

**MARINE INSURANCE SERVICES SIA**

**ANNUAL REPORT FOR YEAR 2022**

**AND AN INDEPENDENT AUDITORS' REPORT**

Riga, 30 May 2023

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**COMPANY INFORMATION**

Name of the Company	Marine Insurance Services SIA
Legal status of the Company	Limited liability company
Registration No., place and date	40003693065, Riga, August 4, 2004
Registered office	Baznicas street 4A, Riga, LV-1010
Major shareholders	Marine Underwriting Services SIA 90%
Members of the Board	Abuzjarovs Aleksandrs – Chairman of the Board Radionovs Andrejs – Board member
Annual report drawn up by	Ilmārs Dāvidsons – Financial director
Reporting year	from 01.01.2022 to 31.12.2022
Information on group's subsidiary companies	Marine Underwriting Services SIA, reg No.40103608205,
Type of company's activity	Activities of insurance agents and brokers
NACE classification code	6622
Auditors	"Sindiks" SIA Brivibas 85-5 Riga, LV- 1011 License No. 100 Certified Auditor Silvija Gulbe Certificate No. 142



## **MANAGEMENT REPORT**

### **Type of activity**

SIA "Marine Insurance Services" (hereinafter the company or SIA "Marine Insurance Services") was established in 2004 and launched as AAS "If Latvia" maritime and transport risk Insurance Agency. Developing the company also launched a risk management service and in September 2006 received an insurance broker license issued by the financial and Capital Market Commission and started Insurance Broker activity. SIA "Marine Insurance Services" is based on a specialized maritime risk insurance and loss regulation, which has become the leading Insurance Broker in Latvia as well as in the Baltic states in the following types of insurance:

- Ship insurance;
- Civil liability insurance for shipowners and charterers;
- Cargo insurance;
- Port operator Liability insurance;
- Liability insurance for transport and logistics operators.

### **Performance and Financial Situation of the Company**

The year 2022 was the nineteenth year of the Company's activity. The company continued the started course and further strengthened its position as a leading insurance broker in the marine business. The portfolio of written premiums in 2022 exceeded EUR 16 641 369. In 2022, the Company maintained its leading position in Marine, Cargo and Logistics risk insurance with 50 of the total volume of the Latvian brokerage market, continuing to purposefully develop the provision of aviation risk insurance mediation services and is currently the largest broker in this form of insurance.

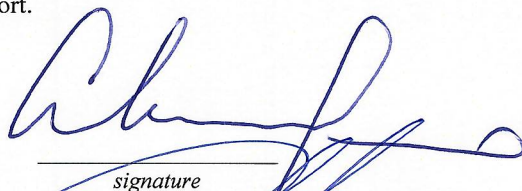
### **Main Non-financial Indicators Characterising the Company and the Industry**

The company's financial assets consist mainly of trade receivables, which are denominated in different currencies and demand deposits with credit institutions. The major part of the financial liability consists of trade payables for services denominated in different currencies, which means that the company is subject to currency risk. The funds are mainly placed in the financial institutions of Latvia. There are no significant differences between the balance of financial assets and liabilities and their fair value. Financial derivatives were not used by the company during the financial year.

### **Future Development Plans**

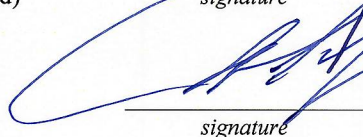
In 2023, the Company plans to continue to develop its operations and maintain the high quality of services to customers, as well as to look for and attract new customers, offering services to entrepreneurs both in the Baltics. We have carefully evaluated all the information available to us, including the impact of the crisis caused by the coronavirus on the Company's operations, and we believe that the going concern principle is fully applicable in the preparation of the financial report.

Abuzjarovs Aleksandrs  
(Chairman of the Board)

  
*signature*

30 May 2023

Radionovs Andrejs  
(Board member)

  
*signature*

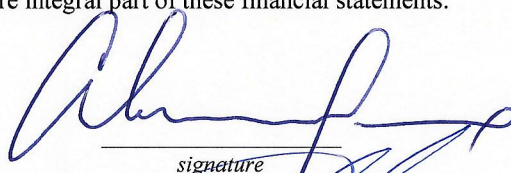


**INCOME STATEMENT**  
(classified per function of expenditure)

		2022	2021
	Note number	EUR	EUR
Net turnover:	2	3 577 467	2 964 466
b) from other main activity types.		3 577 467	2 964 466
Production cost of goods sold, acquisition cost of goods sold or services provided	3	(1 904 762)	(1 501 620)
<b>Gross profit or loss</b>		<b>1 672 705</b>	<b>1 462 846</b>
Selling expenses	4	(23 753)	(31 777)
Administrative expenses	5	(218 862)	(220 117)
Other operating income	6	152 987	189 503
Other operating expenses	7	(38 170)	(23 775)
Interest payments and similar expenses:		(52)	-
b) to other persons.		(52)	-
<b>Profit or loss before the corporate income tax</b>		<b>1 544 855</b>	<b>1 376 680</b>
Corporate income tax for the reporting year		(384)	(92 384)
<b>Profit or loss after calculating the corporate income tax</b>		<b>1 544 471</b>	<b>1 284 296</b>
<b>Profit or loss of the reporting year</b>		<b>1 544 471</b>	<b>1 284 296</b>

Notes on pages 8 to 17 form are integral part of these financial statements.

Abuzjarovs Aleksandrs  
(Chairman of the Board)



signature

30 May 2023


Radionovs Andrejs  
(Board member)



signature

**Annual report drawn up by:**

Ilmārs Dāvidsons  
(Financial director )



signature

**BALANCE SHEET**

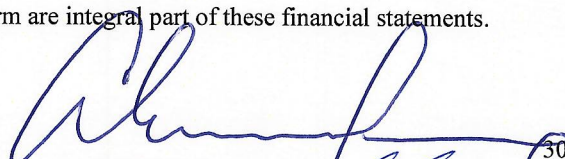
<b>ASSETS</b>	<b>Note number</b>	<b>31.12.2022 EUR</b>	<b>31.12.2021 EUR</b>
<b>Long-term investments</b>			
<b>Intangible assets</b>			
Concessions, patents, licences, trademarks and similar rights		995	3 886
Advance payments for intangible assets		57 297	18 039
<b>Total intangible assets</b>	8	<b>58 292</b>	<b>21 925</b>
<b>Fixed assets</b>			
Long-term investment in leased fixed assets		2 947	8 000
Other fixed assets and inventory		27 380	40 525
<b>Total fixed assets</b>	9	<b>30 327</b>	<b>48 525</b>
<b>Long-term financial investments</b>			
Other loans and long-term receivables	10	18 139	22 079
<b>Total long-term financial investments</b>		<b>18 139</b>	<b>22 079</b>
<b>Total long-term investments</b>		<b>106 758</b>	<b>92 529</b>
<b>Current assets</b>			
<b>Receivables</b>			
Trade receivables	11	5 648 841	7 888 075
Amounts owed by related companies	12	83 690	282 067
Other receivables	13	57 642	4 646
Prepaid expenses	14	41 702	28 248
<b>Total receivables</b>		<b>5 831 875</b>	<b>8 203 036</b>
<b>Short-term financial investments</b>			
Other securities and interest in capital	15	2 332 758	-
<b>Total short-term financial investments</b>		<b>2 332 758</b>	<b>-</b>
<b>Cash and cash equivalents</b>	16	<b>3 074 890</b>	<b>3 129 741</b>
<b>Total current assets</b>		<b>11 239 523</b>	<b>11 332 777</b>
<b>TOTAL ASSETS</b>		<b>11 346 281</b>	<b>11 425 306</b>

**BALANCE SHEET**

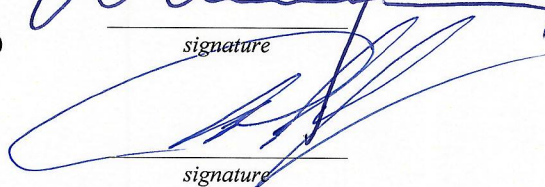
<b>LIABILITIES</b>	<b>Note number</b>	<b>31.12.2022 EUR</b>	<b>31.12.2021 EUR</b>
<b>Equity capital</b>			
Share capital (equity capital)	17	56 896	56 896
Retained earnings or uncovered losses of previous years		2 615 927	1 331 631
Profit or loss of the reporting year		1 544 471	1 284 296
<b>Total equity capital</b>		<b>4 217 294</b>	<b>2 672 823</b>
<b>Creditors</b>			
<b>Short-term liabilities</b>			
Trade payables	18	6 412 783	8 140 001
Taxes and mandatory state social insurance contributions	19	61 535	15 504
Other liabilities	20	1 118	509
Accrued liabilities	21	653 551	596 469
<b>Total short-term liabilities</b>		<b>7 128 987</b>	<b>8 752 483</b>
<b>Total liabilities</b>		<b>7 128 987</b>	<b>8 752 483</b>
<b>TOTAL LIABILITIES</b>		<b>11 346 281</b>	<b>11 425 306</b>

Notes on pages 8 to 17 form are integral part of these financial statements.

Abuzjarovs Aleksandrs  
(Chairman of the Board)

  
signature 30 May 2023

Radionovs Andrejs  
(Board member)

  
signature

**Annual report drawn up by:**

Ilmārs Dāvidsons  
(Financial director)

  
signature



## **NOTES TO THE FINANCIAL STATEMENTS**

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

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

The Annual Report has been prepared in accordance with the laws "Accounting Law" and Law On the Annual Financial Statements and Consolidated Financial Statements.

The income statement has been classified using function of expenditure method.

#### **Reporting period**

The reporting period is 12 months	01.01.2022	to	31.12.2022
The previous period is 12 month from	01.01.2021	to	31.12.2021

#### **Accounting principles**

The financial statements have been prepared by assuming that the Company will be a going concern also in the future, will be using accounting and evaluation methods consistently compared to the prior financial year, assessment

#### **Transactions in foreign currencies**

Financial reports are prepared in the single currency of the European Union, euro (EUR).

All transactions in foreign currencies are converted into euro according to the official currency exchange rate set by the European Central Bank on the respective day of transaction. All monetary assets and liabilities are converted into euro according to the exchange rate set by the European Central Bank on the last day of the financial year.

	31.12.2022	31.12.2021
USD	1.0666	1.1326
GBP	0.88693	0.84028
UAH	38.951	30.9226
DKK	7.4365	7.4364
NOK	10.5138	9.9888

Profit or loss gained as a result of currency exchange rate fluctuations have been recognized in the income statement for the respective period.

#### **Related parties**

A related party is a person or an entity that is related to the reporting Company.

A person or a close member of that person's family is related to the reporting Company if that person has control, joint control or significant influence over the reporting Company or is a member of the key management personnel of the reporting Company or of a parent of the reporting Company.

An entity is related to the reporting Company if they are members of the same group. Also an entity is related to the reporting Company if the entity is controlled, jointly controlled or significantly influenced by a related person of the reporting Company or this related person of the reporting Company is a member of the key management personnel of that entity or of a parent of that entity.

#### **Intangible assets and fixed assets**

Tangible and intangible assets are disclosed at their cost, less any depreciation. The assets acquired are recognised as fixed assets if their value exceeds EUR 140. The assets acquired below EUR 140 are accounted for as low-value inventory.

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Reg. No. 40003693065, Baznicas street 4A, Riga, LV-1010

The acquisition cost of fixed assets consists of the purchase price, import duty and non-deductible purchase taxes, other directly attributable purchase cost, to deliver the asset to its location and to be prepared in a working position according to its intended use.

Only rights acquired for consideration are reflected as "concessions, patents, licences, trademarks and similar rights". The depreciation is calculated over the useful life of the asset on a straight-line basis by selecting the following depreciation rate:

Intangible assets:

Licenses	33%
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Intangible assets:

Office equipment:	33%
Computer hardware:	33%
Motor vehicles:	20%
Other fixed assets:	20%

Gains or losses from sales of fixed assets are displayed in the income statement of the respective period. Repair or renovation expenses that increase the useful life of fixed assets or their value are capitalised and written off within the period of useful life of assets. Other repair or renovation expenses are recognised as the loss of the accounting period.

Expenses related to leasehold improvements are capitalised and displayed in the fixed assets. Depreciation is calculated over the lease period using the linear method. Loan issue expenses that are directly related to formation of fixed assets and construction in progress are capitalised, if such expenses are reasonably attributable and directly related. Loan issue expenses are capitalised before putting the fixed assets into operation.

**Long-term financial investments**

*- Related companies*

A related company is a company, which is directly or indirectly controlled by another company (the parent company – more than 50% of the shareholders' voting rights in this company). The parent company controls the subsidiary company's financial and business policy. The company recognizes income from investments only in case if it receives distribution of profit from the related company after the purchase date. The received distribution, which exceeds this profit, shall be considered as investment recovery costs and is recognized as a decrease of purchase costs in the related company's investment.

**Receivables**

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

**Cash**

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

**Operative lease**

Costs of operating lease are charged to the income statement on a linear method basis over the period of the lease.



### **Accrued liabilities**

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

#### *Provisions for unused vacation compensation*

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

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

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

#### *Accrued liabilities for bonus compensation*

Accrued liabilities for bonus payments are made according to the operational results of the reporting year. The provisions are diminished by making actual money payments to employees.

### **Recognition of income**

Revenue is recognized once the policy has been discharged and the insurance risk has come into effect. Dividend receipts are recognised when a shareholder's right to receive dividends arises. Interest revenue is recognised according to the relevant time period.

### **Corporate income tax**

The corporate income tax for the reporting period consists of the calculated tax for such period. The corporate income tax is recognised in the profit or loss statement. The tax for the reporting period is calculated according to the provisions of the law "Enterprise Income Tax Law".

As of taxation year of 2018, corporate income tax is calculated for distributed profit (dividends) and conditionally distributed profit by applying the rate of 20%. Corporate income tax is recognised at the moment when the participants of the Company will make a decision on distribution of profit, or when the costs not promoting further development of the Company (conditionally distributed profit) will be recorded.

### **Insurance premiums**

Marine Insurance Services insurance brokers signed insurance premiums for amount of 16 641 369 EUR in non-life market. No signed insurance premiums in life market.

Split of of insurance premiums by geographical markets:

- ) 247 555EUR to insurance merchants registered in the Republic of Latvia;
- ) 29 697EUR at foreign insurance branches registered in the Republic of Latvia;
- ) 1 636 447EUR to insurance merchants not registered in the Republic of Latvia.



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**(2) Net turnover:**

Net turnover - proceeds from company's major activity - rendering of services without value added tax.

Type of activity	2022	2021
	EUR	EUR
Income from Commissions	3 577 467	2 964 466
<b>Total</b>	<b>3 577 467</b>	<b>2 964 466</b>

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

	2022	2021
	EUR	EUR
Employee salaries	977 139	955 030
Commission expenses for subcontractors	538 292	171 677
Social insurance contributions for employees	249 146	247 828
Office rent and maintenance costs	48 556	45 250
Insurance payments	32 506	29 492
Depreciation of fixed and intangible assets	25 715	27 680
Mission expenses	16 196	8 514
Insurance Supervision Tax	6 284	6 960
Personnel recruitment and training expenses	5 476	3 750
Expenses of cleaning of premises	5 229	5 183
Labour protection expenses	223	256
<b>Total</b>	<b>1 904 762</b>	<b>1 501 620</b>

**(4) Selling expenses**

	2022	2021
	EUR	EUR
Advertising and marketing costs	23 753	31 777
<b>Total</b>	<b>23 753</b>	<b>31 777</b>

**(5) Administrative expenses**

	2022	2021
	EUR	EUR
Transport costs	108 592	100 549
Computer service costs	44 383	47 670
Representation expenses	14 673	17 013
Bank service expenses	12 611	16 988
Communication costs	10 446	9 717
Office expenses	9 499	9 920
Lawyers service expenses	4 937	3 191
Vehicle tax expenses	4 387	4 583
Audit of financial statements	4 235	3 630
Company management and administration costs	1 449	605
Postal and Courier service expenses	1 290	1 899
Accounting services	1 200	3 850
Translation costs	1 160	502
<b>Total</b>	<b>218 862</b>	<b>220 117</b>

**(6) Other operating income**

	<b>2022</b>	<b>2021</b>
	<b>EUR</b>	<b>EUR</b>
Net Income from foreign currency fluctuations	145 326	159 842
Proceeds from the sale of the car	6 637	-
Income from loan interest	920	-
Other income	104	523
Net gains from exchange rate fluctuations	-	149
Income from shares sale	-	20 000
Income from car sale	-	8 989
<b>Total</b>	<b>152 987</b>	<b>189 503</b>

**(7) Other operating expenses**

	<b>2022</b>	<b>2021</b>
	<b>EUR</b>	<b>EUR</b>
Corporate income tax in Spain	27 371	14 689
Donations	5 000	5 000
Commissions paid on securities	2 675	-
Representation expenses	1 803	2 154
Loss from currency exchange	1 307	965
Fines paid	7	-
Corporate income tax in Ukraine	-	815
Other expenses	7	152
<b>Total</b>	<b>38 170</b>	<b>23 775</b>

**(8) Intangible assets**

		<b>Concessions, patents, licenses, trade marks and similar rights</b>	<b>Advances for intangible assets</b>	<b>Total intangible assets</b>
		EUR	EUR	EUR
<b>Acquisition value</b>	<b>01.01.2022</b>	<b>25 607</b>	<b>18 039</b>	<b>43 646</b>
Additions		198	39 258	39 456
<b>Acquisition value</b>	<b>31.12.2022</b>	<b>25 805</b>	<b>57 297</b>	<b>83 102</b>
<b>Accumulated amortization</b>	<b>01.01.2022</b>	<b>21 721</b>	-	<b>21 721</b>
Amortization charge		3 089	-	3 089
<b>Accumulated amortization</b>	<b>31.12.2022</b>	<b>24 810</b>	-	<b>24 810</b>
<b>Net book value</b>	<b>01.01.2022</b>	<b>3 886</b>	<b>18 039</b>	<b>21 925</b>
<b>Net book value</b>	<b>31.12.2022</b>	<b>995</b>	<b>57 297</b>	<b>58 292</b>



**(10) Other loans and long-term receivables**

	31.12.2022	31.12.2021
	EUR	EUR
Long-term lease	11 508	15 448
Rent deposit	6 631	6 631
<b>Total</b>	<b>18 139</b>	<b>22 079</b>

**(11) Trade receivables**

	31.12.2022	31.12.2021
	EUR	EUR
Trade receivables carrying amount*	5 346 729	7 571 101
Broker commissions	302 112	316 974
<b>Total</b>	<b>5 648 841</b>	<b>7 888 075</b>

\* Insurance premiums not received from customers which are payable to insurance companies during the following financial period.

**(11) Amounts owed by related companies**

	31.12.2022	31.12.2021
	EUR	EUR
Marine Underwriting Services SIA	83 690	282 067
<b>Total</b>	<b>83 690</b>	<b>282 067</b>

**(13) Other receivables**

	31.12.2022	31.12.2021
	EUR	EUR
Overpayment of taxes	36 152	818
Advance payment for goods and services	21 490	3 828
<b>Total</b>	<b>57 642</b>	<b>4 646</b>

**(14) Prepaid expenses**

	31.12.2022	31.12.2021
	EUR	EUR
Professional third party liability Insurance	16 326	4 328
Software maintenance and licenses	9 899	8 112
Operating lease the first parts write off	8 695	9 101
Tax on supervision of the financial commission	6 030	6 037
Car insurance	587	505
Car warranty	165	165
<b>Total</b>	<b>41 702</b>	<b>28 248</b>

**(15) Other securities and interest in capital**

	31.12.2022	31.12.2021
	EUR	EUR
Investments in US government bonds	2 332 758	-
<b>Kopā</b>	<b>2 332 758</b>	<b>-</b>

**(16) Cash and cash equivalents**

	31.12.2022	31.12.2021
	EUR	EUR
Cash in bank	3 074 890	3 129 741
<b>Total</b>	<b>3 074 890</b>	<b>3 129 741</b>

**(17) Share capital (equity capital)**

On 31 December 2022, the capital is fully paid. It consists of 1016 capital shares with a nominal value of EUR 56.00.

**(18) Trade payables**

	31.12.2022	31.12.2021
	EUR	EUR
Insurance premium	6 068 587	8 003 140
Client attraction	192 353	113 040
Insurance claims	142 761	19 738
Operating suppliers	9 082	4 083
	<b>6 412 783</b>	<b>8 140 001</b>

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

	31.12.2022	31.12.2021
	EUR	EUR
Corporate income tax in Spain	31 876	14 689
Social contributions	18 955	-
Personal income tax	10 674	-
Corporate income tax	26	-
Risk duties	4	-
Corporate income tax in Ukraine	-	815
<b>Total</b>	<b>30</b>	<b>815</b>

**(20) Other liabilities**

	31.12.2022	31.12.2021
	EUR	EUR
Employees	1 118	509
<b>Total</b>	<b>1 118</b>	<b>509</b>

**(21) Accrued liabilities**

	31.12.2022	31.12.2021
	EUR	EUR
Provisions for bonuses	488 806	435 417
Provisions for unused vacations	160 510	157 422
Provisions for audit fees	4 235	3 630
<b>Total</b>	<b>653 551</b>	<b>596 469</b>



**(22) Average number of employees**

	2022	2021
Average number of employees	16	16

**(23) Obligations under financial lease**

**Leasing arrangements**

The Company, on a base of the financial lease, leases vehicles. The lease term amounts to 5 years. In the year, which ended on 31 December 2022, the actual average interest rate constituted 1.9 %. The interest rate has been fixed on the date of signing the agreement. All leases have a fixed repayment.

**Financial lease commitments**

	31.12.2022 EUR	31.12.2021 EUR
Later than one year and not later than five years	106 712	143 048
<b>Total</b>	<b>106 712</b>	<b>143 048</b>

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

Since the end of the reporting year (31.12.2022), no events have occurred that could have significant impact on the content of financial statement and that would require adjustments or should be explained in this financial statement. The war in Ukraine and the introduced sanctions against Russia and Belarus have a slight impact on the company's activities, since the company's insurance business was partially located in Russia, where was stopped the insurance coverage placed in Russian insurers and replaced with insurers of the rest of the World. However, the overall unpredictable economic situation in the World, including in insurance, forces the company to monitor its cash flow with caution, providing funds for operational activities for several months ahead, for example, without paying dividends.

**(25) Distribution of profit proposed by the Board**

The company intends to leave profits undistributed.

Abuzjarovs Aleksandrs  
(Chairman of the Board)

*signature*

30 May 2023

Radionovs Andrejs  
(Board member)

*signature*

Annual report drawn up by:

Ilmārs Dāvidsons  
(Financial director )

*signature*



**SINDIKS**

SIA "Sindiks"  
Brīvības iela 85-5  
Rīga, LV-1001  
Tālr. 29461622  
Epasts: [sindiks@sindiks.lv](mailto:sindiks@sindiks.lv)  
Reģ. Nr. 40003078342  
PVN LV40003078342  
a/s "Swedbank"  
LV97HABA0001408053000

## **INDEPENDENT AUDITORS' REPORT**

### **To the Shareholder of Marine Insurance Services SIA**

#### *Our Opinion on the Financial Statements*

We have audited the accompanying financial statements for 2022 on pages 5 to 17 of Marine Insurance Services SIA, which comprise:

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

**In our opinion, the accompanying financial statements give a true and fair view of the financial position of Marine Insurance Services SIA as at 31 December 2022, and of its financial performance for the year then ended in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.**

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and independence requirements included in the Law on Audit Services of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) and Law on Audit Services of the Republic of Latvia.

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

#### *Reporting on Other Information*

The Company's management is responsible for the other information. The other information comprises Information about the Company and the Management Report, as set out on page 3 and 4 of the accompanying Annual Report.

Our opinion on the financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the Other reporting responsibilities in accordance with the legislation of the Republic of Latvia section of our report.

In connection with our audit of the financial statements, our responsibility is to read the other information 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.

If, based on the work we have performed and in light of the knowledge and understanding of the entity and its environment obtained, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Other reporting responsibilities in accordance with the legislation of the Republic of Latvia*

In addition, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion:



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

Furthermore, in light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management Report. 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 the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Responsibility 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 judgment 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 a 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.

Sindiks SIA  
Licence No. 100

Riga, 30 May 2023



Silvija Gulbe  
Member of the Board  
Certified auditor of Latvia  
Certificate No. 142

## Sidevahendid

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