

LIMITED LIABILITY COMPANY *L. J. LINEN*

(UNIFIED REGISTRATION NUMBER 40003669025)

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**PREPARED IN ACCORDANCE WITH  
THE LAW OF THE REPUBLIC OF LATVIA ON ANNUAL REPORTS  
AND CONSOLIDATED ANNUAL REPORTS  
TOGETHER WITH INDEPENDENT AUDITORS' REPORT \***

**Riga, 2023**

\* This version of financial statements is a translation from the original, which was prepared in the Latvian language. 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.

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**General information**

Name of the company	SIA L.J. LINEN	
Legal status of the company	Limited liability company	
Unified registration number, place and date of registration	40003669025, Riga, 8 March 2004	
Registered office	Antonijas iela 5, Riga, Latvia, LV-1010	
Board Members	Līvija Kuļikovska, appointed on 22 April 2010, right to represent the Company individually  Jānis Kuļikovskis, appointed on 22 April 2010, right to represent the Company individually  Zane Kuļikovska, appointed on 2 August 2018, appointed on 22 April 2010, right to represent the Company individually	
Subsidiary	AROWANA EXIM PTE. Ltd. (100%) 156 Macpherson road 09-01, PSL Industrial Building, Singapore, 348528 Acquired on 13 December 2022	
Financial year	1 January – 31 December 2022	
Auditors	Iveta Vimba Latvian Certified Auditor Certificate No 153	SIA Ernst & Young Baltic Muitas iela 1A, Riga Latvia, LV – 1010 License No 17

## Management report

### *General corporate information*

SIA L.J. LINEN (hereinafter - the Company) is engaged in the sale of animal by-products and the provision of a tailored agricultural supply chain to market leaders. The Company provides a seamless, full-cycle door-to-door sales and delivery service. The Company is a bridge between raw material producers and producers of animal feed, biofuels and human food. Almost half of meat production is considered waste. Processing produces animal protein meal and animal fats. These products can be further used in animal feed, human food, organic fertilizers and cosmetics.

### *Overall performance and financial position of the Company*

The Company closed the year 2022 with a profit of EUR 4 256 831, an increase of 53% compared to 2021, and an increase in turnover of EUR 14 530 716 or 51% compared to 2021, mainly due to the existing sales growth as well as expansion into new market segments.

### *The Company and its development in the reporting year*

The Company shareholders have in-depth knowledge and expertise in the sale of these components, gained in almost 30 years of experience and working with clients in 46 markets. The Company is a supplier to some of the world's largest animal feed manufacturers and is one of the largest exporters of these ingredients to developing countries.

The year 2022 was particularly successful for the Company as it took advantage of commodity price rise in the world to enter new markets and win new clients. This was mainly achieved by offering alternative products to the readily available but was hampered by the war in Ukraine and supply chain disruptions. In this case, the Company was able to more easily convince both existing and new clients of the need to diversify and use a wider range of raw materials. LINEN had previously explained to its clients that it was a strategy that reduced price volatility of finished products as well as dependence on a single source of raw materials. By choosing a successful strategy, the Company was also able to strengthen its position with suppliers, demonstrating a steady increase in purchases and the ability to enter new and hard-to-reach markets more easily. The Company was able to conclude an exclusive representation agreement with one of Europe's largest producers of animal protein and fats. Using its existing premises, distribution channels and significant client network, the Company plans to significantly increase its turnover in the new year and continue to develop sales of new products and enter new markets, thus reducing its dependence on one region and reducing the regional impact on the Company as a whole.

The Company operates in the recycling trade, a sector that succeeds year by year. The circular economy and the use of recycled resources are becoming increasingly important and are on the agenda of any large manufacturer. Cooperation with LINEN gives a competitive advantage over its partners as thus they can improve their ESG stance. The Company is actively exploring the use of certain waste materials and their potential for renewable energy production and is seriously considering the possibility of launching the production of certain energy-related and other products made from waste. The Company is actively consulting and researching the production process of various end products and developing projects to fulfil its current vision.

In 2022, a decision was taken to restructure the Group, which resulted in the Company acquiring the shares of the subsidiary AROWANA EXIM PTE Ltd. at the end of 2022 for their nominal value and selling the shares of Plant I Boos Ltd. for their nominal value to Lionpro BV, the Group holding company in the Netherlands.

To be able to increase its sales as well as its profits, the Company actively sought external financing for its working capital during 2022. In the reporting year, KMPG Latvia conducted due diligence and in successful cooperation with AS Signet Bank organized the covered bond issue of a EUR 2 000 000 registered with Nasdaq CSD. In parallel, the limit of the ALTUM-guaranteed credit facility with AS Signet Bank was increased from EUR 450 000 to EUR 1 000 000.

**Management report (cont'd)***Significant risks and uncertainties*

In the first months of 2022, the economy of the Republic of Latvia and many other countries was severely shaken by the Russian Federation's invasion of the Republic of Ukraine. It significantly slowed down and changed the economic development of the country and the world, and until today there is still uncertainty about further economic development. The outbreak of the war made the Company adapt to new conditions - rising transport costs and the processing of currency payments. The Company's sales were and are not linked to the markets in the Russian Federation and the Republic of Ukraine. The Company really hopes for swift recovery of the global economy, which will further improve the Company's prospects for increasing sales and profits in 2023. The Company management believes that the Company is able to cope with the emergency situation without the assistance of specific compensatory measures.

Given that the majority of revenue from sales market is in foreign currencies, the Company's financial performance is impacted by currency risk which is managed through an internal procedure of fixing the exchange rate at a 2%-3% margin at the time of calculation of sales prices and conclusion of contracts.

*Further development of the Company*

The Company seems to be very successful in its chosen direction, market, products and services. During 2023, the Company will focus on scaling up each of the business lines initiated in 2022. This means increasing sales in all regions where it operates, augmenting sales of sustainable energy products and focusing relatively less on entering new markets and launching new products. The Company makes decisions about engaging in the distribution of certain products on behalf of other companies in the markets in which it operates. In this way, the Company will increase its sales while maintaining the existing level of risk.

Jānis Kuļikovskis  
Chairman of the Board

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## Statement of profit or loss

	Notes	2022 EUR	2021 EUR
Net turnover	3	42 863 040	28 332 324
• from other operating activities		42 863 040	28 332 324
Cost of sales	4	(36 198 225)	(24 732 477)
<b>Gross profit or loss</b>		<b>6 664 815</b>	<b>3 599 847</b>
Distribution costs	5	(1 387 094)	(659 423)
Administrative expense	6	(920 132)	(407 273)
Other operating income	7	103 808	312 749
Other operating expense	8	(112 805)	(34 146)
Other interest and similar income:	9	86	240
Interest and similar expense:	10	(43 797)	(10 197)
• other parties		(43 797)	(10 197)
<b>Profit or loss before corporate income tax</b>		<b>4 304 881</b>	<b>2 801 797</b>
Income tax expense		(48 050)	(16 228)
<b>Profit or loss after corporate income tax</b>		<b>4 256 831</b>	<b>2 785 569</b>
<b>Net profit or loss for the reporting year</b>		<b>4 256 831</b>	<b>2 785 569</b>

The accompanying notes form an integral part of these financial statements.

Jānis Kuļikovskis  
Chairman of the Board

Gundars Vjakse  
Chief Accountant

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## Balance sheet

<b>ASSETS</b>		Notes	31/12/2022 EUR	31/12/2021 EUR
<b>NON-CURRENT ASSETS</b>				
<b>Intangible assets</b>				
	Concessions, patents, licenses, trademarks and similar rights		21 776	-
	Prepayments for intangible assets		2 265	2860
	TOTAL	11	<b>24 041</b>	<b>2 860</b>
<b>Property, plant and equipment</b>				
	Other fixtures and fittings, tools and equipment		84 578	78 498
	Prepayments for property, plant and equipment		20 000	20 000
	TOTAL	12	<b>104 578</b>	<b>98 498</b>
<b>Non-current financial assets</b>				
	Investments in associates	13	701	-
	Other loans and non-current receivables	14	889	571
	TOTAL		<b>1 590</b>	<b>571</b>
	<b>TOTAL NON-CURRENT ASSETS</b>		<b>130 209</b>	<b>101 929</b>
<b>CURRENT ASSETS</b>				
<b>Inventories</b>				
	Finished goods and goods for sale		175 465	95 093
	Prepayments for inventories		-	62 216
	TOTAL	15	<b>175 465</b>	<b>157 309</b>
<b>Receivables</b>				
	Trade receivables	16	5 811 867	902 351
	Receivables from related companies	17	11 864 647	5 898 016
	Other receivables	18	252 196	192 429
	Loans to shareholders and management	19	36 000	-
	Prepaid expense	20	15 070	9 723
	TOTAL		<b>17 979 780</b>	<b>7 002 519</b>
<b>Cash</b>			32 641	15 245
	<b>TOTAL CURRENT ASSETS</b>		<b>18 187 886</b>	<b>7 175 073</b>
<b>TOTAL ASSETS</b>			<b>18 318 095</b>	<b>7 277 002</b>

The accompanying notes form an integral part of these financial statements.

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Chairman of the Board

Gundars Vjakse  
Chief Accountant

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## Balance sheet

EQUITY AND LIABILITIES				
	Notes	31/12/2022	31/12/2021	
EQUITY		EUR	EUR	
Share capital		2 842	2 842	
Retained earnings		5 190 952	2 525 383	
Profit for the reporting year		4 256 831	2 785 569	
		<b>TOTAL EQUITY</b>	<b>9 450 625</b>	<b>5 313 794</b>
LIABILITIES				
Non-current liabilities				
Bond-secured loans	22	2 000 000	-	
		<b>TOTAL</b>	<b>2 000 000</b>	<b>-</b>
Current liabilities				
Loans from credit institutions	23	1 000 000	266 999	
Other loans		-	2 878	
Trade payables	24	5 628 721	1 604 818	
Other liabilities	25	8 295	29 614	
Accrued liabilities	26	230 454	58 899	
		<b>TOTAL</b>	<b>6 867 470</b>	<b>1 963 208</b>
		<b>TOTAL LIABILITIES</b>	<b>8 867 470</b>	<b>1 963 208</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			<b>18 318 095</b>	<b>7 277 002</b>

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## Statement of cash flows

	2022 EUR	2021 EUR
<b>Cash flows to/from operating activities</b>		
<b><i>Profit or loss before corporate income tax</i></b>	4 184 881	2 801 797
Adjustments for:		
• depreciation and impairment of property, plant and equipment	44 776	30 975
• amortization and impairment of intangible assets	8 702	-
• gain or loss from fluctuations of currency exchange rates	(64 270)	(305 873)
• other interest and similar income	(86)	(240)
• interest and similar expense	43 797	10 197
<b><i>Profit or loss before adjustments for the effect of changes in current assets and current liabilities</i></b>	<b>4 217 800</b>	<b>2 536 856</b>
• (increase) or decrease in receivables	(10 973 303)	(1 955 042)
• (increase) or decrease in inventories	(18 156)	335 970
• increase or (decrease) in trade and other payables	4 170 181	(1 438 030)
<b><i>Cash generated from operations</i></b>	<b>(2 603 478)</b>	<b>(520 246)</b>
Interest paid	(47 608)	(7 233)
Corporate income tax paid	(48 050)	(16 228)
<b>Net cash flows to/from operating activities</b>	<b>(2 699 136)</b>	<b>(543 707)</b>
<b>Cash flows to/from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(80 739)	(50 438)
Loans issued	-	-
Loans repaid	-	8 000
<b>Net cash flows to/from investing activities</b>	<b>(80 739)</b>	<b>(42 438)</b>
<b>Cash flows to/from financing activities</b>		
Proceeds from borrowings	2 733 001	266 999
Repayment of borrowings	-	(2 920)
Payment of finance lease liabilities	-	(15 378)
Dividends paid	-	(89 326)
<b>Net cash flows to/from financing activities</b>	<b>2 733 001</b>	<b>159 375</b>
<b>Net foreign exchange difference</b>	<b>64270</b>	<b>305 873</b>
<b>Net cash flow for the year</b>	<b>17 396</b>	<b>(120 897)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>15 245</b>	<b>136 141</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>32 641</b>	<b>15 244</b>

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Chairman of the Board

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### Statement of changes in equity

	Share capital	Retained earnings	Total
<b>Balance as at 31 December 2020</b>	2 842	2 525 383	2 528 225
Profit for the reporting year		2 785 569	2 785 569
<b>Balance as at 31 December 2021</b>	<b>2 842</b>	<b>5 310 952</b>	<b>5 313 794</b>
Dividends paid		(120 000)	(120 000)
Profit for the reporting year		4 256 831	4 256 831
<b>Balance as at 31 December 2022</b>	<b>2 842</b>	<b>9 447 783</b>	<b>9 450 625</b>

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## Notes to the financial statements

### 1. Corporate information

SIA L.J. LINEN (hereinafter – the Company) was registered with the Republic of Latvia Enterprise Register on 8 March 2004. The registered office of the Company is at Antonijas iela 5, Riga. The Company is mainly engaged in the wholesale of grain, seeds, raw tobacco and animal feed. Other activities include the manufacture of fertilizers and nitrogen compounds and the wholesale of other food products, including fish, crustaceans and mollusks.

The Company's shareholder which consolidates the Company as its subsidiary in the preparation of consolidated annual reports is AROWANA EXIM PTE LTD (registered office: 156 MACPHERSON ROAD 09-01, PSL INDUSTRIAL BUILDING, 348528, Singapore). Copies of consolidated annual reports are available at Antonijas iela 5, Riga.

### 2. Summary of significant accounting policies

#### ***Basis of preparation***

The financial statements of SIA L.J. LINEN have been prepared in accordance with the Law of the Republic of Latvia on Annual Reports and Consolidated Annual Reports.

The financial statements are prepared on a historical cost basis. The monetary unit used in the financial statements is the euro (EUR). The financial statements cover the period 1 January 2022 through 31 December 2022.

The Company meets the criteria of a medium-sized enterprise specified in the law.

The law sets forth additional exemptions for small and medium-sized enterprises with regard to the preparation of financial statements, meanwhile providing that the financial statements must give a true and fair view of a company's financial position and profit or loss, while as regards annual reports of medium-sized and large enterprises, also of cash flows.

The statement of profit or loss has been prepared according to the function of expense method. The statement of cash flows has been prepared under the indirect method.

In order to improve the comparability of the prepared statement of profit or loss and the balance sheet, certain reclassifications have been made to several items of the statement of profit or loss and the balance sheet for the year ended 31 December 2021.

#### ***Going concern***

The financial statements are prepared on the basis that the Company will continue to be a going concern.

#### ***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.

#### ***Foreign currency translation***

The functional and presentation currency of the Company is the euro (EUR), the monetary unit of the Republic of Latvia. Transactions in foreign currencies are translated into the euro at the euro foreign exchange reference rate published by the European Central Bank at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the euro applying the euro foreign exchange reference rate published by the European Central Bank at the last day of the reporting year. The differences arising on settlements of transactions or on reporting foreign currency transactions at rates different from those at which these transactions have originally been recorded are netted in the statement of profit or loss.

31.12.2022	USD/EUR	1.0666
31.12.2021	USD/EUR	1.1326

#### ***Intangible assets***

Intangible non-current assets are stated at cost and amortized over their estimated useful lives on a straight-line basis. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Losses from impairment are recognized where the carrying value of intangible non-current assets exceeds their recoverable amount.

#### ***Research and development costs***

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can be foreseen with reasonable certainty. Any expenditure carried forward is amortized over the period of expected future sales from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

## 2. Summary of significant accounting policies (cont'd)

### **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Other property, plant and equipment	- over 5 years
Computing equipment	- over 3 years

Depreciation is calculated starting with the following month after the asset is put into operation or engaged in commercial activity. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. To the extent that the Company depreciates separately some parts of property, plant and equipment, it also depreciates separately the remainder of the item. The remainder consists of the parts that are individually insignificant. The depreciation for the remainder is determined using approximation techniques to faithfully represent its useful life.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the higher of an asset's net selling price and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of profit or loss in the cost of sales caption.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of profit or loss in the year the item is derecognized.

### **Investments in subsidiaries and associates**

Investments in subsidiaries (i.e. where the Company holds more than 50% interest of the share capital or otherwise controls the company) and associates (i.e. where the Company has significant influence, but less than a controlling interest, which is presumed to exist with 20 to 50% interest of the share capital of the entity) are stated in accordance with the cost method. Following initial recognition, investments in subsidiaries and associates are carried at cost less any accumulated impairment losses. The carrying values of investments in subsidiaries and associates are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

### **Other financial assets**

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognized on the trade date, i.e., the date that the Company commits to purchasing the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in the statement of profit or loss when loans and receivables are derecognized or impaired, as well as through the amortization process.

## 2. Summary of significant accounting policies (cont'd)

### ***Inventories***

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials – purchase cost on a first-in, first-out (FIFO) OR a weighted average cost basis;

Finished goods and work in progress – cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value is disclosed at the purchase (production) cost less allowances made.

### ***Trade and other receivables***

Trade and other receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when recovery is deemed impossible.

### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

### ***Loans and borrowings***

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in the statement of profit or loss as interest income/ expense when the liabilities are derecognized through the amortization process.

### ***Provisions***

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

### ***Contingencies***

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

### ***Leases***

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments, by a respective charge to current and non-current liabilities. Lease payments are apportioned between the finance charges and reduction of the principal lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term on a straight-line basis.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit or loss on a straight-line basis over the lease term. The commitments undertaken by the Company with respect to operating lease contracts are recorded as off-balance sheet liabilities.

## 2. Summary of significant accounting policies (cont'd)

### **Revenue**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, less value added tax and sales-related discounts. The following specific recognition criteria must also be met before revenue is recognized:

#### *Sale of goods*

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

#### *Rendering of services*

The Company basically provides services related to the wholesale of grain, seeds, raw tobacco and animal feed as well as the manufacture of fertilizers and nitrogen compounds and the wholesale of other food products, including fish, crustaceans and mollusks. Revenue is recognized in the period when the services are rendered.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

#### *Dividends*

Revenue is recognized when the shareholders' right to receive the payment is established.

### **Income taxes**

Corporate income tax for the year 2022 is calculated according to the Corporate Income Tax Law, which has been in force as of 1 January 2018. Corporate income tax for the year 2017 and previous years is calculated in accordance with the Law on Corporate Income Tax, which has been repealed by the Corporate Income Tax Law, applying the tax rate of 15% prevailing in a respective period.

Legal entities have not been required to pay income tax on earned profits starting from 1 January 2018 in accordance with amendments made to the Corporate Income Tax Law of the Republic of Latvia. Corporate income tax is paid on distributed profits and deemed profit distributions. Both distributed profits and deemed profit distributions have been subject to the tax rate of 20 per cent of their gross amount, or 20/80 of net expense. Corporate income tax on dividends is recognized in the statement of profit or loss as expense in the reporting period when respective dividends are declared, while, as regards other deemed profit items, at the time when expense is incurred in the reporting year.

No provision is recognized for income tax payable on a dividend distribution before dividends are declared.

### **Subsequent events**

Post-year-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-year-end events that are not adjusting events are disclosed in the notes when material.

**3. Net turnover**

<b><i>By business activities</i></b>	NACE code	2022	2021
Wholesale of animal feed additives		42 856 787	28 223 246
Brokerage		372	75 011
Wholesale of finished goods		5 881	34 067
	<b>TOTAL:</b>	<b>42 863 040</b>	<b>28 332 324</b>

**4. Cost of sales**

	2022	2021
Acquisition cost of goods and materials	33 030 563	21 888 021
Transport costs	3 105 611	2 785 381
Other production costs	62 051	59 075
	<b>TOTAL:</b>	<b>36 198 225</b>
		<b>24 732 477</b>

**5. Distribution costs**

	2022	2021
Wages and salaries	567 770	319 389
Business trips	278 967	105 221
Statutory social insurance contributions	128 500	77 827
Agency fee	157 662	55 412
Advertising and marketing expense	145 694	70 905
Transport costs	23 854	12 042
Representation expense	6 010	-
Other distribution costs	34 293	12 104
Other staff costs	44 344	6 523
	<b>TOTAL:</b>	<b>1 387 094</b>
		<b>659 423</b>

In 2022, the representation expense caption comprised only promotional activities, consequently, in the financial statements they are presented under distribution costs instead of under administrative expense.

**6. Administrative expense**

	2022	2021
Wages and salaries	310 168	128 236
Office maintenance expense	133 026	135 022
Transport costs	52 381	37 183
Depreciation	46 275	30 975
Statutory social insurance contributions	68 899	27 441
Bank charges	10 856	13 422
Other staff costs	85 235	12 164
Professional fees	99 654	12 207
Representation expense and staff sustainability measures	-	9 590
Other administrative expense	113 638	1 033
	<b>TOTAL:</b>	<b>920 132</b>
		<b>407 273</b>

**7. Other operating income**

	2022	2021
Currency exchange gain, net	57 785	305 873
Currency purchase gain, net	6 485	-
Co-funding received	39 103	6 279
Other income	435	597
<b>TOTAL:</b>	<b>103 808</b>	<b>312 749</b>

The Company received IDAL (Investment and Development Agency of Latvia) co-financing for the development of the Plant-I-Boost product under the project SKV-L- 2020/171, as a result, in 2022 the Company registered a trademark, developed the export of goods and participated in international exhibitions.

**8. Other operating expense**

	2022	2021
Currency purchase loss, net	-	15 345
Non-operating expense	9 673	18 574
Penalties	140	136
Other expense	-	91
Donations	10 000	-
Not refunded VAT in Italy *	92 992	-
<b>TOTAL:</b>	<b>112 805</b>	<b>34 146</b>

\*In the period between 2020 and 2022, the Company worked with a business partner in Italy who applied domestic VAT in the Republic of Italy to its sales for the relevant period, despite the fact that the transactions qualified as exports and the goods purchased were exported to Asia. On the basis of European Union Directive 2008/9/EC and Cabinet Regulation No 1514 "Procedures by which a Registered Taxable Person shall submit an Application for the Receipt of the Value Added Tax Refund in Another European Union Member State, and Procedures for the Refund of Value Added Tax to a Registered Taxable Person of Another European Union Member State", the Company submitted to the Italian Revenue Agency a request for a refund of the VAT paid in the Republic of Italy to which a letter declining it was received on 6 April 2022,.

**9. Other interest and similar income**

	2022	2021
Loan interest charged	86	240
<b>TOTAL:</b>	<b>86</b>	<b>240</b>

**10. Interest and similar expense**

	2022	2021
Loan interest payments	-	311
Finance lease interest	9	303
Interest on a bank credit line	43 788	9 583
<b>TOTAL:</b>	<b>43 797</b>	<b>10 197</b>

**11. Intangible assets**

	Concessions, patents, licenses, trademarks and similar rights	Prepayments for intangible assets	TOTAL
<b>As at 31 December 2020</b>			
Cost	217	-	217
Accumulated amortization and impairment	(217)	-	(217)
Carrying amount as at 31 December	-	-	-
<b>Year ended 31 December 2021</b>			
Carrying amount as at 1 January	-	-	-
Additions	-	2 860	2 860
Carrying amount as at 31 December	-	2 860	2 860
<b>As at 31 December 2021</b>			
Cost	217	2 860	3 077
Accumulated amortization and impairment	(217)	-	(217)
Carrying amount as at 31 December	-	2 860	2 860
<b>Year ended 31 December 2022</b>			
Carrying amount as at 1 January	-	2 860	2 860
Additions	27 104	7 428	34 532
Disposals	(6 217)	(5 163)	(11 380)
Accumulated amortization of disposals	1 550		1 550
Reclassification	2 860	(2 860)	-
Amortization charge	(3 521)		(3 521)
Carrying amount as at 31 December	21 776	2 265	24 041
<b>As at 31 December 2022</b>			
Cost	23 747	2 265	26 012
Accumulated amortization and impairment	(1 971)	-	(1 971)
Carrying amount as at 31 December	21 776	2 265	24 041

**12. Property, plant and equipment**

	Other fixtures and fittings, tools and equipment	Prepayments for property, plant and equipment	TOTAL
<b>As at 31 December 2020</b>			
Cost	223 193	-	223 193
Accumulated depreciation and impairment	(141 298)	-	(141 298)
Carrying amount as at 31 December	81 895	-	81 895
<b>Year ended 31 December 2021</b>			
Carrying amount as at 1 January	81 895	-	81 895
Additions	27 578	20 000	47 578
Cost of disposals	(6 308)	-	(6 308)
Accumulated depreciation of disposals	6 308	-	6 308
Depreciation charge	(30 975)	-	(30 975)
Carrying amount as at 31 December	78 498	20 000	98 498
<b>As at 31 December 2021</b>			
Cost	244 463	20 000	264 463
Accumulated depreciation and impairment	(165 965)	-	(165 965)
Carrying amount as at 31 December	78 498	20 000	98 498
<b>Year ended 31 December 2022</b>			
Carrying amount as at 1 January	78 498	20 000	98 498
Additions	46 757	2 591	49 348
Cost of disposals	(35 460)	-2 591	(38 051)
Accumulated depreciation of disposals	32 870	-	32 870
Depreciation charge	(38 087)	-	(38 087)
Carrying amount as at 31 December	84 578	20 000	104 578
<b>As at 31 December 2022</b>			
Cost	255 760	20 000	275 760
Accumulated depreciation and impairment	(171 182)	-	(171 182)
Carrying amount as at 31 December	84 578	20 000	104 578

**13. Investments in related companies**

Company	% of equity interest	Initial investment	Write-off of the investment value	31.12.2022.	31.12.2021.
LTD AROWANA PTE 156 Macpherson road 09-01, PSL Industrial Building, Singapore, 348528	100	700	-	701	-
<b>TOTAL:</b>		<b>700</b>	<b>-</b>	<b>701</b>	<b>-</b>

**Financial information about subsidiaries:**

Company	Equity		Profit/ (loss) for the year	
	31/12/2022	31/12/2021	2022	2021
LTD AROWANA PTE	2 576 006	2 546 798	29 208	413 142

On 13 December 2022, the Company acquired 100% of the shares of AROWANA PTE LTD, a company engaged in wholesale of various goods. For the period ending 31 December 2022, the acquired subsidiary's revenue totaled USD 38 568 323 and its unaudited net profit amounted to USD 31 153. As at 31 December 2022, the Company revalued AROWANA PTE LTD's equity and profit for the year based on the EUR/USD exchange rate of 1.0666 as at 31 December.

**14. Other loans and non-current receivables**

	31/12/2022	31/12/2021
Security deposits paid	889	571
<b>TOTAL:</b>	<b>889</b>	<b>571</b>

**15. Inventories**

	31/12/2022	31/12/2021
Finished goods and goods for sale	175 465	95 093
Prepayments for inventories	-	62 216
<b>TOTAL:</b>	<b>175 465</b>	<b>157 309</b>

**16. Trade receivables**

	31/12/2022	31/12/2021
Trade receivables	5 811 867	902 351
<b>TOTAL:</b>	<b>5 811 867</b>	<b>902 351</b>

Trade receivables are non-interest bearing.

\* Receivables from related companies are reclassified to a separate balance sheet caption, see Note 17.

**17. Receivables from related companies**

	31/12/2022	31/12/2021
Trade receivables	11 864 647	5 898 016
<b>TOTAL:</b>	<b>11 864 647</b>	<b>5 898 016</b>

Trade receivables from related companies represent goods sold through low-risk sales agents (related companies) to end-consumers in the Asian and African regions. Taking into account that the transit time from ports in Europe to the destination ports in Asia and warehouses of the related parties in Africa can take between 60-180 days, the amount of EUR 4 228 965 was recognized as goods in transit. As at 31 March 2023, the invoices for receivables of EUR 7 491 030 were paid (settled). Invoices between the related parties are subject to a 180-day post-payment period. As at 31 December 2022, there were no invoices on the balance sheets of related companies with an issue date over 360 days. The Company management believes that balance due is fully recoverable.

**18. Other receivables**

	31/12/2022	31/12/2021
Overpayment of taxes	166 466	131 645
Overpaid liabilities	-	50 759
Advances to employees	441	4 845
Advance payments for operating lease	391	2 724
Doubtful receivables	84 076	-
Current loan	822	2 456
<b>TOTAL:</b>	<b>252 196</b>	<b>192 429</b>

**19. Advances, loans and guarantees to management**

	31/12/2022	Repaid	Issued	31/12/2021
Loans to Board Members	36 000	-	36 000	-
<b>TOTAL:</b>	<b>36 000</b>	<b>-</b>	<b>36 000</b>	<b>-</b>

**Repayable:**

	31/12/2022	31/12/2021
In less than one year	36 000	-
In more than one year	-	-
<b>TOTAL:</b>	<b>36 000</b>	<b>-</b>

The loan matures on 31 October 2023 and bears interest at 3% p.a. The loan currency is the EUR, and it is not secured.

**20. Prepaid expense**

	31/12/2022	31/12/2021
Participation in the exhibition	-	5 800
Business trips	-	2 899
Insurance	4 059	1 024
Lease of premises	3 951	-
IT costs	7 000	-
Other prepaid expense	60	-
<b>TOTAL:</b>	<b>15 070</b>	<b>9 723</b>

**21. Cash**

	31/12/2022	31/12/2021
Cash at bank	32 641	15 245
<b>TOTAL:</b>	<b>32 641</b>	<b>15 245</b>

**22. Bond-secured loans**

	31/12/2022	31/12/2021
Bond-secured loans	2 000 000	-
<b>TOTAL:</b>	<b>2 000 000</b>	<b>-</b>

On 14 December 2022, the Company issued bonds worth EUR 2 000 000. The nominal value of each bond was EUR 1 000; a coupon rate was 10% + 3M EURIBOR with a quarterly payment schedule. The bonds were issued for a period of two years; the redemption date is 16 December 2024. The bonds issued are secured by:

- 1) second level commercial pledge on entire assets of the Company on the date of pledge as well as future components with a maximum claim amount of EUR 2.4 million.
- 2) second level commercial pledge on the L.J.LINEN' shares with a maximum claim amount of EUR 2.4 million;
- 3) guarantee from Arowana Exim PTE LTD with a maximum claim amount of EUR 2.4 million;
- 4) guarantee from Lionpro PTE LTD with a maximum claim amount of EUR 2.4 million.

**23. Loans from credit institutions**

<b>Current:</b>	Maturity	31/12/2022	31/12/2021
Loan from Signet Bank AS	EUR	1 000 000	266 999
<b>TOTAL current loans from credit institutions:</b>		<b>1 000 000</b>	<b>266 999</b>
<b>TOTAL loans from credit institutions:</b>		<b>1 000 000</b>	<b>266 999</b>
		31/12/2022	31/12/2021
Maturing in less than one year		1 000 000	266 999
Maturing between one and five years		-	-
Maturing in more than five years		-	-
<b>TOTAL:</b>		<b>1 000 000</b>	<b>266 999</b>

On 16 June 2021, Overdraft Agreement No. 10.5-D-01-21/5 was signed. In accordance with Agreement No. 4, dated 14 December 2022, the Company was granted a credit line of EUR 1 000 000 at a floating interest rate of 4.75% + 6 M EURIBOR; according to Guarantee Agreement NO 10.5-D-01-21/5-G1A, the Company shareholder as a guarantor is liable for up to EUR 200 000.

**24. Trade payables**

	31/12/2022	31/12/2021
Trade payables	5 628 721	1 604 818
<b>TOTAL:</b>	<b>5 628 721</b>	<b>1 604 818</b>

**25. Other liabilities**

	31/12/2022	31/12/2021
Wages and salaries	-	29 614
Other settlements with employees	8 295	-
<b>TOTAL:</b>	<b>8 295</b>	<b>29 614</b>

**26. Accrued liabilities**

	31/12/2022	31/12/2021
Other accrued liabilities	131 707	23 770
Vacation pay reserve	98 747	35 129
<b>TOTAL:</b>	<b>230 454</b>	<b>58 899</b>

**27. Average number of employees**

	2022	2021
Average number of Board Members during the reporting year	2	2
Average number of other employees during the reporting year	29	16
Board Members who do not receive remuneration for their functions in the Board	1	1

**28. Remuneration for the performance of functions**

	2022	2021
Board Members	45 609	45 516

**29. Staff costs**

	2022	2021
Wages and salaries	877 938	447 625
Statutory social insurance contributions	197 399	105 268
<b>TOTAL:</b>	<b>1 075 337</b>	<b>552 893</b>

**30. Taxes payable**

	2022	2021
Overpayment of taxes (see Note 33)	(166 466)	(131 645)
<b>Single tax account</b>	<b>(166 466)</b>	<b>(131 645)</b>
<b>Total receivable (disclosed as other receivables)</b>	<b>166 466</b>	<b>131 645</b>

**31. Commitments and liabilities****(a) Commitments under operating leases**

The Company as a lessee has entered into several office lease agreements for five years. The total amount of annual lease and maintenance expenses was EUR 40 485 in 2022 (2021: EUR 37 737).

**(b) Legal claim**

The Company was not involved in any legal proceedings in 2022.

**(c) Guarantees**

The Company did not give any guarantees or warranties and its assets were not pledged or encumbered in 2022, except for the commitments and guarantees referred to in Notes 22 and 23 to these financial statements.

**32. Events after balance sheet date**

As of the last day of the reporting year until the date of signing these financial statements, the Company is in the process of establishing the LIONPRO Group, which will result in the Company being part of the LIONPRO Group by the end of the next financial year; consolidation takes place in the Netherlands in accordance with the Dutch financial requirements.

There were no other events requiring adjustment or disclosure in these financial statements.

Jānis Kuļikovskis  
Chairman of the Board

Gundars Vjaksē  
Chief Accountant

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

**Independent auditors' report**