2023, which will ensure profits in the future.

On February 24, 2022, the military conflict between Russia and Ukraine escalated. As a result of the invasion in Ukraine, Russia and Belarus are subject to severe economic and political sanctions from the European Union, the United States and other countries. Despite this event, as of today production essentially proceeded as usual with slight delays in the logistics and production chain, causing raw material price increase, that is compensated with increase in sales prices. There is no negative impact observed in the Company's sales results and liquidity position.

Mareks Kļaviņš
Chairman of the Board

Maret Valjaots
Member of the Board

31 May 2023

The Annual Report has been approved at the shareholders' meeting on 31 May 2023

Mareks Kļaviņš
Chairman of the Meeting

THIS DOCUMENT IS SIGNED ELECTRONICALLY WITH A SECURE ELECTRONIC SIGNATURE AND
CONTAINS A TIME STAMP

**BONAVA LATVIJA SIA
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Profit and loss account

	Note	2022 EUR	2021 EUR
Net sales	1	35 349 427	38 065 550
Cost of sales	2	(27 710 534)	(30 420 832)
Gross profit		7 638 893	7 644 718
Selling expenses	3	(93 847)	(122 112)
Administrative expenses	4	(2 744 620)	(2 450 584)
Other operating income	5	796 139	639 242
Other operating expenses		(13 281)	(24 604)
Other interest income and similar income		5 626	3 851
Interest expenses and similar expenses	6	(590 825)	(289 928)
Profit before corporate income tax		4 998 085	5 400 583
Corporate income tax for the reporting year		-	-
Current year's profit		4 998 085	5 400 583

Notes on pages 11 to 19 form an integral part of these financial statements.

**BONAVA LATVIJA SIA
ANNUAL ACCOUNTS
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Balance sheet

<u>Assets</u>	Note	31.12.2022 EUR	31.12.2021 EUR
Long-term investments			
Fixed assets:			
Leasehold improvements	7	31 048	39 244
Other fixed assets	7	411 529	331 460
Total fixed assets:		442 577	370 704
Total long-term investments:		442 577	370 704
Current assets			
Inventories:			
Work-in-progress	8	47 692 961	32 147 203
Finished goods and goods for sale	9	2 714 744	399 421
Advances for goods receivable		567 245	923 988
Total inventories:		50 974 950	33 470 612
Debtors:			
Trade debtors	10	5 471 831	2 475 384
Receivables from affiliated companies	18 (c)	58 391	30 324
Other debtors		-	23 917
Deferred expenses		25 238	13 841
Accrued income		10 926	15 698
Total debtors:		5 566 386	2 559 164
Bank:		2 493 213	2 489 865
Total current assets:		59 034 549	38 519 641
<u>Total assets</u>		<u>59 477 126</u>	<u>38 890 345</u>

Notes on pages 11 to 19 form an integral part of these financial statements.

**BONAVA LATVIJA SIA
ANNUAL ACCOUNTS
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Balance sheet

<u>Liabilities and shareholders' funds</u>	Note	31.12.2022 EUR	31.12.2021 EUR
Shareholders' funds			
Share capital	11	15 780 000	15 780 000
Reserves			
Other reserves		805	9 423
Reorganization reserves		3 815 726	3 815 726
Previous year's accumulated loss		(1 278 590)	(6 679 173)
Current year's profit		4 998 085	5 400 583
Total shareholder's funds:		23 316 026	18 326 559
Provisions:			
Provisions	12	569 134	586 251
Total provisions:		569 134	586 251
Creditors:			
Long-term creditors:			
Other creditors		1 041	7 562
Total long-term creditors:		1 041	7 562
Short-term creditors:			
Advances from customers		2 806 545	3 400 820
Trade creditors		4 064 813	4 617 275
Accounts payable to affiliated companies	18 (d)	23 340 136	7 899 407
Taxes and the state compulsory social insurance contributions	13	3 447 602	2 105 390
Other creditors	14	266 261	252 327
Deferred income		5 113	-
Accrued liabilities	15	1 660 455	1 694 754
Total short-term creditors:		35 590 925	19 969 973
Total creditors:		35 591 966	19 977 535
<u>Total liabilities and shareholders' funds</u>		<u>59 477 126</u>	<u>38 890 345</u>

Notes on pages 11 to 19 form an integral part of these financial statements.

BONAVA LATVIJA SIA
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Cash flow statement

	Note	2022	2021
		EUR	EUR
Cash flows from operating activities			
Profit before taxation		4 998 085	5 400 583
<u>Adjustments for:</u>			
a) fixed asset depreciation	7	177 638	146 703
c) change in provisions		(17 117)	172 309
d) foreign exchange gains		(52)	-
f) interest income		(213)	-
i) interest expenses	6	590 825	289 928
		5 749 166	6 009 523
<u>Adjustments for:</u>			
a) trade debtors increase		(3 007 222)	(1 241 753)
b) inventories increase		(17 504 338)	(3 221 381)
c) trade and other creditors' increase		164 988	4 742 717
Cash (used in) / generated from operations		(14 597 406)	6 289 106
Net cash (used in) / generated from operating activities		(14 597 406)	6 289 106
 Cash flows from investing activities			
Acquisition of fixed assets	7	(249 511)	(171 911)
Loans issued		(600 000)	-
Received repayment of the issued loans		600 000	-
Interest received		213	-
Net cash used in investing activities		(249 298)	(171 911)
 Cash flows from financing activities			
Borrowings received	18 (d)	32 250 000	7 000 000
Repayments of borrowings	18 (d)	(17 400 000)	(14 033 065)
Net cash generated from / (used in) financing activities		14 850 000	(7 033 065)
 Result of foreign exchange rate fluctuations		52	-
 Net increase / (decrease) in cash and cash equivalents		3 348	(915 870)
Cash and cash equivalents at the beginning of the reporting year		2 489 865	3 405 735
Cash and cash equivalents at the end of the reporting year		2 493 213	2 489 865

Notes on pages 11 to 19 form an integral part of these financial statements.

**BONAVA LATVIJA SIA
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Statement of changes in equity

	Share capital	Other reserves	Reorganiza- tion reserves	Accumula- ted loss / Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR
Balance as at 31 December 2020	15 780 000	-	3 815 726	(6 679 173)	12 916 553
Other reserves	-	9 423	-	-	9 423
Profit for the year	-	-	-	5 400 583	5 400 583
Balance as at 31 December 2021	15 780 000	9 423	3 815 726	(1 278 590)	18 326 559
Other reserves	-	(8 618)	-	-	(8 618)
Profit for the year	-	-	-	4 998 085	4 998 085
Balance as at 31 December 2022	15 780 000	805	3 815 726	3 719 495	23 316 026

Notes on pages 11 to 19 form an integral part of these financial statements.

**BONAVA LATVIJA SIA
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Notes

Accounting policies

(a) Information on the Company

The Company

Limited Liability Company Bonava Latvija SIA

Address: Brīvības gatve 275, Rīga, LV-1006

Information on the Company's parent company: Bonava AB – 100% (Sweden)

Type of activity: real estate development

Members of the Board: Mareks Kļaviņš (Chairman of the Board), Maret Valjaots (Member of the Board)

The Company's auditor: the certified audit company PricewaterhouseCoopers SIA and certified auditor in charge Jegors Podosiņņikovs.

(b) Financial statements preparation basis

The financial statements are prepared in accordance with the Accounting Law and Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia, on a going concern basis. As at 31 December 2022 the Company meets the criteria for a medium company.

The profit and loss account is prepared by the vertical form scheme, classified by function of expense.

The cash flow statement has been prepared using indirect cash flow method.

Accounting policies used by the Company are consistent with those used in the previous reporting period.

(c) Currency unit and revaluation of foreign currency

All amounts in these financial statements are expressed in the Latvian official currency - euro (EUR).

Foreign currency transactions have been translated into euro applying the exchange rate determined by the conversion procedure between central banks of the European System of Central Banks and other central banks and which is published on the European Central Bank's website.

On the last day of the reporting year all monetary assets and liabilities were translated into euro in accordance with the rates published on the European Central Bank's website.

	31.12.2022. EUR	31.12.2021. EUR
1 SEK	0.08991	0.09756

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(d) Fixed assets

Fixed assets are recorded at historical cost net of accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

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Notes (continued)

Accounting policies (continued)

(d) Fixed assets (continued)

Depreciation on fixed assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives using the following rates set by management:

	% per annum
Leasehold improvements	12.5
Motor vehicles	20 – 50
Computers and data warehouses	14.29 – 33.33
Other fixtures and fittings	20 – 50

Where the carrying amount of a fixed asset exceeds its estimated recoverable amount, it is written down immediately to its recoverable amount. Recoverable amount is the higher of the fair value less costs to sell and the value in use of the related fixed asset.

Subsequent costs are included in the asset's carrying amount or recognised as 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 related asset. Capitalising the cost of mounted spare parts, the carrying value of the part replaced is written off to the profit and loss account.

Repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Gains or losses on disposals are determined by comparing carrying amount with proceeds and are charged to the profit and loss account during the period in which they are incurred.

(e) Work-in-progress and finished goods and goods for sale

Work-in-progress includes unfinished real estate. Finished goods include finished real estate. Unfinished and finished real estate is property held for sale at its acquisition and construction costs. The Company expects to recover their carrying value through sales and not by using them in its operating activities. Unfinished and finished real estate is recorded at the lower of cost and net realisable value less cost to sell. Net realisable value is the amount for which real estate can be exchanged between knowledgeable, willing and financially independent parties.

(f) Accounts receivable

Accounts receivable are recorded in the balance sheet at their amortised cost less provisions for impairment. Provisions for impairment are established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provisions for impairment is the difference between the amortised cost and the recoverable amount. The recoverable amount of accounts receivable is the present value of future cash flow. The amount of the provision is recognised in the profit and loss account.

(g) Borrowings

Borrowings are recognised initially at the proceeds received net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of borrowings.

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Notes (continued)

Accounting policies (continued)

(h) Revenue recognition

Revenue from sale of real estate

Revenue from sale of real estate is recognised in the profit and loss account after handover – acceptance deed is signed and money received in the Company's bank account or in the escrow account. The value of real estate recognized in net sales is equal to the purchase transaction amount, excluding value added tax.

(i) Taxation

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

Corporate income tax will be calculated on the basis of distributed profit (20/80 of the net amount payable to shareholder). Corporate tax on distributed profit will be recognized when the shareholder of the Company make a decision about profit distribution.

The Company calculates and pays corporate income tax also for the conditionally distributed profit (20/80 of calculated taxable base), which includes taxable objects in accordance with the Corporate Income Tax law, such as the expenditure not related to economic activity, the doubtful debts of debtors and the loans to the related parties, if they meet criteria provided in the Corporate Income Tax law, as well other expenses exceeding statutory limits for deduction. Corporate income tax for the conditionally distributed profit is recognized in the profit or loss statement in the year for which it is assessed. Corporate income tax for the distributed profit and corporate income tax for the conditionally distributed profit is included in the profit and loss statement line item "Corporate income tax for the reporting year" and disclosed by the components in the notes to the financial statements.

(j) Operating leases – the Company as a lessee

Lease in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any financial incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease.

(k) Accrued unused annual leave expenses

Amount of accrual for unused annual leave is determined by multiplying the average daily wage of employees for the last six months of the reporting year by the amount of accrued, but unused annual leave at the end of the reporting year.

(l) Cash and cash equivalent

Cash and cash equivalents comprise balances of current account with banks.

(m) Related parties

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

(n) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

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Notes (continued)

(1) Net sales

Net sales represent income generated during the reporting year from the Company's basic activities – sales of real estate, net of value added tax and discounts.

	2022	2021
	EUR	EUR
Revenue from the sale of real estate	<u>35 349 427</u>	<u>38 065 550</u>

(2) Cost of sales

Cost of sales represents costs incurred for generating net sales – such as costs of services, acquisition costs and costs related to the purchase of services.

Cost of apartments	27 378 374	30 172 365
Maintenance of the properties	123 547	95 571
Property tax	208 613	152 896
	<u>27 710 534</u>	<u>30 420 832</u>

(3) Selling expenses

Personnel costs	476 026	411 987
Advertisement and marketing expenses	101 172	79 643
Depreciation of fixed assets	1 194	1 516
Management and administrative expenses from affiliated companies	21 576	16 332
Other expenses	7 837	8 209
Selling expenses included in the value of inventories	(513 958)	(395 575)
	<u>93 847</u>	<u>122 112</u>

(4) Administrative expenses

Personnel costs	4 577 540	3 836 783
Depreciation of fixed assets	176 425	140 650
Rent and maintenance of the office premises expenses	271 454	233 540
Legal services	53 310	23 544
Audit of the annual report	15 000	11 760
Expenses on cash turnover	8 883	8 142
Management and administrative expenses from affiliated companies	1 109 771	834 824
Other administrative expenses	449 885	394 293
Expenses attributable to projects	(3 917 648)	(3 032 952)
	<u>2 744 620</u>	<u>2 450 584</u>

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Notes (continued)

(5) Other operating income

	2022	2021
	EUR	EUR
Other operating income from affiliated companies	733 928	597 220
Other operating income	62 211	42 022
	<u>796 139</u>	<u>639 242</u>

(6) Interest expenses and similar expenses

Interest expenses and similar expenses	96	76
Interest charge from related parties	590 729	289 852
	<u>590 825</u>	<u>289 928</u>

(7) Fixed assets

	Leasehold improvements	Other fixed assets	Total fixed assets
Cost	EUR	EUR	EUR
31.12.2021	65 568	776 120	841 688
Additions	-	249 511	249 511
Disposals	-	(52 088)	(52 088)
31.12.2022	<u>65 568</u>	<u>973 543</u>	<u>1 039 111</u>
Depreciation			
31.12.2021	26 324	444 660	470 984
Charge for 2022	8 196	169 423	177 619
Disposals	-	(52 069)	(52 069)
31.12.2022	<u>34 520</u>	<u>562 014</u>	<u>596 534</u>
Net book value at 31.12.2021	<u>39 244</u>	<u>331 460</u>	<u>370 704</u>
Net book value at 31.12.2022	<u>31 048</u>	<u>411 529</u>	<u>442 577</u>

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Notes (continued)

(8) Work-in-progress

	31.12.2022 EUR	31.12.2021 EUR
Work-in-progress	<u>47 692 961</u>	<u>32 147 203</u>

The Company's work-in-progress includes design and construction expenses for unfinished projects in Dumbrāja Street 29, Krīdenera dambis 4, Grēdu Street 17, Ropažu Street 16, Prūšu Street 1E, Riga and Mazā Robežu Street 3, 4 and 5, Dreilini, Ropažu parish. The work-in-progress includes also land plot and capitalized costs in Maskavas Street, Vienības gatve, Ropažu Street, Tumes Street, Druvienas Street, Prūšu Street, Mazā Stacijas Street, Ēvalda Valtera Street, Bauskas Street, Stendes Street, Skaistkalnes Street, Nīcgales Street, Eiženijas Street and Anniņmuižas Bulvāris Riga, Nometņu Street Salaspils and Dreilīni, Ropažu parish.

(9) Finished goods and goods for sale

Finished goods	<u>2 714 744</u>	<u>399 421</u>
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The Company's finished goods include design and construction expenses for finished projects in Maskavas Street 188, 190, 192, Riga, Ganību dambis 11 and 11A, Riga and Robežu Street 9, 17 Dreilini, Ropažu parish.

(10) Trade debtors

Trade debtors *	<u>5 471 831</u>	<u>2 475 384</u>
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* The Company do not have necessity to make the provisions for bad and doubtful debtors because of received guarantees for receiving the payments.

(11) Share capital

As at 31 December 2022 the subscribed and fully paid share capital of the Company consists of 15 780 000 ordinary shares with a nominal value of EUR 1 each.

(12) Provisions

Provisions for warranty liabilities	<u>569 134</u>	<u>586 251</u>
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The Company has committed to eliminate deficiencies discovered in the construction objects during the warranty period of 2 years from the date objects are put into operation and after handing over – acceptance deed is signed.

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Notes (continued)

(13) Taxes and the state compulsory social insurance contributions

Value added tax	3 239 803	1 914 130
Personal income tax	76 092	70 129
State social insurance contributions	131 645	121 072
Business risk state duty	62	59
	3 447 602	2 105 390

(14) Other creditors

Salaries	258 295	242 899
Other creditors	7 966	9 428
	266 261	252 327

(15) Accrued liabilities

	31.12.2022	31.12.2021
	EUR	EUR
Accrued liabilities to suppliers	1 045 492	1 148 194
Accrued unused annual leave expenses	383 326	317 325
Accrued performance bonuses	231 637	229 235
	1 660 455	1 694 754

(16) Average number of employees

	2022	2021
Board members	1	1
Other employees	181	154
	182	155

(17) Management remuneration

	2022	2021
	EUR	EUR
Board members' salary expenses	173 115	127 612
Board members' state compulsory social insurance contributions	39 373	28 729
	212 488	156 341

**BONAVA LATVIJA SIA
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Notes (continued)

(18) Related party transactions

The parent company of the Company is Bonava AB, which owns 100% of the Company's share capital. SIA Bonava Latvija as subsidiary has been included in the consolidated annual report of Bonava AB. Copy of the consolidated annual report of Bonava AB is available upon written request at the legal address of Bonava AB.

The Company engaged in the following transactions with related parties:

(a) Sale of goods and rendering of services

	2022	2021
	EUR	EUR
To the parent company	691 139	576 798
To other related companies	43 002	20 422
	<u>734 141</u>	<u>597 220</u>

(b) Purchase of goods and services

From the parent company	1 709 253	1 136 706
From other related companies	12 823	4 302
	<u>1 722 076</u>	<u>1 141 008</u>

(c) Accounts receivable arising from transactions with related parties

	31.12.2022	31.12.2021
	EUR	EUR
Parent company	<u>58 391</u>	<u>30 324</u>

(d) Loans from affiliated companies

	2022	2021
	EUR	EUR
At the beginning of reporting year	7 899 407	14 642 620
Loans received during the year	32 250 000	7 000 000
Loans repaid during the year	(17 400 000)	(14 033 065)
Calculated and capitalised interest	590 729	289 852
At the end of reporting year	<u>23 340 136</u>	<u>7 899 407</u>
Including:		
Short-term loans	<u>23 340 136</u>	<u>7 899 407</u>

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Notes (continued)

(19) Information on agreements with a significant impact on the Company's activities

On December 2017 the Company concluded Real Estate Lease Agreement for lease of new office premises on Brīvības gatve 275, Rīga. Rental term according to the agreement is 8 years. Acceptance of premises was in May 2018.

(20) Proposed distribution of profit

Profit for the financial year in amount of EUR 4 998 085 will be used to cover previous years' accumulated losses.

(21) Impact of The military conflict between Russia and Ukraine

On February 24, 2022, the military conflict between Russia and Ukraine escalated. As a result of the invasion in Ukraine, Russia and Belarus are subject to severe economic and political sanctions from the European Union, the United States and other countries. The Company has no direct business partners from Russia and Belarus that would affect its future operations. As a result of sanctions and restrictions, the availability of raw materials and supplies from Russia may be affected in the Latvian market, however the Company has other regular suppliers from the European Union that are able to provide the Company with everything necessary.

(22) Subsequent events

There were no other subsequent events since the last date of the reporting year, which would have a significant effect on the financial position of the Company as at 31 December 2022.

The Annual Report was prepared by the Accountant Ivanda Liepiņa.

The Financial statements of the Company set out on pages 6 to 19 were signed on 31 May 2023 by:

Mareks Kļaviņš
Chairman of the Board

Mārtiņš Valjaots
Member of the Board

Ivanda Liepiņa
Accountant

THIS DOCUMENT IS SIGNED ELECTRONICALLY WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP



Independent Auditor's Report

To the Shareholder of Bonava Latvija SIA

Our opinion

In our opinion, the accompanying financial statements set out on pages 6 to 19 of the accompanying annual report give a true and fair view of the financial position of Bonava Latvija SIA (the "Company") as at 31 December 2022, and the Company's financial performance and cash flows 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,
- the statement of changes in equity 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 Report of the Management as set out on pages 4 to 5 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.

PricewaterhouseCoopers SIA
Kr. Valdemāra iela 21-21, Rīga, LV-1010, Latvia, LV40003142793
T: +371 6709 4400, F: +371 6783 0055, www.pwc.lv

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.



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

With respect to the Report of the Management, we also performed the procedures required by the Law on Audit Services. Those procedures include considering whether the Report of the Management 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 Report of the Management and information on the Company for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Management 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

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error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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

Jegors Podosiņņikovs
Persona per procura
Certified auditor in charge
Certificate No. 238

Riga, Latvia
31 May 2023

Independent Auditor's Report is signed electronically with a secure electronic signature and contains a time stamp.

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