

SIA Bonava Latvija

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2023

Translation from Latvian original*1

**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 2023**

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**BONAVA LATVIJA SIA
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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 Olof Ragnar Ingman, Member of the Supervisory Board from 22 March 2024 Lars Ingvar Granlof, Member of the Supervisory Board until 22 March 2024 Hedvig Charlotta Wallander, Member of the Supervisory Board
Information on the Company's parent company	Bonava East Holding AB (publ) (100%) from 7 February 2024 Bonava AB (publ) (100%) until 7 February 2024
Name and address of the certified audit company and certified auditor in charge	PricewaterhouseCoopers SIA Certified audit company Licence No. 5 Marijas street 2A Riga, LV-1050 Latvia Certified auditor in charge: Jana Smirnova Certified auditor Certificate No. 188

**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 2023 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 74, 112 18, Stockholm, Sweden) was the parent company of SIA Bonava Latvija until 7 February 2024, after - Bonava East Holding AB. 2023 was the sixteenth 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 2023 the Company continued construction of residential houses in Dreilini, Ropazu parish and in Riga – Maskavas Street, Dumbrāja Street, Ropažu Street, Krīdenera dam, Grēdu Street, Ganību dam, Vienības alley, Prūšu Street, Tumes Street and Ēvalda Valtera Street.

The financial result of the Company for the reporting year was a profit of EUR 2 126 018, which is 57,4% or EUR 2 872 067 less than in 2022.

The Company's net sales of the reporting year amounts to EUR 33 058 321, which is 6,5% less than in 2022. The decrease in net sales resulted from lower number of apartments handed over compared to previous year.

As at 31 December 2023 the Company's current assets exceeded its current liabilities by EUR 17 653 842. 78% or EUR 26 693 267 of the current liabilities consist of the payables to related party.

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 they 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 concluding agreements with clients that have an adequate credit history. Receivables are reported at their recoverable value. The partners of the Company in money transactions are local banks with adequate credit history.

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 2024 it is planned to finalise selling of apartments in Dumbrāja Street, Krīdenēra dambis, Prūšu Street, Ropažu Street, Tumes Street and Dreilīni projects as well as to continue construction works and selling of the ongoing projects.

It is planned to continue research and planning of new projects in 2024, which will ensure income in the future.

Mareks Kļaviņš
Chairman of the Board

Maret Valjaots
Member of the Board

31 May 2024

The Annual Report has been approved at the shareholders' meeting on 31 May 2024

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	2023 EUR	2022 EUR
Net sales	1	33 058 321	35 349 427
Cost of sales	2	(27 431 260)	(27 710 534)
Gross profit		5 627 061	7 638 893
Selling expenses	3	(79 909)	(93 847)
Administrative expenses	4	(2 491 290)	(2 744 620)
Other operating income	5	525 828	796 139
Other operating expenses		(2 714)	(13 281)
Other interest income and similar income		205	5 626
Interest expenses and similar expenses	6	(1 453 163)	(590 825)
Profit before corporate income tax		2 126 018	4 998 085
Corporate income tax for the reporting year	7	-	-
Current year's profit		2 126 018	4 998 085

Notes on pages 11 to 20 form an integral part of these financial statements.

**BONAVA LATVIJA SIA
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Balance sheet

<u>Assets</u>	Note	31.12.2023 EUR	31.12.2022 EUR
Long-term investments			
Fixed assets and Investment property:			
Investment property	8	8 249 901	-
Leasehold improvements	9	22 852	31 048
Other fixed assets	9	300 401	411 529
Total fixed assets and investment property:		8 573 154	442 577
Long-term financial investments:			
Investments in subsidiary undertakings		50 000	-
Total long-term financial investments:		50 000	-
Total long-term investments:		8 623 154	442 577
Current assets			
Inventories:			
Work-in-progress	10	37 703 680	47 692 961
Finished goods and goods for sale	11	12 848 531	2 714 744
Advances for goods receivable		1 036 420	567 245
Total inventories:		51 588 631	50 974 950
Debtors:			
Trade debtors	12	258 107	5 471 831
Receivables from related companies	20 (c)	27 491	58 391
Deferred expenses		11 116	25 238
Accrued income		10 483	10 926
Total debtors:		307 197	5 566 386
Bank:		69 590	2 493 213
Total current assets:		51 965 418	59 034 549
<u>Total assets</u>		<u>60 588 572</u>	<u>59 477 126</u>

Notes on pages 11 to 20 form an integral part of these financial statements.

**BONAVA LATVIJA SIA
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Balance sheet

<u>Liabilities and shareholders' funds</u>	Note	31.12.2023 EUR	31.12.2022 EUR
Shareholders' funds			
Share capital	13	15 780 000	15 780 000
Reserves			
Other reserves		1 132	805
Reorganization reserves		3 815 726	3 815 726
Previous year's retained earnings / (accumulated loss)		3 719 495	(1 278 590)
Current year's profit		2 126 018	4 998 085
Total shareholder's funds:		25 442 370	23 316 026
Provisions:			
Provisions	14	833 663	569 134
Total provisions:		833 663	569 134
Creditors:			
Long-term creditors:			
Other creditors		963	1 041
Total long-term creditors:		963	1 041
Short-term creditors:			
Advances from customers		1 621 469	2 806 545
Trade creditors		1 968 360	4 064 813
Loans from related companies	20 (d)	26 693 267	23 340 136
Taxes and the state compulsory social insurance contributions	15	357 231	3 447 602
Other creditors	16	249 291	266 261
Deferred income		5 113	5 113
Accrued liabilities	17	3 416 844	1 660 455
Total short-term creditors:		34 311 575	35 590 925
Total creditors:		34 312 538	35 591 966
<u>Total liabilities and shareholders' funds</u>		<u>60 588 572</u>	<u>59 477 126</u>

Notes on pages 11 to 20 form an integral part of these financial statements.

BONAVA LATVIJA SIA
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Cash flow statement

	Note	2023	2022
		EUR	EUR
Cash flows from operating activities			
Profit before taxation		2 126 018	4 998 085
<u>Adjustments for:</u>			
a) fixed asset depreciation	9	186 237	177 638
b) change in provisions		264 529	(17 117)
c) foreign exchange gains		(16)	(52)
d) interest income		(181)	(213)
e) interest expenses	6	1 453 154	590 825
		4 029 741	5 749 166
<u>Adjustments for:</u>			
a) trade debtors (decrease) / increase		5 259 190	(3 007 222)
b) inventories increase		(8 863 582)	(17 504 338)
c) trade and other creditors' (decrease) / increase		(4 632 256)	164 988
Cash used in operations		(4 206 907)	(14 597 406)
Net cash used in operating activities		(4 206 907)	(14 597 406)
 Cash flows from investing activities			
Acquisition of subsidiaries		(50 000)	-
Acquisition of fixed assets	9	(66 913)	(249 511)
Loans issued		(20 000)	(600 000)
Received repayment of the issued loans		20 000	600 000
Interest received		181	213
Net cash used in investing activities		(116 732)	(249 298)
 Cash flows from financing activities			
Borrowings received	20 (d)	16 000 000	32 250 000
Repayments of borrowings	20 (d)	(14 100 000)	(17 400 000)
Net cash generated from financing activities		1 900 000	14 850 000
 Result of foreign exchange rate fluctuations		16	52
 Net (decrease) / increase in cash and cash equivalents		(2 423 623)	3 348
Cash and cash equivalents at the beginning of the reporting year		2 493 213	2 489 865
Cash and cash equivalents at the end of the reporting year		69 590	2 493 213

Notes on pages 11 to 20 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 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
Other reserves	-	326	-	-	326
Profit for the year	-	-	-	2 126 018	2 126 018
Balance as at 31 December 2023	15 780 000	1 131	3 815 726	5 845 513	25 442 370

Notes on pages 11 to 20 form an integral part of these financial statements.

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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) until 7 February 2024, after - Bonava East Holding 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 Jana Smirnova.

(b) Financial statements preparation basis

The financial statements are prepared in accordance with the Laws of Latvian republic - Accounting Law and Law on Annual Reports and Consolidated Annual Reports, on a going concern basis. As at 31 December 2023 the Company meets the criteria for a medium company.

In order to ensure a true and fair view of the Company's funds (assets), the financial statement line item "Investment property" is recognized, disclosed and measured by the Company using international financial reporting standards, specifically IAS 40 – "Investment property".

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 method.

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

The company is exempted from the obligation to prepare a consolidated annual report. The company and its subsidiary are included in the parent company's Bonava AB (publ), reg. No. 556928-0380, Sweden, consolidated annual report and which is available at web-site: <https://www.bonava.com/en/investors/annual-report-2023>.

(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.

	31.12.2023	31.12.2022
	EUR	EUR
1 SEK	0.08547	0.08991

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.

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Notes (continued)

Accounting policies (continued)

(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.

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) Investment properties

Investment properties are real estate that is held by the Company as an owner for the purpose of obtaining a lease income or an increase in value, or both, and not for use in the production of goods or services, for administrative purposes or sold in the ordinary course of the business.

Investment properties are initially recognized at its cost of acquisition or establishment. The initial acquisition or establishment cost includes costs directly attributable to the acquisition or establishment of investment property. Subsequently, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the useful life of the investment property in order to write off the acquisition value of the investment property up to its estimated residual value at the end of the useful life using the following rate determined by management:

	% per annum
Investment properties	2.5

Subsequent capital investments are capitalized to the investment property's value 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. All other repairs and maintenance are charged to the profit and loss account during the period in which they are incurred. In case part of investment property is replaced, the carrying value of the initial part is written off to the profit and loss account.

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Notes (continued)

Accounting policies (continued)

(e) Investment properties (continued)

Investment property is derecognised when it is disposed of or when it is no longer usable and no future economic benefits are expected from it. Gains and losses on the disposal of an investment property are recognized in the profit and loss account when the asset is derecognised.

Reclassification of an item of property from / to an investment property is only made when there is a change in the use of the property as evidenced by certain events and circumstances (the owner begins to use the property or improves the property for sale).

(f) 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.

(g) 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.

(h) 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.

(i) 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.

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Notes (continued)

Accounting policies (continued)

(j) 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 and loss account 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 account line item "Corporate income tax for the reporting year" and disclosed by the components in the notes to the financial statements.

(k) 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.

(l) Operating leases – the Company as a lessor

Assets that are leased out under operating lease terms are recorded within investment properties at historic cost less depreciation and accumulated impairment losses. Rental income from operating lease including advances received is recognised on a straight-line basis over the period of the lease.

(m) 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 and adding employer's part of state compulsory social insurance contributions.

(n) Cash and cash equivalent

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

(o) 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.

(p) 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 primary activities – sales of real estate, net of value added tax and provided discounts.

	2023	2022
	EUR	EUR
Revenue from the sale of real estate	<u>33 058 321</u>	<u>35 349 427</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	26 990 711	27 378 374
Maintenance of the real estates	196 102	123 547
Real estate tax	244 447	208 613
	<u>27 431 260</u>	<u>27 710 534</u>

(3) Selling expenses

Personnel costs	453 226	476 026
Advertisement and marketing expenses	67 284	101 172
Depreciation of fixed assets	752	1 194
Management and administrative expenses from related companies	37 840	21 576
Other expenses	7 496	7 837
Selling expenses included in the value of inventories	(486 689)	(513 958)
	<u>79 909</u>	<u>93 847</u>

(4) Administrative expenses

Personnel costs	4 782 512	4 577 540
Depreciation of fixed assets	184 868	176 425
Rent and maintenance of the office premises and purchase of office supplies	249 826	271 454
Legal services	32 593	53 310
Audit of the annual report	27 248	15 000
Expenses on cash turnover	4 466	8 883
Management and administrative expenses from related companies	1 194 048	1 109 771
Other administrative expenses	322 098	449 885
Expenses attributable to projects	(4 306 369)	(3 917 648)
	<u>2 491 290</u>	<u>2 744 620</u>

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Notes (continued)

(5) Other operating income

	2023	2022
	EUR	EUR
Penalties received	1 631	-
Other operating income from related companies	440 191	733 928
Other operating income	84 006	62 211
	<u>525 828</u>	<u>796 139</u>

(6) Interest expenses and similar expenses

Interest expenses and similar expenses	32	96
Interest charge from related parties	1 453 131	590 729
	<u>1 453 163</u>	<u>590 825</u>

(7) Corporate income tax for the reporting year

Corporate income tax for the reporting year*	-	-
	<u>-</u>	<u>-</u>

* As at 31 December 2023 Company had retained earnings in amount of EUR 5 845 513, assuming all profit will be distributed – Company will calculate corporate income tax in amount of EUR 1 461 378 at the moment of shareholder decision for distribution of profit.

(8) Investment property

Cost	EUR
31.12.2022	-
Reclasification from inventory	8 249 901
31.12.2023	<u>8 249 901</u>
Depreciation	
31.12.2022.	-
31.12.2023.	-
Net book value at 31.12.2022	<u>-</u>
Net book value at 31.12.2023	<u>8 249 901</u>

The object of the investment property is real estate consisting of one building, that was commissioned in late 2023 and is located at 17 Grēdu Street, Riga. Real Estate is being leased to the subsidiary - SIA BHC Grēdu 17.

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Notes (continued)

(9) Fixed assets

	Leasehold improvements	Other fixed assets	Total fixed assets
Cost	EUR	EUR	EUR
31.12.2022	65 568	973 543	1 039 111
Additions	-	66 913	66 913
Disposals	-	(52 031)	(52 031)
31.12.2023	65 568	988 425	1 053 993
Depreciation			
31.12.2022	34 520	562 014	596 534
Charge for 2023	8 196	177 424	185 620
Disposals	-	(51 414)	(51 414)
31.12.2023	42 716	688 024	730 740
Net book value at 31.12.2022	31 048	411 529	442 577
Net book value at 31.12.2023	22 852	300 401	323 253

(10) Work-in-progress

	31.12.2023 EUR	31.12.2022 EUR
Work-in-progress	37 703 680	47 692 961

The Company's work-in-progress includes design and construction expenses for unfinished projects in Grēdu Street 15, Ropažu Street 16, Druvienas Street 2 and Tumes Street 25, Riga. The work-in-progress includes also land plot and capitalized costs in Maskavas Street, Vienības alley, 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 boulevard Riga, Nometņu Street Salaspils and Dreilīni, Ropažu parish.

(11) Finished goods and goods for sale

Finished goods	12 848 531	2 714 744
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The Company's finished goods include design and construction expenses for finished projects in Dumbrāja Street 29, Krīdenēra dam 4, Ropažu Street 16 and Prūšu Street 1E, Riga, Robežu street 17 and Mazā Robežu Street 3, Dreilīni, Ropažu parish.

(12) Trade debtors

Trade debtors *	258 107	5 471 831
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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.

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Notes (continued)

(13) Share capital

As at 31 December 2023 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.

(14) Provisions

	31.12.2023 EUR	31.12.2022 EUR
Provisions for warranty liabilities	<u>833 663</u>	<u>569 134</u>

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.

(15) Taxes and the state compulsory social insurance contributions

	31.12.2023 EUR	31.12.2022 EUR
Value added tax	141 655	3 239 803
Personal income tax	79 031	76 092
State compulsory social insurance contributions	136 489	131 645
Business risk state duty	56	62
	<u>357 231</u>	<u>3 447 602</u>

(16) Other creditors

	31.12.2023 EUR	31.12.2022 EUR
Salaries	242 809	258 295
Other creditors	6 482	7 966
	<u>249 291</u>	<u>266 261</u>

(17) Accrued liabilities

	31.12.2023 EUR	31.12.2022 EUR
Accrued liabilities to suppliers	2 846 585	1 045 492
Accrued unused annual leave expenses	353 116	383 326
Accrued performance bonuses	217 143	231 637
	<u>3 416 844</u>	<u>1 660 455</u>

**BONAVA LATVIJA SIA
ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Notes (continued)

(18) Average number of employees

	2023	2022
Board members	1	1
Other employees	172	181
	<u>173</u>	<u>182</u>

(19) Management remuneration

	2023 EUR	2022 EUR
Board members' salary expenses	169 271	173 115
Board members' state compulsory social insurance contributions	39 830	39 373
	<u>209 101</u>	<u>212 488</u>

(20) Related party transactions

The parent company of the Company is Bonava East Holding AB (publ) which owns 100% (since 7 February 2024, before - Bonava AB (publ)) of the Company's share capital.

The Company engaged in the following transactions with related parties:

(a) Sale of goods and rendering of services

	2023 EUR	2022 EUR
To the parent company	412 275	691 139
To other related companies	28 097	43 002
	<u>440 372</u>	<u>734 141</u>

(b) Purchase of goods and services

From the parent company	2 656 319	1 709 253
From other related companies	28 700	12 823
	<u>2 685 019</u>	<u>1 722 076</u>

(c) Accounts receivable arising from transactions with related parties

	31.12.2023 EUR	31.12.2022 EUR
Parent company	4 564	58 391
Other related companies	22 927	-
	<u>27 491</u>	<u>58 391</u>

**BONAVA LATVIJA SIA
ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Notes (continued)

Related party transactions (continued)

(d) Loans from related companies

	2023	2022
	EUR	EUR
At the beginning of reporting year	23 340 136	7 899 407
Loans received during the year	16 000 000	32 250 000
Loans repaid during the year	(14 100 000)	(17 400 000)
Calculated and capitalised interest	1 453 131	590 729
At the end of reporting year	<u>26 693 267</u>	<u>23 340 136</u>
Including:		
Short-term loans	<u>26 693 267</u>	<u>23 340 136</u>

(21) 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.

(22) Proposed distribution of profit

The Board propose that profit for the financial year in amount of EUR 2 126 018 to be remained undistributed.

(23) 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.

(24) Subsequent events

There were no 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 2023.

The Annual Report was prepared by the Financial Controller Inese Šteinberga.

The financial statements of the Company set out on pages 6 to 20 were signed on 31 May 2024 by:

Mareks Kļaviņš
Chairman of the Board

Mārtiņš Valjaots
Member of the Board

Inese Šteinberga
Financial Controller

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 financial statements set out on pages 6 to 20 of the annual report give a true and fair view of the financial position of Bonava Latvija SIA (the "Company") as at 31 December 2023, and the Company's financial performance and cash flows for the year ended 31 December 2023 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 2023,
- the balance sheet as at 31 December 2023,
- the cash flow statement for the year ended 31 December 2023
- the statement of changes in equity for the year ended 31 December 2023, 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 annual report,
- the Report of the Management as set out on pages 4 to 5 of the 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 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 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

Jana Smirnova
Member of the Board
Certified auditor in charge
Certificate No. 188

Riga, Latvia
31 May 2024

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