Limited liability company

"Citrus Solutions"

(Unified registration number 50003752271)

2021 ANNUAL REPORT

PREPARED IN ACCORDANCE WITH THE
LAW ON THE ANNUAL FINANCIAL STATEMENTS AND
CONSOLIDATED FINANCIAL STATEMENTS OF THE REPUBLIC OF LATVIA
AND INDEPENDENT AUDITOR REPORT

Riga, 2022

CONTENTS

Information on the Company

Name of the Company	***Citrus Solutions***
Legal status of the Company	Limited liability company
Number, place and date of registration	50003752271, Riga, June 28, 2005
Legal address	Dzirnavu street 105, Riga, LV-1011, Latvia
Stakeholder	SIA *Tet* (100%) Dzirnavu street 105, Riga, LV-1011, Latvia Reg. No. 40003052786
Board members	Jūlija Zandersone - Chairperson of the Board (from July 1, 2017) Raimonds Gerbis - member of the Board (from May 22, 2015) Kārlis Kostjukovs - member of the Board (from January 2, 2019)
Outsourced accountant	Ilvija Gredzena - Head of the Accountancy department of SIA *Lattelecom*
Reporting year	January 1 – December 31, 2021
Auditors and their address:	Ernst & Young Baltic SIA Licence No.17 Muitas street 1A Riga, LV-1010 Latvia Diāna Krišjāne Sworn Auditor of the Republic of Latvia Certificate No. 124

MANAGEMENT REPORT

The Board of SIA *Citrus Solutions* (hereinafter – *Citrus Solutions* or the Company) provides the management report about the financial year ended on December 31, 2021.

OVERVIEW OF THE COMMERCIAL OPERATIONS

Activities of *Citrus Solutions* are construction, design and maintenance.

Since 2005 the Company has been registered as a construction merchant, register number 0095-R, which allows the Company to operate in several construction spheres. The Company employs 65 certified specialists. The Company has valid 1st (highest) qualification class of construction merchant.

Since 2006 the Company has been granted the *Industrial safety certificate*, which confirms the rights of the Company to perform work, containing state secret, classified information of the international organizations or foreign institutions, within the framework of its commercial activity, as well as the ability of the Company to ensure protection of such information. The management system of *Citrus Solutions* is certified in accordance with the requirements of three internationally recognized standards – ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.

SHARE CAPITAL

In 2021 the share capital of *Citrus Solutions* comprises of EUR 5 070 999. It consists of 5 070 999 shares, with the nominal value of EUR 1 each. SIA *Tet* owns 100% of the share capital of *Citrus Solutions*.

FOREIGN BRANCHES OF THE COMPANY

In 2021 the Company continues operation in representation in Germany.

MEMBERSHIP IN ASSOCIATIONS

In order to participate in the municipal procurement procedures in Germany, two associations for the construction of optical networks were established in Germany in 2021, together with the group company Citrus Solutions GMBH: the association “Citrus Angeln” and the association “Citrus Gifhorn”.

SHARES IN OTHER COMMERCIAL COMPANIES

Citrus Solutions owns 100% of the share capital of *Citrus Solutions* GMBH and 1.85% shares of *Pirmais slēgtais pensiju fonds*. The Company is only a formal shareholder of *Pirmais slēgtais pensiju fonds*, as all the risk arising from the operations of the pension fund and income is owned by the employees of *Citrus Solutions* – participants of the pension programme.

OPERATING RESULTS

In the reporting year the net turnover of *Citrus Solutions* reached 29.277 million EUR.

In 2021, the major projects were: Design and construction of “Rail Baltica” Riga railway bridge, railway embankment and Riga Central Passenger Station electronic networks (client: General Partnership BERERIX); construction of optical networks in Germany (client: Oederan town); Delivery, modernization and maintenance of an automatic identification system for vehicles and containers (client: State Revenue Service); Construction of a new building for Dr. Mauriņš Vein and Laser Medicine Clinic (client: SIA Flebomedika); design, construction and maintenance of networks (client: SIA Tet).

The normalized EBITDA[1] profit of *Citrus Solutions* in 2021 was 1.381 million EUR, EBITDA profit margin 4.6%.

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[1] Normalized EBITDA (profit from the operating activities before interest, taxes, depreciation, amortization, losses from disposal of fixed assets and termination benefits) here is mentioned as a widely used indicator in the telecommunications industry and among investors, although it is not a generally accepted accounting term and should not be interpreted as an alternative to operating profit and cash flow.

MANAGEMENT REPORT (continued)

In the second half of 2021, the volume of design transactions increased significantly, as well as the decisions were made by the clients to resume the progress of new projects, despite the rapid rise in construction costs and the shortage of workforce in the market.

In 2021, *Citrus Solutions* continued to work actively on the improvement of its competitiveness by developing competencies of the employees in management, project management and technical areas. The engineers of *Citrus Solutions* continued to master new technologies, successfully applying them to the projects of the clients. A significant emphasis was placed on the introduction of digital design and construction technologies. BIM skills and processes were developed. An electronic construction quality control system has been introduced.

The scope of capital investments in the reporting year reached 0.341 million EUR, which were used for renovation of means of production and improvement of information technologies. 2.884 million EUR, considering received repayments, were paid in various taxes in Latvia in 2021.

In 2021 the net profit of the Company amounted to 1.012 million EUR. The financial performance of the Company was affected by the results in major projects.

MANAGEMENT OF THE COMPANY

According to the Commercial Law, the Company's Articles of Association provide for two-level management procedure, which, according to the decision of the Company's Shareholders' meeting of November 11, 2008, is realized by the Shareholders' meeting and the Board.

In 2021 the duties of the member of the Board in the Company were performed by: Jūlija Zandersone, Raimonds Gerbis, Kārlis Kostjukovs.

DISCLOSABLE INTEREST

Citrus Solutions members of the Board and their family members or companies under their management do not have shares or share option contracts in the company *Citrus Solutions* or companies of *Tet* group. The members of the Board do not have interest in contracts or agreements related to *Citrus Solutions*.

RESPONSIBILITY OF THE BOARD FOR THE ANNUAL REPORT

The Board is responsible for preparation of the Company's financial statements on the basis of the Company's initial accounting records for each reporting period.

The financial statement gives a fair view of the Company's financial state at the end of the reporting year, business result and cash flow for the reporting year.

The Board confirms that appropriate accounting records methods were consequentially used and cautious estimates and forecasts were made, upon preparation of the financial statements for 2021. The Board confirms that the requirements of the Latvian legislation have been met and the financial statements have been prepared on the continued operation basis.

The Board is responsible for the appropriate accounting records and taking measures in order to save the Company's funds, reveal and avoid fraud and other irregularities.

DISTRIBUTION OF PROFIT RECOMMENDED BY THE BOARD

The Board of the Company, pursuant to the Policy on dividends of *Tet* group and the procedure of the laws and regulations, suggests paying out 80% of the profit to be distributed of the reporting year in dividends to the stakeholders.

MANAGEMENT REPORT (continued)

RISK MANAGEMENT

Operations of *Citrus Solutions* are subject to several risks caused by business environment and market in which the Company operates. The most significant risks that could threaten *Citrus Solutions* operations in the future are such strategic risks as changes in the development of construction market, increase in the construction prices of the subcontractors, increase in prices for construction materials, delays in materials delivery due to the global effects of production and logistics, increase of salaries for those working in construction industry, as well as lack of construction resources.

Operational risks are related to the ability to realize large and complex projects. The management of financial risks in relation to the Company's liquidity, currency and interest rate fluctuations and credit risk of cooperation partners is based on financial risk management policy of *Tet* group.

The most significant risks of Covid-19 pandemic were related to the emergency state declared in Latvia, which resulted in introduction of major trade, gathering, partial movement, mandatory vaccination, and other restrictions. The risks related to Covid-19 included – risk of employee sickness (risk of interruption of activity), risk of availability of workforce, potential reduction of solvency of the clients, restriction to provide services in person, deviations in project implementation deadlines. Although the pandemic situation is related to significant uncertainty in the future, the Company continued operation, being able to adapt to the changing environment. The Covid-19 pandemic did not have a significant impact on the company's operations in 2021.

Citrus Solutions performs identification, evaluation of risks and develops operating plans to prevent, reduce or transfer risks to third parties that might have an adverse effect on, property, staff, finances or operating results of *Citrus Solutions*. To avoid financial losses in case any of the risks would materialize, a part of those is insured. Currently, *Citrus Solutions* has insurance cover in such spheres as property, commercial activity termination, civil liability, construction specialists' civil liability and employees' insurance.

CIRCUMSTANCES AND EVENTS AFTER THE END OF REPORTING YEAR

After the end of the financial year the restrictions related to the spread of Covid-19 are still continued in the Republic of Latvia and many other countries. It cannot be predicted how the situation might develop in the future, and therefore there is uncertainty of economic development. The Company's management is constantly evaluating the situation and believes that it will be able to adapt to the market trends under the situation of crisis and remote work, and it also has not observed delays in debtor payments.

FURTHER DEVELOPMENT OF THE COMPANY

In the next years, the Company's development is related to obtaining and implementation of orders of external clients (outside *Tet* group) both in Latvia and Germany, which will be the main priority of the Company. Design and construction works will be actively continued in 2022.

Ability to offer integrated solutions to clients has served as a competitive advantage of the Company that will continue to help obtaining new contracts with a higher added value. In addition, the development of digitization in the company and its processes will be a high priority.

On behalf of the Board

Chairperson of the Board ______________________________ /Jūlija Zandersone/

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Profit and loss account
(classified according to cost types)

	Notes	2021 EUR	2020 EUR
NET TURNOVER	1	**29 227 291**	**23 684 475**
a) from the provided construction services		27 922 479	23 358 909
b) from other main activities		1 304 812	325 566
Costs attributed (capitalised) to own long-term investments	2	48 825	39 708
Other operating income	3	490 144	955 603
Costs of materials:			
a) costs of raw materials and consumables;		(1 051 117)	(412 049)
b) other external costs.		(61 015)	(61 037)
		(1 112 132)	(473 086)
Personnel costs:			
a) remuneration for work;		(6 892 907)	(6 526 520)
b) pensions from Company funds;		(13 529)	(9 887)
c) state mandatory social insurance payments;		(1 625 119)	(1 601 995)
d) other social insurance costs		(197 988)	(185 205)
		(8 729 543)	(8 323 607)
Write-offs and value adjustments:			
a) depreciation and write-off of fixed and intangible assets;	8, 9	(262 754)	(243 788)
b) write-off of the value of current assets, if these exceed such amounts of value write-offs, which the relevant company considers to be regular.	4	(7 274)	(8 306)
Other operating expenses	5	(18 618 826)	(14 560 192)
Other income from interest and similar income:			
b) from other persons		9 652	913
Interest payment and similar costs:			
a) to related companies	6	(3 329)	(23 194)
PROFIT OR LOSS BEFORE CORPORATE INCOME TAX		**1 042 054**	**1 048 526**
Corporate income tax	7	(30 129)	(17 641)
PROFIT OF THE ACCOUNTING YEAR		**1 011 925**	**1 030 885**

The note forms an integral part of these financial statements.

On behalf of the Board

Chairperson of the Board_____________________________ /Jūlija Zandersone/

Outsourcing accountant_____________________________/Ilvija Gredzena/

Riga

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Balance Sheet - Assets

	Notes	December 31, 2021 EUR	December 31, 2020 EUR
LONG-TERM INVESTMENTS			
Intangible assets			
Other intangible assets		255 506	258 555
Total intangible assets	8	**255 506**	**258 555**
Fixed assets			
Land plots, buildings and engineering structures		38 137	581
Equipment and machinery		1 286	1 703
Other fixed assets and inventory		226 166	326 312
Creation of fixed assets and costs of unfinished construction objects		175 281	34 923
Total fixed assets	9	**440 870**	**363 519**
Long-term financial investments			
Interest in capital of related companies	10	1 525 000	1 525 000
Total long-term financial investments		**1 525 000**	**1 525 000**
Total long-term investments		**2 221 376**	**2 147 074**
CURRENT ASSETS			
Inventories			
Raw materials, basic materials and consumables		1 098 735	982 674
Advance payments for goods		125 451	30 814
Total inventories	11	**1 224 186**	**1 013 488**
Debtors			
Debts of purchasers and commissioning parties	12	2 731 516	3 230 331
Receivables from related companies	21	1 760 300	1 441 927
Other debtors	13	352 635	266 891
Prepaid expenses		17 635	8 349
Accrued income	14	9 464 948	3 448 409
Total debtors		**14 327 034**	**8 395 907**
Cash	15	**742 882**	**1 490 572**
Total current assets		**16 294 102**	**10 899 967**
BALANCE SHEET		**18 515 478**	**13 047 041**

The note forms an integral part of these financial statements.

On behalf of the Board

Chairperson of the Board______________________________ /Jūlija Zandersone/

Outsourcing accountant______________________________/Ilvija Gredzena/

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Balance sheet - Liabilities

	Notes	December 31, 2021 EUR	December 31, 2020 EUR
EQUITY			
Share capital (fixed capital)	16	5 070 999	5 070 999
Retained profits/losses of the previous years		2 492 346	1 461 461
Retained profits of the reporting year		1 011 925	1 030 885
Total equity		**8 575 270**	**7 563 345**
PROVISIONS			
Other provisions	17	246 353	218 740
Total provisions		**246 353**	**218 740**
CREDITORS			
Short-term creditors			
Advanced payments from customers		179 505	505 704
Debts to suppliers and contractors	18	2 323 417	1 196 352
Debts to related companies	21	734 018	168 392
Taxes and state mandatory social insurance payments	19	1 075 274	490 749
Other creditors		6 880	2 846
Deferred income		-	5 320
Accrued liabilities	20	5 374 761	2 895 593
Total short-term creditors		**9 693 855**	**5 264 956**
BALANCE SHEET		**18 515 478**	**13 047 041**

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On behalf of the Board

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Outsourcing accountant______________________________/Ilvija Gredzena/

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Statement of changes in equity

	Stock or share capital (fixed capital) EUR	Retained profits EUR	Total EUR
Balance on December 31, 2019	**5 070 999**	**1 461 461**	**6 532 460**
Profit for the financial year	-	1 030 885	1 030 885
Balance on December 31, 2020	**5 070 999**	**2 492 346**	**7 563 345**
Profit for the financial year	-	1 011 925	1 011 925
Balance on December 31, 2021	**5 070 999**	**3 504 271**	**8 575 270**

The note forms an integral part of these financial statements.

On behalf of the Board

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Outsourcing accountant______________________________/Ilvija Gredzena/

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Cash flow statement

(according to the indirect method)

	Annex	2021 EUR	2020 EUR
Operational cash flow			
Profit before tax		1 042 054	1 048 526
Adjustments:			
- amortization of intangible assets;	9	152 614	137 071
- depreciation of fixed assets;	8	110 140	106 717
- provisions (excluding provisions for doubtful debts);	17	27 613	(11 559)
- profit or losses from no currency exchange rate fluctuations;		(1 742)	(2 638)
- other interest revenue and similar revenue	5, 3	3 552	(5 444)
- interest payments and similar costs	6	1 586	20 556
Profit before adjustments for the effect of changes to current assets and short term liabilities		1 335 817	1 293 229
Increase or decrease in accounts receivable		(5 931 127)	6 632 836
Increase or decrease in inventories		(210 698)	240 014
Increase or decrease in accounts payable to suppliers, contractors and other creditors		3 992 129	(3 397 137)
Gross cash flow from operating activities		(813 879)	4 768 942
Interest paid		(1 586)	(20 556)
Corporate income tax paid	19	(30 129)	(17 641)
Net cash flows from operating activities		**(845 594)**	**4 730 745**
Cash flows from investing activities			
Acquisition of fixed assets and intangible assets		(340 608)	(254 695)
Income from disposal of fixed and intangible assets		-	5 765
Investment activity cash flow		**(340 608)**	**(248 930)**
Cash flows from financing activities			
Loans received		2 628 707	1 093 780
Expenses for repayment of loans		(2 191 937)	(4 442 925)
Dividends paid		-	-
Net cash flows from financing activities		**436 770**	**(3 349 145)**
Result of fluctuations in the foreign currency exchange rates		1 742	2 638
Net cash flow of the reporting year		**(747 690)**	**1 135 308**
Cash and cash equivalents at the beginning of the reporting year		1 490 572	355 264
Cash and cash equivalents at the end of the reporting year	15	**742 882**	**1 490 572**

The note forms an integral part of these financial statements.

On behalf of the Board

Chairperson of the Board_____________________________ /Jūlija Zandersone/

Outsourcing accountant_____________________________/Ilvija Gredzena/

Riga

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Notes of Financial statement
Accounting policies

GENERAL INFORMATION

The limited liability company *Citrus Solutions* (hereinafter *Citrus Solutions* or the Company) was established and registered in the Commercial Register of the Republic of Latvia on June 28, 2005 under the common registration number 50003752271, its legal address is Dzirnavu street 105, Riga. The Company's parent company is SIA *Tet*, which holds 100% of the Company's share capital. The main business lines of *Citrus Solutions* are construction and servicing of telecommunication infrastructure for corporate clients. The number of employees at *Citrus Solutions* at the end of the reporting year was 299.

The stakeholder or shareholder of the Company, which prepares the consolidated annual statement, including the Company as its subsidiary, is SIA *Tet*, reg. No 40003052786, Dzirnavu street 105, Riga, LV-1011. Copies of the consolidated annual statements are available at the website of SIA *Tet* https://www.tet.lv/par-tet/par-mums/gada-parskati.

ACCOUNTING AND ASSESSMENT PRINCIPLES

Basis of the preparation of financial statements

The financial statement has been prepared in accordance with the laws "On Accounting" and "Law on Annual Statements and Consolidated Annual Statements" of the Republic of Latvia". The Company is a subsidiary of *Tet* group and the consolidated statement of the group is prepared in accordance with requirements of the International accounting standards.

The financial statements have been prepared on the basis of the historical cost measurement principle.

All amounts disclosed in the financial statements are provided in euro (EUR), if not stated otherwise.

The reporting period is the calendar year. The balances on December 31, 2021 represent the financial state of the Company at the end of the day. .

The profit or loss account was prepared according to the period costs method.

The cash flow statement is prepared applying the indirect method.

Amounts, terms of receipt, payment or write-off of which are due more than one year after the balance sheet date, are classified as long-term. Amounts to be received, paid or written off within one year of the balance sheet date are classified as short term.

In accordance with the criteria stipulated in the law, the Company is classified as medium Company.

The law provided for additional allowances to small and medium companies in preparation of financial statements, but at the same time also stipulates that the financial statement shall provide a true and clear notion on the financial condition and profit or losses of the company, but for the annual report of a large and medium company – also for the cash flow.

Impact of COVID-19

With the rapid spread of the coronavirus (COVID-19) pandemic around the world, an unprecedented healthcare crisis occurred, causing significant disruptions to both business activities and daily lives. In March 2020, the Republic of Latvia and many other countries introduced various restrictions to reduce the spread of COVID-19, significantly slowing economic growth. These state policy measures, which were and still are aimed at limiting the spread of COVID-19, have a significant impact on economic activity in many sectors.

At the same time, governments, including the Government of the Republic of Latvia, introduced various financial support mechanisms in order to mitigate the economic impact of the COVID-19 pandemic. The Company has not applied for such State aid. Given the rapid spread of the pandemic and the significant uncertainties caused by the inability to predict its outcome reliably, currently it is impossible to determine with sufficient certainty the financial impact of the crisis on the global economy and business in general. Current forecasts and estimates of the management may differ from actual results.

Accounting policies (continued)

Assessing these unique circumstances and the risks associated with them, the management of the Company has concluded that the Company's profitability has not been significantly affected. The COVID-19 pandemic has not had an immediate and significant impact on economic activity. The Company's management considers that all necessary measures are undertaken to maintain the Company's viability and to ensure the development of its operations in the current business and economic environment. The management will continue to monitor the current situation closely and, if the period of business restrictions imposed due to the pandemic continues, will assess the need for changes in its activities and take appropriate actions.

Applied accounting principles
The items of financial statements were evaluated in accordance with the following accounting principles:
a) assumption that the Company will continue to operate;
b) the same valuation methods will be used as in the previous year;
c) evaluation was done with due caution:

- the financial statements reflect only the profit generated to the date of the balance sheet,
- all expected risk amounts and losses incurred during the reporting year or prior years have been taken into consideration even if discovered in the period of time between the balance sheet date and the date of preparation of the financial statements,
- all impairments and depreciation have been taken into consideration irrespective of whether the financial result was a loss or profit;

d) income and expenses incurred during the reporting year have been taken into consideration irrespective of the payment date or date when the invoice was issued or received. Expenses were matched with revenue for the reporting period;
e) assets and liabilities have been valued separately;
f) the opening balance agrees with the prior year closing balance;
g) all material items, which would influence the decision-making process of users of the financial statements, have been indicated and insignificant items have been combined and their details disclosed in the notes;
h) business transactions are recorded taking into account their economic contents and substance, not the legal form.

Exemptions from the obligation to draw up consolidated accounts
In accordance with the provisions of the Law on the Annual Financial Statements and Consolidated Financial Statements, the Company is exempted from the obligation to prepare consolidated financial statements as it is a subsidiary of another group and its parent company with 100% ownership is a company registered in the Republic of Latvia.

Related parties
The Company considers that related parties are the group's parent company and subsidiaries in the group, as well as other companies which may have a significant impact on the Company's activities.

Other related parties of the Company are the highest level managers of the Company and their close family members, as well as companies under the control or significant influence of such individuals.

Foreign currency revaluation
Transactions in foreign currency are translated into euro on the basis of the reference exchange rate published by the European Central Bank (hereinafter "ECB") that is effective at the beginning of the day when the transaction takes place, however, the last available foreign currency exchange rate that can be used in accounting is applied, if the transaction date is a working day in Latvia but it does not have a published foreign currency exchange rate to be used in accounting, as according to the calendar of foreign currency exchange rate publishing source it is a holiday. . Profit or loss resulting from these transactions, as well as resulting from revaluation of monetary assets and liabilities denominated in the local currency is recognized in the profit or loss account.
At the end of the year financial assets and liabilities in foreign currency are revalued on the basis of exchange rate set by the ECB effective on the last day of the reporting period and all relevant fluctuations of currency rate are disclosed in profit or loss account.

Accounting policies (continued)

Euro exchange rate against currencies in which the Company has had transactions:

	December 31, 2021	December 31, 2020
USD	1.1326	1.2271

Intangible assets

Intangible assets include trademarks, software licenses, capitalized project groups' staff expenses and service expenses related to implementation of software. If software is an integral part of equipment and it cannot operate without the specific program, software is recognized under fixed assets.

Intangible assets are recognized at purchase costs, deducting accumulated amortization and accrued losses from value reduction. Intangible assets are amortized by linear method over their useful life (over 3 to 5 years).

On each balance sheet date, it is assessed whether certain indications exist that would show that the value of an asset might be decreased. The recoverable value of intangible assets not ready for use is determined every year regardless of the fact whether indications exist that would show that the value of an asset might be decreased. For purposes of impairment assessment, intangible assets are divided in groups so that they would represent as small unit as possible for which it is possible to determine the amount of cash flow.

If the book value of an intangible asset exceeds the expected recoverable amount, which is the highest of the net realizable value and value in use, then its book value is immediately reduced to the recoverable value, including the difference in the profit or loss account.

Fixed assets

Fixed assets are carried at purchase costs, deducting accumulated depreciation and accrued losses from value reduction. Depreciation of fixed assets is calculated by linear method, allocating the equally purchase costs of fixed assets until the expected disposal value to the forecast length of useful life of fixed assets:

	Useful life in years
Buildings	7
Energy equipment	10
Other fixed assets	3 – 5

Useful life of fixed assets is reviewed at least once a year. Impact caused by changes in the useful life is disclosed in the profit or loss account in the period when the changes incurred and in next periods.
If the book value of a fixed asset exceeds the expected recoverable amount, which is the highest of the net realizable value and value in use of a fixed asset, then its book value is immediately reduced to the recoverable value, including the difference in the profit or loss account.
Current maintenance and repair costs of tangible assets are recognized in the profit or loss account period as incurred.
Profit or loss from disposal of fixed assets are determined by comparing revenue from sales with balance value of fixed assets and are included in the profit from operating activities.
Costs of the establishment of fixed assets and unfinished building objects is recognized in its initial value. Initial value includes construction costs and other direct costs. For unfinished building objects, depreciation is not calculated until the relevant assets are completed and put into operation.

Participation in group subsidiaries

Investments in subsidiaries (i.e., companies, in which the Company owns more than 50% of the share capital or which it controls otherwise) shall be accounted, using the cost method. After initial recognition the investments in subsidiaries shall be booked at their initial value, minus losses from value depreciation. If any events or change of circumstances shows that the balance value of the investments in subsidiaries could be unrecoverable, the value of the relevant investments in subsidiary shall be reviewed to determine their value depreciation.

Accounting policies (continued)

Accounting of lease contracts

Lease transactions that essentially transfer all risks and rewards characteristic of property rights to the object to the lessor are classified as finance lease transactions. All other lease transactions are classified as operating lessee transactions.

(i) The company is a lessor

If the Company's assets are involved in the operating lease, income from operating lease is included in the profit or loss account by linear method during lease period. The initial direct costs arising from the lease transaction are included in the book value of the leased asset and recognized in the profit or loss account in the period, when income from the sales is recognized.
When the Company is a lessor under financial lease terms, it discloses the leased asset in the balance sheet as accounts receivable that is equal to the current value of lease payment. Revenue from lease is included in the profit or loss account in the lease contract period applying a constant periodical interest rate for the balance of claims.

The company is a lessee

Payments made in accordance with the operating lease contract are included in the profit or loss account by linear method over the period of lease.
If the Company is a lessee under financial lease terms, in the balance sheet the Company includes fixed asset and liabilities at the lowest of the fixed asset's fair value at the beginning of the lease or current value of minimum lease payment. Each lease payment is divided in reduction of liabilities and financial payment that is calculated applying consistent interest rate to the remaining value of liabilities. Interest payments are recognized in the profit or loss account during the period of lease. Leased fixed asset is amortized over the shortest of the lease terms or useful life.

Inventories

Inventories are evaluated by the lowest of the purchase costs or net sales value. Purchase value is determined applying the FIFO evaluation method. Inventories are accounted according to their purchase costs based on "first-in, first-out" principle. In cases, when the net sales value of inventories is lower than weighted average purchase price, appropriate provisions are created for these inventories to reduce their value to net sales value.

Accounts receivable

Accounts receivables represent amounts to be repaid in less than one year and reflected in the balance sheet, deducting provisions for doubtful or bad debts.

Provisions for doubtful debts are created in cases, when the Company's management believes that the recoverability of these liabilities is uncertain.

Provisions for doubtful accounts receivable are calculated based on the information about the financial state of the respective debtor and debt recovery, as well as analysis of the debt age structure. Provisions for the separate accounts receivable are made in cases when there is objective evidence that recovery of these accounts receivable is doubtful. General provisions for the doubtful accounts receivable are calculated based on the analysis of debt age.

The following provisions rates were applied in the Company:

Accounts receivable (delay in days)	Not delayed	1 - 30	31 - 90	91 - 180	181 - 365	> 365
Rate of provisions, %	0.3	3	25	65	65	100

Pursuant to group policies, the bad debt provision rates are reviewed annually as estimate.

Bad debts are written off, when their recovery is considered as impossible.

Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents are bank account balances, cash in transit and bank deposits, the initial term of which do not exceed three months.

Loans

Loans are recognized at purchase value that is the fair value of the received compensation, deducting transaction costs that are directly attributable to receipt of a loan. In the next periods loans are evaluated at amortized purchase value, using effective interest rate method. Revenue or loss are recognized in the profit or loss account as interest income or expenses when liabilities are excluded from the balance sheet, using amortization process. Part of loans, repayment term of which exceeds 12 months, is included in the long-term liabilities.

Provisions

Provisions are made in cases when the Company, as a result of past events, has current legal liabilities or caused as a result of practice and it is expected that resources of economic value will be necessary to settle these liabilities and it possible to estimate the amount of these liabilities reliably.

In the balance sheet provisions are reflected, indicating as precisely as possible the amount of expenses, which is necessary to settle liabilities in the amount disclosed at the balance sheet date. Provisions are used only in relation to expenses for which they were initially created and they are reduced in case the possible outflow of resources cannot be estimated.

At the end of the reporting year, there provisions have been created for guarantee repairs, evaluating conditions of contracts concluded with clients and the respective projects. Provision is created as certain percentage from revenue of implemented projects for the guarantee period defined in the contract. The provision percentage is determined, based on the historical experience of the Company in similar projects and other available information.

Accrued liabilities

Accrued liabilities are clearly known amounts of settlement with suppliers and contractors for goods or services received in the reporting year, if a relevant payment document has not been received at the balance sheet date.

As of the end of the reporting year, the accrued expenses of unused vacations, accrued expenses for bonuses for performance results in the reporting year, termination benefits and other accrued expenses for which services have been received in the reporting year have been created. The accrued expenses for unused vacations are calculated by multiplying the number of unused vacation days of an employee with the average day salary of the employee. The accrued expenses for bonuses are created on the basis of the assessment of the Company's and individual goals completion in accordance with the bonus scheme implemented in the Company. The accrued expenses for termination benefits are created in accordance with termination rates determined by the trade union on the basis of the annual salary and time an employee has worked in the Company. The compulsory state social security contributions are added to the accrued expenses for unused vacations, bonuses and termination benefits.

Possible liabilities and assets

Possible liabilities are not disclosed in the financial statements. Information on the possible liabilities is disclosed in the note, except for cases, when the probability of outflow of resources that include economic benefits is immaterial. Possible assets are not disclosed in the financial statements but information is disclosed in the notes, if inflow of economic benefits is probable.

Pension fund

The amount of payments to the pension fund, within prescribed limit, is chosen by each employee independently. Payments to the pension fund are accounted as expenses in the period when the respective employee has provided the services stipulated in the employment contract. The Company holds 1.85% of AS *Pirmais Slēgtais Pensiju Fonds* shares, however, the Company is only a formal shareholder. Investment in the share capital of the fund was written off as expenses as at the date of establishment, as risks and rewards related to the pension fund are related only to the participants of the pension plan – employees of the Company.

Accounting policies (continued)

Corporate income tax

Pursuant to the Law "On Corporate Income Tax" of the Republic of Latvia the legal entities pay the corporate income tax for the distributed profit and the relevantly distributed profit. 20% tax rate from the gross amount or 20/80 of the net costs shall be applied to the distributed profit and relevantly distributed profit. The corporate income tax for the payment of dividends shall be booked in profit or loss calculation as costs in the reporting period, when the relevant dividends have been announced, whereas for other relevant profit items – at the moment of incurring of the costs within the framework of the reporting year.

Revenue recognition

Revenue is recognized when goods are delivered and services are provided.
Revenue from sales of goods is recognized at the time of delivery, if material risks and rewards related to property rights are transferred to the buyer and the seller does not retain further management rights that usually are related to property rights, not real control over the goods sold.

Revenue for the services provided are recognized at the moment when services are provided, on the basis of time spent.
Interest income is recognized in the profit or loss account applying the effective interest rate method.

Long-term contracts

A long-term contract is a specific contract on establishment of the object or set of assets. Set of assets are assets that are closely related or mutually dependent upon the project, technology and function, or due to their final purpose or use.

Long-term contracts are contracts specifying that works shall be commenced in one financial reporting period and completed in other, although the total term for completion may be less than 12 months.
If the result of a long-term contract can be reliably estimated, revenue and expenses related to such contract are recognized in the profit or loss account as income and expenses, considering the stage of completion of the contractual works in per cent at the balance sheet date. If the result of a long-term contract cannot be reliably estimated, revenue is recognized to the extent it is possible to recover the expenses related to the contract and a part of the expected profit is not recognized. Expenses related to contract are recognized when incurred. The stage of completion is assessed in per cent, on the basis of costs of work accomplished. Expected losses from the contract are recognized as expenses in the profit or loss account.

Dividends

Dividends are recognized in the financial statements in the period when the Company's shareholders general meeting confirms payment of dividends.

Events after the balance sheet date

Amounts recognized in the financial statements are adjusted considering events after the balance sheet date, which provide additional information about the Company that was true at the balance sheet date (adjusting events). Events after the balance sheet date that are not considered adjusting are reflected in the note of the financial statements, if they are significantly.

Comparative figures

In cases, when the classification of certain items of the financial statements is changed to provide a fairer view on the Company's financial state, the comparative figures of its operating results and cash flows are adjusted in accordance with the new classification.

Application of assessments and more important assumptions

Upon preparing of the financial statements, the management, in accordance with Latvian Accounting Regulations, has to rely on certain estimates and assumptions related to recognition of assets, liabilities, revenues and expenses and contingent liabilities. Estimates are mainly related to recognition of revenues from long-term contracts, useful life of fixed assets, provisions for guarantee repairs, provisions for doubtful debts and obsolete stocks, as well as fixed assets impairment evaluation. Although these estimates are based on comprehensive management information on current events and activities, actual results may differ from these estimates.

1. NET TURNOVER

	2021 EUR	2020 EUR
Income from construction of engineering systems and infrastructure	24 819 266	20 033 668
Income from servicing and maintenance services provided to electronic communication network	3 103 213	3 325 241
Income from sale of materials	1 304 812	325 566
Total	**29 227 291**	**23 684 475**

2. COSTS (CAPITALIZED) REFERENCED TO OWN LONG-TERM INVESTMENTS

	2021 EUR	2020 EUR
Personnel costs	48 825	37 368
Other costs	-	2 340
Total	**48 825**	**39 708**

3. OTHER OPERATING INCOME

	2021 EUR	2020 EUR
Income from lease of fixed assets	2 274	2 299
Other income	487 870	430 653
Gain on disposal of fixed assets	-	5 444
Recovered receivables	-	17 851
Cancellation of provisions for penalty payments	-	499 356
Total	**490 144**	**955 603**

4. WRITE-OFF OF THE VALUE OF CURRENT ASSETS

	2021 EUR	2020 EUR
Write-off accounts receivable and creation of provisions	(138)	-
Costs of write-off inventories	(7 136)	(8 306)
Total	**(7 274)**	**(8 306)**

5. OTHER OPERATING COSTS

	2021 EUR	2020 EUR
Engineering systems, infrastructure construction services costs and material costs	(15 497 413)	(11 278 848)
Network, equipment maintenance services costs and material costs	(1 131 781)	(1 377 901)
Car lease, maintenance costs	(1 027 134)	(977 031)
Office and administrative expenses	(366 095)	(300 438)
IT services costs	(200 396)	(190 901)
Other costs of economic activity	(198 370)	(189 566)
Rent and maintenance of premises, public utilities	(197 637)	(245 507)
Total	**(18 618 826)**	**(14 560 192)**

6. INTEREST INCOME AND EXPENSES

	2021 EUR	2020 EUR
Other income from interest and similar income		
income from interest	9 652	913
Total	**9 652**	**913**
Interest payments and similar costs		
on loans	(1 586)	(23 194)
Exchange rate fluctuations	(1 743)	-
Total	**(3 329)**	**(23 194)**

7. INCOME TAX

	2021 EUR	2020 EUR
Corporate income tax:		
- reporting year	(30 129)	(17 641)
Total	**(30 129)**	**(17 641)**

8. INTANGIBLE INVESTMENTS

	Other intangible investments EUR	INTANGIBLE ASSETS EUR	Total EUR
Purchase value			
December 31, 2020	**653 446**	**10 400**	**663 846**
Purchased	-	109 987	109 987
Put into operation	45 641	(45 641)	-
Excluded in the reporting year	(106 068)	-	(106 068)
December 31, 2021	**593 019**	**74 746**	**667 765**
Amortization			
December 31, 2020	**(405 291)**	**-**	**(405 291)**
Amortization	(110 140)	-	(110 140)
Excluded in the reporting year	103 172	-	103 172
December 31, 2021	**(412 259)**	**-**	**(412 259)**
Remaining value			
December 31, 2020	**248 155**	**10 400**	**258 555**
December 31, 2021	**180 760**	**74 746**	**255 506**

In 2021 capital investment in the intangible assets were 109 987 EUR (in 2020 it was 150 876 EUR).

9. FIXED ASSETS

	Buildings EUR	Equipment and machinery EUR	Other fixed assets and inventory EUR	Creation of fixed assets EUR	Total EUR
Purchase value					
December 31, 2020	**6 963**	**73 311**	**2 506 439**	**34 923**	**2 621 636**
Purchased	-	-	-	230 620	230 620
Put into operation	38 400	-	51 862	(90 262)	-
Excluded in the reporting year	-	(2 054)	(74 367)	-	(76 421)
December 31, 2021	**45 363**	**71 257**	**2 483 934**	**175 281**	**2 775 835**
Depreciation					
December 31, 2020	**(6 382)**	**(71 608)**	**(2 180 127)**	**-**	**(2 258 117)**
Depreciation	(844)	(417)	(151 353)	-	(152 614)
Excluded in the reporting year	-	2 054	73 712	-	75 766
December 31, 2021	**(7 226)**	**(69 971)**	**(2 257 768)**	**-**	**(2 334 965)**
Residual value					
December 31, 2020	**581**	**1 703**	**326 312**	**34 923**	**363 519**
December 31, 2021	**38 137**	**1 286**	**226 166**	**175 281**	**440 870**

In 2021 capital investment in the fixed assets was 230 620 EUR (in 2020 it was 103 819 EUR).
The additions of fixed assets include personnel and other costs that are directly related with introduction of fixed assets and are capitalized on basis of the amount of spent hours in these projects. In 2021 the capitalized costs amounted to 48 825 EUR (Note 2).

The Company in its economic activity uses also fully depreciated intangible assets and fixed assets. The initial purchase value of these intangible assets and fixed assets is 1 519 156 EUR (in 2020 it was 2 123 374 EUR).

10. PARTICIPATION IN SHARE CAPITAL OF RELATED COMPANIES

Purchase value of the investments

Company	Participation (%)	31.12.2021 EUR	31.12.2020 EUR
Citrus Solutions GMBH	100	1 525 000	1 525 000
Total		**1 525 000**	**1 525 000**

Financial information on subsidiary

		Equity (unaudited)		Reporting year profit / (losses) (unaudited)	
Company	**Address**	**2021 EUR**	**2020 EUR**	**2021 EUR**	**2020 EUR**
Citrus Solutions GMBH	Schmidtstadt 5, 92268, Etzelwang	5 739 297	3 156 210	2 583 087	1 205 159

In 2018 a subsidiary was registered in Germany – Citrus Solutions GmbH. The company Citrus Solutions GmbH provides telecommunication construction services. In 2021 the subsidiary had gained income of 30 559 137 EUR and its net profit reached 2 583 087 EUR (financial accounting data are according to the accounting principles of mother company; audited annual reports are not available at the moment of preparing of the annual report).

11. INVENTORIES

	31.12.2021 EUR	31.12.2020 EUR
Raw materials and consumables	1 177 036	1 076 299
Provision for obsolete and slow-moving goods	(78 301)	(93 625)
Advance payments for goods	125 451	30 814
Total inventories	**1 224 186**	**1 013 488**

Provision for obsolete inventories and slow-moving goods

	2021 EUR	2020 EUR
Provisions at the beginning of reporting year	93 625	85 319
Created/(reduced) provisions in the reporting year, net	(15 324)	8 306
Provisions at the end of reporting year	**78 301**	**93 625**

12. TRADE RECEIVABLES

	31.12.2021 EUR	31.12.2020 EUR
Accounts receivable	2 855 127	3 353 867
Provision for doubtful debts	(123 611)	(123 536)
Total trade receivables	**2 731 516**	**3 230 331**

Movement of provisions for doubtful and bad debts

	2021 EUR	2020 EUR
Provisions at the beginning of reporting year	123 536	141 387
Written off doubtful accounts receivable	63	-
Created provisions for doubtful accounts receivable	12	(17 851)
Provisions at the end of reporting year	**123 611**	**123 536**

13. OTHER DEBTORS

	31.12.2021 EUR	31.12.2020 EUR
Advanced payments to foreign suppliers	39 363	14 627
Overpaid taxes (Note 19)	69 937	151 581
Advanced payments to Latvian suppliers	133 137	42 851
Other debtors	1 889	3 807
Settlements with employees	108 309	54 025
Total other debtors	**352 635**	**266 891**

14. ACCRUED INCOME

	31.12.2021 EUR	31.12.2020 EUR
Accrued income*	9 464 948	3 448 409
Total accrued income	**9 464 948**	**3 448 409**

* Accrued income for the construction projects in progress are recognized on the basis of percentage of completion at the balance sheet date. The amount of increase in accrued income is related to an increase in the amount of construction projects.

15. CASH

	31.12.2021 EUR	31.12.2020 EUR
Cash in banks	742 882	1 490 572
Total cash	**742 882**	**1 490 572**

16. SHARE CAPITAL (FIXED CAPITAL)

At the end of 2021 the share capital of Citrus Solutions was 5 070 999 EUR and it constituted of 5 070 999 shares with nominal value of EUR 1 each. SIA *Tet* owns 100% of the share capital of *Citrus Solutions*.

17. PROVISIONS

Movement in provisions for warranty repairs

	2021 EUR	2020 EUR
Provisions at the beginning of reporting year	218 740	230 299
Created/ (reduced) provisions in the reporting year, net	27 613	(11 559)
Provisions at the end of the reporting year	**246 353**	**218 740**

18. ACCOUNTS PAYABLE TO SUPPLIERS AND CONTRACTORS

	31.12.2021 EUR	31.12.2020 EUR
Settlements with suppliers	2 323 417	1 196 352
Total accounts payable to suppliers and contractors	**2 323 417**	**1 196 352**

19. TAXES AND STATE MANDATORY SOCIAL INSURANCE PAYMENTS

(a) Tax payments in Latvia

	Balance 31.12.2021 EUR	Balance 31.12.2020 EUR
Corporate income tax	(79)	(141 476)
Value added tax	(51 991)	47 142
State mandatory social insurance payments	226 398	153 244
Personal income tax	124 900	-
State entrepreneurial risk fee	113	99
Total taxes	**299 341**	**59 009**

Tax payments in Germany

	Balance 31.12.2021 EUR	Balance 31.12.2020 EUR
State mandatory social insurance payments	-	-
Personal income tax	12 546	(837)
Corporate income tax (Note 7)	(17 867)	(9 268)
Value added tax	711 317	290 264
Total taxes	**705 996**	**280 159**

	EUR	EUR
Total taxes (a), (b)	1 005 337	339 168
Total	**1 005 337**	**339 168**
incl. tax liabilities	1 075 274	490 749
overpaid tax	(69 937)	(151 581)

20. ACCRUED LIABILITIES

	31.12.2021 EUR	31.12.2020 EUR
Accrued expenses for construction of engineering systems and infrastructure	589 685	1 116 063
Accrued liabilities towards related undertakings*	3 123 268	33 985
Accrued bonuses costs for the work results of reporting year	875 191	1 189 062
Accrued expenses on unused vacations	686 617	556 483
Other liabilities	100 000	-
Total accrued liabilities	**5 374 761**	**2 895 593**

*****Accrued liabilities towards related undertakings have grown in 2021 comparted to 2020, as the turnover with the subsidiary Citrus Solutions GmbH has increased.

21. RECEIVABLES FROM RELATED COMPANIES AND PAYABLES TO RELATED COMPANIES

SIA *Citrus Solutions* is 100% subsidiary of SIA Tet. SIA *Citrus Solutions* holds 100% of subsidiary *Citrus Solutions* GmbH.

Balances of accounts receivable/ payable

	31.12.2021 EUR	31.12.2020 EUR
Related company debts		
Tet	957 336	1 247 126
Citrus Solutions GMBH	802 964	194 801
Total related company debts	**1 760 300**	**1 441 927**
Payables to related companies		
Tet	70 853	168 392
Citrus Solutions GMBH	226 395	-
Loan from Tet, principal amount	436 770	-
Total debts to related companies	**734 018**	**168 392**

In the reporting year *Citrus Solutions* used credit line from the parent company *Tet*, which is issued until June 30, 2021, and is available in the amount of EUR 5 000 000. At the end of the reporting year the Company had used the granted credit line of 436 770 EUR. The interest rate of credit line is linked to the inter-bank one-month credit interest rate EURIBOR.
Assets of *Citrus Solutions* are not pledged as a security for loan and available credit resources.

22. INFORMATION ON ONGOING CONSTRUCTION CONTRACTS

	2021 EUR	2020 EUR
Recognized revenue*	12 771 827	1 857 218
Recognized expenses*	(9 431 412)	(1 115 536)
Total amount of advance payments received from clients	92 870	477 478
Total	**3 433 285**	**1 219 160**

*In 2021 the largest unfinished construction projects are construction of optical network in Germany, Oederan municipality, Delivery, modernization and maintenance of an automatic identification system for vehicles and containers, Design and construction of “Rail Baltica” Riga railway bridge, railway embankment and Riga Central Passenger Station electronic networks.

23. NUMBER OF EMPLOYEES

	2021	2020
Average number of Board members in the reporting year	3	3
Annual average number of other employees	285	290

24. REMUNERATION OF MANAGEMENT

	2021 EUR	2020 EUR
Member of the board:		
- remuneration	334 053	304 199
- state mandatory social insurance payments	78 639	73 052
Total	**412 692**	**377 251**

25. OFF-BALANCE SHEET LIABILITIES

Bank guarantees

In accordance with the contracts, signed with AS „Swedbank” , AS „SEB banka” , AS „Luminor bank” and OP Corporate bank plc branch office in Latvia on issuing of guarantees, on December 31, 2021 the Company had received guarantees of 4 913 067 EUR (in 2020 it was 3 997 002 EUR). On December 31, 2021 the Company has issued a guarantee to the subsidiary Citrus Solutions GbmH in the amount of 2 859 968 EUR.

25. OFF-BALANCE SHEET LIABILITIES (continued)

Liabilities for purchase of inventories

Inventories purchase transactions for which contracts have been signed but the actual performance has not been performed and liabilities have not been included in the financial statements, are as follow:

	2021 EUR	2020 EUR
Liabilities for materials and raw materials	29 399	154 861
Total	**29 399**	**154 861**

Operating lease liabilities

The Company, as a lessee, has concluded property lease agreements. Total annual lease costs in 2021 were 663 302 EUR (in 2020 - 661 311 EUR). On December 31, 2021, the total minimum lease payments under non-cancellable operating leases are as follows:

	2021 EUR	2020 EUR
With a term of one year	120 682	103 861
With a term of more than one year but less than five years	89 722	210 404
Total	**210 404**	**314 265**

26. FINANCIAL RISK MANAGEMENT

Management of financial risks in relation to the Company's liquidity, currency and interest rate fluctuations and credit risk of the transaction partners in the *Tet* group companies is centralized.

Financing and liquidity risk

The group's cash management policy anticipates provision of sufficient liquidity of the group's companies, as well as their ability to finance their operations without any financing limits. According to the group's policy, allocation of the necessary financing to *Citrus Solutions* is organized by the parent company *Tet*. The Company has access to the credit line provided by *Tet* in the amount of 5.0 million EUR until June 30, 2023.

Currency risk

The group's policy is to limit the net currency fluctuation risk as to all known and expected transactions in foreign currency.
The euro is the dominant currency in the settlements with foreign business partners.
Cash in foreign currencies was accumulated for the limitation of currency exchange fluctuations regarding with anticipated transactions.

Interest rate risk

Considering that *Citrus Solutions* loan from parent company has a floating interest rate that is defined for 1 month period, the Company is exposed to interest rate fluctuations risk. Interest rate risk hedging measures in the group are implemented centrally, assessing the interest rate risk impact on the group's financial indicators.

Credit risk

Financial instruments that potentially expose the Company to a certain level of credit risk concentration primarily represent accounts receivables and cash in bank. The Company's policy ensures that goods and services are sold to clients with appropriate credit history. Accounts receivables are shown in recoverable amount. According to the group's cash management policy, the Company's partners in derivative financial instruments and cash transactions are financial institutions with appropriate credit reputation. The parent company is strictly monitoring and limiting the credit risk that is allowed for the group companies with each separate financial institution.

27. EVENTS AFTER THE END OF THE REPORTING YEAR

Impact of COVID-19

After the end of the financial year the restrictions related to the spread of COVID-19 are still continued in the Republic of Latvia and many other countries, which significantly reduce the economic development in the country and the world. It cannot be predicted how the situation might develop in the future, and therefore there is uncertainty of economic development. The full impact of the COVID-19 pandemic on economic activity is not yet known, as the situation constantly changes and develops. The management believes that the COVID-19 pandemic will not have a significant impact on the Company's operations after the balance sheet date. This assumption is based on the information available at the date of signing the financial statements, which may change and differ from management's assessment. However, the Company's management believes that it will be able to successfully adjust its operations even in the conditions of a pandemic and the set restrictions.

In the period from the last day of the reporting year to the date of signing this financial statement, there have been no other events resulting in adjustments to this financial statement or which should be explained in this financial statement.

On behalf of the Board

Chairperson of the Board______________________________ /Jūlija Zandersone/

Outsourcing accountant______________________________/Ilvija Gredzena/

Riga

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

INDEPENDENT AUDITOR’S REPORT

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INDEPENDENT AUDITOR'S REPORT

THE DATE OF THE DOCUMENT IS THE TIME OF ITS ELECTRONIC SIGNATURE

To the stakeholder of SIA "Citrus Solutions"

Decision

We have carried out the audit of the financial statement from page 7 to 25 included in the annual financial statement of SIA "Citrus Solutions" ("Company"). The annexed financial statement includes the balance sheet as of December 31, 2021, profit or loss account, statement of changes in equity and cash flow statement for the reporting year ended on December 31, 2021, as well as an annex to the financial statement, which includes a summary of significant accounting principles and other explanatory information.

In our opinion, the annexed financial statement provides true and fair view of the financial position of SIA "Citrus Solutions" as of December 31, 2021, and of its financial performance and cash flow over the reporting year ended on December 31, 2021, in accordance with the Law on the Annual Financial Statements and Consolidated Financial Statements of the Republic of Latvia.

Basis for opinion

We have carried out the audit in compliance with the International Standards on Auditing (ISA) adopted in the Republic of Latvia. Our responsibilities under those standards are further described in the report section "Auditor's Responsibility for the Audit of the Financial Statements". We are independent of the Company in accordance with the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) (including International Independence Standards) (IESBA Code) and the independence requirements included in the Law on Audit Services of the Republic of Latvia that are applicable to our audit of the financial statements in the Republic of Latvia. We have followed other ethical principles set out in the Law on Audit Services and IESBA Code. We believe that our obtained audit evidences provide sufficient and adequate grounds for our opinion.

Reporting on other information

The management of the Company is responsible for other information. Other information includes:

- General information regarding the Company, which is provided on page 3 of the annexed annual financial statement.
- Management report, which is provided on page 4 - 6 of the annexed annual financial statement.

Other information does not include financial statement and our auditor's report on this financial statement.

Our opinion on the financial statement does not refer to other information and we do not provide any certification in regard to it other than specified in the section of our report *"Other reporting requirements in accordance with the requirements of the legislation of the Republic of Latvia*".

Regarding our audit of the financial statement, our responsibility is to become acquainted with the other information, and, in doing so, assess whether the other information is significantly inconsistent with the financial statements or our information obtained in the audit, or otherwise appears to have significant inconsistencies.

If, based on our work carried out, and, taking into consideration the knowledge and understanding of the Company and its environment obtained in the course of our audit, we conclude that there are significant inconsistencies, we are obliged to report that fact. No circumstances to be reported have come to our attention in this regard.

Other reporting requirements in accordance with the requirements of the legislation of the Republic of Latvia

The legislation of the Republic of Latvia set out other reporting requirements for the management report. These additional requirements are not included in the ISA.

Our responsibility is to assess, whether the Management report has been prepared in accordance with the requirements of the Law on the Annual Financial Statements and Consolidated Financial Statements of the Republic of Latvia.

Based solely on the work carried out within the framework of our audit, in our opinion:

- the information provided in the management report for the reporting year, for which the financial statement is prepared, is consistent with the financial statement, and
- the management report has been prepared in accordance with the requirements of the Law on the Annual Financial Statements and Consolidated Financial Statements of the Republic of Latvia.

Responsibilities of management and persons, entrusted with the supervision of the Company, for the financial statement

The Management is responsible for the preparation of the financial statements that provides a true and fair view in accordance with the International Financial Reporting Standards adopted in the European Union, and for maintaining such internal control which, in the management's opinion, is necessary to enable the preparation of financial statements that are free from significant inconsistencies, whether due to fraud or error.

In preparation of the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, if necessary, the information related to the circumstances related to the Company's ability to continue as a going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease its operations, or has no other realistic alternative but to liquidate the Company or to cease its operations.

The persons entrusted with the supervision of the Company are responsible for supervising the preparation of the Company's financial statement.

Auditor's responsibility for the audit of the financial statements

Our objective is to obtain reasonable assurance about whether the financial statement as a whole is 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 ISA 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.

When carrying out the audit, in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statement, 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 the risk resulting from error, as fraud may involve collusion, document forgery, intentional omission of information, provision of misleading information, 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 the management;
- conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidences obtained, whether a material uncertainty exists related to the 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, the attention is drawn to the information disclosed on these circumstances in the financial statements. If such information is not provided in the financial statement, we provide a modified 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 statement, including the information disclosed

in the annex, and whether the financial statement provides a fair presentation of the underlying transactions and events.

Building a better working world

We also provide information on the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit, to the persons entrusted with supervision of the Company.

SIA "ERNST & YOUNG BALTIC"
Licence No. 17

Diāna Krišjāne
Chairperson of the Board
Sworn auditor of the Republic of Latvia
Certificate No. 124

Riga,

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