



Cross-Sectoral
Coordination Centre of
the Republic of Latvia



**Public Report on
the State-Owned and
Municipalities-Owned
Enterprises and Shares
in 2021**

Riga, 2022

State-Owned Enterprises* in economy of Latvia in 2021

* Information is compiled for 155 capital companies, incl. both groups and consolidated data.

The State has direct ownership in **84** capital companies, of which **65** are fully State-Owned Enterprises (100 % owned by the State), **4** - directly and effectively controlled by the State (>50 % and <100 % State ownership), while in **15** - the State has not direct and effective control (the State ownership <50 %).

State-Owned Enterprises have ownership in **67** companies, incl. one capital company with direct state ownership (LLC Latvijas Mobilais Telefons) and **5** companies have been sold, liquidated or removed from the Register of Enterprises.

Total Assets* of State-Owned Enterprises:

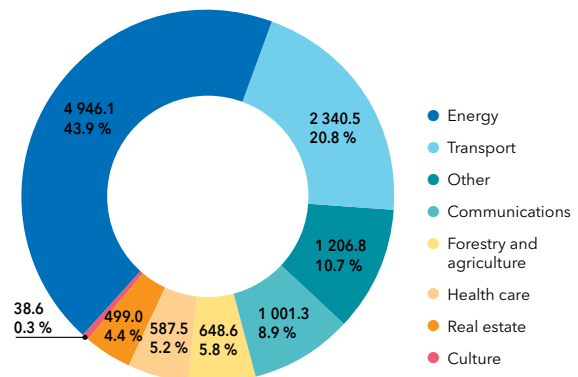
* Long-term investment and current assets

EUR **11.3** billion

Three largest State-Owned Enterprises by Asset value (Latvenergo, Augstsprieguma tīkls, Air Baltic Corporation) make up

50.9 %
of total assets

Total Assets of State-Owned Enterprises by Sector in 2021 (million EUR, % of total Assets)



Total turnover of State-Owned Enterprises*:

* Total revenue from principal activity

EUR **3.99** billion

Three largest State-Owned Enterprises (Latvenergo, Latvijas valsts meži, Latvijas dzelzceļš) by turnover account for

43.2 % of total turnover

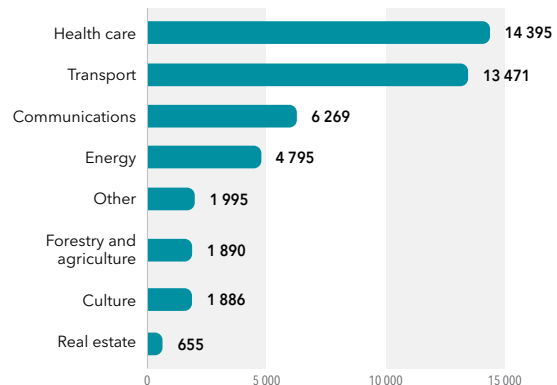
Total number of employees in State-Owned Enterprises

45 356 or **5.1 %**
of all employees in Latvia are employed in State-Owned Enterprises

In three largest State-Owned Enterprises (Latvijas dzelzceļš, Rīgas Austrumu klīniskā universitātes slimnīca, Latvenergo) by the number of employees

33.4 %
of the total number of employees in State-Owned Enterprises are employed

Number of Employees by Sector



Dividends paid by State-Owned Enterprises

State-Owned Enterprises earned

EUR **163.1** million

Paid in dividends

EUR **220.0** million

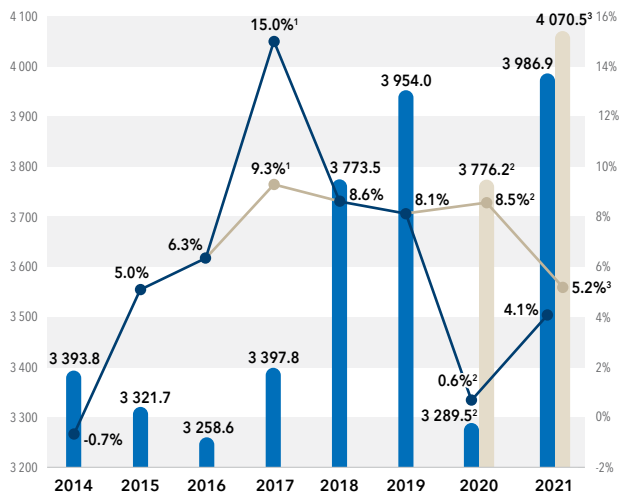
Three largest State-Owned Enterprises (Latvenergo, Latvijas valsts meži, Tet), which contribute to the largest amount of dividends paid to the budget, account for:

84.5 %
of total dividends paid

State-Owned Enterprises must pay dividends to the owner (the State) for the use of capital, especially in cases where the activities of the State-Owned Enterprise are wholly or mainly commercial.

Dynamics of Financial Results

Total Turnover (EUR million) and Profitability (%)



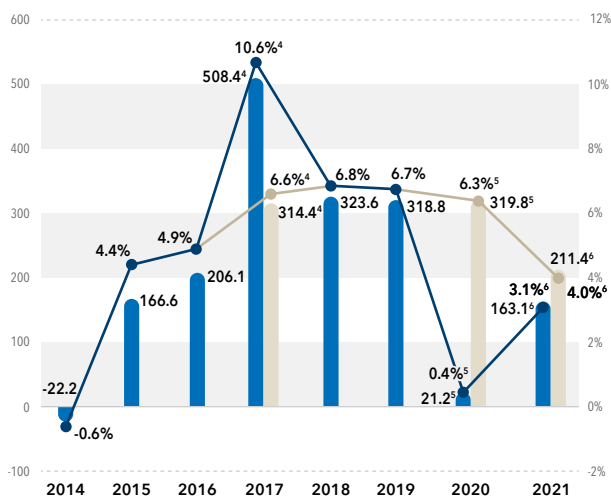
- Total Turnover, million EUR
- Total Profitability, %
- Total Turnover (without Covid-19 impact in 2020 and 2021), million EUR
- Total Profitability (without Corporate Income Tax reform and Mandatory Procurement component subsidies in 2017 and Covid-19 impact in 2020 and 2021), %

¹ The impact of the corporate income tax reform on the profits of the 25 largest capital companies in terms of assets and the total grant effect of the mandatory procurement component is estimated at 5.7 percentage points, **which would reduce profitability to 9.3 %**.

² According to the information provided by capital companies (own assessment, not all capital companies have provided information), the total impact of Covid-19 on turnover in 2020 is estimated at EUR 486.7 million as revenue foregone, while the impact on profits is assessed as an additional loss of EUR 298.6 million. **Without the impact of Covid-19, turnover is estimated at EUR 3 776.2 million, a profit of EUR 319.8 million and a profitability 8.5 %** and the impact of COVID-19 on profitability is estimated at 7.9 percentage points.

³ According to the information provided by capital companies (own assessment, not all capital companies have provided information), the total impact of Covid-19 on turnover in 2021 is estimated at EUR 83.7 million as revenue foregone, while the impact on profit is assessed as an additional loss of EUR 48.3 million. **Without the impact of Covid-19, turnover is estimated at EUR 4 070.5 million, a profit of 5.2 %,** and the impact of Covid-19 on profitability is estimated at 1.1 percentage points.

Total Profit (EUR million) and Return on Equity (ROE, %)



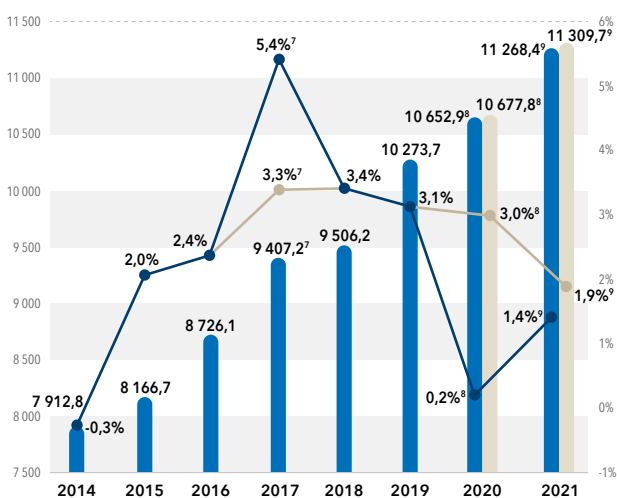
- Total Profit/Loss, million EUR
- Return on Equity (ROE), %
- Total Profit/Loss (without Corporate Income Tax reform and Mandatory Procurement component subsidies in 2017 and Covid-19 impact in 2020 and 2021), million EUR
- Return on Equity (ROE) (without Corporate Income Tax reform and Mandatory Procurement component subsidies in 2017 and Covid-19 impact in 2020 and 2021), %

⁴ The impact of the corporate income tax reform on the profits of the 25 largest capital companies in terms of assets and the combined effect of the mandatory procurement component subsidies is estimated at 4 percentage points, **which would reduce the return on equity to 6.6 %**.

⁵ According to the information provided by capital companies (own assessment, not all capital companies provided information), the total impact of Covid-19 on profits in 2020 is assessed as an additional loss of EUR 298.6 million. **Without the impact of Covid-19, the return on equity is estimated at EUR 319.8 million and the return on equity would reach 6.3 %**, the impact of Covid-19 on the return on equity is estimated at 5.9 percentage points.

⁶ According to the information provided by capital companies (own assessment, not all capital companies provided information), the total impact of Covid-19 on profits in 2021 is estimated as an additional loss of EUR 48.3 million. **Without the impact of Covid-19, the return on equity is estimated at EUR 211.4 million and the return on equity would reach 4.0 %**, the impact of Covid-19 on the return on equity is estimated at 0.9 percentage points.

Total Assets (EUR million) and Return on Assets (ROA, %)



- Total Assets, million EUR
- Return on Assets (ROA), %
- Total Assets (without Covid-19 impact in 2020 and 2021), million EUR
- Return on Assets (ROA) (without Corporate Income Tax reform and Mandatory Procurement component in 2020 and 2021), %

⁷ The impact of the corporate income tax reform on the profits of the 25 largest capital companies in terms of assets and the combined effect of the mandatory procurement component subsidies is estimated at 2.1 percentage point, **which would reduce the return on equity to 3.3 %**.

⁸ According to the information provided by the capital companies (own assessment, not all capital companies provided information), the total impact of Covid-19 on the investments made in 2020 is estimated at EUR 24.9 million as planned but unrealised investments and the impact on profits is assessed as an additional loss of EUR 298.6 million. **Without the impact of Covid-19, assets are valued at EUR 10 677.8 million, a return of EUR 319.8 million and an asset return of 3.0 %**, the impact of Covid-19 on the return on assets is estimated at 2.8 percentage points.

⁹ According to the information provided by the capital companies (own assessment, not all capital companies provided information), the total impact of Covid-19 on the investments made in 2021 is estimated at EUR 41.3 million as planned but not made and the impact on profits is assessed as an additional loss of EUR 48.3 million. **Without impact, assets are valued at EUR 11 309.7 million, a profit of EUR 211.4 million and a return on assets of 1.9 %**, and the impact of Covid-19 on the return on assets is valued at 0.5 percentage points.

Learn more about Latvian State-Owned capital enterprises: <http://www.valstskapitals.lv>



The Cross-Sectoral Coordination Centre has been drafting an annual report on state-owned enterprises and state-owned shares since 2015. This report provides the public with information on the governance and performance of state-owned enterprises in 2021. It also includes information on the shares held by municipalities.

Dear cooperation partners and reader of the report!

Challenge is both a great test of endurance and an opportunity to grow strong. The year 2021 was an illustrative example. Although Latvia was faced with ongoing COVID-19 pandemic for the second year, the economy, including businesses, not only survived and recovered but also managed to return to a sustainable growth path and concluded the year with 3.9 % GDP growth. This time, however, did not stop testing us: Russia's criminal invasion of Ukraine in February 2022 created new shocks and posed unprecedented security, economic and social challenges.

In 2021, the state continued to provide aid to the sectors most affected by the COVID-19 restrictions, including the aid to state enterprises in sensitive sectors that received funding, including equity investments.

The year 2021 marked a largely positive trend for state-owned enterprises in terms of performance, with a return not only to the level before the COVID-19 pandemic, but also to an upturn in a number of indicators. The total turnover of state-owned enterprises, after the reduction to EUR 3.3 billion in 2020, amounted to EUR 3.99 billion in 2021, exceeding the indicator of 2019 by EUR 33 million. This is indicative of economic activity and post-pandemic growth. The total profit of capital companies in 2021 amounted to EUR 163 million, and this is a very good result compared to EUR 21 million in 2020.

COVID-19 restrictions have not affected further increase in the volume of assets from year to year. Capital companies consistently ensured the payment of dividends to the state budget in 2021, with the largest payments made by three capital companies – JSC Latvijas valsts meži, JSC Latvenergo and LLC Tet.

Future results are rooted in today's decisions. Thus, in 2021, the Cross-Sectoral Coordination Centre (CSCC) continued to improve the governance of state-owned enterprises in line with the principles of good corporate governance by introducing new elements. These include the introduction of shareholders' letter of expectations and the requirement for further integration of R&D objectives into the medium-term business strategies of capital companies. In November 2021, the Cabinet of Ministers supported the information report drafted by the CSCC in cooperation with the Innovation Initiative Groups, laying the foundations for more extensive uptake of innovations in capital companies. This will increase the businesses' value in the long term and will also contribute to the creation of higher value goods and services. The holders of state-owned shares will have to include R&D objectives in the strategies of large capital companies within two years, which, in turn, should result in new products and services, conquering new markets, higher competitiveness of companies, increased value and investment in total transformation of the Latvian economy in the long term.

Through this report, we sought to change conceptually the view of the role of public limited liability companies in the economic chain by providing that they are not only allowed but also must invest in R&D, as well as in the creation of innovative, commercialised products, while ensuring, as far as possible, the neutrality of competition.

The implementation of substantial reforms in corporate governance or gradual progress towards the centralization of governance of state-owned capital companies is marked by the Cabinet of Minister's support to the Conceptual Report developed by the CSCC in September 2022. Each new government is expected to approve the national corporate governance policy when assuming the office. It was provided that capital companies are divided into three groups: commercial, state-budget dependent commercial and state budget-dependent non-commercial capital companies. Future governance and choice of financial instruments would depend on the breakdown. The councils of capital companies will have a greater role and responsibility, and it is encouraged to conduct regular assessment of the strategic development of state-owned enterprises, also in such capital companies with unalienated shares. We will continue to have work to be jointly carried out and new challenges.

This is the final consolidated report prepared by the CSCC as an autonomous institution for capital companies of public persons. It is intended that, with the addition of the CSCC to the State Chancellery in 2023, all the functions related to governance of state-owned enterprises will be implemented by the central government. I would like to express my gratitude to all former cooperation partners for reforms and work carried out so far in the field of governance of state-owned enterprises. May the operational results and businesses' value in economic processes serve as the most objective recognition of activity of state-owned enterprises and our joint work!

Let's act responsibly for the future of Latvia!

Pēteris Vilks,

Head of the Cross-Sectoral Coordination Centre

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Terms and abbreviations

Ainaži	SLLC Bērnu psihoneiroloģiskā slimnīca "Ainaži"	IT	information technologies
airBaltic	JSC Air Baltic Corporation	JRT	SLLC Jaunais Rīgas teātris
ALTUM	JSC Attīstības finanšu institūcija "Altum"	JSC	joint-stock company
AST	JSC Augstsprieguma tīkls	KB	SLLC Kremerata Baltica
ATD	SLLC Autotransporta direkcija	LAU	SJSC Latvijas autoceļu uzturētājs
BKT	LLC Bobsleja un kamaniņu trase Sigulda	LDz	SJSC Latvijas dzelzceļš
BKUS	SLLC Bērnu klīniskā universitātes slimnīca	LGS	SJSC Latvijas gaisa satiksme
CIT	corporate income tax	LJA	SLLC Latvijas Jūras administrācija
CSCC	Cross-Sectoral Coordination Centre	LK	SLLC Latvijas Koncerti
CSDD	SJSC Ceļu satiksmes drošības direkcija	LL	SJSC Latvijas Loto
DailesT	SLLC Dailes teātris	LLKC	LLC Latvijas Lauku konsultāciju un izglītības centrs
Daugavas stadions	SLLC Kultūras un sporta centrs Daugavas stadions	LLT	SLLC Latvijas Leļļu teātris
DPNS	SLLC Daugavpils psihoneiroloģiskā slimnīca	LMC	LLC Ludzas medicīnas centrs
DT	SLLC Daugavpils teātris	LMT	LLC Latvijas Mobilais Telefons
EBITDA	Earnings before Interest, Tax, Depreciation and Amortization	LNMC	LLC Latvijas Nacionālais metroloģijas centrs
EDzL	LLC Eiropas dzelzceļa līnijas	LNOB	SLLC Latvijas Nacionālā opera un balets
EUR	euro	LNSO	SLLC Latvijas Nacionālais simfoniskais orķestris
ERAF	European Regional Development Fund	LNT	SLLC Latvijas Nacionālais teātris
EU	European Union	LP	SJSC Latvijas Pasts
ĢM	SLLC Slimnīca "Ģintermuiža"	LPB	SLLC Latvijas Proves birojs
IMP	SLLC Iekšlietu ministrijas poliklīnika	LR	SLLC Latvijas Radio
IS	information system	LSO	SLLC Liepājas simfoniskais orķestris
		LSP	SLLC Lielstraupes pils

LTV	SLLC Latvijas Televīzija	ROA	return on assets
LV	SLLC Latvijas Vēstnesis	ROE	return on equity
LVC	SLLC Latvijas valsts ceļi	RTRIT	SLLC Rīgas Tūrisma un radošās industrijas tehnikums
LVĢMC	SLLC Latvijas Vides, ģeoloģijas un meteoroloģijas centrs	SCM	LLC Sporta centrs "Mežaparks"
LVM	JSC Latvijas valsts meži	SJSC	state joint-stock company
LVRTC	SJSC Latvijas Valsts radio un televīzijas centrs	SLLC	state limited liability company
LVS	SLLC Latvijas standarts	SPNS	SLLC Strenču psihoneiroloģiskā slimnīca
MP	SLLC Meliorprojekts	ŠN	SLLC Šampētera nams
OECD	Organization for Economic Cooperation and Development	TCL	LLC Tenisa centrs "Lielupe"
R&D	Research and development	TET	LLC Tet
PJS	SLLC Piejūras slimnīca	TNA	LLC Tiesu namu aģentūra
Possessor	LLC Publisko aktīvu pārvaldītājs "Possessor"	TOS	SLLC Traumatoloģijas un ortopēdijas slimnīca
PSKUS	SLLC Paula Stradiņa klīniskā universitātes slimnīca	Vaivari	SLLC Nacionālais rehabilitācijas centrs "Vaivari"
PV	JSC Pasažieru vilciens	VAKL	SLLC Valsts Akadēmiskais koris "Latvija"
RAKUS	LLC Rīgas Austrumu klīniskā universitātes slimnīca	VASES	SJSC Elektroniskie sakari
RC	SLLC Rīgas cirks	VDT	SLLC Valmieras drāmas teātris
RIX	SJSC Starptautiskā lidosta "Rīga"	VIF	LLC Vides investīciju fonds
RKT	SLLC Mihaila Čehova Rīgas Krievu teātris	VNĪ	SJSC Valsts nekustamie īpašumi
RPNC	SLLC Rīgas Psihiatrijas un narkoloģijas centrs	VO	JSC Ventas osta
		ZMNĪ	SLLC Zemkopības ministrijas nekustamie īpašumi

Introduction

State-owned enterprises (SOEs) play an important role in the Latvian economy. SOEs not only eliminate market failures and perform tasks of strategic importance for society but also contribute to overall economic development, provide financial benefits to society and ensure accessible and high-quality services. To illustrate the role of SOEs in the national economy, their contribution from 2014 to 2020 will be examined below.

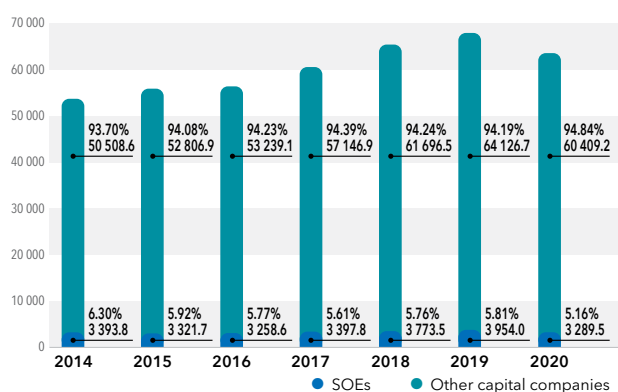


Figure 1. Turnover of SOEs and other capital companies from 2014 to 2020, million EUR, percent

Total turnover of capital companies in 2020 was EUR 63.7 billion¹⁰, which is by EUR -4.4 billion less than in 2019, and represents a decrease of -6.4 %. The growth in 2019 compared to 2018 was EUR +2.6 billion or +4.00 %, which indicates that SOEs have experienced considerable recession as a result of Covid-19 pandemics. 5.16 % of the total turnover of commercial companies was generated by SOEs, which represents a decrease both in financial terms (EUR -664.5 million) and in percentage terms (-16.8 percentage points) compared to 2019, indicating that the turnover of SOEs has decreased faster than the turnover of private companies, the turnover of which in financial terms decreased by EUR -3.7 billion, while in percentage terms by 6.2 %. In 2019, the turnover of SOEs increased by EUR +180.5 million or +4.8 % while the turnover of private commercial companies increased by EUR +2.4 billion or +3.8 %.

In 2020, JSC Air Baltic Corporation (consolidated) experienced the largest decrease in turnover among SOEs compared to 2019 – EUR -363.3 million (or drop by -72.3 % from EUR 502.3 million to EUR 138.9 million). In addition, the decrease in turnover by more than EUR -10 million was experienced by SJSC Latvijas dzelzceļš (consolidated, EUR -83.8 million), JSC Latvenergo (commercial company, EUR -68.2 million), JSC Augstsprieguma tīkls (consolidated, EUR -39.9 million), SJSC Starptautiskā lidosta “Rīga” (EUR -35.2 million), SJSC Latvijas valsts meži (consolidated EUR -25.5 million), SJSC Latvijas gaisa satiksme (EUR -16.6 million), JSC Pasažieru vilciens (consolidated, EUR -14.1 million).

The largest increase in turnover in 2020 was for LLC Rīgas Austrumu klīniskā universitātes slimnīca (EUR +22.6 million), SJSC Latvijas autoceļu uzturētājs (EUR +10.2 million), SLLC Paula Stradiņa klīniskā universitātes slimnīca (EUR +10.0 million), SJSC Latvijas Loto (consolidated EUR +8.8 million) and SLLC Bērnu klīniskā universitātes slimnīca (EUR +5.5 million).

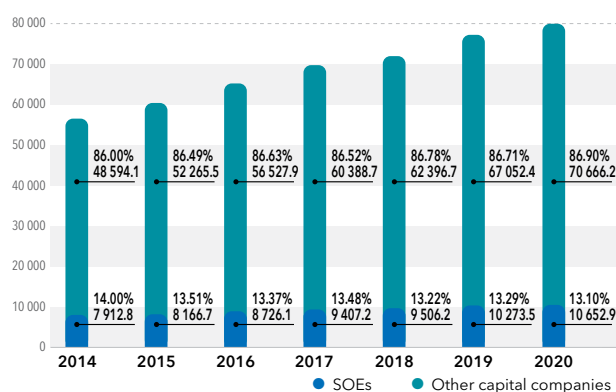


Figure 2. Assets of SOEs and other capital companies from 2014 to 2020, million EUR, percent

The assets of capital companies show theoretical potential for generating income and profits. In 2020, SOEs used 13.1 %¹¹ of assets at disposal of commercial companies, i.e. by EUR 10.65 billion more, and it represented a decrease in the structure of total assets of commercial companies by -0.19 percentage points, compared to 2019. In 2020, the assets of SOEs increased by EUR +379.4 million or +3.7 %, which is indicative of the fact that capital companies have further increased their asset volume despite the Covid-19 pandemics.

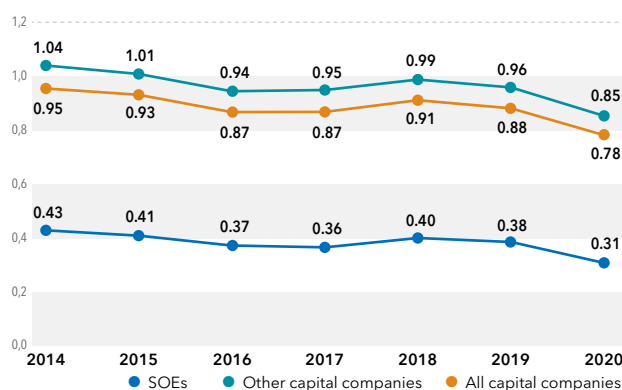


Figure No. 3 Average asset turnover ratio (net turnover/total assets) for the state, other and all capital companies from 2014 to 2020, ratio

¹⁰ Central Statistical Bureau Database, Profit or loss of economic operators (EUR million), source: https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_ENT_UF_UFF/UFF020.

¹¹ Data base of Central Statistical Bureau, Assets and liabilities of economic operators at the end of the year (NACE 2. red.), (EUR million.), source: https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_ENT_UF_UFF/UFF040.

The overall turnover to asset ratio is better for the private sector, which can be explained by different objectives in terms of asset composition. One of the main objectives of the private sector is to maximise profits with the lowest possible involvement of assets and capital. The second factor is the composition of assets – many SOEs maintain and provide a basis for the provision of public services (hospitals, public infrastructure), as well as large-scale infrastructure in the energy and transport sectors. The functioning of these sectors is only possible with large capital investments (hydroelectric power plants, railway and air infrastructure, etc.). The asset turnover ratio in all capital companies, both public and non-public, has decreased significantly in 2020, indicating a decrease in the use of assets due to the COVID-19 pandemic.

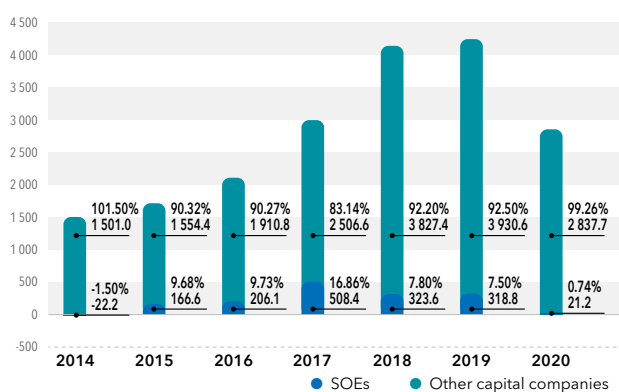


Figure 4. Profit of SOEs and other capital companies from 2014 to 2020, million EUR, percent

Of the total profit of capital companies presented in 2020 (2.84 billion EUR¹²), only 0.74 % was made by state capital companies, which, compared to 2019, is a very significant drop in the amount of -6.76 percentage points. The total profit of SOEs decreased by EUR -297.5 million in 2020, or -93.3 % and amounted to EUR 21.2 million. According to the information provided by SOEs (own assessment, not all capital companies have provided information), the COVID-19 pandemic had a significant impact on profit and represents an additional loss of EUR 298.6 million. Profit would be estimated at EUR 319.8 million without the COVID-19 impact. Without the impact of the COVID-19 pandemic on three capital companies in the transport sector, which were highly affected by the COVID-19 pandemic – JSC Air Baltic Corporation, SJSC Latvijas gaisa satiksme, the total profit of SJSC Starptautiskā lidosta “Rīga” could have reached EUR 316.6 million. By eliminating these three capital companies from the calculations, the profit amounted to EUR 309.3 million.

Overall, taking into account that EUR 194.0 million of profits in 2017 consisted of the impact of the reform of the “Corporate Income Tax (CIT) Law” in relation to reversed deferred corporate tax and cumulative effect of growth restriction of the mandatory procurement component (OIK) and the grants for waiving future revenues, the adjusted economic profit amounted to EUR 314.4 million in 2017. Public corporations from 2017 to 2020, excluding the three SOEs in the aviation sector in 2020, earned a relatively constant amount of EUR 305-325 million per year, which shows that the impact of the COVID-19 pandemic has been significant for certain sectors, but the majority of the public capital companies have not been affected.

The rest of capital companies have also experienced a significant drop in profits of EUR -1.1 billion or -38.5 %.

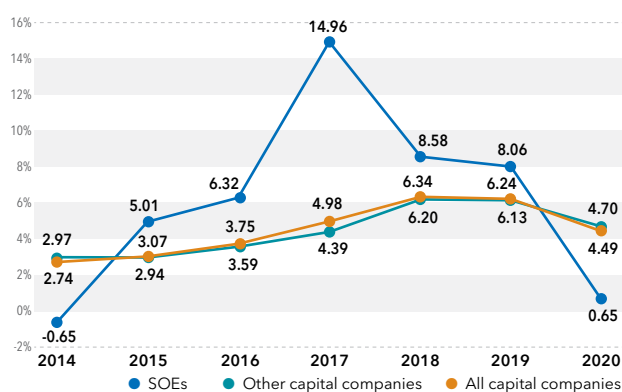


Figure 5. Profitability (total profit/net turnover) for the state-owned, other and all capital companies from 2014 to 2020, percent

When assessing profit against turnover or profitability, the total results of SOEs are significantly lower than for other capital companies – respectively 0.56 % for SOEs and 4.70 % for other capital companies in 2020. In terms of return on assets, the situation is also better in the private sector with 0.20 % and 4.02 % respectively. Overall, compared to 2019, there has been a decrease in profitability and return on assets, both in SOEs (by -7.42 and -2.90 percentage points respectively) and in other capital companies (by -1.43 and -1.85 percentage points respectively). In light of COVID-19 pandemic, both profitability and return on assets have fallen below other capital companies. The return on government assets is by 95.0 % and profitability is by 86.3 % lower than in other capital companies.

¹² Database of the Central Statistical Bureau. Profit or loss of economic operators (million EUR), source: https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_ENT_UF_UFF/UFF020.

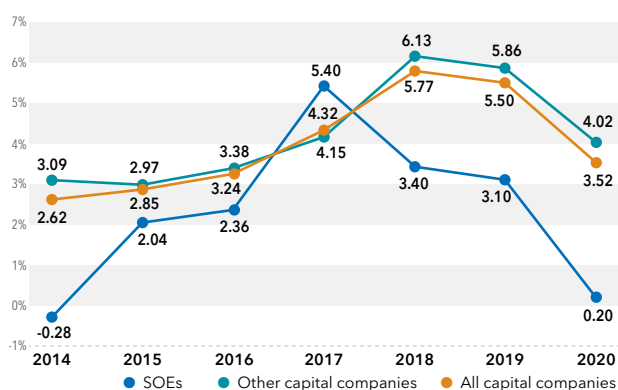


Figure 6. Return on assets (total profit/total assets) for SOEs, other and all capital companies from 2014 to 2020, percent

The overall performance of SOEs changed significantly in 2021 compared to 2020 for some indicators and, in most cases, demonstrated a significant positive trend – the adaptation to the COVID-19 pandemic and mitigation of the effects. The total turnover has increased by EUR +697.3 million (+21.2 %), amounting to EUR 3.99 billion. Total profit increased by EUR +141.8 million (+667.7 %) to EUR 163.1 million. The indicator for total EBITDA increased by EUR +197.8 million (+32.9 %) to EUR 798.9 million. The overall EBITDA profitability increased by +1.7 percentage points or +9.7 %, reaching 20.0 % in 2021 compared to 2020. Total investment has also increased by EUR +101.8 million (+16.0 %) to EUR 737.3 million. There have been minor changes in total assets (EUR +615.5 million or +5.8 %, a total of EUR 11.27 billion), equity (EUR +251.5 million or +5.0 %, a total of EUR 5.31 billion), dividends paid into the state budget (EUR -0.9 million or -0.4 %, a total of EUR 220.0 million), contributions to state and local government budgets (EUR +23.6 million or +2.8 %, a total of EUR 873.6 million) and funding received from the State budget (EUR +3.0 million or +0.2 %, a total of EUR 1.22 billion). Donations received have slightly decreased (EUR -0.1 million or -7.9 %), while donations made have slightly increased (EUR +0.1 million or +2.4 %), amounting to EUR 1.7 million and EUR 5.2 million respectively.

Total figures for SOEs in 2021 already exceed some of the financial indicators before the COVID-19 pandemic or 2019. This is indicative of a successful adaptation to and mitigation of effects of the COVID-19 pandemic, however, it should be taken into account that the funding received from the state budget is still significantly above the funding received before the COVID-19 pandemic and the fixed capital has also been increased, for example in capital companies of the health sector and Starptautiskā lidosta “Rīga”. The state budget funding in 2021 amounts to EUR 502.5 million or is by 70.1 % more compared to 2019.

Table 1. Aggregate financial indicators characterizing the activities of SOEs and state-owned shares from 2018 to 2021

Principal financial indicators, million EUR				
	2018	2019	2020	2021
Turnover	3 773.5	3 954.0	3 289.5	3 986.9
Profit/loss	323.6	318.8	21.2	163.1
EBITDA	835.6	926.5	601.1*	798.9
Total assets	9 506.2	10 273.7*	10 652.9	11 268.4
Share capital	3 764.5	3 834.1*	4 369.7	4 665.6
Equity	4 736.1	4 772.3*	5 054.2	5 305.7
Investment	725.4	979.1	635.6*	737.3
Dividends paid to state budget	232.5	231.8	220.9	220.0
Contributions made to the state and local government budget	859.6	865.0	849.9*	873.6
Donations received	1.18	1.07	1.8	1.7
Donations made	5.7	6.3	5.1*	5.2
Funding received from the state budget	695.2	716.9	1 216.4*	1 219.3
Principal financial indicators, % and coefficients				
Profit and turnover ratio, %	8.58	8.06	0.65	4.09
Return on assets, ROA, %	3.40	3.10	0.20	1.45
Return on equity, ROE, %	6.83	6.68	0.42	3.07
Total liquidity	1.04	1.57	1.48	1.42
Liabilities-to-equity ratio	0.99	1.13	1.08	1.10
Other indicators				
Number of employees	49 908	49 483*	46 784	45 356
Average gross remuneration per employee per year, thousand EUR	15.3	16.3	17.2	19.6
Gender representation in management, f/m	number	68/165	71/175	70/170
	%	29/71	29/71	29/71
Annual report in accordance with IFRS, yes/no	number	19/56	20/55	20/56
	%	25/75	27/73	26/74
Report on corporate governance, yes/no	number	No data	No data	7/63
	%	No data	No data	10/90
Non-financial report, yes/no	number	No data	No data	12/58
	%	No data	No data	17/83

* Corrections have been made.

Investment volumes have increased significantly in 2021 compared to 2020, but have not yet reached the level of 2019 before the COVID-19 pandemic. Although in theory, it could be affected by the COVID-19 pandemic, SOEs did not report a major impact on it in both 2020 and 2021. According to the information provided by SOEs (own assessment, not all state-owned enterprises have provided information) the overall impact of COVID-19 on investment has been insignificant, i.e. a decrease of only EUR 41.3 million, which is still more than in 2020, when SOEs reported an impact of EUR -25.0 million on investment decisions. In percentage terms, the impact from investment postponement or non-implementation was 3.9 % of investments made in 2020 and 5.6 % in 2021. In 2021, investments increased by EUR 101.8 million or 16.0 % compared to 2020 and decreased by EUR 241.8 million compared to 2019, reaching a total investment volume of EUR 737.3 million. The largest investment in 2021 was in the transport sector, amounting to EUR 231.5 million. The transport sector also experienced the largest growth in investment in 2021 – EUR +107.8 million or +87.2 % where the most significant increase was for JSC Air Baltic Corporation – EUR +114.5 million or +146.8 %. JSC Air Baltic Corporation invested EUR 192.5 million in 2021 compared to EUR 78.0 million in 2020 and EUR 333.9 million in 2019. A relatively significant drop in investment was for SJSC Starptautiskā lidosta “Rīga” as it decreased by 52.2 % or EUR 7.3 million, reaching a total investment of EUR 6.6 million, compared to EUR 13.9 million in 2020 and EUR 21.8 million in 2019.

Investment leader in 2020 – the energy sector – has reduced its investment volume by EUR 84.1 million or 32.2 % in 2021, making investments of EUR 177.2 million and ranking the 2nd by sector breakdown. In 2020, investments in the energy sector amounted to EUR 261.3 million.

The third largest investor in 2021 – the communications sector, with investments of EUR 147.9 million, demonstrated a significant increase in investment of EUR +41 million or +38.4 % compared to 2020. This increase can largely be attributed to the implementation of the LMT 5G network solution in Latvia through the acquisition of the Baltic data transmission network and IT security solutions group Santa Monica Networks¹³.

There is also a significant increase in investment for SOEs of the health sector, which amounted to EUR +53.2 million or 113.0 %, reaching total investment of EUR 100.2 million in 2021, compared to EUR 47.0 million in 2020. Ten largest state-owned enterprises have made 87.1 % of the total investment in 2021, an increase of 3.0 percentage points compared to 2020.

Compared to 2020, the number of employees of SOEs continued to decrease at a lower rate, reaching -3.1 % or a reduction of 1 428 employed per year. The number of employees in SOEs has been decreasing for six consecutive years. In 2016, it decreased by 603 employees or -1.1 %, in 2017 by 1 102 employees or -2.1 %, in 2018 by 1 219 employees or -2.4 %, in 2019 by 370 employees or -0.7 %, in 2020 by 2 699 employees or -5.5 %. SOEs employ a total of 45.4 thousand people, which is 5.08 %¹⁴ of economically active population, and there is a slight increase of + 0.06 percentage points compared to 2020. In 2021, the number of economically active population in the country has shown the most significant decrease over the last 10 years¹⁵ – by 38.3 thousand or 4.1 %, decreasing to 892.2 thousand inhabitants aged 15-64. This decrease has been observed for the last 13 consecutive years. SOEs strive to make their operations more efficient and review their business processes. The unemployment rate fell to 7.9 % in 2021, decreasing by 0.5 percentage points compared to the unemployment rate in 2020, when it was 8.4 % (in 2019 – 6.5 %, in 2018 – 7.6 %, in 2017 – 8.9 %, in 2016 – 9.9 %)¹⁶. The average wage continues to grow steadily, as remuneration increased by +5.2 % in 2017 compared to 2016, by +12.6 % in 2018 compared to 2017, by +6.9 % in 2019 compared to 2018, by +5.7 % in 2020 compared to 2019, and by 14.0 % in 2021, which was higher than the increase in the average monthly wage of employees in 2021 (+11.7 %).¹⁷ The average annual gross remuneration of employees in state-owned enterprises was by 28.2 % higher than in the country as a whole in 2021 and reached EUR 19.6 thousand.

¹³ Consolidated Annual Report 2021 of LLC “Latvijas Mobilais Telefons” Group, p.4..., source: www.ur.gov.lv.

¹⁴ Indicators calculated in the age group 15 - 64 using data from https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_EMP_NBB_NBA/NBA010.

¹⁵ Indicators calculated in the age group 15 - 64 using data from https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_EMP_NBB_NBA/NBA010.

¹⁶ Indicators calculated in the age group 15 - 64 using data from https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_EMP_NBB_NBA/NBA010.

¹⁷ Average salary in 2021 was EUR 1 277 accord.

1. Governance of State-Owned Enterprises

Governance of SOEs is regulated by the "Law on Governance of Capital Shares of a Public Person and Capital Companies", which came into force on 1 January 2015. The Cabinet of Ministers is the highest decision-making body as regards the governance of state-owned shares and capital companies. It adopts decisions on the:

- acquisition, retention and termination of public participation in the capital company and the assessment of terms of participation;
- defining of the general strategic objective;
- approval of divergent dividend payments for capital companies both for the period of the medium-term strategy and the previous financial year.

The Cross-Sectoral Coordination Centre (CSCC) shall perform the functions of the coordination institution by coordinating and supervising the governance of SOEs and state-owned shares. The CSCC shall:

- draw up guidelines and regulations of the Cabinet of Ministers regarding corporate governance practices of SOEs;
- issue a statement to holders of state-owned capital shares on the financial objectives set in the medium-term operational strategy of the capital company and on the financial indicators of the performance (profit share to be disbursed in dividends, profit indicators, return on capital, etc.), as well as on the conformity of such objectives with the non-financial objectives set in the medium-term operational strategy;
- issue a statement to the Cabinet of Ministers on obtaining, maintaining or terminating state participation;
- provide advice to the Prime Minister, the Cabinet of Ministers, holders of capital shares of a public person (ministries), and management of capital companies, as well as organize training on issues related to corporate governance of SOEs;
- ensure that current information is published regarding SOEs and capital companies under decisive influence of the state, as well as prepare annual public report on SOEs and state-owned capital shares;
- provides regular exchange of information with the OECD Working Party on State Ownership and Privatization, participate in its work and facilitate the implementation of the OECD recommendations on governance of SOEs, as well as ensures the compliance of Latvian SOEs with good corporate governance practices recognized by developed countries.

In order to ensure efficient governance of capital companies and shares of public persons, a collegial body – the Council of the Institution Coordinating Governance of State-Owned Capital Shares and State-Owned Capital Companies (hereinafter – the Council of the Co-ordination Institution) was established, which reviews draft guidelines drawn up by the Co-ordination Institution in the field of governance of capital shares of a public person and harmonizes them before approval, as well as in the cases specified by law, assesses the opinion of the Co-ordination

Institution regarding the draft medium-term operational strategy of a capital company, if the holder of state-owned capital shares or the council of a capital company (if any) does not agree with the opinion produced by the Co-ordination Institution and the holder of state-owned capital shares or the council of a capital company has requested to examine the issue at the Council of the Co-ordination Institution. It should be noted that the Council of the Co-ordination Institution has not had to deal with such issues. The Council of the Co-ordination Institution shall also be entitled to provide proposals to the Co-ordination Institution regarding other issues related to the management of capital shares of a public person. The Council consists of representatives of eight ministries and representatives from the Free Trade Union Confederation of Latvia, the Latvian Association of Local and Regional Governments, the Latvian Chamber of Commerce and Industry and the Employers' Confederation of Latvia. The representative of the Baltic Institute of Corporate Governance is invited to attend the Council's meetings without voting rights.

A holder of state-owned capital shares in a capital company shall be a ministry or other state administration institution appointed as the holder of state-owned capital shares by the Cabinet of Ministers. The Cabinet of Ministers shall determine the ministry, which plays a significant role in management of specific state-owned capital shares in the respective sector (hereinafter - the line ministry). If a ministry is the holder of state-owned capital shares, decisions of the holder of capital shares shall be taken by the State Secretary of the ministry or another official of the ministry determined by an order of the State Secretary. A holder of capital shares:

- or a line ministry may propose obtaining or termination of state participation as well as obtaining or termination of decisive influence in a capital company. A conformity assessment of obtaining the participation or decisive influence with the conditions of Paragraph one, Section 88 of the "State Administration Structure Law" in relation to participation of a public person in a capital company, as well as the general strategic objective that the submitter of the proposal offers for the State to achieve through the participation in the capital company, shall be appended to the proposal;
- ensures that a medium-term strategy is in drawn up;
- determines the profit share to be disbursed JSC dividends;
- assesses the performance results of the capital company;
- publishes on its website up-to-date information on the capital companies in which it holds shares;
- proposes the candidate nomination process for the position of a member of the council or board of the capital company (if the council has not been established);
- adopts decisions within the competence of the meeting of participants on the approval of the annual report of the company; distribution of profit; election and revocation of the members and chairperson of the executive board, except in cases where a council has been established in the company; election and revocation of the members of the Council (if any); election and revocation of the auditor; bringing a claim against a member of the executive board

or supervisory board (if any) or withdrawal of claim against them, as well as to appointment of a representative to represent the company in court; approval and amendment of the company's statutes; the amount of remuneration for an auditor, members of the Council (if any) and the members of the executive board (except for the cases where the Council is established); increase or decrease of equity capital; company's reorganization; election and revocation of the liquidator; the approval of medium-term operational strategy, unless the Council has been established.

As of 1 June 2020, all joint-stock companies must have a council, but the council may also be established by limited liability companies, if the company's performance in the previous reporting year meets the following criteria:

- 1) net turnover exceeds EUR 8 million;
- 2) balance sheet total exceeds EUR 4 million.

At the end of 2021, 19 SOEs had Councils. According to the "Law on Governance of Capital Shares and Capital Companies of a Public Person", the Council shall have the task to:

- 1) elect and revoke the chairperson and the members of the executive board;
- 2) determine the remuneration for members of the executive board;
- 3) approve the medium-term operational strategy and monitor its implementation;
- 4) constantly supervise that the matters of the company are conducted in accordance with the requirements of laws and regulations, articles of association of the company, and decisions of the meeting of shareholders;
- 5) examine the annual report of the company, the report of the executive board and proposals of the executive board on profit distribution, to prepare a report of the supervisory board thereon, and to submit them to the shareholders' meeting;
- 6) represent the company in court regarding all claims brought by the company against members of the executive board and claims brought by members of the executive board against the company;
- 7) approve concluding of a transaction between the company and a member of the executive board or an auditor;
- 8) examine in advance all issues within the competence of the shareholder or shareholders' meeting or the issues initiated by members of the executive board or members of the supervisory board recommended for examination at the meeting of stockholders, and to provide a statement on such issues;
- 9) submit proposals to the shareholder regarding the improvement of company's operation.
- 10) approve the annual budget and monitor its implementation;
- 11) supervise the functioning of internal control and risk management systems, to review their adequacy and efficiency;
- 12) approve the most relevant policies, which define the principles of operation of the corporation as regards risk management, prevention of conflict of interest, fight against corruption, corporate governance and other issues;
- 13) to perform an annual self-assessment of the work of the council.

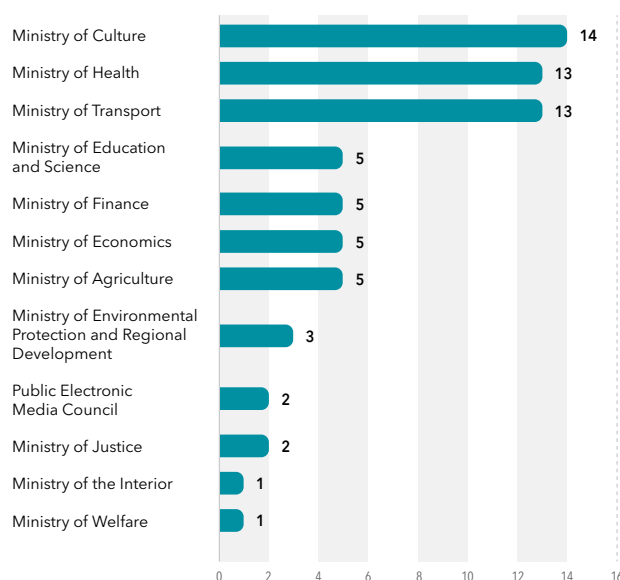


Figure 7. Holders of state-owned shares in SOEs at the end of 2021

1.1. Public participation and general strategic objective

The year 2021 does not mark any significant changes in public participation in SOEs. Pursuant to Cabinet Order No 457 of 25 August 2020, SJSC Ceļu satiksmes drošības direkcija will cease its participation in LLC Auteko & TŪV Latvija 51 %, LLC Autests 20 %, LLC Scantest 20 % and LLC Venttests 50 % by divesting its shares in the auction. In 2021, the process of divesting the shares continued, organised by the LLC Possessor (at the beginning of 2022, the divestment of LLC Auteko & TŪV Latvija, LLC Scantest and LLC Autests took place).

Since, according to Paragraph one, Section 7 of the "Law on Governance of Capital Companies", a public person is obliged to reassess each of its direct participations in a capital company and its compliance with the conditions referred to in Paragraph one, Section 88 of the "State Administration Structure Law" (except if the law provides that the capital shares or shares of the relevant capital company are not to be alienated) at least once every five years, evaluation of state participation in several capital companies continued in 2021.

The Cabinet of Ministers considered the evaluations of participations prepared by the holders of capital shares and decided on the approval of a new general strategic objective and the maintaining the state participation in the following capital companies: SLLC Autotransporta direkcija, JSC Ceļu satiksmes drošības direkcija, LLC Eiropas dzelzceļa līnijas, SLLC Iekšlietu ministrijas poliklīnika, SLLC Latvijas Jūras administrācija, LLC Latvijas Lauku konsultāciju un izglītības centrs, LLC Latvijas Nacionālais metroloģijas centrs, SLLC Latvijas valsts ceļi, JSC Pasažieru vilciens. Due to the reorganisation of SLLC Aknīstes psihoneiroloģiskā slimnīca, by adding it to the SSC Daugavpils psihoneiroloģiskā slimnīca, the Cabinet of Ministers approved the updated general strategic objective of SLLC Daugavpils psihoneiroloģiskā slimnīca.

Having regard to the fact that the general strategic objective should also be approved for those capital companies which do not have to undergo revaluation of state participation, since they are laid down by the law as inalienable, the Cabinet of Ministers approved the updated general strategic objectives for the following capital companies of economic importance: JSC Latvenergo, SJSC Latvijas dzelzceļš, SJSC Starptautiskā lidosta "Rīga" and SJSC Latvijas gaisa satiksme.

1.2. Strategy development

In 2021, the CSCC received 19 drafts of medium-term operational strategies (hereinafter - the draft strategy) and one amendment to the draft medium-term operational strategy (hereinafter - the strategy).

Most of the submitted draft strategies were developed by capital companies of the Ministry of Culture (six draft strategies) and the Ministry of Transport (seven draft strategies). In 2021, the CSCC issued 17 opinions, including four repeated opinions with recommendations and proposals for improvements to draft strategies. In 2021, 15 strategies or their amendments were approved and received, including five strategies of capital companies of the Ministry of Transport. Ten of the strategies approved in 2021 were those that received the opinion by the CSCC in 2021, three received the opinion of the CSCC at the end of 2020, while one received the opinion of the CSCC in 2019 and one even in 2018, which indicates some problems in the approval of the strategies even after their development and receipt of CSCC's opinion.

As has been observed in previous years, in 2021 most of strategies were approved when their period of operation had already started, many of which were strategies with a deadline of 2021 - 2023, which in fact means that the strategies contained a future perspective only for next two years. To a certain extent, this was understandable in 2021, given the COVID-19 pandemic that started in spring 2020 and continued throughout 2021 and the related restrictions. These restrictions, together with the increase in energy prices, created uncertainty about the future and capital companies faced difficulties in planning their activities in the medium and long term.

At the same time, short-term planning places a heavy burden on both the capital company, the shareholder and the CSCC, as the development and coordination process is time-consuming. It is also important to note that it is not possible to plan and develop large projects qualitatively in the short term, and strategies lack a long-term vision.

In 2021, the CSCC prepared an informative report "Informative Report on the Promotion of Innovation and Setting R&D Objectives in State-Owned Enterprises", which was approved by the Government meeting on 16 November 2021 and laid the foundations for setting R&D objectives in the strategies of SOEs and their implementation, which in the long term will ensure an increase in the value of these companies and contribute to the creation of higher value goods and services. The aim of the report is to achieve a breakthrough in the amount of R&D investments in SOEs and to contribute to the overall transformation of the national economy, so that Latvia can move towards achieving the objectives set out in R&D.

Strengthening the role of the shareholders' letter of expectations is an important step towards promoting R&D investments, as shareholders (ministries) as an active investor must clearly define these expectations for R&D and innovation in SOEs. In addition, the implementation of the owner's letter of expectations will also have other positive effects – it will be possible to define expectations in terms of both financial objectives and current corporate social responsibility and sustainability objectives. The role of the letter of expectations was also highlighted in an international study¹⁸ carried out by PricewaterhouseCoopers Latvia (PwC) conducted under the guidance of CSCC and concluded in 2021.

The methodology developed by PwC offers both shareholders and SOEs a variety of corporate governance tools to provide information on the company's strategic objectives and expected results in a transparent manner. The methodology prepared, primarily through the introduction of owner's letter of expectations, will help shareholders to communicate clearly with capital companies and society about the expectations of the state shareholder with regard to the company's business strategy, including the capital structure of the capital company, the expected rate of return and dividend pay-out ratio, the recommended set of financial instruments and the required corporate governance standards.

The Government, taking note of the informative report, conceptually agreed that SOEs, as well as holders of state capital shares, when representing the interests of the state in capital companies with a significant share of the state-owned capital, should set R&D objectives and implement them by ensuring an increase in innovative and exportable goods and services important for the state and ensuring that the state-owned capital retains and increases its value under the influence of global competition and is used to increase the benefits offered to the society through the goods and services of SOEs, which, inter alia, would promote competition in the market.

The Cabinet of Ministers tasked the CSCC to incorporate instructions on the preparation of a letter of expectations in the guidelines "Guidelines for the Development of the Medium-term Strategy of State-owned Enterprises" during the six-month period¹⁹. Holders of state-owned shares (ministries), in turn, will have to specify the objectives to be achieved by SOEs and the instruments to be used in the letter of expectations of the shareholder - holder of state-owned shares, including the involvement in R&D. Holders of state-owned shares must include relevant R&D or innovative solution implementation goals (investment volumes, priority directions, indicators to be achieved) in the strategies of large companies within two years.

¹⁸ <https://www.valstskapitals.gov.lv/lv/petijumi/>

¹⁹ Updated guidelines approved on 17.06.2022;

https://www.valstskapitals.gov.lv/images/userfiles/1.2_23.2.1_vid-term_darb_strat_vadlinijas_170622.pdf

OPERATIONAL STRATEGIES OF CAPITAL COMPANIES

DEVELOPMENT, IMPLEMENTATION, MONITORING

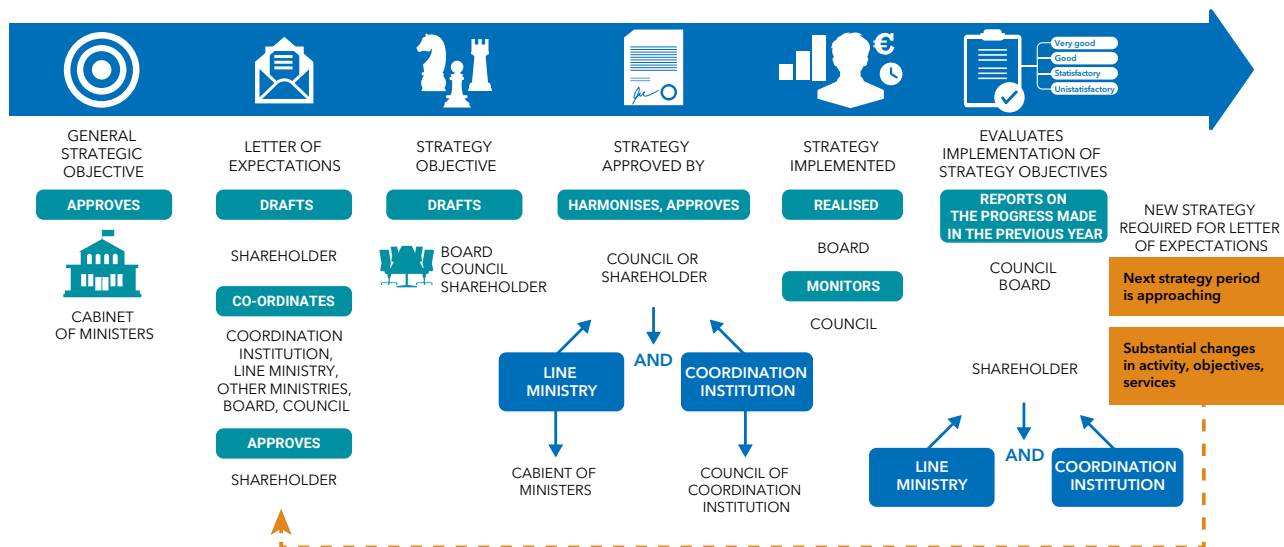


Figure 8. Process of harmonizing and validating the draft strategy

1.3. Dividend policy

The year 2020 was the last year when the minimum expected profit share to be disbursed in dividends for SOEs and profit share to be distributed in dividends was 80 % of the profits of the capital company's accounting year, unless otherwise specified in the medium-term operational strategy of the capital company. The share of profit to be paid out in dividends included payment for the use of state capital and corporate income tax. Such regulatory framework led to a situation where dividends and corporate income tax of SOEs were calculated and reflected in the financial statements differently from companies operating in the private sector, as well as its application in various SOEs was different.

In order to prevent divergent practices, informative report "On the Problems and Solutions to the Presentation of Profit Left at the Disposal of State-Owned Enterprises in the Balance Sheet Items of the Capital Company" was developed and reviewed at the meeting of the Cabinet of Ministers' on July 6, 2021 (Prot. No. 51 §80). The CSCC was assigned the task to draw up and submit amendments to the "Law on the Governance of Capital Shares and Companies of a Public Person" for consideration to the Cabinet of Ministers and, after the entry into force of these amendments, to submit the amendments to the Cabinet Regulation No. 806 "Procedure by which State-Owned Enterprises and Public Private Capital Companies in which the State is a Shareholder (shareholder) Foresee and Determine the Share of Profits to be Disbursed in Dividends and Make Payments" of 22 December 2015 for consideration by the Cabinet of Ministers. In addition, in order not to reduce the dividends due to the state as the result of differences in accounting methodologies of capital companies, holders of state-owned capital shares of SOEs and public private capital companies were instructed to ensure that until amendments to

regulatory enactments have come into force, when calculating dividends due to the state for the financial year 2021 and subsequent reporting years, the corporate income tax included in the profit or loss statement which is calculated for the dividends calculated in the previous accounting year is not taken into account, and if, as a result of the said adjustment, dividends to be paid to the state for the previous year exceed the total amount of profit, the matter regarding divergent profit share to be distributed in dividends shall be considered by the Cabinet of Ministers. On November 15, 2021, the Saeima adopted the law "Amendments to the Law on Governance of Capital Shares and Capital Companies of a Public Person"²⁰. It became effective on February 1, 2022, and provided for a new wording of Paragraph six, Section 28 of the "Law on Governance of Capital Shares and Capital Companies of Public Persons" by specifying that the Cabinet of Ministers shall, in accordance with the provisions of this Section, govern the procedures according which to determine the share of profit to be disbursed in dividends in SOEs, dependent capital companies and subsidiaries, capital companies controlled by a public person, public private capital companies in which the state is a shareholder (stockholder), and their subsidiary companies, and the actions of the holder of state-owned capital shares or shareholder (stockholder) when exercising the right of the shareholder (stockholder) to decide on the share of profits to be disbursed in dividends, the procedures by which the capital company reflects the distributed profits in the financial statements, as well as the procedure by which control of dividend payments is ensured. In addition, Section 28 was supplemented with a regulation that a capital company calculates, pays and reflects in its accounting the corporate income tax in accordance with the procedures laid down in the regulatory enactments regulating corporate income tax, thus ensuring a uniform regulation for the calculation of corporate income tax for both private companies and SOEs.

²⁰ <https://likumi.lv/ta/id/328111-grozijumi-publikas-personas-kapitala-dalu-un-kapitalsabiedribu-parvaldibas-likuma>

In the light of the fact that the amendments to the “Law on the Governance of Capital Companies” supplemented the delegation to the Cabinet of Ministers to determine the procedures for dividend payment also in capital companies controlled by public persons, capital companies dependent on public persons and subsidiaries, as well as to determine the procedures by which the capital company reflects the distributed profits in the financial statements, it was necessary to pass a new Cabinet regulation. Regulations of the Cabinet of Ministers No. 72 “Procedures by which Payments for the Use of State-Owned Capital are Foreseen, Determined and Committed”²¹ (hereinafter – the Regulation) were drafted in the second half of 2021, adopted by the Cabinet of Ministers on January 25, 2022 and became effective on February 1, 2022. The new regulations provide that, the minimum expected share of profit to be paid

in dividends to SOEs, to public-private companies and capital companies controlled by a public person in which the state is a holder (shareholder) shall be 64% of the annual profit of the capital company, unless otherwise specified in the medium-term operational strategy of a capital company. On the other hand, capital companies and subsidiaries dependent on SOEs, a capital company controlled by a public person and a public-private capital company in which the state is a holder (shareholder), a subsidiary company shall pay not less than 50% of the profit in the capital company's reporting year, unless otherwise specified in the capital company's strategy. Dividend payment of 64 % (excluding corporate income tax) corresponds to the previously established 80%, including corporate tax, thereby the amount due to the state (dividends + corporate income tax) does not change.

Table 2. Comparison of the share of profit to be paid in dividends according to changes in regulatory framework

Period	Companies	Minimum expected share of profit to be paid in dividends*	Notes
Reporting years 2019 - 2020	SOEs	80 % of the capital company's profits in the reporting year	Includes payment for the use of state capital and corporate income tax
Starting from reporting year 2021	SOEs, public-private capital companies and capital companies controlled by a public person, in which the State is a holder (shareholder)	64 % of the annual profits of the capital company (excluding corporate income tax)	Corresponds to the previously set 80 % , including corporate income tax, so the amount due to the state (dividends + corporate income tax) does not change
	A capital company dependent on state-owned enterprise and a subsidiary company, a capital company controlled by a public person and a publicly private capital company in which the State is a shareholder, a subsidiary company	>50 % of the annual profits of the capital company	-

* Unless otherwise specified in the medium-term operational strategy of a capital company.

1.4. Nomination committees and processes

In 2021, all processes related to the selection and evaluation of candidates for the board of directors of SOEs were initiated by the holder of state-owned shares or by the council of the capital company (if any). In accordance with the “Law on the Governance of Capital Shares and Capital Companies of a Public Person” (hereinafter - the Law on Governance of Capital Companies) the CSCC has ensured, for already the second year, all nomination processes for members of the council of SOEs (capital companies in which all capital shares or voting shares are owned by the state) together with the holder of capital shares, incl. management of work of the Nomination Committee, has provided the documentation for organising the nomination process and meetings, as well as disclosure of information on the nomination process. In accordance with the Law on Governance of Capital Companies, representatives of the board of directors and members of the council of SOEs shall be included in the Nomination Committees with voting rights from representatives of a line ministry or the council of the capital company, representatives delegated by the Coordination

Institution (CSCC), independent experts and observers in advisory capacity, if any.

In 2021, the CSCC's employees have participated as members of the Nomination Committee in each selection of candidates for the board of directors and council members of SOEs. Although, in accordance with Section 37 of the Law on Governance of Capital Companies, the nomination commissions of board and council members of derived public companies (including municipality-owned capital companies) include representatives nominated by the holder of capitals shares or the council (if any), independent experts, as well as, if necessary, observers with advisory rights, and the regulation does not stipulate the inclusion of representatives of the coordinating body in the nomination commission, CSCC representatives also participated in some nomination processes of capital companies of derived public entities as independent experts. Table No.3 “Nomination processes where a representative of the CSCC has participated in 2021 as a member of the committee” presents aggregated information on nomination processes in 2021 where a representative of the CSCC has participated as a member of the committee.

²¹ <https://likumi.lv/ta/id/329536-kartiba-kada-tiek-prognozeti-noteikti-un-veikti-maksajumi-par-valsts-kapitala-izmantosanu>

Table 3. Nomination processes where the CSCC's representative has participated as a committee member in 2021

	Nomination processes for SOEs* headed by shareholders or councils	Procedures for the selection of members of the council for SOEs headed by the CSCC	Nomination processes for municipality-owned capital companies
Number of nominations launched in 2021	21	8	1
Total number of vacant positions	31	22	3
<i>incl. number of positions of board members</i>	28	-	-
<i>Inc. number of positions of council members</i>	3	22	3
Number of board members appointed as a result of competition	25 <i>(incl. 17 board members appointed to the post in 2022)</i>	-	-
Number of council members appointed as a result of competition	1 <i>(appointed to the post in 2022)</i>	20 <i>(incl. five council members appointed to the post in 2022)</i>	3

* Processes for the selection of subsidiaries owned by SOEs are also included.

In 2021, a total of 30 selection processes for the board of directors and council members of SOEs and municipality-owned capital companies were initiated and eight of them were the nomination processes for the members of the council of SOEs headed by the CSCC, as shown in Table 4 “The processes for nomination of council members of SOEs headed by the CSCC in 2021”. As a result of competitions, 25 members of the

board were appointed by shareholders or council members and 24 members of the council were approved by shareholders. As regards one competition, the holder of capital shares has not yet taken a final decision as of 1 October 2022, one competition ended without result and in three cases the candidate nominated by the Nomination Committee was not appointed due to certain circumstances.

Table 4. The processes for nomination of council members of SOEs headed by the CSCC in 2021

No.	Capital company	Number of vacant council members	Nomination process launched - invitation to tender	Nomination process completed – final decision on the results of competition submitted to holder of state-owned shares
1.	SJSC Valsts nekustamie īpašumi	2	26.02.2021.	02.06.2021.
2.	SJSC Latvijas Pasts	3	26.02.2021.	05.05.2021.
3.	SJSC Latvijas autoceļu uzturētājs	3	24.03.2021.	28.05.2021.
4.	SJSC Latvijas dzelzceļš	1	01.06.2021.	27.08.2021.
5.	SJSC Latvijas gaisa satiksme	2	18.07.2021.	14.09.2021.
6.	SJSC Ceļu satiksmes drošības direkcija	3	28.07.2021.	27.10.2021.
7.	JSC Latvijas valsts meži	5	30.07.2021.	29.10.2021.
8.	JSC Pasažieru vilciens	3	24.09.2021.	10.12.2021.
	TOTAL	22		

Information on all nomination processes organised by the CSCC in cooperation with the holders of state-owned shares is published electronically on the website www.valstskapitals.lv under section “Nomination of the Members of the Council of State-Owned Enterprises”²².

The participation of independent experts in Nomination Committees significantly contributes to the transparency of nomination processes. In 2021, representatives of different fields participated as independent experts in the committees for nomination of council and board members of SOEs with voting rights, i.e.: Andris Grafs, Vice President of Latvia’s Representation of the Baltic Institute for Corporate Governance; Valts Ābols, Chairman of the Board of SLLC Bērnū klīniskās universitātes slimnīca; Svetlana Mjakuškina, Director of the State Construction Control Bureau; Baiba Zūzena, Board Member of LLC BZ and Council Member of LLC Getliņi EKO; Ērika Neimane, Head of Aeronavigation Division of SA Civilās aviācijas aģentūra; Sanita Bajāre, Chairman of Board of the Financial Sector’s Association, Vice-Chair of OECD Finance Committee and Vice-President of the Employers’ Confederation of Latvia (LDDK); Dace Helmane, Member of Board of the Institute for Corporate Sustainability and Responsibility; Zigmārs Vestfāls, Member of Board of the Latvian Aviation Association; Andris Bērziņš, Chairman of Board of the Association “Latvian Road Builder”; Līga Meņģelšone, Director General of the Employers’ Confederation of Latvia (LDDK); Ilona Kiukucāne, Vice Director General of the Employers’ Confederation of Latvia (LDDK); Inese Olafšone, National Economy Expert of the Employers’ Confederation of Latvia (LDDK); Savelijs Semjonovs, Chairman of the Latvian Railway and Transport Industry Trade Union; Vladimirs Novikovs, Head of the Labour Protection Division of the Latvian Railway and Transport Sector Trade Union; Ojārs Spārtis, Professor of the Academy of Art of Latvia, Dr.habil.art, Laura Keršule, Vice-President for Administrative Legal Affairs, Member of the Board of LLC Latvijas Mobilais Telefons, Ivo Ošeniņš, President of the Latvian Association of Passenger Carriers; Igors Pavlovs Latvian Seafarers’ Union of Merchant Fleet; Jānis Endziņš, Chairman of Board of the Latvian Chamber of Commerce and Industry (LCCI); Katrīna Zariņa, Member of Board of LCCI, Director of Policy Department; Jānis Lielpēteris, Deputy Director of Policy Department of LCCI; Arnis Lagzdīņš, President of Association “Latvian Athletics Union”; Edgars Treibergs, Chairman of Board of the Cooperation Council for Agricultural Organisations; Daiga Auziņa – Melalksne, Chairman of Board of Nasdaq Riga; Dace Ljusa, Chairman of Board of JSC SEB atklātais pensiju fonds, Member of the Supervisory Board of LLC Rīgas ūdens; Agata Anča-Kalniņa, Leading partner of LLC Talentor.

Since 2020, the equal principles shall apply for the selection of members of the board of directors and council members of SOEs and municipality-owned capital companies in accordance with the “Law on Governance of Capital Companies” and Cabinet Regulation No 20 “Procedure for Nomination of Board and Council Members in Capital Companies in which Shares are Owned by the State or a Derived Public Person”²³ (hereinafter – the Nomination Regulations). The Nomination Regulations must be complied with for the selection and evaluation of candidates for the board of directors and council members in case of management of shares of SOEs, derived public person’s capital shares, as well as in dependent capital companies of capital companies of a public person and derived public person.

In accordance with the Law on Governance of Capital Companies, a derived public person (incl. local governments) must include in its annual report on capital companies and capital shares owned by a derived public person also information on the processes of nomination members of the board of directors and council members. By implementing amendments to the Law on the Governance of Capital Companies, which entered into force on January 1, 2020, as well as taking into account the current amendments thereto, and on the basis of the Nomination Regulations, which provide for ensuring the compliance of the nomination process of the board and council members with the principles of good practice of corporate governance in cases of governance of SOEs, municipality-owned capital companies and capital companies of derived public persons, in 2021 the CSCC developed new guidelines for the selection and evaluation of candidates for the board and council members of capital companies. At the beginning of 2022, the “Guidelines for Nominating Members of the Board of Directors and Councils in Capital Companies in which Capital Shares are Owned by the State or a Derived Public Person”²⁴ (hereinafter – the Nomination Guidelines) were agreed with the Council of the Coordination Authority for the Management of State Capital Shares and State Capital Companies and approved on March 22, 2022. The Nomination Guidelines have been developed on the basis of experience gained by the representatives of the CSCC and the knowledge of the practical course of the nomination processes, including by participating in the nomination processes, both by organising and managing the selection processes for members of the council of SOEs, as well as the recommendations of good practice of non-governmental organisations, international and other institutions. When organising the selection processes of the members of the board of SOEs, the CSCC has developed documents for the organisation of nomination processes. Annexes to the Nomination Guidelines contain examples of these documents, which serve as models and can be used by customizing them to each nomination process. The Nomination Guidelines entered into force on the day of their approval – on March 22, 2022, and therefore Guidelines No 1.2-24/4/1 of March 16, 2017 “Guidelines for the Selection and Evaluation of Candidates for the Board of Directors and Council Members of a Capital Company, in Capital Companies in which the State as a Shareholder (shareholder) has the Right to Nominate Members of the Board of Directors or Council” have become invalid.

1.5. Ensuring diversity in nomination processes

Gender balance indicators on boards and councils of Latvian state-owned enterprises

In this section of the annual report, the CSCC evaluates the situation regarding gender equality in the councils and boards of existing capital companies, with the aim of determining whether it is necessary to develop new governance policies for SOEs in the near future, which would contribute to the achievement of gender balance indicators in Latvia. With the Cabinet Order No.578 “On the Plan for the Promotion of Equal Rights and Opportunities for Women and Men for 2021 - 2023” of August 17, 2021²⁵ and within the framework of the approved plan’s (hereinafter – the Plan) Action line 1 “Equal Rights and

²² <https://www.valstskapitals.gov.lv/uznemumu-vaditajiem-un-kapitala-dalu-turetajiem/valsts-kapitalsabiedribu-padomes-loceklu-nominacija/>

²³ <https://likumi.lv/ta/id/312171-valdes-un-padomes-loceklu-nominesanas-kartiba-kapitalsabiedribas-kuras-kapitala-dalas-pieder-valstij-vai-atvasinatai-publikai...>

²⁴ https://www.valstskapitals.gov.lv/images/userfiles/Vadlin_valdes_un_pad_nomin_kapsab_kuras_kap_dal_pied_valstij_atvas_publ_personai%281%29.pdf

²⁵ <https://likumi.lv/ta/id/325509>

Opportunities for Women and Men in the Labour Market and Education”, the CSCC was given a task to develop a solution for regular collection of information on the balanced representation of women and men on company councils and boards in Q4 of 2022, as well as to develop proposals to promote a more balanced representation.

The Plan includes a commitment by Latvia to ensure, among other measures, that:

- In the 2024 Gender Equality Index of the World Economic Forum, Latvia's score is not less than 0.785 on a one-point scale.
- In the 2023 Gender Equality Index of the European Institute for Gender Equality, Latvia's score is not lower than 62.0 points on a 100-point scale; and
- Reducing the gender pay gap so that it does not exceed 14.1 % at the beginning of 2024.

A. World Economic Forum Index

According to the assessment by the World Economic Forum in 2022,²⁶ Latvia's overall gender equality indicator in 2021 was 0.771, positioning Latvia sixteenth in the group of Central and Eastern European countries (1st in 2020; 3rd in 2021) and 26th among 145 world countries. The proportion of women on company boards and boards (total private and public sector figures) was 22.2 % and 32.6 % respectively.

The global indicator of equality of the World Economic Forum consists of a variety of factors (sub-indices), including: achievements in education, participation in economic activity and opportunities, indicators of health and living standards, as well as policy implications. Equal opportunities for governance of capital companies are indirectly covered by indicators of educational performance and participation in economic activities. The figures for 2021 reveal that the achievements of women in education are very high in Latvia, including tertiary education, which is a good basis for equal opportunities for participation in the boards and councils of state-owned and municipality-owned capital companies. Latvia's overall assessment of women's equality has fallen over the last 3 years, however, the indicator of women's participation in economic activities in 2021 is relatively high at 0.803 (9th place in the world).

B. European Gender Equality Index

The management of a capital company is also covered by the European Indicator of Gender Equality (Power Indicators) and also applies to governance of a capital company. It consists of a political, economic and social component where the economic components are characterised by the proportion of gender balance on the boards and councils of the largest listed companies (as well as in the management of the national central bank).

Table 5. Report of the European Institute for Gender Equality 2021 in Latvia²⁷

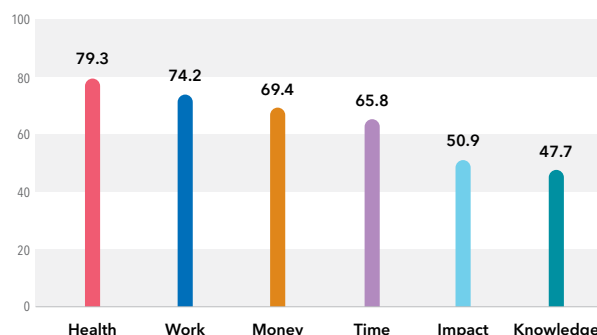
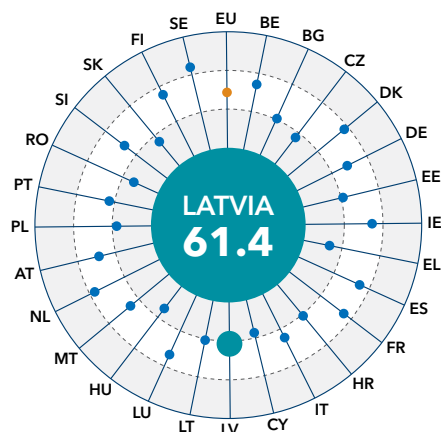


Table 6. Breakdown by 2021 impact component indicators of the European Institute for Gender Equality report²⁸

Latvia's indicators by sphere of influence					
Sphere of influence		Latvia		European Union	
		Female	Male	Female	Male
Political sphere	Proportion in government (%)	25	75	34	66
	Proportion in Parliament (%)	27	73	33	67
	Proportion in regional municipalities (%)	20	80	30	70
Economic sphere	Proportion of the number of seats in the largest listed companies, councils or boards (%)	23	77	30	70
	Proportion of members in the Bank of Latvia (%)	33	67	25	75
Social sphere	Proportion of Council members' seats in financial institutions (%)	47	59	39	61
	Proportion of council members in public broadcasting organisations (%)	75	25	36	64
	Proportion of seats in the highest institutions in national Olympic sports organisations (%)	26	74	17	83

²⁶ Global Gender Gap Report 2022. Available: https://www3.weforum.org/docs/WEF_GGGR_2022.pdf

²⁷ Latvia's Gender Equality Index. Online resource of the European Institute for Gender Equality, 2022. Available: <https://eige.europa.eu/gender-equality-index/2022/LV>

²⁸ Latvia's Gender Equality Index. Online resource of the European Institute for Gender Equality, 2022. Available: <https://eige.europa.eu/gender-equality-index/2021/domain/power/LV>

The indicators characterising the gender equality index show that there are relatively ample education and employment opportunities for Latvian women, but the indicator is reduced by the involvement of women in the management of political processes, senior management bodies of large capital companies and in the management of socially important organizations. Women's representation rates under the leadership of research companies, national (state) broadcasters and national sports organisations are relatively high, above the European average.

In the case of SOEs, according to the recommendations of the OECD guidelines, in practice the benchmark of corporate standards of listed companies is applied, therefore, within this section of the annual report, the CSCC provides an assessment of the issue falling within the competence of the CSCC – the compliance with gender equality in SOEs governance, using the criteria proposed by the European Commission for the figures of listed companies.

It is important to note that the European Commission's proposal for a Directive of the European Parliament and of the Council on improving the gender balance on the boards and councils of companies listed on stock exchanges and related measures is currently being discussed and put forward for approval by the European Parliament. According to the current version of the Directive, it is planned to introduce measures to promote gender balance in senior management bodies of listed companies in order to ensure the participation of at least 33 % of the under-represented gender (in Latvia – women) in governance of capital companies as a whole or at least 40 % in the boards of capital companies as of June 30, 2026. The Directive is intended not only to prevent possible discrimination, but also to introduce positive measures for the employment of equally qualified members of the less-represented gender in the senior management of capital companies, including ensuring that candidates are given the opportunity to know the criteria for benchmarking and to challenge the considerations which led the decision-maker to advance the appointment of a candidate of the more represented gender among equal candidates of different genders. The draft directive provided that measures to promote gender balance may not be implemented by countries in which the underrepresented gender holds at least 30 % of the positions of the members of the council in eligible capital companies, or at least 25 % of all senior management positions in eligible capital companies, as well as countries whose legislation already has provisions in place to ensure the achievement of the gender balance objective of the Regulation.

In the light of the above and the fact that for the corporate governance of large SOEs is recommended to use the standards set for listed companies, as well as because the Directive states that the scope of its eligible entities is to be expanded in the future, the CSCC carried out a statistical assessment of the actual situation regarding gender balance on the boards and councils of the SOEs, state-controlled and dependent capital companies (hereinafter – the capital companies under state influence).

The data obtained by the CSCC on the situation as of December 31, 2021 show that the gender balance indicator in Latvian state-owned capital companies as a whole corresponds to the threshold set by the Directive, with women holding 34 % of all senior management positions in SOEs. The proportion of women on the boards of capital companies under the influence of the state is 35 % (52 women/98 men), while in councils of capital companies under the influence of the state – 32 % (26 women/55 men). The Council of three capital companies consists only of women, but in 10 capital companies – only men. It should be noted that there is inverse proportionality between the size of the

capital company and the indicators of gender balance in the board and council, because when assessing separately the composition of the board and council of the largest capital companies under the influence of state, the indicators of gender balance do not correspond to the indicators intended by the Council of Europe. At the same time, it should be taken into account that the numerical composition of the officials of existing capital companies' administrative bodies is often considered small (less than three members of the council or board), thus the principles of gender balance are not applicable to a large number of capital companies. Indicators for achieving gender balance as set out in Annex 1 of Directive:

Number of posts in management board	Minimum number of non-executive directors in the under-represented gender, required to achieve 40 % of objectives (Article 4(1))	Minimum number of directors of the under-represented gender needed to reach the target of 33 % (Article 4(1)(b))
1	-	-
2	-	-
3	1 (33.3 %)	1 (33.3 %)
4	1 (25 %)	1 (25 %)
5	2 (40 %)	2 (40 %)
6	2 (33.3 %)	2 (33.3 %)

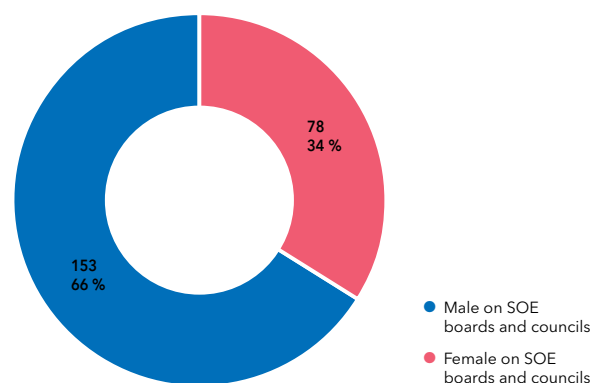


Figure 9. Proportion of gender balance in boards and councils of existing capital companies under decisive influence of the state as a whole

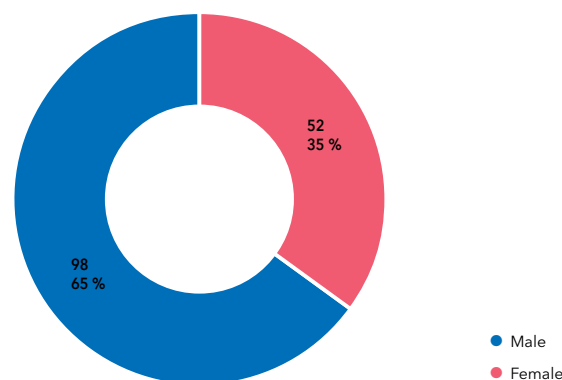


Figure 10. Proportion of gender representation in the boards of existing capital companies under decisive influence of the state

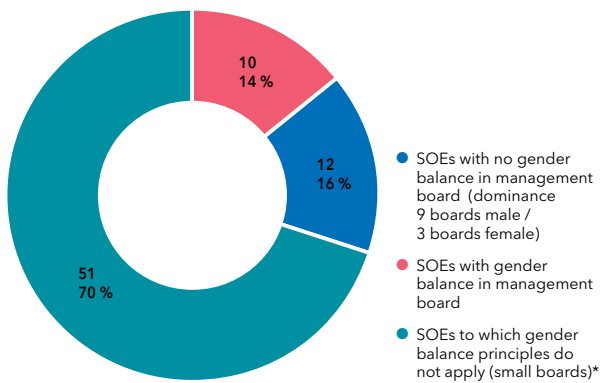


Figure 11. Capital companies under influence of the state with and without gender balance

* The principles of gender balance are not applicable to capital companies with fewer than three members of the board of directors.

Situation in councils of existing capital companies under state influence

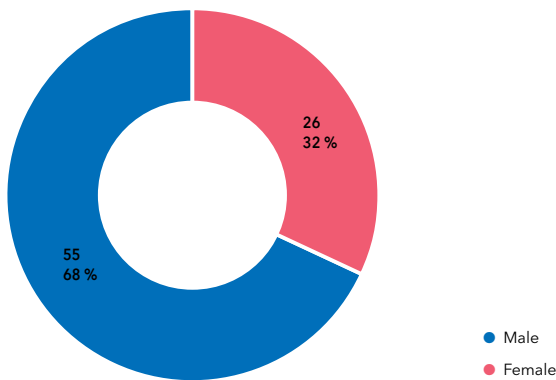


Figure 12. Proportion of Council members' gender representation in existing capital companies under influence of the state (without eligibility criterion)

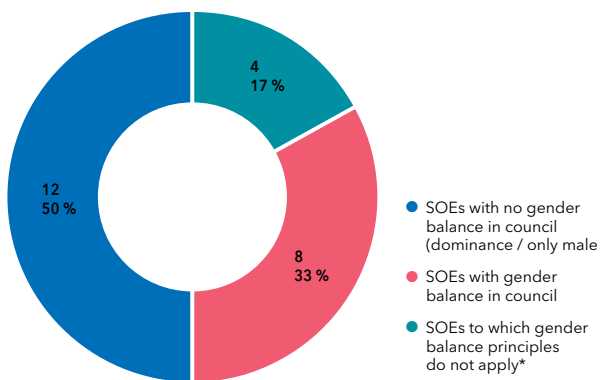


Figure 13. Number and proportion of capital companies under state influence with and without gender balance in the council

* The principles of balance are not applicable to capital companies with fewer than three members of the council.

The statistical proportion of women's involvement in company management is a complex indicator consisting of components of gender education, professionalism, employment opportunities and candidates' subjective interest. Therefore, data from nomination processes should be taken into account in the evaluation of statistical indicators.

The general practice of the CSCC shows that women show significantly less interest in participation in the process of nomination of the board and council members of existing capital companies than male candidates. So, for example, in the nomination processes for members of the council of SOEs held in 2021, 419 candidates applied for twenty-two positions of the council in different SOEs, of which only 49 or 12 % were women. In the process of nomination of the members of the council of SOEs, women were nominated for three positions (i.e. 14 % of the nominated candidates); however, only one candidate was appointed to the position of council member (in two cases, after the approval of the results of the competition, candidates submitted a refusal to fill the position).

Women's involvement in the councils of Latvian SOEs is small in proportion to the total number of candidates, however, women in nomination processes show statistically slightly better results than men. Given the low number of female candidates in nomination competitions, no clear conclusions can be drawn on the performance of female and male candidates, however, the overall educational and managerial competence of women candidates is sufficiently high for full competition in the CSCC's assessment. With regard to the level of remuneration, it should be noted that remuneration of members of the board and council of SOEs is governed by regulatory enactments, therefore the gender criterion has no impact on the level of remuneration and it is not necessary to plan measures to achieve the target set by Latvia – reducing the pay gap to 14.1 % by 2024.

The situation suggests that the most likely reason for lower rates of women's involvement in top management positions is the low activity of female candidates when applying for nomination processes. Along with the above, as well as taking into account the need to primarily ensure professionalism in the composition of the board and council of SOEs, the CSCC does not identify any conditions hindering the involvement of women, the prevention of which would require amendments to regulatory acts. However, taking into account that the gender balance indicator can play a role in the assessment of the company's corporate governance, it is recommended that the nomination committees, boards and shareholders of SOEs pay attention to the definition of candidate requirements in order to avoid imposing indirectly discriminatory requirements, and it is also desirable to consider the implementation of such initiatives, which would promote women's participation in nomination processes, for example, addressing female candidates in job vacancies alongside male candidates. Decision-makers should consider the advantages of a gender-balanced board and council when choosing between two equally qualified but different gender candidates.

The CSCC has started to compile information on statistical indicators of gender balance in boards and councils, including the relevant section in the annual report on public companies. At the same time, the possibilities of collecting data on women's interest in participation in the board nomination processes of SOEs are considered in order to reveal the objective reasons for reduced representation of women in management of capital companies, as well as to develop mechanisms that encourage women's involvement, while maintaining the professionalism of the board and the council as a determining factor for candidate's advancement to the position.

1.6. Remuneration for board and council members

The issues of remuneration, insurance, bonus determination and revocation benefit to members of the board and council of capital companies of public persons are regulated by the “Law on the Management of Capital Shares and Companies of a Public Person” and by Cabinet Regulation No 63 “Regulations Regarding the Number of Board and Council Members of Capital Companies of Public Persons and Public Private Capital

No.	Size group of the capital company	Number of board members	Number of council members	Coefficient applicable to the determination of monthly remuneration of the chairman of the board and maximum amount in EUR 2021	Coefficient applicable to the determination of monthly remuneration of the chairman of the council and maximum amount in EUR 2021
1.	small	not more than 2	not more than 3	not more than 5 (5 715 EUR)	not more than 1.5 (1 715 EUR)
2.	medium	not more than 3	not more than 5	not more than 8 (9 144 EUR)	not more than 2.4 (2 743 EUR)
3.	large	not more than 5	not more than 7	not more than 10 (11 430 EUR)	not more than 3 (3 429 EUR)

The monthly remuneration for members of the board and council may be up to 90% of the monthly remuneration of the chairperson of the board or council.

Since 1 January 2020, the requirements for capital companies to publish on website not only the principles of the remuneration policy, but also information on the remuneration of each board and council member have been in force. In 2021, it was observed that capital companies fulfil the requirement partially, indicating the total remuneration set for board and council members or duplicated information from official’s declarations about the total income paid by the capital company. The CSCC continues to explain to companies that within the framework of the implementation of the principle of good governance, the information should be provided in detail, disclosing the amount of monthly remuneration and the amount of the premium calculated and paid, as well as other payments, if a member of the board or council has received them from the capital company.

Pursuant to the recommendations by the State Audit Office’s compliance audit of 31 March 2020 “Is Regulation of the Remuneration of Members of the Board of Directors of Capital Companies Directly and Indirectly Owned by the State Sufficient?”, in 2021 the CSCC updated “Guidelines for Determining Remuneration for Members of the Board of Directors and Members of the Board of Directors of Public Persons and Public Private Capital Companies”, specifying the procedure for calculating bonuses for the members of the board of directors and the council. The guidelines elaborate the procedures for the application of the criteria for calculating the fixed and variable part of the individual remuneration and introduce a requirement that the justification for determining the amount of remuneration for each member of the board and council is documented and attached to the relevant decision on the determination of monthly remuneration, monthly remuneration review, the determination and allocation of a withdrawal benefit and insurance.

In 2021, a contract was concluded with PricewaterhouseCoopers Legal LLC on the development of a study “On the Practice of Determining the Remuneration for

Companies, as well as the Maximum Amount of Monthly Remuneration of Members of the Board of Directors and Council” of 4 February 2020.

The capital company’s size group is taken into account when calculating the amount of remuneration, and the maximum amount thereof is related to the amount of the average monthly salary of the previous year in the country. In 2020, the average pre-tax wage was EUR 1 143 per month, so that the maximum amount of remuneration could not exceed the amounts indicated in the table below:

Board and Council Members and the Amount of Remuneration in Public Capital Companies and Private Capital Companies in Latvia and Abroad”. The aim of the study was to prepare conclusions and proposals for improvement of the existing system of remuneration for members of the board and council of SOEs and to solve certain issues related to the employment of board members. Study was completed in 2022. It is planned to use the recommendations developed within the framework of the study to improve the regulation of employment and remuneration of members of the board of directors and council of capital companies of a public person.

1.7. Information disclosure in capital companies of a public person

In order to promote disclosure of information of capital companies of public persons, the Law on the Management of Capital Shares and Companies of a Public Person (hereinafter – the Law on the Management of Capital Companies) lays down a wide range of information to be published for holders of state-owned shares, derived public persons (including municipalities), capital companies of a public person and public private capital companies. With the January 1, 2020 amendments to the Law on the Management of Capital Companies, the information requirements for SOEs and municipality-owned capital companies and their subsidiaries are comparable to the information disclosure requirements of companies listed on stock exchange. For example, information on all announced meetings of participants (shareholders), including agendas and decisions, must be disclosed; public availability of certain information must be ensured for at least the last five years, including information on the results of the implementation of financial and non-financial objectives; it is necessary to publish information on the compliance of a council member with the criteria of an independent member of the council laid down in the Law on the Management of Capital other capital companies, terms of office), board committees (if established) and audit

committees (if established), including the statutes, as well as information about committee members (professional work experience, education, positions in other capital companies, term of office), etc.

Since 2020, municipalities have to prepare each year a consolidated annual report on the capital companies in which they are shareholders. In accordance with the Law on the Management of Capital Companies, which provides for the Co-ordination Institution to develop uniform guidelines for information of capital companies and shareholders of capital companies within the framework of openness and reporting of capital companies, the CSCC has prepared guidelines for drafting and publication of the Annual Report on Capital Companies and Capital Shares owned by Derived Public Persons²⁹ (approved on 27 July 2020), supplemented and updated Guidelines on Publication of Information for Capital Companies and Capital Shareholders of a Public Person³⁰ (approved on 27 July 2020), which lay down the obligations to publish information of capital companies and shareholders of public persons, the form and content of the information to be published, as well as an explanation of what the quality of the information must be and where the information is to be obtained.

On December 8, 2021, amendments to the Law on Governance of Capital Companies entered into force, which supplement the Law with new requirements for capital companies of public persons and public-private capital companies. The amendments provide for companies of public persons and public private capital companies - all joint stock companies and limited liability companies with a net turnover exceeding EUR 21 million and the balance sheet total exceeding EUR 4 million, to prepare a corporate governance statement starting from 2022 for the financial year 2021 and publish on their website. According to internationally recognised practice, annual corporate governance reports of capital companies provide concentrated information to interested parties on corporate governance developments and the implementation of corporate governance principles in the capital company. This is the way how the management of the capital company explains to everyone interested measures that the capital company has put in place to improve corporate governance.

The capital companies, which are large capital companies according the criteria set in the "Law on Annual Reports and Consolidated Annual Reports"³¹ with more than 500 employees, are obliged to prepare and publish on their website a non-financial statement (consolidated non-financial statement for parent companies of the group) for financial year 2021 from 2022 onwards. Other capital companies of public persons and public-private capital companies in which for two consecutive years the average number of employees will be greater than 250 and the balance sheet total is greater than EUR 20 million or the net turnover is greater than EUR 40 million, non-financial statements will have to be submitted starting from 2026. In the non-financial statement, the capital company provides information on the impact of its activities on environmental, social and employee-related issues, respect for human rights and anti-corruption and bribery aspects. Capital companies subject to the preparation of a corporate governance statement and a non-financial statement shall publish a corporate governance statement on their website, as well as non-financial statements or consolidated non-financial statements covering the past five years.

When carrying out the task delegated by the Law on Governance of Capital Companies, the CSCC annually monitors compliance with disclosure requirements:

- on the websites of holders of state-owned shares, checking how the holders of state-owned shares comply with the disclosure requirements laid down in Paragraph two, Section 29 of the Law on Governance of Capital Companies;
- on the websites of SOEs examining how SOEs comply with the disclosure requirements laid down in Section 58 of the Law on Governance of Capital Companies;
- on municipality websites, verifying how municipalities comply with the disclosure requirements laid down in Section 36 of the Law on Governance of Capital Companies;
- on municipality websites, monitoring how municipality-owned companies with a net turnover of more than EUR 21 million and a balance sheet total of more than EUR 4 million, comply with the disclosure requirements laid down in Section 58 of the Law on Governance of Capital Companies.

Between April 2022 and October 2022, the CSCC carried out monitoring of the implementation of those requirements for 2021 and reviewed the information published on the websites of 13 state and 76 municipality-owned as well as 69 SOEs and 12 large municipal capital companies. As a result of CSCC's inspections, summaries are prepared on the provision of information to be published on the websites of state and municipality equity holders, state and municipal (large) capital companies. The results of the inspection carried out in 2022 can be found in sections 1.11 and 1.4 of this Public Report (Public Report on SOEs, State-Owned and Municipality-Owned Capital Shares in 2021).

The CSCC maintains and constantly updates information in SOEs' database on website www.valstskapitals.gov.lv, which allows to assess the results of the work of capital companies under decisive influence of the state and compare their indicators by year (general indicators, balance sheet indicators, profitability and financial indicators, information on contributions made in the budget and received from the budget, etc.). In 2021, the work on improving the database was continued in order to make the database more functional, modern and convenient for its users and easier to administer for its maintainer (CSCC). The information published in the database for each capital company is supplemented with information on affiliated companies and capital shares in other companies, the general strategic objective of the capital company, information on the holder of capital shares, members of the board and council, as well as broader and more clearly reflected information with financial indicators of the capital company.

The CSCC publishes on its website information with topical issues regarding SOE governance, as well as the latest information on current amendments to regulatory enactments that directly affect the governance of capital companies and capital shares of a public person, as well as publish explanatory materials. By publishing information on the activities of SOEs, the results achieved, state grants, vacancies of members of the board and council of SOEs, information on the nomination processes of SOEs both to the public and to the media is given an idea of the activities of SOEs, contribution to society and efficiency.

²⁹ https://www.valstskapitals.gov.lv/images/userfiles/Sask_PKCvadl_gada_parskata_sagat_030720.pdf

³⁰ https://www.valstskapitals.gov.lv/images/userfiles/Sask_PKCvadl_informacijas_atklitiba_030720%282%29.pdf

³¹ <https://likumi.lv/ta/id/277779-gada-parskatu-un-konsolideto-gada-parskatu-likums#p5>

1.8. Training, consultations for capital companies, shareholders

In December 2021, the CSCC, in cooperation with the Baltic Institute of Corporate Governance, organised a discussion seminar on the preparation and content of a shareholder's/participant's letter of expectations. The seminar was organised separately for representatives of shareholders of SOEs and representatives of municipality shareholders, with the participation of 23 and 44 participants respectively on each day of the seminar. Given the COVID-19 constraints, the workshop was held remotely via an online platform.

Dzintra Gasūne, Head of the Capital Companies Governance Division of the CSCC, shared recommendations regarding the role of the shareholder/line ministry in determining the long-term objectives of the capital company, with an emphasis on improvements in corporate governance in areas such as clear policy for governance of capital companies, improvement of target setting, shareholders' letter of expectations, improvement of evaluation of results and strengthening the role of councils. It was explained that the objectives of the letter of expectations of the owners were correlated to the medium-term operational strategy and that the letter of expectations of the owners should be derived from the governance guidelines and sector-specific policies of the capital company and, in turn, the medium-term operational strategy should be based on the objectives set out in the letter of expectations of the owners, as well as provided an example of a real letter of expectations from the owners of a particular capital company.

Andris Grafs, Head of the Baltic Institute of Corporate Governance in Latvia, talked about the role of the shareholder in setting the objectives of the capital company from the point of view of corporate governance, underlining that the letter of shareholders' expectations is an explanation of the overall strategic objective and its purpose is not to evaluate the annual performance of the board and the council, therefore it does not include operational aspects that are within the competence of the board of directors and the council.

A large part of the seminar was devoted to working in groups, by interlinking theory and practice. The members of the group chose a specific capital company, discussed and developed thesis for each section of the owner's letter of expectations, and then presented it to other groups, identifying those unclear issues, which the CSCC had to clarify and explain in more detail in the guidelines "Guidelines for the Development of a Medium-Term Strategy for SOEs", in which, in accordance with the task of the Cabinet of Ministers, instructions on drafting the letter of expectations should be incorporated. The guidelines were developed and approved in spring 2022, taking into account the lessons learned from the seminar.

In March 2022, the CSCC, in cooperation with the Ministry of Justice and the Baltic Institute of Corporate Governance (BICG), organised webinars on the preparation of the non-financial report and the corporate governance report. Representatives of large capital companies (state and municipality), employees responsible for preparing non-financial reports of the capital company and accordingly responsible for preparing corporate governance reports of the capital company, as well as representatives of the capital company's shares (both ministries and municipalities) were invited to participate in webinars. Given that the events were organised in a remote (videoconference) format, this allowed a larger number of interested parties and several representatives from the same institution to participate. In total, about one hundred participants participated in each of the seminars.

In the webinar "Preparation of Non-Financial Reports" participants were able to get acquainted with the main aspects of the preparation of the non-financial report. Agnese Alksne-Bensone (Latvian Corporate Social Responsibility Platform) presented the standards to be used in the preparation of the sustainability review, while Dace Helmane (Institute for Corporate Sustainability and Responsibility) presented the involvement of influential parties. During the webinar, representatives of SJSC Starptautiskā lidosta "Rīga", JSC Latvenergo and JSC Rīgas Siltums shared practical examples and experience. In the non-financial report, the capital company provides information on the impact of its activities on environmental, social and employee-related issues, respect for human rights and anti-corruption and bribery aspects. In order to prepare a non-financial report, a capital company may use various standards recognized in Latvia, the European Union or internationally recognised standards, such as the GRI or the Global Reporting Initiative or the UN Sustainable Development Goals. Dialogue with the influential parties is also an important part in the drafting of the non-financial report.

The webinar "Drafting of Corporate Governance Report" presented the Latvian Corporate Governance Code and the preparation of the corporate governance report, as well as discussed why is good governance important. According to the "Law on Governance of Capital Companies", capital companies of a public person and public-private capital companies with a net turnover exceeding EUR 21 million and the balance sheet total more than EUR 4 million, are required to prepare a corporate governance statement once a year as of 2022. Those capital companies, which according to the criteria of the "Law on Annual Accounts and Consolidated Annual Accounts", are large capital companies, must in turn also prepare non-financial statements from 2022 onwards (for parent companies of the group - consolidated non-financial statement). Other capital companies of public persons and public-private capital companies with the average number of employees of more than 250 and the balance sheet total - more than EUR 20 million or net turnover - more than EUR 40 million for two consecutive years, will have to submit non-financial statements starting from 2026. Capital companies subject to the preparation of a corporate governance statement and a non-financial statement shall additionally publish on their website a corporate governance statement as well as non-financial statements or consolidated non-financial statements covering the past five years.

Recordings of the webinar are available on the website www.valstskapitals.lv

1.9. International cooperation in governance of capital companies

At international level, the CSCC has participated in the development of the OECD legal instruments and important discussions on policy implementation and impact assessment regarding SOE governance. Substantial work has been done on anti-corruption and integrity research and to implement the OECD Anti-Corruption and Integrity Guidelines. Given the overall significance of the issue in Latvia and for the SOE governance, the involvement in the implementation of the guidelines has provided significant support for the implementation of good governance principles in Latvia regarding these matters, as well as for the implementation of compliance and control systems in SOEs, incl. through the expertise support from the OECD project "Compliance without Borders". In 2022, work will be finalised on the development of the OECD broader

recommendations for the introduction and implementation of the “OECD Anti-corruption and Fair Business Guidelines” to facilitate the successful introduction and implementation of the guidelines.

Within the framework of the OECD Working Group, the representatives of Latvia have participated in the development, review and discussion of the report on the implementation of the “OECD Guidelines on Corporate Governance of State-Owned Enterprises” in OECD member states, which provides valuable information on how to improve governance in other OECD member states. Representatives of the CSCC cooperated with delegates of the OECD working group on SOE governance from other OECD member states in a number of other issues related to governance of capital companies, thus acquiring new knowledge and providing information about Latvia’s experience. The opportunity for representatives of Latvia to participate in various research projects coordinated by the OECD Secretariat, contributing to the evaluation and improvement of SOE governance of other countries (Ukraine, Bulgaria, Croatia), as well as gaining knowledge about the situation in these countries and solutions in the SOE governance, can certainly be noted as benefit.

Vladislavs Vesperis, Deputy Head of the CSCC and Dzintra Gasūne, Head of SOE Governance Division, participated remotely in two meetings of the OECD Working Group for Governance of State-Owned Enterprises on 26-27 October 2021 and on 30-31 March 2022; V. Vesperis also participated as a member of the working group’s bureau in the Bureau’s preparatory meetings ahead of the working group’s meetings. V. Vesperis, is a member of the Management Bureau of the OECD Working Group for Governance of State-Owned Enterprises. He was actively involved in the development of the assessment of compliance with the OECD Guidelines for the Governance of State-Owned Enterprises in Ukraine, which was officially published on 24 June 2021. On 7 June 2021, V. Vesperis participated as a representative of the working group in a project seminar organised by the Bulgarian and European Commission Structural Reform Service on the nomination process of members of the board and council of SOEs and presented Latvia’s approach to the implementation of nomination processes and lessons learned on these issues. On 20-21 April 2021, Dzintra Gasūne, Head of SOE Governance Division participated in the meeting of the OECD Corporate Governance Committee.

In 2021, the CSCC also prepared and submitted information for the following studies and evaluations carried out by the OECD Secretariat:

- study on the level of remuneration of board and council members and approaches to determining remuneration in SOEs in OECD member states;
- study on the implementation of recommendations of the OECD guidelines on corporate governance of state-owned enterprises in governance of public limited liability companies in OECD member countries;
- study on national approaches to the introduction of national climate change and low-carbon economy policies in SOEs;
- study on the delimitation of public limited liability companies from political influence and patronage, prevention of the use of public limited liability companies for selfish purposes;
- study and recommendations on the practice of compiling aggregated accounts by public undertakings.

In order to develop the ongoing SOE reform and strengthen a professional and sustainable governance model, the CSCC in cooperation with the EC Structural Reform Support Service, launched the second project to strengthen the SOE governance

policy in autumn 2019. The project is implemented by a team of international consultants of the European Bank for Reconstruction and Development Bank (EBRD) and LLC PricewaterhouseCoopers. The main objective of the project is to establish a methodology that will allow to improve the decision-making processes regarding the optimal establishment of capital structure in SOEs and the attraction of relevant funding. The project was implemented by involving the shareholders and representatives from SOEs, and it was completed in the first half of 2021, providing valuable recommendations for further improvement of SOE governance, incl. defining the financial objectives, the formation of optimal capital structure, as well as establishing a methodology for determining needs for capital attraction and criteria for the selection of the most appropriate financial instruments. Within the framework of the project, a meeting was held with representatives of Lithuania and Estonia on issues related to the governance of capital companies, as well as consultations with Finnish representatives.

1.10. Governance improvement initiatives in 2021

Changes to the “Law on Governance of Capital Shares of a Public Person and Capital Companies”.

In 2021, a number of relevant amendments were made to the “Law on Governance of Capital Shares of a Public Person and Capital Companies” (hereinafter - the Law on Governance of Capital Companies). The Law on Governance of Capital Companies introduced the possibility for public capital companies to issue shares and stocks of different categories with aim of promoting more active involvement of the investor in operational planning and contribution to the achievement of industry goals. The Law on Governance of Capital Companies strengthened the obligation for holders of capital shares to re-evaluate general strategic objective at least once every five years also for those capital companies of a public person whose capital shares or stocks are not alienated.

Some new governance elements were also introduced. Thus, in December 2021, amendments to the Law on Governance of Capital Companies entered into force, which lay down new requirements - capital companies of a public person and public private capital companies with a net turnover of more than EUR 21 million and a balance sheet total of more than EUR 4 million are obliged to prepare a corporate governance statement once a year. Large capital companies (>500 employees, balance sheet total > EUR 20 million or net turnover > EUR 40 million) must also prepare non-financial statements from 2022 onwards (for parent companies - consolidated non-financial statement). Capital companies with a number of employees of >50 people will have this obligation as of 2026.

Work on developing the principles of segmentation of optimal capital structure solutions for capital companies and strengthening the role of the state as an active investor.

In 2021, the project “Assessment of SOE Governance (Part 2) – Methodology for Establishing an Optimised Capital Structure” led by the Cross-Sectoral Coordination Centre was completed. The project was managed and funded by the European Commission and implemented with the support of the European Bank for Reconstruction and Development (EBRD) and a team of financial and legal experts led by PricewaterhouseCoopers Latvia (PwC). This project focuses on raising awareness of the benefits of public capital markets in improving corporate governance, financial stability, and for society as a whole.

The study identified structural deficiencies in the system of governance of public limited liability companies, and developed recommendations, which, in turn, provided an initiative for the coordination institution to draw up a conceptual report on the necessary changes to the policy of governance of capital companies of public persons and capital shares of public persons, contributing to raising awareness of the public and public sector about the possibilities of attracting private funding.

The most important recommendations presented in the study, which together with the approval of the conceptual report by the Cabinet of Ministers on 15 September 2022 (Order of the Cabinet of Ministers No 618), have created a basis for the implementation of the regulation on the governance of public capital companies, is to strengthen the role of the State as an active shareholder, by developing unified SOE governance policy, strengthening the institutional capacity of the coordination institution, the introduction of shareholder's letter of expectations as a tool for setting and monitoring the SOEs' objectives, and strengthening the role of professional councils. The study also proposed the principles for SOE segmentation, which should be used when assessing the potential for attracting financing instruments of SOEs and setting goals according to the principle of the capital company group within the framework of a unified policy for governance of SOEs. Within the framework of the study, the co-ordination institution and the authors of the study met with the holders of shares of public persons and discussed the implementation of proposals in practice.

Work in the field of promoting investment in R&D.

In 2021, the CSCC, in cooperation with the Innovation Initiative Group, represented by eight capital companies with state-owned capital (LLC Tet, LLC Latvijas Mobilais Telefons, JSC Latvijas valsts meži, JSC Latvenergo, JSC Latvijas Valsts radio un televīzijas centrs, SJSC Elektroniskie sakari, SJSC Latvijas Pasts, SJSC Latvijas dzelzceļš), Ministry of Economics, the Investment and Development Agency of Latvia, with the participation of the Riga City Council and the Ministry of Education and Science, continued to search a solution for more active involvement of capital companies of public persons in the implementation and financing of research and innovative solutions. As the result, the Cabinet of Ministers approved the "Informative Report on the Promotion of Innovation and the Determination of Research and Development Goals in State-Owned Enterprises" on 16 November 2021. Along with the approval of the informative report, the government assigned the task to CSCC and the Ministry of Finance to improve the accounting of investments made in SOEs, the CSCC to collect information on investments in R&D made in SOEs by publishing it in the annual public report prepared by the CSCC on SOEs and state-owned capital shares in the previous year, as well as to incorporate the recommendation of the "Guidelines for the Development of the Medium-term Operational Strategy of State-Owned Enterprises" on how to draft a letter of shareholders' expectations.

This report changes the view on the role of public limited liability companies in the economic environment, providing that they are not only allowed to invest but must invest in R&D and the creation of innovative, commercially viable products, while ensuring neutrality of competition as far as possible. This report lays the foundations for the promotion of innovation in capital companies. Holders of state capital shares must include relevant R&D or innovation targets (investment volumes, priority directions, indicators to be achieved) in the strategies of large companies within two years.

The solution proposed in the "Informative Report on the Promotion of Innovation and Defining of R&D Objectives in

SOEs" – drawing up a shareholder's letter of expectations is considered as a significant innovation in governance of capital companies. The letter of shareholders' expectations will be a document setting out and explaining what objectives the capital company must achieve in the medium term – 3 - 7 years, including both financial objectives and corporate social responsibility and sustainability objectives, thus also non-financial objectives.

Strengthening the role of the letter of shareholders' expectations is also expected to contribute to increasing R&D investment in SOEs. Shareholders (ministries) as active investors will have to clearly define expectations regarding R&D and innovation in SOEs.

Work on framework for SOE profit distribution.

In 2021, intense work was carried out to fulfil the task given by the Cabinet of Ministers to assess the regulatory framework for dividend payments due to the state from the profits of capital companies. Within the scope of the assignment, the CSCC prepared an informative report "On the Issues and Solutions to the Presentation of Profits Left at the Disposal of State-Owned Enterprises in the Balance Sheet Items of the Capital Company", and, consequently, together with the Ministry of Finance and the Ministry of Justice, revised the legal framework regarding the procedure for determining and disbursing dividends in SOEs, in their dependent capital companies and subsidiaries, capital companies controlled by a public person and public private capital companies in which the State is a shareholder (stockholder), and their subsidiaries (approved by the Cabinet of Ministers on 25.1.2022). The new regulation, which affects the distribution of profits of capital companies already in 2021, provides for a wider range of eligible entities (including dependent and subsidiary companies of SOEs and capital companies controlled by a public person) and a minimum predictable threshold for the share of profit to be disbursed in dividends.

Work on the improvement of framework of nomination and remuneration for members of the board and council of SOEs.

On 31 March 2020, the State Audit Office concluded a compliance audit "Is regulation of remuneration of members of the board of capital companies directly and indirectly owned by the State sufficient?", in which it pointed to a number of significant deficiencies in the governance practice of public capital companies and uneven application of regulatory enactments in capital companies.

Following the recommendations by the State Audit Office, in 2021 the CSCC updated the "Guidelines for Determining Remuneration of Members of the Board and Council of Private Capital Companies", specifying the procedure for calculating bonuses for members of the board and council. In the light of recommendations by the Council for Governance of State-Owned Capital Shares and State-Owned Capital Companies in 2020 and the issues highlighted in the report by the State Audit Office, in 2021 a contract was concluded with LLC PricewaterhouseCoopers Legal for the development of a study "On the Practice of Determining the Remuneration of Board and Council Members and the Amount of Remuneration in SOEs and Private Capital Companies in Latvia and Abroad". The aim of the study is to prepare conclusions and proposals to improve the existing system of remuneration for members of the board and council of SOEs and to solve certain issues related to employment of board members. The results of the study were received in 2022, and the recommendations will be used to improve the framework of employment and remuneration of members of the board and council of capital companies of a public person.

In 2021, the CSCC also developed draft guidelines for the nomination of members of the board and council of capital companies in which capital shares are owned by the State or a derived public person, clarifying certain aspects of the nomination process and offering draft document templates to those applying the norms. Although developed already in 2021, these guidelines were agreed at the Council of the Coordination Institution for the Governance of State-Owned Capital Shares and State-Owned Enterprises and entered into force in March 2022.

1.11. Development of corporate governance in 2022

In 2022, the Cross-Sectoral Coordination Centre will continue work on the development and implementation of such elements of governance of capital companies, which, in the future, would contribute to a more active involvement of the public person in setting and achieving objectives of capital companies controlled by it, more targeted supervision of subsidiaries of capital companies, as well as interest and opportunities of capital companies of public persons to attract private capital to finance innovative projects.

Upon the completion of the study “On the Practice of Determining Remuneration for Members of the Board and Council and the Amount of Remuneration in State-Owned Enterprises and Private Capital Companies in Latvia and Abroad” by LLC PricewaterhouseCoopers Legal, and based on the conclusions and proposals included therein for the improvement of the remuneration system and employment issues for the members of the board and council of SOEs, work will be carried out on an informative report, within the framework of which it is planned to develop recommendations for the implementation of a differentiated model of remuneration for the members of the board and council of capital companies, as well as to improve the framework of employment issues – working/rest time, employment during the childcare period and combining of positions.

On 15 September 2022, the Cabinet of Ministers supported the conceptual report by the CSCC “On the Necessary Changes to Policy of Managing Capital Companies and Shares of Public Persons” and the solutions included therein. By the order of the Cabinet of Ministers, the CSCC was tasked to prepare amendments to the “Law on Management of Capital Shares and Capital Companies of a Public Person” by 1 April 2023, providing for a regular review of SOE governance policy at the level of the Cabinet of Ministers, division of SOEs in groups according to their sources of revenue and inclusion in the general government sector, as well as an obligation for capital companies to draw up a letter of shareholders’ expectations before the development of a medium-term operational strategy. The Cabinet of Ministers also supported the need to seek a solution for assessing the strategic development of those SOEs whose capital shares or stocks cannot be alienated. Along with the support of the conceptual report, it is planned to introduce certain elements of centralised management indicated therein, including clarifying the functions of the coordination institution in relation to the procedures for transfer and fulfilment of the responsibilities of the holder of capital shares, the collection of information on investments in R&D by SOE’s, and organizing centralized board nomination processes for state-owned and in state-controlled capital companies in which no board has been established, while reducing the involvement of the holder of capital shares and the coordinating body in supervision in state

capital companies in which a board has been established. The initiative of the State Audit Office to strengthen the procedure for reassessing the participation of capital companies of public persons in dependent capital companies and assessing the usefulness of the participation of subsidiaries of capital companies of public persons in other capital companies was also supported.

The Cabinet Order stipulates that, as of 1 January 2023, the holders of state-owned shares shall ensure that prior to examining the issues of financing of investment projects equal to or exceeding 15% of the assets of the capital company at the Cabinet of Ministers, an assessment of the attraction of alternative financial instruments and economic analysis, including the potential for issuing bonds. An obligation is imposed, when preparing for consideration questions about attracting funding for projects of innovative solutions, to evaluate the potential of establishing subsidiary companies, including attracting private capital.

1.12. Information disclosed

In implanting the task laid down in the “Law on the Governance of Capital Shares and Capital Companies of a Public Person” (the Law on Governance of Capital Companies), the CSCC annually oversees the fulfilment of requirement for information disclosure on the websites of holders of state-owned capital shares and SOEs, evaluates how the holders of state-owned capital shares and SOEs meet the requirements laid down in Paragraph two, Section 29 and Section 58 of the “Law on Governance of Capital Companies”.

Issues regarding the obligation to disclose information of capital companies of public persons and shareholders of public persons, as well as the form and content of this information are laid down in the guidelines produced by the CSCC “Guidelines on Information Disclosure for Capital Companies of a Public Person and Shareholders”, which were approved on 27 July 2020 by the Council of the Institution Coordinating Governance of State-owned Capital Shares and State-owned Enterprises.

Prior to verification of compliance with disclosure requirements each year, the CSCC sends a reminder to the holders of state-owned capital shares on the need to update information on the websites of the state shareholder about the capital companies in which it is a shareholder, in accordance with the requirements of the law, as well as a request to verify whether the capital companies and their subsidiaries have ensured the disclosure of information required by the law. In accordance with Section 30(2) of Law on Governance of Capital Companies, the CSCC's annual public report on SOEs and state-owned capital shares includes information on how the holders of state capital shares and SOEs have fulfilled information disclosure requirements laid down in the Law on Governance of Capital Companies.

Pursuant to Paragraph two, Section 29 of the Law on Governance of Capital Companies a holder of state-owned capital shares shall provide the following up-to-date information on its website regarding the capital companies in which it is a shareholder:

- 1) the company name, legal address, amount of share capital and amount of state participation in the capital company;
- 2) compliance of state participation with the provisions of the law and the overall strategic objective;
- 3) the participation of the capital company in other companies and its compliance with the provisions of law;
- 4) a representative of the holder of state-owned capital shares in the capital company;

- 5) the annual report approved by the capital company;
- 6) dividends paid by the capital company to the state and payments made to the state budget;
- 7) information that the state intends to terminate the participation in the capital company;
- 8) information regarding the initiated reorganization or transformation of the capital company;
- 9) other information which the holder of the state-owned capital shares considers necessary to disclose or the disclosure of which is specified in the guidelines developed by the coordination institution.

If objective reasons exist why it is not possible to publish the above-mentioned information with the status of commercial

secret in accordance with Section 19 of the “Commercial Law”, the holder of state-owned capital shares shall make public the explanation provided by the relevant capital company.

Table 7 “Information Disclosure on the Websites of Holder of State-owned Capital Shares”, contains aggregated information on the CSCC's verifications of compliance with disclosure requirements on the websites of public shareholders. The information published on the websites of 13 shareholders was examined for 86 capital companies, including: the state-owned capital shares of JSC Attīstības finanšu institūcija “Altum” managed by three ministries (Ministry of Finance – 40 %; Ministry of Economics – 30 % and Ministry of Agriculture – 30 %) and current information about this company is reflected in each of the websites of holders of state-owned shares.

Table 7. Information disclosure on the websites of holders of state-owned shares

Name of capital company	Proportion of shares/number of capital companies **	1) company name, legal address, amount of the share capital and amount of the state participation	2) general strategic objective	2a) compliance of the state participation with the conditions of Section 4, Paragraph one of the Law	3) participation of the capital company in other companies	3a) and its compliance with the conditions of Section 4, Paragraph two of the Law	4) a representative of the holder of state-owned capital shares in the capital company	5) approved annual report of the capital company	6) dividends paid by the capital company to the state	6a) payments made by the capital company to the state budget	7) information that the state intends to terminate its participation in the capital company	8) information regarding the initiated reorganization or transformation of the capital company
Ministry of Economics	7	●	●	●	●	●	●	●	●	●	●	●
Ministry of Finance	5	●	●	●	●	●	●	●	●	●	●	●
Ministry of the Interior	1	●	●	●	●	●	●	●	●	●	●	●
Ministry of Education and Science	6	●	●	●	●	●	●	●	●	●	●	●
Ministry of Culture	16	●	●	●	●	●	●	●	●	●	●	●
Ministry of Welfare	1	●	●	●	●	●	●	●	●	●	●	●
National Electronic Mass Media Council	2	●	●	●	●	●	●	●	●	●	●	●
Ministry of Transport	14	●	●	●	●	●	●	●	●	●	●	●
Ministry of Justice	2	●	●	●	●	●	●	●	●	●	●	●
Publisko aktīvu pārvaldītājs Possessor	11	●	●	●	●	●	●	●	●	●	●	●
Ministry of Health	13	●	●	●	●	●	●	●	●	●	●	●
Ministry of Environmental Protection and Regional Development	3	●	●	●	●	●	●	●	●	●	●	●
Ministry of Agriculture	5	●	●	●	●	●	●	●	●	●	●	●

* Aggregated information has been verified from 29 July to 9 August.
 ** According to Lursoft data on the day of performing inspection.

- **Fulfilled** - information has been published in full for all supervised capital companies;
- **Overall fulfilled** - information has been published for more than half of the supervised capital companies or the amount of the disclosed information is more than half;

- **Partially fulfilled** - information has been published for not more than half of the supervised capital companies or the amount of the published information is half;
- **Not fulfilled** - information has not been published or the amount of information disclosed does not reach at least one positive value for at least one supervised capital company;
- **No information** - not applicable.

All ministries, except the Ministry of Agriculture, use the unified website platform and currently the information published on the ministries' websites is more structured, which makes it easier for users to search information, well as more transparent. The Public Electronic Mass Media Council and LLC Publisko aktīvu pārvaldītājs Possessor web platforms are not unified with ministries.

According to information obtained as the result of examination of compliance with information disclosure requirements, it can be concluded that, compared to the previous year, the information published on the websites of the holders of state capital shares has been fulfilled in compliance with requirements of the law. The result indicated in the report on the fulfilment of information disclosure requirements of each holder of state capital shares was affected by the amount of information published in accordance with legal requirements, as well as the amount of fulfilment in proportion to the number of capital companies under supervision. The information obtained during evaluation reveals which shareholders have taken into account the results of last year's inspections and have supplemented or updated the information published on their website regarding capital companies and which shareholders have not taken them into account. Improvements have been made to information on capital companies published on the websites of the Ministry of Education and Science, the Ministry of Justice and the Ministry of Economics. The holder of state-owned capital shares LLC Publisko aktīvu pārvaldītājs Possessor carries out the privatisation of the state-owned capital shares under its management and implements the alienation of state-owned capital shares, therefore it has published on its website information on the state-owned capital shares held, their privatisation, disposal and management, while the other disclosure requirements laid down by the law are partly applicable.

This year, like the last year, the holders of state-owned capital shares present the best results regarding the disclosure requirement on the list of capital companies under supervision, its legal address, the amount of the share capital and the amount of State participation. 12 out of 13 holder of state-owned shares have provided this information in full for all capital companies under supervision. For several capital companies, significant inconsistencies were found in the information regarding the size of the capital company, due to the fact that during the reporting year the share capital was increased for several capital companies in order to ensure stability of the capital company and mitigate the impact of the negative consequences caused by the spread of COVID-19, but the shareholder has not updated the information on the website. According to the results of compliance inspection with disclosure requirements, it can be concluded that the holder of state-owned capital shares does not always indicate the amount of state ownership in a capital company as the percentage and in EUR, as laid down in the guidelines on the information disclosure for capital companies and shareholders of a public person. It is particularly important to indicate this in cases where the state holding in the company is not 100%, and it is also advisable to indicate the registration number of the capital company.

The result of the compliance of the participation of a capital company in other companies under requirements of the Law (3a) is most often indicated as 'no information – not applicable', as it is in cases where a SOE does not have shareholding in other companies.

The requirements referred to in the Law on Governance of Capital Companies provide that the holder of state-owned capital shares must publish on its website information that the state intends to terminate the holding in a capital company (7) and information regarding the reorganisation or conversion of the capital company commenced (8), the results regarding these indicators are mostly 'no information - not applicable', because this information is not indicated on the website of the holder of state-owned capital shares due to the fact that the state does not intend to terminate the holding in the capital company and the reorganisation or conversion of the capital company has not been initiated. The Guidelines on Information Disclosure for Capital Companies of a Public Person and Shareholders, provide, however, that the holder of state-owned shares is required to provide information even if the state does not intend to terminate the holding, as well as if the reorganisation or conversion of the capital company has not been initiated. Section 29 (2) of the Law on Governance of Capital Companies provides that the holder of state-owned capital shares shall also publish other information which considers it necessary to publish or the publication of which is specified in the guidelines drawn up by the co-ordination institution.

In addition to requirements for information to be disclosed, laid down by the law, in general, information on the composition of the Board and Council of capital companies has been published on the websites of the holders of state capital shares, however, the information is not always up-to-date. It is necessary to make sure that the information is correct when it is published, and to keep it up-to-date in accordance with changes.

By monitoring how holders of state-owned capital shares comply with information disclosure requirements, the CSCC also verified the quality or accuracy of the information disclosed, and it is possible to get acquainted with detailed information on the results in electronic form on the website: www.valstskapitals.lv under section Annual Reports.

In accordance with Section 58 of the Law on Governance of Capital Companies, a capital company of a public person and a public-private capital company shall publish the following information on its website, or if there is none, on the homepage of the holder of capital shares:

- 1) general strategic objectives of the capital company;
- 2) information regarding the types of activities and commercial activities of the capital company;
- 3) results of the implementation of the financial and non-financial objectives for at least last five years;
- 4) contributions made to the state or municipality budget for at least last 5 years;
- 5) information regarding the state or municipality funding received and its use (if applicable) for at least last five years;
- 6) reports prepared by the capital company for at least last five years (including an interim report for three, six and nine months, as well as an annual report and an annual report audited by a sworn auditor);
- 7) information on the ownership structure (including participation in other companies);
- 8) information on the organizational structure;
- 9) information regarding the value of each donation (gift) received and made and the recipients for at least last five years;

- 10) information on procurements for at last five years;
- 11) articles of association;
- 12) the by-laws of the Board, Council (if any) or other equivalent document regulating its activities;
- 13) information on the professional experience, education, positions in other companies, terms of office of the members of the Council (if any) and the Board (for each separately); as well as the compliance of a member of the Council with the criteria for an independent member specified in this Law;
- 14) information regarding all announced meetings of the shareholders of the capital company, including the agenda and decisions;
- 15) principles of the remuneration policy and information regarding the remuneration of each member of the Board and the Council;
- 16) the donation strategy and procedure.

A capital company of a public person and a public private capital company (joint-stock company or a limited liability company with a net turnover exceeding EUR 21 million and a balance sheet total of more than EUR 4 million) must also publish the following information on its website:

1. at least once a year:

- information on foreseeable risk factors;
- information on the main elements of the company's internal control and risk management system, which are applied in the preparation of financial statements;
- the composition and functioning of the governing bodies and their committees;
- if a capital company implements a policy regarding the diversity of the composition of the members of the governing bodies of the capital company (variability policy), a description of the objectives of this policy, the implementation measures and the results of the reporting year;
- information on the council committees (if any) and the audit committee (if any), including by-laws, as well as information on committee members;
- a corporate governance statement (in line with the amendments to the "Law on Governance of Capital Companies", which entered into force on 8 December 2021);

2. on a regular basis, by updating when necessary:

- information on typical or significant transactions with related parties within the meaning of the "Financial Instrument Market Law" for at least last five years;
- the main policies of the capital company, which define the operational principles of the capital company in terms of risk management, prevention of conflict of interest, anti-corruption, corporate governance and other issues.

A capital company of a public person and a public private capital company, which complies with the criteria of a large capital company with the number of employees exceeding 500, must, in addition, publish on its website non-financial statements or consolidated non-financial statements for the financial year 2021. (Paragraph 33 of Transitional Provisions of the "Law on Governance of Capital Companies"). If there are objective reasons why a capital company cannot publish this information, because it has been granted the status of a commercial secret in accordance with Section 19 of the "Commercial Law", the capital company shall place proper explanation on the website.

In accordance with the provisions of the Law on Governance of Capital Companies, the CSCC oversees how SOEs fulfil the disclosure requirements, and in addition to the task delegated by the Law on Governance of Capital Companies, the CSCC has verified and included in the summary of results also the fulfilment of requirement regarding information disclosed on the websites of capital companies and capital companies under the decisive influence of the state, in accordance with Cabinet Regulation No. 630 "Regulations Regarding the Fundamental Requirements of the Internal Control System for the Prevention of the Risk of Corruption and Conflict of Interest in an Institution of a Public Person", which requires capital companies to publish information on the measures taken by the capital company in the previous year to prevent risk of corruption on the website once a year and not later than three months after the approval of the annual report.

The CSCC carried out an inspection of the disclosure requirements on the websites of SOEs and on the websites of capital companies under the decisive influence of the state from 16 August to 3 October 2022, for a total of 69 capital companies. It is easier for users to search information on websites if the information is structured or aggregated in a form of a table. The CSCC in its examination of disclosure requirements, concluded that the most information about the capital company could be obtained in the most convenient way from SLLC Daugavpils psihoneiroloģiskā slimnīca, SJSC Latvijas gaisa satiksme, SLLC Latvijas Koncerti, SLLC Latvijas Vides, ģeoloģijas un meteoroloģijas centrs, LLC Ludzas medicīnas centrs, SLLC Nacionālais rehabilitācijas centrs "Vaivari", SLLC Slimnīca "Ģintermuiža", SLLC Valsts Akadēmiskais koris "Latvija" and websites of other capital companies, however, it should be taken into account that this subjective assessment.

Figure 14. "Extent to which the information to be published on the websites of SOEs is fulfilled (%)" shows a summary of the information obtained as a result of inspections, which reflects the number of capital companies and the extent to which they have complied with the statutory disclosure requirements, but in order for the data to be comparable, the summary does not include the results of additional publications to be published by joint-stock companies and limited liability companies with a net turnover exceeding EUR 21 million and the balance sheet total exceeding EUR 4 million.

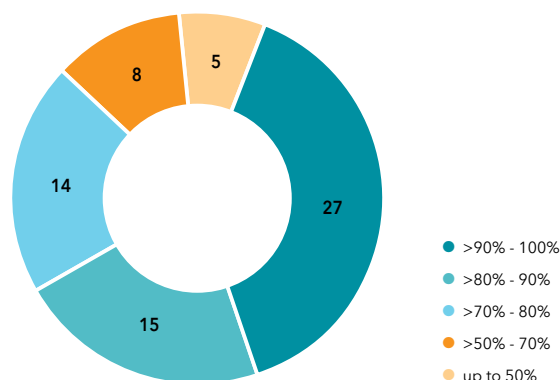
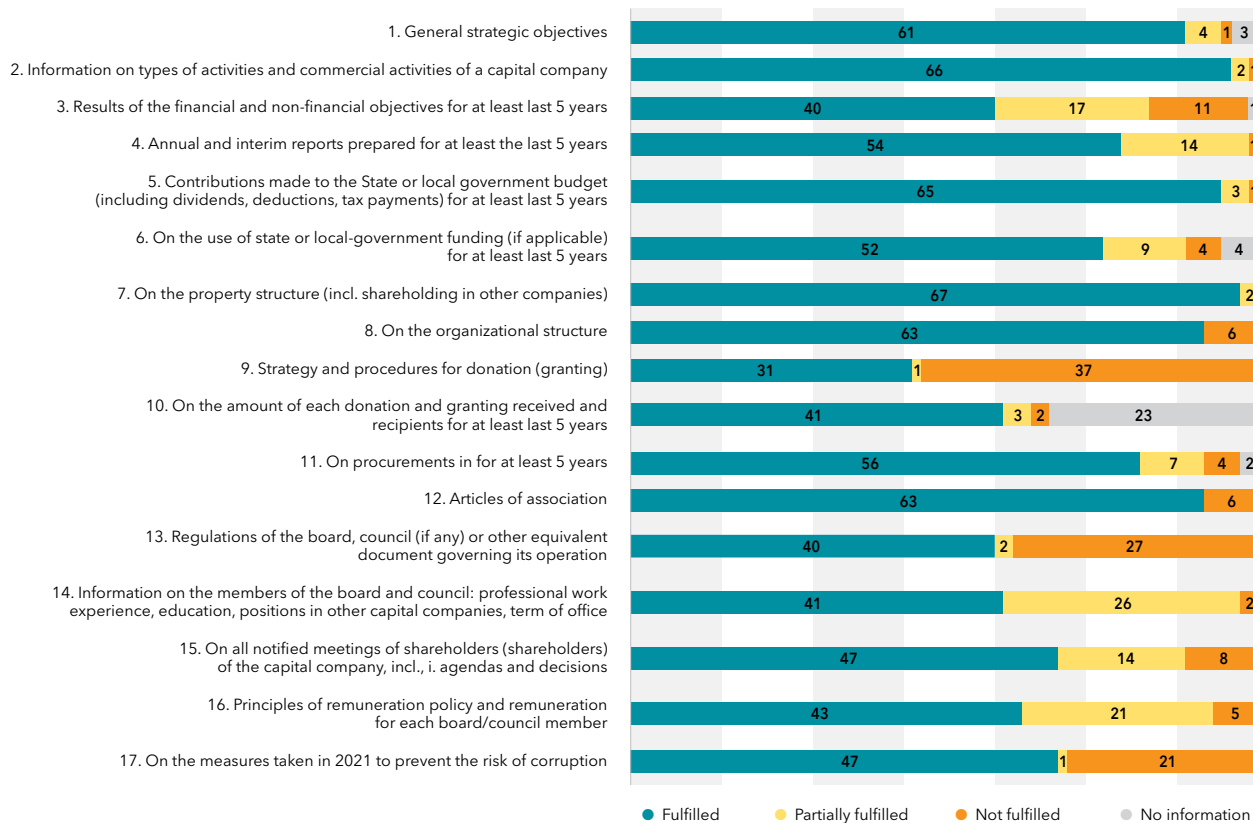


Figure 14. Extent to which information to be published on the websites of SOEs is fulfilled

When examining and compiling information on the information disclosed on the websites of capital companies, it was concluded that five capital companies have presented the information on their websites in full (100 %) in accordance with the requirements specified in Section 58 of the “Law on Governance of Capital Companies”, i.e. SJSC Latvijas gaisa satiksme, SLLC Latvijas Nacionālā opera un balets, SJSC Latvijas Valsts radio un televīzijas centrs, LLC Publisko aktīvu pārvaldītājs Possessor, SLLC Slimnīca “Ģintermuiža” and nine capital companies have published 97% of information, i.e. JSC

Augstsprieguma tīkls, SJSC Ceļu satiksmes drošības direkcija, JSC Latvenergo, SJSC Latvijas autoceļu uzturētājs, SJSC Latvijas Loto, SLLC Latvijas Vides, ģeoloģijas un meteoroloģijas centrs, SLLC Nacionālais rehabilitācijas centrs “Vaivari”, JSC Pasažieru vilciens, SLLC Strenču psihoneiroloģiskā slimnīca.

Figure 15. “Compliance with information disclosure requirements of SOEs” contains aggregated information on CSCC’s inspections of the fulfilment of disclosure requirements on the websites of SOEs and capital companies under decisive influence of the state.



* The aggregated information was verified from 16 August to 3 October 2022.

Figure 15. Compliance with information disclosure requirements for SOEs

The information to be published referred to in Section 58 of the Law on Governance of Capital Companies may also be included in the company’s annual report, sustainability report and other documents published on the website, of course, in that case, it is difficult for the user to obtain this information. It would be preferable to use the format of the published document to enable the usage of the search function. The CSCC has got acquainted with the information published on the websites of each capital company, including the information contained in the published documents, and if the statutory disclosure requirement is included in the full amount, for example, in the annual report of the company, then it is considered to be ‘completed’. Most often, the annual reports of capital companies show in detail information on the contributions made to the state or local government budget, which complies with the requirements for the information to be published in accordance with the law. The annual report of capital companies often includes such

information as the ownership structure of the capital company, the funding received from the state or local government budget and its use, the measures taken during the reporting year to prevent corruption risk, the results of the implementation of financial and non-financial objectives, as well as information on the main elements of the internal control and risk management system of the capital company, which are applied in the preparation of financial statements, etc. Information on the type of commercial activities of the capital company is usually included in the articles of association.

When monitoring the compliance of SOEs with disclosure requirements, the CSCC also verified the quality or accuracy of the information disclosed, however, in Figure 15 “Compliance with information disclosure requirements for SOEs”, this aspect has been partially taken into account. It is possible to obtain information on the results of the inspection on the website www.valstskapitals.lv.

According to the information obtained as the result of inspections, it can be concluded that the best results for the information disclosed, like it was also last year, were regarding the requirement to publish information on the types of activities of the capital company (2), information on the organisational structure (8) and articles of association (12), but the worst results are regarding the requirement to publish the donation (granting) strategy and the procedures for donation (granting) (9), information on the amount and recipients of each donation (granting) received and executed (10) and the results of the implementation of financial/non-financial objectives (3). It is possible that one of these requirements is not applicable to certain capital companies, but if it cannot be concluded and if it is not indicated on the website of the capital company, then it is reflected in the summary under 'not fulfilled'.

As of 8 December 2021, amendments to the Law on Governance of Capital Companies have entered into force, which provides for public persons' capital companies and public private capital companies - all joint-stock companies and limited liability companies with a net turnover exceeding EUR 21 million and total balance exceeding EUR 4 million - to prepare a corporate governance statement for the financial year 2021 from 2022 onwards and to publish the corporate governance statement on their website; as well as capital companies which, in accordance with the criteria of the Law on Annual Accounts and Consolidated Annual Accounts, are large capital companies where the number of employees exceeds 500, have an obligation to prepare and, in addition, publish a non-financial statement or consolidated non-financial statement on their website for the financial year 2021. The corporate governance statement for the financial year 2021 had to be prepared and made public by 23 public limited companies, of which 17 had to prepare and publish a non-financial or consolidated non-financial statement for the financial year 2021. The CSCC verified the information published on the websites of SOEs and found that 18 capital companies had published the corporate governance statement for the financial year 2021 and 12 capital companies had published the non-financial or consolidated non-financial statement, which is included in the management report or attached as a separate part of the annual report.

Following the inspections carried out for the compliance with information disclosure requirements, it was concluded that there are several capital companies that have published on their website interim reports unverified by sworn auditors for three, six and nine months, while they have not published an annual report that has not been verified by a sworn auditor. The Law on Governance of Capital Companies stipulates that it must be published within two months after the end of the reporting period. An exception is made only in case where, within two months after the end of the reporting year, a capital company publishes an annual report verified by a sworn auditor on its website. Some capital companies have not attached the sworn auditor's opinion (report) to the audited annual report published by the sworn auditor, and all information required by the Law on Governance of Capital Companies is not included in the interim reports. In view of the above, in the next reporting year the CSCC will examine and pay additional attention to the quality of information disclosed in relation to the reports drawn up by the capital company while performing the task laid down in the Law on Governance of Capital Companies – monitoring the compliance with disclosure requirements on SOEs' websites.

In the next reporting year, the information that must be published at least once a year in accordance with the requirements of the Law on the Management of Capital Companies will be checked, but the information constantly published on the websites of state capital companies will not be checked by CSCC. It is duty of each capital company to update the information published on its website on a regular basis, as well as the other information specified in the law.

The CSCC cooperates with holders of state-owned shares in order to explain the shortcomings identified on the websites of holders of state-owned shares and SOEs governed by them and to agree on their elimination, thus improving the overall information disclosed.

2. Governance of Municipality-Owned Capital Companies

2.1. Changes in governance of municipality-owned capital companies in 2021

On 1 July 2021, the Administrative Territorial Reform (hereinafter – ATR) entered into force, which led to a change in the administrative territorial division of Latvia and the previous 119 local governments were merged into 43. The main objective of the reform is to create economically more developed local governments that are able to provide services to citizens of comparable quality. As the result, the improvements to governance of municipality-owned capital companies are expected, which are related both to strengthening the administrative capacity of the municipality as the owner of capital shares and the possibility for the newly formed municipality to reevaluate participation in capital companies, as well as to assess the economic feasibility of reorganising capital companies by merging them, for example, in cases where there are several capital companies in one county which provide the same service, but in different territorial units. As a result of ATR, the shareholder changed for part of municipal capital companies. In view of the above, the register of shareholders of municipal capital companies had to be amended in relation to the holder of capital shares, and the necessary information to be submitted to the Enterprise Register. The aggregated information from the Register of Enterprises on 31 December 2021, leads the CSCC to conclusion that not all capital companies of municipalities affected by the reform have made the necessary changes in the register of shareholders and successively in the Register of Enterprises. Also, there has been no active action by municipalities to initiate the reorganisation of capital companies (with certain exceptions, for example, on 25 November 2021, Saldus Municipality Council took a decision on the reorganization of LLC Saldus namu pārvalde, LLC SALDUS KOMUNĀLSERVISS, LLC Brocēnu siltums and LLC Saldus siltums with the objective to merge the capital companies). In accordance with Paragraph 30 of the Transitional Provisions of the Law on the Governance of Capital Companies, the reassessment of participation of the newly formed municipality within the framework of administrative territorial reform shall be carried out by 1 June 2022.

It should also be noted that municipalities implement the measures to improve governance and increase efficiency of their capital companies. Thus, on 15 December 2021, the Riga City Council took a decision to commence reorganisation of LLC Rīgas nami, LLC Rīgas pilsētņēmnieks, LLC Rīgas Centrāltirgus and LLC Rīgas serviss with the aim of ensuring centralised management of the real estate of Riga City Municipality. The reorganisation was completed at the end of 2022.

The CSCC regularly advises municipalities on governance issues. In July 2021, the State Audit Office published the Manual of Local Governments, which provided recommendations to municipalities based on audit results to solve daily issues, including governance of municipality-owned capital companies. Taking into account the changing regulatory framework and the auditing activities of the State Audit Office, it is planned to constantly supplement the Manual of Local Governments, covering more and more extensive or narrower issues of state and municipal activities.

2.2. Information disclosed

When fulfilling the task laid down in the Law on Governance of Capital Shares and Companies of a Public Person (Law on Governance of Capital Companies), the CSCC annually oversees the fulfilment of the disclosure requirements of municipalities and municipality-owned capital companies with a net turnover exceeding EUR 21 million and the balance sheet total exceeding EUR 4 million, by monitoring how municipalities and municipality-owned capital companies fulfil the disclosure requirements laid down in Section 36 and Section 58 of the Law on Governance of Capital Companies.

Questions regarding the public disclosure obligations of capital companies and shareholders of public persons and the form and content of this information are laid down in the guidelines prepared by the CSCC Guidelines for Information Disclosure for Capital Companies of a Public Person and Shareholders, which were approved by the Council of the Coordination Institution for Governance of State-owned Capital Shares and State-owned Capital Companies on 27 July 2020.

Before inspection of disclosure requirements on the websites of municipalities and municipality-owned capital companies, the CSCC sent a reminder to all municipalities regarding the requirement to eliminate deficiencies identified as a result of inspections carried out in the previous year and to update the information published on municipality websites regarding the capital companies in which it is a shareholder, in accordance with the requirements of the law and a request to verify whether the capital companies and their subsidiaries have ensured the publishing pursuant to law.

Pursuant to Section 30 (2) of the Law on Governance of Capital Companies, the CSCC's annual public report on state-owned capital companies and state-owned capital shares in the previous year also includes information on how municipalities and municipality-owned capital companies have fulfilled the disclosure requirements laid down in the Law on Governance of Capital Companies.

Pursuant to Section 36 of Law on Governance of Capital Companies, municipalities shall ensure the disclosure of up-to-date information on the capital companies in which they have ownership, including the following information:

- 1) a list of capital companies grouped by industry or size;
- 2) the name of the capital company, legal address, the amount of the share capital and the amount of the participation of municipality;
- 3) compliance of the participation of municipality with the provisions of the law and general strategic objective;
- 4) participation of the capital company in other companies and its compliance with the provisions of law;
- 5) a representative of the holder of the municipality-owned capital shares in the capital company;
- 6) the annual report approved by the capital company;
- 7) dividends paid by the capital company to the municipality and payments made to the state budget and municipality budgets (including deductions and tax payments);
- 8) information that the municipality intends to terminate its participation in the capital company;

- 9) information regarding the initiated reorganization or transformation of the capital company;
- 10) any other information the municipality deems necessary for publication;
- 11) not later than by 1 October of each year — an annual report on capital companies and capital shares owned by a derived public person, which shall also include information on how the municipality and municipality-owned capital companies have fulfilled the requirements of Sections 36 and 58 of this Law.

The CSCC has carried out monitoring of the compliance of municipalities with disclosure requirements in accordance with the Law on Governance of Capital Companies on Capital Companies in which it is a Shareholder, and from 21 April to 25 July 2022 verified the information published on the websites of municipalities. The administrative territorial reform took effect on 1 July 2020 and 43 new local governments were established instead of the existing 119 local governments, but in the reporting year the CSCC has examined the websites of 76 municipalities and information published therein on municipality-owned capital companies (see this Public Report Annex 2 “Municipality-Owned Capital Companies and Municipality-Owned Capital Shares”), as well as taking into account the fact that the shares of certain capital companies are owned by several municipalities, in fact, information about 419 units was verified on the municipalities’ websites. This is explained by the fact that not all municipalities had made the necessary changes to the Register of Enterprises of the Republic of Latvia. The list of municipalities and capital companies in which they own shares was recorded by the CSCC at the moment of inspection of the information disclosed, clarifying the information from the Lursoft database. Given that each institution's website has different structure, on some websites it was easier to find information and it was more transparent, while on some websites it was difficult to find the necessary information. Detailed information on the results of the CSCC's inspection is available on the website www.valstskapitals.lv. The websites of municipalities where the information disclosed on capital companies was structured and clearly displayed are marked green.

Figure 16. “Extent of compliance with information disclosure requirements (%) on municipalities’ websites”, shows the summary drawn up as a result of inspection of compliance with the information disclosure requirements, which shows how and to what extent municipalities have complied with the statutory publication information on the capital companies in which they hold a stake.

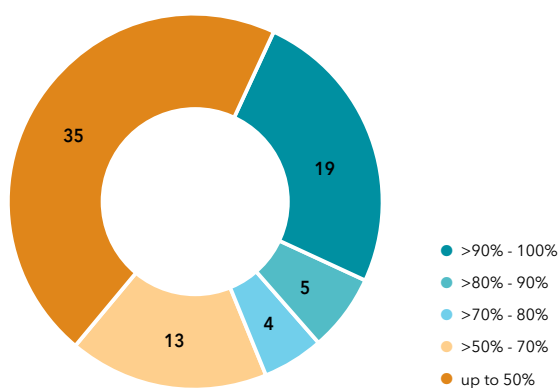


Figure 16. Extent of compliance with information disclosure requirements (%) on municipalities’ websites

The summary information is based on the amount of information published on the website of each municipality regarding the capital companies in which it owns capital shares and taking into account the factor if any of the disclosure requirements regarding a particular capital company are not applicable, for example, the capital company does not have ownership in other companies and therefore compliance of the capital company’s participation in other companies with the conditions set out in the Law on Governance of Capital Companies has not been published.

Having evaluated the assessments obtained as a result of the inspections, it can be concluded that 19 municipalities have achieved the best results (implementation result >90 % - 100 %) regarding the information disclosed on capital companies in which it owns shares, including seven municipalities with the result of information disclosure at 100 %, i.e., Liepāja City Municipality, Riga City Municipality, Tukums Municipality, Bauska Municipality, Alūksne Municipality, Kuldīga Municipality, Mārupe Municipality.

The verification of compliance with disclosure requirements was hampered by the fact that, after the entry into force of the administrative territorial reform, many changes took place in the division of the register of shareholders of capital companies (the Enterprise Register of the Republic of Latvia) and information on the capital shares held by each municipality was also checked in the relevant register. Often the changes to the ownership (incl. the extent of the ownership) section of the LLC shareholders’ register were not registered and therefore different interpretations had arisen as to which website the information should be published, for example, the website of the previous municipality has already been closed and the new municipality has not yet published the information; information on the capital company in which the municipality owns shares is published on the websites of both the previous municipality and the new municipality; information about the capital company has been published on the website of the new municipality, but no changes have been made to the Register.

According to the results of inspections of compliance with disclosure requirements, it can be concluded that the level of participation of a municipality in a capital company is not always indicated as the percentage and in EUR, as laid down in the guidelines on the information disclosure for capital companies and shareholders of a public person. It is particularly important to note this in cases where the state holding in the company is not 100 %, and it is also desirable to indicate the registration number of the capital company. In order to ensure information transparency, municipalities should pay attention to the fact that the list of capital companies published on the website is grouped according to the criteria of industry or size, as defined by the Law on Governance of Capital Companies, especially for those local governments which own capital shares in many capital companies.

With regard to the supervision of information transparency of all municipal capital companies, the Law on Governance of Capital Companies provides that a derived public person - a local government - must ensure that an annual report is published on its website, which includes consolidated information on the municipality’s ownership in capital companies, the resources invested and their return, services provided by capital companies, contributions to the State budget and municipality’s budgets, state or municipality budget grants, on the sectors in which capital companies with municipality ownership operate, on the processes of nomination of board and council members, other information necessary to provide an idea of municipality-owned

capital companies and capital shares, as well as information on how the municipality and the capital companies owned by it have fulfilled the disclosure requirements laid down in the Law on Governance of Capital Companies. The CSCC has carried out an examination of whether municipalities have published an annual report on their website, which includes consolidated information on municipalities' shareholding in capital companies and whether the report contains information on how the municipality and its capital companies have fulfilled the disclosure requirements laid down in the Law on Governance of Capital Companies. The fact that the newly created municipalities were not subject to this requirement was taken into consideration. It was concluded, based on information obtained as a result of the inspections, that in the accounts of 48 municipalities information on capital companies was presented in part, but no information was included on how the municipality and its capital companies fulfilled the disclosure requirements; 16 municipalities had not been complied with the requirement, because the report had not been published or information regarding capital companies was not included in it, 11 municipalities' accounts included information on capital companies and referred to the relevant article of the "Law on Capital Companies", which provides for the inclusion of information on the fulfilment of information disclosure requirements for municipalities and their capital companies in the municipality's public report, however, the information was general.

Following the examination of information published on the websites of municipalities in accordance with the Law on Governance of Capital Companies and compiling the results, it was concluded that the information specified in the law is insufficiently published for 46 % municipalities, since the amount of information published on their websites and compliance with the requirements of the Law on Capital Companies in which the municipality owns shares is below 50 %. The overall result has improved, as in the previous reporting year 72 % of the information published by municipalities was up to 50 %. When examining the information on capital companies published on websites of municipalities, the CSCC has found cases where the information published on the municipality's website has not been updated for several years and is therefore not correct, therefore in the next reporting year the CSCC will pay attention to and verify the conformity of the information published on the websites of those municipalities with the information disclosure requirements, the amount of which is less than 50 %, as well as websites of other specific municipalities where numerous inaccuracies were found in information published on capital companies in this reporting year.

The CSCC will continue to cooperate with municipalities – holders of capital shares in order to explain the compliance with information transparency requirements in accordance with the Law on Governance of Capital Companies on the websites of a derived public person and provide explanations of the requirements of the law as necessary.

Pursuant to Section 58 of the Law on Governance of Capital Companies a capital company of a public person and public-private capital company shall publish the following information on its website, or if there is none, on the homepage of the holder of capital shares:

- 1) general strategic objectives of the capital company;
- 2) information regarding the types of activities and commercial activities of the capital company;
- 3) the results of the implementation of the financial and non-financial objectives of the capital company for at least last five years;

- 4) contributions made to the state or municipality budget for at least last five years (incl. dividends, deductions, tax payments);
- 5) information regarding the receipt of state and municipality budget funding and its use (if applicable) for at least last five years;
- 6) reports drawn up by the capital company at least regarding last five years (including interim reports for three, six and nine months, as well as annual report and audited annual report by a sworn auditor);
- 7) information on ownership structure (including participations in other undertakings);
- 8) information on the organisational structure;
- 9) information on the amount and recipients of each donation (gift) received and made for at least last five years;
- 10) information on purchases for at least last 5 years;
- 11) the articles of association;
- 12) by-laws of the board of directors, council (if such has been established) or other equivalent document regulating its activities;
- 13) information regarding professional work experience, education, positions in other capital companies, term of office of members of the council (if such has been established) and members of the board of directors (for each individual), as well as compliance of the member of the council with the criteria of an independent member of the council laid down in this Law;
- 14) information regarding all announced meetings of shareholders (stockholders) of the capital company, including regarding the agenda and decisions;
- 15) the principles of the remuneration policy and information on the remuneration of each member of the board of directors and council.
- 16) the donation (granting) strategy and the procedures for donation (granting) of a capital company.

A capital company of a public person and a public private capital company (a joint-stock company or a limited liability company with a net turnover exceeding EUR 21 million and a balance sheet total of more than EUR 4 million) must, in addition, publish on its website the following information:

1. at least once a year:

- information on expected risk factors;
- information regarding the main elements of the internal control and risk management system which are applied in the preparation of financial statements
- information on the main elements of the company's internal control and risk management system, which are applied in the preparation of financial statements;
- composition and functioning of the governing bodies and their committees;
- if a capital company implements a policy regarding the diversity of the composition of the members of the governing bodies of the capital company (variability policy), a description of the objectives of this policy, the implementation measures and the results of the reporting year; information regarding the committees of the Council (if any) and the audit committee (if any); including the by-laws, as well as information on the members of the committee;
- a corporate governance statement (in line with the amendments to the Law on Governance of Capital Companies, which entered into force on 8 December 2021);

2. on a regular basis, updating as necessary:

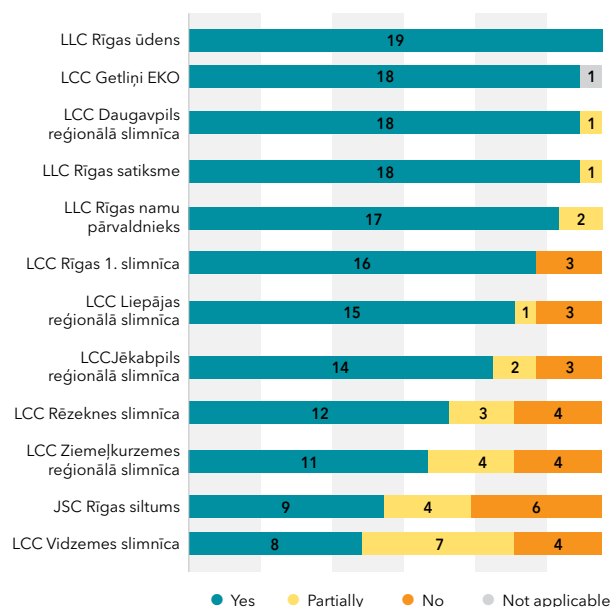
- information on typical or significant transactions with related parties within the meaning of the Financial Instrument Market Law for at least last five years;
- main policies of the capital company, which define the operating principles of the capital company in terms of risk management, prevention of conflict of interest, anti-corruption, corporate governance and other issues.

A capital company of a public person and a public private capital company, which complies with the criteria of a large capital company and with the number of employees exceeding 500, must, in addition, publish non-financial statements or consolidated non-financial statements for the financial year 2021 on its website. (Paragraph 33 of Transitional Provisions of the Law on Governance of Capital Companies).

In case of objective reasons why a capital company cannot publish this information - because it has been determined the status of a trade secret in accordance with Section 19 of the Commercial Law, the capital company shall place an appropriate explanation on the website.

According to the provisions of the Law on Governance of Capital Companies, the CSCC oversees how the information disclosure requirements laid down in the Law are fulfilled by municipality-owned capital companies with/ a net turnover exceeding EUR 21 million and the balance sheet total exceeding EUR 4 million. The CSCC assessed the financial indicators of municipality-owned capital companies (net turnover, balance sheet total) and the number of employees for the year 2021, as a result of which the provision of disclosure requirements was verified for 12 capital companies. In the previous year, there were seven qualifying capital companies, i.e., Rīga Municipality’s LLC Rīgas satiksme, JSC Rīgas siltums, LLC Rīgas namu pārvaldnieks, LLC Rīgas ūdens, LLC Daugavpils reģionālā slimnīca, LLC Liepājas reģionālā slimnīca, LLC Getliņi EKO, and in this reporting year, the list of disclosure requirements of capital companies was supplemented with LLC Vidzemes slimnīca, LLC Ziemeļkurzemes reģionālā slimnīca, LLC ēzeknes slimnīca, LLC Rīgas 1. slimnīca, LLC Jēkabpils reģionālā slimnīca.

Figure 17 “Ensuring the transparency of information on the websites of large municipality-owned capital companies”, contains aggregated information on CSCC’s inspections of compliance with disclosure requirements on the websites of large municipality-owned capital companies from 3 October to 7 October 2022. The summary includes the results of capital companies regarding 16 disclosure requirements and two additional requirements for information disclosure for large capital companies - a corporate governance statement and a non-financial or consolidated non-financial statement for the financial year 2021 and the results of fulfilment of the disclosure requirement specified in Cabinet Regulation No. 630 “Regulations Regarding the Fundamental Requirements of the Internal Control System for the Prevention of Risk of Corruption and Conflict of Interest in an Institution of a Public Person” of 27 October 2017. This Regulation obliges the capital companies to publish information regarding the measures taken in the previous year to prevent the risk of corruption by the capital company on the website once a year and not later than three months after approval of the annual report. The CSCC has verified this information on the websites of large municipality-owned capital companies in addition to the task delegated by the Law on Governance of Capital Companies.



* Aggregated information verified from 3 October 2022 until 7 October.

Figure 17. Ensuring transparency of information on the websites of large municipality-owned capital companies

The results of meeting the requirements for information to be published on the websites of municipal capital companies are generally good, as most requirements were met or were partially met. Following the inspection that was carried out in the previous reporting year and comparing it also with the results of inspections carried out this year, it can be concluded that the most significant improvements regarding the amount and quality of the information disclosed were presented by LLC Daugavpils reģionālā slimnīca. The requirement for LLC Getliņi EKO to publish a non-financial or consolidated non-financial statement for the financial year 2021 is not applicable to results of the disclosure inspections, because in the reporting year the number of employees of the capital company was less than 500.

Detailed information on the compliance of information published on the websites of large municipality-owned capital companies with the results of the inspection laid down in the “Law on Governance of Capital Companies” is available at www.valstskapitals.lv.

3. Methodology Used in the Report

In the public report on SOEs and state-owned capital shares, public reports have been used to obtain data (annual reports of capital companies, published activity reports of capital companies, other published information of capital companies); as well as reports on specific indicators prepared for the needs of the capital companies and information received from the State Revenue Service (SRS) of the Republic of Latvia, which also serves as a verification tool for data quality. The following indicators have been obtained from reports specially prepared by capital companies: EBITDA, investment, real estate tax paid, other taxes and fees paid, which do not include the corporate income tax, the personal income tax, the value added tax, the real estate tax, the mandatory state social insurance contributions, donations received and made, and funding received from the budget. These indicators have been calculated by capital companies individually, thus small methodological differences are possible in the calculations. Other indicators, as well as the initial data for the derived indicators, are obtained from publicly available data sources. The indicators have been prepared according to a common methodology, but may differ depending on the individual data interpretations (management reports) of each capital company. The reliability of these data has been further verified in a systematic and selective manner by comparing the obtained and published data, incl. from the annual reports of capital companies. In some cases, the reliability of these data has not been further verified by relying on the accuracy of public data and reports.

Financial ratios such as profitability, ROA, ROE, liquidity and liability ratio are calculated from the publicly available information.

- Profitability – profit to turnover ratio, expressed as a percentage.
- ROA (*return on assets*) – return on assets. Ratio of profit to total value of assets, expressed as a percentage.
- ROE (*return on equity*) – profit to equity ratio, expressed as a percentage.
- Total liquidity – the ratio of short-term assets (receivables, inventories, cash) to short-term creditors.
- Liabilities ratio – the ratio of total liabilities to equity.

Contributions paid to the state and local government budgets include the balance of contributions or the difference between those paid to the state budget and reimbursed from the state budget for corporate income, personal income, value added and real estate tax and mandatory state social insurance contributions. In addition, it includes real estate tax and other taxes and fees paid, as well as dividends paid to the state budget.

The average gross remuneration is calculated on the basis of the staff costs and the average number of employees shown in the annual reports. The indicator represents the average gross salary per employee per year (including also the remuneration of board and council members for the performance of their duties). In certain situations, when the public report does not separately indicate social contributions, gross remuneration is calculated using the general employer rate of mandatory state social insurance contributions (from 1 January 2021 – 23.59 %, until 31 December 2020 – 24.09 %). This calculation presents small deviations from the real value, but the deviation is not statistically significant. Various financial benefits – accruing

insurance, contributions to the 3rd pension pillar, various benefits – are not included in the calculation. Gross wages and salaries in each individual capital company are accounted for in accordance with the accounting principles and policies of the capital company, and therefore may contain different elements.

The general financial analysis of SOEs also includes those capital companies under decisive influence of the state (50 % + 1 share), and certain capital companies dependent on SOEs and the capital companies under decisive influence, incl. voting rights, or economically significant capital companies with close to 50 % shares (JSC Rīgas Siltums). In certain cases, capital companies are included because their parent companies do not consolidate their results in their accounts while in some cases, capital companies are included because their parent companies do not consolidate their results in their accounts, for instance, LLC Latvijas Mobilais Telefons, LLC Tet, LLC Veselības centrs "Biķernieki", LLC Rīgas hematoloģijas centrs, LLC Latvijas Lauku konsultāciju un izglītības centrs, LLC Ludzas medicīnas centrs, JSC Rīgas Siltums and JSC Reverta.

The list of capital companies referred to in Annex 1 "State-Owned Enterprises, State-Owned Shares, State-Owned Enterprises and Companies under Decisive Influence of the State" includes various capital companies – SOEs, dependent capital companies of SOEs, public private capital companies with state shareholding, capital companies under decisive influence of the state, as well as private capital companies with state-owned capital shares in which the state has no decisive influence, but more information is provided regarding SOEs or capital companies under decisive influence of the state. The state owns a large number of capital companies that serve society and whose objectives are social rather than commercial. This makes financial analysis more complex, since valuation techniques and methods for valuing typical companies are largely inappropriate to analyse and objectively assess the benefits to society and the achievement of non-financial objectives.

The financial analysis uses consolidated (group) financial information, including the performance of subsidiaries. The exception is LLC Publisko aktīvu pārvaldītājs Possessor and LLC Rīgas Austrumu klīniskās universitātes slimnīca. As to LLC Publisko aktīvu pārvaldītājs Possessor, consolidated financial information is used, excluding JSC Reverta, which is included separately. As regards LLC Rīgas Austrumu klīniskās universitātes slimnīca, the analysis used the information of this company, not including all the information of the dependent capital companies (LLC Veselības centrs Biķernieki, LLC Rīgas hematoloģijas centrs), but including them separately. Only dividends paid to the state are included in the calculation of dividends paid into the state budget.

Annex 1 to the report "State-Owned Enterprises, State-Owned Shares, State-Owned Enterprises and Companies under Decisive Influence of the State" presents both consolidated information and information of all subsidiaries.

In order to ensure continuity, the annual report and analysis are prepared on an annual basis, as well as measures are being taken to improve and ensure the compliance of the performance of SOEs with the form of the capital company's activities, including in the fields of finance and corporate governance. This report analyses the financial data of capital companies for 2021 - 2021 while individual sections analyse data for 2014 - 2020 if statistics for 2021 are not yet available at the time

of reporting, as well as periods 2014 - 2021, 2017 - 2021 or 2019 - 2021 depending on the amount of data collected and the transparency of the presentation of the information. The report does not analyze, but only indicates non-financial objectives of capital companies, and does not provide an assessment of their impact on financial indicators.

The photos sent by SOEs, incl. photos related to the history of capital companies, are used in the report. Their publication in informational materials created by the CSCC is agreed without restrictions.

The report also uses the corporate identity sent by SOEs in the form of a capital company logo.

4. Operational Results of State-Owned Enterprises

4.1. Summary of SOEs' operational results

Total Assets of SOEs

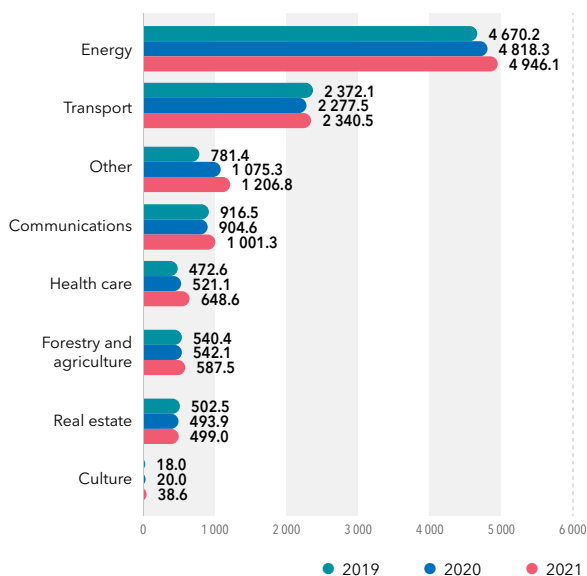


Figure 18. Total assets of SOEs by sector from 2019 to 2021, million EUR

The asset valuation shows an overall increase of 5.8 % or EUR 615.5 million compared to 2020 (the increase in 2020 compared to 2019 was 3.7 % or EUR 379.2 million). The major asset growth can be observed in three sectors – the sector of other companies, the energy and health sectors – respectively EUR 131.5 million or +12.2 %, EUR 127.8 million or +2.7 % and EUR 127.6 million or +24.5 %. In the sector of other capital companies, this is mainly due to the growth of consolidated assets of JSC Attīstības finanšu institūcija Altum (EUR +125.5 million in 2021 and also the largest increase in assets among SOEs). In the energy sector, this is mainly due to the increase in assets of JSC Latvenergo Group (EUR +117.1 million in 2021 and the second largest increase in assets among SOEs) and to a slight increase in the assets of JSC Augstsprieguma tīkls (EUR +18.7 million in 2021). The asset growth in the health sector is mainly the result of an increase in assets of four hospitals – LLC Rīgas Austrumu klīniskā universitātes slimnīca (EUR +61.2 million in 2021), SLLC Paula Stradiņa klīniskā universitātes slimnīca (EUR +49.0 million), SLLC Daugavpils psihoneiroloģiskā slimnīca (EUR +9.0 million) and SLLC Bērnu klīniskā universitātes slimnīca (EUR +5.3 million). The highest increase in assets was for the SOEs of the cultural sector – +92.8 % or EUR +18.6 million. The highest increase in assets in percentage terms was for SLLC Latvijas Nacionālā opera un balets (+170.0 % in 2021), SLLC Rīgas Cirks (+140.0 %), SLLC Liepājas simfoniskais orķestris (+60.0 %), SLLC Šampētera nams (+50.0 %) and SLLC Dailes teātris

(+50.0 %). The major decrease in assets for JSC Rīgas siltums (consolidated) (EUR -8.0 million in 2021), SJSC Latvijas dzelzceļš (consolidated) (EUR -36.3 million) and SJSC Latvijas gaisa satiksme (EUR -6.6 million). The main decrease in assets was for JSC Ventas osta (-50.0 % in 2021), JSC Reverta (consolidated) (40.0 %), SLLC Zemkopības ministrijai nekustamie īpašumi (30.0 %), JSC Publisko aktīvu pārvaldītājs Possessor (consolidated*) (30.0 %), LLC Lielstraupes pils (20.0 %), SLLC Latvijas Vēstnesis (20.0 %) and SJSC Latvijas gaisa satiksme (10.0 %).

The largest assets in SOEs were in the energy and transport sectors – 43.9 % respectively (45.2 % in 2020; 45.5 % in 2019) and 20.8 % (21.4 % in 2020 and 23.1 % in 2019) of total assets; however, it should be noted that, in some sectors, a share of state-owned assets is not included on the balance sheet of capital companies, but they are included in the balance sheets of ministries, for example, forests are on the balance sheet of the Ministry of Agriculture, and not on the balance sheet of JSC Latvijas valsts meži. Compared to 2020, the share of total assets in the energy sector has decreased by -1.3 percentage points and in the transport sector by -0.6 percentage points.

Total Equity of SOEs

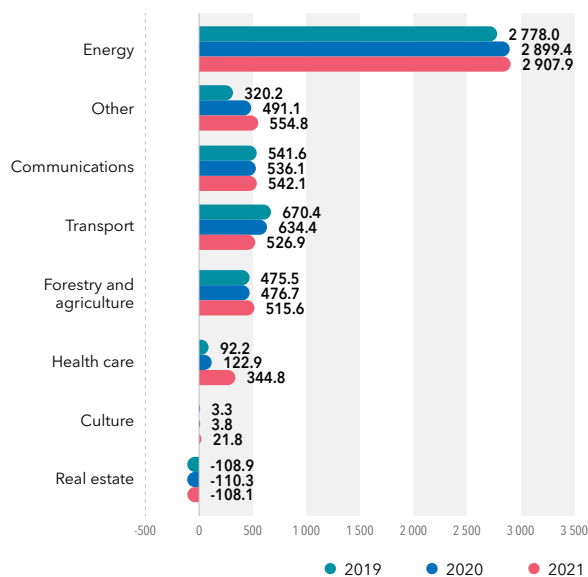


Figure 19. Total equity of SOEs by sector from 2019 to 2021, million EUR

Equity has increased by +5.0 % or EUR 251.5 million in 2021 compared to 2020, which represents a slight decrease in the rate of increase compared to 2020 when it was +5.9 % or EUR 282.0 million. The major increase compared to 2020 was observed in the health, other industries and forestry and agriculture sectors, respectively EUR 222.0 million, or +180.6 %, EUR 63.7 million, or +13.0% and EUR 38.8 million or +8.1 %.

This indicates changes in industry leaders, because in 2020 compared to 2019, the largest increase in equity was in the energy sector and capital companies of other sectors – respectively EUR 121.4 million or +4.4 % and EUR 170.9 million or +53.4 %. The percentage increase in equity is, in turn, in the culture sector – +469.6 % or EUR 17.9 million. Individually, the major increase in equity is for LLC Rīgas Austrumu klīniskā universitātes slimnīca (EUR 88.4 million), SLLC Paula Stradiņa klīniskā universitātes slimnīca (EUR 88.4 million) and JSC Attīstības finanšu institūcija “Altum” (consolidated) (EUR 58.1 million). The growth in equity capital of LLC Rīgas Austrumu klīniskā universitātes slimnīca is the result of investments made in share capital amounting to EUR 88.2 million, to increase capacity under COVID-19 conditions, including the purchase of medical equipment and accessories to provide new beds and repurpose the existing beds³². The increase in equity of SLLC Paula Stradiņa klīniskā universitātes slimnīca is attributable to growth in equity capital by EUR 80.1 million, of which EUR 33.2 million, based on five decisions of the extraordinary shareholders’ meeting were used to ensure full functionality of Block A, Round II and increase the availability of services, restoration of medical equipment, development of intensive care beds, expansion of pharmacy, improvement of energy efficiency and implementation of epidemiological measures, separation of patient flows, as well as the expansion of 50 COVID-19 beds and repurposing of 250 beds on the 1st floor of Block A, and EUR 46.9 million on the basis that on 12 July 2021 the state of Latvia took over the liabilities of the hospital arising from the loan agreement for the development of the hospital concluded at the beginning of the 2000, the repayment of the loan obligations of EUR 46.9 million was used for the loan commitments towards the Ministry of Finance of the Republic of Latvia³³. In turn, the increase in equity of JSC Attīstības finanšu institūcija “Altum” is due to an increase in reserves of EUR 51.034 million³⁴ and a profit of EUR 13.8 million, which is an increase of EUR 8.2 million compared to 2020.

In 2021, equity decreased in only one sector – the transport sector, by EUR 107.5 million or -16.9 %, which is mainly attributable to the decrease in equity of JSC Air Baltic Corporation, which also suffered significant losses of EUR 135.7 million in 2021 (in 2020 losses amounted to EUR 264.6 million). JSC Air Baltic Corporation (consolidated) and JSC Reverta (consolidated) were also the only two capital companies with negative equity in 2021 – respectively EUR -434.3 million (2020 – EUR -434.0 million). Due to indicators of JSC Reverta (consolidated), there is still negative equity in the real estate sector in 2021 – EUR -108.1 million (2020: EUR -110.3 million; 2019: EUR -108.9 million; 2018: EUR -111.5 million). Unlike in 2020, when the share capital of JSC "Air Baltic Corporation" was increased in the amount of EUR 250 million, it was not done in 2021, despite the losses suffered. However, in 2021, the Latvian government approved an additional EUR 90 million investment in the share capital, which was registered in the Enterprise Register of the Republic of Latvia in 2022³⁵. The number of passengers carried by JSC Air Baltic Corporation in 2021 increased compared to 2020 and reached 1.63 million passengers, which was + 21.6 % more than in 2020, but still

significantly lower (-67.7 %) than in 2019, when the number of passengers carried was 5.05 million. In 2020, the number of passengers carried was -73.3 % less than in 2019. The trend of passengers carried in Q3 and Q4 2021 compared to 2019 was positive in the first half of 2021, reaching only 14.5 % of passengers carried in 2019, but already 44.0% in Q3 2021 and 49.1 % in Q4 2021³⁶.

A total of 20 capital companies experienced a decrease in equity capital (25 capital companies in 2020 and 23 in 2019), however, most of them are small in absolute values, and in total, the decrease in equity for such companies was lower than in 2020 and higher than in 2019, respectively – EUR 149.9 million (in 2021), EUR 533.8 million (2020); and EUR – 81.2 million (2019).

In 2021, as in 2020, equity capital in capital companies was increased. Share capital increased by respective amount in the following capital companies: LLC Rīgas Austrumu klīniskā universitātes slimnīca (EUR 88.2 million), SLLC Paula Stradiņa klīniskā universitātes slimnīca (EUR 80.1 million), SJSC Starptautiskā lidosta “Rīga” (EUR 39.7 million), SLLC Bērnu klīniskā universitātes slimnīca (EUR 23.5 million), SLLC Latvijas Nacionālā opera un balets (EUR 16.2 million), SJSC Ceļu satiksmes drošības direkcija (consolidated) (EUR 15.5 million), SLLC Daugavpils psihoneiroloģiskā slimnīca (EUR 14.2 million), SLLC Slimnīca “Ģintermuiža” (EUR 8.9 million), JSC Latvijas valsts meži (consolidated) (EUR 2.1 million), JSC Augstsprieguma tīkls (EUR 2.0 million), SLLC Kultūras un sporta centrs “Daugavas stadions” (EUR 1.5 million), SLLC Nacionālais rehabilitācijas centrs “Vaivari” (EUR 0.92 million), SLLC Rīgas Tūrisma un radošās industrijas tehnikums (EUR 0.71 million), SLLC Latvijas Koncerti (EUR 0.41 million), JSC Tiesu namu aģentūra (EUR 0.40 million), LLC Latvijas Nacionālais metroloģijas centrs (EUR 256.4 thousand), SLLC Valmieras drāmas teātris (EUR 201.1 thousand), SLLC Rīgas Psihiatrijas un narkoloģijas centrs (EUR 194.1 thousand), SLLC Latvijas Nacionālais teātris (EUR 191.3 thousand), SLLC Liepājas simfoniskais orķestris (EUR 152.3 thousand), SLLC Jaunais Rīgas teātris (EUR 140.6 thousand), SLLC Daugavpils teātris (EUR 134.2 thousand), SLLC Latvijas Nacionālais simfoniskais orķestris (EUR 122.8 thousand), SLLC Mihaila Čehova Rīgas Krievu teātris (EUR 106.2 thousand), SLLC Traumatoloģijas un ortopēdijas slimnīca (EUR 97.5 thousand), SLLC Dailes teātris (EUR 97.1 thousand), SLLC Rīgas cirks (EUR 55.5 thousand), SLLC KREMERATA BALTICA (EUR 45,1 thousand), SLLC Strenču psihoneiroloģiskā slimnīca (EUR 35.5 thousand), SLLC Valsts Akadēmiskais koris “Latvija” (EUR 29.2 thousand), SLLC “Latvijas Leļļu teātris” (EUR 21.5 thousand), JSC Latvenergo (group) (EUR 20.0 thousand) and LLC Lielstraupes pils (EUR 4.3 thousand).

³² LLC Rīgas Austrumu klīniskā universitātes slimnīca Annual report 2021, p.18., source: <https://aslimnica.lv/par-mums/kapitalsabiedribas-daribu-raksturojosa-informacija/gada-parskati/>.

³³ LLC Paula Stradiņa klīniskā universitātes slimnīca Annual report 2021, p. 9., source: <https://www.stradini.lv/lv/content/auditeti-gada-parskati>.

³⁴ JSC Attīstības finanšu institūcija “Altum” Consolidated report 2021, p.15., source: <https://www.altum.lv/lv/par-altum/finansu-informacija/>.

³⁵ SJSC Air Baltic Corporation Sustainability and Annual report 2021, p.96., source: <http://www.ur.gov.lv>.

³⁶ SJSC Air Baltic Corporation finance and semi-annual reports 2019, 2020 and 2021, source: <https://www.airbaltic.com/lv/korporativa-parvaldiba>.

Total turnover of SOEs

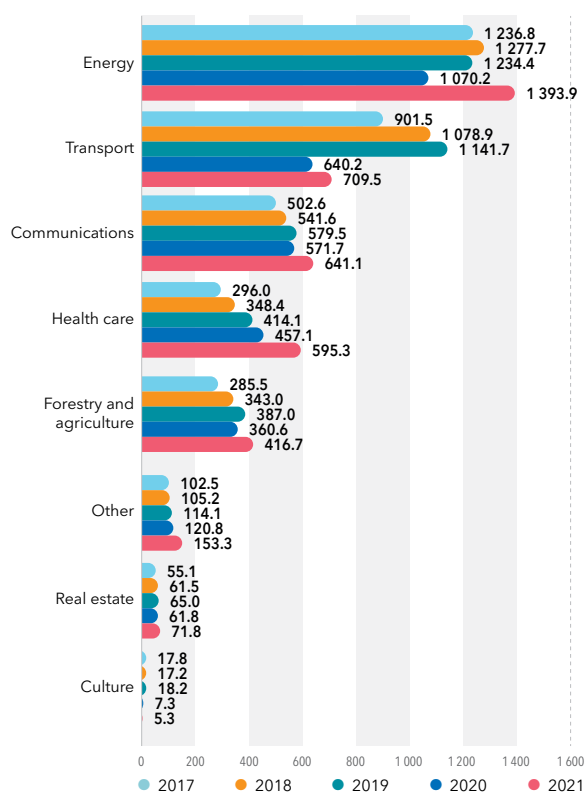


Figure 20. Turnover of SOEs by industry from 2017 to 2021, EUR million

In 2021, the total turnover increased by +21.2 % or EUR 667.3 million compared to 2020 and amounted to EUR 3 986.9 million. Total turnover figures of SOEs have returned to the 2019 level. Compared to 2019, turnover figures have increased by +0.8 % or EUR 32.9 million. In 2021, the major turnover for SOEs was generated by the energy sector with 35.0 % (32.5 % in 2020), followed by the transport sector with 17.8 % (in 2020 19.5 %) and the communications sector with 16.1 % (17.4 % in 2020).

All sectors except the cultural sector show an increase in turnover in 2021 compared to 2020. The major growth in turnover is for SOEs of the energy sector in 2021 – EUR 323.7 million or +30.3 %, where turnover in 2021 increased for both JSC Latvenergo (group) by EUR 291.8 million or +37.7 %, and JSC Augstsprieguma tīkls by EUR 37.3 million or +25.8 %. The turnover in this sector already exceeds the figures of 2019 by EUR 159.5 million or 12.9 %. The next most substantial growth in turnover is in the health sector with an increase of EUR 138.2 million or +43.8 % compared to 2020, mainly due to individual turnover increases for LLC Rīgas Austrumu klīniskā universitātes slimnīca (EUR 62.1 million or +37.7 %), SLLC Paula Stradiņa klīniskā universitātes slimnīca (EUR +42.6 million or +33.1 %) and SLLC Bērnu klīniskā universitātes slimnīca (EUR 15.1 million or +25.3 %). The increase in revenues for LLC Rīgas Austrumu klīniskā universitātes

slimnīca is mainly due to changes in state-funded health care service tariffs to ensure increase in the wages of medical staff and the increase in the bed-day tariff for intensive care patients, as well as the state budget grant to compensate for allowances and overtime for staff involved in the treatment of COVID-19 and compensation for personal protective equipment³⁷ like in 2020³⁸. Relatively positive growth in turnover is also for SOEs of the communications sector (EUR 69.5 million or +12.1 %), the transport sector (EUR 69.4 million or +10.8 %) and the forestry and agriculture sectors (EUR 56.1 million or +15.6 %). There is still a drop in turnover for SOEs of the culture sector, with turnover further decreasing in 2021 by EUR 2.0 million or -27.4 %, compared to 2020 (decrease by EUR 10.9 million or -59.9 % in 2020 compared to 2019). Only in the state capital companies of the culture and transport sectors, the turnover level did not exceed the level of 2019; however, in the transport sector there are positive turnover growth trends compared to 2020 (with the exception of VAS "Latvijas dzelzceļš"). The volume of freight transport in 2021 continued to decrease for SJSC Latvijas dzelzceļš, compared to 2020 and the decrease was 8,9 % compared to 2020. In 2020, a decrease amounted to 41.9 % compared to 2019³⁹.

In the culture sector, four out of 14 capital companies managed to improve their turnover indicators compared to 2020 – SLLC KREMERATA BALTICA (+89.4 %), SLLC Valsts Akadēmiskais koris "Latvija" (+41.5 %), SLLC Latvijas Koncerti (+8.2 %), SLLC Latvijas Nacionālais simfoniskais orķestris (+7.1 %). In general, none of SOEs of the culture sector managed to return to the turnover level of 2019; the decrease compared to 2019 was from -55.2 % (SLLC Valsts Akadēmiskais koris "Latvija") to -90.2 % (SLLC Daugavpils teātris).

There was no significant drop in individual turnovers in 2020 compared to 2019. There was a decrease in turnover in 13 SOE's, but a decrease in turnover greater than EUR 1.0 million was in only 2 companies – JSC Rīgas siltums (consolidated) (EUR 5.4 million or 3.6 %) and SJSC Latvijas dzelzceļš (consolidated) (EUR 4.7 million or 1.8 %). Compared to 2019, the decrease in turnover in 2021 is in 29 SOE's, but in 12 companies it was greater than EUR 1.0 million. The most significant drops in turnover compared to 2019 were in the following individual capital companies in 2021: JSC Air Baltic Corporation (EUR 304.0 million or -60.5 %), SJSC Latvijas dzelzceļš (EUR 88.5 million or -26.2 %), SJSC Starptautiskā lidosta "Rīga" (EUR 33.2 million or -51.1 %) and SJSC Latvijas gaisa satiksme (EUR 11.5 million or -37.5 %). In 2021, the following companies experienced the most substantial growth in turnover compared to 2020: JSC Latvenergo (group) (EUR 291.8 million or +37.7 %), LLC Rīgas Austrumu klīniskā universitātes slimnīca (EUR 62.1 million or +37.7 %), JSC Latvijas valsts meži (consolidated) (EUR 55.6 million or +15.9 %), SLLC Paula Stradiņa klīniskā universitātes slimnīca (EUR 42.6 million or +33.1 %), LLC Tet (group) (EUR 30.6 million or +13.7 %), LLC Latvijas Mobilais Telefons (consolidated) (EUR 25.4 million or +11.2 %) and SLLC Bērnu klīniskā universitātes slimnīca (EUR 15.1 million or +25.3 %). In 2021, the major turnover increase, in contrast, was in the following capital companies compared to 2019: JSC Latvenergo (group) (EUR 223.6 million or +26.6 %),

³⁷ LLC Rīgas Austrumu klīniskā universitātes slimnīca Annual report 2021, p.17., source: <https://aslimnica.lv/par-mums/kapitalsabiedribas-darbibu-raksturojosa-informacija/gada-parskati/>.

³⁸ LLC Rīgas Austrumu klīniskās universitātes slimnīca Annual report 2020, p.10., source: <https://aslimnica.lv/par-mums/kapitalsabiedribas-darbibu-raksturojosa-informacija/gada-parskati/>.

³⁹ SLLC Latvijas dzelzceļš Consolidated reports 2020, p.6. and 2021, p.6., source: <https://www.ldz.lv/lv/auditieti-gada-parskati>.

LLC Rīgas Austrumu klīniskā universitātes slimnīca (EUR 84.6 million or +59.5 %), SLLC Paula Stradiņa klīniskā universitātes slimnīca (EUR 52.6 million or +44.3 %), JSC Latvijas valsts meži (consolidated) (EUR 30.1 million or +8.0 %), LLC Tet (group) (EUR 25.7 million or +11.3 %), LLC Latvijas Mobilais Telefons (consolidated) (EUR 23.9 million +10,4 %), SLLC Bērnu klīniskā universitātes slimnīca (EUR 20.6 million or +38.1 %), SJSC Latvijas Loto (consolidated) (EUR 17.0 million or +35.1 %) and JSC Latvijas autoceļu uzturētājs (EUR 12.7 million or +17.6 %).

Number of Employees and Average Remuneration

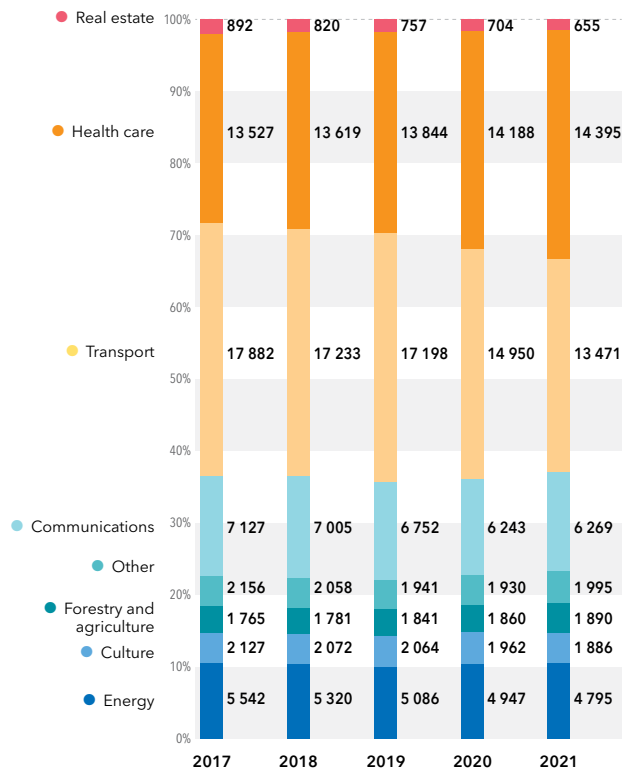


Figure 21. Average annual employment in SOEs by sector from 2017 to 2021, number and percent

There have been changes in the structure of employees. In the distribution of employees by sector in state capital companies (total = 100%), the largest number of people, unlike previous years, is employed in the health sector – 31.7 %, which is an increase of +1.4 percentage points compared to 2020. In terms of the number of employees, the health sector, for the first time in the last 8 years, since the annual report on employees in SOEs has been prepared, the health sector has caught up the long-term leader in employment in SOEs – the transport sector. In 2021, 29.7 % of all employees of SOEs were employed in the transport sector, i.e. a decrease of 2.3 percentage points compared to 2020. In other sectors, the change, as in 2020, did not exceed 0.5 percentage points in the total distribution.

For the sixth consecutive year, a decrease of -3.1 % of employees in SOEs has been observed and the rate of decrease slowed down compared to 2020, when the decrease was -5.5 %. In absolute figures, the decrease was 1 102 employees in 2017; 1 110 in 2018; 426 in 2019, 2 698 in 2020, and 1 428 in 2021.

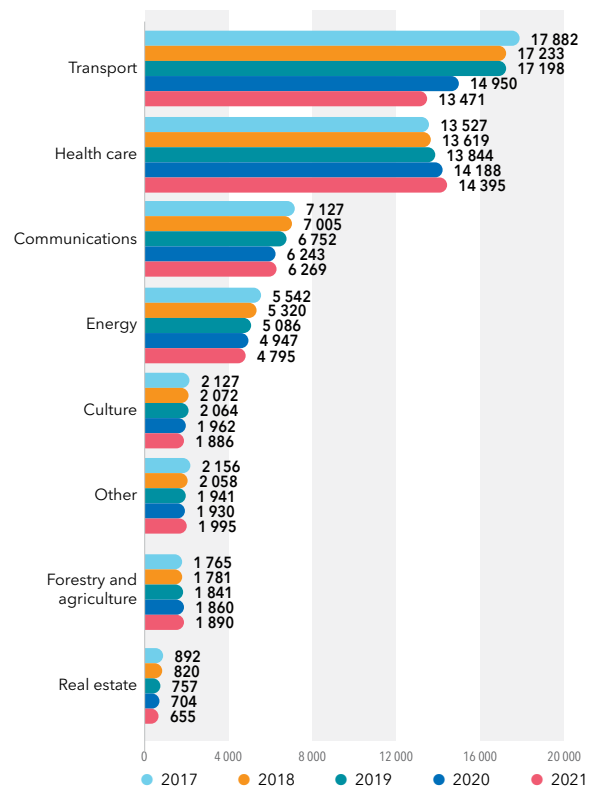


Figure 22. Average number of employees in SOEs by sector from 2017 to 2021, number

The major reductions are in the transport sector (-1 479 employees, or -9.9 %) and energy sector (-152 employees or -3.1 %) while the largest growth in health care sector (+207 employees or +1.5 %). The largest reduction of employees in 2021, like in 2020, is for SJSC Latvijas dzelzceļš (-1 388 employees or -16.3 %) with the total number of employees decreased to 7 151. Two more SOEs have a decrease of 100 employees – SJSC Latvijas Pasts (-143 employees or -4.3 %) and JSC Latvenergo (-129 employees or -3.8 %). On the other hand, the increase in the number of employees more than 100 was in SLLC Daugavpils psihoneiroloģiskā slimnīca (+310 employees or 48.9 %), which is related to the reorganisation of SLLC Aknīstes psihoneiroloģiskā slimnīca (318 employees in 2020). As a result, SLLC Daugavpils psihoneiroloģiskā slimnīca has become the successor of all property, rights and liabilities of SLLC Aknīstes psihoneiroloģiskā slimnīca.

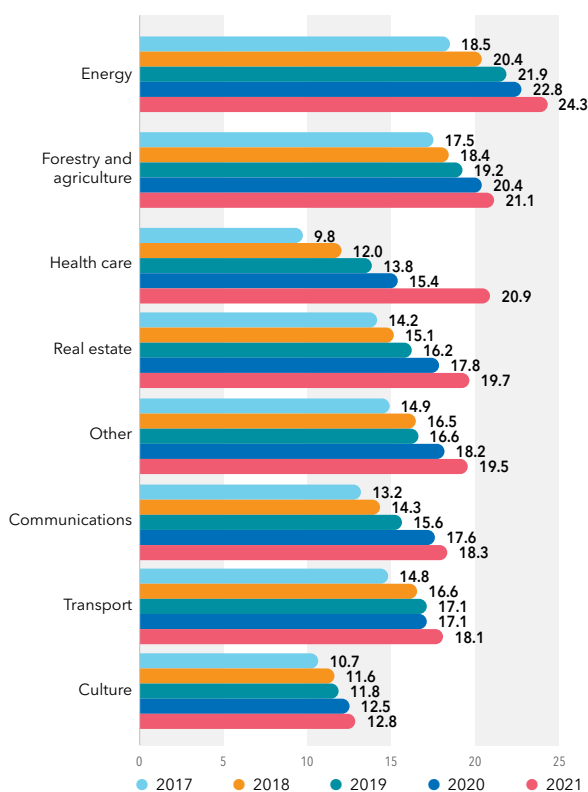


Figure 23. Average gross remuneration per employee per year from 2017 to 2021, EUR thousand

Information on the level of remuneration in capital companies is compiled, and the analysis of this information can be used to determine overall trends. The remuneration policy is determined in each capital company according to internally approved principles depending on the nature of the activities of the capital company, the situation in the labour market and available resources. There may be different principles for the variable pay components or for the allocation and payment of other additional benefits. Remuneration policy is influenced by the choice of a business model, thus, capital companies with a higher proportion of outsourcing will often have a higher level of remuneration; the share of non-financial goals and the income generation model of the capital company are also of significant importance.

Despite the COVID-19 pandemic, overall wage levels in all sectors have increased compared to 2020. Comparing the salary with the pre-pandemic period – 2019, the average salary level has increased in all sectors. The highest percentage and absolute increase was observed in the health sector: +35.5 % or EUR 5.5 thousand per year, reaching an average salary of EUR 20.9 thousand per year, which is the third best indicator among industries. This is followed by SOEs of the real estate sector with a percentage increase in remuneration +10.3 % or EUR 1.8 thousand per year, amounting to average remuneration EUR 19.5 thsd.

The leading positions in the salary scale in 2021, as in all the previous six years, are held by the state capital companies of the energy and forestry and agriculture sectors, respectively – 24.3 thousand EUR per year (in 2020: EUR 22.8 thousand; in 2019: EUR 22.1 thousand) and EUR 21.1 thousand per year (in 2020: EUR 20.4 thousand; in 2019: EUR 19.2 thousand).

On the other hand, the lowest salary level in 2021, as in the last four years, is in the state capital companies of culture and industry, reaching an average salary of EUR 12.8 thousand. The average annual salary in state capital companies in 2021 was EUR 19.6 thousand, which is by EUR 2.4 thousand or 14.0 % more than in 2020, when the average salary was EUR 17.2 thousand. The highest average remuneration individually in a single capital company amounted to EUR 45.5 thousand (LLC Eiropas dzelzceļa līnijas)⁴⁰ (in 2020 – EUR 43.1 thousand), but the lowest – EUR 9.8 thousand (SLLC Latvijas Nacionālais teātris) (EUR 9.1 thousand in 2020).

Excluding some capital companies with the number of employees below 10, where changes are more related to the reorganisation of their activities, leaving only management personnel, the average remuneration decreased in 19 SOEs, in two it decreased by more than 10 % on average. In 59 state capital companies, the salary increased (in 2020 – 52), including in 31 it increased by no more than 10 % (in 2020 – 25), in 15 companies it increased by up to 20 % (in 2020 – 23), but in 13 companies more than 20 % (4 in 2020). The largest increase in percentage terms was in LLC Rīgas Austrumu klīniskā universitātes slimnīca (increase +48.1 %, average annual remuneration – EUR 23.4 thousand, LLC Ludzas medicīnas centrs (increase +43.7 %, average annual remuneration – EUR 15.7 thousand) and SLLC Kultūras un sporta centrs “Daugavas stadions” (increase +39.2 %, average annual remuneration EUR 12.0 thousand).

Dividends

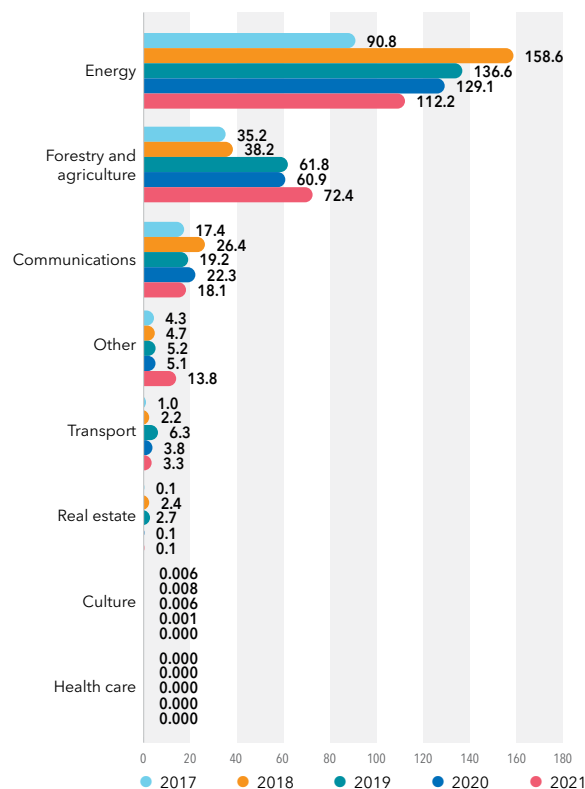


Figure 24. Dividends paid to the state for the previous reporting year in SOEs by sector from 2017 to 2021, EUR million

⁴⁰ Capital companies with at least 10 employees.

The state received a total of 220.0 million EUR in dividends in 2021⁴¹, i.e. EUR 0.9 million or 0.4 % less than in 2020. In comparison, EUR 220.9 million were paid out in dividends in 2020, EUR 231.8 million in 2019, and EUR 232.5 million in 2018. As regards the payment of dividends to the state, in 2021 the leaders were traditionally the energy sector with 51.0 % (in 2020 – 58.3 %, in 2019 – 58.9 %, in 2018 – 68.2 %, in 2017 – 61.1 %, in 2016 – 50.1 %), the forestry sector with 32.9 % (in 2020 – 27.6 %, in 2019 – 26.6 %, in 2018 – 16.4 %, in 2017 – 23.7 %, in 2016 – 34.0 %) and communications sector with 8.2 % (in 2020 – 10.1 %, in 2019 – 8.3 %, in 2018 – 11.4 %, in 2017 – 11.7 %, in 2016 – 10.6 %) of all dividends paid by capital companies. The contribution of the other capital companies to the dividend distribution is significantly lower, but in 2021 it exceeded 5 % of the total distributed dividends due to dividends paid by SJSC Latvijas Loto and early payments to the single tax account⁴² – in 2021 – 7.9 %, while in 2020 – 4.1 %, in 2019 – 6.1 %, in 2018 – 4.0 %, in 2017 – 3.6 % and in 2016 – 5.3 %.

Given that companies of both energy and communications sectors are slightly less successful and companies in the forestry and agricultural sectors are more successful, but with positive results continuing to operate successfully in 2021 in terms of profits and economics, dividends were paid at or above the planned amount. Paragraph 3 of Cabinet Regulation No 806 “Procedures by which State-Owned Enterprises and Public Private Capital Companies in which the State is a shareholder (shareholder) Foresee and Determine the Share of Profit to be Distributed in Dividends and Make Payments into the State budget for the Use of State Capital” (hereinafter – Cabinet Regulation No 806) lays down the amounts of dividend payments, the regulations regarding corporate income tax and the procedure for determining a different minimum share of profits to be distributed in dividends: *The minimum foreseeable share of profit to be disbursed in dividends and the share of profit to be disbursed in dividends shall be 80 % of the profits of the capital company for the reporting year, unless otherwise specified in accordance with Chapter II of this Regulation in the medium-term operational strategy of the capital company (hereinafter – the Strategy). The share of profits to be distributed in dividends includes a payment for the use of state-owned capital and corporate income tax. Paragraph 5 of Cabinet Regulation No 806 provided that the Cabinet may, upon a justified proposal of the holder of state-owned capital shares, permit to determine in the Strategy a different share of the expected profit to be disbursed in dividends (as a percentage of the forecast profit of the accounting year) than indicated in Paragraph 3 of this Regulation or in other legal acts.*

Sections 33, 34, 35 and 36 of the Law on State Budget 2021 (hereinafter – the Budget Law) provided conditions for dividend payments for four capital companies – JSC Latveņergo (hereinafter – LE), JSC Latvijas valsts meži (hereinafter – LVM), JSC Augstsprieguma tīkls (hereinafter – AST) and SJSC Latvijas Loto (hereinafter – LL).

Section 33 of the Budget Law provided for the LE to pay not less than EUR 98.2 million. EUR 98.2 million was disbursed

(including corporate income tax on dividend payments), which includes only the amount for the use of state capital (the CIT was not paid in 2021, only repaid or diverted in the amount of EUR 139.8 thousand⁴³, CIT calculated in 2021 – EUR 3.3 million⁴⁴). Section 33 of the Law “On the State Budget for 2020” provided the LE to pay not less than EUR 127.1 million (including EUR 101.7 million for the use of state capital and EUR 25.4 million in corporate income tax) and EUR 127.1 million were disbursed, which includes only the amount for the use of state capital (the CIT was neither paid in nor repaid in 2020⁴⁵; calculated CIT in 2020 – EUR 6.2 million⁴⁶). In 2019, the Law on the State Budget for 2019 required the LE to pay EUR 132.9 million (including EUR 106.3 million for the use of state-owned capital and EUR 26.6 million corporate income tax) and EUR 132.9 million was disbursed, which includes only the amount for the use of state capital (the CIT was paid in 2019 only in the amount of EUR 488.54, but repaid EUR 10.0 million⁴⁷). In 2018, the law set a disbursement of EUR 94.2 million for 2017, but more disbursements amounted to EUR 156.4 million due to high profit rates as a result of the corporate income tax reform. In 2017, the LE paid EUR 90.1 million in dividends to the State.

Section 34 of the Budget Law required LVM to pay not less than EUR 90.5 million (including corporate income tax on dividend payments), EUR 72.4 million for the use of state capital was paid out and CIT was paid in the amount of EUR 18.5 million in 2021 and EUR 2.9 million was repaid, CIT was calculated at EUR 15.9 million⁴⁸.

Section 34 of the “Law on the State Budget for 2020” required LVM to disburse not less than EUR 76.1 million (including a payment of EUR 60.9 million for the use of state capital and EUR 15.2 million in corporate income tax), EUR 60.9 million was disbursed for the use of state capital and CIT was paid in the amount of EUR 9.6 million in 2020 and repaid EUR 421⁵⁰, CIT was calculated at EUR 13.8 million⁵¹. In 2019, Section 46 of the “Law on the State Budget for 2019” required LVM to pay EUR 77.2 million (including a payment of EUR 61.8 million for the use of state capital and EUR 15.4 million in corporate income tax), EUR 61.8 million was disbursed for the use of state capital (included in the dividend calculation) and EUR 15.4 million of CIT was paid⁵². In 2018, the LVM disbursed EUR 38.2 million in dividends and EUR 35.2 million in 2017.

Section 35 of the “Budget Law” required AST to pay not less than EUR 2.72 million (including corporate income tax on the payment of dividends), EUR 8.0 million was paid, which includes only the amount for the use of state capital (CIT was not paid in 2021, only repaid or transferred in the amount of EUR 11.5 thousand⁵³, the calculated CIT in 2021 – EUR 1.9 million⁵⁴).

Section 36 of the “Law on the State Budget for 2020” required AST to disburse not less than EUR 1.74 million (including a payment of EUR 1.39 million for the use of state capital and EUR 0.35 million in corporate income tax), EUR 1.39 million were paid for the use of state capital and paid CIT in the amount of EUR 2.7 million in 2020 and refunded CIT in the amount of EUR 0.35 million⁵⁵. Section 47 of the “Law on

⁴¹ Only dividends paid to the state are included in the calculation of dividends paid into the state budget.

⁴² SJSC “Latvijas Loto” paid EUR 13 814 554 in dividends in 2021, which includes the calculated and paid dividends (use of State capital) for 2020 EUR 7 614 549 and early tax payments of EUR 6 200 005 intended to cover the 2021 public capital use payment.

⁴³ Information provided by the State Revenue Service of the Republic of Latvia.

⁴⁴ Latveņergo Group Consolidated and Latveņergo JSC Annual Report 2020, p.12, source: <https://www.latveņergo.lv/lv/investoriem/parskati>.

⁴⁵ Information provided by the State Revenue Service of the Republic of Latvia.

⁴⁶ Latveņergo Group Consolidated and Latveņergo JSC Annual Report 2020, p.12, source: <https://www.latveņergo.lv/lv/investoriem/parskati>.

⁴⁷ Information provided by the State Revenue Service of the Republic of Latvia.

⁴⁸ Information provided by the State Revenue Service of the Republic of Latvia.

⁴⁹ Consolidated Annual Report 2021 of JSC Latvijas valsts meži, p.41, source: <https://www.lvm.lv/par-mums/skaitli-un-finanses/finanses/2021-g>.

⁵⁰ Information provided by the State Revenue Service of the Republic of Latvia.

⁵¹ Consolidated Annual Report 2020 of JSC Latvijas valsts meži, p.40, source: <https://www.lvm.lv/par-mums/skaitli-un-finanses/finanses/2020-g>.

⁵² Information provided by the State Revenue Service of the Republic of Latvia.

⁵³ Information provided by the State Revenue Service of the Republic of Latvia.

⁵⁴ JSC Augstsprieguma tīkls Group Consolidated and JSC Augstsprieguma tīkls Annual Report 2021, p.53, source: <https://ast.lv/lv/content/2021-gada-parskats>.

⁵⁵ Information provided by the State Revenue Service of the Republic of Latvia.

the State Budget for 2019” required AST to pay EUR 3.6 million (including a payment of EUR 2.9 million for the use of state capital and EUR 0.7 million for corporate income tax), EUR 2.9 million was disbursed for the use of state capital (included in the dividend calculation) and EUR 0.7 million was calculated in CIT⁵⁶. In 2018, AST paid EUR 0.2 million in dividends while EUR 0.3 million in 2017.

Section 36 of the Budget Law required LL to pay not less than EUR 5.4 million (including corporation tax on the distribution of dividends), EUR 13.8 million was paid in 2021, which includes dividends paid (use of state capital) for 2020 in the amount of EUR 7.6 million and early tax payments of EUR 6.2 million to cover the payment for use of state capital in 2021⁵⁷. CIT of EUR 1.89 million was paid, EUR 1.5 thousand were reimbursed⁵⁸ and EUR 167 were calculated⁵⁹.

Section 35 of the Law on the State Budget for 2020 required LL to disburse not less than EUR 2.24 million (including a payment of EUR 1.79 million for the use of state capital and corporate income tax of EUR 0.45 million), EUR 4.98 million was disbursed in 2020 for the use of state capital and EUR 1.23 million euro were paid as the CIT and was not refunded⁶⁰. Although the Law on the State Budget for 2019 no longer provided for the amount to be disbursed to LL, which was classified as other capital companies, LL also paid a significant amount in dividends — EUR 5.1 million in dividends in 2019, which accounted for 79.2 % of the profit in 2018. Section 44 of the “Law on the State Budget for 2018” provided for the disbursement of 80% of the profits of the relevant capital company, but not less than EUR 2.8 million. In 2018, EUR 4.7 million was disbursed, which is 80 % of the profit made in 2017 of EUR 6.5 million. In 2017, LL paid EUR 4.2 million in dividends.

The percentage of dividends paid, as provided by the Budget Law, by four capital companies in 2021, including CIT⁶¹ from the profit of 2019 amounted to 84.5 % (in 2020 – 134.7 %) LE, 116.0 % (in 2020 – 67.0 %) LVM, 12.2 % (in 2020 – EUR 52.9 %) AST and 123.5 % (early tax payments amounting to EUR 6.2 million, excluding it would be 68.1 %, in 2020 – 84.4 %).

The leading position of the forestry sector is explained by the fact that the main productive asset is the forest land, which is not subject to depreciation. As a result, less funds are accrued for the restoration of fixed assets and the profit against the EBITDA indicator is comparatively the highest among the sectors.

LLC Tet (hereinafter – Tet) and LLC Latvijas Mobilais Telefons (hereinafter – LMT) continued to operate successfully in the communications sector, contributing EUR 15.2 million respectively to the state (in 2020 – EUR 20.7 million, in 2019 – EUR 16.4 million, in 2018 – EUR 20.3 million, in 2017 – EUR 16.1 million) and EUR 1.33⁶² million in dividends in 2021 (in 2020 – EUR 1.45 million, in 2019 – EUR 1.12 million, in 2018 – EUR 1.24 million, in 2017 – EUR 1.21 million. In 2021, dividends were also paid by SJSC Ceļu satiksmes drošības direkcija – EUR 2.5 million (in 2020 – EUR 2.9 million; 2019 – EUR 2.9 million) and by JSC Rīgas siltums – EUR 6.0 million (in 2020 – EUR 0.33 million; in 2019 – EUR 0.81

million; in 2018 – EUR 1.24 million; in 2017 – EUR 1.21 million). In 2021, dividends were also paid by SJSC Latvijas Valsts radio and televīzijas centrs – EUR 1.5 million (in 2020 – no dividends were paid, in 2019 – EUR 1.6 million, in 2018 – EUR 4.8 million, in 2017 no dividends were paid). Another nine companies paid dividends in 2021 for a total amount of EUR 1.03 million.

The percentage of dividends paid to the state from the total profits of all SOEs in the previous year was 1 035.7 %, in 2020 – 69.3 %, in 2019 – 71.6 %, in 2018 – 45.7 %, in 2017 – 72.2 %, in 2016 – 92.9 %, and in 2015 dividends amounted to EUR 124.9 million, although in 2014 all SOEs had losses totalling EUR 22.2 million. The total dividend pay-out rate, in turn, i.e. also dividends paid to other owners, in all capital companies in 2021 totalled 1 387.9 % of profits of the previous year, in 2020 – 84.9 %, in 2019 – 87.7 %, in 2018 – 57.7 %, in 2017 – 92.0 %, in 2016 – 112.6 %, in 2015, dividends were disbursed in total amount of EUR 158.2 million, although in 2014 all SOEs incurred losses of EUR 22.2 million.

If capital companies that did not work with profit in the previous year and which had negative equity or equity less than share capital are excluded from calculations, the dividend pay-out rate from 2015 to 2020 profit is respectively – 90.4 % in 2015, 84.0 % in 2016, 72.2 % in 2017, 51.2 % in 2018, 83.1 % in 2019, 77.5 % in 2020 and 83.0 %.

⁵⁶ Information provided by the State Revenue Service of the Republic of Latvia.

⁵⁷ Information provided by SJSC Latvijas Loto on 23 November 2022.

⁵⁸ Information provided by the State Revenue Service of the Republic of Latvia.

⁵⁹ SJSC Latvijas Loto Consolidated Annual Report 2021, p.15, source: <https://www.latloto.lv/lv/page/finansu-parskati-2021>.

⁶⁰ Information provided by the State Revenue Service of the Republic of Latvia.

⁶¹ Information provided by the State Revenue Service of the Republic of Latvia.

⁶² Only the share of dividends paid directly to the state from the profits of the capital company is included in the industry calculation.

Contributions Made by Capital Companies to the State Budget

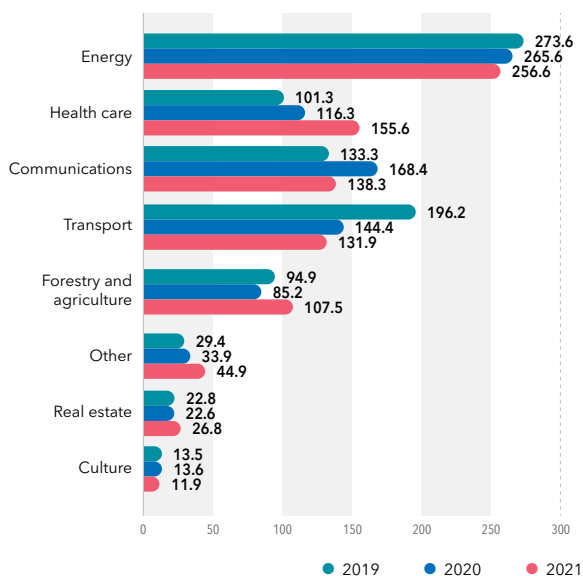


Figure 25. Contributions by SOEs to budget by sector from 2019 to 2021, EUR million

Contributions to state and local government budgets consist of taxes, duties and dividends. In total, SOEs have contributed EUR 873.6 million, which is by EUR 23.7 million or +2.8 % more than in 2020. The largest contributors to the state budget in 2021, like in 2016 - 2020, have been capital companies of the energy sector, (in 2021 – EUR 256.6 million EUR or 29.4 % of total contributions made to the state budget, in 2020 – EUR 265.6 million or 31.3 %, in 2019 – EUR 273.6 million or 31.6 %, in 2018 – EUR 336.8 million or 39.2 %). In 2021 the health care sector became the second largest contributor to the state budget from SOEs, ahead of the last year's second place by contributions to the state budget by SOEs (in 2021 – EUR 138.3 million or 15.8 %, in 2020 – EUR 168.4 million or 19.8 % of the total contributions made into the state budget, in 2019 – EUR 133.3 million or 15.4 %, in 2018 – EUR 122.3 million or 14.2 %) and ahead of the transport sector ranking the 2nd for a long term (in 2021 – EUR 168.4 million or 15.8 % of total contributions made to the state budget, in 2020 – EUR 196.2 million or 17.0 %, in 2019 – EUR 196.2 million or 22.7 %, in 2018 – EUR 188.0 million or 21.9 %), which continued to suffer from the impact of COVID-19 in 2021, while decreasing, the impact on turnover decreased 3.6-fold from EUR -489.0 million to – EUR 135.6 million⁶³. The largest increase in contributions to the state budget was for capital companies in the health sector, i.e. EUR +39.3 million or +33.8 % increase. There was also a relatively large increase in contributions to the budget made by SOEs of the forestry and agriculture sectors and other sectors, respectively – +EUR 22.3 million or +26.2 % in 2021, amounting to EUR 107.5 million in total contributions and EUR +11.0 million or +32.3 %, amounting to EUR 45.0 million contributions. Compared to the pre-pandemic period in 2019, the total amount of contributions to the state budget in 2021 exceeded the 2019 contributions by EUR 8.6 million or +1.0 %.

In 2021, the three largest contributors paid a total of 41.3 % (in 2020 – 44.5 %, in 2019 – 50.7 %, in 2018 – 53.7 %) of the total contributions made by state capital companies to the

budget, and they were JSC "Latvenergo" (concern data), JSC "Latvijas valsts meži" (consolidated data) and SJSC "Latvijas dzelzceļš" (consolidated data). JSC "Latvenergo" contributed EUR 197.1 million or 22.6 % of the total contributions made by state capital companies to the budget (in 2020 – EUR 226.4 million or 26.6 %; in 2019 – EUR 249.0 million or 28.8 %; in 2018 – EUR 292.8 million or 34.1 %). Accordingly, JSC "Latvijas valsts meži" contributed 103.0 million EUR or 11.8 % (in 2020 – 80.1 million EUR or 9.4 % in 2019 – 90.1 million EUR or 10.4 %; in 2018 in 2018 – 55.3 million EUR or 6.4 %) of the total contributions made by state capital companies to the budget and JSC "Latvijas dzelzceļš" contributed 63.9 million EUR or 7.3 % (in 2020 – 61.9 million EUR or 7.3 %; in 2019 – EUR 99.3 million or 11.5 %; in 2018 – EUR 102.7 million or 11.9 %).

In 2021, there were changes regarding the three largest contributors to the state budget, as in 2020 they included LLC Tet (group) (in 2021– EUR 61.0 million or 7.0 %; in 2020 – EUR 71.6 million or 8.4 %; in 2019 – EUR 63.8 million or 7.4 %; in 2018 – EUR 65.8 million or 7.7 %), but there was no JSC Latvijas dzelzceļš.

Budget Funding Received by Capital Companies

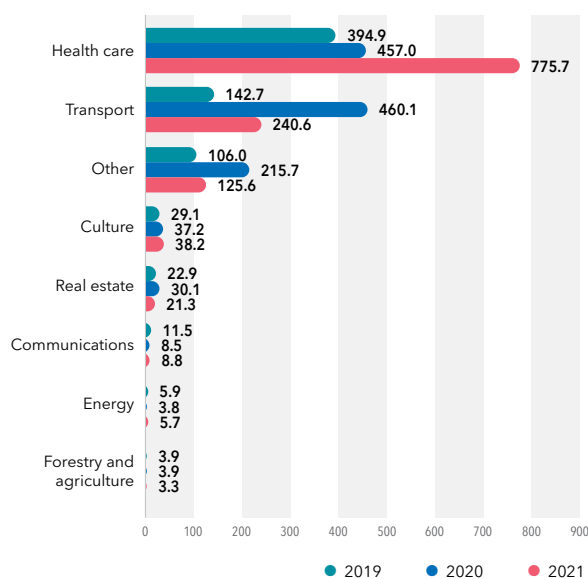


Figure 26. Funding received by SOEs from the state budget by sector from 2019 to 2021, EUR million

The funding received from the state budget includes various types of revenue – both compensation mechanisms as a targeted grant paid by JSC Latvenergo for fixing the mandatory procurement component (OIK), payment for services purchased by the state, for example, health care services and maintenance of a material base for hospitals or grants for organizing performances and concerts for theatres, orchestras and other types of capital companies of the cultural sector – as well as other financial means such as loans and funding to ensure financial stability of capital companies during the COVID-19 pandemic, for example, by increasing equity capital.

⁶³ According to information provided by state-owned enterprises on the impact of the COVID-19 pandemic (own assessment), not all capital companies have provided information, the impact of COVID-19 has already been assessed in the operational plans in 2021.

Compared to 2020, the state budget funding increased by EUR 3.0 million or +0.2 % in 2021, amounting to total funding received from the state budget of EUR 1.22 billion. In 2021, the funding from the state budget continues to significantly exceed state funding of pre-pandemic period – in 2019, exceeding it by EUR 502.5 million or +70.1 %.

In 2021, funding received from the state budget continued to increase in capital companies of the health sector, increasing by EUR 318.7 million or 69.7 %, reaching EUR 775.7 million (in 2020 by EUR 62.1 million or 15.7 % compared to 2019), which was also the largest funding received by industries from the state budget among SOEs. The increase of more than 10 % of the financing received from the state budget in the year has been for SOEs of this sector since 2016. Compared to the pre-pandemic period, this funding has increased by EUR 388.8 million or +96.4 % in 2019, almost doubling. The largest beneficiaries of state funding in this sector are SLLC Rīgas Austrumu klīniskā universitātes slimnīca (total funding received in 2021: EUR 313.2 million, increase of EUR 153.8 million or +96.5 %; in 2020: EUR 159.4 million, increase of EUR 20.3 million or +14.6 %), SLLC Paula Stradiņa klīniskā universitātes slimnīca (total funding received in EUR 2021: 242.5 million, increase of EUR 107.6 million or +79.7 %; in 2020: EUR 134.9 million, increase of EUR 21.9 million or +19.4 %) and SLLC Bērnu klīniskā universitātes slimnīca (total funding received in 2021: EUR 86.2 million, increase of EUR 22.4 million or +35.1 %; in 2020: EUR 63.8 million, increase of EUR 13.2 million or +19.4 %). This growth is attributable to the rise in average pay for medical and care personnel in 2020 and 2021, an increase in the daily bed tariff for intensive care patients, growth of funding for examinations and specialist services in line with the amount of services provided, including the funding received relating to COVID-19, e.g. for compensation of costs for COVID-19 patient treatment, laboratories testing services for COVID-19, in addition, in view of the constraints adopted by the government, during the pandemic, planned hospital and outpatient assistance for which outage compensation was received, as well as compensation for overtime of medical staff during COVID-19, and the funds were received to increase the stock of medicines. In 2021, the state budget funds were also received to increase equity capital, for example: LLC Rīgas Austrumu klīniskā universitātes slimnīca (EUR +88.2 million), SLLC Paula Stradiņa klīniskā universitātes slimnīca (EUR +80.1 million), SLLC Bērnu klīniskā universitātes slimnīca (EUR +23.5 million), SLLC Daugavpils psihoneiroloģiskā slimnīca (EUR +14.2 million) and SLLC Slimnīca "Ģintermuiža" (EUR +8.9 million), the total funding for the increase in equity capital amounted to EUR 215.3 million in SOEs of the health sector.

SOEs of the transport sector were the second largest recipients of the state budget funding. They received a total of EUR 240.6 million from the state budget, which was EUR 219.4 million, or by 47.7 % less than in 2020, when they received a total of EUR 460.1 million, which is related to JSC Air Baltic Corporation. In response to Covid-19 crisis, JSC Air Baltic Corporation reduced the number and cost of flights and seats offered, resulting in the release of around 30 % of staff in 2020. Taking into account the forecasts by various industry experts of the negative long-term impact of the COVID-19 pandemic on the aviation sector, airBaltic developed a new business plan – Destination 2025 CLEAN. Based on this plan, airBaltic contacted its shareholders with a request for additional funding and successfully increased its share capital by EUR 250 million.

On 15 July 2020, the shareholders approved an increase in the share capital. As a result, the Latvian government invested EUR 250 million in the acquisition of 96.14 % of airBaltic shares. The European Commission found that the investment was compatible with the internal market of the European Union in accordance with Article 107 (3) of the Treaty on the Functioning of the European Union, paragraph (b) (pursuant to the decision of the European Commission of 3 July 2020 in case SA.56943)⁶⁴. According to the decision of the European Commission of 3 July 2020 in Case No SA.56943, the Government must reduce its capital participation to at least 80 % over the next 5 to 7 years. In order to ensure the possibility of such divestment, the airline is likely to seek to initiate the initial public bid process for the next three years. In 2021, the Latvian Government approved an additional EUR 90 million share capital investment, of which EUR 45 million was received in December 2021 and the Latvian government invested EUR 45 million in share capital on 17 January 2022, increasing the state ownership of JSC Air Baltic Corporation to 97.03 %, and the airline is expected to receive the remaining EUR 45 million in 2022. In 2020, taking into account the impact of the COVID-19 pandemic, SJSC Riga International Airport (hereinafter – Airport) discussed and sought solutions to stabilise the financial situation of the Airport and the risks arising from it, including the issue of leaving profits in the previous reporting year at the Airport's disposal on several occasions. As a result of the agreement, the Cabinet of Ministers, by Order No 219 "On the Increase of the Equity Capital of the State Joint Stock Company Starptautiskā lidosta "Rīga"" of 23 April 2020 and subsequent decision of the European Commission of 8 March 2021, supported increasing of equity capital of the Airport by EUR 35.2 million and the removal of dividends for the 2019 profit of EUR 4.5 million at the disposal of the Airport.⁶⁵

Significant budget funding was also channelled to the transport sector in the form of charges for public services, e.g. under the delegation contract for the day-to-day maintenance of public roads (EUR 68.0 million in 2021; EUR 67.0 million in 2020; EUR 62.6 million in 2019; EUR 61.0 million in 2018) under the delegation contract for the administration of financing of the public road network, accounting and organisation and organisation of public procurement (EUR 19.3 million in 2021; EUR 3 million; EUR 18.0 million in 2020; EUR 15.3 million in 2019; EUR 16.1 million in 2018), the fee for the management services of the RB Rail project (EUR 3.1 million in 2021; EUR 2.6 million in 2020; EUR 2.8 million in 2019; EUR 2.5 million in 2018), funding for organising transport services (in 2021: EUR 840 thousand; in 2020: 855 thousand; in 2019: EUR 839 thousand). Compensations and grants have been paid – compensation for losses incurred while performing the public transport service contract in the railway sector (in 2021: EUR 20.4 million; in 2020: EUR 18.3 million; in 2019: EUR 12.1 million; in 2018: EUR 9.9 million), compensation for the use of public-use railway infrastructure (in 2021: EUR 7.8 million; in 2020: EUR 7.5 million; in 2019: EUR 21.9 million; in 2018: EUR 38.0 million), compensation for the carriage of rail passengers benefiting from fare reductions (in 2021: EUR 2.0 million; in 2020: EUR 2.1 million; in 2019: EUR 2.7 million; in 2018: EUR 2.1 million), the grant to ensure the financial equilibrium of the public-use railway infrastructure manager (in 2021: EUR 30.7 million to be received in 2022; in 2020: EUR 22.5 million; in 2019: EUR 13.6 million) and the grant for organizing public transport services on rail to compensate for

⁶⁴ Sustainability and Annual Report 2020 of JSC Air Baltic Corporation , p.101, 108, source: <http://www.ur.gov.lv>.

⁶⁵ Annual Report 2021 of SJSC Starptautiskā lidosta "Rīga", p.69, source: <https://www.riga-airport.com/par-lidostu/finanses/gada-parskats>.

the full ineligible costs (EUR 14.2 million in 2021; EUR 14.2 million in 2020; EUR 14.2 million in 2019; EUR 14.8 million in 2019). Compared to 2019, SOEs of the transport sector received state funding of EUR 97.9 million or +68.6 % more.

The third largest recipient of the state budget are SOEs of other sectors, receiving EUR 125.6 million, which is EUR 90.1 million or 41.8 % less than in 2020 and EUR 19.6 million or 18.5 % more than in 2019. Most of the state funding received by SOEs of other sectors is related to the funding received by JSC Attīstības finanšu institūcija Altum (hereinafter – Altum), which received EUR 71.1 million in 2021, which is by EUR 100.2 million or 58.5 % less than in 2020 and by EUR 3.0 million or +4.4 % more than in 2019. In 2021, Altum received state funding for the back-up capital increase for the implementation of COVID-19 crisis relief programmes, MidCap loans, EUR 22.6 million, Treasury loan for the implementation of support programmes (net), EUR 18.6 million, reserve capital increase for COVID-19 crisis mitigation programmes, working capital financing of EUR 10.8 million, reserve capital increase for the implementation of the Agriculture, Fisheries and Rural Development Guarantee Programme – EUR 5.8 million, compensations for risk capital fund management commissions, EUR 3.0 million, compensations to cover costs of management of state aid programmes – EUR 2.4 million, the increase in reserve capital for the implementation of the Housing Guarantee Programme – EUR 2.2 million, increase in reserve capital for the implementation of the Study and Student Portfolio Guarantee Programme – EUR 2.1 million, increase in reserve capital for the implementation of the cumulation and large economic operator guarantee programme – EUR 2.0 million, the risk coverage for changes in covered provisions – EUR 1.3 million and the compensation for the return on capital – EUR 0.3 million. In 2021, Altum did not receive as substantial funding as in 2020 to mitigate the consequences of COVID-19, when, in accordance with Cabinet Order No 122 of 25 March 2020, Cabinet Order No 389 of 15 July 2020 and Cabinet Regulation No 454 of 14 July 2020, significant funding of EUR 120.0 million in reserve capital was allocated to mitigate the consequences of COVID-19 (EUR 50 million financing for loans to finance working capital for economic operators affected by the spread of COVID-19; credit holiday guarantee of EUR 25 million for investment loans, financial leasing, loans for the financing of working capital, including credit lines, and a guarantee for new loans to finance working capital to ensure access to funding for economic operators affected by the spread of COVID-19 caused by the coronavirus disease, in the amount of EUR 25 million to mitigate the consequences of the COVID-19 crisis caused by COVID-19 by implementing the portfolio guarantee programme, in accordance with Cabinet Regulation No 537 of 5 September 2017 on small (micro) portfolio guarantees, promoting lending to small and medium-sized enterprises and EUR 20 million to support viable large economic operators (midcaps), whose activities due to the spread of COVID-19 require funding to restore, maintain and promote their competitiveness, as well as to increase turnover, including exports) and EUR 25 million for AIF Altum Equity Fund⁶⁶.

Public media⁶⁷ also received a grant (EUR 23.4 million in 2021, EUR 24.6 million in 2020, EUR 22.3 million in 2019, EUR 22.9 million in 2018), capital companies of the cultural sector (EUR 38.2 million in 2021, EUR 37.2 million in 2020,

EUR 29.1 million in 2019, EUR 29.5 million in 2018; including funding from the state budget to the SLLC Latvijas Nacionālā Opera un balets in 2021 – EUR 11.4 million, in 2020 – EUR 9.8 million, in 2019 – EUR 9.9 million and in 2018 – EUR 9.1 million) for the delegation of certain public administration tasks in the field of culture, grants for restoration, reconstruction, renovation and construction of buildings supervised by SJSC Valsts nekustamo īpašumi amounting to EUR 16.0 million (EUR 25.3 million in 2020) and compensation for the supply of press amounting to EUR 6.8 million (EUR 6.7 million in 2020).

Donations Made by SOEs

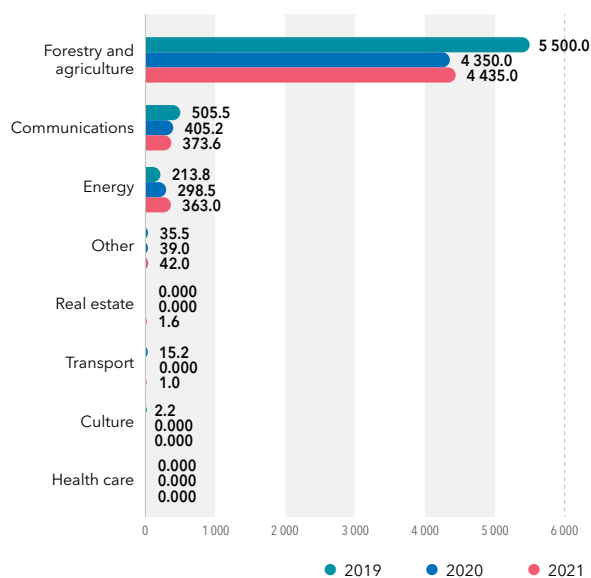


Figure 27. Donations made by SOEs by sector from 2019 to 2021, EUR thousand⁶⁸

In 2021, SOEs donated a total of EUR 5.22 million, an increase of EUR 123.5 thousand or +2.4 % compared to 2020. In 2020, SOEs donated a total of EUR 5.09 million, which is a decrease of EUR 1.18 million or -18.8 % compared to 2019. Compared to the pre-pandemic period (2019), SOEs have donated by EUR 1.06 million or 16.8 % less in 2021. The most active donors for many years have been the forestry sector and JSC Latvijas Valsts meži, which allocated approximately EUR 4.44 million to various donation programmes in 2021 (EUR 4.35 million in 2020; EUR 5.5 million in 2019 and EUR 4.1 million in 2018). The forestry sector is followed by the communications sector; whose donations often serve as marketing incentives. Among the active donors, in 2021 are LLC Latvijas Mobilais Telefons, JSC Latvenergo and SJSC Latvijas Loto.

⁶⁶ Consolidated and Individual Annual Report of JSC Attīstības finanšu institūcija "Altum" for the year, which ended on 31 December 2020, p.85, source: <https://www.altum.lv/iv/par-altum/finansu-informacija/>.

⁶⁷ Includes a general government grant.

⁶⁸ Adjusted on the basis of data of state capital companies, not data provided by the State Revenue Service of the Republic of Latvia on donations, because in the reports provided by associations it is not possible to assess the specific donor according to their registration number in all cases. Data on subsidiary companies are also consolidated.

Donations Received by SOEs

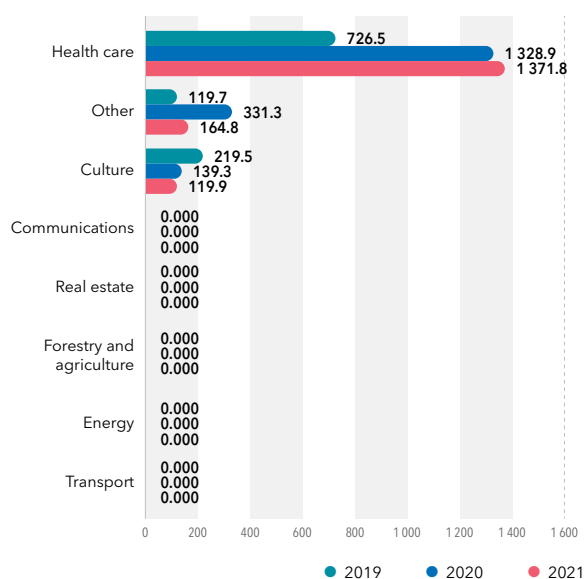


Figure 28. Donations received by SOEs by sector from 2019 to 2021, EUR thousand

In 2021, SOEs received donations totalling EUR 1.66 million, a decrease of 143.0 thousand or -7.9 % compared to 2020 (EUR 1.80 million in 2020, an increase of 733.7 thousand or +68.8 % compared to 2019, when the total amount of donations received was EUR 1.07 million). Compared to the pre-pandemic period (2019), SOEs have received donations byo EUR 590.7 thousand or +55.4 % more in 2021. The leaders among the recipients of donations in 2021, as every year, are capital companies of the health sector (EUR 1.37 million in 2021; EUR 1.329 million in 2020; EUR 726.5 thousand in 2019), which is significantly higher compared to the pre-pandemic period (2019). In 2021, donations were received by capital companies of other sectors (EUR 164.8 thousand in 2021; EUR 331.3 thousand in 2020; EUR 119.7 thousand in 2019) and capital companies in the culture sector (EUR 119.9 thousand in 2021; EUR 139.3 thousand in 2020; EUR 219.5 thousand in 2019). The main recipient of donations in 2021 was the SLLC Bērnu klīniskā universitātes slimnīca (EUR 0.911 million in 2021; EUR 1.037 million in 2020; EUR 390.5 thousand in 2019). In the health sector, donations have mostly been aimed at improving the quality of health services, such as improving hospital facilities for patients' needs, improving the environment (infrastructure) and developing the environment, and donations have also been patrimonial, such as blood pressure measurement equipment, cradles, wool socks and pampers. In the culture sector, donations were mostly to support performances, including new productions, or concerts, and donations have also been patrimonial, such as equipment for performances, musical instruments, light, video and audio equipment, stage curtain. The largest donations were received by the SLLC Paula Stradiņa klīniskā universitātes slimnīca (in 2021: EUR 365.6 thousand; in 2020: EUR 196.3 thousand; in 2019: EUR 331.2 thousand) and SLLC Latvijas televīzija (in 2021: EUR 164.8 thousand; in 2020: EUR 331.3 thousand; in 2019: EUR 118.7 thousand).

4.2. Return of SOEs

The main task for a large part of SOEs is the implementation of non-financial targets. The main task of these capital companies is to discharge the functions that are important for society.

In such areas as education (1 capital company), health care (14 capital companies, incl. limited liability company Veselības centrs "Bīķernieki") and culture (14 capital companies), representing 28 capital companies or about half of capital companies under the decisive influence of the state, the main objectives are non-financial. The return of these capital companies is, of course, measurable also in financial indicators, but the public benefit derives directly from their high-quality contribution to the achievement of the objectives of the sector. Consequently, the financial data presented on an aggregated basis are not directly comparable with private equity companies, which usually have the most important financial objectives and tasks, as the costs of non-financial targets for SOEs, which may be set in different ways, with and without payment by the state, with and without an inclusive rate of return should be taken into account.

In order to govern SOEs effectively, usually the financial objective of a non-commercial SOE is to work without loss or with little profit, ensuring financial stability. By analysing data for the last eight years, we can observe improvements in the area of return of capital companies. The impact of the financial crisis was still obvious in 2014. During the crisis, several illiquid assets from Parex banka were transferred to the state, managed by the distressed asset management company Reverta, but later also by the unrealised limited liability company Hyponia, which managed the problematic assets of the restructured Mortgage Bank. The realisation of these assets represented significant losses for capital companies operating in this sector. In 2017, capital companies with illiquid assets had decreased significantly, the impact of the corporate income tax reform was further improved and the one-off state compensation of JSC Latvenergo for refusal to receive 75 % of annual electric capacity payments for cogeneration plants in the energy sector in the future was also a minor improvement. Overall profitability indicators had improved, amounting to 15 % per year. In 2018, the impact of the compensation was no longer present and the impact of the corporate income tax reform was no longer so significant, resulting in a decrease in profitability rates to 8.6 %. In 2019, profitability rates had slightly deteriorated compared to 2018 and reached 8.1 %, with a further increase in total turnover to EUR 3.95 billion.

The slight impact of the financial crisis and the problems of insufficient provision of funding for certain sectors, such as the health sector funding throughout the period 2014 - 2019 and the negative profitability of the real estate sector between 2014 and 2017, are also reflected in the financial results, when the overall profitability of public limited liability companies was negative in 2014, while between 2014 and 2019 companies in the energy, forestry and communications sectors significantly compensated the impact of these problematic companies, when profitability reached 5.0 % in 2015, 6.3 % in 2016, 15.0 % in 2017, 8.6 % in 2018 and 8.1 % in 2019. In addition, total turnover fell by 2.1 % in 2015 and 1.9 % in 2016, but from 2017 onwards it has experienced a faster upturn, reaching 4.3 in 2017 and returning to 2014 levels. In 2018 and 2019, turnover continued to grow by 11.1 % and 4.8 % respectively.

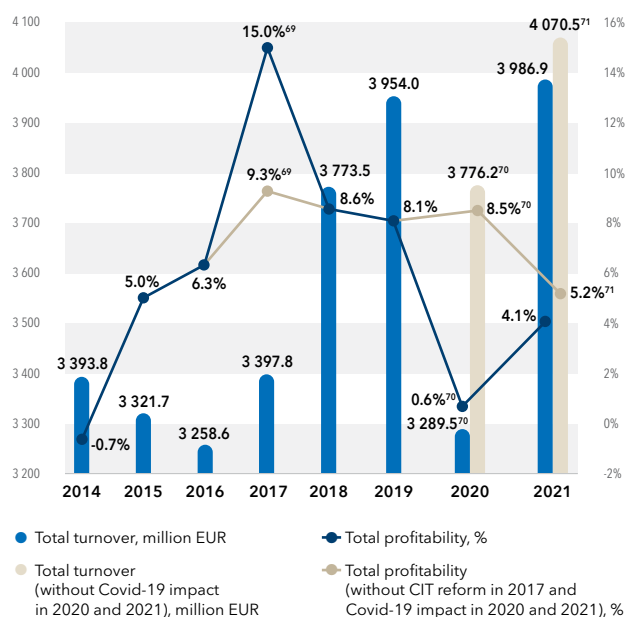


Figure 29. Total turnover of SOEs, EUR million, and profitability, percent, from 2014 to 2021

Unfortunately, the year 2020 was unexpectedly marked by the COVID-19 pandemic. As a result, some SOEs had to temporarily suspend their revenue-generating activities, both fully, partially and under limited circumstances, resulting in a significant drop in turnover and profitability. Overall, the total turnover of SOEs decreased by EUR 664.5 million or 16.8 % in 2020 compared to 2019 reaching EUR 3.29 billion and profitability decreased by 7.4 percentage points or 92.0 % reaching 0.6 %.

Even though the year 2021 was still the period of the COVID-19 pandemic and the state of emergency was determined in two different periods of time throughout the whole territory of the country, and, consequently, some SOEs had to temporarily suspend their income-generating activities both in full and in part and operate under limited conditions, this resulted in a fall in turnover of SOEs of only one sector – culture. Total turnover in all SOEs increased significantly – by EUR 697.3 million or +21.2 % compared to 2020, exceeding even the pre-pandemic period (2019) by EUR 32.9 million or +0.8 %. The total profitability of SOEs also improved and reached 4.1 %, increasing by 3.5 percentage points compared to 2020, but compared to 2019, it was 4.0 percentage points lower.

According to the own assessment by public limited liability companies, the total impact of COVID-19 on turnover is estimated at EUR 83.7 million (EUR 486.7 million in 2020) as revenue foregone, while the impact on profits is assessed as an additional loss of EUR 48.3 million (EUR 298.6 million in 2020). Without the impact of COVID-19, turnover would

be estimated at EUR 4 070.5 million (EUR 3 776.2 million in 2020) with a profit of EUR 211.4 million (EUR 319.8 million in 2020) and profitability would have reached 5.2 % (8.5 % in 2020), accordingly, the impact of Covid-19 on profitability can be evaluated negatively in the amount of 1.1 percentage points (in 2020 – 7.9 percentage points).

The profitability of SOEs has improved to 4.1 % compared to 2020, but the results are quite different from the sectoral perspective. Profitability of public limited liability companies in forestry (26.8 % in 2021; 17.3 % in 2020), real estate (4.6 % in 2021; 4.5 % in 2020), health care (0.6 % in 2021; 0.2 % in 2020), transport sector (-19.1 % in 2021; -49.3 % in 2020) and other SOEs (16.8 % in 2021; 7.0 % in 2020) has improved, however, the profitability of the energy (6.4 % in 2021; 18.5 % in 2020), communication (10.2 % in 2021; 11.3 % in 2020) and culture sectors (0.5 % in 2021; 4.6 % in 2020) have deteriorated. In 2021, as in 2020, the only sector with negative profitability is SOEs of the transport sector, reaching a profitability of -19.1 %.

In 2020 and 2021, three SOEs have had a greater negative impact on turnover and profitability. Although other companies were affected by COVID-19, but their impact on overall results is less significant due to their low turnover. There was a drop in turnover in some sectors, but its impact was not due to Covid-19 restrictions, but to other changes. For example, in the energy sector, where in 2020 the drop in turnover by 164.3 million EUR or -13.3 % is due to process efficiency and cost optimization, which resulted in lower final prices and also due to lower amounts of energy produced for natural processes (seasonal air temperature, water flow), but this has not had such a significant impact on profits, as it has been preserved or even increased. In 2021, energy prices increased substantially, for example, the average electricity price of the Nord Pool system was almost six times higher than in 2020 (+472 %) and reached EUR 62.3/MWh⁷², resulting turnover growth in the energy sector of EUR 323.7 million or +30.3 % compared to 2020 and compensated for the drop in turnover in 2020 resulting in a turnover increase of EUR 159.5 million or +12.9 % compared to 2019.

In 2020, SJSC Latvijas dzelzceļš also had a drop in turnover and profit, which was the result of COVID-19 restrictions on passenger transport, but the most important part of the group's turnover is freight transport, which according to the information provided decreased by 41.9 % in 2020, compared to 2019; however, the impact of COVID-19 restrictions cannot be measured so directly and in numerical values for these transportations and no direct information was provided. In 2021, freight transport continued to decrease by 11 %, representing 49 % of the group's consolidated turnover. In 2021, SJSC Latvijas dzelzceļš turnover also decreased by EUR 4.3 million or -1.8 %, amounting to EUR 249.2 million (in 2020 decreased by EUR 83.8 million or -24.8 %, amounting to EUR 253.9 million; turnover in 2019: EUR 337.6 million). However, the group as a whole did not suffer loss as in 2020, when losses were EUR 35.5 million, which was by EUR 26.2 million or 2.8 times more than in 2019, when the group suffered a loss of EUR 9.3 million. In 2021, SJSC Latvijas dzelzceļš group worked with a profit of EUR 3.9 million, mainly due revenues from state for ensuring financial balance in the amount of EUR 30.7 million (EUR 22.5 million in 2020), which is attributable to the net turnover based on international guidelines for Financial Reporting Standards⁷³.

⁶⁹ The impact of the corporate income tax reform on the profits of the 25 largest capital companies in terms of assets and the total grant effect of the mandatory procurement component is estimated at 5.7 percentage points, which would reduce profitability to 9.3 %.

⁷⁰ According to the information provided by the capital companies (own valuation, not all capital companies) the total impact of COVID-19 on turnover in 2020 is estimated at EUR 486.7 million as revenue foregone, while the impact on profits is assessed as an additional loss of EUR 298.6 million. Without the impact of COVID-19, turnover is estimated at EUR 3 776.2 million, a profit of EUR 319.8 million and a profitability of 8.5 %, and the impact of COVID-19 on profitability is estimated at 7.9 percentage points.

⁷¹ According to the information provided by the capital companies (own valuation, not all capital companies) the total impact of COVID-19 on turnover in 2021 is estimated at EUR 83.7 million as revenue foregone, while the impact on profits is assessed as an additional loss of EUR 48.3 million. Without the impact of COVID-19, turnover is estimated at EUR 4 070.5 million, a profit of EUR 211.4 million and a profitability of 5.2 %, and the impact of COVID-19 on profitability is estimated at 1.1 percentage points.

⁷² Latvenergo Group Consolidated and Latvenergo JSC Annual Report 2020, p.8., source: <https://latvenergo.lv/lv/investoriem/parskati>.

⁷³ Information provided by SJSC Latvijas dzelzceļš and Consolidated Annual Report 2021 of SJSC Latvijas dzelzceļš, source: <https://www.ldz.lv/lv/auditeti-gada-parskati>.

In 2020, there were three capital companies, which had a very significant negative impact on total turnover and profitability due to the COVID-19 pandemic and they were related to the transport sector, or more precisely aviation – JSC Air Baltic Corporation, SJSC Latvijas gaisa satiksme, SJSC Starptautiskā lidosta “Rīga”. Turnover of JSC Air Baltic Corporation in 2020 decreased by EUR 363.3 million or 72.3 % and the losses amounted to EUR 255.5 million, which was 28 times higher than in 2019. The turnover of SJSC Starptautiskā lidosta “Rīga” decreased by EUR 35.2 million or -54.1 % and losses amounted to EUR 15.8 million, as opposed to profit of EUR 22.1 million in 2019. And finally, the turnover of SJSC Latvijas gaisa satiksme decreased by EUR 16.6 million or -53.8 % and losses amounted to EUR 7.6 million, as opposed to profit of EUR 2.5 million in 2019. In 2021, these companies have improved their results, but continue to suffer losses – JSC Air Baltic Corporation’s turnover in 2021 was by EUR 304.0 million or -60.5 % less than in 2019 and the losses amounted to EUR 135.7 million, which was 14.9 times higher than in 2019, the turnover of SJSC Starptautiskā lidosta “Rīga” decreased by EUR 33.2 million or -51.1 % compared to 2019 and the losses amounted to EUR 9.4 million, as opposed to profit of EUR 22.1 million in 2019, and the turnover of SJSC Latvijas gaisa satiksme decreased by EUR 1.6 million or -53.8 % and losses amounted to EUR -3.2 million, as opposed to a profit of EUR 2.5 million in 2019. Excluding the impact of COVID-19 restrictions on these three capital companies, the turnover in 2021 could reach EUR 4.12 billion and profitability of 5.2 % (8.4 % in 2020). Excluding, these three companies from total calculations, profitability of all other capital companies amounted to 8.3 % in 2021 (10.0 % in 2020).

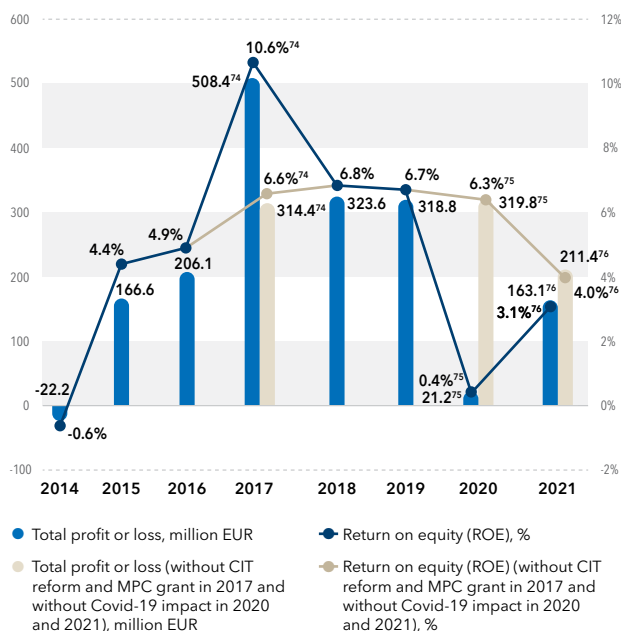


Figure 30. Profit of SOEs, EUR million, and return on equity (ROE), percent, from 2014 to 2021

⁷⁴ The impact of the corporate income tax reform on the profits of the 25 largest capital companies in terms of assets and the total grant effect of the mandatory procurement component is estimated at 4 percentage points, which would reduce the return on equity to 6.6 %.

⁷⁵ According to the information provided by capital companies (own assessment, information not provided by all capital companies), the total impact of COVID-19 on profits in 2020 is assessed as an additional loss of EUR 298.6 million. Without the impact of COVID-19, the return on equity is estimated at EUR 319.8 million and the return on equity would reach 6.3 %, the impact of COVID-19 on the return on equity is estimated at 5.9 percentage points.

Profit and return on equity indicators actually reflect a similar trend as turnover and profitability in the period 2014 - 2021. Illiquid assets have decreased, turnover and profitability increased, resulting in a significant improvement in the overall return on equity, from -0.6 % in 2014 to 6.7 % in 2019, then falling to 0.4 % in 2020 due to the COVID-19 pandemic, and reaching a particularly good return on equity in 2017 (10.6 %), when this indicator was further improved by the CIT reform and the one-off grant to JSC Latvenergo Group by the state for refusal to receive 75 % of annual electrical capacity payments for cogeneration plants in the future. The impact of the CIT reform was one-off and estimated approximately EUR 191.8⁷⁷ million, while the one-off unconditional grant for renunciation to further receive 75 % of the annual electric capacity payments for cogeneration plants in 2017 was EUR 140 million, but at the same time a decrease in asset value of Riga TEC by EUR 116.8 million was also recognised, as well as CIT increased by EUR 21 million, reducing the total effect to EUR 2.2 million, while the second tranche of the grant, which was EUR 314.4 million and classified as deferred revenue, is to be valued with no impact on future profits as it will compensate for the decrease in revenue. In 2017, SOEs in fact, operated with a profit of EUR 314.5 million and a return on equity of 6.6 %, which is approximately at the same level as in 2018 with EUR 9.1 million, or +2.1 % of total profit growth. In 2019, this return slightly decreased compared to 2018, amounting to 6.7 %, which is by 0.1 percentage points lower than in 2018.

In 2020, SOEs reached a total profit of EUR 21.2 million, a decrease of EUR 297.5 million or -93.3 % compared to 2019, and a return on equity of 0.4 %, a decrease of 6.3 percentage points. According to the information provided by SOEs (own assessment, not all capital companies) the overall impact of the COVID-19 pandemic on profits is assessed as additional loss of EUR 298.6 million. Without the impact of COVID-19, profit would be estimated at EUR 319.8 million and the return on equity would have reached 6.3 % (more precisely 6.33 %), the impact of the COVID-19 pandemic on the return on equity is negative of 5.9 percentage points.

In 2021, state-owned enterprises reached a total return of EUR 164.1 million, an increase of 141,8 million or +667.7 % compared to 2020, and a return on equity of 3.1 %, an increase of +2.7 percentage points. According to the information provided by state-owned enterprises (own valuation, not all capital companies provided) the combined impact of the COVID-19 pandemic on profits in 2021 is estimated to be an additional loss of EUR 48.3 million. Without the impact of COVID-19, the return on equity would have been estimated at EUR 211.4 million and the return on equity would have reached 4.0 % (more precisely 3.98 %), the impact of the COVID-19 pandemic on the return on equity should be assessed negatively at -0.9 percentage points.

Compared to the pre-pandemic period (2019), the total profit ratio of a SOE has decreased by EUR 155.7 million or -48.8 % in 2021 and the return on equity rate has decreased by 3.6 percentage points.

⁷⁶ According to the information provided by capital companies (own valuation, not all capital companies) the combined impact of COVID-19 on profits in 2021 is assessed as an additional loss of EUR 48.3 million. Without the impact of COVID-19, the return on equity is estimated at EUR 211.4 million and the return on equity would reach 4.0 %, the impact of COVID-19 on the return on equity is estimated at 0.9 percentage points.

⁷⁷ The assessment was carried out by the 25 largest capital companies in 2017.

By eliminating the impact of the COVID-19 pandemic on three companies in the transport sector, which experienced a very high impact on the results due to the COVID-19 pandemic – JSC Air Baltic Corporation, SJSC Latvijas gaisa satiksme, SJSC Starptautiskā lidosta “Rīga”, total profit could have reached EUR 214.4 million in 2021 (EUR 316.6 million in 2020) and return on equity – 4.041 % (6.263 % in 2020). When excluding these three capital companies from the calculations, profit amounted to EUR 211.4 million (EUR 309.3 million in 2020) and the return on equity reached – 5.866 % (compared to 6.257 % in 2020).

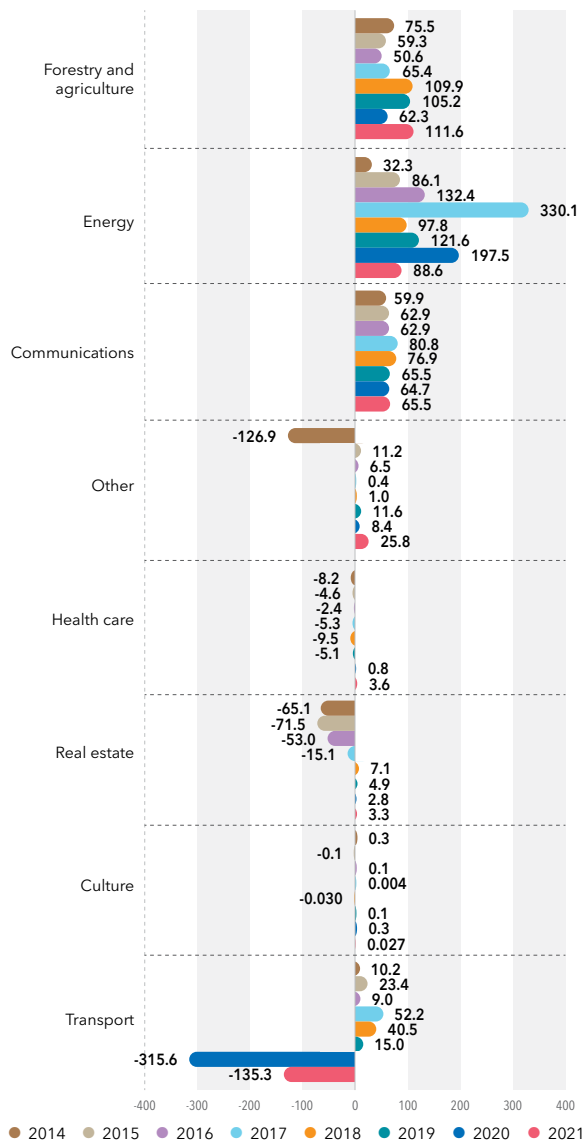


Figure 31. Total profit of SOEs by sector from 2014 to 2021, EUR million

From sectoral perspective, in 2021, the profit leader of 2018, the forestry and agriculture sector, has become the profit leader again with a total profit of EUR 111.6 million (EUR 62.3 million in 2020; EUR 105.2 million in 2019; EUR 109.9 million in 2018; EUR 65.4 million in 2017; after deducting the impact of the corporate tax reform, EUR 60.2 million in 2017). The 2020 profit leader – energy sector - had been less successful in 2021, but ranks second among the sectors represented by SOEs with profit EUR 88.6 million in 2021 (EUR 197.5 million in 2020; EUR 21.6 million in 2019; EUR 97.8 million in 2018; EUR 330.1 million in 2017; net of the impact of the corporate tax reform, in 2017: EUR 173.0 million). The communications sector with a profit of EUR 65.5 million ranks the third, with stable annual profit indicators (EUR 64.7 million in 2020; EUR 65.5 million in 2019; EUR 76.9 million in 2018; EUR 80.8 million in 2017; net of the impact of the corporate tax reform, EUR 67.0 million in 2017).

The transport sector experienced a very sharp decline in 2020 and high losses of EUR 315.6 million and continued to be loss-making in 2021, reducing them to EUR -135.3 million (profit of EUR 15.0 million in 2019; profit of EUR 40.5 million in 2018; profit of EUR 52.2 million in 2017), related to total losses of SOEs in the aviation sector of EUR 148.3 million in 2021 (loss of EUR 288.1 million in 2020).

In 2021, like in previous years, other sectors have further operated with relatively good results thanks to the successful operation and profit of SJSC Latvijas Loto and JSC Attīstības finanšu institūcija Altum – respectively with profit of EUR 12.7 million in 2021 (EUR 11.2 million in 2020; EUR 7.4 million in 2019) and profit of EUR 13.8 million (EUR 5.5 million in 2020; EUR 8.1 million in 2019), which were no longer mitigated by the losses of SLLC Latvijas Vides ģeoloģijas un meteoroloģijas centrs in 2021 (in 2020 losses amounted to EUR 8.7 million related to the total depreciation of real estate value, which amounted to EUR 8.0 million, including losses from the depreciation of real estate, according to the real value of the buildings determined by an independent valuer in the amount of EUR 5.9 million and the losses from the depreciation of the Salaspils nuclear reactor in the amount of EUR 2.1 million). In 2021, the SLLC Latvijas Vides ģeoloģijas un meteoroloģijas centrs suffered a loss of EUR 0.2 million.

In 2021, the health sector was profitable for the second year in a row thanks to public funding and efficient operation of EUR 3.6 million (profit EUR 0.8 million in 2020; losses of 5.1 million in 2019).

Despite the significant impact of the COVID-19 pandemic on the culture sector, capital companies in this sector continued to operate at a loss-free level in 2021, as in 2020, reaching a profit of EUR 26.6 thousand in 2021 (profit of EUR 0.3 million in 2020; EUR 0.1 million in 2019), largely thanks to additional public funding and optimisation of certain costs, while the total turnover of the sector, or own revenues, continued to decrease in 2021.

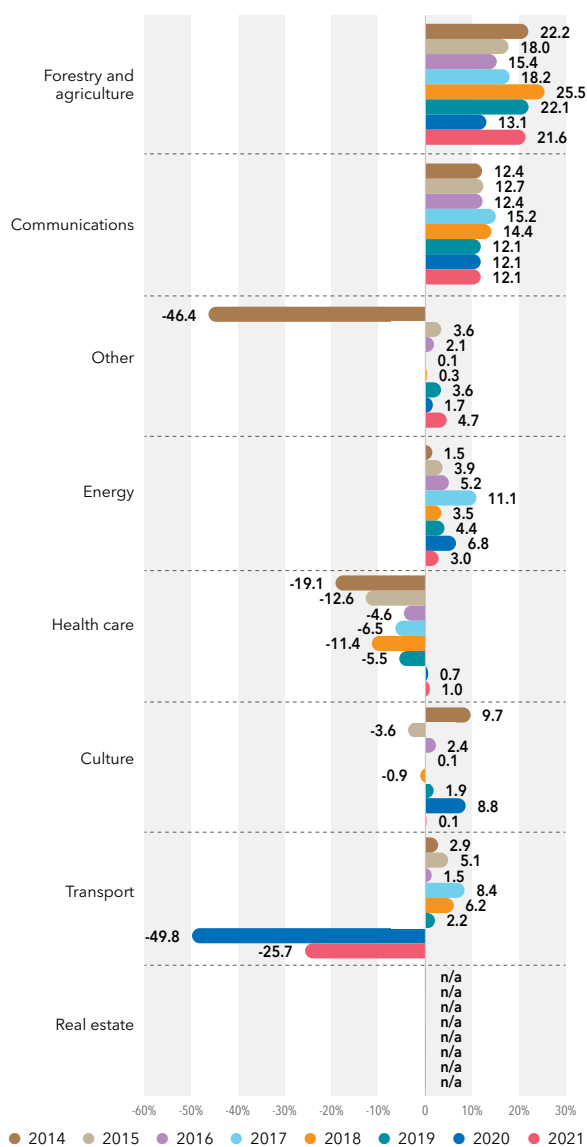


Figure 32. Rates of return on equity of SOEs by sector from 2014 to 2021, percent

As regards return on equity of SOEs by sector, leaders of 2021 are the same as in 2020 – the forestry (21.6 % in 2021, 13.1 % in 2020; 22.1 % in 2019; 25.5 % in 2018, 18.2 % in 2017; 16.8 % in 2017 after deducting the impact of the corporate income tax reform⁷⁸) and communications (12.1 % in 2021; 12.1 % in 2020; 12.1 % in 2019; 14.4 % in 2018; 15.2 % in 2017; 12.6 % in 2017 after deducting of the impact of the corporate income tax reform). SOEs of other sectors rank the third with a return on equity of 4.7 % in 2021 (1.7 % in 2020; 3.6 % in 2019; 0.3 % in 2018; 0.1 % in 2017; 0.2 % in 2017 after deducting the impact of the corporate income tax reform).

In 2021, the energy sector continued to work with a positive return on equity, reaching a return on equity of 3.0 % in 2021 (6.8 % in 2020; 4.4 % in 2019; 3.5 % in 2018; 11.1 % in 2017; 5.8 % in 2017 after deducting of the impact of the corporate tax reform), that was by 3.8 percentage points lower than in 2020. Taking into account that capital companies of the health-sector were, on the whole, profitable in 2021 as in 2020, the return on capital of SOEs of the health sector was positive and reached 1.0 % in 2021 (0.7 % in 2020; -5.5 % in 2019).

⁷⁸ Equity is valued against 2017 in this calculation.

Capital companies of the culture sector were not successful in 2021 due to COVID-19 restrictions, which led to a decrease in return on equity for SOEs in this sector to 0.1 % in 2021.

In 2021, as in 2020, companies of the transport sector worked with a negative return on equity – -25.7 % (-49.8 % in 2020; -2.2 % in 2019). JSC Air Baltic Corporation closed the year 2021 with negative equity in the amount of EUR -118.3 million, despite the state funding received in 2020 for an increase of the share capital in the amount of EUR 250 million. Therefore, a repeated increase of the share capital in the amount of EUR 90 million is planned, which was approved by the Latvian government in 2021, of which EUR 45 million was received in December 2021 and on January 17, 2022 the Latvian government made an investment in the share capital in the amount of EUR 45 million and it is planned, that the airline will receive the remaining EUR 45 million in 2022⁷⁹.

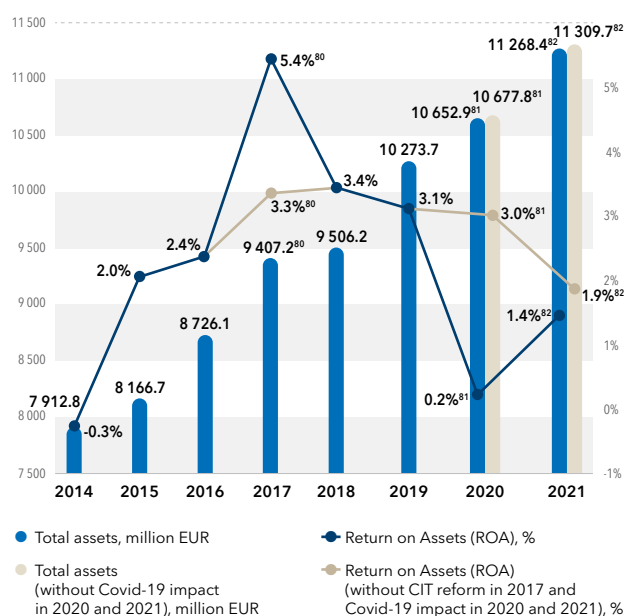


Figure 33. Total assets of SOEs, EUR million, and return on assets (ROA), percent, from 2014 to 2021

⁷⁹ Annual Sustainability and Annual Report 2021 of JSC Air Baltic Corporation, p.96, source: <http://www.ur.gov.lv>.

⁸⁰ The impact of the corporate income tax reform on the profits of the 25 largest capital companies in terms of assets and the total grant effect of the mandatory procurement component is estimated at 2.1 percentage points, which would reduce the return on assets to 3.3 %.

⁸¹ According to the information provided by the capital companies (own assessment, information not provided by all capital companies), the total impact of COVID-19 on the investments made in 2020 is estimated at EUR 24.9 million as planned but not made and the impact on profits is assessed as an additional loss of EUR 298.6 million. Without the impact of COVID-19, assets are valued at EUR 10 677.8 million, a return of EUR 319.8 million and an asset return of 3.0 %, the impact of COVID-19 on the return on assets is estimated at 2.8 percentage points.

⁸² According to the information provided by the capital companies (own assessment, not all capital companies provided information), the total impact of COVID-19 on the investments made in 2021 is estimated at EUR 41.3 million as planned but not made and the impact on profits is assessed as an additional loss of EUR 48.3 million. Without the impact of COVID-19, assets are valued at EUR 11 309.7 million, a profit of EUR 211.4 million and an asset return of 1.9 %, the impact of COVID-19 on the return on assets is valued at 0.5 percentage points.

As regards total assets and return on assets between 2014 and 2021, a similar trend can be observed as with profitability and return on equity ratios – an increase until 2017, including a sharp increase in 2017 due to the CIT reform and mandatory procurement component (OIK) grants, followed by a decline with relatively similar results in 2018 and 2019 and a sharp drop in 2020 as the result of the impact of the COVID-19 pandemic with a start of recovery in 2021. In 2021, the value of assets of all SOEs amounted to EUR 11.3 billion (EUR 10.6 billion in 2020) and the return on assets was 1.4 % (0.2 % in 2020), respectively EUR 615.5 million increase in assets versus 2020 and increase in return on assets by 1.2 percentage points. Compared to the pre-pandemic period (2019), the return on assets is by 1.7 percentage points lower in 2021.

According to the information provided by the capital companies (own valuation, not all capital companies reported), the total negative impact of the COVID-19 pandemic on the investments is estimated at EUR 41.3 million in 2021 (EUR 25.0 million in 2020) and the impact on profits is estimated to be an additional loss of EUR 48.3 million (EUR 298.6 million in 2020). Without the impact of the COVID-19 pandemic, assets could amount to EUR 11 309.7 million in 2021 (EUR 10 677.8 million in 2020), profit could reach EUR 211.4 million (EUR 319.8 million in 2020) and the return on assets could reach 1.9 % (3.0 % in 2020). The impact of the COVID-19 pandemic on the return on assets can be assessed as negative 0.5 percentage points (2.8 percentage points in 2020).

By excluding, as previously, the impact of the COVID-19 pandemic (foregone investments and losses incurred) on three capital companies of the transport sector – JSC Air Baltic Corporation, SJSC Latvijas gaisa satiksme and SJSC Starptautiskā lidosta “Rīga”, the return on assets could have reached 1.9 % in 2021 (2.97 % in 2020). Excluding these three capital companies from the calculations, the return on assets of all other capital companies reached 3.10 % (3.25 % in 2020).

Therefore, it can be concluded that the investments in all other capital companies except the three aforementioned – JSC Air Baltic Corporation, SJSC Latvijas gaisa satiksme, SJSC Starptautiskā lidosta “Rīga”, have been channelled into the same profitable areas as in 2019 and slightly less profitable areas than in 2020. Without the impact of the COVID-19 pandemic, it is estimated that investments would have been channelled into less profitable areas than in 2020 and 2019.

The level of return on assets varies widely across sectors. Forestry remains the leader, like every year (19.0 % in 2021; 11.5 % in 2020; 19.5 % in 2019; 23.3 % in 2018; 16.7 % in 2017; 15.3 % in 2017 after deduction of the impact of CIT reform), communications (6.5 % in 2021; 7.2 % in 2020; 7.2 % in 2019; 9.0 % in 2018; 9.7 % in 2017; 8.1 % in 2017 after deduction of the impact of CIT reform). In 2021, SOEs of other sectors have overtaken SOEs of the energy sector in terms of return on assets, reaching a return on assets of 2.1 % (0.8 % in 2020; 1.5 % in 2019; 0.1 % in 2018; 0.1 % in 2017; 0.1 % in 2017 after deduction of the impact of CIT reform).

In 2021, SOEs of the energy sector reached 1.8 % return on assets. Capital companies of the culture, real estate and health sectors have worked with low asset returns in 2021 – 0.1 %, 0.6 %, 0.7 % respectively. In 2021, the return on assets of SOEs in the transport sector is negative again, as it was in 2020, reaching -5.8 % (-13.9 % in 2020).

It is necessary to critically assess the return on assets in the investment intensive sectors – the energy and transport sectors, because investments are usually a longer-term objective, which makes a long-term rather than immediate impact on the profits of the capital company, as well as it should be noted that in the forestry sector part of state-owned assets is not on the balance sheet of capital companies, but they are managed. For example, forests are on the balance sheet of the Ministry of Agriculture, and not in the balance sheet of JSC Latvijas valsts meži.

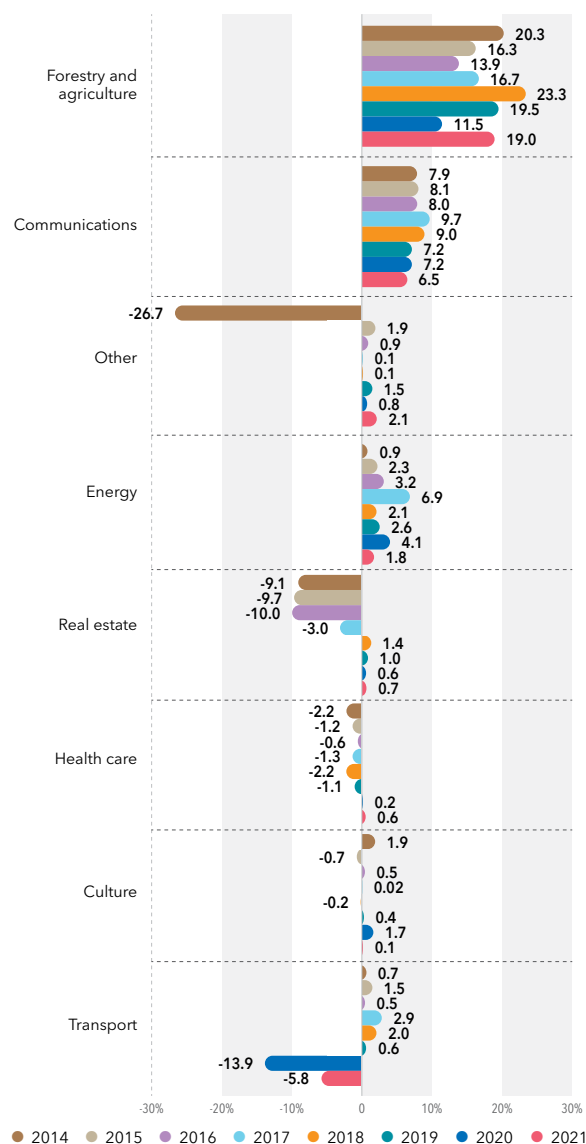


Figure 34. Return on assets (ROA) of SOEs by sector from 2014 to 2021, percent

4.3. Expenditure and Capital Investment in R&D by SOEs

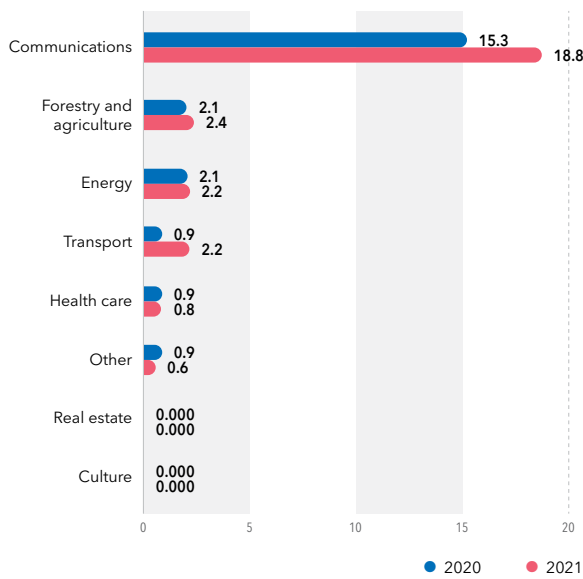


Figure 35. Expenditure and/or capital investment in research and development by SOEs in 2020 and 2021, million EUR

As of 2022, SOEs' expenditures and/or capital investments in research and development are compiled. SOEs provided such data for the first time, and compared to the information in the annual accounts, as far as possible, the information provided was clarified, as it may not be relevant to the information provided by the capital company for statistical purposes. We assume that when drafting next report, the submitted data will be further adjusted.

In 2021, SOEs⁸³ invested EUR 27.1 million in research and development, an increase of EUR 4.94 million or +22.3 % compared to 2020. From a sectoral point of view, the largest financial resources in research and development are invested by SOEs of the communications sector, amounting to EUR 18.8 million in 2021. In 2021, above EUR 1 million investment in research and development was also made by SOEs of the forestry and agriculture (EUR 2.4 million), energy (EUR 2.2 million) and transport (EUR 2.2 million) sectors. No investment in research and development was made in 2020 and 2021 by SOEs in real estate and culture sectors.

⁸³ According to information provided by SOEs.

5. Changes in SOEs in 2021

Pursuant to Cabinet Order No 13 "On the Termination of Direct Decisive Influence and Participation of State Joint-Stock Company Latvijas dzelzceļš in LLC LDZ Infrastruktūra and Termination of Indirect Decisive influence of SJSC Latvijas dzelzceļš in the LLC "Baltija" and Termination of Participation and Direct Decisive Influence of LLC LDZ ritošā sastāva serviss in LLC Rīgas Vagonbūves Uzņēmums "Baltija" of 12 January 2022, it is planned to terminate the participation of SJSC Latvijas dzelzceļš in LDZ infrastruktūra by liquidating it, and merge LLC Rīgas Vagonbūves Uzņēmums "Baltija" with LLC "LDZ ritošā sastāva serviss" as a result of its reorganisation⁸⁴.

On 15 July 2020, the shareholders of JSC Air Baltic Corporation approved an increase in the share capital, as a result of which the Latvian government invested EUR 250 million in the acquisition of 96.14 % of airBaltic shares. The European Commission found that the investment was compatible with the internal market of the European Union pursuant to Article 107(3)(b) of the Treaty on the Functioning of the European Union (pursuant to the decision of the European Commission of 3 July 2020 in case SA.56943)⁸⁵. According to the decision of the European Commission of 3 July 2020 in Case No SA.56943, the Government must reduce its equity participation to at least 80 % over the next 5 to 7 years. In order to ensure the possibility of such divestment, the airline is likely to start the initial public offering process in the next three years. In 2021, the Latvian government approved an additional investment of EUR 90 million in equity capital, of which EUR 45 million was received in December 2021. On January 17, 2022 the Government of Latvia made an investment in equity capital of EUR 45 million, increasing the state's participation in JSC "Air Baltic Corporation" to 97.03 %, and it is planned that the airline will receive the remaining EUR 45 million in 2022, increasing the state participation to 97.97 %.

In December 2021, LLC Loyalty Services, that was 100 % owned by JSC Air Baltic Corporation, was liquidated. It was founded on 11 February 2010 with the aim of taking over the loyalty program of JSC Air Baltic Corporation and continuing its development. Over recent years, LLC Loyalty Services has focused on tailor-made loyalty solutions for travel-related companies and retailers. With the onset of the COVID-19 pandemic, the revenue of LLC Loyalty Services fell significantly and the company's management started restructuring its business model. In August 2021, the loyalty programme, including business-related assets and liabilities, was sold to the largest partner and sole shareholder of JSC Air Baltic Corporation⁸⁶.

Until the date of signature of the purchase agreement, LLC Loyalty Services continued to fully manage the loyalty program of airBaltic Club. LLC Travel Lounge, which was founded on 1 December 2010 and 100 % owned by JSC Air Baltic Corporation was liquidated on 19 October 2021.

On 8 October 2021, a transaction was concluded, whereby LLC Latvijas Mobilais Telefons purchased 100 % of the shares of LLC Santa Monica Networks. As a result, LLC Santa Monica Networks together with its subsidiary UAB Santa Monica Networks (Lithuania) joined the LMT group of companies. The main activity of LLC Santa Monica Networks is the supply of complex projects, consulting and provision of managed services in the field of computer networks, data centres and IT security solutions⁸⁷. An important place in the portfolio of services provided is the managed services and the use of the advantages of next generation 5G technologies in customer solutions, which is a strategic direction for the company's future development.⁸⁸

As of 1 January 2021, a new "Law on Public Electronic Mass Media and their Management" entered into force, according to which a new institution for holding shares in public media was established – the Public Electronic Media Council, which became a shareholder of the SLLC Latvijas Televīzija as of 1 October 2021 and as of 21 October 2021 became the new shareholder of SLLC Latvijas radio. Until then, the National Electronic Mass Media Council was the holder of the shares of these SOEs. In 2021, work began on the concept of combining public media and the concept of changing the financing model of public electronic media⁸⁹. In the beginning of February 2022, two concepts were submitted by the Public Electronic Mass Media Council to the Parliamentary Committee for Human Rights and Public Affairs – "Concept on the Establishment and Operation of a Joint Public Electronic Mass Media" and "Concept on Change of the Model of Financing of Public Electronic Mass Media"⁹⁰.

Pursuant to Cabinet Order No 457 "On the Authorisation to Terminate the Participation and Sell Shares of LLC Auteko & TÜV Latvija owned by SJSC Ceļu satiksmes drošības direkcija of 25 August 2020, capital shares of LLC Scantest, LLC Venttests and LLC Autests" and the agreement concluded with LLC Publisko aktīvu pārvaldītājs Possessor, the sale of CSDD shares to LLC Auteko & TÜV Latvija, LLC Scantest and LLC Autests took place at the beginning of 2022, and repeated sale of shares in CSDD to LLC Auteko & TÜV Latvija, LLC Scantest and LLC Autests takes place⁹¹.

In 2021, the sale of 5 611 shares (or 3.68 % of the share capital) of JSC Rīgas dzirnavnieks with AB Baltic mill was completed for a total amount of EUR 0.27 million held by LLC Publisko aktīvu pārvaldītājs Possessor. On 19 February 2021, SJSC Liepājas metalurģis was liquidated, with a state shareholding of 2.5 % held by LLC Publisko aktīvu pārvaldītājs Possessor.

The liquidation process of LLC Reverta (96.89 % shareholder LLC Publisko aktīvu pārvaldītājs Possessor) is still ongoing. On 31 December 2021, one subsidiary – *Regalite Holdings Limited* (the Republic of Cyprus), in liquidation, remained part of the LJSC Reverta group.

⁸⁴ Consolidated Annual Report 2021 of SJSC Latvijas dzelzceļš, p.10-11, source: <https://www.ldz.lv/auditeti-gada-parskati>.

⁸⁵ Sustainability and Annual Report 2020 of JSC Air Baltic Corporation, p.101, 108, source: <http://www.ur.gov.lv>.

⁸⁶ Sustainability and Annual Report 2021 of JSC Air Baltic Corporation, p.98, source: <https://www.airbaltic.com/sustainability/?lang=lv>.

⁸⁷ LLC Latvijas Mobilais Telefons Group Consolidated and LLC Latvijas Mobilais Telefons Annual Report 2021, p.14, source: <https://www.ur.gov.lv/>.

⁸⁸ LLC Santa Monica Networks Annual Report 2021, p.4, source: <https://www.ur.gov.lv/>.

⁸⁹ SLLC Latvijas Radio Annual Report 2021, p.5, source: <https://latvijasradio.lsm.lv/lv/finanses/finansu-parskati/>.

⁹⁰ SLLC Latvijas Televīzija Annual Report 2021, p.4,

source: <https://ltv.lsm.lv/lv/par-ltv/gada-parskati>.

⁹¹ SJSC Ceļu satiksmes drošības direkcija Consolidated and Annual Report 2021, p.16, source: <https://www.csdd.lv/finanses/2021-gada-finansu-parskati>.

At the end of 2020, the “Guidelines for Sport Policy 2021 - 2027” were submitted for public consultation, which were further developed and approved on 31 May 2022 by Cabinet Order No 397 as “Guidelines for Sport Policy 2022 - 2027”, which provided for the improvement of the management of nationally managed sports bases, ensuring the centralisation of management functions, as well as the establishment of an Advisory Council with the participation of sports organisations⁹². On 27 September 2022, the LLC Latvijas Nacionālais sporta centrs was registered in the Register of Enterprises of the Republic of Latvia, which was established by merging four SOEs – LLC Kultūras un sporta centrs “Daugavas stadions”, LLC Bobsleja un kamaniņu trase “Sigulda”, LLC Tenisa centrs “Lielupe” and LLC Sporta Centrs “Mežaparks”.

On 21 February 2022, LLC Vējkalni was removed from the Register of Enterprises, in which 12.5 % of the shares were held by the LLC Latvijas Lauku konsultāciju un izglītības centrs.

In accordance with Order No 12 “Reorganisation of the State Limited Liability Company “Aknīstes psihoneiroloģiskā slimnīca” of 7 January 2020 and the state limited liability company Daugavpils psihoneiroloģiskā slimnīca became the successor of all property, rights and liabilities of the SLLC Daugavpils psihoneiroloģiskā slimnīca and on 1 January 2021, the SLLC Aknīstes psihoneiroloģiskā slimnīca ceased to exist as a separate legal person without a liquidation process.

On 19 January 2021, real estate valuation reports were received from the property valuer. Draft Order “On the Investment of State-Owned Real Estate in Share Capital of LLC Lielstraupes pils and Transfer of State-owned Capital Shares to Municipality” is being forwarded for consideration to the Cabinet of Ministers for consideration to the Ministry of Health regarding the permit to invest in share capital of LLC Lielstraupes pils, registration No. 40003342456, as property contribution to state-owned real estate entered in the Land Register in the name of the State in the person of the Ministry of Health.

According to the information provided by the State Revenue Service of the Republic of Latvia, the share capital in 2021 has changed in a total for 33 SOEs compared to 2020 (in 2020: there were 14, in 2019 there were 10 companies). No share capital has decreased in any SOE. The share capital increased in the following SOEs: JSC Latvenergo, JSC Augstsprieguma tīkls, SJSC Starptautiskā lidosta “Rīga”, SJSC Ceļu satiksmes drošības direkcija, JSC Latvijas valsts meži, LLC Latvijas Nacionālais metroloģijas centrs, SLLC Rīgas Tūrisma un radošās industrijas tehnikums, SLLC Kultūras un sporta centrs Daugavas stadions, SLLC Nacionālais rehabilitācijas centrs “Vaivari”, LLC Lielstraupes pils, SLLC Slimnīca “Ģintermuiža”, SLLC Traumatoloģijas un ortopēdijas slimnīca,

SLLC Paula Stradiņa klīniskā universitātes slimnīca, SLLC Bērnu klīniskā universitātes slimnīca, LLC Rīgas Austrumu klīniskā universitātes slimnīca, SLLC Rīgas Psihiatrijas un narkoloģijas centrs, SLLC Daugavpils psihoneiroloģiskā slimnīca, SLLC Strenču psihoneiroloģiskā slimnīca, SLLC Rīgas cirks, SLLC Jaunais Rīgas teātris, SLLC Latvijas Nacionālais simfoniskais orķestris, SLLC Valsts Akadēmiskais koris “Latvija”, SLLC Latvijas Koncerti, SLLC KREMERATA BALTICA, SLLC Latvijas Leļļu teātris, SLLC Dailes teātris, SLLC Latvijas Nacionālais teātris, SLLC Mihaila Čehova Rīgas Krievu teātris, SLLC Latvijas Nacionālā opera un balets, SLLC Daugavpils teātris, SLLC Liepājas simfoniskais orķestris, SLLC Valmieras drāmas teātris, SJSC Tiesu namu aģentūra.

⁹² Order No. 397 "On the Sports Policy Guidelines for 2022 - 2027" of the Cabinet of Ministers of May 31, 2022, source: <https://www.vestnesis.lv/op/2022/107.7>

6.

Characteristics of Capital Companies

6.1.

Energy



JSC Augstsprieguma tīkls (AST)

Reg. No. 40003575567

Web: www.ast.lv

State ownership 100 %

Related companies and shares:

JSC Conexus Baltic Grid (CBG) 68.46 %*

JSC Pirmais slēgtais pensiju fonds 1.90 %

The principal activity of AST (in English – High Voltage Network) group is to ensure the functions of the electricity transmission system operator, efficient management of the energy supply system assets, transmission and storage of natural gas.

General strategic objective

To ensure the security of Latvia's energy supply, to provide a continuous, high-quality and accessible energy supply transmission service, and implement sustainable management of energy supply assets, which are of strategic national importance, promote their integration into the European Union's internal energy market.

Most important events in 2021

- Project "Estonia - Latvia third 330 kV interconnection" has been completed to promote energy security. By reducing the impact on the tariff, the project involves 65 % of EU co-financing (EUR 51 million).
- 5 % EU co-financing received for phase 2 projects for synchronisation with continental Europe.
- Agreement has been reached with the Baltic Transmission System Operators on the establishment of the Baltic Regional Coordination Centre.
- Successful entrance into the capital market by issuing green bonds in the amount of EUR 100 million. With this bond issue transaction AST becomes the first Baltic transmission system operator to issue green bonds.
- A medium-term operational strategy for 2021 - 2025 has been developed.

Major events planned in 2022

- Energy security: preparedness for emergency synchronisation with mainland European transmission networks, development of electricity and ancillary services markets and integration into European markets.
- High-quality energy supply: high-quality energy supply at the lowest possible tariff, geared towards innovation and safe working conditions.
- Financial stability: to ensure optimal return on public investment.
- Sustainable and efficient governance: digital and green transformation, continuous improvement of efficiency.

Principal financial objectives

- Investment grade credit rating – Investment grade (achieved – Investment grade A-/Stable).
- Refinancing of liabilities assumed during the transmission asset reform – bonds issued (achieved – green bonds issued in the amount of EUR 100 million).
- Dividends paid into the State budget – EUR 2 715 775 (achieved – EUR 7 999 514).

Principal non-financial objectives

- Synchronisation with the continental European transmission networks: project "Estonia - Latvia interconnection 3" was completed on 30.06.2021. (achieved – completed ahead of deadline. All sections of the 330 kV transmission line were commissioned in March 2021).
- Contract has been concluded with the winner of the Integrated Balance Management System (BMS) procurement.
- Technical regulations and specifications have been developed within the digital substation project.

* 34.36% until 20.07.2020., 68.46 % from 21.07.2020



Governance

Shareholder – Ministry of Finance

Representative of Shareholder – Baiba Bāne

Chair of Supervisory Council – Kaspars Āboliņš

Members of Supervisory Council – Olga Bogdanova,

Armands Eberhards, Aigars Ģērmanis, Madara Melne

Chair of Management Board – Gunta Jēkabsons

Members of Management Board – Arnis Daugulis,

Imants Zviedris, Gatis Junghāns, Mārcis Kauliņš

Principal financial indicators, thousand EUR

	2020	2021
Turnover	144 886.2	182 226.4
Profit/loss	65 358.5	10 096.7
EBITDA	55 028.4	69 143.2
Total assets	1 213 515.4	1 232 245.4
Share capital	363 896.1	365 896.0
Equity	639 202.5	647 812.3
Investment	57 668.5	33 546.5
Dividends paid to state budget	1 388.8	34 196.3
Contributions made to the state and local government budget	28 806.8	69 749.8
Donations received	0.0	0.0
Donations made	1.5	0.0
Funding received from the state budget	7.7	6.9

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	45.11	5.54
Return on assets, ROA, %	5.39	0.82
Return on equity, ROE, %	10.23	1.56
Total liquidity indicator	0.71	1.01
Liabilities-to-equity ratio	0.89	0.89

Other indicators

Number of employees	887	868
Average gross remuneration per employee per year, thousand EUR	18.5	25.4
Gender representation in management, f/m	2/8	3/7
Annual report in accordance with IFRS (yes/no)	yes	yes
Expenditure and/or capital investment in R&D, thousand EUR	66.6	33.5
Report on corporate governance, yes or no	no	yes

Results achieved

- Successful work under COVID-19 conditions, the financial and non-financial targets have been met.
- Projects co-financed by the EU to synchronise with continental Europe have been implemented by strengthening national energy security.
- In cooperation with the Baltic States transmission operators actively worked on the development and integration of the electricity and ancillary services market in the European markets. The Sustainability Index scores the highest in the Platinum category.

JSC Latvenergo

Reg. No. 40003032949

Web: www.latvenergo.lv

State ownership 100 %

Related companies and shares:

JSC Sadales tīkls 100 %

LLC Enerģijas publiskais tirgotājs 100 %

LLC Liepājas enerģija 51 %

Elektrum Eesti, OÜ 100 %

Elektrum Lietuva, UAB 100 %

JSC Pirmais Slēgtais Pensiju Fonds 48.15 %

JSC Rīgas siltums 0.005 %

JSC Latvenergo is the parent company of Latvenergo Group. Latvenergo Group is one of the largest energy supply service providers and leader in the production of green electricity in the Baltics. JSC Latvenergo activities cover electricity and heat production and trade, natural gas trade, products and services related to electricity consumption and energy efficiency.

General strategic objective

To contribute to the competitiveness and growth of climate-neutral Latvia and to increase the value of Latvenergo Group in the home market in the Baltics and beyond, by developing and providing goods and services in the value chains of energy and related businesses in a sustainable, innovative and economically justified manner and by effectively managing resources and infrastructure of strategic importance for the country's development and security.

Most important events in 2021

- Medium-term operational strategy for 2022 - 2026 has been developed with an emphasis on the rapid development and electrification of renewable electricity plants.
- Latvenergo is one of the leaders in electromobility in Latvia – at the end of 2021, the Elektrum charging network already includes 90 ports in nine Latvian cities.
- TEC-2 heat storage system is commissioned, which is the largest project of its kind in the Baltics. Reconstruction of Aiviekste HPP has been completed.
- In 2021 Latvenergo received for the second time the Nasdaq Stock Exchange Award for Best Investor Relations between Bond Issuers in the Baltic States.

Major events planned in 2022

By implementing the new strategy, it is planned to invest in the construction of solar parks in the Baltics, to start wind farm development projects, while also continuing to reconstruct existing production assets of Daugava HPP. It is planned to rapidly expand the charging network for electric cars, including by creating the first charging stations outside Latvia.

Principal financial objectives

- Latvenergo Group's return on equity without Sadales tīkls: 8.5 % (achieved – 5.5 %).
- Moody's credit rating: Baa2 (achieved – Baa2).

Principal non-financial objectives

- Employee recruitment, TRIM index: 63-66 (achieved – 71).
- Customer satisfaction – trading, KAI index to reference group: 100 % (achieved – 105 %).

Results achieved

Following the COVID-19 shocks in the global economy, 2021 began with rapid economic growth, which, together with less favourable weather conditions for energy production, led to unprecedented energy costs. The sharp increase in prices in the short term had a negative impact on the Group's 2021 results. Since the beginning of the energy price crisis, activities were carried out to reduce the negative impact, which allowed the parent company JSC Latvenergo to reach profit of EUR 79.5 million.



Governance

Shareholder – Ministry of Economics

Representative of Shareholder – Edmunds Valantis

Chair of Supervisory Council – Ivars Golsts

Members of Supervisory Council – Kaspars Rokens,

Aigars Laizāns, Toms Siliņš, Gundars Ruža

Members of Management Board – Arnis Kurgs,

Guntars Baļčūns, Uldis Mucinieks, Kaspars Čikmačs

Principal financial indicators, thousand EUR

	2020	2021
Turnover	773 391.0	1 065 219.0
Profit/loss	116 309.0	71 623.0
EBITDA	277 894.0	198 813.0
Total assets	3 358 835.0	3 475 890.0
Share capital	790 348.0	790 368.0
Equity	2 118 242.0	2 123 448.0
Investment	168 855.0	126 728.0
Dividends paid to state budget	127 071.0	98 246.0
Contributions made to the state and local government budget	226 432.5	197 142.1
Donations received	0.0	0.0
Donations made	297.0	363.0
Funding received from the state budget	3 792.4	5 715.4

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	15.04	6.72
Return on assets, ROA, %	3.46	2.06
Return on equity, ROE, %	5.49	3.37
Total liquidity indicator	1.49	1.36
Liabilities-to-equity ratio	0.58	0.63

Other indicators

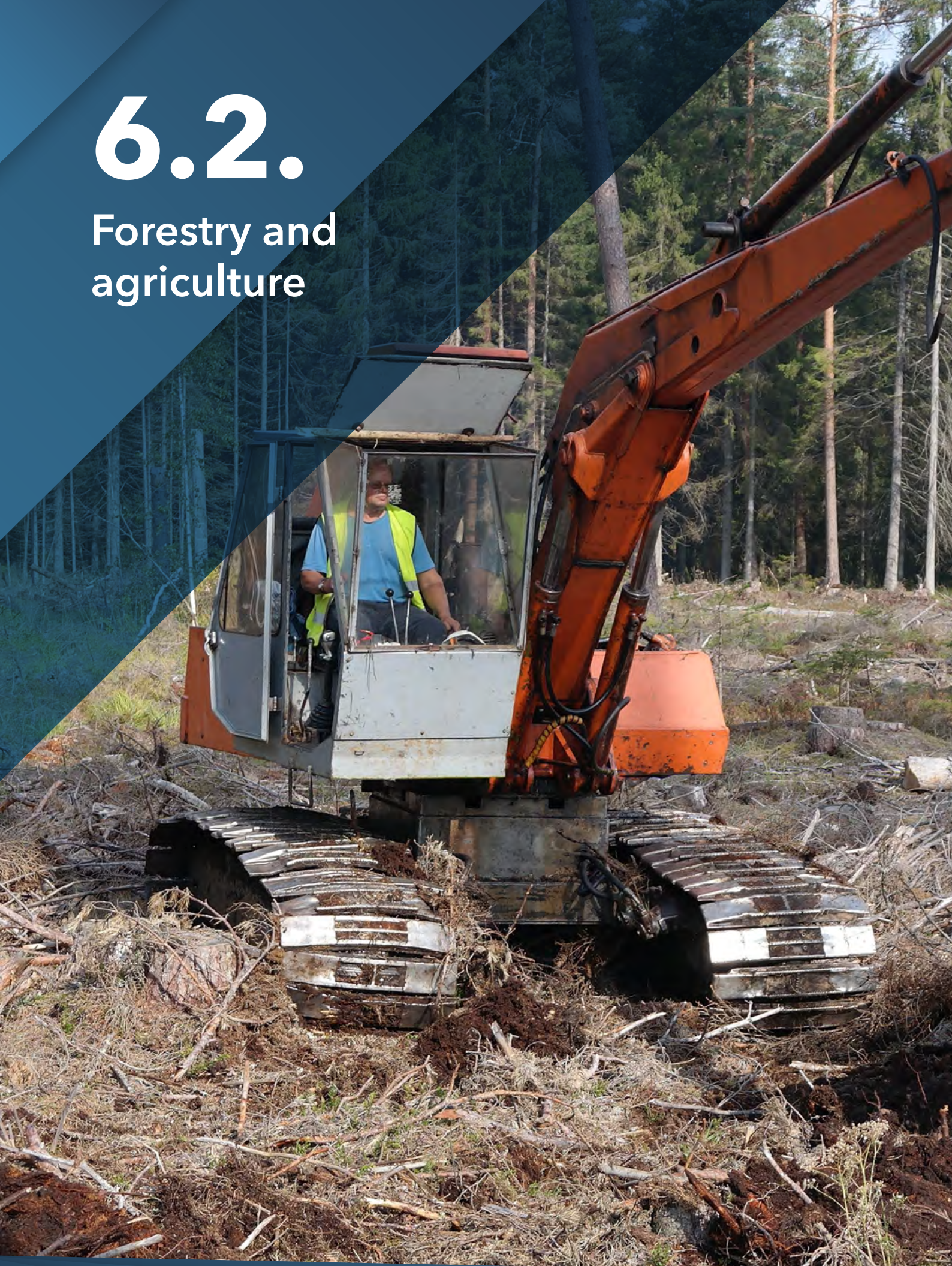
Number of employees	3 362	3 233
Average gross remuneration per employee per year, thousand EUR	23.6	24.3
Gender representation in management, f/m	0/8	0/9
Annual report in accordance with IFRS (yes/no)	yes	yes
Expenditure and/or capital investment in R&D, thousand EUR	2 025.0	2 185.0
Report on corporate governance, yes or no	yes	yes

Consolidated data.

* JSC Latvenergo invests EUR 30 - 50 million annually. Up-to-date technologies are used when making maintenance or replacement investments, however, if the nature of the service does not change significantly, this investment section is not included in the Assessment of development costs. The Assessment of R&D costs includes those investments that significantly improve existing processes, production opportunities, develop new businesses or attract new customers. The amount of these investments has been Assessed analytically by project selection, which can be directly linked to the company's development.

6.2.

Forestry and agriculture



LLC Latvijas Lauku konsultāciju un izglītības centrs (LLKC)

Reg. No. 40003347699

Web: www.llkc.lv

State ownership 99.32 %

Related companies and shares:

LLKC has no ownership in other capital companies

LLKC (in English – Latvian Rural Advisory and Training Centre) is an independent, professional and publicly accessible agricultural and rural business consulting and education company in Latvia with a diverse network of services, which covers the whole territory of the country and provides knowledge about environmentally friendly and productive agriculture, forestry, fisheries, rural bio economy development and non-agricultural entrepreneurship, as well as performs a complex of information analysis and exchange measures for the implementation of rural development policy.

General strategic objective

To be an independent, professional and publicly accessible farm and rural business consultancy and education company in Latvia with a diverse network of services, covering the whole territory of the country and providing knowledge about environmentally friendly and productive agriculture, forestry, fisheries, rural bio economy development and non-agricultural entrepreneurship.

Most important events in 2021

- Environment Division has been established, which introduces a sustainable approach to management of natural capital in the provision of LLKC services.
- Active work on the development of systems "My Field", "Healthy Plant" and "Region's Taste".
- Pilot project under the programme "Rural Regions to Flourish", involving more than hundred farms, has been launched to improve the knowledge and skills of agricultural entrepreneurs and support them for new business steps.
- The first National Dialogue of the UN Food Systems Summit has been organised in Latvia to promote a systemic and complex view of the food system.

Most significant events planned in 2021

- Development of the 'My Field' electronic farm management system will continue in order to make it easier for farmers to prepare their reports, to provide remote advice, to find solutions for efficiency and climate neutrality.
- Building and transferring the knowledge base to farmers on the implementation of the EU Green Deal requirements in production and risk analysis and development of recommendations to mitigate the impact of the Ukrainian war on agricultural production.
- Work on enhancing cooperation by strengthening the knowledge base of their management teams.

Principal financial objectives

- Total liquidity ratio is ≥ 1 (achieved 1.03)
- Equity ratio $\geq 0,2$ (achieved 0.26)
- Return on equity ratio is ≥ 0.5 % (achieved 0.80 %)

Principal non-financial objectives

- Long-term customers (at least 3 years of cooperation), number ≥ 2500 (achieved 3 971)
- Proportion of customers satisfied with services is not lower than the previous year's figure, 96 % (achieved 97 %)
- Investment in innovation, digitalisation, development and innovation of services >1 % of turnover (achieved 6.54 %).



Governance

Shareholder – Ministry of Agriculture

Representative of Shareholder – Liene Jansone

Chair of Management Board – Mārtiņš Cimiermanis

Members of Management Board – Edgars Linde,

Kaspars Žūriņš

Principal financial indicators, thousand EUR

	2020	2021
Turnover	10 415.8	10 925.3
Profit/loss	11.9	12.3
EBITDA	169.0	173.9
Total assets	5 750.7	5 854.7
Share capital	1 139.3	1 139.3
Equity	1 536.6	1 539.4
Investment	463.7	190.7
Dividends paid to state budget	9.7	9.4
Contributions made to the state and local government budget	4 857.2	4 319.0
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	3 870.2	3 282.6

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	0.11	0.11
Return on assets, ROA, %	0.21	0.21
Return on equity, ROE, %	0.77	0.80
Total liquidity indicator	1.07	1.03
Liabilities-to-equity ratio	2.58	2.67

Other indicators

Number of employees	437	411
Average gross remuneration per employee per year, thousand EUR	13.3	13.8
Gender representation in management, f/m	0/3	0/3
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	489.4	704.6
Statement on corporate governance (yes/no)	no	no
Non-financial statement, yes/no	no	no

Results achieved

- 3282 consultations (37 813 consultation h) to 8785 customers.
- Assisting farmers in preparing 505 EU project applications.
- 104 agricultural consultants trained following a common EU upskilling and certification system.

JSC Latvijas valsts meži (LVM)

Reg. No. 40003466281
 Web: www.lvm.lv
 State ownership 100 %
 Related companies and capital shares:
 LLC Jaunmoku pils 100 %
 LLC Meža un koksnes produktu pētniecības un attīstības institūts 40 %
 JSC Latvijas Finieris 0.99067 %

The principal activity of JSC Latvijas valsts meži (in English – Latvia's State Forests) is forestry. In addition, the company provides hunting and recreational services, produces bred seed and plants, offers resources of subterranean depths, and land lease for resource extraction as well as geospatial information technology development services. LVM manages 1.62 million hectares of land in the Republic of Latvia, including 1.60 million hectares of forest land, of which the forest is 1.39 million hectares.

General strategic objective

Implementation of sustainable (economically viable, environmentally friendly, socially responsible) management of assets of strategic national importance, including the state forest property transferred in the possession and the development of the necessary infrastructure, services and knowledge.

Most important events in 2021

- LVM Council has been elected for five years in the composition of four council members.
- Concept of selling LVM wood products has been approved for 2022 - 2024.
- LVM Board approved the company's sustainability report for 2020. For the first time, compliance with the Global Reporting Initiative (GRI) Sustainability Reporting Standard (core) requirements was verified and certified by an external independent auditor.

Most significant events planned in 2022

- It is planned to sell 6.78 million m³ of log assortment, 0.17 million m³ trees growing, 498 thsd. MWh wood chips, 61.9 million forest tree seedlings, 853 thousand m³ of aggregates and their mixtures.
- It is planned to build or restore 349 km of forest roads and restore 21.0 thousand ha forest drainage system.
- Reforestation is planned to be carried out in 18.0 thousand ha, while the care of young stands is carried out on an area of 35.4 thousand ha.
- To increase the volume of forest tree seedlings it is planned to invest EUR 15.9 million.

Principal financial objectives

- Income before interest, tax, depreciation and amortisation (EBITDA) from economic activities: EUR 128.3 million (EUR 165.5 million reached).
- Forest capital value: EUR 2 608 million (EUR 2 878 million reached).
- Profit paid out in dividends ≥80 % (achieved 145 %).
- Balance sheet value of forest infrastructure (roads, bridges, drainage systems): EUR 263 million (EUR 257.4 million reached).

Principal non-financial objectives

- Forest area for wood production and harvesting, share of forest >84 % (achieved 81 %).
- Average annual volume of the most important timber products over a 20-year cycle – coniferous saw logs: 3.4 million m³ (3.3 million m³ reached).
- Average annual volume of the most significant timber products 20-year cycle – birch veneer clubs: 0.4 million m³ (achieved 0.3 million m³).
- Donated funds, share of the average annual profit before corporate income tax planned over the 5-year period: 7 % (achieved 5 %).

LATVIJAS VALSTS MEŽI

Governance

Shareholder – Ministry of Agriculture
 Representative of Shareholder – Arvīds Ozols
 Chair of Supervisory Council – Jūrgis Jansons
 Members of Supervisory Council – Aivars Tauriņš,
 Kaspars Ozoliņš
 Chair of Management Board – Roberts Strīpnieks
 Members of Management Board – Gints Bumbieris,
 Arnis Melnis, Edvīns Zakovics, Jānis Lapiņš

Principal financial indicators, thousand EUR

	2020	2021
Turnover	349 756.2	405 378.9
Profit/loss	62 385.9	111 607.8
EBITDA	112 307.5	165 777.5
Total assets	536 161.0	581 430.9
Share capital	353 647.8	355 728.6
Equity	475 134.4	513 983.0
Investment	53 954.3	44 854.1
Dividends paid to state budget	60 852.4	72 395.2
Contributions made to the state and local government budget	80 091.5	102 985.1
Donations received	0.0	0.0
Donations made	4 350.0	4 435.0
Funding received from the state budget	0.0	0.0

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	17.84	27.53
Return on assets, ROA, %	11.64	19.20
Return on equity, ROE, %	13.13	21.71
Total liquidity indicator	5.13	5.77
Liabilities-to-equity ratio	0.11	0.10

Other indicators

Number of employees	1 397	1 456
Average gross remuneration per employee per year, thousand EUR	22.8	23.3
Gender representation in management, f/m	1/9	0/9
Annual report in accordance with IFRS (yes/no)	yes	yes
Expenditure and/or capital investment in R&D, thousand EUR	1 572.3	1 733.6
Statement on corporate governance yes/no	no	yes
Non-financial statement, yes/no	yes	yes

Consolidated data.

Results achieved

- EBITDA reached EUR 165.5 million in 2021, which is by EUR 37.3 million or 29 % more than planned.
- Sale of forest tree seedlings, million pcs. (2020 – 56.4; in 2021 – 55.3).
- Construction of forest roads, km (2020 – 352; 2021 – 345).
- Restoration and reconstruction of forest drainage systems, thsd ha (2020 – 21.6; in 2021 – 18.9).

SLLC Meliorprojekts (MP)

Reg. No. 50003017621

Web: www.meliorprojekts.lv

State ownership 100 %

Related companies and shares:

MP has no ownership in other capital companies

MP (in English – Land reclamation project) deals with the design, topographic and cadastral survey of drainage systems and hydrotechnical structures. The MP was created with the aim of promoting the implementation of the policy of the Ministry of Agriculture in the field of rural development, sustainable management of land and water resources and rural infrastructure, landscape conservation and improvement of the environment, and to provide engineering research and construction design services at economically justified prices, ensuring State control in accordance with the public interest over the implementation of functions of national importance in a specific sector of the economy – hydro-meliorative construction.

General strategic objective

Contribution to the preservation, enhancement and sustainable use of nature capital and to supporting a climate friendly economy, providing market research and design services in the context of market shortages in the field of the drainage and flood risk management.

Most important events in 2021

- No significant events in 2021.

Most significant events planned in 2022

- Increase the volume of work carried out.
- To ensure company's profitability.

Principal financial objectives

- Turnover, EUR 530 000 (EUR 382 035 reached).
- Profit or loss, EUR 3 500 (achieved - EUR 30 691).
- Long-term investments (investments), EUR 20 000 (EUR 26 804 reached).

Principal non-financial objectives

- To ensure engineering research and design of construction, renovation and reconstruction works of agricultural and forest land drainage systems and hydrotechnical structures: 40 projects (completed – 65 projects).

Results achieved

- The year closed with a loss.
- Non-financial targets achieved.
- Revision of STJSC industry standards has started and is ongoing.



Governance

Shareholder – Ministry of Agriculture

Representative of Shareholder – Arvīds Ozols

Chair of Management Board – Zigurds Zēns

Principal financial indicators, thousand EUR

	2020	2021
Turnover	396.4	382.0
Profit/loss	-84.2	-30.7
EBITDA	-63.7	-10.0
Total assets	153.9	166.1
Share capital	115.7	115.7
Equity	72.8	42.1
Investment	16.4	26.8
Dividends paid to state budget	2.0	0.0
Contributions made to the state and local government budget	203.4	180.0
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	0.0	0.0

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	-21.24	-8.03
Return on assets, ROA, %	-54.73	-18.47
Return on equity, ROE, %	-115.62	-72.81
Total liquidity indicator	1.32	1.12
Liabilities-to-equity ratio	1.11	2.94

Other indicators

Number of employees	26	23
Average gross remuneration per employee per year, thousand EUR	9.9	10.0
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

6.3.

Transport



JSC Air Baltic Corporation (airBaltic)

Reg. No. 40003245752

Web: www.airbaltic.com

State ownership 97.97 %

Related companies and shares:

LLC Baltijas Kravu Centrs 100 %

LLC Air Baltic Training 100 %

JSC Aviation Crew Resources 100 %

LLC Loyalty Services (liquidated in 2021) 100 %

airBaltic is the leading airline of Latvia and Estonia which operates direct flights from all Baltic capitals – Rīga, Vilnius and Tallinn. airBaltic is a hybrid airline combining best practices from traditional network airlines and low-cost carriers. As the network airline, airBaltic is able to establish Rīga as a connecting point.

General strategic objective

Not approved.

Most important events in 2021

- The airline continued to expand its fleet by adding seven new A220 to 300 aircraft.
- Ground handling process at Riga Airport was launched in Q4 2012.
- A record number of routes has been served and flights to several major destinations have been launched, such as Dubai and Tenerife.
- Cooperation agreements signed with Lufthansa and Emirates, thus increasing the number of partner agreements to 24 active contracts.
- In December airBaltic announced the opening of a new base in Tampere, Finland, the first base outside the Baltic States.

Most significant events planned in 2022

- Proceed with the expansion of the fleet by adding eight new A220 to 300 aircraft.
- AirBaltic plans to start the construction of the aircraft hangar in the second half of the year.
- Realise six destinations from the newly created Tampere base.
- Expand ACMI operations (flights to other airlines) by hiring 9 aircraft in the summer of 2022.

Principal financial objectives

- Profit before interest and taxes (EBIT), thsd. EUR: - 21 163 (achieved -79 676).
- Loss, thsd. EUR: - 58 548 (achieved -133 650).
- Net turnover, thsd. EUR: 320 308 (achieved 203 849).

Principal non-financial objectives

- Passengers, thsd: from 2 338 to 3 298 (achieved 1 628).
- Average occupancy of seats: between 55.8 % and 62.3 % (53.6 % achieved).
- Average revenue per ticket, EUR: from 85.9 to 87.5 (achieved 105.8).

Results achieved

- In 2021, the COVID-19 pandemic lasted longer than expected in 2020. In the first half of the year, due to COVID-19 restrictions, the demand for flights was low. In the second half of the year, there was a significant improvement in performance, with the most positive performance in August, when the airline reached the profitability threshold of its net financial result for the first time after the outbreak of the pandemic. In the autumn, when Latvia and the world were hit by a new wave of COVID-19, demand for flights fell significantly again.



Governance

Shareholder – Ministry of Transport

Representative of Shareholder – Ilonda Stepanova

Chair of Supervisory Council – Nikolajs Sigurds Bulmanis

Members of Supervisory Council – Kaspars Āboliņš,

Toms Siliņš, Lars Thuesen

Chair of Management Board – Martin Alexander Gauss

Members of Management Board – Pauls Juris Cālītis,

Vitolds Jakovļevs

Principal financial indicators, thousand EUR

	2020	2021
Turnover	138 921.0	198 259.0
Profit/loss	-264 597.0	-135 718.0
EBITDA	-159 900.0	-4 053.0
Total assets	941 041.0	1 025 242.0
Share capital	506 473.0	506 473.0
Equity	17 039.0	-118 311.0
Investment	77 971.0	192 470.6
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	19 129.7	7 117.3
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	250 000.0	45 000.0

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	-190.47	-68.45
Return on assets, ROA, %	-28.12	-13.24
Return on equity, ROE, %	-1 552.89	n/a
Total liquidity indicator	1.52	0.75
Liabilities-to-equity ratio	51.02	n/a

Other indicators

Number of employees	1 331	1 377
Average gross remuneration per employee per year, thousand EUR	31.0	26.7
Gender representation in management, f/m	0/7	0/7
Annual report in accordance with IFRS (yes/no)	yes	yes
Expenditure and/or capital investment in R&D, thousand EUR	0,0	0,0
Statement on corporate governance yes/no	yes	yes
Non-financial statement, yes/no	yes	yes

Consolidated data.

SLLC Autotransporta direkcija (ATD)

Reg. No. 40003429317

Web: www.atd.lv

State ownership 100 %

Related companies and shares:

ATD has no ownership in other capital companies

ATD (in English - Road Transport Directorate) implements a uniform national policy in the field of passenger and cargo transportation. ATD's activities are related to the planning of public transport - passenger transportation by bus and train, the licensing of commercial freight and passenger transport and the licensing of international transport.

General strategic objective

Ensuring a single, sustainable and accessible public transport service in the public interest for a regional route network and a minimum volume of public transport services guaranteed by the State, and maintaining and implementing a high-quality service package (system) in order to ensure equal access to the market for hauliers in the road transport sector.

Most important events in 2021

- The Single Public Transport Ticket Warehouse System has been developed.
- Replacement of traffic boards in regional route stops throughout the territory of Latvia.
- Increased quality of customer service, establishment of a Customer Service Centre with a one-stop shop approach.
- A high level of customer satisfaction is maintained.

Most significant events planned in 2022

- Study of citizens' satisfaction with public transport in different regions of Latvia.
- Implementation of an information system for beneficiaries of national fare facilitations.
- Organisation of the purchase of rolling stock necessary for passenger transport by rail.

Principal financial objectives

- Turnover, thsd. EUR 3 665.4 (achieved 3 772.5).
- Profit, thsd. EUR 569.8 (achieved 745.4).
- Return on equity (ROE), %: 14.4 (achieved 18.02).
- Total liquidity ratio: 8.91 (achieved 8.65)

Principal non-financial objectives

- Measures for the implementation of public transport ticket warehouse information system: fully completed development of the information system.
- Implementation of commercial routes: 5 routes to commercial principles were introduced – Rīga-Jaunķemeri, Rīga-Sloka, Rīga-Olaine, Rīga-Salaspils, Rīga-Daugavpils.
- Replacement of timetable plates for regional route stops (pieces): 4 362.

Results achieved

- Number of documents issued by the ATD has reached 144 053, representing 103.9 % of the annual number planned.
- All registered terminals have been monitored, with each registered terminal being inspected at least once a year, as well as by re-inspecting. In total, the survey of bus terminals was carried out 52 times.
- Net turnover increased by 8.38 % or EUR 291.7 thsd. compared to 2020.
- Profit increased by 50.14 % or EUR 248.9 thsd. compared to 2020.



AUTOTRANSPORTA
DIREKCIJA

Governance

Shareholder – Ministry of Transport

Representative of Shareholder – Ligita Austrupe

Chair of Management Board – Kristiāns Godiņš

Member of Management Board – Modris Jaunups

Principal financial indicators, thousand EUR

	2020	2021
Turnover	3 480.8	3 772.5
Profit/loss	496.5	745.4
EBITDA	698.6	920.5
Total assets	4 176.7	4 593.1
Share capital	200.9	200.9
Equity	3 787.6	4 135.8
Investment	172.0	425.7
Dividends paid to state budget	716.4	397.2
Contributions made to the state and local government budget	1 797.0	1 525.9
Donations received	0.0	0.0
Donations made	0.0	1.0
Funding received from the state budget	855.4	840.3

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	14.26	19.76
Return on assets, ROA, %	11.89	16.23
Return on equity, ROE, %	13.11	18.02
Total liquidity indicator	9.73	8.65
Liabilities-to-equity ratio	0.10	0.11

Other indicators

Number of employees	90	89
Average gross remuneration per employee per year, thousand EUR	24.0	24.6
Gender representation in management, f/m	0/2	0/2
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance (yes/no)	no	no
Non-financial statement, yes/no	no	no

SJSC Ceļu satiksmes drošības direkcija (CSDD)

Reg. No. 40003345734
 Web: www.csdd.lv
 State ownership 100 %
 Related companies and shares:
 LLC Auteko & TUV Latvija 51 %
 LLC Autests 20 %
 LLC Scantest 20 %
 LLC Venttests 50 %

The CSDD (in English – Road Traffic Safety Directorate) carries out economic activities and provides the following main services as part of the delegated tasks of the public administration: registers vehicles and small vessels, issues registration documents and state registration number plates, performs the State technical inspection and general supervision of the means of transport, ensures and maintains the state register of the means of transport and their drivers, grants the right to drive, issues driving licences and maintains the driver's violation point record system, ensure the operation of the national Bīķernieki Complex Sports Centre and Riga Motor Museum, carries out public education and information, develops training tools on traffic safety issues, prevention of road traffic accidents.

General strategic objective

To ensure high-quality and innovative contribution to sustainable road safety, maintain and develop vehicle and inland waterway vessels tracking and driver qualification services, roadworthiness testing and control services, as well as maintain significant traffic-related infrastructure.

Most important events in 2021

- Provision of as safe services as possible to customers under conditions of rapid spread of COVID-19.
- Implementation of ERDF project 4.4.1.0/16/I/001 'Development of Charging Infrastructure for Electric Vehicles' Completed in November 2021 by Putting into Service the Planned 29 Charging Stations in 2021, thus offering a total of 139 fast recharging stations network to users of electric vehicles.
- CSDD received the Latvian e-index award for significant contribution to the development of digital transformation by obtaining the highest level of digital maturity among SOEs.

Most significant events planned in 2022

- Launch a public procurement procedure to select the companies that will carry out the technical control of vehicles, while maintaining the availability and quality of the roadworthiness test service.
- Continue to expand the range of e-registration service and increase their share. Promote and enhance the use of e-services, make them more intuitive and user-friendly.
- Ensure the availability of CSDD services in the context of supply chain disruptions and increased inflation caused by the consequences of COVID-19 and geopolitical shocks.

Principal financial objectives*

- Net turnover, million EUR: > 48.0 (achieved 50.59).
- ROE (profit/equity), %: > 3.0 (achieved 8.8).
- Liabilities to equity, %: < 15.2 (achieved 14.5).

* Objectives are set for the parent company.

Principal non-financial objectives

- Customer satisfaction: 4.31 (achieved 4.45).
- Introduction of new e-services in the area of vehicle registration: 3 (achieved 5).
- Share of registration certificates issued in e- services from the total number of registration certificates issued, %: 6 (achieved 12).



Governance

Shareholder – Ministry of Transport
 Representative of Shareholder – Ilonda Stepanova
 Chair of Supervisory Council – Kristiāns Godiņš
 Members of Supervisory Council – Uldis Reimanis
 Chair of Management Board – Andris Lukstiņš
 Members of Management Board – Mārtiņš Krieviņš,
 Aivars Aksenoks

Principal financial indicators, thousand EUR

	2020	2021
Turnover	48 363.3	50 594.1
Profit/loss	3 116.8	3 793.5
EBITDA	7 805.4	8 161.6
Total assets	53 976.7	55 194.0
Share capital	23 117.3	38 662.3
Equity	46 422.7	47 605.7
Investment	2 243.2	1 423.8
Dividends paid to state budget	2 923.6	2 522.9
Contributions made to the state and local government budget	16 172.7	16 621.5
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	348.2	502.6

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	6.44	7.50
Return on assets, ROA, %	5.77	6.87
Return on equity, ROE, %	6.71	7.97
Total liquidity indicator	2.06	2.56
Liabilities-to-equity ratio	0.16	0.16

Other indicators

Number of employees	764	744
Average gross remuneration per employee per year, thousand EUR	19.6	21.8
Gender representation in management, f/m	0/7	0/5
Annual report in accordance with IFRS (yes/no)	yes	yes
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	yes
Non-financial statement, yes/no	no	yes

Consolidated data.

Results achieved

- COVID-19 restrictions affected and led to a decline in a number of CSDD's activities, with the most significant impact on the operation and revenues of the Riga Motor Museum managed by the CSDD, the revenue foregone in 2021 amounted to EUR 707 thousand or 77 % less than planned. EUR 40 thsd was spent on customer and employee protection measures. (2020 – EUR125 thsd.).

LLC Eiropas dzelzceļa līnijas (EDzL)

Reg. No. 40103836785
Web: www.edzl.lv
State ownership 100 %
Related companies and shares:
JSC RB Rail 33.33 %

EDzL (in English - European Railway Lines) supervises the construction of the European public railway infrastructure in accordance with the needs of the national economy and its development, the interests of stable traffic, as well as the requirements of environmental protection, including collecting, compiling and providing information to policy planners for further sector policy-making.

General strategic objective

Ensuring the development of assets, services and knowledge necessary for the establishment and management of the strategic infrastructure of national importance - the European gauge railway line Rail Baltica - by promoting the implementation of a common infrastructure management model of the Baltic States and the integration of Rail Baltica into the unified European railway area.

Most important events in 2021

- In 2021, construction in Rail Baltica's Central node was expanded and construction work started at Riga Airport, with over construction works worth EUR 55 million carried out by expropriation of real estate necessary for construction. Work has begun on planning the future management of Rail Baltica infrastructure. Organisation of major procurements continued: design of 17 Latvian regional stations and author's supervision, basic track construction works of 220 km, basic track construction supervision, construction design of Salaspils freight station and terminal, development of construction projects of Skulte and Iecava infrastructure maintenance points has been started.

Most significant events planned in 2022

- Complete voluntary real estate disposal processes in RIX and RCS phases.
- Continue construction of RCS and RIX sites.
- Initiate construction design of the Salaspils intermodal terminal.
- Complete the procurement of the construction of the main track.
- Launch comprehensive cooperation with the shadow operator in the areas of infrastructure governance and rail operation.
- To further develop the infrastructure governance model in the working group of experts on infrastructure governance development of three Baltic States.

Principal financial objectives

- Turnover, EUR 4 658.7 thsd. (achieved 3 106.5).

Principal non-financial objectives

- To ensure the development of the Riga Central Railway Station by managing financial investments of not less than EUR 70.0 million (achieved 50.8).
- To ensure the development of Rail Baltica RIX railway station by managing financial investments of not less than EUR: 9.1 million (achieved 4.5).



Governance

Shareholder – Ministry of Transport
Representative of Shareholder – Inguna Strautmane
Chair of Management Board – Kaspars Vingris
Member of Management Board – Tālis Laizāns

Principal financial indicators, thousand EUR

	2020	2021
Turnover	2 551.3	3 106.5
Profit/loss	-0.4	-67.9
EBITDA	16.9	-32.5
Total assets	4 802.2	5 598.1
Share capital	4 445.4	4 445.4
Equity	4 418.1	4 350.2
Investment	25.9	91.0
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	880.1	966.6
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	2 551.3	3 197.5

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	-0.01	-2.19
Return on assets, ROA, %	-0.01	-1.21
Return on equity, ROE, %	-0.01	-1.56
Total liquidity indicator	2.55	1.39
Liabilities-to-equity ratio	0.09	0.29

Other indicators

Number of employees	49	58
Average gross remuneration per employee per year, thousand EUR	43.1	45.5
Gender representation in management, f/m	0/2	0/2
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

Results achieved

- EUR 50.8 million invested in RCS and EUR 4.5 million in RIX.
- Cabinet of Ministers adopted 38 orders or other decisions on the disposal of private property in RIX and RCS sections, which is 6 % more than planned.
- 85 sites accepted the amount of public property covered by a law limitation agreement, another agreement or an order of the Cabinet of Ministers at the RIX and RCS phases.
- Plan for the development of the Infrastructure Governance model drawn up in February 2021.

SJSC Latvijas autoceļu uzturētājs (LAU)

Reg. No. 40003356530

Web: www.lau.lv

State ownership 100 %

Related companies and shares:

LAU has no ownership in other capital companies

LAU (in English – Latvia Road Maintainer) is a strategic state road infrastructure maintenance company, which ensures the planning and execution of the complex daily road maintenance work of the state roads, the daily maintenance of the main roads of municipalities, transit streets and other roads, as well as produces construction materials – dolomite macadam, crushed gravel and prepared sand. In accordance with the Delegation Agreement, LAU carries out a complex daily maintenance work of public roads.

General strategic objective

To ensure the planning and execution of complex daily state road maintenance works in an efficient and environmentally friendly manner throughout the territory of Latvia.

Most important events in 2021

- The Society Integration Foundation awards “The Most Family-Friendly Workplace 2021”.
- Received an award in the gold category “Safer Company Car Park 2021” organised by the insurance company Balta and the Ministry of Transport.
- To present the Report on Improving Traffic Safety through Waze User Reports, LAU took part in the 18th IRF World Meeting&Exhibition Summit held in Dubai in the United Arab Emirates from 7 to 10 November.

Most significant events planned in 2022

- Transformation of LAU processes and structure to provide daily maintenance and commercial services of state roads more efficiently, aimed at reducing operating costs by developing and expanding existing services.
- Improvement of key LAU information systems to ensure more efficient business processes, automation of existing processes.
- Implementation of progress assessment (measurement of activity, traceability and updating of information) in relation to the objectives set.

Principal financial objectives

- Ratio of equity to total assets, %: 63 (61 reached).
- Return on assets (ROA), %: 4.3 (achieved 5.4).
- Net turnover, million EUR: 78.5 (achieved 85.1)

Principal financial objectives

- Ensuring the proportion of other services at least as a percentage of the financial turnover: 20 % (achieved 16 %).
- Average assessment of the quality of the work performed in the daily maintenance of public roads during the winter season: 4.2 = good (achieved 4.9 = good).
- Surface roughness restoration for regional and local roads with black cover of the total length (km), %: >1.7 (achieved 2.7).

Results achieved

Overall, all the financial and non-financial targets were met. Return on assets (ROA), net turnover and net profit ratios are significantly higher than planned, which is explained by an increase in the amount of revenue from the execution of delegated public administration tasks by EUR 8.396 million. EUR (+13.3 %).



LATVIJAS AUTOCEĻU UZTURĒTĀJS

Governance

Shareholder – Ministry of Transport

Representative of Shareholder – Ilonda Stepanova

Chair of Management Board – Renārs Griškevičs

Members of Council – Jevgenijs Belezjaks, Andris Vanags

Chair of Management Board – Vilnis Vitkovskis

Member of Management Board – Rita Kubarko

Principal financial indicators, thousand EUR

	2020	2021
Turnover	82 530.9	85 096.1
Profit/loss	2 953.8	3 938.3
EBITDA	10 837.0	10 911.0
Total assets	72 162.6	73 210.7
Share capital	35 202.3	35 202.3
Equity	44 825.6	44 391.0
Investment	6 142.5	7 530.3
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	15 143.9	15 132.6
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	73 963.9	67 966.4

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	3.58	4.63
Return on assets, ROA, %	4.09	5.38
Return on equity, ROE, %	6.59	8.87
Total liquidity indicator	1.35	1.23
Liabilities-to-equity ratio	0.56	0.59

Other indicators

Number of employees	1 277	1 236
Average gross remuneration per employee per year, thousand EUR	20.9	21.5
Gender representation in management, f/m	1/4	1/4
Annual report in accordance with IFRS (yes/no)	yes	yes
Expenditure and/or capital investment in R&D, thousand EUR	98.5	130.2
Statement on corporate governance yes/no	no	yes
Non-financial statement, yes/no	no	yes

SJSC Latvijas dzelzceļš (LDz)

Reg. No. 40003032065

Web: www.ldz.lv

State ownership 100 %

Related companies and shares:

LLC LDZ CARGO 100 %

LLC LDZ ritošā sastāva serviss 100 %

LLC LDZ infrastruktūra 100 %

LLC LDZ apsardze 100 %

JSC LatRailNet 100 %

LLC LDZ Loģistika 100 %

LLC TREK 5.84 %

Belaruss-Latvia joint-venture MIRIGO 3 %

LDz (in English – Latvian Railway) is one of the largest companies Latvia, which through its economic activities makes a significant contribution to national economy by ensuring the use of railway infrastructure for passenger and freight transport. The main task of LDz is to ensure the management of the national public-use railway infrastructure and safe, high quality and efficient railway services in the interests of the state and the economy of Latvia.

General strategic objective

Provision of the railway infrastructure management and logistics services in line with interests of the Latvian economy. To take the leading position in cargo turnover by rail infrastructure in the Baltics. To ensure competitive rail infrastructure in terms of quality and costs, transport and logistics services, and to develop environmentally friendly and an efficient rail transport by electrifying major routes and restoring traction parks.

Most important events in 2021

- Modernisation of Riga railway node Sarkandaugava - Mangaļi- Ziemeļblāzma (work completed EUR 1.4 million).
- Overhaul of “A” type of track restoration (work carried out EUR 1.4 million).
- Overhaul of the “B” type of track restoration (work performed EUR 1.0 million).

Most significant events planned in 2022

- Modernisation of rail passenger infrastructure.
- Modernisation of Riga railway node Sarkandaugava-Mangaļi-Ziemeļblāzma.
- Upgrading the railway infrastructure to increase the speed of trains.
- Installation of fences and pedestrian crossings in railway infrastructure facilities.

Principal financial objectives*

- Net turnover, EUR 166.6 million (achieved 157.7).
- EBITDA (including public resources for financial equilibrium and dividends from subsidiaries), %: 19.53 (achieved 21.98).
- Liabilities to equity (excluding deferred income), %: 48.32 (achieved 49.94).

* Objectives are set for the parent company.

Principal non-financial objectives

- Operating costs of railway infrastructure per km of track, EUR 73.4 thsd (achieved 57.4).
- Number of serious accidents per million vkm 1.2 (achieved 1.0).
- Share of rail passenger transport in total public transport, 8.3 % (achieved 8.8).



Governance

Shareholder – Ministry of Transport

Representative of Shareholder – Ilonda Stepanova

Chair of Supervisory Council – Jānis Lange

Members of Supervisory Council – Reinis Cepelis,

Andris Liepiņš, Andris Maldups

Chair of Management Board – Māris Kleinbergs

Members of Management Board – Rinalds Pļavnieks,

Vita Balode-Andrūsa

Principal financial indicators, thousand EUR

	2020	2021
Turnover	253 866.0	249 177.0
Profit/loss	-35 515.0	3 909.0
EBITDA	28 956.0	67 648.0
Total assets	903 236.0	866 906.0
Share capital	289 142.0	289 142.0
Equity	393 919.0	397 828.0
Investment	16 044.0	15 954.2
Dividends paid to state budget	26.0	0.0
Contributions made to the state and local government budget	61 943.7	63 914.7
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	80 673.1	36 503.9

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	-13.99	1.57
Return on assets, ROA, %	-3.93	0.45
Return on equity, ROE, %	-9.02	0.98
Total liquidity indicator	1.38	1.47
Liabilities-to-equity ratio	1.28	1.16

Other indicators

Number of employees	8 539	7 151
Average gross remuneration per employee per year, thousand EUR	13.1	14.1
Gender representation in management, f/m	1/7	1/7
Annual report in accordance with IFRS (yes/no)	yes	yes
Expenditure and/or capital investment in R&D, thousand EUR	789.8	1 812.2
Statement on corporate governance (yes/no)	no	yes

Consolidated data.

Results achieved

- Financial and non-financial objectives are partially met.
- 16.67 % reduction in the number of accidents is mainly due to decrease in freight transport and to the restrictions on the movement of people caused by the COVID-19 pandemic.

SJSC Latvijas gaisa satiksme (LGS)

Reg. No. 40003038621

Web: www.lgs.lv

State ownership 100 %

Related companies and shares:

LGS has no ownership in other capital companies

The main activity of LGS (in English – Air Traffic of Latvia) is the provision of air navigation services to all airspace users in the Riga flight information area. These services include air traffic control, communication, navigation, surveillance, aeronautical information and meteorological services.

General strategic objective

Ensuring air navigation services and their safety in accordance with the requirements of international and national standards, to maintain optimal controlled airspace capacity, to develop air navigation services and their infrastructure, as well as to enable all airspace users to operate effectively in accordance with the requirements of both military and civil operators.

Most important events in 2021

- According to data collected by Eurocontrol, LGS remains one of the most financially and operationally efficient air traffic service providers in Europe.
- Completion of the design contract for the new Air Traffic Control Tower, subject to authorisation.
- Civil GSV procedures have been introduced at Lielvārde aerodrome and GSV services have been launched in Lielvārde.
- Active work has begun on integration of unmanned aircraft flights into Latvia's airspace.

Most significant events planned in 2022

- Extension and modernisation of the VOR/DME network will continue, the projects to upgrade and expand the MSS-W RIX territorial monitoring system.
- Work on safe integration of unmanned aircraft flights into Latvian airspace will continue.

Principal financial objectives

- Unit cost per route unit (E1), EUR 28.21 (achieved 29.16).
- Net turnover, EUR 36 078 thsd. (achieved 19 223).

Principal non-financial objectives

- D1 – Safety Governances efficiency level. ANSP level plan: D (achieved D).
- • D4 – Breach of the minimum distance: $\leq 1,6 \times 10^{-5}$.
- • K1 – Route ATFM delay (minutes per flight): 0.06.

Results achieved

- Lockdowns caused by the COVID-19 pandemic continued to have a significant impact on LGS activities. Compared to 2019, the number of flights served decreased by 44.2 %, the turnover of LGS also decreased, without significant increase in tariffs for airspace users. All non-financial objectives related to air traffic safety and airspace capacity of the Republic of Latvia were met.



Governance

Shareholder – Ministry of Transport

Representative of Shareholder – Ilonda Stepanova

Chair of Supervisory Council – Dins Merirands

Member of Supervisory Council – Andris Ozoliņš

Chair of Management Board – Dāvids Tauriņš

Members of Management Board – Ilze Aleksandroviča

Principal financial indicators, thousand EUR

	2020	2021
Turnover	14 208.4	19 223.1
Profit/loss	-7 637.9	-3 154.6
EBITDA	-3 947.3	751.7
Total assets	45 941.5	39 369.8
Share capital	28 765.9	28 765.9
Equity	35 511.2	32 356.6
Investment	3 628.8	4 285.7
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	5 206.3	5 251.9
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	6 000.0	0.0

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	-53.76	-16.41
Return on assets, ROA, %	-16.63	-8.01
Return on equity, ROE, %	-21.51	-9.75
Total liquidity indicator	1.98	1.74
Liabilities-to-equity ratio	0.29	0.22

Other indicators

Number of employees	358	327
Average gross remuneration per employee per year, thousand EUR	30.4	32.5
Gender representation in management, f/m	3/4	1/3
Annual report in accordance with IFRS (yes/no)	yes	yes
Expenditure and/or capital investment in R&D, thousand EUR	0,0	0,0
Statement on corporate governance yes/no	no	yes
Non-financial statement, yes/no	no	no

SLLC Latvijas Jūras administrācija (LJA)

(until 23.12.2020 SJSC Latvijas Jūras administrācija)

Reg. No. 40003022705

Web: www.lja.lv

State ownership 100 %

Related companies and shares:

LJA has no ownership in other capital companies

LJA (in English – Maritime Administration of Latvia) provides navigation and hydrographic services, certification and examination of Latvian seafarers, registration of ships and their technical audits, prepares and distributes navigational charts and related data; representation in international forums shall be ensured within the framework of its competence. The activities of the LJA are functionally divided between four units: Ship Register, Seafarers Register, Maritime Safety Department and Hydrography Service.

General strategic objective

Ensuring the provision of services and operations that contribute to growth, sustainability and development of a maritime sector that is competitive at European and regional level, by applying high environmental, safety and security standards.

Most important events in 2021

- Term of office of the Management Board expired on 29 December.
- A delegation contract for the maintenance of SKLOIS concluded in December with the Ministry of Transport for the next period.
- The cartographic database (Caris HPD) transition to the LJSC-2000, 5 altitude system is realised, starting with port and port access to maps.

Most significant events planned in 2022

- A new price list of LJA paid services has been approved by the Cabinet of Ministers and entered into force on 1 January 2022. This way, it is planned to improve the financial situation in 2022.
- Upgrading the UVVIS started and closing the gaps identified as a result of the analysis carried out in 2021.
- A new board has been elected as a result of the competition.

Principal financial objectives

- Return on equity: -11.46 % (achieved -6.63).
- Profitability of assets: -9.98% (achieved -5.7).
- Net profit, EUR: - 427 276 (achieved -284 864).
- Liquidity: 2.00 (achieved 2.43).

Principal non-financial objectives

- Seafarers' books issued: 1200 (achieved 1297).
- Recreational craft inspections: 70 (achieved 81).
- ISM audits: 10 (achieved 15).
- ISPS audits: 12 (achieved 17).

Results achieved

- Lower losses due to targeted cost savings.
- Number of newly registered recreational craft has increased, thus increasing the number of recreational craft inspections carried out (pre-registration inspection, +16 %).
- Several vessels were additionally registered in the Latvian Ship Register, resulting in an increase in the number of ISM audits carried out (+50 %).



Governance

Shareholder – Ministry of Transport

Representative of Shareholder – Ligita Austrupe

Chair of Management Board – Jānis Krastiņš

Member of Management Board – Artūrs Brokovskis-Vaivods

Principal financial indicators, thousand EUR

	2020	2021
Turnover	3 904.0	3 698.8
Profit/loss	-319.2	-284.9
EBITDA	-39.3	2.6
Total assets	4 846.7	4 995.0
Share capital	1 533.9	1 533.9
Equity	4 121.4	4 295.5
Investment	232.2	285.2
Dividends paid to state budget	34.0	0.0
Contributions made to the state and local government budget	1 654.3	1 498.0
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	248.8	248.8

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	-8.18	-7.70
Return on assets, ROA, %	-6.59	-5.70
Return on equity, ROE, %	-7.74	-6.63
Total liquidity indicator	2.72	2.43
Liabilities-to-equity ratio	0.18	0.16

Other indicators

Number of employees	106	112
Average gross remuneration per employee per year, thousand EUR	26.8	24.5
Gender representation in management, f/m	0/2	0/2
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

SLLC Latvijas valsts ceļi (LVC)

Reg. No. 40003344207

Web: www.lvceli.lv

State ownership 100 %

Related companies and shares:

LVC has no ownership in other capital companies

LVC (in English – Latvian State Roads) manages the national road network, administers the allocated funding, plans and directs the maintenance and development of the national road network, organizes the public procurement of works and services on the state road network, orders and manages drafting of standards and technical regulations of the national road network, maintains and improves the list of state and municipal roads, as well as supervises the compliance of municipal road maintenance with the requirements of regulatory documents.

General strategic objective

Development and effective management of a network of public roads that meet the requirements of public mobility and secure public roads.

Most important events in 2021

- PPP contract was concluded for the design, construction, financing and maintenance of the E67/A7 Riga - Bauska-Lithuania border (Grenctāle) section 7.9 - 25.0 km (Ķekava bypass).
- Within the framework of the national road strategy 2040, two main national road development projects – the conversion of the A4 motorway (Baltezers – Saulkalne) into a high-speed road and the conversion of the section of the A5 (Salaspils – Babīte) section into a high-speed motorway – have started to develop minimum construction projects and environmental impact assessments.
- A medium-term operational strategy for the LVC has been developed for 2022 - 2024.

Most significant events planned in 2022

- Opening up the market for day-to-day maintenance of motorways to free competition, the conclusion of contracts for the daily maintenance of public roads and the start of work within the time limits laid down in the contracts.
- Start of implementation of national regional and local road priority investment programmes for 2022-2027.
- In 2022, the district division structure of the capital company is being reorganised in line with the LVC medium-term operational strategy 2022–2024, i.e. instead of 26 LVC district divisions there will be 5 large regional divisions.
- It is planned to launch a study on the resilience of the national road network infrastructure in changing climate conditions and solutions to adapt to climate change.

Principal financial objectives

- Turnover, EUR 15 570 thsd. (achieved 19 268.7).
- Return on equity, 1.78% (achieved 6.5).
- Profitability of assets, 1.10%(achieved 3.40).

Principal non-financial objectives

- Construction sites implemented, % of planned: 97 (achieved 127).
- Construction works carried out on the road network, km: 400 (achieved 1 422).
- Reduced number of bad and very poor roads with black cover, % compared to previous year: 2 (achieved 5.6).



**LATVIJAS
VALSTS CEĻI**

Governance

Shareholder – Ministry of Transport

Representative of Shareholder – Dins Merirands

Chair of Management Board – Mārtiņš Lazdovskis

Member of Management Board – Gundars Kains

Principal financial indicators, thousand EUR

	2020	2021
Turnover	17 865.1	19 268.7
Profit/loss	295.2	305.4
EBITDA	1 309.6	1 409.7
Total assets	7 788.1	8 980.9
Share capital	4 155.6	4 155.6
Equity	4 600.7	4 669.9
Investment	1 426.6	469.0
Dividends paid to state budget	65.4	236.2
Contributions made to the state and local government budget	5 466.4	5 261.7
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	17 995.6	19 298.5

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	1.65	1.59
Return on assets, ROA, %	3.79	3.40
Return on equity, ROE, %	6.42	6.54
Total liquidity indicator	1.02	1.21
Liabilities-to-equity ratio	0.52	0.75

Other indicators

Number of employees	333	332
Average gross remuneration per employee per year, thousand EUR	30.0	33.5
Gender representation in management, f/m	0/3	0/2
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

Results achieved

- Overall, financial and non-financial targets have been achieved. Impact of COVID-19: positive.

JSC Pasažieru vilciens (PV)

Reg. No. 40003567907
Web: www.pv.lv
State ownership 100 %
Related companies and shares:
JSC VRC Zaslauks 51 %

PV (in English – Passenger Train) is the only domestic public transport service provider transporting passengers throughout the territory of Latvia by rail.

General strategic objective

Ensuring sustainable, accessible and uninterrupted passenger transport services that meet the needs of efficient mobility and promote regional accessibility, enhance citizens' confidence in public rail transport by making it an informed and rational choice for the convenience and quality of the services provided, and develop competitive and economically viable mobility services in the Baltic region.

Most important events in 2021

- Production of new electric trains continues. The project application has been submitted for EU co-financing, a positive final report of independent experts has been received.
- Medium-term strategy for 2021–2025 was endorsed.
- All transport volumes have been completed during COVID-19, the routes Riga -Daugavpils - Krāslava to Indra and Riga - Madona to Gulbene have been extended all year round.
- The number of tickets sold over the internet exceeded the number of tickets sold at the counters. A new electronic ticket type has been introduced – subscription and daily e-tickets.
- A diesel train wagon that crashed in 2020 was refurbished.

Most significant events planned in 2022

- Production of new electric trains, testing and certification of the first train. Co-financing has been approved by the EC.
- The construction project of Depo will continue.
- Modernisation and development of ticketing systems.
- Review of the Strategy 2022- 2025, taking into account possible changes in the organisation of passenger transport by rail.
- Evaluation of alternatives to the non-electrified area in order to ensure full service performance.

Principal financial objectives

- Own revenue, EUR 13.292 million (achieved 13.187).
- Coverage of passenger transport costs (without depreciation and charges for the use of railway infrastructure), 38.92 % (achieved 43.12).
- Return on equity (ROE), 3.98 % (achieved 2.75).

Principal non-financial objectives

- Total number of passengers, EUR 11.940 million (achieved 11.194).
- Market share of toll passengers, 37.0 % (achieved 42.3).

Results achieved

- Number of passengers and own revenues lower than expected due to COVID-19 emergency situation, public transport filling and population movement restrictions.
- Costs covered exceed the target of 11 %, as the revenue earned was close to that planned, but costs of the package of measures to reduce costs and increase efficiency were lower.



PASAŽIERU VILCIENS

Governance

Shareholder – Ministry of Transport
Representative of Shareholder – Dins Merirands
Chair of Supervisory Council – Sandis Šteins
Members of Supervisory Council – Lita Kalniņa, Inta Liepa
Chair of Management Board – Rodžers Jānis Grigulis
Members of Management Board – Aldis Daugavvanags

Principal financial indicators, thousand EUR

	2020	2021
Turnover	42 630.4	44 131.0
Profit/loss	1 012.9	591.0
EBITDA	7 930.8	7 790.8
Total assets	82 743.7	82 528.2
Share capital	20 868.0	20 868.0
Equity	21 016.3	21 459.1
Investment	1 865.9	1 896.9
Dividends paid to state budget	0.0	148.2
Contributions made to the state and local government budget	5 977.5	5 303.1
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	26 839.2	31 797.4

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	2.38	1.34
Return on assets, ROA, %	1.22	0.72
Return on equity, ROE, %	4.82	2.75
Total liquidity indicator	1.11	0.86
Liabilities-to-equity ratio	2.94	2.85

Other indicators

Number of employees	1 004	989
Average gross remuneration per employee per year, thousand EUR	13.9	15.2
Gender representation in management, f/m	2/3	2/4
Annual report in accordance with IFRS (yes/no)	yes	yes
Expenditure and/or capital investment in R&D, thousand EUR	0,0	0,0
Statement on corporate governance yes/no	no	yes
Non-financial statement, yes/no	no	yes

SJSC Starptautiskā lidosta "Rīga" (RIX)

Reg. No. 40003028055

Web: www.riga-airport.com

State ownership 100 %

Related companies and shares:

RIX has no ownership in other capital companies

RIX (in English – Riga International Airport) is the largest international airport in Latvia and the largest air traffic infrastructure company in the Baltics, providing regular international air transportation of passengers, cargo and mail. RIX is part of the Trans-European Transport Network (TEN-T), which ensures accessibility and mobility within the European Union. RIX plays a strategic role in the development of Latvia's economy and provides significant support for military and other flights of national significance in the territory of Latvia.

General strategic objective

Create, maintain and improve customer experience by providing safe and high quality services.

Most important events in 2021

- State aid to mitigate the consequences of the COVID-19 pandemic has been received, increasing RIX's share capital by EUR 35.2 million and leaving EUR 4.5 million dividends for the year 2019 at RIX's disposal.
- Endorsed medium-term strategy for 2021 - 2027.
- In order to contribute to climate neutrality in Europe and the achievement of global climate objectives, in July 2021, RIX joined the ACI Europe Net Zero 2050 initiative to fully remove direct emissions from RIX activities.

Most significant events planned in 2022

- Develop RIX AIRPORT CITY brand and ensure the development of RIX business park territory.
- To announce the first stage of construction procurement of RIX passenger terminal expansion stage 6.
- To replace the luggage handling system, as well as to ensure Standard 3 EDS equipment integration.
- Endorse the sustainability strategy of RIX, where one of the most important sections is "Climate Impact".

Principal financial objectives

- Net turnover: EUR 28.269 million (achieved 31.769).
- Loss, million: EUR 19.489 million (achieved 9.423).
- Total liquidity ratio (adjusted by deferred revenues): 0.95 (achieved 2.80).

Principal non-financial objectives

- Flights, number: 51 474 (achieved 39 057).
- Passengers, number: 2 838.8 thsd. (achieved 2 353.1).
- Transhipped cargoes, tonnes: 24 456 (achieved 27 831).
- Point of departure punctuality (airport infrastructure): 99.5 % (achieved 97.65).

Results achieved

- COVID-19 pandemic had a very high impact on the operation of RIX. With the introduction of the EU Digital Travel Certificate as well as the change in RIX passenger structure, RIX's turnover has been 12 % higher, while losses are 52 % lower than expected.
- Ongoing work on the extension of the passenger terminal.
- The 6th round of construction design, as well as the activities of the project "Development of Safe and Environmentally Friendly Infrastructure at Riga International Airport".



Governance

Shareholder – Ministry of Transport

Representative of the Shareholder – Ilonda Stepanova

Chair of Supervisory Council – Juris Kanels

Members of Supervisory Council – Eduards Toms,

Elīna Salava

Chair of the Management Board – Ilona Līce

Members of Management Board – Artūrs Saveljevs,

Normunds Feierbergs

Principal financial indicators, thousand EUR

	2020	2021
Turnover	29 797.9	31 768.9
Profit/loss	-15 846.3	-9 423.4
EBITDA	-3 634.2	-3 126.2
Total assets	156 177.1	173 595.0
Share capital	28 608.9	68 347.2
Equity	58 305.2	84 111.8
Investment	13 900.5	6 649.5
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	11 130.1	9 482.5
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	572.4	52.4

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	-53.18	-29.66
Return on assets, ROA, %	-10.15	-5.43
Return on equity, ROE, %	-27.18	-11.20
Total liquidity indicator	0.33	1.99
Liabilities-to-equity ratio	1.68	1.06

Other indicators

Number of employees	1 085	1 045
Average gross remuneration per employee per year, thousand EUR	16.9	17.4
Gender representation in management, f/m	1/4	2/4
Annual report in accordance with IFRS (yes/no)	yes	yes
Expenditure and/or capital investment in R&D, thousand EUR	0.0	263.7
Statement on corporate governance yes/no	yes	yes
Non-financial statement, yes/no	yes	yes

JSC Ventas osta (VO)

Reg. No. 40203235757

Web: www.sam.gov.lv/ventas-osta-0

State ownership 100 %

Related companies and shares:

VO has no ownership in other capital companies

Both Ventspils Freeport Authority and VO (in English – Port of Venta) operate in Ventspils Port, where a cooperation agreement has been concluded between the Freeport of Ventspils Authority and VO, in accordance with which both parties have agreed on cooperation, exchange of information and provision of mutual services. All liquid, bulk and general cargo handling services at terminals are available in the Freeport of Ventspils, as well as ship servicing. Some are provided by Ventspils Freeport Authority services, but most of them are provided by private companies operating in the port area. As the deepest port on the eastern coast of the Baltic Sea, the port of Ventspils is able to serve even the largest ships entering the Baltic Sea.

General strategic objective

Ensuring the governance of Ventspils port - a critical infrastructure for national development and security, providing and developing port services, which are strategically important for the competitiveness and growth of the economy, in sustainable, responsible and economically justifiable manner.

Most important events in 2021

- On 31 March 2021, the VO and the Freeport of Ventspils Authorities have concluded additional agreement No 2 at 1.6.2020 on the reimbursement of administrative expenses, with which VO is involved in covering the costs of maintaining the depths of safe shipping routes (canal) of the Freeport of Ventspils (exhausted soil) in accordance with the financial resources at VO's disposal.

Most significant events planned in 2022

- In 2022, continuing cooperation with the Freeport of Ventspils Authority, until the adoption of the Law on Ports, VO will continue to be involved in the operation of the Ventspils port and to cover the costs related to the maintenance and use of the infrastructure and related assets in the possession and management of the Ventspils Freeport Authority and the associated assets.

Principal financial objectives

- Net turnover, EUR 2 200 thsd. (achieved 1 453).
- Profit, EUR 50 thsd. (achieved 21.6).
- Return on equity (ROE), 10.25 % (achieved 38.14).
- Total liquidity ratio: 1.5 (achieved 1.21).

Principal non-financial objectives

- Vessels serviced, number: 150 (achieved 144).
- Safe depth of shipping routes (canal) (exhausted soil-m³) is maintained: 223 000 (achieved 219 707)

Results achieved

- Revenues are by 34 % lower than initially planned due to a faster drop in cargo than initially expected due to the protracted pandemic of COVID -19 and adverse reactions caused by individual terminal sanctions.



Governance

Shareholder – Ministry of Transport

Representative of Shareholder – Uldis Reimanis

Members of Supervisory Council – Baiba Jirgena,

Diāna Rancāne, Daina Sirlaka, Iveta Zalpētere

Board Member – Baiba Vīlpa

Principal financial indicators, thousand EUR

	2020	2021
Turnover	2 079.7	1 453.1
Profit/loss	398.1	21.6
EBITDA	398.1	21.6
Total assets	618.1	325.3
Share capital	35.0	35.0
Equity	433.1	56.6
Investment	0.0	0.0
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	-135.7	-207.3
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	35.0	0.0

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	19.14	1.48
Return on assets, ROA, %	64.41	6.63
Return on equity, ROE, %	91.92	38.14
Total liquidity indicator	3.34	1.21
Liabilities-to-equity ratio	0.43	4.75

Other indicators

Number of employees	14	11
Average gross remuneration per employee per year, thousand EUR	9.8	12.1
Gender representation in management, f/m	5/0	5/0
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

6.4.

Communications



JSC Elektroniskie sakari (VASES)

Reg. No. 40003021907
 Web: www.vases.lv
 State ownership 100 %
 Related companies and shares:
 VASES has no ownership in other capital companies



VASES (in English – Electronic communications) ensures efficient management of national scarce resources (radio spectrum and numbering) and acceptance of technical projects for the installation of radio equipment, creating preconditions for the development of the electronic communications market in accordance with public and national interests, as well as providing commercial services of high added value and quality.

General strategic objective

Ensuring rational and efficient management of radio spectrum and numbering resources in the electronic communications sector, to improve the radio frequency governance mechanism, to ensure continuous radio spectrum monitoring and efficient frequency resource planning, to develop the circulation of electronic permits, to ensure more efficient and faster customer service, offering more and more services in the e-environment.

Most important events in 2021

- Successful organisation of Europe's leading 5G ecosystem forum 5G Techritory 2021.
- Medium-term operational strategy for VASES for 2022 - 2024 was developed and approved.
- ISO 27001 obtained: 2013 certificate, which certifies compliance of the VASES information security management system with the international ISO standard.
- Concept of development and innovation was approved and implemented.
- New functional modules of the radio monitoring software SKUDRA were developed and commissioned.
- The introduction of the LEAN system, which has contributed to the efficiency of the VASES processes.

Most significant events planned in 2022

- Development of a sales strategy.
- Participation in calls for projects co-financed by the EU or other sources of external financing.
- Development of the monitoring programme SKUDRA functional development strategy by 2025.
- Capability of an automated tool prototype to classify information using machine learning algorithms and to localise a signal from a single monitoring point.
- Introduction of elements of the talent management system.

Principal financial objectives

- Revenue from paid services by statutory functions (except for ensuring maintenance of the Numeration Database), EUR 7.39 million (achieved: 6.93).
- Revenue from commercial services, EUR 240.5 thsd. (achieved: 603.88).
- Net profit, EUR 98.9 thsd. (achieved: 99.8).
- Profitability of sales, %: 1.3 (achieved: 1.3).
- Return on equity (ROE), %: 1 (achieved: 1).

Principal non-financial objectives

- Provision of e-access to authorisations for radio frequency assignments: 100 % achieved.
- Issuing authorisations for the use of radio frequency assignments: 100 % achieved.
- Handling applications for harmful radio interference. 100 % (228 cases) considered.
- Radio equipment inspection: 1 150 (achieved: 1 154).
- Customer satisfaction level: ≥80 % (achieved: 92.1 %).

Results achieved

- Improved financial performance in 2021 by increasing profit. Commercial services were realised in significantly greater

Governance

Shareholder – Ministry of Environmental Protection and Regional Development
 Representative of Shareholder – Edvīns Balševics
 Chair of Supervisory Council – Ilze Oša
 Members of Management Board – Tīna Kukka,
 Elita Baklāne-Ansberga, Ieva Ilvesa
 Chair of Management Board – Jānis Bārda
 Member of Management Board – Laila Līduma

Principal financial indicators, thousand EUR

	2020	2021
Turnover	7 322.1	7 534.7
Profit/loss	98.9	99.8
EBITDA	1 030.8	968.0
Total assets	12 544.7	13 082.1
Share capital	8 995.6	8 995.6
Equity	9 666.0	9 686.7
Investment	1 134.3	1 539.1
Dividends paid to state budget	75.3	79.1
Contributions made to the state and local government budget	2 279.6	2 233.7
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	19.5	14.6

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	1.35	1.32
Return on assets, ROA, %	0.79	0.76
Return on equity, ROE, %	1.02	1.03
Total liquidity indicator	4.22	3.22
Liabilities-to-equity ratio	0.16	0.21

Other indicators

Number of employees	93	96
Average gross remuneration per employee per year, thousand EUR	41.6	43.0
Gender representation in management, f/m	4/1	5/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	96.9
Statement on corporate governance (yes/no)	no	yes
Non-financial statement, yes/no	no	yes

amount than expected, and the target set in the strategy for commercial revenues was reached by 251 % over the reporting period. The company's profitability indicators show stable growth. Increased visibility of the company (37 % increase in the number of followers of social networks). Implementation of the research project "Measurement of Radio Spectrum Parameters Using Unmanned Aircraft" with the aim to develop a prototype of a drone solution for monitoring antennas and measuring radio spectrum parameters.

LLC Tet (TET)

Reg. No. 40003052786

Web: www.tet.lv

State ownership 51 %

Related companies and shares:

LLC Lattelecom 100 %

LLC Citrus Solutions 100 %

Citrus Solutions GmbH 100 %

LLC Baltijas Datoru Akadēmija 100 %

LLC Helio Media 100 %

LLC Data Experts 100 %

LLC Latvijas Mobilais Telefons 23 %

JSC Pirmais Slēgtais Pensiju Fonds 42.59 %

Tet is a world-class technology partner for life and work that opens the world of technology and makes it understandable and accessible to everyone. Tet provides the fastest internet and state-of-the-art television services, creates content for the widest interests and creates local TV channels, offers a wide range of equipment, provides electricity and solar panel services. For business Tet provides a wide range of IT services, including cyber defence, data centre and cloud solutions.

General strategic objective

TET has no general strategic objective.

Most important events in 2021

- Tet ranks the 11th on the top of Prudentia and Nasdaq Riga's most valuable Latvian companies TOP101 (+4 % for the value of the company compared to 2020).
- In spring, Tet introduced the unique entertainment platform Tet+ in the Baltics, fully developed by Latvian professionals. Tet+ allows everyone to choose and assemble their own TV channels, as well as combine it with the most up-to-date movie and serial streaming subscription.
- In autumn, Tet first connected 10 Gbit/s optical internet, which is the technology of the future and the fastest available in Latvia, thus strengthening Tet's technological leadership.

Most significant events planned in 2022

- Continue digital transformation by reviewing the product portfolio, transferring business processes and lines to new IT infrastructure, improving and accelerating customer experience, service, increasing efficiency.
- Develop the new generation of content and entertainment platform.
- Increase investment in the construction of optic networks and in the updating of customer terminal equipment.
- Focus on sustainable development on energy efficiency and renewables, digital inclusion, security and online privacy.

Principal financial objectives

- LLC Tet is to be regarded as a private capital company, therefore information on the financial objectives is not publicly disclosed in the interest of maintaining a trade secret.

Principal non-financial objectives

- Non-financial targets are not set because the capital company does not develop a medium-term operational strategy in accordance with the general strategic objectives of the parent company set by the highest decision-making body of the public person.

Results achieved

- In 2021, the company value increased by 4 % compared to 2020 (EUR 438.06 million) EUR/EUR 420.46 million).
- In 2021, Tet regained the position of the telecoms industry leader in terms of turnover.
- Tet invested massively in 2021, i.e. EUR 35.8 million in the development of the core network and existing services, as well as in the development of new solutions.



Governance

Shareholder – JSC Publisko aktīvu pārvaldītājs Possessor
Representative of Shareholder – Management Board of JSC
Publisko aktīvu pārvaldītāja Possessor (Andris Gādmanis,
Marina Podvinska, Dace Gaile)
Chair of Supervisory Council – Klāvs Vasks
Members of Supervisory Council – Jānis Brazovskis,
Hannu-Matti Mäkinen, Andersson Sven Johan Bertil,
Ilvars Pētersons, Samren Rachel Cecilia
Chair of Management Board – Uldis Tatarčuks
Members of Management Board – Gints Bukovskis,
Dmitrijs Nikitins, Ingrida Rone

Principal financial indicators, thousand EUR

	2020	2021
Turnover	222 644.0	253 253.0
Profit/loss	30 389.0	28 852.0
EBITDA	65 600.0	63 389.0
Total assets	333 158.0	351 220.0
Share capital	207 852.0	207 852.0
Equity	268 284.0	267 260.0
Investment	32 112.0	35 841.0
Dividends paid to state budget	20 739.7	15 155.7
Contributions made to the state and local government budget	71 621.5	61 002.6
Donations received	0.0	0.0
Donations made	2.7	0.0
Funding received from the state budget	360.9	367.5

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	13.65	11.39
Return on assets, ROA, %	9.12	8.21
Return on equity, ROE, %	11.33	10.80
Total liquidity indicator	1.77	1.55
Liabilities-to-equity ratio	0.24	0.31

Other indicators

Number of employees	1 618	1 674
Average gross remuneration per employee per year, thousand EUR	25.3	24.0
Gender representation in management, f/m	1/10	2/8
Annual report in accordance with IFRS (yes/no)	yes	yes
Expenditure and/or capital investment in R&D, thousand EUR	14 504.7	17 134.2
Statement on corporate governance yes/no	n/i	n/i
Non-financial statement, yes/no	partially included in annual report	partially included in annual report

Consolidated data.

SJSC Latvijas Pasts (LP)

Reg. No. 40003052790

Web: www.pasts.lv

State ownership 100 %

Related companies and capital shares:

LLC Mailmaster 100 %

The main activity of LP (in English – Latvia Post) is the provision of postal services, payment services, retail trade and the related activities, as well as it is the only postal operator providing universal postal service to residents throughout the territory of the Republic of Latvia at a single tariff. Traditional postal services, express services and delivery services for subscription press are provided in the postal service market.

General strategic objective

To ensure efficient, convenient and affordable provision of high-quality domestic and cross-border postal services focused on current needs of customers, based on a modern approach, information and communication technologies, promoting efficient operation and sustainable development of postal services and high integrity and accessibility of the postal network and strengthening the image of a secure and reliable partner, as well as being a leader in the Latvian postal services market.

Most important events in 2021

- Exploitation of 85 new vans have been launched, which comply with the Euro 6 norms and are more modern and have lower fuel consumption.
- The first automated parcel tower in Latvia was located in Rīga (Pļavnieki)
- A dedicated and improved system was introduced for the handling of consignments.
- To facilitate the customs clearance process for customers and to ensure the fast receipt of shipments, the app atmuito.pasts.lv was created

Most significant events planned in 2022

- A procurement of postal terminals has been announced, which provides for the purchase of up to 120 new postal terminals.
- Improvement of financial services through the introduction of remote access and settlement options.
- The aim is to improve the efficiency of logistics processes, including by developing a new route planning tool together with an external cooperation partner and renewing its fleet.

Principal financial objectives

- Net turnover, EUR 97.15 million (> 105.35 achieved).
- Profit or loss, EUR 1.75 million (1.16 achieved).
- ROE (profit/equity): 11.4 % (7.35 % achieved).

Principal non-financial objectives

- Make a non-profitable change of PPSV forms: 61 (achieved: 35).
- Quality coefficient for domestic mail (D + 1, for priority Class A letter items): 90 % (89 % achieved).
- Expand the network of postal terminals (number of postal terminals): 89 % (81 % achieved).
- Optimise the number of staff needed to provide quality services (total at the end of the reporting period): 2 840 (3 016 achieved).

Results achieved

- COVID-19 pandemic led to a decrease in customer flows, with significant cross-border incoming shipments having a negative impact on profits.
- Profits were also negatively affected by unplanned inflation for a number of cost items and the time lag of several optimisation projects.
- Optimisation of transport routes helped to reduce the total number of km travelled (by about 200 thousand km compared to 2020) as well as fuel consumption in litres (by about 20 thousand litres compared to 2020).



Governance

Shareholder – Ministry of Transport

Representative of Shareholder – Dins Merirands

Chair of the Supervisory Council – Raimonds Dūda

Members of Supervisory Council – Anrī Leimanis,

Ivars Blumbergs

Chair of Management Board – Mārcis Vilcāns

Members of Management Board – Kristaps Krūmiņš,

Anda Ozola, Agris Timma

Principal financial indicators, thousand EUR

	2020	2021
Turnover	94 132.6	105 349.5
Profit/loss	4 213.0	-1 156.6
EBITDA	8 723.6	3 859.1
Total assets	128 366.7	142 003.4
Share capital	10 578.5	10 578.5
Equity	18 092.4	15 743.9
Investment	3 597.1	1 754.7
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	17 366.6	20 414.7
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	6 653.5	6 653.5

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	4.48	-1.10
Return on assets, ROA, %	3.28	-0.81
Return on equity, ROE, %	23.29	-7.35
Total liquidity indicator	1.01	0.94
Liabilities-to-equity ratio	5.91	8.00

Other indicators

Number of employees	3 305	3 162
Average gross remuneration per employee per year, thousand EUR	9.4	10.1
Gender representation in management, f/m	1/6	1/6
Annual report in accordance with IFRS (yes/no)	yes	yes
Expenditure and/or capital investment in R&D, thousand EUR	394.9	1 380.0
Statement on corporate governance (yes/no)	no	yes
Non-financial statement, yes/no	no	yes

SJSC Latvijas Valsts radio un televīzijas centrs (LVRTC)

Reg. No. 40003011203

Web: www.lvrvc.lv

State ownership 100 %

Related companies and shares:

LLC Latvijas Mobilais Telefons 23 %

LVRTC (in English – Latvia State Radio and Television Centre) is one of the leading ESP providers and its activities include the broadcasting of radio and tv programs, trust and identity services, data transmission, cybersecurity solutions, data centres, cloud computing and infrastructure rental services. The LVRTC provides and develops high availability, integrity and security information and ICT infrastructure and services, strengthening effective public administration, security and promoting economic growth. LVRTC's customers are broadcasters, operators, ministries and public authorities, companies and residents.

General strategic objective

Provision and development of information and communication technology infrastructure and services of high accessibility, integrity and security, thus strengthening effective public administration and security, as well as promoting economic growth.

Most important events in 2021

- Within the framework of the project 1 920 km have been built, 222 access points have been created and a total of 3 677.4 km has been leased.
- The usability of trust and electronic identification services doubled, exceeding 6 million identity certifications and more than 14 million signed documents per year.
- The radio broadcast head station was replaced.
- The LVDC project (phase 2) was completed, cloud computing infrastructure has been established, providing virtual data centre services and a containerised virtual environment for the deployment and operation of national information systems.

Most significant events planned in 2022

- Development of a change project for the Riga Radio and Television Station project.
- Within the framework of the broadband project, it is planned to conclude contracts for the construction of 23 middle mile access points near educational establishments, it is planned to ensure monitoring of the access points built in phase 2 of the project.
- Purchase/long-term lease of land under the 5G project.
- Development of a cybersecurity strategy.
- In the border project software development and supply of computing equipment.

Principal financial objectives

- Net turnover, EUR 22.03 million (achieved 22.73 achieved).
- ROE (return on operating/equity): 0.26 % (1.43 % achieved).
- Profit or loss, EUR 5.79 million (6.19 achieved).
- Turnover per employee, EUR 77.14 (achieved: 77.93).

Principal non-financial objectives

- Cumulative number of access points built under the second round of broadband: 220 (achieved: 222).
- Number of national agencies information systems linked to the National Electronic Communications Services Centre's (VESPC) client portfolio, number of IS: 142 (achieved: 124).
- Number of services in the cybersecurity portfolio: 4 (achieved: 4).



**LATVIJAS VALSTS
RADIO UN TELEVĪZIJAS CENTRS**

Governance

Shareholder – Ministry of Transport

Representative of Shareholder – Ilonda Stepanova

Chair of Management Board – Aldis Greitāns

Members of Supervisory Council – Jānis Leimanis,

Normunds Feierbergs

Members of Management Board – Mariss Mežgals, Ģirts Ozols

Principal financial indicators, thousand EUR

	2020	2021
Turnover	20 052.9	22 064.8
Profit/loss	2 757.7	4 627.1
EBITDA	6 048.5	6 191.0
Total assets	137 315.7	142 190.0
Share capital	78 454.7	78 454.7
Equity	84 653.6	87 459.5
Investment	19 864.2	9 916.9
Dividends paid to state budget	0.0	1 546.4
Contributions made to the state and local government budget	33 994.9	8 302.6
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	1 502.2	1 788.7

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	13.75	20.97
Return on assets, ROA, %	2.01	3.25
Return on equity, ROE, %	3.26	5.29
Total liquidity indicator	3.19	4.37
Liabilities-to-equity ratio	0.62	0.63

Other indicators

Number of employees	251	265
Average gross remuneration per employee per year, thousand EUR	27.2	27.7
Gender representation in management, f/m	0/6	0/5
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	355.5	158.2
Statement on corporate governance yes/no	no	yes
Non-financial statement, yes/no	no	no

Results achieved

- Turnover has increased by 8.4 % compared to the previous year. The planned turnover was exceeded by 3.18 % or EUR 0.7 mln. 25 additional national information systems have joined the services of the National Electronic Communications Service Centre. Cybersecurity business direction and new service have been created.

6.5.

Real Estate Management



LLC Šampētera nams (ŠN)

Reg. No. 50003000771

Web: www.sampeteranams.lv

State ownership 100 %

Related companies and shares:

ŠN has no ownership in other capital companies

ŠN (in English – Šampēteris House) manages the state real estate registered in the person of the Ministry of Welfare, provides the function of the central purchasing body of the sector, as well as implements cooperation with the Ministry of Welfare and industry institutions in the context of state real estate management and welfare sector policy, namely, the process of long-term social care and deinstitutionalisation.

General strategic objective

This is in the public interest to ensure targeted and effective management of the state real estate necessary for the fulfilment of the functions of the Ministry of Welfare, including the implementation of the real estate infrastructure management of the state long-term social care and social rehabilitation institutions, incl. under circumstances of market failure (from 21.6.2022).

Most important events in 2021

- Work continued on eight properties under the operational programme “Promoting Energy Efficiency in Public Buildings”.
- Actions were taken in the sector-relevant activities of Cohesion Policy Programmes and the EU Recovery and Resilience Facility (RRF) Plan as the development of new, family-friendly care facilities, measures to promote access to public services and employment for people with disabilities and to improve the quality and accessibility of services by bringing the branch of national social care centres closer to the services provided by the community.

Most significant events planned in 2022

- Participation in the implementation of the Cohesion Policy programmes and the activities of the EU RRF Plan.
- Implementation of energy efficiency measures in public buildings.
- Improving the accessibility of the environment in the real estate owned by the SN and the real estate held by the Ministry.
- Infrastructure development measures in the real estate held by the LM, including the implementation of a sectoral policy for the provision of services closer to the family environment.

Principal financial objectives

- Total liquidity ratio: 1 (achieved: 1.04).
- Profit, EUR 850 (achieved: 947).
- Net turnover, EUR: 1,98 million (achieved: 2.61).
- Liabilities to equity, %: 251 (achieved: 592).

Principal non-financial objectives

- A positive average level of customer satisfaction in the overall score of at least %: 75 (92 reached).
- Services to institutions in real estate management procurement processes (units): 54 (achieved: 211).
- Measures for property renovation, reconstruction and adaptation of premises: 40 (achieved: 59).
- Measures to improve energy efficiency, smart energy management and the use of renewable energy sources in LM's real estate: 9 (achieved: 9).
- Develop the contribution of NPIs invested in the capital of the Capital Company to the industry and increase its value and environmental quality: 1 (achieved: 1).



ŠAMPĒTERA NAMS

Governance

Shareholder – Ministry of Welfare

Representative of the Shareholder – Aija Grīnberga,
Dace Kļaviņa

Member of the Management Board – Inese Muhka

Principal financial indicators, thousand EUR

	2020	2021
Turnover	2 271.0	2 608.1
Profit/loss	0.2	0.9
EBITDA	37.3	46.1
Total assets	4 159.4	6 098.2
Share capital	335.8	335.8
Equity	877.4	877.8
Investment	175.9	6.4
Dividends paid to state budget	0.4	0.0
Contributions made to the state and local government budget	545.5	498.8
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	194.3	196.5

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	0.01	0.04
Return on assets, ROA, %	0.00	0.02
Return on equity, ROE, %	0.02	0.11
Total liquidity indicator	1.06	1.03
Liabilities-to-equity ratio	3.70	5.92

Other indicators

Number of employees	20	18
Average gross remuneration per employee per year, thousand EUR	18.7	20.2
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0,0	0,0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

Results achieved

- Overall, the ŠN has achieved and, in some indicators, significantly exceeded its objectives in 2021, which demonstrates stable and sustainable performance, focusing on the provision of vital and specific services for the welfare sector and addressing issues, including through the involvement of a variety of EU-funded projects.

LLC Tiesu namu aģentūra (TNA)

Reg. No. 40003334410

Web: www.tna.lv

State ownership 100 %

Related companies and shares:

TNA has no ownership in other capital companies



The main activity of TNA (in English – Courthouse Agency) is the provision of the Ministry of Justice, the institutions and courts subordinate thereto with the premises necessary for the performance of their functions, the management of real estate conforming to the requirements of the justice sector (including implementation of new building construction projects), the provision of information technology services to the institutions of the judicial system, as well as the publishing of legal literature necessary for the operation of the institutions of the judicial system.

General strategic objective

Ensuring effective management of the infrastructure essential for the implementation of the policy of the judicial sector and the issuance of legal literature necessary for the operation of the institutions of the judicial system, taking into account the requirements of the field of justice and promoting the observance of public interests in the field of rule of law.

Most important events in 2021

- Adaptation of premises of administrative buildings in Rīga, 15 Raiņa blvd., to the needs of the Administration of the Maintenance Guarantee Fund.
- Repair works in the Riga Regional Court Building, 34 Brīvības Blvd.
- Real estate in Riga, 1 Invalīdu Street, development project for the establishment of a single forensic expert-examination institution, Phase I (a construction project on dismantling and dismantled building) has been developed.

Most significant events planned in 2022

- Development of a construction project for construction, installation of engineering networks and improvement of the territory at 1 Invalidity Street in Riga, for the establishment of a unified forensic authority (Phase II of the project).
- Renovation of the facade of the building, repair of working spaces and partial roofing in the building at 14 Puškina Street, Riga, providing the State Land Service with the appropriate premises.
- Construction of environmental accessibility infrastructure and restoration of the facade of the building in Riga, 15 Raiņa Blvd.

Principal financial objectives

- Increase in the net turnover of the capital company compared to 2019: 2.5 % (achieved: 14 %).
- Net profit (profit on financial costs, tax and depreciation allowances) per year shall not be less than EUR 90 000: 90 000 (achieved: 156 289).
- Solvency ratio (share of equity in the undertaking's total capital structure) between 50 and 70 per cent: 69 % (achieved: 63.4 %).

Principal non-financial objectives

- The satisfaction of the courts, the Ministry of Justice and its subordinate bodies with the technical condition of the leased premises (estimated as 'good' and 'very good'), % of the total score: 70 % (achieved: 62 %).
- Total capital and repair investments for real estate development each year from TNA's total net turnover, %: 30 (achieved: 22).
- Satisfaction of the courts, the Ministry of Justice and its subordinate bodies with the speed of service provision by the TNA in the field of information technology, % of the total assessment.

Governance

Shareholder – Ministry of Justice

Representative of Shareholder – Mihails Papsujevičs

Member of Management Board – Santa Sausiņa

Principal financial indicators, thousand EUR

	2020	2021
Turnover	8 111.0	8 858.8
Profit/loss	91.2	156.3
EBITDA	2 288.4	2 404.6
Total assets	66 452.6	67 360.3
Share capital	38 369.6	38 772.0
Equity	42 217.8	42 700.1
Investment	2 741.8	1 924.4
Dividends paid to state budget	80.9	72.9
Contributions made to the state and local government budget	2 786.1	2 835.5
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	0.0	0.0

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	1.12	1.76
Return on assets, ROA, %	0.14	0.23
Return on equity, ROE, %	0.22	0.37
Total liquidity indicator	0.87	0.97
Liabilities-to-equity ratio	0.57	0.58

Other indicators

Number of employees	112	112
Average gross remuneration per employee per year, thousand EUR	17.9	20.4
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

Results achieved

Three target indicators (net turnover, net profit and total liquidity ratio) out of five financial objectives exceeded the target, with an increase in net turnover of 11.5 %; two financial objectives were almost achieved. Six non-financial objectives out of nine were fully achieved or overachieved, while three non-financial targets were almost achieved and the deviation from planned was negligible. All five objectives of the action (business) were achieved and were overachieved. The deviation from the financial objective for total capital investment is more than 15 %, but this does not pose risks to the financial stability and sustainable development of TNA. The deviation is explained by the transfer of the realisation of several construction works included in the 2021 work plan to the next year's work plans or the abandonment of the works included in the work plan.

SJSC Valsts nekustamie īpašumi (VNĪ)

Reg. No. 40003294758

Web: www.vni.lv

State ownership 100 %

Related companies and shares:

VNĪ has no ownership in other capital companies

State joint-stock company Valsts nekustamie īpašumi (hereinafter – VNĪ or Company, in English – State Real Estate) is one of the largest capital companies in the Republic of Latvia, which manages and develops real estate, as well as provides state institutions with the premises necessary for the performance of public functions.

General strategic objective

Ensuring, in the public interest, the management of real estate, which is of strategic importance for national security, is necessary for the performance of public functions, preservation of cultural heritage, development of administrative territory of the state or local government, targeted and effective management, including preservation and enhancement of value. Ensure efficient handling of unused real estate for the performance of public functions.

Most important events in 2021

- Under the management of VNĪ in 2021, construction works were completed to develop 29 objects of national significance for EUR 38.77 million.
- Refurbishment of the building of the Museum of the Occupation of Latvia was commissioned in 2021. For six buildings of national importance facades were renovated.
- Under the guidance of the VNĪ, work is ongoing on 47 different construction sites of national importance with a total project budget of more than EUR 229 million.
- Three prizes received in 2021 in the Latvian Construction Award, two awards in the “Most Energy Efficient Building in Latvia” competition.
- Received Platinum award in the Sustainability Index assessment.

Most significant events planned in 2022

- The implementation of the following projects: Construction of infrastructure of the external land border of the Republic of Latvia – the Republic of Belarus in priority sections, Phase II of the modernisation of the “Terehova” border crossing point. Modernisation of the border crossing point “Grebneva”, restoration of the New Riga Theatre building complex, reconstruction and renovation of the Riga Castle Convention (castela) and the Great Guild, etc.

Principal financial objectives

- Net turnover, EUR 40.54 million (achieved: 41.78).
- EBITDA, EUR 15.81 million (achieved: 15.25).
- Positive profitability rate of net profit, %: 0.08 (achieved: 8.16).
- A positive return on equity, %: 0.01 (achieved: 1.21).
- Reduced administrative costs in relation to turnover: 11.50 % (achieved: 10 %).

Principal non-financial objectives

- To ensure the expropriation of private land plots (PLPs) (identified PLPs, which fall within the competence of the state in person of Ministry of Finance (number): 150 (achieved: 159).
- Alienate real estate which is not necessary for the performance of public functions (number of national real estates alienated): 40 (achieved: 100).
- To ensure the maintenance of the information system on the management of the State real estates and the public disclosure of information on the handling of state-owned real estate, as well as the leased real estate of state institutions: 100 % (100 % achieved).

Results achieved

- Complementing the design and construction requirements of BIM developed in 2019, VNĪ developed the next step



Governance

Representative of Shareholder – Baiba Bāne
Chair of Supervisory Council – Jānis Garisons
Members of Supervisory Council – Ieva Braunfelde,
Jolanta Plūme, Inta Komisare
Chair of Management Board – Renārs Griškevičs
Member of Management Board – Andris Vārna,
Jeļena Gavriloņa

Principal financial indicators, thousand EUR

	2020	2021
Turnover	37 988.8	41 779.7
Profit/loss	2 987.1	3 401.9
EBITDA	14 810.0	15 250.0
Total assets	401 640.1	410 331.9
Share capital	142 152.4	142 152.4
Equity	277 285.4	279 212.1
Investment	13 380.0	11 190.0
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	13 741.8	20 575.0
Donations received	0.0	0.0
Donations made	0.0	1.6
Funding received from the state budget	25 280.0	16 010.0

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	7.86	8.14
Return on assets, ROA, %	0.74	0.83
Return on equity, ROE, %	1.08	1.22
Total liquidity indicator	0.89	0.94
Liabilities-to-equity ratio	0.45	0.47

Other indicators

Number of employees	421	374
Average gross remuneration per employee per year, thousand EUR	18.8	21.3
Gender representation in management, f/m	2/3	4/3
Annual report in accordance with IFRS (yes/no)	yes	yes
Expenditure and/or capital investment in R&D, thousand EUR	not listed	not listed
Statement on corporate governance yes/no	yes	yes
Non-financial statement, yes/no		planned to prepare in Q4 2022

in 2021 – “Asset Information Requirements” – for the application of BIM to owners of buildings in the process of building management and maintenance. This is the next step for building information modelling (BIM) technologies to be used in the full life cycle of the building in the future. The guidelines developed by the VNĪ are intended for public use. In cooperation with the State Chancellery and the Government Property Agency of Great Britain, developed “Guidelines for the Establishment of a Public Sector Office” with detailed steps to set up a modern office.

SLLC Zemkopības ministrijas nekustamie īpašumi (ZMNĪ)

Reg. No. 40003338357

Web: www.zmni.lv

State ownership 100 %

Related companies and shares:

ZMNĪ has no ownership in other capital companies

ZMNĪ (in English – Real Estate of Ministry of Agriculture) manages the land units in the possession of the Ministry of Agriculture, which are under the ownership of the Ministry of Agriculture and are owned by the State, including the structures located on them. Implements rational and legally justified use of buildings in management and ownership, providing subordinate institutions of the Ministry of Agriculture with premises necessary for the performance of their functions. Provides a drainage system management mechanism that regulates the humidity regime in polder territories, forest massifs and “new” villages, promotes better harvests for farmers, allows peat extraction, and ensures the protection of the populated area from floods, safe operation of structures and road infrastructure throughout Latvia. Provides the interested parties with data of the drainage cadastre information system on the development possibilities and restrictions of the part of the territory of the country.

General strategic objective

Ensuring efficient, convenient and accessible provision of high-quality domestic and cross-border postal services focused on current customer needs, based on modern approach, information and communication technologies, promoting efficient operation and sustainable development of postal services and high integrity and accessibility postal network and strengthening the image of a safe and reliable partner, as well as to be a leader in the Latvian postal services market.

Most important events in 2021

- Award for the project “Bārta Left Bank Dam, pik.00/00-48/13, Renewal, Nīca Parish, Nīca County” was awarded in the nomination of the Latvian Construction Award 2021.
- 21 project on refurbishment and restoration of drainage systems have been put into operation for EU funding in the amount of EUR 14.5 million, incl. refurbished drainage systems EUR 2.9 million.

Most significant events planned in 2022

- Launch the European Union Recovery Plan under the Recovery and Resilience Facility to implement projects with green and blue infrastructure elements, expected funding of EUR 33 million.
- Directing for disposal three public real estates that are not adaptable to the exercise of public sector functions.
- Update the internal control system in accordance with the requirements of sanctions and money laundering legislation.

Principal financial objectives

- Profit or loss, EUR 16 thsd. (achieved 9.7).
- ROE (profit/equity): 0.48 % (achieved: 0.29 %).
- Total liquidity ratio: 1 (achieved: 1).
- Load factor for administrative buildings: > 80 % (achieved: 84.2 %).

Principal non-financial objectives

- Eliminate the risk of flooding at the stage of issuing and designing technical regulations for constructions, including taking into account observations from meliorative hydrometry items – number of projects issued/approved: 17 (achieved: 27,35).
- Length of regulated water drains, km: 2 829.2 (achieved: 2 890.4).
- To provide information in the media on the latest developments in the operation of drainage systems in different regions of Latvia, number of: 7 (achieved: 12).



Governance

Shareholder – Ministry of Agriculture

Representative of Shareholder – Jānis Šnore

Chair of Management Board – Roberts Dilba

Member of Management Board – Sergejs Zikins

Principal financial indicators, thousand EUR

	2020	2021
Turnover	13 400.6	18 536.4
Profit/loss	13.6	9.7
EBITDA	294.7	302.5
Total assets	18 848.8	13 512.6
Share capital	3 422.0	3 422.0
Equity	3 344.5	3 344.4
Investment	314.7	239.9
Dividends paid to state budget	13.8	8.2
Contributions made to the state and local government budget	5 464.5	2 910.1
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	4 608.8	5 082.9

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	0.10	0.05
Return on assets, ROA, %	0.07	0.07
Return on equity, ROE, %	0.41	0.29
Total liquidity indicator	0.99	1.01
Liabilities-to-equity ratio	4.64	3.04

Other indicators

Number of employees	150	150
Average gross remuneration per employee per year, thousand EUR	14.9	15.1
Gender representation in management, f/m	0/2	0/2
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

Results achieved

- The non-financial targets are fully met. The planned length of the maintained polder protective dams has been exceeded by 12.9 %. Improved survey of water and protective dams using digital devices. The decisions taken by the government to mitigate the impact of the crisis situation during the COVID-19 pandemic and the increase in global energy resources reduced profits and related indicators.

6.6.

Health care



SLLC Bērnu klīniskā universitātes slimnīca (BKUS)

Reg. No. 40003457128

Web: www.bkus.lv

State ownership 100 %

Related companies and shares:

BKUS has no ownership in other capital companies

BKUS (in English - Children Clinical University Hospital) is the largest specialised multi-profile medical institution in Latvia, providing a wide range of tertiary level, emergency and planned services for children in hospital and out-of-hospital, a clinical base for the education of medical practitioners and knowledge transfer to regions, provides social support services and interest-related educational activities.

General strategic objective

Maintaining, improving and restoring children's health by ensuring high-quality, efficient and accessible wide range of tertiary, emergency and planned health services for children, while providing a clinical base for health education and knowledge transfer to the regions, as well as promoting the development of science and research.

Most important events in 2021

- Recognised as TOP 1 employer in the public sector in 2021.
- Rehabilitation Centre started work in the reconstructed premises, in addition to traditional rehabilitation services, providing technologically new physiotherapy equipment.
- Most modern cardio surgery hybrid surgery hall in the Baltics was opened.
- Unique musculoskeletal tumour, eye, middle ear surgery, extended multidisciplinary healthcare approach, advanced diagnostics, including genetic examinations.
- Participation in International Child Cancer Paediatric Protocols (NOPHO) was initiated.
- Construction of the Children's and Youth Centre for Psychic Health started.
- A national patient safety conference was organised.

Most significant events planned in 2022

- Implementation of infrastructure development projects – Children's and Youth Psychic Health Centre, Epilepsy and Sleep Medical Centre, Ambulant Health Care Centre and Emergency Medical Observatory, Day Hospital, facilities for support of children affected by violence (Barnahus), improvement of the territory.
- Launch of 'milk bank'.
- Development of the Child Health Ecosystem Platform.
- Development of a paediatric cancer genome analysis project.
- First patient experience conference in Latvia.

Principal financial objectives

- Profit, EUR: > 0 thsd.(achieved: 103.5).
- Capital structure (liabilities to equity): < 3 (achieved: 1.3).
- Total liquidity ratio: ≥ 1 (achieved: 1.2).

Principal non-financial objectives

- Number of delayed scheduled operations, %: < 10 (achieved: 4.47).
- Fatalities in hospital, %: < 0.3 (achieved: 0.15).
- Total number of patient safety cases recorded: > 400 (achieved 879).
- Customer satisfaction with hospital services, %: 71 (achieved 66.45).
- Conformity with the Requirements of Internationally Recognised Standards (Certificates, Accreditation Certificates, Licences): ISO 9001:2015 (achieved).



Bērnu klīniskā universitātes slimnīca

Governance

Shareholder – Ministry of Health

Representative of Shareholder – Indra Dreika

Chair of Supervisory Council – Katrīne Judovica

Members of Supervisory Council – Jekaterina Stūģe,

Jari Petaja

Chair of Management Board – Valts Ābols

Members of Management Boards – Zane Straume,

Iluta Riekstiņa

Principal financial indicators, thousand EUR

	2020	2021
Turnover	59 784.1	74 904.7
Profit/loss	272.6	103.5
EBITDA	4 126.2	5 082.3
Total assets	78 914.1	84 242.2
Share capital	10 327.3	33 863.2
Equity	12 919.6	36 559.0
Investment	5 334.5	29 350.0
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	15 411.9	20 181.1
Donations received	1 037.3	911.2
Donations made	0.0	0.0
Funding received from the state budget	63 788.0	86 178.2

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	0.46	0.14
Return on assets, ROA, %	0.35	0.12
Return on equity, ROE, %	2.11	0.28
Total liquidity indicator	0.96	1.20
Liabilities-to-equity ratio	5.11	1.30

Other indicators

Number of employees	1 955	2 013
Average gross remuneration per employee per year, thousand EUR	15.3	19.2
Gender representation in management, f/m	3/3	4/2
Annual report in accordance with IFRS (yes/no)	yes	yes
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	yes
Non-financial statement, yes/no	no	yes

Results achieved

- The year 2021 was concluded with EUR 103.5 thsd. profit. Net turnover increased by 25 % in 2021. As a general rule, it was possible to ensure that the activities of the Hospital are adapted to the circumstances of the pandemic, while continuing to implement the strategic objectives as far as possible. In 2021, the share capital of the capital company was increased by EUR 23'535'888 used to purchase medical equipment, start improving the energy efficiency of buildings and improving the territory.

SLLC Bērnu psihoneiroloģiskā slimnīca "Ainaži" ("Ainaži")

Reg. No. 44103017181

Web: www.ainazuslimnica.lv

State ownership 100 %

Related companies and shares:

BPNS Ainaži has no ownership in other capital companies



“Ainaži” (in English – Children’s Psychoneurological Hospital “Ainaži”) is the only specialised hospital in the country providing high-quality and professional psychiatric assistance to children and adolescents with long-term psychiatric disorders and illnesses. The hospital employs a full-scale multi-professional team, specialists of all profiles are available, hydrotherapy department is active. The process of treatment and rehabilitation takes place until the mental state stabilizes, which allows mental health care to continue in out-of-hospital conditions at the place of residence and to be integrated, to the extent possible, into society and education system. The process for expanding outpatient treatment and rehabilitation work has been initiated by involving the medical and rehabilitation specialists and establishing a regional psychic health centre.

General strategic objective

To maintain, improve and restore mental health of children and young people by delivering high-quality, effective, patient-centred psychiatry services to long-term sick children and young people in Latvia.

Most important events in 2021

- Multi-professional team of rehabilitation specialists of all profiles for hospital patients.
- Medical practitioners of the hospital continued their education both in their primary speciality and by learning additional diagnostic and therapeutic methods.
- The capital company continued to provide medical practitioners with the necessary equipment and materials in order to expand the possibilities of very specific therapy for children with autistic spectrum disorders.

Most significant events planned in 2022

- Construction of a lightweight construction hangar/warehouse with an access road where the equipment necessary for patient care and safety, infrastructure maintenance equipment and will be stored.
- Demolition of an old hospital building recognised as an emergency and environmental degradation facility.
- Setting up of a sensory room in hospital’s premises to eliminate autistic spectrum disturbances. Construction/reconstruction of an isolation/surveillance room with atraumatic equipment.

Principal financial objectives

- Profit or loss, EUR: 7.2 thsd.(achieved: 129.4).
- Operating net cash flow, thsd. EUR: 58.3 (achieved: 129.3).
- Total liquidity ratio: 3.95 (achieved: 4.43).
- Capital structure (liabilities to equity), %: 105 (achieved: 101.1).
- Completion of the investment plan, thsd. EUR: 66 (achieved: 11.1).

Principal non-financial objectives

- Total number of hospital beds: 45 (achieved: 45).
- Proportion of working medical practitioners in the age group from 25 to 40 years of age of the total number of working medical practitioners, %: 29 (achieved: 29).
- Average length of treatment in hospital, days: 85 (achieved: 95).
- Bed load, %: 80 (59 reached).

Governance

Shareholder – Ministry of Health

Representative of Shareholder – Indra Dreika

Member of Management Board – Aigars Kišuro

Principal financial indicators, thousand EUR

	2020	2021
Turnover	1 645.0	1 904.1
Profit/loss	-31.9	129.4
EBITDA	21.2	185.4
Total assets	4 222.8	4 294.9
Share capital	1 683.4	1 683.4
Equity	2 006.7	2 136.0
Investment	12.3	14.4
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	600.2	647.0
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	1 645.0	1 908.8

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	-1.94	6.80
Return on assets, ROA, %	-0.75	3.01
Return on equity, ROE, %	-1.59	6.06
Total liquidity indicator	3.16	4.43
Liabilities-to-equity ratio	1.10	1.01

Other indicators

Number of employees	94	87
Average gross remuneration per employee per year, thousand EUR	12.5	14.3
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0,0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

Results achieved

- During the reporting period, due to COVID-19 containment measures, the daily inpatient flow and bed load decreased, so the total expenditure of the capital company was also lower than planned in 2021. In view of the above and the compensation received from the National Health Service for the provision of standby arrangements, the purchase of personal protective equipment and wage supplements for the care of COVID-19 patients, the capital company concluded the year 2021 with profit.

SLLC Daugavpils psihoneiroloģiskā slimnīca (DPNS)

Reg. No. 50003407881

Web: www.dpns.gov.lv

Related companies and shares:

DPNS has no ownership in other capital companies



DPNS (in English - Daugavpils Psychoneurological Hospital) is one of the largest medical institutions of psychiatric profile in Latvia, which provides the residents of Daugavpils city and surrounding regions with all the necessary spectrum of mental health care services, including home mental health care services, outpatient mental health care services, inpatient mental health care services, including compulsory treatment by court order, and long-term social care and social rehabilitation services.

General strategic objective

Maintaining, improving and restoring health of the population, ensuring patient-centred, high-quality mental health care services for residents of Latgale region.

Most important events in 2021

- Reconstruction and energy efficiency improvement measures were completed in the DPNS administratively-economic building on 17 December 2021. During the reconstruction, all windows and exterior doors were replaced, facades, foundations, roof and attics were insulated, as well as luminaires replaced with energy-efficient LED luminaires. Clutching of the walls of the building was carried out.
- Implementation of the project to improve energy efficiency in the DPNS building at 24 Siguldas Street, Daugavpils started. It is planned to host the reception department and several other hospital departments in the renovated building.

Most significant events planned in 2022

- To complete the energy efficiency improvement and reconstruction works in the building at 24 Siguldas Street, Daugavpils within the framework of the second project application selection round of specific support objective 4.2.1 "Promoting the Improvement of Energy Efficiency in Public Buildings" of the activity 4.2.1.2. "Promoting Energy Efficiency in Public and Residential Buildings" of the Operational Programme "Growth and Employment" 4.2.1.
- Insulation and renovation of the facade of the building of the study centre thereby improving energy efficiency of the building.
- Sewerage and water pipe replacement at 24 Siguldas Street, Daugavpils.

Principal financial objectives

- Profit or loss, EUR 28.6 thsd. (achieved: 30.1).
- Operating net cash flow, thsd. EUR: 487.3 (achieved: 993.5).
- Total liquidity ratio: 1.16 (achieved: 1.41).
- Capital structure (liabilities to equity): 2.48 (achieved: 0.54).
- Execution of the investment plan: EUR: 1 201.9 thsd. (achieved: 602.9).

Principal non-financial objectives

- Total number of hospital beds (at the end of the period (year)): 725 (achieved: 725).
- Ratio between the number of practitioners (excluding dentists and residents) and the number of nurses practising: 1/5, 04 (achieved: 1/5, 10)
- Proportion of medical practitioners working in the institution in the age group of 25 - 40 years to the age of the total number of medical practitioners working in the institution, %: 22 (achieved: 22.24).
- Urgent repeated hospital treatment of patients with schizophrenia, schizotypal disorders or nightmares within 30 days in the same hospital treatment institution: 19 (achieved: 18.4).

Governance

Shareholder – Ministry of Health

Representative of Shareholder – Indra Dreika

Chair of Management Board – Sarmīte Ķikuste

Member of Management Board – Reinis Joksts

Principal financial indicators, thousand EUR

	2020	2021
Turnover	12 422.4	20 800.9
Profit/loss	2.2	30.1
EBITDA	338.3	703.2
Total assets	21 403.6	30 417.7
Share capital	2 465.8	16 649.6
Equity	2 991.8	19 756.7
Investment	387.5	602.9
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	4 199.7	7 047.6
Donations received	0.0	2.9
Donations made	0.0	0.0
Funding received from the state budget	12 451.8	29 975.8

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	0.02	0.14
Return on assets, ROA, %	0.01	0.10
Return on equity, ROE, %	0.07	0.15
Total liquidity indicator	1.16	1.41
Liabilities-to-equity ratio	6.09	0.54

Other indicators

Number of employees	634	944
Average gross remuneration per employee per year, thousand EUR	13.3	15.0
Gender representation in management, f/m	1/1	1/1
Annual report in accordance with IFRS (yes/no)	no	yes
Expenditure and/or capital investment in R&D, thousand EUR	387.5	602.9
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	yes

Results achieved

- In 2021, the liquidity and solvency ratios exceeded expectations thanks to previous contributions to equity capital and discharge of liabilities of the state-guaranteed loan. Due to the state of emergency, the services in the day hospital were suspended during the emergency situation. A multi-team of medical practitioners was redirected to the day hospital. Thanks to medical-diagnostic measures, the number of fatalities in hospital has decreased.

SLLC Iekšlietu ministrijas poliklīnika (IMP)

Reg. No. 40003400059

Web: www.poliklinika.iem.gov.lv

State ownership 100 %

Related companies and shares:

IMP has no ownership in other capital companies

IMP (in English - Polyclinic of the Ministry of the Interior) is an outpatient treatment facility that provides primary and secondary outpatient health care. The Central Medical Examination Commission established by the IMP carries out health inspections of officials with special service ranks and candidate officials of the Ministry of the Interior's system institutions and Prison Administration, thus participating in the development of an effective HR policy in the sector.

General strategic objective

To provide services of strategic importance for national security by participating in the provision of staff corresponding to the performance of service duties in institutions of the system of the Ministry of the Interior and Prison Administration, and to carry out control of the state of health of officials with special service ranks, as well as to ensure the implementation of public interests by providing outpatient health care services.

Most important events in 2021

- The Central Medical Expertise Commission to provide 100 % of the volume of health examinations to officials of the Ministry of the Interior with special service ranks and their candidates, despite the restriction on the provision of health care services established in 2020, which led to changes in the flow schedule of 3300 persons to be examined.

Most significant events planned in 2022

- Continue to develop IMP a modern company competitive in the healthcare market.
- To increase the capacity of diagnostic examinations – to purchase a modern ultrasonography equipment.

Principal financial objectives

- Profit, EUR 1 100 (achieved: 1 262).
- The rate of return on equity: 0.19 % (achieved: 0.22 %).
- Operating net cash flow, thsd. EUR: 73 (achieved: 110.9).
- Total liquidity: 3.01 (achieved: 2.33).

Principal non-financial objectives

- Number of health examinations of candidates for officials with special service ranks per year: 1 000 (achieved: 1 028).
- Number of health examinations for officials with special service ranks per year: 14 900 (achieved: 13 556).
- Number of visits to general practitioners: 17 500 (achieved: 29 758).
- Number of visits to specialists: 21 500 (achieved: 20 185).

Results achieved

- In addition to the scheduled tasks of the IMP, 4 727 citizens were vaccinated against COVID-19 in 2021 and general practitioner visits increased by 70 % against planned. This resulted in additional funding from the National Health Service – the fixed bonus for medical practitioners during the emergency, as well as the costs incurred in relation to COVID-19 outbreak and the elimination of the consequences, which resulted in a 10 % increase in net turnover.



Governance

Shareholder – Ministry of the Interior

Representative of Shareholder – Dimitrijs Trofimovs

Member of Management Board – Didzis Āzens

Principal financial indicators, thousand EUR

	2020	2021
Turnover	2 334.3	2 961.5
Profit/loss	-30.1	1.3
EBITDA	12.2	43.8
Total assets	826.4	938.0
Share capital	571.7	571.7
Equity	568.2	569.5
Investment	22.1	52.6
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	802.8	975.5
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	1 596.6	2 168.3

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	-1.29	0.04
Return on assets, ROA, %	-3.64	0.13
Return on equity, ROE, %	-5.29	0.22
Total liquidity indicator	2.92	2.33
Liabilities-to-equity ratio	0.45	0.65

Other indicators

Number of employees	134	133
Average gross remuneration per employee per year, thousand EUR	14.4	19.0
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

LLC Ludzas medicīnas centrs (LMC)

Reg. No. 40003258973

Web: www.ludzahospital.lv

State ownership 57.95 %

Related companies and shares:

LMC has no ownership in other capital companies

LMC (in English – Ludza Medical Centre) provides first-level hospital health services, secondary outpatient health services, home health care, dental hygiene services, outpatient laboratory services and temporary social care.

General strategic objective

Not approved.

Most important events in 2021

- During the reporting period, the company opened extra beds and purchased the necessary medical equipment for the treatment of COVID-19 patients and invested in the renewal and development of the infrastructure by purchasing a haemodialysis equipment, Ulric Bolus injector, an analyser for OPTI TS2 pulmonologist procedures.
- Work on the replacement of the roof of the hospital's medical units (the old building) have been completed during the reporting period.

Most significant events planned in 2022

- In 2022, the capital company plans to initiate the design work of the water treatment rehabilitation department, the development of a construction design for the insulating building of the outpatient part, as well the repair of the administrative building.

Principal financial objectives

- Profit or loss, EUR thsd. (achieved: 130.9).
- Operating net cash flow in EUR thsd: 251.5 (achieved: 221.3).
- Total liquidity ratio: 2.41 (achieved: 1.88).
- Execution of the investment plan, EUR 485 thsd. (achieved: 478.5).

Principal non-financial objectives

- Bed load, %: 80 (achieved: 70).
- Total number of stationary beds at the end of the period: 50 (achieved: 48).
- Mean duration of treatment: 8 (achieved: 9.27).

Results achieved

- During the reporting period, the capital company has partially achieved the non-financial and financial targets set with non-significant deviations, with the exception of the average duration of treatment, as the spread of COVID-19 increased the duration of patient treatment.



Governance

Shareholder – Ministry of Health

Representative of Shareholder – Indra Dreika

Member of Management Board – Juris Atstupens

Principal financial indicators, thousand EUR

	2020	2021
Turnover	3 336.9	4 552.6
Profit/loss	244.4	130.9
EBITDA	464.1	394.4
Total assets	9 325.0	9 607.2
Share capital	7 321.7	7 321.7
Equity	7 631.3	7 762.2
Investment	696.1	478.5
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	968.5	1 381.2
Donations received	0.3	0.0
Donations made	0.0	0.0
Funding received from the state budget	2 895.0	4 197.2
Principal financial indicators, % and coefficients		
Profit and turnover ratio, %	7.32	2.88
Return on assets, ROA, %	2.62	1.36
Return on equity, ROE, %	3.20	1.69
Total liquidity indicator	2.60	1.88
Liabilities-to-equity ratio	0.22	0.24
Other indicators		
Number of employees	181	181
Average gross remuneration per employee per year, thousand EUR	10.9	15.7
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

SLLC Nacionālais rehabilitācijas centrs "Vaivari" ("Vaivari")

Reg. No. 40003273900

Web: www.nrcvaivari.lv

State ownership 100 %

Related companies and shares:

Vaivari has no ownership in other capital companies

"Vaivari" (in English – National Rehabilitation Center Vaivari) is a medical rehabilitation, health and social care, education and science institution of national significance – the largest medical institution of this type in Latvia. The main activities of "Vaivari" are hospital and outpatient medical rehabilitation, provision of technical aids and production of technical aids.

General strategic objective

To preserve, improve and restore health of the population by providing complex multidisciplinary rehabilitation services and technical aids to the population of Latvia, including children, while providing a clinical basis for the education of medical personnel and promoting the development of science and research.

Most important events in 2021

- Simplified restoration of Department 1 has been initiated.
- Pilot project for a functional assessment laboratory has been launched.
- Two rehabilitation programmes have been presented to the General assembly of the Physical and Rehabilitation Medical Section of the European association of Medical Professionals.
- Oxygen concentrators have been provided for chronic and subacute patients.

Most significant events planned in 2022

- The start of the construction of the new outpatient department.
- Entry into operation of Department 1.
- Rehabilitation and prosthetics of Ukrainian military and civilians injured in the war.

Principal financial objectives

- Profit or loss, EUR 5 thsd (achieved: 1 432.2).
- Operating net cash flow in EUR thsd: 3 401.8 (achieved: 4 604.4).
- Total liquidity ratio: 1.00 (achieved: 1.47).
- Execution of the investment plan, EUR1372.4 thsd (achieved: 2918).

Principal non-financial objectives

- Bed load, %: 80 (achieved: 81).
- Total number of stationary beds at the end of the period: 250 (achieved: 225).
- Mean duration of treatment: 12.5 (achieved: 13.46).

Results achieved

- Vaivari's profit (EUR +1 427 182), cash flow (EUR +1 202 584) and liquidity (+0.47) are better-than-expected as expenditure cuts in 2021, partly compensated by COVID-19, is affected by revenue foregone. The number of beds (-25) is less than planned due to repairs in Department 1.
- To ensure international recognition, Vaivari has started the accreditation of the Physical and Rehabilitation Medical Section of the European association of Medical Professionals. A rehabilitation programme for patients following amputation of the lower extremities is foreseen in 2022.



Governance

Shareholder – Ministry of Health

Representative of Shareholder – Indra Dreika

Chair of Management Board – Anda Nulle

Member of Management Board – Mārtiņš Oliņš

Principal financial indicators, thousand EUR

	2020	2021
Turnover	14 907.6	18 157.4
Profit/loss	23.2	1 432.3
EBITDA	2 794.3	4 246.3
Total assets	15 316.3	20 463.4
Share capital	793.7	1 711.6
Equity	1 994.6	4 344.8
Investment	2 450.0	2 918.0
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	3 091.9	3 916.0
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	13 882.9	17 236.4

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	0.16	7.89
Return on assets, ROA, %	0.15	7.00
Return on equity, ROE, %	1.16	32.97
Total liquidity indicator	1.13	1.47
Liabilities-to-equity ratio	6.68	3.71

Other indicators

Number of employees	451	466
Average gross remuneration per employee per year, thousand EUR	13.1	15.9
Gender representation in management, f/m	1/1	1/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

SLLC Paula Stradiņa klīniskā universitātes slimnīca (PSKUS)

Reg. No. 40003457109

Web: www.stradini.lv

State ownership 100 %

Related companies and shares:

PSKUS has no ownership in other capital companies

PSKUS (in English — Pauls Stradiņš Clinical University Hospital) is a multi-profile hospital that provides full-scale emergency and planned medical assistance and post-diploma education, conducts scientific research and ensures the approbation and implementation of new therapeutic methods and technologies in Latvia.

General strategic objective

To preserve, improve and restore health of the population by providing high-quality, efficient and accessible wide-range tertiary, emergency and planned health care services to the population of Latvia, implementing the principle of territorial cooperation of medical institutions in Rīga and Pierīga region, while ensuring a clinical base for medical education and knowledge transfer to regions, as well as promoting the development of science and research.

Most important events in 2021

- Swift reorganisation of work of hospital, the premises, the application of technologies to the needs of patients, continuing work on infrastructure development.
- Increased number of patients treated.
- Improved financial performance and achievement of key strategic objectives, fulfilled and/or overachieved target performance indicators.
- Significant advances in research and education.

Most significant events planned in 2022

- Enlarge the area devoted to patient treatment, care-related processes.
- Ensure the continuity of the treatment process, during intensive infrastructure development.
- Maintain and attract funding for the provision of adequate and modern health care to the Latvian population, in cooperation with the National Health Service and the Ministry of Health, predicting a decrease in funding for post-COVID and an increase in various cost items relevant to the Hospital, incl. affected by direct and indirect inflation.

Principal financial objectives

- Profit or loss, EUR 2.30 million (achieved: > 0.42).
- Operating net cash flow, EUR 4.12 million (achieved: > 13.38 %).
- Total liquidity ratio: 0.7 (achieved: 1.99).
- Capital structure (liabilities to equity), %: 428.27 (achieved: 66.68).
- Execution of the investment plan, EUR 35.79 million (achieved: 31.97).

Principal non-financial objectives

- Number of inpatient treatments: 49 002 (achieved: 41 260).
- Number of outpatient visits: 264 210 (achieved: 251 330).
- Mean duration of treatment, days: 5.30 (achieved: 5.08).
- Bed load, %: 80 (achieved: 80.06). Number and share of home prescribed patients re-homed on the same or the next day (excluding patients whose next hospitalisation is care or rehabilitation), %: 220 or 0.46 % (achieved: 159 or 0.39 %).

Results achieved

- The hospital provided full-scale emergency and planned outpatient and inpatient medical assistance to the population, treating a total of 281 117 patients in 2021, incl. 251 330



PAULA STRADIŅA
KLĪNISKĀ UNIVERSITĀTES
SLIMNĪCA

Governance

Shareholder – Ministry of Health

Representative of Shareholder – Indra Dreika

Chairman of Supervisory Council – Reinis Ceplis

Member of Supervisory Council – Juris Lapše,

Renalds Jurkevivičius

Chair of Management Board – Rinalds Muciņš

Members of Board – Ilze Kreicberga, Agra Ločmele,

Jānis Naglis

Principal financial indicators, thousand EUR

	2020	2021
Turnover	128 686.2	171 320.8
Profit/loss	-448.6	417.6
EBITDA	6 083.8	11 684.1
Total assets	163 567.8	212 610.0
Share capital	65 304.0	145 386.7
Equity	47 010.7	127 511.1
Investment	12 956.4	31 965.3
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	29 784.4	41 240.7
Donations received	196.3	365.6
Donations made	0.0	0.0
Funding received from the state budget	134 900.6	242 478.6

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	-0.35	0.24
Return on assets, ROA, %	-0.27	0.20
Return on equity, ROE, %	-0.95	0.33
Total liquidity indicator	1.26	1.99
Liabilities-to-equity ratio	2.48	0.67

Other indicators

Number of employees	3 072	3 137
Average gross remuneration per employee per year, thousand EUR	17.6	24.2
Gender representation in management, f/m	2/5	2/5
Annual report in accordance with IFRS (yes/no)	yes	yes
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance (yes/no)	yes	yes
Non-financial statement, yes/no	yes	yes

outpatients and 41 260 inpatients. At the emergency medical centre, 41 260 patients received healthcare services. High bed load and low average duration of treatment were ensured. In 2021, the Hospital was officially recognised as the European Consulate.

- An organisation-certified centre, as the first and only hospital in North-East Europe, as well as a member of the European Rare Disease Reference Network for Inherited Tumors, inherited breast and ovarian cancer sub-sectors.

SLLC Piejūras slimnīca (PJS)

Reg. No. 40003343729

Web: www.piejurasslimnica.lv

State ownership 100 %

Related companies and shares:

PJS has no ownership in other capital companies

PJS (in English – Seaside Hospital) is the only medical institution of psychiatric profile in Kurzeme, which provides mental health care services for residents of Liepāja, Ventspils, Kuldīga and surrounding regions – outpatient and inpatient health care services, including forced treatment following the court decision, and rehabilitation facilities for patients with psychiatric profile.

General strategic objective

To preserve, improve and restore mental health of the population by ensuring the provision of high-quality, efficient, patient-oriented psychiatric services to the residents of the Kurzeme region.

Most important events in 2021

- Development of alternative/enlargement services for rehabilitation and medical treatment, extended multidisciplinary rehabilitation team.
- The implementation of the cross-border project INTERREG No. LLI-445 “sensory gardens for the inclusion of socially vulnerable groups in society in the territory of LAT-LIT” (Sensory Gardens) is ongoing.
- Improved and implemented the quality management plan developed in the hospital. The quality assessment of the hospital has been carried out in accordance with the principles of the programme methodology developed by Joint Commission International, the hospital risk map with 50 criteria has been updated.

Most significant events planned in 2022

- Further develop the range of outpatient services.
- Complete the implementation of the cross-border project INTERREG No. LLI-445 “sensory gardens”.
- Extend the reception unit to other, larger spaces.
- Restore the functioning of the separate crisis and neurosis department in case of sufficient resources.

Principal financial objectives

- Deficit-free budget, EUR: 5 thsd. (achieved: 300).
- Positive operating cash flow, EUR 145 thsd (achieved: 277.66).
- Total liquidity ratio greater than 1: 1.48 (achieved: 1.81).
- Liabilities to equity not more than 50 %: 26.3 % (achieved: 24.13 %).
- Completion of the investment plan, thsd. EUR: 175.0 (achieved: 148.10).

Principal non-financial objectives

- Total number of stationary beds at the end of the period: 95 (achieved: 95).
- Mean duration of treatment, days: 32 (achieved: 34,19).
- Bed load, %: 92 (achieved: 87.57).
- Ratio between the number of practising doctors and nurses: 17/47 (achieved: 18/48).
- Proportion of medical practitioners working in the institution in the age group of 25-40 years of age of the total number of medical practitioners working in the institution, %: 25 (achieved: 24.8).



P I E J Ū R A S
S L I M N Ī C A

Governance

Shareholder – Ministry of Health

Representative of Shareholder – Indra Dreika

Chair of Management Board – Artūrs Bērziņš

Principal financial indicators, thousand EUR

	2020	2021
Turnover	4 154.9	4 736.3
Profit/loss	39.0	300.0
EBITDA	296.0	565.7
Total assets	9 910.2	10 192.4
Share capital	699.5	699.5
Equity	7 952.4	8 111.0
Investment	149.6	148.1
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	1 565.9	1 533.5
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	4 115.5	4 436.3

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	0.94	6.33
Return on assets, ROA, %	0.39	2.94
Return on equity, ROE, %	0.49	3.70
Total liquidity indicator	1.44	1.81
Liabilities-to-equity ratio	0.25	0.26

Other indicators

Number of employees	172	182
Average gross remuneration per employee per year, thousand EUR	15.7	16.5
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

Results achieved

- The excess of the profit plan (+ 5 900 %) is due to State aid measures to address the consequences of COVID-19. The non-execution of the investment plan (-58 %) was due to the postponement of the implementation of the renovation project of the reception department due to the increase in construction costs. The COVID-19 pandemic and its restrictions have had a significant impact on patients' health and disease exacerbations, increased duration of treatment in days (+ 7 %), decreased (-5 %) bed load.

LLC Rīgas Austrumu klīniskā universitātes slimnīca (RAKUS)

Reg. No. 40003951628

Web: www.aslimnica.lv

State ownership 100 %

Related companies and shares:

LLC Rīgas hematoloģijas centrs 100 %

LLC Veselības centrs "Biķernieki" 99.58 %

RAKUS (in English – Riga East Clinical University Hospital) is the largest multi-profile hospital of utmost strategic importance in the country, providing highly specialised hospital and outpatient healthcare services. RAKUS carries out scientific research work and develops innovations, provides training for young specialists and implements measures for public education and health promotion. The hospital consists of five hospitals – “Gaiļezers”, “Latvijas Onkoloģijas centrs” (in English – Latvian Oncology Centre), “Biķernieki”, “Latvijas Infektoloģijas centrs” (in English – Latvian Infectology Centre) and “Tuberkulozes un plaušu slimību centrs” (in English – Tuberculosis and Lung Diseases Centre).

General strategic objective

To preserve, improve and restore health of the population by providing high-quality, efficient and accessible wide-range tertiary, emergency and planned health care services to the population of Latvia, by implementing the principle of territorial cooperation of medical institutions in Pierīga region and Riga, while ensuring clinical base for medical education and knowledge transfer to regions, as well as promoting the development of science and research.

Most important events in 2021

- RAKUS was the leading treatment facility for COVID-19 patients in Latvia, treating more than 6 000 patients over two years.
- System of reported patient experience has been put in place.
- There has been a significant increase in the proportion of employees with a ‘high’ and ‘medium’ level of engagement.
- More check-in, payment and registration options have been introduced.
- Approval was obtained for the accreditation of the Latvian Cancer Centre, which in the future will allow to strengthen RAKUS’s leading position in the Latvian health care system and gain international recognition.

Most significant events planned in 2022

- Improve access to medical services and increase patient safety, continue accreditation of the Cancer Centre by improving treatment processes for oncology patients.
- Carry out infrastructure renovation to significantly improve patients’ experience and working environment for employees.
- Develop RAKUS as a centre of professional skills development of medical and medical support personnel in Latvia.

Principal financial objectives

- Profit or loss, EUR 123.01 thsd. (achieved: 174.67).
- Operating net cash flow, EUR: 11.67 million (achieved: > 21.25 %).
- Total liquidity ratio: 0.7 (achieved: 1.6).

Principal non-financial objectives

- The proportion of first-time consultations and diagnostic examinations of the “Green Corridor” provided at the time specified in regulatory enactments: > 90 % (achieved: 91 %).
- Repeated hospitalisation with the same diagnosis within 24 hours, not more than %: 0.5 (achieved: 0.2).
- Student and resident satisfaction level (NPS) not lower than: 36 % (achieved: 48 %).
- Proportion of employees with a ‘high’ and ‘medium’ level of engagement, not less than %: 31.6 % (achieved: 38 %). Share of physical infrastructure (buildings and structures) renewed during the last 5 years, not less than: 35 % (achieved: 46 %).



Governance

Shareholder – Ministry of Health

Representative of Shareholder – Indra Dreika

Chair of Supervisory Council – Tīna Kukka

Members of Council – Erki Molder, Valts Ābols

Chair of Management Board – Imants Paeglītis

Members of Management Board – Kaspars Plūme,

Andis Pinkulis

Principal financial indicators, thousand EUR

	2020	2021
Turnover	164 767.1	226 822.6
Profit/loss	-533.7	174.7
EBITDA	14 836.4	11 258.6
Total assets	144 640.1	205 813.3
Share capital	50 336.2	138 548.1
Equity	4 150.4	92 537.1
Investment	22 755.6	31 866.5
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	39 198.8	55 468.0
Donations received	71.4	31.6
Donations made	0.0	0.0
Funding received from the state budget	159 390.6	313 184.5

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	-0.32	0.08
Return on assets, ROA, %	-0.37	0.08
Return on equity, ROE, %	-12.86	0.19
Total liquidity indicator	1.19	1.62
Liabilities-to-equity ratio	33.85	1.22

Other indicators

Number of employees	4 655	4 754
Average gross remuneration per employee per year, thousand EUR	15.8	23.4
Gender representation in management, f/m	1/6	1/6
Annual report in accordance with IFRS (yes/no)	yes	yes
Expenditure and/or capital investment in R&D, thousand EUR	226.7	246.2
Statement on corporate governance (yes/no)	no	yes
Non-financial statement, yes/no	no	yes

Results achieved

- The best profit/loss figure since 2010 achieved at the expense of revenue increases and cost optimisation.
- The proportion of refurbished physical infrastructure has increased significantly (up to 46 %) through targeted and timely preparations for planned renovations.
- Despite the COVID-19 pandemic, the “green corridor” consultation rate provided in time exceeds the target value in 2021 and is 91 %.

SLLC Rīgas Psihiatrijas un narkoloģijas centrs (RPNC)

Reg. No. 50003342481

Web: www.rpnc.lv

State ownership 100 %

Related companies and shares:

RPNC has no ownership in other capital companies

RPNC (in English - Riga Centre of Psychiatry and Narcology) is the leading medical institution in mental health care and treatment in psychiatry and narcology, under the supervision of the Ministry of Health and integrated into the national health care system. The RPNC provides easy access to high-level outpatient and inpatient health care services in the field of mental disorders and addiction patients at all stages of treatment - prevention, diagnosis, treatment, medical rehabilitation and patient care, as well as provides extensive opportunities for student training and research in psychiatry and narcology. The RPNC is a forensic body and a seat for professional associations.

General strategic objective

To preserve, improve and restore the mental health of the population by ensuring the provision of high-quality, efficient, patient-oriented emergency and planned psychiatry and narcology services to the population of Latvia; as well as to provide forensic expertise in the field of psychiatry, psychology and narcology and the application of all forms of coercive measures of a medical nature, while maintaining the clinical base for the education of medical personnel and promoting the development of science and research.

Most important events in 2021

- Expanding psychiatric rehabilitation, a modular house project was implemented, as well as energy efficiency improvement measures have been taken at 2 Tvaika Street, Riga.
- Planning a wider development of outpatient services, the planned construction of a new multi-functional outpatient centre, the reconstruction of Building No 3, 4.
- Improved service quality, differentiated patient flows (geriatric, subacute and medical coercive measures).

Most significant events planned in 2022

- Initiation of the programme for dual-diagnosed patients.
- Creation of a unit for neurotic patients to mitigate the negative impact on public health caused by the COVID-19 pandemic and the geopolitical situation in Ukraine due to Russia's aggression.
- Development of a new information system for patient data processing.
- Investments to ensure compliance of premises with regulatory enactments and environmental accessibility requirements.

Principal financial objectives

- Profit, EUR 5 thsd. (achieved 130).
- Operating net cash flow, EUR: 550 thsd. (achieved: 528).
- Total liquidity rate: 1.15 (achieved: 1.19).
- Capital structure (liabilities to equity), %: 52 (achieved: 55).
- Planned investment, million EUR: 0.9 (achieved: 1.2).

Principal non-financial objectives

- Total number of hospital beds: 526 (achieved 503).
- Duration of treatment, days: 24 (achieved 25).
- Number of patients treated in-patient: 7 390 (achieved 5 898).
- Number of outpatient visits: 85 500 (achieved 92 519).
- Number of daily inpatient patients: 625 (achieved: 434).



RĪGAS PSIHIATRIJAS UN
NARKOLOĢIJAS CENTRS

ANNO 1824

Governance

Shareholder – Ministry of Health

Representative of Shareholder – Indra Dreika

Chair of Management Board – Iveta Ķiece

Member of Management Board – Ģirts Ansons

Principal financial indicators, thousand EUR

	2020	2021
Turnover	20 458.4	23 656.4
Profit/loss	4.9	129.8
EBITDA	522.2	573.5
Total assets	27 805.2	29 147.9
Share capital	11 818.7	12 012.7
Equity	18 466.3	18 790.2
Investment	802.1	1 195.1
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	7 264.4	9 047.6
Donations received	2.8	29.9
Donations made	0.0	0.0
Funding received from the state budget	20 134.9	24 689.2

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	0.02	0.55
Return on assets, ROA, %	0.02	0.45
Return on equity, ROE, %	0.03	0.69
Total liquidity indicator	1.42	1.19
Liabilities-to-equity ratio (liabilities/equity)	0.51	0.55

Other indicators

Number of employees	1 002	988
Average gross remuneration per employee per year, thousand EUR	13.8	17.5
Gender representation in management, f/m	2/0	1/1
Annual report in accordance with IFRS (yes/no)	yes	yes
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	n/a*
Non-financial statement, yes/no	no	no

* Not published.

Results achieved

- The total number of hospital beds has been reduced by 23 beds by restructuring the work of the departments.
- The number of hospital patients treated has decreased by 20 % and the number of day hospital patients by 31 % compared to the planned due to the impact of COVID-19. In 2021, RPNC achieved a net profitability of 0.52 % and investment plan was exceeded by 32.78 % compared to planned.
- Three research projects have been launched, as well as chemically toxicological laboratory accreditation was carried out in accordance with the requirements of the standard LVS EN ISO 15189: 2013.

SLLC Slimnīca Ģintermuiža (ĢM)

Reg. No. 40003407396
 Web: www.gintermuiža.lv
 State ownership 100 %
 Related companies and shares:
 ĢM has no ownership in other capital companies



ĢINTERMUIŽA

ĢM (in English – Hospital of Ģinter-manor) is a specialised medical institution that provides outpatient and inpatient health care services in psychiatry and narcology and implements several social care and social rehabilitation service programmes for people with mental disorders and addiction problems.

General strategic objective

To preserve, improve and restore the mental health of the population by ensuring the provision of high-quality, efficient, patient-oriented psychiatric and narcology-related services to the residents of Zemgale and Kurzeme regions, including children.

Most important events in 2021

- Reconstruction of the reception department at 24-hour hospital.
- Implementation of measures related to patient safety and quality of healthcare in the treatment and care process.
- Coordination of the day-to-day hospital activity in the context of the COVID-19 pandemic.
- Attracting functional specialists for the provision of multi-professional medical rehabilitation services.
- Improving the quality of filling in medical documentation – standardisation.

Most significant events planned in 2022

- Restructuring of the 24-hour hospital health care service in psychiatry, improving quality by offering the patient a modern, effective and quality of life complex treatment process, including extensive and diverse multi-professional specialist services.
- Development of a construction project for a psychosocial rehabilitation centre.
- Design and construction of a solar power plant.
- Exploration of use of natural gas for alternative heating, project development.
- Preparation of technical projects for the Children's Psychiatry Department (reconstruction under the LEAN project).

Principal financial objectives

- Profit, EUR: 37 thsd. (achieved: 58.4).
- Operating net cash flow, EUR: 227 thsd. (achieved: 638).
- Total liquidity ratio: 0.95 (achieved 1.57).
- Liabilities to equity, %: 219 (achieved 15).
- Planned investment, thsd. EUR: 178 (achieved 530).

Principal non-financial objectives

- Total number of hospital beds: 325 (achieved 299).
- Ratio between the number of practitioners (excluding dentists and residents) and the number of nurses practising: 42/113 (achieved 39/112).
- In the age group of medical practitioners working in the institution from 25 to 40 years share of the total number of medical practitioners working in the institution, %: 23 (achieved 25).
- Mean duration of treatment (days) in hospital: 30 (achieved 27).
- Number of patients with schizophrenia, schizotypal disorders or nightmares requiring immediate re-hospitalisation within 30 days: 112 (77 reached).

Results achieved

- The non-financial and financial targets have been achieved overall, but COVID-19 conditions had a significant impact on overtime employment of doctors and nurses.

Governance

Shareholder – Ministry of Health
 Representative of Shareholder – Indra Dreika
 Member of Management Board – Artūrs Bērziņš

Principal financial indicators, thousand EUR

	2019	2020
Turnover	9 607.9	10 987.6
Profit/loss	219.3	58.4
EBITDA	452.4	309.9
Total assets	14 901.3	15 497.6
Share capital	3 811.0	12 758.8
Equity	4 472.3	13 478.5
Investment	568.4	530.5
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	3 336.9	4 244.5
Donations received	20.8	17.9
Donations made	0.0	0.0
Funding received from the state budget	9 412.6	19 454.8

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	2.28	0.53
Return on assets, ROA, %	1.47	0.38
Return on equity, ROE, %	4.90	0.43
Total liquidity indicator	1.11	1.57
Liabilities-to-equity ratio (liabilities/equity)	2.33	0.15

Other indicators

Number of employees	557	554
Average gross remuneration per employee per year, thousand EUR	11.5	13.7
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	292.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

- The overall liquidity ratio was by 65 % higher than the planned value and 9 % exceeded the planned share of the working medical practitioners aged 25 - 40 years.
- Climate and environmental indicators: total waste generated by the establishment in 2021-154.44 t, including waste for which specific requirements have been set for the collection and storage to prevent the spread of infection – 10.29 t; emissions (carbon dioxide) in 2021 in total 709.

LLC Lielstraupes pils (LSP)

Reg. No. 40003342456

State ownership 100 %

Related companies and shares:

LSP has no ownership in other capital companies

Former: SLLC Straupes Narkoloģiskā slimnīca
until 14 May 2019

The main activity of the LSP (in English – Lielstraupe Castle) was the provision of inpatient medical care to the population and the rehabilitation of adolescents addicted to psychoactive substances. Taking into account that since 2018 the LSP no longer provides health care services and does not generate income and functions of the Ministry of Health are not related to the maintenance of cultural monuments and there are no resources at its disposal for the management of the castle and repair works to ensure the preservation of Lielstraupe Palace as a cultural monument and a significant tourism site and a historical symbol of the municipality, a Cooperation Agreement was concluded between the Ministry of Health and the Municipality of Pārgauja on 22 February 2018, providing that until the moment the Ministry of Health invests real estate in the share capital of the Company and transfers its shares of the Company's capital free of charge, the Local Government shall take over the management of real estate.

General strategic objective

No general strategic objective.

Most important events in 2021

On 19 January 2021, real estate valuation reports were received from the property valuer. The draft order "On the Investment of State-Owned Real Estate into the Equity Capital of LLC Lielstraupes Pils and transfer of State-Owned Capital Shares to the Local Government" regarding permission for the Ministry of Health to invest in the LSP share capital as a property investment in the state-owned real estate, which were entered in the Land Register on the name of the state in the person of the Ministry of Health, is being promoted to the Cabinet of Ministers.

Most significant events planned in 2022

The local government plans to maintain and restore the Lielstraupes Pils complex and to engage in the provision of tourism services in order to preserve historical values.

Principal financial objectives

Not set.

Principal non-financial objectives

Not set.

Results achieved

Does not carry out an active economic activity.

Governance

Shareholder – Ministry of Health

Representative of Shareholder – Indra Dreika

Member of Management Board – Maruta Drubiņa

Principal financial indicators, thousand EUR

	2020	2021
Turnover	0.0	0.0
Profit/loss	-4.2	-21.4
EBITDA	n/a	n/a
Total assets	57.7	43.6
Share capital	103.5	107.7
Equity	54.7	37.6
Investment	0.0	0.0
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	2.1	2.6
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	n/a	n/a

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	n/a	n/a
Return on assets, ROA, %	-7.29	-49.15
Return on equity, ROE, %	-7.69	-57.08
Total liquidity indicator	19.63	7.20
Liabilities-to-equity ratio (liabilities/equity)	0.05	0.16

Other indicators

Number of employees	1	1
Average gross remuneration per employee per year, thousand EUR	4.6	5.4
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

SLLC Strenču psihoneiroloģiskā slimnīca (SPNS)

Reg. No. 50003408181

Web: www.strencupns.lv

State ownership 100 %

Related companies and shares:

SPNS has no ownership in other capital companies

SPNS (in English – Strenči Psychoneurological Hospital) is a specialised medical institution covering the entire Vidzeme region with highly qualified, varied staff capable of providing treatment, care and rehabilitation to patients with mental disorders in hospital, in the day-care hospital and in hospital, applying the most modern methods of therapy. One of the best specialised hospitals in the country where to recover mental health and work.

General strategic objective

To preserve, improve and restore the mental health of the population by ensuring the provision of high-quality, efficient, patient-oriented psychiatric and narcology-related services to the population of Vidzeme region.

Most important events in 2021

- Awards: LDDK Balance Award in the category “Ensuring Equal Opportunities for Women and Men in the Workplace”; Gold category in Sustainability Index 2021; ‘Family-friendly workplace 2021’ status; In-depth cooperation program Silver level participant.
- Development of services: psychiatric Rehabilitation Day inpatient service; outpatient electroencephalographic examinations are available; a health examination has begun for persons who apply for a special permit for access to official secrets; open sensor room.
- Projects: reconstruction of two hospital buildings and improvement of energy efficiency has begun, BAFF project “MEKT. The Baltic and US experience.

Most significant events planned in 2022

- Attract a resident in child psychiatry, extend the narcological rehabilitation service by attracting a psychotherapist or psychotherapy specialist.
- Initiation of measures to rebuild Department 6 and improve energy efficiency.
- It is planned to develop digitalisation solutions for the improvement of a hospital database and to develop a common guidance system for hospital visitors.

Principal financial objectives

- Profit, EUR 57 thsd.(achieved 732).
- Operating net cash flow, million EUR: 0.47 (achieved 1.7).
- Total liquidity ratio: 1.33 (achieved 1.73)
- Liabilities to equity, %: 70.5 (achieved 60.3).
- Completion of the investment plan, thsd. EUR: 870 (achieved 933).

Principal non-financial objectives

- Total number of hospital beds: 300 (achieved 300).
- Mean duration of inpatient treatment, days: 25 (achieved 24.5).
- Bed load, %: 90 (73 reached).
- In the age group 25 to 40 total number of medical practitioners working in the institution, %: 21 (achieved 18).

Results achieved

- Overall, the non-financial targets were met, but the negative consequences of COVID-19 are affected by inpatient numbers 4.4 % lower and the actual bed load by 19 % lower than planned due to the provision of standby mode, a lower number of overtime nurses and a higher number of overtime worked per nurse.



Governance

Shareholder – Ministry of Health

Representative of Shareholder – Indra Dreika

Member of Management Board – Maija Ancverīņa

Principal financial indicators, thousand EUR

	2020	2021
Turnover	8 010.5	9 460.0
Profit/loss	372.5	731.9
EBITDA	777.5	1 128.1
Total assets	7 847.4	9 674.0
Share capital	2 584.0	2 619.5
Equity	5 266.5	6 033.9
Investment	351.0	932.8
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	2 702.8	2 764.1
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	8 102.1	9 560.8

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	4.65	7.74
Return on assets, ROA, %	4.75	7.57
Return on equity, ROE, %	7.07	12.13
Total liquidity indicator	4.09	1.73
Liabilities-to-equity ratio (liabilities/equity)	0.49	0.60

Other indicators

Number of employees	315	293
Average gross remuneration per employee per year, thousand EUR	15.0	19.1
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	yes	yes

- The financial objectives have been met and the impact of COVID -19 was positive in terms of broad state aid, as well as most financial indicators.
- COVID-19 increased unsorted municipal waste by 1.1 %, while at the same time an 85 % increase in medical waste due to COVID-19 safety measures and the use of personal protective equipment.

SLLC Traumatoloģijas un ortopēdijas slimnīca (TOS)

Reg. No. 40003410729

Web: www.tos.lv

State ownership 100 %

Related companies and shares:

TOS has no ownership in other capital companies.

TOS's (in English – Hospital of Traumatology and Orthopaedics) main activity is the provision of secondary outpatient and inpatient medical services. The company performs the following activities: outpatient consultations, diagnostics, surgery, rehabilitation, training, research activities. TOS' vision: to become a hospital for traumatology and orthopaedics of European importance, where the synthesis of treatment, education and research provides a modern package of medical treatment for patients.

General strategic objective

To preserve, improve and restore the health of the population by ensuring the provision of high-quality, efficient and accessible emergency and planned medical care, as well as tertiary health care services in traumatology and orthopaedics to the Latvian population, while providing a clinical base for medical education and promoting scientific and research development.

Most important events in 2021

- Major renovation works in the hospital's 3 rd. block within the framework of the ERDF project have been completed, Department 1.
- Reconstruction of Operation Unit 5 of the SLLC "Hospital of Traumatology and Orthopaedics" project has begun, and the creation of an endoprosthetic operating room.
- Application of the sterile instruments logistics programme Synapsis has been launched.
- A new unit was established - the Tissue Centre, which has received the authorisation of the State Agency of Medicines (LV00AC21) to carry out processing and preparation of bone tissue allografts.

Most significant events planned in 2022

- Completion of reconstruction work in Operations Unit 5 by creating a new endoprotection room.
- Elaboration of a reconstruction plan for the rehabilitation department.
- 50 pcs. preparation of allografts in the Tissue Centre.
- Drafting and directing development documents for further discussion at the Ministry of Health.
- Improvement of the infrastructure of the area.

Principal financial objectives

- Profit or loss, EUR 197 thsd. (result -222)
- Operating net cash flow, EUR 622 thsd. (200 reached).
- Total liquidity ratio: 0.71 (achieved 1.07).
- Liabilities to equity, %: 120 (achieved 122).

Principal non-financial objectives

- Total number of hospital beds: 220 (achieved 220).
- Average waiting time (days) for endoprosthetic surgery: 28-425 (achieved 75-635).
- Mean duration of treatment, days: 6.11 (achieved 5.88). Total number of computed tomography examinations for inpatient and outpatient patients, thsd: 4.4 (achieved 4).

Results achieved

- The main reason for the loss was the sharp increase in prices for medical supplies and utilities.
- The negative deviation of the net operating cash flow is due to losses, as well as an increase in debtors' balance against planned assets and depreciation of property, plant and equipment.



**TRAUMATOĻĢIJAS
UN ORTOPĒDIJAS
SLIMNĪCA**

Governance

Shareholder – Ministry of Health

Representative of Shareholder – Indra Dreika

Chair of Management Board – Anita Vaivode

Members of Management Board – Inese Rantiņa,

Viktorija Zefirova-Tačinska

Principal financial indicators, thousand EUR

	2020	2021
Turnover	19 173.1	22 372.3
Profit/loss	670.6	-221.9
EBITDA	1 390.7	579.4
Total assets	14 998.8	14 952.1
Share capital	3 947.0	4 044.5
Equity	6 832.0	6 648.7
Investment	430.4	74.0
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	4 969.9	6 557.1
Donations received	0.0	12.7
Donations made	0.0	0.0
Funding received from the state budget	17 139.9	20 245.1

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	3.50	-0.99
Return on assets, ROA, %	4.47	-1.48
Return on equity, ROE, %	9.82	-3.34
Total liquidity indicator	1.60	1.07
Liabilities-to-equity ratio (liabilities/equity)	1.18	1.22

Other indicators

Number of employees	561	577
Average gross remuneration per employee per year, thousand EUR	16.3	20.3
Gender representation in management, f/m	2/1	3/0
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

- The average waiting time for operations has increased and the number of computed tomography examinations has decreased due to the impact of COVID-19, as well as the average duration of treatment, which is positive due to improved post-operative rehabilitation.
- The number of internships increased by 9 in the reference year and reached 29.
- 30 applications were submitted for research.

6.7.

Culture



SLLC Dailes teātris (DailesT)

Reg. No. 40003783138

Web: www.dailesteatris.lv

State ownership 100 %

Related companies and shares:

DailesT has no ownership in other capital companies

DailesT (in English - Dailes Theatre) is the largest theatre with professional repertoire in Latvia, which works with the aim of preserving and developing national and world cultural heritage in the field of theatre arts, staging performances of different genres and shapes, and ensuring the availability of diverse theatre art to a wide audience, offering high-quality recreational and cultural education opportunities. DailesT is a member of the European Theatre Union (ETC), the largest network of theatres in Europe. DailesT is currently the only one that represents the Baltic States.

General strategic objective

To preserve and develop the national and world cultural heritage in the field of theatrical arts by staging performances of different genres and forms and ensure the availability of diverse theatre art to a wide audience, offering high-quality recreational and cultural education opportunities. (Approved on 13/09/2022)

Most important events in 2021

- DailesT has staged 8 new plays.
- Despite the COVID-19 pandemic, we have managed to focus constructively on its goal of promoting a fully-fledged, economically active society by providing its cultural and recreational opportunities.
- The premiere of Māra Zālīte's "Smilgīšis" directed by Viesturs Kairiņš, had a great success – the Grand prix award of the Spēlmaņi Night, the LSM award "Kilogram Culture" and the ovations of the spectators.

Most significant events planned in 2022

- DailesT will continue to ensure the fulfilment of the strategic objectives set out in the cooperation agreement by staging at least 8 new productions, attracting excellent directors for their production and carrying out high-quality projects with the lowest possible financial risk.
- Focus on large productions with good commercial potential and foreign visibility, with at least 2 international projects, 1 children's performance, 2 contemporary drama performances, and 1 musical performance with a symphonic orchestra.

Principal financial objectives

- Ticket revenue, EUR 2.5 million (achieved 0.64).
- Profit, EUR 1.2 thsd. (achieved 4).
- Proceeds of renting premises, EUR 294 thsd. (achieved 170).
- Return on equity, %: 1.58 (achieved 2.87).

Principal non-financial objectives

- Constant hall filling rate, %: 87 (achieved 84).
- Number of visitors per year, thsd: 200 (achieved 30).
- Number of new productions per year: 16 (achieved 8).
- Number of performances per year: 480 (86 reached).
- Number of guest performances per year: 18 (achieved 6).

Results achieved

- During the pandemic, public grants have been the main source of income, i.e. 74 % of total revenues, allowing theatre to survive in crisis and continue artistic activity.
- The share of ticket revenues has decreased compared to the previous year, accounting for 16 % of contributions (previously 23 %).



Governance

Shareholder – Ministry of Culture

Representative of Shareholder – Baiba Zakevica

Chair of Management Board – Juris Žagars

Principal financial indicators, thousand EUR

	2020	2021
Turnover	1 260.2	808.5
Profit/loss	4.9	4.0
EBITDA	107.3	106.6
Total assets	1 336.5	1 942.0
Share capital	54.2	151.3
Equity	36.2	137.3
Investment	395.4	927.8
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	1 406.9	1 281.4
Donations received	0.3	0.0
Donations made	0.0	0.0
Funding received from the state budget	4 435.6	3 295.0

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	0.39	0.49
Return on assets, ROA, %	0.37	0.20
Return on equity, ROE, %	13.66	2.88
Total liquidity indicator	1.60	0.84
Liabilities-to-equity ratio (liabilities/equity)	35.89	13.15

Other indicators

Number of employees	204	179
Average gross remuneration per employee per year, thousand EUR	12.1	13.4
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

- Due to national restrictions, non-financial targets have not been achieved, as well as the epidemiological requirements regarding distance reduced the maximum number of seats in the hall, resulting in an increase in the percentage of hall filling.
- Advertising, donations and VKKF support (together account for 2 % of total revenue) allowed to implement additional artistic innovations.

SLLC Daugavpils teātris (DT)

Reg. No. 41503037608

Web: www.daugavpilsteatris.lv

State ownership 100 %

Related companies and shares:

DT has no ownership in other capital companies



DT (in English – Daugavpils Theatre) ensures the availability of theatre art in the Latgale region by promoting decentralisation of the cultural process, as well as through theatre promotes intercultural dialogue and social integration, staging Latvian and foreign classic works, and contemporary drama. Since DT is the only professional theatre in Latgale, its task is to nurture, promote and preserve Latgalian cultural values and language by staged performances in Latgalian.

General strategic objective

To ensure the availability of diverse theatre art for the inhabitants of Latgale region and to promote Latgalian cultural values by staging performances of different genres in Latvian, Latgalian and minority languages in order to promote the decentralisation of cultural processes in Latvia, social integration and to encourage intercultural dialogue in the region and beyond (approved on 13/09/2022).

Most important events in 2021

- In cooperation with Staņislavs Broks Daugavpils Secondary School of Music, a course of actors was established, in which 13 students started their studies, including some DT actors and dancers who develop their skills in this course.
- DT participated in the II International Art Festival “Trans/mission Balticum” in Lithuania.
- Thanks to funding from the Ministry of Culture, the material technical base of the performance part has been significantly improved.
- With the financial support of Daugavpils City Municipality, storage space for theatre decorations was reconstructed.

Most significant events planned in 2022

- DT has planned to bring up at least six diverse performances in search of new forms and means of expression, also preserving the peculiarities of the Latgalian cultural environment.
- Work on establishing new international contacts will be resumed.
- In collaboration with British actor and director Paul Goodwin, it is planned to start work on Shakespeare’s Magbets production in original language.
- DT has developed a new visual identity and it is planned to change the interior of the lobby of the second floor, which will make the space more attractive and more comfortable for viewers.

Principal financial objectives

- Profit, EUR 850 (achieved 3.286).
- Profitability (net profit/turnover), %: 0.64 (achieved 13.87).
- Share of own revenue in relation to turnover, %: 92 (99 reached).
- Ticket revenue, EUR: 122 thsd. (achieved 23).
- Other own revenue, EUR 12 thsd.(achieved 13.7).
- Total liquidity ratio: 1.2 (achieved 1.5).

Principal non-financial objectives

- Number of new productions per year: 8 (achieved: 7).
- Total number of performances per year: 112 (37 reached).
- Number of visits per year, thsd: 24 (achieved 2.5).
- Completion of the permanent medicinal product, %: 85 (96 reached).

Governance

Shareholder – Ministry of Culture

Representative of Shareholder – Baiba Zakevica

Chair of Management Board – Oļegs Šapošņikovs

Member of Management Board – Rita Strode

Principal financial indicators, thousand EUR

	2020	2021
Turnover	94.5	23.6
Profit/loss	5.1	3.3
EBITDA	46.6	47.9
Total assets	462.4	554.4
Share capital	32.8	167.1
Equity	71.8	209.3
Investment	41.9	37.7
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	464.1	497.1
Donations received	4.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	1 591.8	1 585.5

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	5.38	13.87
Return on assets, ROA, %	1.10	0.59
Return on equity, ROE, %	7.08	1.56
Total liquidity indicator	1.04	1.45
Liabilities-to-equity ratio (liabilities/equity)	5.44	1.65

Other indicators

Number of employees	84	86
Average gross remuneration per employee per year, thousand EUR	11.1	11.6
Gender representation in management, f/m	1/1	1/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

Results achieved

- Low ticket revenue and numbers of spectators are explained by the COVID-19 pandemic restrictions, the theatre resumed the performances only in September 2021, and operational restrictions were imposed by the end of the year, both in terms of the number of spectators and public performances were temporarily prohibited.
- The profit ratio is higher because the revenue to be renounced for the reference year is higher than that planned in the strategy, which is attributable to the increase in the Ministry’s grant.

SLLC Jaunais Rīgas teātris (JRT)

Reg. No. 40003094953

Web: www.jrt.lv

State ownership 100 %

Related companies and shares:

JRT has no ownership in other capital companies

JRT (in English – The New Riga Theatre) positions itself as a poetically intellectual theatre, the main goal of which is to provoke and stimulate public debate on topical and eternal themes. JRT is a theatre for people who like to think for themselves, and it serves as a bridge between the old and the new vision of the world, between people who still read books and those who do not read.

General strategic objective

To preserve national and world cultural heritage and create new values in the field of theatre art, by learning international experience and continuing to develop the unique theatre language created by Alvis Hermanis, as well as to ensure the availability of performances to Latvian and foreign audiences, promoting the formation of a socially active society through the repertoire policy of the theatre. (Approved on 13/09/2022)

Most important events in 2021

- Distribution of TV series “Agency” (10 series), which ensured the cash flow of the JRT’s own revenues, also maintained the long-standing ban on organising public events in the first half of the year.
- Upon resumption of in-person theatre performances in the second half of the year, the JRT has staged seven new plays (“Chrysanthemums”, “Kiss of Aunt Klāva”, “Dubliners at Miera Street”, “Women and Men”, as well as three plays in the series the “New Latvian Stories”).
- The Ministry of Culture has increased the share capital of the JRT by EUR 140 618.

Most significant events planned in 2022

- Expansion of the JRT actors’ troupe with new actors – enrolling students of the New Riga Theatre course from the Latvian Academy of Culture.
- Flexible adaptation of the repertoire to the economic situation, high inflation and higher energy prices.
- Preparations for moving the operation of the JRT from the temporary premises at 58A Miera Street, Riga, to the renovated theatre building complex at 25 Lāčplēša Street, Riga.

Principal financial objectives

- Profit, EUR 4 thsd. (achieved: 2.8).
- Return on equity (ROE), %: 0.75 (achieved 0.42).
- Share of planned own revenue to total revenue %: 40.75 (achieved 22.33).
- Ticket revenue, million, EUR: 1.1 (achieved: 0.52).

Principal non-financial objectives

- Number of new productions per year: 5 (achieved 7).
- Number of performances per year: 250 (achieved 133).
- Number of visitors per year, thsd: 63 (achieved 39)
- Number of tickets per year with discounts granted to representatives of socially vulnerable groups, thsd: 13 (achieved 4).

JAUNAIS RĪGAS TEĀTRIS

Miera iela 58a
pie Dzemdību nama

Governance

Shareholder – Ministry of Culture

Representative of Shareholder – Baiba Zakevica

Member of Management Board – Gundega Palma

Principal financial indicators, thousand EUR

	2020	2021
Turnover	703.7	534.4
Profit/loss	7.0	2.8
EBITDA	116.2	104.8
Total assets	1 525.2	1 581.2
Share capital	42.1	182.8
Equity	533.8	677.3
Investment	29.4	9.3
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	780.7	661.2
Donations received	62.2	15.5
Donations made	0.0	0.0
Funding received from the state budget	2 149.0	1 763.8

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	0.99	0.53
Return on assets, ROA, %	0.46	0.18
Return on equity, ROE, %	1.31	0.42
Total liquidity indicator	2.04	1.98
Liabilities-to-equity ratio (liabilities/equity)	1.38	1.12

Other indicators

Number of employees	75	75
Average gross remuneration per employee per year, thousand EUR	20.8	18.8
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

Results achieved

- The deviation from the plan in the financial and non-financial objectives in the context of COVID-19 was affected by restrictions on holding public events and, consequently, the limited ability to carry out the main business and the collection of ticket revenues from organizing on-site performances
- Actual ticket revenue vs planned amounted to 47.04 %.
- Number of performances was 53.2 % of the planned and the actual number of visitors made up 47.04 % of the planned.

SLLC Kremerata Baltica (KB)

Reg. No. 40003487546

Web: www.kremerataltica.com

State ownership 100 %

Related companies and shares:

KB has no ownership in other capital companies

In 1997, the outstanding violinist Gidon Kremer founded the KB Chamber Orchestra, which consisted of outstanding young musicians from three Baltic countries - Latvia, Lithuania and Estonia. Within a few years, this group of talented musicians has developed into one of the best international chamber orchestras in the world and has secured an excellent reputation by performing in the world's most important concert halls. Kremer and KB have toured all over the world, performing on the world's most prestigious festival and concert hall stages.

General strategic objective

To preserve, develop and promote a diverse national and world cultural heritage in the field of symphonic music, in cooperation with Estonian and Lithuanian musicians, performing various chamber orchestra concert programmes and ensuring their accessibility to the public, promoting creativity, as well as expanding artistic activity on an international scale. (Approved on 13/09/2022)

Most important events in 2021

- Six new programmes have been prepared, including several thematic programmes and significant works by Baltic composers.
- Due to the restrictions imposed by the epidemiological situation, new programmes were required and three ensembles were created in *Kremerata Lettonica* (string nonets with percussions), *Kremerata Lituanica* (string sextet) and *Kremerata Livonica* (a wide string ensemble).
- Latvian composers' CD "PPP" recording sessions.

Most significant events planned in 2022

- 10 concerts, which include Latvian music, including contemporary Latvian music performances.
- 35 concerts abroad and international cooperation projects (co-productions, participation in international platforms, master classes, etc.).
- Publishing of CD "PPP" by Latvian composers.

Principal financial objectives

- Profit, EUR 500 (achieved 617).
- Return on equity, %: 18.2 (achieved 1.3).
- Percentage of planned own revenue to turnover, %: 54 (35 reached).

Principal non-financial objectives

- Number of new programmes per year: 7 (achieved 6).
- Number of concerts (including digital concerts) per year: 58 (33 reached).
- Number of visits per year, thsd: 27 (achieved 11.3).

Results achieved

- Annual profit of EUR 617 was provided by the Ministry of Culture in addition to financing to stabilise the economic activity of the COVID crisis and to cushion the impact of legislative changes.
- In order to stabilise the core business, the Ministry of Culture increased the share capital by EUR 45 120.

K R E M E R A T A
B A L T I C A

Governance

Shareholder – Ministry of Culture

Representative of Shareholder – Dace Vilsone

Member of Management Board – Ingrīda Zemzare

Principal financial indicators, thousand EUR

	2020	2021
Turnover	169.3	320.7
Profit/loss	0.6	0.6
EBITDA	8.2	9.9
Total assets	71.4	85.0
Share capital	2.8	48.0
Equity	2.8	48.5
Investment	18.9	4.7
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	251.9	524.3
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	520.6	523.9

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	0.33	0.19
Return on assets, ROA, %	0.77	0.73
Return on equity, ROE, %	19.79	1.27
Total liquidity indicator	0.61	1.75
Liabilities-to-equity ratio (liabilities/equity)	24.55	0.75

Other indicators

Number of employees	25	27
Average gross remuneration per employee per year, thousand EUR	17.5	16.8
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance (yes/no)	no	no
Non-financial statement, yes/no	no	no

- Due to the restrictions caused by the epidemiological situation, travel restrictions and orchestra's specifics (musicians from different countries played in the orchestra), the orchestra sought new ways of continuing its activities –according to the musicians' venues, 3 ensembles were created and each of these compositions prepared separate programmes and played in separate halls, which allowed the number of concerts to increase slightly, thereby increasing revenue.

SLLC Latvijas Koncerti (LK)

Reg. No. 40003374610

Web: www.latvijaskoncerti.lv

State ownership 100 %

Related companies and shares:

LK has no ownership in other capital companies

LK (in English – Latvia's Concerts) represents the interests of creative expressions of Latvian professional musicians in Latvia and abroad. The activities of the LK are aimed at the implementation of the country's cultural, social and regional development, as well as external and internal policies. LK is the only institution in Latvia that regularly ensures the availability of musical art of different genres in Latvia and, in accordance with cultural political priorities, ensures a higher quality standard in the field of music art.

General strategic objective

To preserve and develop a diverse national and world cultural heritage in the field of music by ensuring high-quality artistic activity of the professional chamber choir "Latvian Radio Choir", the full professional chamber orchestra – the State Chamber Orchestra "Sinfonietta Rīga" and the professional jazz music big band "Latvijas Radio bigbends", as well as to ensure the availability and promotion of music art to various target audiences of society and popularisation in Latvia and abroad. (Approved on 13/09/2022)

Most important events in 2021

- Creation, recording and transmission of the State Festival Concert and the Great Music Award ceremony on the Latvian Television.
- Operation of the target programme "Camer Music" is ensured.
- Digital content for the creation of a concert archive.

Most significant events planned in 2022

- Latvian Radio Choir, orchestra Sinfonietta Riga and the Latvian Radio Choir.
- Big music awards, Award of the Cabinet of Ministers, organisation of ceremonial concerts dedicated to the proclamation of the Republic of Latvia and ensuring implementation of other events of national significance.
- Ensuring multiple reproduction of programmes prepared by individual artists and chamber ensembles throughout the territory of Latvia by selecting the proposed programmes.

Principal financial objectives

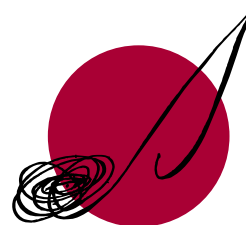
- Cost-effectiveness (net profit/turnover), %: 0.8 (result -2).
- Total liquidity ratio: 1.02 (achieved 2.63).
- Profit or loss, thsd. EUR: 9.7 (result -11.6).

Principal non-financial objectives

- Number of concerts per year, including compositions by Latvian composers: > 25 (achieved 132).
- Number of concerts per year for children and young people: > 35 (26 reached).
- Latvian artists' concerts abroad in the year: > 13 (achieved 20).
- Number of concerts per year with the participation of foreign artists: > 10 (achieved 16).

Results achieved

- In 2021, the company's activities were significantly affected by the restrictions imposed by the COVID-19 pandemic and, although the objective of ensuring the number of concerts in Riga and regions was met, the restrictions imposed did not allow the provisional expected results of the number of listeners and ticket revenues to be achieved.
- Certain performance indicators and financial and non-financial objectives have not been achieved – the number of listeners in person 15 % of the planned, the total number of concerts 105 % of the planned.



LATVIJAS KONCERTI

Governance

Shareholder – Ministry of Culture

Representative of Shareholder – Baiba Zakevica

Member of the Management Board – Guntars Ķirsis

Principal financial indicators, thousand EUR

	2020	2021
Turnover	550.0	595.3
Profit/loss	11.1	-11.6
EBITDA	69.5	48.0
Total assets	1 186.5	1 151.1
Share capital	42.8	454.6
Equity	226.1	626.3
Investment	49.4	50.3
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	988.5	876.4
Donations received	4.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	3 426.2	3 629.8

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	2.01	-1.95
Return on assets, ROA, %	0.93	-1.01
Return on equity, ROE, %	4.89	-1.85
Total liquidity indicator	1.11	2.63
Liabilities-to-equity ratio (liabilities/equity)	4.25	0.84

Other indicators

Number of employees	117	118
Average gross remuneration per employee per year, thousand EUR	14.3	14.8
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

SLLC Latvijas Leļļu teātris (LLT)

Reg. No. 40003782984

Web: www.lelluteatris.lv

State ownership 100 %

Related companies and shares:

LLT has no ownership in other capital companies



LLT (in English – Latvia Puppet Theatre) is a professional theatre with a primary task to create artistically high performances for children, young people and adults of different ages using puppets, objects and other forms of visual theatre. The aim of LLT's activities is to maintain the continuity of the theatre tradition in the Latvian society by raising interest and attraction of young viewers from an early age to the performing arts.

General strategic objective

To create artistically high-quality puppet theatre productions and to ensure their availability primarily to children and youth audiences (approved on 13/09/2022).

Most important events in 2021

- Adaptation of the Great Hall of Riga Latvian Society House to the needs of LLT performances, thanks to the grants by the Ministry of Culture.
- The production of "Kiosks" by Vija Blūzma was highly recognized by critics and nominated for the LSM "Kilograms Culture" award, and received the Spēlmaņi Night Award "for a child-readable, artistically high performance about loneliness and otherness".
- Annual audiovisual monthly broadcast "Balkona Balsis".
- A digital archive of performances was created.

Most significant events planned in 2022

- To restore regular productions in temporary theatre premises – the Great Hall of the Riga Latvian Society House and the Fire Hall, performing at least 300 performances per year.
- 10 new performances led by statutory directors and guest directors.
- Increasing the number of visitors to 30 000 spectators per year.

Principal financial objectives

- Profit, EUR 9 thsd. (achieved 7.8).
- Profitability (net profit/turnover), %: 1.22 (achieved 3.97).
- Return on equity (ROE), %: 3.8 (achieved 2.7).
- Revenue from sales of tickets, EUR: 720 thsd.(achieved 195).
- Total liquidity ratio: 0.4 (achieved 1.82).

Principal non-financial objectives

- Total number of performances per year: 590 (achieved 232).
- Number of new productions per year: 10 (achieved 8).
- Number of visits per year, thsd: 72 (achieved 23).

Results achieved

- Many financial and non-financial objectives set out in the strategy were not achieved due to the epidemiological situation in the country. Consequently, most performances did not take place, leading to a reduced number of visitors, however, some indicators were exceeded.
- Large-scale digitalisation project of LLT performances was realised by filming 19 high-quality performances during the year.

Governance

Shareholder – Ministry of Culture

Representative of Shareholder – Baiba Zakevica

Member of Management Board – Vilnis Beķeris

Principal financial indicators, thousand EUR

	2020	2021
Turnover	249.0	196.8
Profit/loss	15.1	7.8
EBITDA	159.9	136.7
Total assets	394.8	481.7
Share capital	32.8	54.3
Equity	219.4	293.4
Investment	100.2	28.4
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	605.5	393.2
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	1 499.7	1 375.8

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	6.06	3.97
Return on assets, ROA, %	3.82	1.62
Return on equity, ROE, %	6.88	2.67
Total liquidity indicator	0.86	1.82
Liabilities-to-equity ratio (liabilities/equity)	0.80	0.64

Other indicators

Number of employees	83	83
Average gross remuneration per employee per year, thousand EUR	13.0	11.5
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

- Although the number of spectators for digital performances increased by 61 %, the number of in-person visitors as significantly lower.
- Further education initiative for creative staff – annual master classes by foreign experts to increase professionalism and creative diversity – participation of the whole team of actors in the master classes by Jason Dupree circus in December 2021.

SLLC Latvijas Nacionālais simfoniskais orķestris (LNSO)

Reg. No. 40003373615

Web: www.lns.lv

State ownership 100 %

Related companies and shares:

LNSO has no ownership in other capital companies

LNSO (in English – Latvian National Symphony Orchestra) is one of the cornerstones of national culture with a history of almost a hundred years. The LNSO's mission is to offer a wide range of symphonic music repertoire in excellent artistic performance, acquainting the Latvian audience with the fundamental values and current events of world music, while foreign audiences – with the treasures of Latvian music. One of the main directions of the LNSO's activity is to attract more and more audiences with educational programs in a modern, creatively surprising form.

General strategic objective

To preserve and develop the diverse national and world cultural heritage in the field of symphonic music, as well as to ensure its availability and promotion in Latvia and abroad, by staging high-quality concert programmes for different target groups of society and promoting creativity in the field of Latvian symphonic music (approved on 13/09/2022).

Most important events in 2021

- The implementation of CD recordings by four Latvian composers in cooperation with the Finnish sound recording house Ondine and the Latvian sound recording brand SKANI, as well as all of these recordings have received high recognition by foreign critics.
- Bright events have also been held in the LNSO Digital Concert Hall – the New Year's concert, etc., has gained great responsiveness at a time when in-person events were unavailable due to the pandemic.

Most significant events planned in 2022

- It is planned to enlarge the LNSO audience with special attention to educational projects for children and young people, as this activity was very limited during the years of the pandemic, especially in person.
- Significant results were achieved before 2020 in cooperation with the School Bag programme, and it is planned to continue it actively.
- Due to the repair of the Great Guild it is planned to activate cooperation with the regional concert halls.

Principal financial objectives

- Profit, EUR: 3.4 thsd.(achieved 9).
- Revenue from sales of tickets, EUR: 250 thsd. (63 reached).
- Concerted revenue, EUR: 155 thsd. (achieved 130).

Principal non-financial objectives

- Total number of concerts per year: 58 (achieved 47).
- Number of visitors in person per year, thsd: 500 (achieved 19.5).
- Number of new programmes per year: 40 (achieved 35).
- Attendance at the concert hall premises per year, %: 78 (50 reached).

Results achieved

- COVID-19 crisis overcome and the reporting year is closed with profit.
- LNSO realised new forms for concerts in the digital environment - the number of visitors in the digital environment exceeded by 2 %, reaching 10.2 thousand per year, and the views of digital concerts in TV4 by 31 % exceeded those planned, reaching 131 thousand.



LATVIJAS
NACIONĀLAIS
SIMFONISKAIS
ORĶESTRIS

Governance

Shareholder – Ministry of Culture

Representative of Shareholder – Dace Vilsone

Member of Management Board – Indra Lūkina

Principal financial indicators, thousand EUR

	2020	2021
Turnover	237.3	254.1
Profit/loss	14.5	9.0
EBITDA	55.0	46.3
Total assets	1 076.0	1 033.8
Share capital	52.8	175.6
Equity	168.3	299.2
Investment	31.7	87.2
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	927.1	966.4
Donations received	0.0	8.0
Donations made	0.0	0.0
Funding received from the state budget	2 457.1	2 468.0

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	6.11	3.53
Return on assets, ROA, %	1.35	0.87
Return on equity, ROE, %	8.62	2.99
Total liquidity indicator	0.82	0.93
Liabilities-to-equity ratio (liabilities/equity)	5.39	2.45

Other indicators

Number of employees	135	133
Average gross remuneration per employee per year, thousand EUR	13.8	14.7
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

- LNSO focuses on climate, environmental and sustainability issues and is a member of the PEARLE European performing arts organisation. The organisation regularly discusses specific aspects of the above-mentioned issues in the operation of symphony orchestras, such as the direction "Green Orchestra" and others. LNSO cooperates with the company Mollers Auto, and get an electric car from the company AUDI for more distant trips from Riga.

SLLC Latvijas Nacionālais teātris (LNT)

Reg. No. 40003786149

Web: www.teatris.lv

State ownership 100 %

Related companies and shares:

LNT has no ownership in other capital companies

LATVIJAS NACIONĀLAIS TEĀTRIS

LNT (in English – Latvian National Theatre) is one of the leading professional repertoire theatres in Latvia, which is proud of its traditions and 100-year history. An eclectic style building of the theatre is a monument of architecture and art of national significance. One of its main tasks is to popularize the Latvian drama, therefore each season begins with a new production of a work by a Latvian author. The theatre also organizes national play competitions.

General strategic objective

To preserve, develop and promote the national and world cultural heritage in the field of theatre art, promoting the development of Latvian original drama through theatre repertoire policy and ensuring the creation of new national values, as well as ensuring the availability of theatre art to the public (approved on 13/09/2022).

Most important events in 2021

- In cooperation with the Latvian Academy of Culture hosted the LNT actors' course.
- Successful involvement in the educational project "School Bag" in digital format, and in e-environment.
- Cooperation between LNT and Riga City Council on the theatre extension – the design of the New Hall (Black Box).
- Co-projects in the Baltic region: "The Death of the Perfect Sentence", "A Man who Knew the Snake Names."
- Nomination of the LSM Award "Kilogram Culture" for the performance "Ferdinand and Luise" (D. Lūriņa).

Most significant events planned in 2022

- Activities of the newly created artistic management team (under the leadership of E. Senčkovs).
- E. Smilģis Award to director Valters Sīlis for directing achievements.
- Readings of new drama and competition for play ideas.
- Cooperation with Riga City Council at the theatre extension – New Hall (Black Box).
- Exchange of experience and visits to foreign festivals, establishing new artistic and organisational contacts.

Principal financial objectives

- Theatre's own revenue, thsd. EUR: 940 (achieved 762).
- Revenue from sales of tickets, thsd. EUR: 730 (achieved 639).
- Share of own revenue in total revenue, %: 24 (26 reached).

Principal non-financial objectives

- Number of new productions per year: 11 (achieved 11).
- Number of titles of repertoire performances per year: 48 (achieved 48).
- Number of performances per year: 180 (achieved 110).
- Number of visitors per year: 58 thsd. (55 reached).
- Number of performances for children and youth audience per year: 28 thsd. (achieved 29).

Results achieved

- Number of performances has decreased by 67.7 % compared to the previous year due to restrictions imposed by COVID-19, but the number of visitors has decreased by 29.2 % and the basic income of the theatre activity – ticket sales fell by 33.9 % compared to 2020.

Governance

Shareholder – Ministry of Culture

Representative of Shareholder – Baiba Zakevica

Member of Management Board – Jānis Vimba

Principal financial indicators, thousand EUR

	2020	2021
Turnover	1 199.0	788.7
Profit/loss	1.3	7.2
EBITDA	1.3	7.2
Total assets	1 827.4	1 816.3
Share capital	52.8	244.1
Equity	607.2	804.7
Investment	53.2	147.9
Dividends paid to state budget	1.0	0.0
Contributions made to the state and local government budget	1 243.7	1 074.6
Donations received	42.0	5.0
Donations made	0.0	0.0
Funding received from the state budget	3 791.5	3 146.7

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	0.11	0.92
Return on assets, ROA, %	0.07	0.40
Return on equity, ROE, %	0.21	0.90
Total liquidity indicator	1.02	1.19
Liabilities-to-equity ratio (liabilities/equity)	2.01	1.26

Other indicators

Number of employees	267	220
Average gross remuneration per employee per year, thousand EUR	9.1	9.8
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

- LNT has carried out artistic and economic activities by performing public administration tasks delegated to it in accordance with the agreements concluded with the Ministry of Culture of the Republic of Latvia on the performance of cultural functions and their financing.
- Despite the COVID-19 pandemic and its impact on theatre performance and performance indicators, LNT has, in general, ensured a balanced artistic and financial activity.

SLLC Latvijas Nacionālā opera un balets (LNOB)

Reg. No. 40103208907

Web: www.opera.lv

State ownership 100 %

Related companies and shares:

LNOB has no ownership in other capital companies

LNOB (in English – Latvian National Opera and Ballet) is a repertoire opera house. The LNOB respects the traditional values of classical and romantic opera and ballet, but also tries to look for contemporary forms of expression. Successful productions of classical operas, modern masterpieces of opera and ballet, children's operas and original Latvian works are regularly performed on the stage of the Latvian National Opera and Ballet. On average, during the season, the theatre hosts about 200 performances, as well as symphonic and chamber music concerts.

General strategic objective

To preserve, develop and promote national and world cultural heritage in the opera and ballet genre, promoting creativity and engaging in international opera and ballet art processes and cooperation, as well as ensuring a wide variety of opera and ballet productions available to the public (approved on 13/09/2022).

Most important events in 2021

- Epidemiological safety measures to contain the pandemic caused by the COVID-19 virus continued in the country, resulting in a reduced level of public activity for 4 months.
- Five new productions have been staged and premiered.
- Support provided by the Ministry of Culture and the cost reduction measures taken by the Board of Governors preserved the financial stability of the public.

Most significant events planned in 2022

- LNOB plans to premiere seven new productions, including two performances for children, which were transferred from the previous reporting period.
- Special attention will be paid to the centenary celebrations of the Latvian National Ballet and related events.
- In view of the Russia's invasion of Ukraine and changing circumstances during the war, LNOB continues to work towards ensuring sustainability by aligning variable and fixed costs with sources of financing.

Principal financial objectives

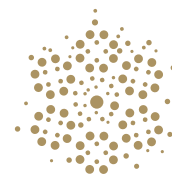
- Total liquidity ratio: 0.86 (achieved 1.51).
- Improvement of artistic technical base, EUR: 20 thsd. (achieved 20.9).
- Profit, EUR: 10 thsd. (achieved 18).

Principal non-financial objectives

- Number of new productions per year: 5 (achieved 5).
- Number of visitors per year, 150 thsd. (35 reached).
- Opera attendance, %: 90 (92 reached).

Results achieved

- Due to restrictions on artistic and economic activity, the audience reached during the reporting year is significantly smaller than intended in the medium-term operational strategy. At the same time, artistic activity continued to ensure financial stability, which is an essential pre-condition for business continuity in times of crisis.



LATVIJAS NACIONĀLĀ OPERA UN BALETS

Governance

Shareholder – Ministry of Culture

Representative of Shareholder – Nauris Puntulis

Chair of Management Board – Egils Siliņš

Members of Management Board – Inese Eglīte, Sandis Voldiņš

Principal financial indicators, thousand EUR

	2020	2021
Turnover	1 462.4	894.1
Profit/loss	11.1	18.3
EBITDA	1 010.8	960.2
Total assets	8 980.8	24 541.6
Share capital	366.8	16 566.8
Equity	1 376.8	17 595.1
Investment	559.1	1 000.0
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	4 080.2	3 260.0
Donations received	6.3	58.5
Donations made	0.0	0.0
Funding received from the state budget	9 753.8	11 363.4

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	0.76	2.04
Return on assets, ROA, %	0.12	0.07
Return on equity, ROE, %	0.81	0.10
Total liquidity indicator	1.42	1.51
Liabilities-to-equity ratio (liabilities/equity)	5.52	0.39

Other indicators

Number of employees	553	550
Average gross remuneration per employee per year, thousand EUR	12.5	12.7
Gender representation in management, f/m	1/2	1/2
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

SLLC Liepājas simfoniskais orķestris (LSO)

Reg. No. 42103049403
 Web: www.lso.lv
 State ownership 100 %
 Related companies and shares:
 LSO has no ownership in other capital companies

The mission of LSO (in English – Liepāja Symphony Orchestra) is to create and offer to the public a well-groomed and non-falsified sound of quality symphonic music that enlightens, strengthens and educates people, thus creating a more beautiful Latvia and a better world. The Orchestra promotes the compositions by Latvian composers and nurtures the world's classical music heritage, enriching the musical tradition of Kurzeme and delighting listeners throughout Latvia.

General strategic objective

To preserve and develop the national and world cultural heritage in the field of symphonic music by staging diverse symphonic music concert programmes, creating sound recordings, promoting creativity in Latvian symphony music and acquiring international experience by attracting foreign guest artists in performances, as well as ensuring availability of symphonic music in the Kurzeme region in order to promote the decentralisation of cultural processes in Latvia (approved on 13/09/2022).

Most important events in 2021

- Newly created concert programmes of the concert cycle “Closer” and “Symphony Closer” in the e-environment, which was created as an alternative to public concerts during COVID-19 pandemic restrictions and attracted 64 thousand spectators throughout Latvia, as well as in other countries of the world.
- Implementation of the long-term music project has begun by recording the series of authors of Latvian composers.
- New festival “Rimbenieks” in Southern Kurzeme was created and implemented. The LSO successfully performed the functions delegated by the State with active concerts during favourable periods of the year, compensating for the decline in concert performances resulting from more stringent activity restrictions.
- Decision to invite Guntis Kuzma to the position of chief conductor.

Most significant events planned in 2022

- The 30th Liepāja International Star Festival and festival “Liepāja Sounds in Rundāle Palace”.
- Cooperation with the secondary school of music, art and design – competition for young performers and a concert of the laureates.
- Cooperation with Liepāja Theatre – musical “Theatre”.
- Cooperation with Southern Kurzeme region – summer festival “Rimbenieks” in 11 cities and villages, as well as Latvian concert tour in all counties
- Concerts at the concert garden “Pūt, Vējiņi” – opening concerts and festival “Liepāja Summer”.

Principal financial objectives

- Net turnover (own revenue), EUR: 260 thsd. (achieved 136).
- Share of planned other own revenue in relation to turnover, %: 54 (achieved 60.8).
- Profit or loss, EUR: 200 (result - 45 thousand).
- Total liquidity ratio: 0.73 (achieved 1.31).

Principal non-financial objectives

- Total number of concerts per year: 60 (achieved 62).
- Number of visits per year, thsd: 28 (70 reached).
- Number of new productions/new programmes per year: 25 (achieved 40).
- Number of CD recordings per year: 2 (achieved 5).

Results achieved

- Despite the COVID-19 restrictions, managed to organise concerts the total number of which corresponds to the year of normal operation, i.e. the number of concerts is by 3 % higher than intended by the strategy. The overachievement related to concerts in the e-environment.



Governance

Shareholder – Ministry of Culture
 Representative of Shareholder – Baiba Zakevica
 Member of Management Board – Uldis Lipskis

Principal financial indicators, thousand EUR

	2020	2021
Turnover	138.4	136.2
Profit/loss	59.7	-44.5
EBITDA	87.3	-15.7
Total assets	293.3	483.7
Share capital	58.1	210.3
Equity	69.5	176.8
Investment	41.4	13.9
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	709.3	593.7
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	1 986.1	2 240.7

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	43.15	-32.63
Return on assets, ROA, %	20.35	-9.19
Return on equity, ROE, %	85.88	-25.14
Total liquidity indicator	0.93	1.31
Liabilities-to-equity ratio (liabilities/equity)	3.22	1.74

Other indicators

Number of employees	98	99
Average gross remuneration per employee per year, thousand EUR	14.0	14.6
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance (yes/no)	no	no
Non-financial statement, yes/no	no	no

- COVID-19 support grant of EUR 152 thousand was received and credited to increase the share capital.
- Four Latvian original music albums have been recorded: “Flowing Jasmine” by Vestards Šimkus, Kārlis Lācis and Pēteris Barisons, published in collaboration with the publishing house “Skani” and are available worldwide. Liepāja – European Capital of Culture 2027 programme includes our projects “Liepāja Opera Festival”, audio almanacs by Latvian composers and project of commissioning and premiering of new works.

SLLC Mihaila Čehova Rīgas Krievu teātris (RKT)

Reg. No. 40003793653

Web: www.mct.lv

State ownership 100 %

Related companies and shares:

RKT has no ownership in other capital companies

RKT (in English – Mikhail Chekhov Riga Russian Theatre) is a professional dramatic repertoire theatre that stages productions of various genres in Russian, plays in its permanent premises in Rīga, as well as provides guest performances. The theatre was founded in 1883 and ranks among the oldest theatres in Latvia and has rich traditions. RKT is also the oldest Russian theatre located outside Russia and plays a special role in Latvia's cultural policy, cultural diplomacy and social integration.

General strategic objective

To preserve, develop and promote the traditions of Russian dramatic theatre, as well as to ensure the availability of theatre art to various target audiences of society, by producing performances in Russian and ensuring their translation into Latvian, in order to promote the integration of society and encourage intercultural dialogue (approved on 13/09/2022).

Most important events in 2021

- Digital online project for children and young people “ZOOM Voluntary Meetings” was been implemented within the framework of the project cycle “Learn Chekhov!”, providing an opportunity for those interested to improve the knowledge of Russian language in creative communication with one of the actors of the theatre.
- Project “Interview Cycle with Theatre Personalities “Professional Entrance” was established in cooperation with cultural journalist Marina Nasardinov, creating high-quality in-depth interviews with theatre artists.
- Cooperation has been established with the music and drama room Oratorio in the implementation of small-scale performances, with two new performances — “Mamma” and “paraDIZZY”.

Most significant events planned in 2022

- Theatre is preparing for the 140th anniversary season, including a special Jubilee magazine.
- In cooperation with the Hansa Platform, a musical performance “Look It!” is a tribute to the leader of the “Kino” band, to the musician and to the legend of the 20th century — Victor Coy, who would turn 60 in 2022.
- Special attention will be paid to the target audience of children and young people through the introduction of unprecedented traditions in the theatre, such as the implementation of the Day of Knowledge at the Theatre on the occasion of the start of the school year on 1 September.

Principal financial objectives

- Net turnover, millions EUR: 1.77 (achieved 0.35).
- Profit, EUR 15 thsd. (70 reached).
- Equity, EUR 73 thsd. (achieved 405).

Principal non-financial objectives

- Number of new productions per year: 7 (achieved 8).
- Number of performances per year: 400 (achieved 84).
- Number of visits per year, thsd: 101 (achieved 14).
- Attendance of permanent halls, %: 80 (achieved 63).

Results achieved

- Eight new productions, five guest performances in Latvia, as well as four performances removed to restore the repertoire.
- Managed to attract additional funding from the Culture Project Competition of the Education, Culture and Sports Department of the Riga City Council, attracting EUR 5 thousand for the implementation of the new production “Čaks, Rīga, Woman”.



Governance

Shareholder – Ministry of Culture

Representative of Shareholder – Dace Vilsone

Members of Management Board – Dana Bjorka

Principal financial indicators, thousand EUR

	2020	2021
Turnover	714.0	354.1
Profit/loss	161.2	69.9
EBITDA	236.4	120.6
Total assets	739.0	936.1
Share capital	32.8	139.1
Equity	261.6	405.5
Investment	54.9	58.3
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	870.3	659.9
Donations received	5.0	13.6
Donations made	0.0	0.0
Funding received from the state budget	2 168.9	2 069.5

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	22.57	19.75
Return on assets, ROA, %	21.81	7.47
Return on equity, ROE, %	61.61	17.25
Total liquidity indicator	0.71	1.08
Liabilities-to-equity ratio (liabilities/equity)	1.83	1.31

Other indicators

Number of employees	122	115
Average gross remuneration per employee per year, thousand EUR	13.3	12.6
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

- Ticket compensation of EUR 55 731.56 (80 % of the spectators' return tickets) received from the support programme administered by the State Culture Capital Foundation, as well as by receiving de minimis aid from the Riga City Council Property Department in the framework of the reduction of rent and full exemption, saved EUR 11 435 in the reporting year.

SLLC Rīgas cirks (RC)

Reg. No. 40003027789

Web: www.cirks.lv

State ownership 100%

Related companies and shares:

RC has no ownership in other capital companies

RC (in English – Riga Circus) is a multifunctional art centre that is focused not only on offering significant and topical circus performances to an ever larger audience, but also in the long term contributes to the development and recognition of circus industry in the Latvian society. The company works mainly in three strategic directions – offering high-quality circus performances, developing circus educational infrastructure and promoting creativity within the framework of an international art residency program.

General strategic objective

To update, develop and promote circus art in Latvia, ensuring the availability of contemporary circus performances to the public, as well as gaining international experience in circus art (approved on 15.9.2022).

Most important events in 2021

- Successfully launched energy efficiency project – reconstruction of the historic circus building at 4 Merķeļa Street.
- By adapting to the epidemiological constraints, the ways were found to successfully ensure the continuity of the training process.
- Several projects in support and growth of the Baltic artists were organised, as well as a network of Baltic artists was established, thus significantly strengthening the recognition and competitiveness of Latvian circus artists.

Most significant events planned in 2022

- It is planned to close the Energy Efficiency Project by the end of the year and the circus team will return to the historic building and offer a self-produced Christmas show at the end of the first stage.
- Organisation of the 10th circus festival RE RIGA! to promote understanding of contemporary circus art and attract a wider audience.
- Organising guest performances outside Riga and launching the international EEA-funded project “Circus for Climate” will reach a new audience in the regions of Latvia.

Principal financial objectives

- Total liquidity ratio: 3.2 (achieved 3.8).
- Ticket and educational programme revenue, thsd. EUR: 81 (achieved 37).
- Share of own revenue in relation to turnover, %: 20 (achieved 28).

Principal non-financial objectives

- Number of foreign circus artist performances per year: 6 (achieved: 2).
- Number of continuously involved students per year: 58 (achieved 101).
- Participation in internationally significant circus art events during the year: 12 (achieved 12).
- Participation in international art projects at European level during the year: 2 (achieved 10).
- Number of admitted residents (groups) per year: 2 (achieved 5).

Results achieved

- Due to epidemiological constraints, the objective of organising foreign guest shows was not achieved, with only 33 % of the performances and the projected education income forecast reached by 45 %.



Governance

Shareholder – Ministry of Culture

Representative of Shareholder – Dace Vilsone

Member of Management Board – Liene Pērkone

Principal financial indicators, thousand EUR

	2020	2021
Turnover	69.3	41.4
Profit/loss	35.1	-51.3
EBITDA	139.8	36.2
Total assets	1 148.7	2 764.8
Share capital	3.1	58.6
Equity	35.6	39.8
Investment	267.2	1 392.8
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	133.7	118.8
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	674.0	1 941.3

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	50.69	-123.91
Return on assets, ROA, %	3.06	-1.85
Return on equity, ROE, %	98.83	-128.63
Total liquidity indicator	1.47	2.21
Liabilities-to-equity ratio (liabilities/equity)	31.31	68.39

Other indicators

Number of employees	26	21
Average gross remuneration per employee per year, thousand EUR	7.4	9.9
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

- By adapting to the situation, continuous operation of the circus school was ensured and the number of independently involved students was greater than planned.
- By continuing active participation in international projects and organising artists' residency, these indicators for non-financial objectives have been exceeded.
- On the basis of the agreement concluded by the RC with the Central Finance and Contracting Agency for the implementation of the project “Implementation of Energy Efficiency Measures for the Building at 4 Merķeļa Street, Riga”, the reconstruction process of the building has been initiated, which is planned to be completed at the end of 2022.

SLLC Valmieras drāmas teātris (VDT)

Reg. No. 44103038376

Web: www.vdt.lv

State ownership 100 %

Related companies and shares:

VDT has no ownership in other capital companies

The main activity of the VDT (in English – Valmiera Drama Theater) is the provision of theatre services in the territory of Latvia, during the guest performances – outside of it. VDT's vision is to become an outstanding cultural centre of Vidzeme region, promoting classical values, The Latvian cultural code, while seeking innovative characteristics of this time and means of expression. The mission of the VDT is to create versatile and contemporary theatre art for various groups of Latvian society, paying special attention to the audience of children and young people.

General strategic objective

To preserve and develop the national and world cultural heritage in the field of theatre art, as well as to ensure its accessibility to various target audiences of Vidzeme region in order to promote the decentralisation of cultural processes in Latvia and the strengthening of national identity in the region and beyond (approved on 13/09/2022).

Most important events in 2021

- Large-scale reconstruction works were initiated in the theatre building and the building was expected to be not only energy efficient but also more environmentally accessible and safe once they were implemented. Although the reconstruction of the building does not take place according to the plan, the theatre has been able to adapt effectively with guest performances in Riga and all over Latvia, covering as many spectators as possible.
- The reporting year is marked with a creative uplift, with the full involvement of young actors in the troupe, excellent performances at both the Valmiera Summer Theatre Festival and theatre repertoire, which created the basis for nominations for various cultural events.

Most significant events planned in 2022

- Reconstruction works of the building continue, which have a significant impact on the functioning of the VDT, since the deadline for construction has been postponed to an unspecified time from October 2022 due to global economic events and disputes between building owners and builders.
- A set of productions for the VDT 100th anniversary season is being prepared, taking into account the lengthy reconstruction works, the existence of a single hall and complicated residential conditions.

Principal financial objectives

- Profit, EUR: 186 (achieved 9 997).
- Proportion of planned own revenue to turnover, %: 68 (92 reached).
- Revenue from sales of tickets, thsd. EUR 644 (achieved: 176).
- Other own revenue, EUR 86 thsd. (achieved 56).

Principal non-financial objectives

- Number of new productions per year: 11 (achieved 10).
- Total number of performances per year: 320 (achieved 180).
- Number of visits per year, thsd: 57 (achieved 13).
- Number of guest performances in Latvian regions per year: 50 (achieved 37).

Results achieved

- Financial and non-financial targets were negatively affected by reconstruction works and their unpredictability.
- Achievement of the financial targets was supported by the increase in share capital, with the aim of ensuring the stability of the capital company and mitigating the impact of the negative effects of the spread of COVID-19.



Governance

Shareholder – Ministry of Culture

Representative of Shareholder – Dace Vilsone

Member of Management Board – Evita Ašeradena

Principal financial indicators, thousand EUR

	2020	2021
Turnover	367.8	231.7
Profit/loss	6.0	10.0
EBITDA	111.4	105.5
Total assets	784.9	962.9
Share capital	32.8	233.9
Equity	157.0	368.1
Investment	93.9	36.1
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	641.5	602.5
Donations received	15.4	19.2
Donations made	0.0	0.0
Funding received from the state budget	1 536.1	1 579.8

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	1.63	4.32
Return on assets, ROA, %	0.76	1.04
Return on equity, ROE, %	3.82	2.72
Total liquidity indicator	0.75	1.19
Liabilities-to-equity ratio (liabilities/equity)	4.00	1.62

Other indicators

Number of employees	108	115
Average gross remuneration per employee per year, thousand EUR	11.0	10.4
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

- Positive achievement of the indicators of the financial objectives was facilitated by structural changes, reduced expenditure, aid funding received, as well as successfully planned creative work.
- Ten new productions were created at the theatre, of which 8 were already available to visitors in person.
- The Valmiera Summer Theatre Festival, which has enriched Latvia's cultural offer with new performances for families with children.

SLLC Valsts Akadēmiskais koris "Latvija" (VAKL)

Reg. No. 40003373761

Web: www.koris.lv

State ownership 100 %

Related companies and shares:

VAKL has no ownership in other capital companies

VAKL (in English – Latvian Academic Choir “Latvia”) ensures the highest artistic and technical quality of music and its performance on Latvian and global professional music stages. The objectives of the State Choir “Latvia” are the preservation of the national cultural heritage in the choir genre, the strengthening, development, updating and promotion of the Latvian professional choir’s music culture in Latvia and abroad, as well as ensuring access to the achievements of the world choir’s music culture in Latvia.

General strategic objective

To preserve and develop national and world cultural heritage in the genre of choir music and ensure its availability and popularisation of the Latvian professional choir singing traditions abroad, by engaging in international cultural processes and cooperation and promoting the development of cultural diplomacy (approved – 13.9.2022).

Most important events in 2021

- Concerts in Szczecin that have gained excellent feedback when performing Beethoven’s “Missa Solemnis”, as well as listeners’ responsiveness and six concerts in Spain with a standing ovation.
- In regional concerts, incl. In Vidzeme Concert Hall “Cēsis” P. Vasks 75th Anniversary Concert, Talsi, Rēzekne Concert Hall “GORS” E. Siliņš Anniversary Concert.
- Successfully completed 24. International Mental Music Festival.
- Successfully cooperating with the Liepāja City Municipality, VAKL with outstanding performance participated in the State Festival concert “Great Amber”

Most significant events planned in 2022

- VAKL envisages continuing cooperation with national concert organisations (LNSO, LSO, LNOB) and municipalities in Latvia.
- Maintaining international competitiveness and introducing new partners to the activities of the VAKL, as well as initiating and renewing cooperation with: Elbe Philharmonic in Hamburg (Germany), Estonian national concert organisation “Eesti Concert”, Lithuanian Philharmonic in Vilnius, concert agencies in Europe.

Principal financial objectives

- Revenue from ticket sales, EUR 18 thsd.(achieved 6).
- Net cash flow from the investment in operation, EUR 11.2 thsd. (achieved 11.3).
- Profit or loss, EUR 2.2 thsd. (achieved 1).

Principal non-financial objectives

- Total number of concerts per year: 48 (achieved 28).
- Number of concerts, including Latvian music, per year: 11 (achieved 8).
- Number of concerts per year abroad: 17 (achieved 8).

Results achieved

- Successfully performed concerts in Latvia and abroad, representing the country and performing tasks delegated by the State.



Governance

Shareholder – Ministry of Culture

Representative of Shareholder – Dace Vilsone

Member of the Management Board – Māris Ošlejs

Principal financial indicators, thousand EUR

	2020	2021
Turnover	82.5	116.7
Profit/loss	3.2	1.0
EBITDA	3.2	2.9
Total assets	195.6	270.4
Share capital	2.8	32.0
Equity	55.6	85.8
Investment	12.0	11.2
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	446.7	424.1
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	1 218.3	1 243.4

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	3.83	0.85
Return on assets, ROA, %	1.61	0.37
Return on equity, ROE, %	5.68	1.15
Total liquidity indicator	1.56	1.57
Liabilities-to-equity ratio (liabilities/equity)	2.52	2.15

Other indicators

Number of employees	65	65
Average gross remuneration per employee per year, thousand EUR	13.2	13.0
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

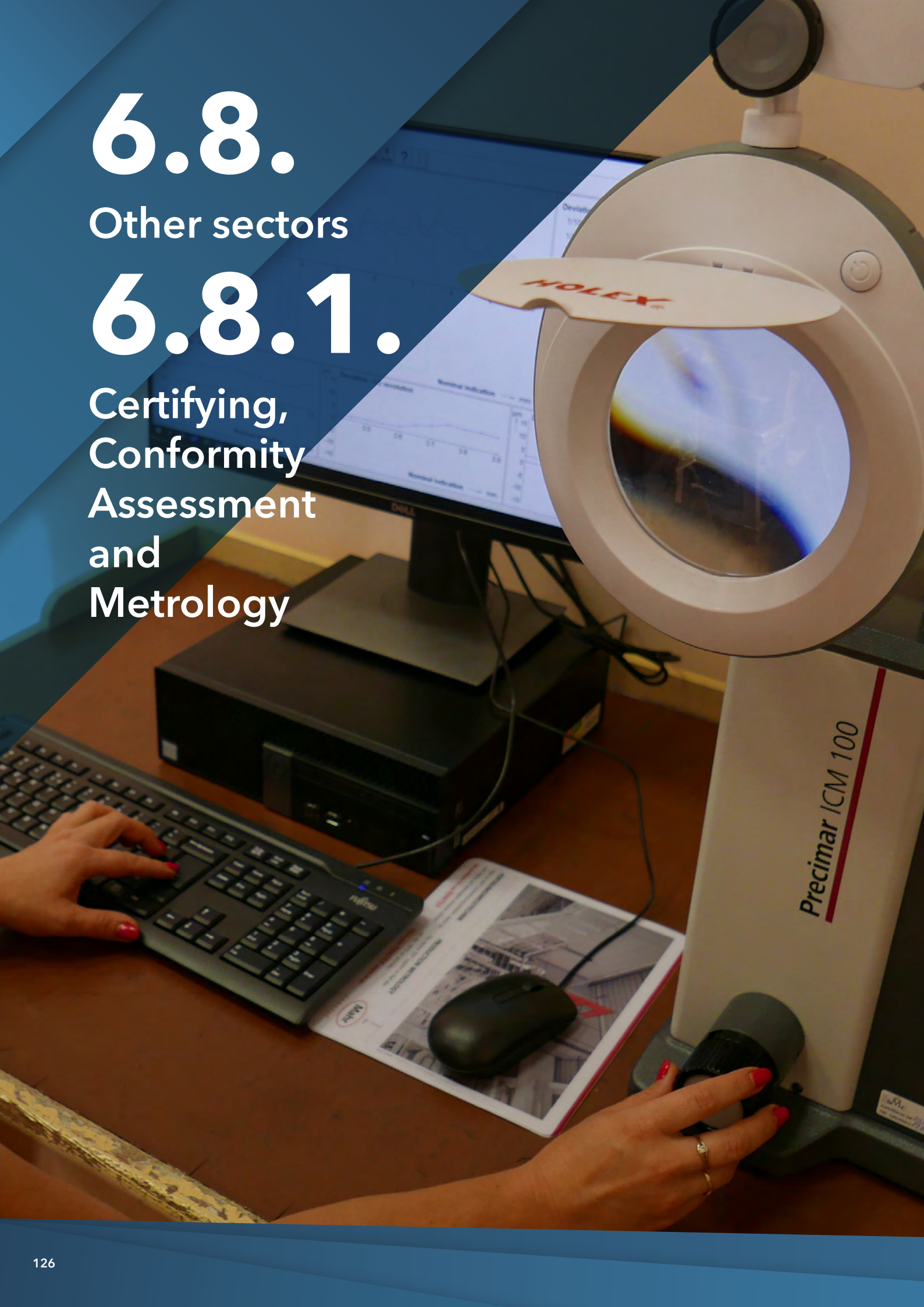
- According to the new performance indicators set out in the financial contract concluded on 08/01/2021, which were in the context of the COVID-19 pandemic, the VAKL has exceeded all the adjusted financial and non-financial targets.
- Profit was 55 % lower than expected and the revenue from ticket sales was 67 % lower than expected, as fewer concerts took place due to COVID-19 pandemic constraints.

6.8.

Other sectors

6.8.1.

Certifying,
Conformity
Assessment
and
Metrology



LLC Latvijas Nacionālais metroloģijas centrs (LNMC)

Reg. No. 40003435328

Web: www.lnmc.lv

State ownership 100 %

Related companies and shares:

LNMC has no ownership in other capital companies



The main activity of the LNMC (in English – Latvian National Metrology Centre) is the provision of metrological services. LNMC performs verification, calibration and testing of measuring instruments in Riga laboratory, as well as in regional laboratories in Liepāja, Daugavpils and Talsi in accordance with the requirements of Latvian and international laws and regulations in the field of metrology. Since 2016, LNMC's unit "Metrology Bureau" (hereinafter – LATMB) performs the functions of the National Metrology Institution. The main task of the unit is to provide a reference basis for physical units of measurement.

General strategic objective

To carry out reliable and high-precision measurements, to provide the necessary metrological services to the public, mainly operating in market segments where there is insufficient competition or the provision of services by other market participants.

Most important events in 2021

- LNMC has maintained the leading position in the metrology services market, both in terms of turnover and volume of the accredited sphere. The company continued the digital transformation processes that ensured the efficiency of work organisation also in the context of the COVID-19 pandemic.
- LATMB, together with the national metrology institutions of the Baltic and Nordic countries, started work on a common strategy for the development of metrology in the region, which provides for the implementation of principles of smart specialisation.

Most significant events planned in 2022

- In the field of core business development, the LNMC intends to accredit new types of measurement for verification in order to allow for the successful implementation of the road safety improvement plan in the country. The company will continue the digital transformation processes by developing the laboratory's automatic control system. A new medium-term operational strategy for the next programming period is also planned to be developed in 2022.

Principal financial objectives

- Net turnover from new services, EUR 48 000 (achieved 153 742).
- Return on equity (net profit/equity), %: -0.98 (achieved -8.68).
- Normalised EBITDA, EUR 38 473 (achieved -37 948).
- Normalised profit or loss, EUR: -8 500 (achieved -2 015).

Principal non-financial objectives

- Improve and modernise 2 measurement processes and equipment (achieved – 2).
- National types of 20 measuring instruments have been approved (achieved: 33).
- Participate in at least 3 inter-laboratory comparative measurement programmes accredited or declared in accordance with the requirements of Standard 17 043 (achieved – 8).

Results achieved

- LNMC's net turnover in 2021 has been by 8 percent higher than expected, mainly achieved at the expense of revenue from new services — revenue under this heading is by EUR 105 thousand more than planned. More national types of measuring instruments have been approved than planned, and it has been determined by the demand of the economy

Governance

Shareholder – Ministry of Economics

Representative of Shareholder – Zaiga Liepiņa

Member of Management Board – Kaspars Paupe

Principal financial indicators, thousand EUR

	2020	2021
Turnover	1 295.4	1 413.1
Profit/loss	0.8	-92.0
EBITDA	51.7	-37.9
Total assets	1 131.9	1 294.2
Share capital	633.5	889.9
Equity	895.7	1 059.4
Investment	83.5	339.4
Dividends paid to state budget	2.0	0.0
Contributions made to the state and local government budget	676.5	668.7
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	151.3	151.8

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	0.07	-6.51
Return on assets, ROA, %	0.07	-7.11
Return on equity, ROE, %	0.09	-8.69
Total liquidity indicator	2.89	2.31
Liabilities-to-equity ratio (liabilities/equity)	0.26	0.22

Other indicators

Number of employees	66	65
Average gross remuneration per employee per year, thousand EUR	12.7	12.8
Gender representation in management, f/m	1/0	0/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	53.5	57.4
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

for measuring instruments that meet today's needs. According to the plan, the modernisation of geometric and optical measurement processes and equipment is ongoing.

- In 2021, the R&D Council was established in the company, two R&D project themes were approved and the development of an action plan for the implementation of these projects in 2022.

LLC Latvijas standarts (LVS)

Reg. No. 40203084591
 Web: www.lvs.lv
 State ownership 100 %
 Related companies and shares:
 LVS has no ownership in other capital companies



LVS (in English – Latvian Standard) is the national standardization institution, which implements national standardisation policies and develops the functioning of the standardisation system in the country for the provision of quality infrastructure. The LVS is the only government-recognised standardisation body at national level, operating in a limited competitive environment in the field of standardisation and representing Latvia in the European (CEN and CENELEC) and International (ISO and IEC) standardisation organisation.

General strategic objective

To provide publicly available and reliable standardization services by organizing the development of Latvian national standards and the adaptation of European and international standards in accordance with international standardization principles, eliminating market failure and promoting the productivity, competitiveness, export capacity and the integration into global value chains of Latvian companies.

Most important events in 2021

- Implementation of the information system “Latvian Standard Governance System” was launched.
- Participation in the European grant translation project 2021/2022, translated 2 066 pages.
- An audit of the LVS quality governance system has been carried out in accordance with the requirements of ISO 9000: 2015.
- Introduction of neural machine translation tools has contributed to a faster increase in translation of standards processed by translation technological solutions – 91.67 %.
- Implementation of BIM promotion activities.

Most significant events planned in 2022

- Implementation of the information system “Latvian Standard Governance System”.
- Development of information technology infrastructure in accordance with the LVS investment plan, ensuring continuity of service provision (e-shop cloud computing) and restoring the data centre infrastructure.
- Development of the machine translation infrastructure of neurons.
- Participation in international projects.

Principal financial objectives

- Net turnover of EUR 323 482 (achieved EUR 358 191).
- Total liquidity ratio >2 (achieved 2).
- Maintain equity capital to a sufficient extent, ensuring financial stability: liabilities/equity ratio ≤0.46 (achieved 0.88).

Principal non-financial objectives

- Adapted European standards 100 % (achieved – 100 %).
- 2 200 users registered in the standardisation information system (achieved – 2 478).
- Number of experts from technical committees for standardisation in Latvia, number of delegation received per year: 8 (achieved – 10).
- Standard translations are processed using the technological solution of the translation industry: 70 % (amounted to 91.67 %).

Results achieved

- The LVS has ensured that the most important non-financial targets included in the strategy are met. Taking into account the limitations of the spread of COVID-19 and the shortcomings of the EIS system, the eCommittee platform (a joint project “Latvian Standard Governance System” was developed, procurement carried out, contract concluded and implementation started in 2021) will continue in 2022.

Governance

Shareholder – Ministry of Economics
 Representative of Shareholder – Zaiga Liepiņa
 Member of Management Board – Ingars Pilmanis

Principal financial indicators, thousand EUR

	2020	2021
Turnover	327.8	358.2
Profit/loss	42.7	22.0
EBITDA	67.6	51.6
Total assets	362.7	476.4
Share capital	11.5	11.5
Equity	231.4	253.4
Investment	32.7	3.6
Dividends paid to state budget	2.0	0.0
Contributions made to the state and local government budget	235.8	254.0
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	502.6	532.6

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	13.03	6.14
Return on assets, ROA, %	11.78	4.62
Return on equity, ROE, %	18.46	8.69
Total liquidity indicator	2.81	2.06
Liabilities-to-equity ratio (liabilities/equity)	0.57	0.88

Other indicators

Number of employees	17	18
Average gross remuneration per employee per year, thousand EUR	21.1	23.1
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance (yes/no)	no	no
Non-financial statement, yes/no	no	no

- Participation in the European Commission's grant project “Enhanced Participation of Standardisation Bodies and Environmental Organisations in Standardisation Processes Related to Environmental aspects”.
- Participation in the Twinning project “Strengthening the Institutional Capacity of the Ministry of Economic Affairs, Trade and Agricultural Development of Ukraine (META) in the field of National Quality Infrastructure (NQI)”.
- Participation in the Ministry of Foreign Affairs' grant project “Support for the Development of Sustainable Infrastructure for the Use of Modern Language Technologies in Georgian Public Administration, offering Automatic Translation Solutions and Expanding the Possibilities Offered by the Machine Translation Platform Established in the Field of Standardisation”.

6.8.2.

Public Electronic Mass Media



SLLC Latvijas Radio (LR)

Reg. No. 40003080614

Web: www.latvijaradio.lsm.lv

State ownership 100 %

Related companies and shares:

LR has no ownership in other capital companies

The main activity of LR (in English – Latvian Radio) is to ensure free and comprehensive dissemination of information about events in Latvia and abroad, to ensure the development of the Latvian language and culture, to develop comprehensive music programs and other activities in accordance with the Statute.

General strategic objective

To strengthen the democratic system of Latvia, freedom of expression and the feeling that they belong to Latvia, to take care of the Latvian language and national culture in accordance with the Constitution, the Law on Public Electronic Mass Media and their Governance and other laws.

Most important events in 2021

- LR completely exited the advertising market, replacing the previous advertising breaks with new programmes, a total of more than 600 broadcasts.
- LR4 multimedia studio was put into operation.
- LR, LTV and LSM.lv developed public benefit studies based on the new methodology.

Most significant events planned in 2022

- Complete the implementation of the Law on Public Electronic Mass Media and their Governance, incl. to launch work of the editor-in-chief, editorial board and drafting of editorial guidelines of LR.
- Public service media for the first year draw up a public service plan on the basis of common guidelines, including the activities of the whole public service.
- As the Public Electronic Mass Media Council takes over its functions, work has been initiated on the development of the concept for merger of public media and the change of the model of financing the public media.

Principal financial objectives

- Liabilities to equity, %: 0.3 (achieved 0.44).
- EBITDA profitability, %: 3.16 (achieved 2.04).
- Total liquidity ratio, %: 0.84 (achieved 0.85).
- Investments (cash flow ratio) between EUR 951 958 and EUR 1 189 948 or 8 % to 10 % of the State budget grants (EUR 708 356 achieved).

Principal non-financial objectives

- Radio programme coverage of 44 139 hours (44 152 hours achieved).
- Market share of the LR (sum share of radio listening time), %: 35.1 (achieved 37.9).
- Total LR audience 766 496 (achieved 775 150).

Results achieved

- Increase in the audience and market share of the LR of 1 % and 2.8 % respectively.
- Although the 10 % budget turnover for investment has not been achieved, the indicator has a positive upward trend, reaching 6 % of turnover in 2021.
- Implementing efficiency and structural reform measures of the Republic of Latvia,
- The employees' remuneration was increased in line with labour market trends, with an average wage of EUR 1 395 in 2021.



Latvijas
Radio

Governance

Shareholder – Public Electronic Mass Media Council

Representatives of the Shareholder – Jānis Siksnis,

Sanita Upleja-Jegermane, Jānis Eglītis

Chair of Management Board – Una Klapkalne

Members of Management Board – Sanita Dika-Bokmeldere,
Mārīte Tukiša

Principal financial indicators, thousand EUR

	2020	2021
Turnover	10 321.9	11 068.2
Profit/loss	50.7	-165.9
EBITDA	434.6	225.9
Total assets	6 817.7	7 239.1
Share capital	1 854.7	1 854.7
Equity	5 359.9	5 019.9
Investment	500.0	708.4
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	2 948.9	2 641.1
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	9 262.5	10 889.6

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	0.49	-1.50
Return on assets, ROA, %	0.74	-2.29
Return on equity, ROE, %	0.95	-3.31
Total liquidity indicator	0.89	0.85
Liabilities-to-equity ratio (liabilities/equity)	0.27	0.44

Other indicators

Number of employees	280	287
Average gross remuneration per employee per year, thousand EUR	18.4	20.8
Gender representation in management, f/m	3/0	3/0
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance (yes/no)	no	no
Non-financial statement, yes/no	no	no

SLLC Latvijas Televīzija (LTV)

Reg.No. 40003080597

Web: www.ltv.lsm.lv

State ownership 100 %

Related companies and shares:

LTV has no ownership in other capital companies

LTV (in English – Latvian Television) is a SOE, which performs the statutory function of public electronic media. It operates within the framework of public procurement, creating a wide and diverse range of programs in the public interest and its needs on two television channels LTV1 and LTV7, on the Internet portal www.lsm.lv, as well as on social networks.

General strategic objective

To strengthen the democratic system of Latvia, freedom of expression and the feeling of the people of Latvia that they belong to Latvia, to take care of the Latvian language and national culture in accordance with the Constitution, the Law on Public Electronic Mass Media and their Governance and other laws.

Most important events in 2021

- The LTV1 channel has again become the most popular television channel in the country after a one-year break.
- Investment projects of unprecedented scale study infrastructure have been implemented by fully equipping the LTV News Service, the Multimedia Platform of Minorities and the weekly programme “What is Happening in Latvia”.
- The Public Electronic Mass Media and their Governance Law entered into force in 2021. Both public media left the advertising market.

Most significant events planned in 2022

- A number of major long-term investment projects to improve the efficiency of infrastructure renovation and operation will be launched.
- The possibilities of LTV will be maximised to reflect as much as possible the events of the Russia's war in Ukraine by organising missions.
- The LTV will particularly prepare for reflecting the events and results of the Saeima elections scheduled for 2022.

Principal financial objectives

- Own revenue from economic activities, including the transmission of advertising, EUR 463 223 (amounted to EUR 2 089 701).
- Profit or loss -EUR 143 620 (amounted to EUR 326 100).
- EBITA - 88 620 (achieved EUR 326 515).
- Overall liquidity ratio ≥ 1.05 (achieved 1.15).

Principal non-financial objectives

- Market share of LTV linear TV (LTV1 and LTV7), viewing time share (CSOV %, 4 +): 16 (achieved 26.2).
- The number of unique visitors of ATV multimedia platforms on average 560 000 per month (achieved 677 346)
- ATV multimedia platform Reach (%), all audiences: 37 (achieved 45.8).
- Number of users of LTV channels and broadcasts on social network accounts to 12 million. (12 million).

Results achieved

- Successful achievement of financial objectives is mainly related to a better achievement of gross return, which has consequently contributed to the improvement of EBITA and net return and the overall liquidity ratio.



LATVIJAS TELEVĪZIJA

Governance

Shareholder – Public Electronic Mass Media Council

Representatives of Shareholder – Jānis Siksnis,

Sanita Upleja-Jegermane, Jānis Eglītis

Member of Management Board – Ivars Priede

Principal financial indicators, thousand EUR

	2020	2021
Turnover	19 093.0	25 460.9
Profit/loss	-7.1	326.1
EBITDA	1 575.1	2 450.7
Total assets	17 041.2	17 941.4
Share capital	4 837.4	4 837.4
Equity	7 002.7	7 967.7
Investment	2 911.7	3 138.5
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	5 404.3	6 073.3
Donations received	331.3	164.8
Donations made	0.0	0.0
Funding received from the state budget	18 962.1	24 042.0

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	-0.04	1.28
Return on assets, ROA, %	-0.04	1.82
Return on equity, ROE, %	-0.10	4.09
Total liquidity indicator	0.92	1.15
Liabilities-to-equity ratio (liabilities/equity)	1.35	1.17

Other indicators

Number of employees	484	519
Average gross remuneration per employee per year, thousand EUR	19.0	21.1
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance (yes/no)	no	no
Non-financial statement, yes/no	yes	yes

- Increase in LTV's market share was facilitated by the market leadership of the LTV1 channel recovered after a one-year break, as well as by the closure of several Russian propaganda channels.
- Increased consumption of multimedia content and high-level trust in public media content have contributed to achieving all non-financial objectives.

6.8.3.

Education and Sport



LLC Bobsleja un kamaniņu trase Sigulda (BKT)

Reg. No. 40003005137

Web: www.bobtrase.lv

State ownership 100 %

Related companies and shares:

BKT has no ownership in other capital companies

BKT's (in English – Bobsleigh and luge track Sigulda) activity is aimed at the provision of international and Latvian competitions in bobsleigh, skeleton and luge sport. Provision of trainings of different level teams of Latvian sports federations and provision of training for foreign athletes.

General strategic objective

Not approved.

Most important events in 2021

- 52th European Championship of the International Federation of Luge Sport, the 6th round of the World Cup in luge sport (04. - 10.1.2021).
- International Federation of Bobsleigh and skeleton Intercontinental Bucket, European Bobsleigh and Skeleton Cup (08. - 14.12.2021).
- International Bobsleigh and Skeleton Federation World Cup stage in bobsleigh and skeleton (27.12.2021. - 2.1.2022).

Most significant events planned in 2022

- International Bobsleigh and skeleton Federation World Cup in bobsleigh and skeleton (27.12. - 2.1.2022).
- EBERSPACHER World Cup 7th stage in luge sport (08.01. - 9.1.2022).
- President's Cup in kicks for youth, Latvian Cup for juniors, youth in luge sport (17.02.- 18.2.2022).
- Latvian Championship, Latvian junior and youth championships in luge sport (19.02. - 20.2.2022).

Principal financial objectives

- Own revenue: EUR 389 thousand (achieved EUR 358 thsd.).

Principal non-financial objectives

- Organisation of Latvian and international sports competitions.
- Provision of training for Latvian and international sports teams.

Results achieved

- Financial performance of the capital company has deteriorated in the context of the COVID-19 pandemic. In 2021, own revenue decreased by EUR 70 770 compared to the previous year.
- Non-financial targets were met.



Governance

Shareholder – Ministry of Education and Science

Representative of Shareholder – Edgars Severs

Chair of Management Board – Ieva Zunda

Principal financial indicators, thousand EUR

	2020	2021
Turnover	428.9	358.1
Profit/loss	-273.4	-29.0
EBITDA	153.2	398.0
Total assets	9 777.8	9 392.3
Share capital	10 840.9	10 840.9
Equity	8 221.3	8 192.3
Investment	27.6	10.0
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	306.7	279.6
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	325.0	567.3

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	-63.76	-8.11
Return on assets, ROA, %	-2.80	-0.31
Return on equity, ROE, %	-3.33	-0.35
Total liquidity indicator	0.49	0.60
Liabilities-to-equity ratio (liabilities/equity)	0.19	0.15

Other indicators

Number of employees	33	34
Average gross remuneration per employee per year, thousand EUR	15.8	14.9
Gender representation in management, f/m	0/1	1/0
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

SLLC Kultūras un sporta centrs Daugavas stadions (Daugavas stadions)

Reg. No. 50003140671

Web: www.daugavasstadions.lv

State ownership 100 %

Related companies and shares:

Daugavas stadions has no ownership in other capital companies

Daugavas stadions (in English - Daugava Stadium) is a multifunctional stadium in Rīga, where national football and athletics competitions, as well as major performances of the General Latvian Song and Dance Festival, take place. The aim of Daugavas stadions is to ensure the management and development of the national sports base – Daugavas stadions (Rīga), providing conditions for the training process of athletes, high-level sports and cultural events, as well as providing residents with the opportunity to engage in organized physical activities using the sports base.

General strategic objective

Not approved.

Most important events in 2021

- Ice hall was put into service and operation.
- Development of a construction project for a multifunctional athletic hall.
- Elaboration of documentation for the construction of a central sports ground.
- In 2021 the construction of the Daugava stadium's western stand was started in accordance with the cooperation agreement concluded with the association "Latvian Football Federation".
- A new development project has been launched – the creation of the Team Sports Game Hall at 99 C Krišjāņa Barona Street, Rīga.

Most significant events planned in 2022

- Completion of the development of the construction design of track and field athletics and the commencement of construction.
- Completion of the documentation for the construction of the central sports ground and the commencement of construction.
- Athletics training area and completion of the development and construction of documentation for the construction of a football training area.
- Work will continue on the development project launched in 2021 – the creation of the Team Sports Game Hall at 99C Krišjāņa Barona Street, Riga.

Principal financial objectives

- No information.

Principal non-financial objectives

- To provide multifunctional infrastructure for the operation of the sports and cultural quarter and to make investments in the amount of EUR 4 111 078 (execution of EUR 2 930 805).

Results achieved

- The Ice Hall was opened. Since its inception, 19 long-term ice lease contracts have been concluded. In the expenditure section of the project, there was a cash flow shift (-71 %) because no final payment was made for the construction of the Ice Hall due to the defects found after the Ice Hall was put into service. At the same time, it should be noted that these defects do not prevent the full use of the Ice Hall in order to ensure that training and competitions take place there.

NACIONĀLAIS STADIONS

DAUGAVA



Governance

Shareholder – Ministry of Education and Science

Representative of Shareholder – Edgars Severs

Member of Management Board – Daniēls Nātriņš

Principal financial indicators, thousand EUR

	2020	2021
Turnover	193.0	529.1
Profit/loss	-100.3	-399.2
EBITDA	616.4	567.4
Total assets	36 450.6	41 076.6
Share capital	10 957.8	12 491.1
Equity	8 354.3	9 488.4
Investment	7 669.3	2 930.8
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	23.1	128.4
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	1 456.7	421.5

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	-51.98	-75.45
Return on assets, ROA, %	-0.28	-0.97
Return on equity, ROE, %	-1.20	-4.21
Total liquidity indicator	2.74	1.51
Liabilities-to-equity ratio (liabilities/equity)	3.36	3.33

Other indicators

Number of employees	19	26
Average gross remuneration per employee per year, thousand EUR	8.6	12.0
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	yes
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

SLLC Rīgas Tūrisma un radošās industrijas tehnikums (RTRIT)

Reg. No. 40003480798

Web: www.rtrit.lv

State ownership 100 %

Related companies and shares:

RTRIT has no ownership in other capital companies

RTRIT (in English - Riga Technical School of Tourism and Creative Industry) is a dynamic and creative vocational education institution that provides high-quality and highly valued vocational education in the labour market and life-long development of the potential for everyone. It offers the 3rd and 4th LQF level programmes, continuing vocational education and development programmes, evaluation and recognition of professional competences acquired outside formal education. RTRIT has modern study premises and two renovated service hotels in Rīga, 26 Nīcgales Street and in Preiļi, 2 A.Paulāna Street.

General strategic objective

Not approved.

Most important events in 2021

- Successful reconstruction of the training block and workshops (41A Augusta Deglava Street, Rīga), and the construction of the new building and reconstruction of the sports ground (26 Nīcgales Street, Rīga) have been completed.
- In order to improve the education service quality, the Technological Centre was established. The main directions of its activities: improvement of educational content, coordination and implementation of teacher qualification development, provision of access to learning content, evaluation and improvement of the learning process.
- The Adult and Lifelong Learning Centre was set up to expand the offer of the adult education service. A well-targeted technical e-learning site e.rtrit.lv (more than 8 000 training materials are placed in 400 training courses) and the use of MS Office 365 communication environment in the learning process.

Most significant events planned in 2022

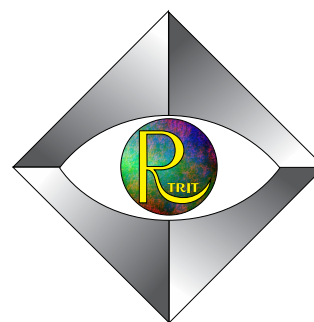
- Signing of a certificate of acceptance of the construction object and launch of reconstruction works in the service hotel building at 41B Augusta Deglava Street, Rīga (period - 24 months). The reconstruction is financed from the state budget funds for the implementation of high-preparedness projects.
- Optimise the use of e-resources for learning process management and reporting/plan preparation and joint coordination.
- Increase the number of students enrolled in work-based (DVB) training, reaching at least the numbers of 2018/2019. Involve in DVB training qualifications that so far have not been involved in DVB training.
- Reduce the number of students deducted by 2 %. Step up work with talented students.

Principal financial objectives

- Implement the project for the modernisation of RTRIT under specific aid objective 8.1.3. "Increase the Number of Modernised Vocational Education Institutions" in the amount of EUR 4 765 924 (achieved EUR 3 948 495).
- Implement the project for the reconstruction of the training block and workshop block at 41A Augusta Deglava Street, Rīga, and the reconstruction of the service hotel building at 41B Augusta Deglava Street, Rīga, in the amount of EUR 711 248 (achieved EUR 305 300).

Principal non-financial objectives

- No information.



Governance

Shareholder – Ministry of Education and Science
 Representative of the Representative of Shareholder –
 Santa Šmīdlere
 Member of the Management Board – Ilze Ločmane

Principal financial indicators, thousand EUR

	2020	2021
Turnover	5 647.7	6 143.3
Profit/loss	60.3	20.7
EBITDA	312.1	301.8
Total assets	20 688.7	25 235.9
Share capital	6 637.0	7 348.3
Equity	6 732.9	7 426.3
Investment	6 549.7	4 867.0
Dividends paid to state budget	83.2	38.6
Contributions made to the state and local government budget	3 045.3	2 317.9
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	5 306.7	5 869.8

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	1.07	0.34
Return on assets, ROA, %	0.29	0.08
Return on equity, ROE, %	0.89	0.28
Total liquidity indicator	1.39	1.43
Liabilities-to-equity ratio (liabilities/equity)	2.07	2.40

Other indicators

Number of employees	283	276
Average gross remuneration per employee per year, thousand EUR	11.8	12.4
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

Results achieved

- Refurbishment and renovation works in service hotel at 41A Deglava Street (Rīga) within the framework of the ERDF project continue.
- COVID-19 and reconstruction and refurbishment of the service hotel at 41A Deglava Street, Rīga resulted in a 27 % reduction in own revenue as compared to 2020.

LLC Sporta centrs Mežaparks (SCM)

Reg. No. 40003044327

Web: www.scmzaparks.lv

State ownership 100 %

Related companies and shares:

SCM has no ownership in other capital companies

The aim of SCM's (in English – Sports Centre Mežaparks) activity is to provide a full-service training and competition sports base for the needs of high-end, youth athletes and sports society in order to promote the competitiveness of the best Latvian athletes in the world. SCM provides services of a sports centre (sports halls, gyms and fitness halls, outdoor tennis courts), hotels and seminars, premises and land rental, etc.

General strategic objective

Not approved.

Most important events in 2021

- Successful cooperation with national teams of several sports.
- Modern visual identity was introduced.
- Latvian facade for the sports centre and hotel building.

Most significant events planned in 2022

- Successful cooperation with national teams and other sports organisations in organising training and tournaments.
- Introduction of various sports activities.
- Cooperation with various organisations to accommodate the war refugees, etc.

Principal financial objectives

- Revenue from sports centre services EUR 64 349 (amounted to EUR 75 094).
- Revenue from hotel services EUR 116 000 (amounted to EUR 120 124).
- Revenue from renting premises and land EUR 116 300 (amounted to EUR 116 962).
- Revenue from parking and berth: EUR 22 050 (achieved EUR 30 524).

Principal non-financial objectives

- Maintaining the status of a national sports facility.
- Ensuring one international competition (achieved – one competition).
- Customer satisfaction rate of 80 % (achieved 85 %).
- Ensuring full service availability for target customers (for athletes and sports organisations).

Results achieved

- Successful cooperation with sports organisations in organising training and camps.
- International competitions.
- Implemented energy efficiency project for the entire sports centre and hotel building.
- Successful cooperation with LIAA on accommodation of COVID-19 infected or their family members.



Governance

Shareholder – Ministry of Education and Science

Representative of Shareholder – Edgars Severs

Member of Management Board – Ieva Zunda

Principal financial indicators, thousand EUR

	2020	2021
Turnover	322.6	368.1
Profit/loss	1.6	2.4
EBITDA	82.7	82.1
Total assets	16 883.8	16 743.7
Share capital	16 111.1	16 111.1
Equity	15 738.4	15 740.8
Investment	733.4	209.4
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	119.4	111.9
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	482.4	390.3

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	0.51	0.65
Return on assets, ROA, %	0.01	0.01
Return on equity, ROE, %	0.01	0.02
Total liquidity indicator	0.80	2.22
Liabilities-to-equity ratio (liabilities/equity)	0.07	0.06

Other indicators

Number of employees	17	15
Average gross remuneration per employee per year, thousand EUR	9.7	11.4
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

LLC Tenisa centrs Lielupe (TCL)

Reg. No. 40003030774

Web: www.tenisslielupe.lv

State ownership 100 %

Related companies and shares:

TCL has no ownership in other capital companies

TCL (in English – Tennis Centre Lielupe) is the largest tennis centre in Latvia, which currently includes nine open tennis courts, 9 closed tennis courts, one children's closed tennis court, three squash squares, one beach tennis/volleyball court, one athletic hall and one gym. The tennis centre hosts national and international tennis competitions for children and adults.

General strategic objective

Not approved.

Most important events in 2021

- In April TCL hosted the Latvian Women's Tennis Team Competition (Billie Jean Kings Cup) against the India National Unit.
- Colouring of tennis courts in the reconstructed tennis hall was renewed, which currently allows to ensure equally high quality of tennis courts in both halls (nine closed tennis courts).

Most significant events planned in 2022

- Diversify revenues by increasing revenue from renting a gym, premises and advertising space.
- Maximise revenues from the rental period of sports grounds after the lifting of COVID-19 restrictions.

Principal financial objectives

- Net turnover of EUR 313 507 (achieved EUR 256 769).
- Net profit or loss - EUR 226 175 (achieved - EUR 260 106).

Principal non-financial objectives

- Increase in the number of international tournaments: four tournaments (five tournaments reached).

Results achieved

- Net turnover was EUR 256.8 thsd., which is EUR 56.7 thsd. less than planned (main reasons: national COVID-19 restrictions and high morbidity (in Q4)).
- Capital company's losses amounted to EUR 260.1 thsd., which is EUR 33.9 thsd. more than planned (main reasons: revenue foregone JSC a result of COVID-19 restrictions and morbidity and the significant increase in natural resources costs).
- Target of the number of international tournaments has been reached.

NACIONĀLAIS TENISA CENTRS

LIELUPE



Governance

Shareholder – Ministry of Education and Science

Representative of Shareholder – Edgars Severs

Member of Management Board – Daniēls Nātriņš

Principal financial indicators, thousand EUR

	2020	2021
Turnover	303.4	256.8
Profit/loss	-138.3	-260.1
EBITDA	409.6	292.6
Total assets	17 841.3	17 201.9
Share capital	14 964.0	14 964.0
Equity	9 829.6	9 569.5
Investment	339.5	71.2
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	142.8	144.5
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	101.0	59.4

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	-45.58	-101.30
Return on assets, ROA, %	-0.78	-1.51
Return on equity, ROE, %	-1.41	-2.72
Total liquidity indicator	0.55	0.22
Liabilities-to-equity ratio (liabilities/equity)	0.82	0.80

Other indicators

Number of employees	16	16
Average gross remuneration per employee per year, thousand EUR	12.7	14.4
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Sagatavots nefinanšu paziņojums, jā vai nē	nē	nē

6.8.4.

Other SOEs



JSC Attīstības finanšu institūcija Altum (ALTUM)

Reg. No. 50103744891
 Web: www.altum.lv
 State ownership 100 %
 Related companies and shares:
 KS Overkill Ventures Fund I AIF, LV 100 %
 KS Buildit Latvia Pre-Seed Fund AIF, LV 100 %
 KS Commercialization Reactor Pre-seed Fund, LV 100 %
 KS INEC 1, LV 75 %
 KS INEC 2, LV 90 %
 KS Overkill Ventures Fund II AIF, LV 80 %
 KS Buildit Latvia Seed Fund AIF, LV 80 %
 KS Commercialization Reactor Seed Fund, LV 80 %
 KS ZGI-4 AIF, LV 60 %
 KS FlyCap Mezzanine Fund II, LV 60 %
 KS Baltcap Latvia Venture Capital Fund, LV 67 %
 KS Imprimatur Capital Technology Venture Fund, LV 67 %
 KS Imprimatur Capital Seed Fund, LV 100 %
 KS ZGI-3, LV 95 %
 KS FlyCap Investment Fund, LV 95 %
 KS Expansion Capital fund, LV 95 %
 Baltic Innovation Fund, LU 20 %
 KS AIF "Altum kapitāla fonds" 48.9 %
 Baltic Innovation Fund 2, LU, 16.99 %
 Three Seas Initiative Investment Fund (3JF) 2.17 %

ALTUM (in English – Development Finance Institution ALTUM) is a financial institution owned by the Latvian State, which implements support and development programmes in the form of financial instruments and grants, implementing State policy in the economy, as well as ensuring the fulfilment of other delegated State tasks specified in regulatory enactments. The main objective of Altum's activities is to address market failures in the form of various support instruments, contributing to economic development

General strategic objective

Not approved.

Most important events in 2021

- ALTUM received the Platinum Award in the Sustainability Index.
- Nasdaq Baltic Stock Exchange Awards for Nasdaq Baltic Awards 2021 ALTUM won 81.47 out of 100 points in the field of openness, good Governance and Investor Relations Excellence.
- ALTUM continued long-term participation in the capital markets and issued 5-year bonds for a total amount of EUR 20 million with yield up to 0.443 %, which are the best financial conditions for the emissions implemented so far.

Most significant events planned in 2022

- Launch of new programmes under the Recovery and Resilience Facility Plan funding.
- Work on the creation and start-up of 5th generation venture capital funds.
- Conduct a Pillar assessment to allow ALTUM to qualify for Invest EU Implementation Partner status in 2023.
- Evaluation and integration of environmental, social and corporate governance aspects both in financing decisions and in ALTUM credit risk governance processes.

Principal financial objectives

- Return on equity ROE \geq 0.10 % (achieved 3.14 %).
- Profit of EUR 400 thsd. (achieved EUR 13.829 thsd.).
- Equity > EUR 420 million EUR 441 million reached).

Principal non-financial objectives

- New business volumes (without grants) EUR 344 million (achieved EUR 268 million).
- Gross portfolios at the end of the year (without grants) EUR 1 011 million (EUR 896 million achieved).
- Moody's credit rating not more than two grades below the rating assigned to the State of Latvia (achieved to Baa1, one step below the rating assigned to the State of Latvia A3).



Governance

Shareholders – 40 % Ministry of Finance, 30 % Ministry of Economics, 30 % Ministry of Agriculture
 Representatives of the Shareholder – Baiba Bāne,
 Dace Lucaua, Edmunds Valantis
 Chair of Supervisory Council – Līga Kļaviņa
 Members of Supervisory Council – Jānis Šnore, Ilze Baltābola
 Chair of Management Board – Reinis Bērziņš
 Members of Management Board – Jēkabs Krieviņš, Inese Zīle,
 Ieva Jansone-Buka, Aleksandrs Bimbirulis

Principal financial indicators, thousand EUR

	2020	2021
Turnover	13 826.0	22 890.0
Profit/loss	5 539.0	13 829.0
EBITDA	6 455.0	14 764.0
Total assets	850 704.0	976 204.0
Share capital	204 862.0	204 862.0
Equity	382 594.0	440 736.0
Investment	1 037.0	821.0
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	4 036.4	4 021.7
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	171 287.0	71 059.0

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	40.06	60.42
Return on assets, ROA, %	0.65	1.42
Return on equity, ROE, %	1.45	3.14
Total liquidity indicator	2.08	2.01
Liabilities-to-equity ratio (liabilities/equity)	1.14	1.14

Other indicators

Number of employees	211	226
Average gross remuneration per employee per year, thousand EUR	27.3	26.7
Gender representation in management, f/m	2/5	4/4
Annual report in accordance with IFRS (yes/no)	yes	yes
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	yes	yes
Non-financial statement, yes/no	no	no

Consolidated data.

Results achieved

- Successful implementation of financial and non-financial objectives.
- Gross portfolio of the group's support instruments on 31.12.2021 is EUR 999.1 million, of which the gross portfolio of financial instruments is EUR 895.8 million of 30 978 projects.

SJSC Latvijas Loto (LL)

Reg. No. 40003083998
 Web: www.latloto.lv
 State ownership 100 %
 Related companies and shares:
 LLC Latloto nams 100 %

LL (in English – Latvia Loto) is a state-owned enterprise that organizes licensed national lotteries at an internationally recognized level of social responsibility, safety and quality, directing consumers to the game in a socially responsible, safe and legal environment. Profits of the capital company go to the state budget, which allows it to be directed to the needs of the society.

General strategic objective

Organise licensed games at the internationally recognised level of social responsibility, safety and quality, ensuring higher quality standards and protection of the public interest and players' rights in Latvia, eliminating the market failure.

Most important events in 2021

- Upgrade of LOTO terminals completed – 947 new generation terminals have been installed on 31.12.2021.
- 12 country-wide instantteries and 2 interactive lotteries have been introduced, including instant lottery of an international brand – Monopoly and 2 new lotteries with a public benefit purpose in support of sport.
- Within the framework of the implementation of the public benefit objective of the centenary lottery, a grant of EUR 500 was received by 342 graduates of secondary education institutions in Latvia.
- Project to modernise the formula of the international number draw Vikinglotto has been introduced.

Most significant events planned in 2022

- Implement the Eurojackpot modernisation project for the international draw.
- Launch a project to upgrade the central lottery data processing system.
- Continue the mobile application implementation project.
- Organise at least three national lotteries with public interest objectives.

Principal financial objectives

- Net turnover of EUR 47 908 000 (achieved EUR 65 277 056).
- Net profit of EUR 5 120 000 (amounted to EUR 12 692 326).
- Net profit ratio > 9 % (achieved 19.4 %).
- Return on equity > 35 % (achieved 58.2 %).
- EBITDA profitability > 20 % (achieved 26.4 %).

Principal non-financial objectives

- Ensure compliance of the LL with quality, safety and social responsibility (responsible games) standards – ISO 9001, ISO 27001, WLA/SCS, EL/RG, WLA/RGF and regulatory requirements (achieved – external monitoring audits of ISO 9001, ISO/IEC 27001, WLA/SCS and EL/RG standards)
- Customer satisfaction index >70 % (achieved 90.6 %).
- Organise one national draw with a public benefit objective (achieved – three draws organised).
- Ensure the safe and socially responsible development of internet sales channels. Availability of central lottery data processing system >98.5 % (achieved 100 %).
- Continue to participate in the Sustainability Index initiative, SRS in-depth cooperation programme (achieved – SRS Gold member status, Sustainability Index Platinum category).

Results achieved

- Financial objectives and indicators have been achieved. Net profit of EUR 12.7 million. EUR 23 million was paid into the state budget.
- Non-financial targets achieved.
- Two new special national draws have been developed and implemented – instant Sports lottery and interactive draw "Sporto visi". A memorandum of cooperation has been signed with the Latvian Olympic Committee on the implementation of this project.



LATVIJAS
LOTO

Governance

Shareholder – Ministry of Finance
 Representative of the Shareholder – Baiba Bāne
 Chair of Supervisory Council – Kārlis Ketners
 Members of Supervisory Council – Antra Duntava,
 Ingars Eriņš
 Chair of the Management Board – Edgars Lediņš
 Members of Management Board – Jolanta Jērāne, Jānis Pone

Principal financial indicators, thousand EUR

	2020	2021
Turnover	57 141.2	65 325.3
Profit/loss	11 183.6	12 710.0
EBITDA	15 506.5	17 255.9
Total assets	26 258.7	29 956.9
Share capital	1 400.0	1 400.0
Equity	18 691.5	22 057.6
Investment	1 047.7	671.4
Dividends paid to state budget	4 975.7	13 814.6*
Contributions made to the state and local government budget	12 602.4	23 065.3**
Donations received	0.0	0.0
Donations made	39.0	42.0
Funding received from the state budget	0.0	0.0

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	19.57	19.46
Return on assets, ROA, %	42.59	42.43
Return on equity, ROE, %	59.83	57.62
Total liquidity indicator	17.05	22.24
Liabilities-to-equity ratio (liabilities/equity)	0.07	0.05

Other indicators

Number of employees	117	121
Average gross remuneration per employee per year, thousand EUR	21.4	22.7
Gender representation in management, f/m	2/4	2/4
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	872.4	534.0
Statement on corporate governance yes/no	yes	yes
Non-financial statement, yes/no	yes	yes

Consolidated data.

- Sports support interactive draw "Sporto visi", introduced in 2021, is also an innovative lottery product – for the first time in Latvia an interactive draw with geotargeting (or geographical location) principle was realised.
- LL is included in Latvia's favourite brands (according to DDB Brand Capital TM research methodology).
- As part of the environmental protection policy implemented by the LL, the consumption of non-renewable resources per employee was reduced by 10 % compared to 2020.

* The indicator includes the calculated and paid dividends (use of State capital) for 2020 of EUR 7 614 549 and early tax payments of EUR 6 200 005 intended to cover the 2021 public capital use payment.

** The indicator includes early payments of the above-mentioned taxes.

SLLC Latvijas Proves birojs (LPB)

Reg. No. 40103264961

Web: www.prove.lv

State ownership 100 %

Related companies and shares:

LPB has no ownership in other capital companies



LATVIJAS PROVES BIROJS

The LPB (in English – Hallmark Office of the Republic of Latvia) is a SOE which ensures protection of the interests of the State and consumer rights in the field of jewellery trade. LPB provides a wide range of services to determine and characterise their quality and provides expert advice on precious stones and their product.

General strategic objective

To ensure the interests of the society and the state by creating an orderly, safe and reliable market for precious metals, precious stones and their products, promoting an excellent business environment and access to testing services for all market participants in accordance with the highest quality standards.

Most important events in 2021

- Despite the significant impact of COVID-19 restrictions on the market for precious metals, precious stones and their products, LPB ensured a successful financial year and uninterrupted service availability.
- LPB successfully develops testing services by introducing new and innovative testing methods, creating the most advanced jewellery testing centre.
- LPB continues its cooperation with industry organisations and has repeatedly entrusted its representatives with the chairmanship of the Standing Technical Committee of the Convention on the Production and Sealing of Metal Products.

Most significant events planned in 2022

- Further develop technical competence.
- Carry out preparatory and design works for the reconstruction of the building, which will be used as of 2024 for further service provision.
- Ensure continuity of services in difficult times of the COVID-19 pandemic.

Principal financial objectives

- Net turnover of EUR 531 222 (achieved EUR 687 177).
- Profit or loss of EUR 0 (amounted to EUR 116 267).
- EBITDA EUR 65 000 (amounted to EUR 187 189).

Principal non-financial objectives

- Hallmarked, stamped articles of precious metal 630 thousand pcs. (achieved 624.8 thsd pcs.).
- Tested products with precious stones 34 thsd pcs. (achieved).
- Assessment of precious metal melt composition and product compliance with product safety requirements: screened products RTG and emission measurements 250 000 pcs. (achieved 250 000 pcs.).

Results achieved

- Highest profit figures since the founding of the capital company have been achieved: EUR 116 thsd.
- 48 on-site inspections have been carried out and continuous consultation of economic operators has been ensured.

Governance

Shareholder – Ministry of Finance

Representative of Shareholder – Baiba Bāne

Chair of Management Board – Pēters Brangulis

Principal financial indicators, thousand EUR

	2020	2021
Turnover	592.2	687.2
Profit/loss	43.1	116.3
EBITDA	106.0	187.2
Total assets	941.0	1 067.3
Share capital	836.3	836.3
Equity	899.0	1 015.2
Investment	42.7	86.9
Dividends paid to state budget	32.6	0.0
Contributions made to the state and local government budget	248.6	188.3
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	86.7	86.7

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	7.28	16.92
Return on assets, ROA, %	4.58	10.89
Return on equity, ROE, %	4.79	11.45
Total liquidity indicator	11.87	14.35
Liabilities-to-equity ratio (liabilities/equity)	0.05	0.04

Other indicators

Number of employees	17	17
Average gross remuneration per employee per year, thousand EUR	15.0	15.3
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

SLLC Latvijas Vēstnesis (LV)

Reg. No. 40003113794

Web: www.lv.lv

State ownership 100%

Related companies and shares:

LV has no ownership in other capital companies

LV (in English – Latvia’s Messenger) is the official publisher of the Republic of Latvia, implementing the state policy in the field of official publication and the systematisation of the information contained therein and, by promoting the understanding of individuals about the rights and obligations laid down in regulatory enactments, as well as public participation and quality of laws and regulations, provides a unified national, civic and legal information platform.

General strategic objective

Ensure the functioning of a sustainable, universally accessible and unified platform that directly provides the public with important and high-quality state, civic and legal information, improving public understanding of the rights and obligations of individuals specified in regulatory enactments, promotes the development of legal opinion of the society in accordance with the principles of a democratic state and encourages quality public debate by maintaining feedback between society and the state.

Most important events in 2021

- Development of a single portal for drafting and harmonising legislation in cooperation with the State Chancellery.
- Successfully implemented technologically and substantively complex and resource-intensive preparatory measures for publishing all local government binding regulations from 1.1.2022.
- High customer satisfaction assessment by the “LV portal” and magazine “Jurista Vārds” with the service (on a scale of 3.5 on a scale of 1-4) has been obtained.
- No fee for publications of official notices is charged on 01/01/2021 – the publication is free of charge for applicants, the costs for ensuring the official publication are covered by the State budget.

Most significant events planned in 2022

- Work continued on the implementation of a modernised and user-friendly single legislative and communication website (www.vestnesis.lv + www.likumi.lv).
- Activities carried out in the project “Constitution’s 100th Anniversary”, including preparing the brand of the anniversary of the Constitution “Open the Constitution” and creating the website www.Satversme100, the publishing of the Constitution in pocket format with additional comments and illustrations for secondary school students “Constitution in Pocket”, the bookazine “Jurista Vārds” with 51 essays on the concepts included in the Satversme, video film “Opens the Satversmi” with the participation of 117 Latvian lawyers, a new thematic section “Constitution” has been created on the LV portal.
- Rebranding of the official publisher “Latvijas Vēstnesis” has been implemented, creating a unified identity for the official publisher and the information platform it maintains, thus contributing to the sustainability of the information platform.

Principal financial objectives

- Earnings before interest, taxes, depreciation and amortisation deductions (EBITDA): EUR 50 511 (achieved EUR 84 157).
- Return on equity (ROE), %: 26.2 (achieved 20.9).
- Total liquidity ratio: 2.3 (achieved 2.3).

Principal non-financial objectives

- Number of actual Latvian users of the information e-services provided by LV on average per month: 370 thousand. (achieved 416 thsd).
- Official publications (vestnesis.lv) number of actual users per month on average: 90 thousand. (achieved 121 thsd).
- Number of real users of the regulatory systematisation website “likumi.lv” on average per month: 227 thsd. (achieved 257 thsd).
- Average number of real users per month: 235 thsd. (achieved 297 thsd).



LATVIJAS VĒSTNESIS

Governance

Shareholder – Ministry of Justice

Representative of Shareholder – Raivis Kronbergs

Chair of Management Board – Daina Ābele

Member of Management Board – Dainis Mjartāns

Principal financial indicators, thousand EUR

	2020	2021
Turnover	1 503.0	2 080.1
Profit/loss	55.1	-158.8
EBITDA	128.4	-84.2
Total assets	1 488.2	1 226.8
Share capital	711.4	711.4
Equity	958.1	760.1
Investment	52.6	73.0
Dividends paid to state budget	2.0	-39.2
Contributions made to the state and local government budget	769.8	638.3
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	773.2	1 894.6

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	3.67	-7.63
Return on assets, ROA, %	3.71	-12.94
Return on equity, ROE, %	5.76	-20.89
Total liquidity indicator	2.56	2.33
Liabilities-to-equity ratio (liabilities/equity)	0.55	0.61

Other indicators

Number of employees	65	65
Average gross remuneration per employee per year, thousand EUR	20.6	21.6
Gender representation in management, f/m	1/1	1/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance (yes/no)	no	no
Non-financial statement, yes/no	no	no

- Number of actual users of the portal “Jurista Vārds” on average per month: 12.5 thsd. (achieved 17.7 thsd).

Results achieved

- All financial and non-financial objectives were overall achieved.
- High public demand for high-quality information on the current legal framework provided in the COVID-19 thematic content sections created on all channels, increased the number of real users of the LV information platform by 7 % over the year.
- To ensure more user-friendly subscription, purchase and payment of the magazine “Jurista Vārds”, a new e-commerce platform has been created.

SLLC Latvijas Vides, ģeoloģijas un meteoroloģijas centrs (LVĢMC)

Reg. No. 50103237791

Web: www.lvgmc.lv

State ownership 100 %

Related companies and shares:

LVĢMC has no ownership in other capital companies

The main activities of the LVĢMC (in English – Latvian Centre for Environment, Geology and Meteorology) are the collection, accumulation and provision of environmental information to the public and state and local government institutions; environmental monitoring; identification and evaluation of subterranean resources; hazardous waste management; radioactive waste management; participation in the implementation of national policies in the fields of geology, meteorology, climatology, hydrology, water and air quality, transboundary air pollution impacts and radioactive and hazardous waste management.

General strategic objective

To provide high quality services of strategic importance for the development of the country in the field of geology, hydrology, air quality, climate science, meteorology and hazardous waste management, as well as to ensure efficient management of infrastructure necessary for the provision of these services.

Most important events in 2021

- Endorsed medium-term operational strategy for 2021 - 2023.
- Work launched on the development of a new radioactive waste tank in the Radons storage, as well as research work on Salaspils Nuclear Reactor and development of a construction project for the decommissioning and dismantling of the Salaspils Nuclear Reactor.
- Implementation completed and final payment received for ERDF project No 2.2.1.1/17/I/027 “Development and Improvement of Information Systems for Geospatial and Daugava Basin Flood Data”.

Most significant events planned in 2022

- Further implementation of the Cohesion Fund (CF) projects “Environmental Monitoring and Control System for Development”.
- Continued implementation of the CF 3rd selection round project “Development of the Water Monitoring and Control System”.
- Continued implementation of the project “Implementation of Latvian River Basin Management Plans to Achieve Good Surface Water Status”.
- Development of digital solutions, providing customers with access to electronic services and digital information and promoting the efficiency of processes.

Principal financial objectives

- The result before depreciation (EBITDA): EUR 490 thsd. (EUR 1 122 thsd. achieved).
- Total liquidity ratio: 1.6 (achieved 0.9).
- Net cash flow of the investment operation: EUR 3.4 million (EUR 4 million achieved).
- Return on equity (ROE): 10.9 % (-2.6 % achieved).

Principal non-financial objectives

- Hazardous waste accepted for disposal: 400 t (achieved 420 t).
- Number of biocidal product authorisations issued: 22 (achieved 24).
- Number of orders for laboratory services in environmental quality, radiation testing and measuring instrument calibration areas: 4 200 (amounted to 4,001 orders).
- Promote customer satisfaction: number of respondents who are satisfied with the services provided by the LVĢMC: 90 % (79 % achieved).



LATVIJAS VIDES, ĢEOLOĢIJAS
UN METEOROĢIJAS CENTRS

Governance

Shareholder – Ministry of Environmental Protection and Regional Development

Representative of Shareholder – Edvīns Balševics

Chair of Management Board – Egils Zariņš

Member of Management Board – Sigita Škapare

Principal financial indicators, thousand EUR

	2020	2021
Turnover	6 868.7	8 486.7
Profit/loss	-8 699.2	-231.9
EBITDA	850.6	1 121.6
Total assets	25 446.8	27 588.9
Share capital	27 151.0	27 151.0
Equity	9 287.2	9 055.3
Investment	2 649.7	4 215.0
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	2 345.4	2 414.0
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	6 528.0	9 213.0

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	-126.65	-2.73
Return on assets, ROA, %	-34.19	-0.84
Return on equity, ROE, %	-93.67	-2.56
Total liquidity indicator	1.06	0.85
Liabilities-to-equity ratio (liabilities/equity)	1.74	2.05

Other indicators

Number of employees	228	241
Average gross remuneration per employee per year, thousand EUR	15.7	16.6
Gender representation in management, f/m	0/2	1/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

Results achieved

- Implementation of CF projects 5.4.2.2/17/I/001, 5.4.2.2/18/I/001 “Environmental Monitoring and Control System Development”.
- Major project No 5.4.2.2/20/I/001 “Development of the Water Monitoring and Control System” was launched for the third selection round of the European Union Cohesion Fund.
- Implementation of the project “Implementation of Latvian River Basin Management Plans to Achieve Good Surface Water Status” (LIFE GoodWater IP).

LLC Publisko aktīvu pārvaldītājs "Possessor" (Possessor)

Reg. No. 40003192154
Web: www.possessor.gov.lv
State ownership 100 %
Related companies and shares:
LLC FeLM 100 %
LLC REAP 100 %
JSC Reverta in liquidation 96.89 %

Possessor (in English – Public Asset Manager "Possessor") is the leading seller of real estate and shares in the state, as well as the sole manager of public apartment estates in Latvia. Possessor is engaged in the management of distressed assets (subsidiaries). Possessor and its subsidiaries own and hold assets in the amount of EUR 200 million.

General strategic objective

Ensuring professional management of state-owned capital shares and problematic assets, as well as disposal and privatisation of assets held by the SJSC Privatizācijas aģentūra" (Possessor), which are not necessary for the exercise of state functions.

Most important events in 2021

- In the course of the sale of the state assets held by the state and governance of subsidiaries, the group has made contributions of EUR 15.76 million in state and local government budgets.
- During the reporting period, capital companies whose state-owned shares are managed by Possessor have paid dividends to the State budget of EUR 16.70 million.

Most significant events planned in 2022

- Endorse Possessor's medium-term operational strategy for 2022 - 2024.
- Develop new lines of action.
- To conclude 191 state asset purchase contract worth EUR 2.08 million, as well as to pay at least EUR 1.12 million to the state and local government budgets. Within the framework of the cooperation agreement with SJSC Ceļu satiksmes drošības direkcija (CSDD) successfully complete the sales processes of the capital shares owned by the CSDD in 4 road transport technical inspection services in undertakings.

Principal financial objectives

- Regulatory deductions: EUR 1.876 million (EUR 1.921 million achieved).
- Normalised profit or loss: EUR 244 923 (amounted to EUR 227 513).

Principal non-financial objectives

- Number of purchase contracts concluded: 240 (achieved 306).
- Value of purchase contracts concluded: EUR 2.886 million (EUR 2.541 million achieved).
- Contributions to state and local government budgets: EUR 1.830 million (EUR 2.663 million achieved).
- Number (decrease) of non-privatised entities held by Possessor: 333 (achieved 253).

Results achieved

- Possessor exceeded two of the three non-financial targets set for 2021 and reached its financial target in 2021. In the reporting year, 306 sales transactions for state-owned assets were concluded, or by 28 % more than planned. The value of the concluded transactions was EUR 2.89 million.

Publisko aktīvu pārvaldītājs

Possessor

Governance

Shareholder – Ministry of Economics
Representative of Shareholder – Edmunds Valantis
Chair of Management Board – Andris Gādmanis
Members of Management Board – Marina Podvinska,
Dace Gaile

Principal financial indicators, thousand EUR

	2020	2021
Turnover	2 781.4	7 687.7
Profit/loss	728.0	227.5
EBITDA	838.0	326.4
Total assets	36 928.7	27 650.3
Share capital	446 064.9	446 064.9
Equity	10 135.4	10 355.1
Investment	162.2	91.9
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	991.2	1 890.1
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	349.8	313.7

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	26.17	2.96
Return on assets, ROA, %	1.97	0.82
Return on equity, ROE, %	7.18	2.20
Total liquidity indicator	7.02	5.65
Liabilities-to-equity ratio	2.58	1.60

Other indicators

Number of employees	64	58
Average gross remuneration per employee per year, thousand EUR	22.9	25.2
Gender representation in management, f/m	2/1	2/1
Annual report in accordance with IFRS (yes/no)	no	no
Number of employees	0.0	0.0
Expenditure and/or capital investment in R&D, thousand EUR*	no	no
Non-financial statement, yes/no	no	no

Consolidated data.

LLC Vides investīciju fonds (VIF)

Reg. No. 40003339615

Web: www.lvif.gov.lv

State ownership 100 %

Related companies and shares:

VIF has no ownership in other capital companies

VIF (in English – Environmental Investment Fund) has three main lines of action: development of Esko projects; monitoring of projects financed by the Climate Change Financial Instrument (CPFI) and the Emissions Allowances auctioning instrument (ECII); raising public awareness of environmental protection projects. In 2022, the implementation of the support programme for residents of Latvia was launched, providing ECII co-financing for the purchase of electric cars and externally chargeable hybrid cars, as well as the use of renewable energy sources in households.

General strategic objective

To promote Latvia's contribution to reducing global climate change, by creating a sustainable financing model, taking into account Latvia's environmental, social and economic interests.

Most important events in 2021

- Successful implementation of the cross-border projects launched in previous years and the monitoring of implementation of ECII projects with total investment of EUR 70 million has been completed. The ENERSHARE cross-border project was submitted and approved.

Most significant events planned in 2022

- Financing of ESCO projects.
- Reduction of greenhouse gas emissions in the transport sector – support for the purchase of zero- and low-emission vehicles by introducing a tender to provide services to more than 1 000 inhabitants of Latvia.
- Reduction of greenhouse gas emissions in housing – support for the use of renewable energy sources for the implementation of more than 1 500 inhabitants of Latvia.
- Launch four new approved cross-border projects

Principal financial objectives

- Turnover: EUR 521 797 (EUR 264 042 achieved).
- Return on assets (ROA): 0.765 % (-1.5 % achieved).
- Equity: EUR 6 331 717 (EUR 6 073 949) achieved).

Principal non-financial objectives

- Number of ESCO projects implemented: 6 (achieved 0).
- Monitoring of projects implemented: 376 (98 reached).
- Number of new cross-border cooperation projects prepared: 8 (achieved – 2).
- Number of trainings for representatives of municipalities and commercial companies: 5 (achieved 0).

Results achieved

- The most significant impact on the achievement of the financial objectives was the very low interbank interest rates and the uncertainty caused by the COVID-19 pandemic, which delayed the implementation of ESCO projects by 50 %.
- The monitoring of the implementation of the CPFI and ECII projects has been successfully carried out, but no new ECII calls were launched in 2021, resulting in a new absorption of EUR 0.
- A contract was concluded in 2021 for the implementation of one new cross-border project, attracting EUR 143 000 of funding to Latvia.



Governance

Shareholder – Ministry of Environmental Protection and Regional Development

Representative of Shareholder – Edvīns Balševics

Chair of Management Board – Egils Zariņš

Principal financial indicators, thousand EUR

	2020	2021
Turnover	178.8	161.4
Profit/loss	-52.0	-96.5
EBITDA	-47.9	-92.6
Total assets	6 579.1	6 519.6
Share capital	6 299.3	6 299.3
Equity	6 170.4	6 073.9
Investment	2.6	0.0
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	118.5	92.8
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	171.8	156.0

Principal financial indicators, % and coefficients

Profit and turnover ratio, %	-29.08	-59.77
Return on assets, ROA, %	-0.79	-1.48
Return on equity, ROE, %	-0.84	-1.59
Total liquidity indicator	11.71	11.12
Liabilities-to-equity ratio (liabilities/equity)	0.07	0.07

Other indicators

Number of employees	13	11
Average gross remuneration per employee per year, thousand EUR	17.3	20.5
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no
Expenditure and/or capital investment in R&D, thousand EUR	0.0	0.0
Statement on corporate governance yes/no	no	no
Non-financial statement, yes/no	no	no

Annex 1

State owned enterprises, state owned shares and shares of State-owned enterprises and companies under decisive influence of the State (as to 31.12.2021)

No.	Reg. No.	Name of capital company	Sector	Turnover, 2021, EUR '000	Profit/loss, 2021, EUR '000	Total 31.12.2021, EUR '000	Proportion of shares, holder or owner	Supplementary information
State-Owned Enterprises								
1	40003032949	JSC Latvenergo (group)	Energy	1 065 219.0	71 623.0	3 475 890.0	100 % Ministry of Economics	
2	40003466281	JSC Latvijas valsts meži (consolidated)	Forestry	405 378.9	111 607.8	581 430.9	100 % Ministry of Agriculture	
3	40003032065	SJSC Latvijas dzelzceļš (consolidated)	Transport	249 177.0	3 909.0	866 906.0	100 % Ministry of Transport	
4	40003951628	LLC Rīgas Austrumu klīniskā universitātes slimnīca	Health care	226 822.6	174.7	205 813.3	100 % Ministry of Health	Does not prepare annual report for 2021 ⁹³ .
5	40003575567	JSC Augstsprieguma tīkls (consolidated)	Energy	182 226.4	10 096.7	1 232 245.4	100 % Ministry of Finance	According to decision by the Register of Enterprises of 25.11.2020, LET is excluded from the Enterprise Register, JSCT took over all LET's assets and liabilities at JSC and continues the commercial activities of the incorporated company JSC ⁹⁴ .
6	40003457109	SLLC Paula Stradiņa klīniskā universitātes slimnīca	Health care	171 320.8	417.6	212 610.0	100 % Ministry of Health	
7	40003052790	SJSC Latvijas Pasts	Communications	105 349.5	-1 156.6	142 003.4	100 % Ministry of Transport	
8	40003356530	SJSC Latvijas autoceļu uzturētājs	Transport	85 096.1	3 938.3	73 210.7	100 % Ministry of Transport	
9	40003457128	SLLC Bērnu klīniskā universitātes slimnīca	Health care	74 904.7	103.5	84 242.2	100 % Ministry of Health	
10	40003083998	SJSC Latvijas Loto (consolidated)	Other	65 325.3	12 710.0	29 956.9	100 % Ministry of Finance	
11	40003345734	SJSC Ceļu satiksmes drošības direkcija (consolidated)	Transport	50 594.1	3 793.5	55 194.0	100 % Ministry of Transport	
12	40003567907	JSC Pasažieru vilciens	Transport	44 131.0	591.0	82 528.2	100 % Ministry of Transport	
13	40003294758	SJSC Valsts nekustamie īpašumi	Real estate management	41 779.7	3 401.9	410 331.9	100 % Ministry of Finance	
14	40003028055	SJSC Starptautiskā lidosta "Rīga"	Transport	31 768.9	-9 423.4	173 595.0	100 % Ministry of Transport	
15	40003080597	SLLC Latvijas televīzija	Public Electronic Mass Media	25 460.9	326.1	17 941.4	100 % National Electronic Mass Media Council	Shareholder till 01.10.2021. – National Electronic Mass Media Council
16	50003342481	SLLC Rīgas Psihiatrijas un narkoloģijas centrs	Health care	23 656.4	129.8	29 147.9	100 % Ministry of Health	
17	50103744891	JSC Attīstības finanšu institūcija Altum (consolidated)	Other	22 890.0	13 829.0	976 204.0	40 % Ministry of Finance, 30 % Ministry of Economics un 30 % Ministry of Agriculture	
18	40003410729	SLLC Traumatoloģijas un ortopēdijas slimnīca	Health care	22 372.3	-221.9	14 952.1	100 % Ministry of Health	
19	40003011203	SJSC Latvijas Valsts radio un televīzijas centrs	Communications	22 064.8	4 627.1	142 190.0	100 % Ministry of Transport	

⁹³ Does not prepare a consolidated annual report for 2021 on the basis of Section 66 of the Law on Annual Accounts and Consolidated Annual Accounts.

⁹⁴ On 8 October 2019, the Cabinet of Ministers of the Republic of Latvia supported the introduction of the ownership model of the electricity transmission system operator "Full Ownership Unbundling" by Protocol No 46, §38. 10.06.2020. JSC Latvenergo terminated 100 % participation in the subsidiary JSC Latvijas elektrotīkls (LET) and transmission system assets of EUR 644.3 million were ring-fenced from the group by transferring all LET shares of EUR 222.7 million to the Ministry of Economics. Pursuant to decision of the Register of Enterprises of 25.11.2020, LET has been removed from the company register, AST took over all the assets and liabilities of LET and continues the commercial activities of the merged company.

No.	Reg. No.	Name of capital company	Sector	Turnover, 2021, EUR '000	Profit/loss, 2021, EUR '000	Total 31.12.2021, EUR '000	Proportion of shares, holder or owner	Supplementary information
20	50003407881	SLLC Daugavpils psihoneiroloģiskā slimnīca	Health care	20 800.9	30.1	30 417.7	100 % Ministry of Health	
21	40003344207	SLLC Latvijas Valsts ceļi	Transport	19 268.7	305.4	8 980.9	100 % Ministry of Transport	
22	40003038621	SJSC Latvijas gaisa satiksme	Transport	19 223.1	-3 154.6	39 369.8	100 % Ministry of Transport	
23	40003338357	SLLC SLLC Zemkopības ministrijas nekustamie īpašumi	Real estate management	18 536.4	9.7	13 512.6	100 % Ministry of Agriculture	
24	40003273900	SLLC Nacionālais rehabilitācijas centrs "Vaivari"	Health care	18 157.4	1 432.3	20 463.4	100 % Ministry of Health	
25	40003080614	SLLC Latvijas radio	Public Electronic Mass Media	11 068.2	-165.9	7 239.1	100 % National Electronic Mass Media Council	Shareholder till 01.10.2021 – National Electronic Mass Media Council.
26	40003407396	SLLC Slimnīca "Ģintermuiža"	Health care	10 987.6	58.4	15 497.6	100 % Ministry of Health	
27	50003408181	SLLC Strenču psihoneiroloģiskā slimnīca	Health care	9 460.0	731.9	9 674.0	100 % Ministry of Health	
28	40003334410	SJSC Tiesu namu aģentūra	Real estate management	8 858.8	156.3	67 360.3	100 % Ministry of Justice	
29	50103237791	SLLC Latvijas Vides, ģeoloģijas un meteoroloģijas centrs	Other	8 486.7	-231.9	27 588.9	100 % Ministry of Environmental Protection and Regional Development	
30	40003192154	LLC Publisko aktīvu pārvaldītājs Possessor (consolidated)	Other	7 687.7	227.5	27 650.3	100 % Ministry of Economics	
31	40003021907	SJSC Elektroniskie Communications	Communications	7 534.7	99.8	13 082.1	100 % Ministry of Environmental Protection and Regional Development	
32	40003480798	SLLC Rīgas Tūrisma un radošās industrijas tehnikums	Education	6 143.3	20.7	25 235.9	100 % Ministry of Education and Science	
33	40003343729	SLLC Piejūras slimnīca	Health care	4 736.3	300.0	10 192.4	100 % Ministry of Health	
34	40003429317	SLLC Autotransporta direkcija	Transport	3 772.5	745.4	4 593.1	100 % Ministry of Transport	
35	40003022705	SLLC Latvijas Jūras administrācija	Transport	3 698.8	-284.9	4 995.0	100 % Ministry of Transport	
36	40103836785	LLC Eiropas dzelzceļa līnijas	Transport	3 106.5	-67.9	5 598.1	100 % Ministry of Transport	
37	40003400059	SLLC Iekšlietu ministrijas poliklīnika	Health care	2 961.5	1.3	938.0	100 % Ministry of the Interior	
38	50003000771	SLLC Šampētera nams	Real estate management	2 608.1	0.9	6 098.2	100 % Ministry of Welfare	
39	40003113794	SLLC Latvijas Vēstnesis	Other	2 080.1	-158.8	1 226.8	100 % Ministry of Justice	
40	44103017181	SLLC Bērnu psihoneiroloģiskā slimnīca "Ainaži"	Health care	1 904.1	129.4	4 294.9	100 % Ministry of Health	
41	40203235757	JSC Ventas osta	Transport	1 453.1	21.6	325.3	100 % Ministry of Transport	
42	40003435328	LLC Latvijas Nacionālais metroloģijas centrs	Other	1 413.1	-92.0	1 294.2	100 % Ministry of Economics	
43	40103208907	SLLC Latvijas Nacionālā opera un balets	Culture	894.1	18.3	24 541.6	100 % Ministry of Culture	
44	40003783138	SLLC Dailes teātris	Culture	808.5	4.0	1 942.0	100 % Ministry of Culture	

No.	Reg. No.	Name of capital company	Sector	Turnover, 2021, EUR '000	Profit/loss, 2021, EUR '000	Total 31.12.2021, EUR '000	Proportion of shares, holder or owner	Supplementary information
45	40003786149	SLLC Latvijas Nacionālais teātris	Culture	788.7	7.2	1 816.3	100 % Ministry of Culture	
46	40103264961	SLLC Latvijas Proves birojs	Other	687.2	116.3	1 067.3	100 % Ministry of Finance	
47	40003374610	SLLC Latvijas Koncerti	Culture	595.3	-11.6	1 151.1	100 % Ministry of Culture	
48	40003094953	SLLC Jaunais Rīgas teātris	Culture	534.4	2.8	1 581.2	100 % Ministry of Culture	
49	50003140671	SLLC Kultūras un sporta centrs "Daugavas stadions"	Sports	529.1	-399.2	41 076.6	100 % Ministry of Education and Science	Due to merger on 27.09.2022 added to LLC Sporta centrs "Mežaparks", LLC Bobsleja un kamanīņu trase "Sigulda", LLC Tenisa centrs "Lielupe". Since 27.09.2022 - LLC Latvijas Nacionālais sporta centrs.
50	50003017621	SLLC Meliorprojekts	Other	382.0	-30.7	166.1	100 % Ministry of Agriculture	
51	40003044327	LLC Sporta centrs "Mežaparks"	Sports	368.1	2.4	16 743.7	100 % Ministry of Education and Science	Due to merger, on 27.09.2022 added to LLC Latvijas Nacionālais sporta centrs.
52	40203084591	LLC Latvijas standarts	Other	358.2	22.0	476.4	100 % Ministry of Economics	
53	40003005137	LLC Bobsleja un kamanīņu trase "Sigulda"	Sports	358.1	-29.0	9 392.3	100 % Ministry of Education and Science	Due to merger, on 27.09.2022 added to LLC Latvijas Nacionālais sporta centrs.
54	40003793653	SLLC Mihaila Čehova Rīgas Krievu teātris	Culture	354.1	69.9	936.1	100 % Ministry of Culture	
55	40003487546	SLLC KREMERATA BALTICA	Culture	320.7	0.6	85.0	100 % Ministry of Culture	
56	40003030774	LLC Tenisa centrs "Lielupe"	Sports	256.8	-260.1	17 201.9	100 % Ministry of Education and Science	Due to merger, on 27.09.2022 added to LLC Latvijas Nacionālais sporta centrs.
57	40003373615	SLLC Latvijas Nacionālais simfoniskais orķestris	Culture	254.1	9.0	1 033.8	100 % Ministry of Culture	
58	44103038376	SLLC Valmieras drāmas teātris	Culture	231.7	10.0	962.9	100 % Ministry of Culture	
59	40003782984	SLLC Latvijas Leļļu teātris	Culture	196.8	7.8	481.7	100 % Ministry of Culture	
60	40003339615	SLLC Vides investīciju fonds	Other	161.4	-96.5	6 519.6	100 % Ministry of Environmental Protection and Regional Development	
61	42103049403	SLLC Liepājas simfoniskais orķestris	Culture	136.2	-44.5	483.7	100 % Ministry of Culture	
62	40003373761	SLLC Valsts Akadēmiskais koris "Latvija"	Culture	116.7	1.0	270.4	100 % Ministry of Culture	
63	40003027789	SLLC Rīgas cirks	Culture	41.4	-51.3	2 764.8	100 % Ministry of Culture	
64	41503037608	SLLC Daugavpils teātris	Culture	23.6	3.3	554.4	100 % Ministry of Culture	
65	40003342456	LLC Lielstraupes pils	Health care	0.0	-21.4	43.6	100 % Ministry of Health	Renamed on 14.05.2019. (previous name SLLC "Straupes narkoloģiskā slimnīca". On 19 January 2021 from the property real estate valuation reports were received from the investment valuer ⁹⁵ .

No.	Reg. No.	Name of capital company	Sector	Turnover, 2021, EUR '000	Profit/loss, 2021, EUR '000	Total 31.12.2021, EUR '000	Proportion of shares, holder or owner	Supplementary information
State-Owned Enterprises effectively controlled by the State								
66	40003052786	LLC "Tet" (group)	Communications	253 253.0	28 852.0	351 220.0	51 % LLC Publisko aktīvu pārvaldītājs Possessor	
67	40003245752	JSC Air Baltic Corporation (consolidated)	Transport	198 259.0	-135 718.0	1 025 242.0	97.97 % Ministry of Transport	Increased share. Share till 2020 was 96.13 %.
68	40003347699	LLC Latvijas Lauku konsultāciju un izglītības centrs	Agriculture	10 925.3	12.3	5 854.7	99.32 % Ministry of Agriculture	
69	40003258973	LLC Ludzas medicīnas centrs	Health care	4 552.6	130.9	9 607.2	57.94648 % Ministry of Health	
Capital companies with direct State ownership of 20 % to 50 % (including)								
70	40003286750	JSC Rīgas siltums (consolidated)	Energy	146 454.4	6 853.1	237 966.8	48.995 % Ministry of Economics	Other shareholders: 49 % Riga City Council, 2 % LLC Enerģijas risinājumi. RIX, 0.005 % Latvenergo.
71	40003212111	LLC Latvijas Olimpiskā vienība	Sports	1 585.7	-330.0	563.9	29.04423 % Ministry of Education and Science	
72	41203024801	LLC Starptautiskā Rakstnieku un tulkotāju māja	Real estate management	2.6	-0.2	99.8	33.33 % Ministry of Culture	
Capital companies with direct State ownership up to 20 %								
73	40003000642	JSC Latvijas Gāze (consolidated)	Energy	583 342.0	3 240.0	700 401.0	0.00029 % Ministry of Economics	
74	40003044346	JSC Rīgas sanitārā transporta autobāze (consolidated)	Other	35 575.2	822.4	35 575.2	10.07 % LLC Publisko aktīvu pārvaldītājs Possessor	Financial indicators for 2020 as the submission of the report for 2021 has not been registered until 19.01.2023.
75	40003034263	JSC Ceļu pārvalde (consolidated)	Other	25 932.8	840.9	22 703.7	0.93 % LLC Publisko aktīvu pārvaldītājs Possessor	Non-voting shares. Financial indicators for 2020 as the submission of the report for 2021 has not been registered until 19.01.2023.
76	41503002447	JSC Daugavpils specializētais autotransporta uzņēmums	Other	4 726.6	263.4	3 295.0	3.2 % LLC Publisko aktīvu pārvaldītājs Possessor	
77	40003020723	JSC Lopkopības izmēģinājumu stacija Latgale	Other	2 265.9	400.9	7 604.0	4.77 % LLC Publisko aktīvu pārvaldītājs Possessor	
78	40003028394	Rēzeknes SEZ JSC "REBIR"	Other	2 263.4	-9.6	1 859.7	5 % LLC Publisko aktīvu pārvaldītājs Possessor	
79	40003028515	JSC Jelgavas mašīnbūves rūpnīca	Other	697.6	20.7	2 769.9	3.68 % LLC Publisko aktīvu pārvaldītājs Possessor	
80	40003019851	JSC Latgales ciltsliežu un mākslīgās apsūkšanas stacija	Other	226.4	-53.6	289.5	4.91 % LLC Publisko aktīvu pārvaldītājs Possessor	
81	40003047677	LLC Sanatorija "Dzimtene"	Health care	27.4	-4.7	40.7	10 % LLC Publisko aktīvu pārvaldītājs Possessor	
82	41703004525	LLC UNI SAN	Other	0.0	263.2	1.2	5 % LLC Publisko aktīvu pārvaldītājs Possessor	Insolvency as of 13.09.2022.

⁹⁵ On 19 January 2021, real estate valuation reports were received from the property appraiser. The draft order "On the investment of State real estate into the equity capital of LLC Lielstraupes Pils and the transfer of State capital shares to the municipality" regarding the authorisation of Ministry of Health to invest in share capital of LLC "Lielstraupes Pils", registration No. 40003342456, a property investment of the state real estate, which has been entered in the Land Register in the name of the State represented by Ministry of Health, is being submitted to the Cabinet of Ministers for the consideration and approval of the intended action.

No.	Reg. No.	Name of capital company	Sector	Turnover, 2021, EUR '000	Profit/loss, 2021, EUR '000	Total 31.12.2021, EUR '000	Proportion of shares, holder or owner	Supplementary information
83	42103008388	LLC Liepājas sērkociņi	Other	0.0	-42.9	466.6	9.99935 % LLC Publisko aktīvu pārvaldītājs Possessor	
Capital companies with direct state ownership up to 20 % that are in the process of liquidation or were liquidated in 2021								
84	40003026603	JSC Rīgas dzirnavnieks	Other	23 991.9	-267.6	22 168.2	3.68 % LLC Publisko aktīvu pārvaldītājs Possessor	Divestment transaction of 5 611 shares (or 3.68 % of the share capital) completed in 2021 with AB "Baltic mill".
85	40003014197	IJSC Liepājas metalurģis	Other	n/a	n/a	n/a	2.5 % LLC Publisko aktīvu pārvaldītājs Possessor	Insolvency as of 13.11.2013 Liquidated and excluded from the Enterprise Register on 19.02.2021.
Subsidiaries 100 % owned by SOEs								
86	40003857687	JSC Sadales tīkls	Energy	304 454.0	10 429.0	1 819 067.0	100 % JSC Latvenergo	
87	40003788421	LLC LDZ Cargo	Transport	144 363.0	7 054.4	182 840.1	100 % SJSC Latvijas dzelzceļš	In February 2021, an application for annulment of the decision of the Competition Council of 28.12.2020 was submitted to the Administrative District Court ⁹⁶ .
88	301506046	UAB Elektrum Lietuva	Other	91 223.0	-580.0	67 286.0	100 % JSC Latvenergo	
89	11399985	OÜ Elektrum Eesti	Other	78 361.0	156.0	50 400.0	100 % JSC Latvenergo	
90	40003788351	LLC LDZ ritošā sastāva serviss	Transport	47 333.5	752.5	75 728.1	100 % SJSC Latvijas dzelzceļš	
91	40003988480	LLC LDZ Loģistika	Transport	14 253.6	81.3	1 951.7	100 % SJSC Latvijas dzelzceļš	
92	40003620112	LLC LDZ apsardze	Other	7 633.1	119.6	1 872.7	100 % SJSC Latvijas dzelzceļš	
93	40103981332	LLC FeLM	Other	5 051.7	0.0	850.3	100 % LLC Publisko aktīvu pārvaldītājs Possessor	
94	40003788258	LLC LDZ Infrastruktūra	Transport	2 390.3	-10.2	12 701.2	100 % SJSC Latvijas dzelzceļš	According to the plan approved by the board and council of SJSC Latvijas dzelzceļš in 2021, it is planned to dissolve LLC LDZ Infrastruktūra ⁹⁷ .
95	40103762700	JSC Enerģijas publiskais tirgotājs	Energy	1 729.1	0.0	48 232.8	100 % JSC Latvenergo	
96	40103361063	JSC LatRailNet	Transport	1 186.0	57.8	1 520.4	100 % SJSC Latvijas dzelzceļš	
97	40003423460	LLC LatLoto nams	Other	912.8	57.5	295.8	100 % SJSC Latvijas Loto	
98	40003665610	LLC Jaunmoku pils	Other	866.6	48.4	1 787.5	100 % SJSC Latvijas valsts meži	
99	40003266519	LLC Mailmaster	Communications	609.4	8.7	501.0	100 % SJSC Latvijas Pasts	
100	40203106704	LLC REAP	Other	0.0	0.0	13 836.2	100 % LLC Publisko aktīvu pārvaldītājs Possessor	

⁹⁶ In February 2021, an application for annulment of the decision of the Competition Council of 28.12.2020 in case No KL/5-5/18/30 'On violation of the prohibition laid down in Article 13(1) of the Competition Law and Article 102 of the Treaty on the Functioning of the European Union on the activities of LLC LDZ CARGO and SJSC "Latvijas dzelzceļš" was submitted to the Administrative District Court. LLC LDZ CARGO recognised the full amount of the fine in its 2020 annual report.

⁹⁷ Pursuant to the plan approved in 2021 by the board and council of SJSC "Latvijas dzelzceļš", it is planned to dissolve LLC LDZ infrastruktūra. To launch LLC LDZ infrastruktūra liquidation, it is necessary to obtain the consent of the shareholder and the Cabinet for the performance of these activities.

No.	Reg. No.	Name of capital company	Sector	Turnover, 2021, EUR '000	Profit/loss, 2021, EUR '000	Total 31.12.2021, EUR '000	Proportion of shares, holder or owner	Supplementary information
101	40003510448	LLC Rīgas hematoloģijas centrs	Health care	0.0	-0.1	190.2	100 % LLC Rīgas Austrumu klīniskā universitātes slimnīca	Financial indicators for 2020 because the submission of the report on 2021 has not been registered. Economic activity suspended on 13.12.2018.
102	44103115707	KS Commercialization Reactor Pre-seed Fund AIF	Other	0.0	-346.5	994.7	100 % JSC Attīstības finanšu institūcija Altum	
103	50103306171	KS Imprimatur Capital Seed Fund	Other	n/a	n/a	n/a	100 % JSC Attīstības finanšu institūcija Altum	Dissolution process from 27.06.2022.
104	43603080677	KS Buildit Latvia Pre-Seed Fund AIF	Other	n/a	n/a	n/a	100 % JSC Attīstības finanšu institūcija Altum	
105	40203141610	KS Overkill Ventures Fund I AIF	Other	n/a	n/a	n/a	100 % JSC Attīstības finanšu institūcija Altum	
Shares held by SOEs or companies under the direct or indirect decisive influence of the state								
106	50003050931	LLC Latvijas Mobilais Telefons (consolidated)	Communications	252 906.7	33 104.8	352 760.9	23 % LLC Latvijas Valsts radio un televīzijas centrs, 23 % LLC Tet and 5 % LLC Publisko aktīvu pārvaldītājs Possessor	
107	40103148504	LLC LMT Retail&Logistics	Communications	112 714.4	3 663.9	51 845.7	100 % LLC Latvijas Mobilais Telefons	
108	40203041605	JSC Conexus Baltic Grid	Energy	56 439.1	13 216.7	468 070.3	68,46 % JSC Augstsprieguma tīkls	
109	50003752271	LLC CITRUS Solutions	Other	29 227.3	1 011.9	18 515.5	100 % LLC Tet	
110	40103587651	JSC Aviation Crew Resources	Other	20 368.6	-56.7	7 619.2	100 % JSC Air Baltic Corporation	
111	42103035386	LLC Liepājas enerģija	Energy	15 865.6	1 393.3	36 465.1	51 % JSC Latvenergo	
112	40203054012	LLC Santa Monica Networks	Communications	11 024.6	2 324.5	26 086.4	100 % LLC Latvijas Mobilais Telefons	On 08.10.2021 an transaction was concluded where . LLC Latvijas Mobilais Telefons (LMT) purchased 100% share of LLC Santa Monica Networks ⁹⁸ .
113	40103360903	LLC Helio Media	Communications	8 254.2	285.3	5 969.4	100 % LLC Lattelecom	
114	40003201762	LLC Auteko & TUV Latvija Rheinland grupa	Other	7 972.4	1 014.3	5 308.6	51 % SJSC Ceļu satiksmes drošības direkcija	Divested in 2022.
115	40003320463	LLC Veselības centrs "Bīķernieki"	Health care	2 641.3	188.9	753.3	99.58 % LLC Rīgas Austrumu klīniskā universitātes slimnīca	
116	40103272422	LLC "Air Baltic training"	Other	2 195.0	-327.4	6 258.7	100 % JSC Air Baltic Corporation	
117	50003138501	LLC Baltijas datoru akadēmija	Other	1 620.8	-31.3	1 059.5	100 % LLC Lattelecom	
118	40003458674	LLC BALTIJSC KRAVU CENTRS	Other	701.1	-95.6	353.0	100 % JSC Air Baltic Corporation	
119	40003754567	LLC Lattelecom	Communications	294.2	93.9	5 031.5	100 % LLC Tet	
120	40103419565	LLC Rīgas vagonbūves uzņēmums "Baltija"	Other	6.5	-13.6	279.1	100 % LLC LDZ Ritošā sastāva serviss	
121	40103587327	LLC Elektrum Latvija	Other	0.0	-0.1	2.2	100 % OÜ Elektrum Eesti	

⁹⁸ On 8.10.2021, a transaction was concluded in which LLC Latvijas Mobilais Telefons (LMT) acquired 100 % stake in LLC Santa Monica Networks. As a result, LLC Santa Monica Networks together with its daughter JSC company UAB Santa Monica Networks (Lithuania) was included in the LMT group of companies.

No.	Reg. No.	Name of capital company	Sector	Turnover, 2021, EUR '000	Profit/loss, 2021, EUR '000	Total 31.12.2021, EUR '000	Proportion of shares, holder or owner	Supplementary information
122	40003448943	JSC Pirmais slēgtais pensiju fonds	Other	n/a	n/a	n/a	50 % LLC Tet and 48.15 % of subsidiary JSC Latvernergo and 1.85 % of JSC Augstsprieguma tīkls	
123	40103266178	KS BaltCap Latvia Venture Capital Fund AIF	Other	n/a	n/a	n/a	67 % JSC Attīstības finanšu institūcija Altum	
124	40103306235	KS AIF Imprimator Capital Technology Venture Fund	Other	n/a	n/a	n/a	67 % JSC Attīstības finanšu institūcija Altum	
125	40103697913	KS Expansion Capital Fund AIF	Other	n/a	n/a	n/a	95 % JSC Attīstības finanšu institūcija Altum	
126	40103697947	KS ZGI-3AIF	Other	n/a	n/a	n/a	95 % JSC Attīstības finanšu institūcija Altum	
127	40103697951	KS Flycap Investment Fund I AIF	Other	n/a	n/a	n/a	95 % JSC Attīstības finanšu institūcija Altum	
128	40203141593	KS Overkill Ventures Fund II AIF	Other	n/a	n/a	n/a	80 % JSC Attīstības finanšu institūcija Altum, 16 % LLC Lattelecom	
129	44103115711	KS Commercialization Reactor Seed Fund AIF	Other	n/a	n/a	n/a	80 % JSC Attīstības finanšu institūcija Altum	
130	40203123846	KS Buildit Latvia Seed Fund AIF	Other	n/a	n/a	n/a	80 % JSC Attīstības finanšu institūcija Altum	
131	40203139743	KS INEC1 AIF	Other	n/a	n/a	n/a	75 % JSC Attīstības finanšu institūcija Altum	
132	44103116670	KS INEC2 AIF	Other	n/a	n/a	n/a	90 % JSC Attīstības finanšu institūcija Altum	
133	40203111495	KS ZGI-4 AIF	Other	n/a	n/a	n/a	60 % JSC Attīstības finanšu institūcija Altum	
134	40203206885	KS "FlyCap Mezzanine Fund II AIF"	Other	n/a	n/a	n/a	60 % JSC Attīstības finanšu institūcija Altum	
Shares with decisive influence held by SOEs and shares with decisive influence held by companies under direct or indirect decisive influence of the state in companies that are insolvent in 2021								
135	50003621571	JSC VRC Zaslauks	Other	0.0	-1.9	1.5	51 % JSC Pasažieru vilciens	Insolvency as of 03.03.2020.
Shares with decisive influence held by SOEs and shares with decisive influence held by companies under direct or indirect decisive influence of the state in companies that were in dissolution process or liquidated in 2021								
136	40103273540	LLC Loyalty Services	Other	546.8	1 368.0	2 260.2	100 % JSC Air Baltic Corporation	Company was dissolved and removed from the Register of Enterprises on 29.12.2021 ⁹⁹ .
137	40003074590	JSC Reverta	Real estate management	0.0	-275.1	1 678.4	96.89 % LLC Publisko aktīvu pārvaldītājs Possessor	LJSC Reverta has been in the liquidation process since 2017.
138	HE93438	Regalite Holdings Ltd	Financial services	n/a	n/a	n/a	100 % JSC Reverta	In liquidation proceedings since 2017. On 31.12.2019, one subsidiary of LJSC Reverta, Regalite Holdings Limited (Republic of Cyprus), has remained in the group.

⁹⁹ Coalition Rewards JSCset Management Oy (company registered in Finland, which owns 100 % "Loyalty Services" LLC), PINS Finland Oy (company registered in Finland, which owns 100 % Coalition). After the acquisition of the assets of the parent company LLC Loyalty Services, the company was liquidated and excluded from the Commercial Register on 29.12.2021.

No.	Reg. No.	Name of capital company	Sector	Turnover, 2021, EUR '000	Profit/loss, 2021, EUR '000	Total 31.12.2021, EUR '000	Proportion of shares, holder or owner	Supplementary information
139	40103350801	LLC Travellounge	Other	n/a	n/a	n/a	100 % JSC Air Baltic Corporation	Dissolved and removed from the Register of Enterprises on 19.10.2021.
Shares held by SOEs or SOEs' subsidiaries providing participation from 20 % to 50 % (inclusive)								
140	40003348247	LLC Scantest	Other	3 960.8	929.8	1 958.6	20 % SJSC Ceļu satiksmes drošības direkcija	Divested in 2022.
141	40003425353	LLC Autests	Other	2 422.0	362.8	2 950.5	20 % SJSC Ceļu satiksmes drošības direkcija	Divested in 2022.
142	43603022749	LLC Meža un koksnes produktu pētniecības un attīstības institūts	Other	1 089.6	69.2	1 039.0	40 % SJSC Latvijas valsts meži	
143	40003425118	LLC Ventests	Other	291.5	52.2	557.3	50 % SJSC Ceļu satiksmes drošības direkcija	
144	40103845025	JSC RB Rail	Transport	0.0	-154.2	25 868.8	33.33 % LLC Eiropas dzelzceļa līnijas	
145	40203116929	LLC Overkill Ventures AIFP	Other	0.0	44.2	124.2	35 % LLC Lattelecom	
146	40203015814	LLC SWG Riga Fund 1	Other	0.0	-0.6	143.9	27.12 % LLC Lattelecom	
147	Without Reg. No., address: Luxembourg	Baltic Innovation Fund	Other	n/a	n/a	n/a	20 % JSC Attīstības finanšu institūcija Altum	Without Reg. No., address: European Investment Fund, 37B, avenue J.F. Kennedy, L-2968 Luxembourg
148	40203252367	KS AIF Altum kapitāla fonds	Other	n/a	n/a	n/a	48.9 % JSC Attīstības finanšu institūcija Altum	
Shares held by SOEs or SOEs' subsidiaries providing a participation of up to 20 %								
149	40003094173	JSC Latvijas Finieris (consolidated)	Other	257 021.6	15 377.5	337 853.4	0.99067 % SJSC Latvijas valsts meži	
150	40003034583	LLC Streck	Other	3 946.6	2 194.7	21 535.4	5.84 % SJSC Latvijas dzelzceļš	
151	40103326439	LLC IT Kompetenču centrs	Other	90.1	25.0	387.5	18.5 % LLC Lattelecom	
152	400255276	Belarus-Latvia joint-venture MIRIGO	Other	n/a	n/a	n/a	3 % SJSC Latvijas dzelzceļš	
153	Without Reg. No., address: Luxembourg	Baltic Innovation Fund 2	Other	n/a	n/a	n/a	16.99 % JSC Attīstības finanšu institūcija Altum	Without Reg. No., address: European Investment Fund, 37B, avenue J.F. Kennedy, L-2968 Luxembourg
154	B234989, address: Luxembourg	Three Seas Initiative Investment Fund S.A. SICAV-RAIF	Other	n/a	n/a	n/a	2.17 % JSC Attīstības finanšu institūcija Altum	Address: 5, rue Jean Monnet L-2180 Luxembourg R.C.S. Luxembourg; B 234.989. In 2020, owned 3.57 % shares.
Shares held by SOEs or SOEs' subsidiaries providing a participation of up to 20 %, where the participation has been terminated								
155	40003143445	LLC Vējkalni	Agriculture	0.0	-153.8	0.3	12.5 % LLC Latvijas Lauku konsultāciju un izglītības centrs	Participation till 14.06.2021. Liquidated and removed from the Register of Enterprises 21.02.2022.

Annex 2

Municipalities-Owned Capital Companies and Capital Shares¹⁰⁰ (31.12.2021)

No.	Reg. No.	Name of capital company	Turnover, 2021, EUR '000	Profit/Loss, 2021, EUR '000	Total assets, 31.12.2021, EUR '000	Proportion of capital shares, holder or owner	Supplementary information/notes
Capital companies with decisive direct participation of municipalities 100%							
1	40003619950	Rīga Municipal LLC Rīgas satiksme (consolidated)	161 116.9	3 048.9	487 300.3	100 % Rīga City Council	
2	40103362321	LLC Rīgas namu pārvaldnieks	61 602.6	4 221.7	128 676.0	100 % Rīga City Council	
3	40103023035	LLC Rīgas ūdens	55 832.5	5 515.8	313 825.6	100 % Rīga City Council	
4	40003367816	LLC Getliņi EKO	31 028.5	298.0	155 944.3	97.7 % Rīga City Council, 2.3 % Stopiņi Municipality Council	
5	40003223971	LLC RĒZEKNES SLIMNĪCA	24 939.7	2 109.4	25 803.5	100 % Rēzekne City Council	
6	40003439279	LLC Rīgas 1. slimnīca	22 812.9	723.1	16 824.0	100 % Rīga City Council	
7	50003356621	LLC Jēkabpils reģionālā slimnīca	21 216.6	1 102.3	22 119.7	100 % Jēkabpils Municipality Council	
8	41703007038	LLC JELGAVAS PILSĒTAS SLIMNĪCA	20 913.1	2 403.7	18 203.4	100 % Jelgava City Council	
9	41503002945	Municipal JSC Daugavpils siltumfaktori	19 777.7	-2 078.9	37 307.4	100 % Daugavpils City Council	
10	40003982628	LLC Rīgas meži	17 567.0	9 031.0	197 769.3	100 % Rīga City Council	
11	40003194600	LLC Rīgas Dzemdību nams	14 495.6	1 112.1	6 721.9	100 % Rīga City Council	
12	40003222317	LLC Ogres RAJONA SLIMNĪCA	12 396.4	911.8	62 271.2	61.35 % Ogre Municipality Council, 17.08 % Lielvārde Municipality Council, 12.03 % Ikskīle Municipality Council, 9.54 % Kegums Municipality Council	
13	40003356507	Madona Municipal Council LLC Madonas slimnīca	11 186.9	774.0	7 502.2	100 % Madona Municipality Council	
14	40003220000	LLC Jūrmalas slimnīca	10 939.9	564.7	10 804.8	100 % Jūrmala City Council	
15	50103807561	LLC Rīgas veselības centrs	10 736.2	163.2	5 033.3	100 % Rīga City Council	
16	50003590021	LLC Rīgas pilsētbūvnieks	10 620.6	95.6	102 956.5	100 % Rīga City Council	
17	44103015509	LLC ZAAO (consolidated)	10 005.1	94.6	59 304.2	59.48 % Valmiera Municipality Council, 26.72 % Cēsis Municipality Council, 7.36 % Limbaži Municipality Council, 3.57 % Smiltene Municipality Council, 2.55 % Valka Municipality Council, 0.24 % Sigulda Municipality Council, 0.04 % Saulkrasti Municipality Council, 0.04 % Balvi Municipality Council	
18	44103057729	LLC CĒSU KLĪNIKA	9 166.1	1 208.3	18 156.6	100 % Cēsis Municipality Council	
19	50003197651	LLC Kuldīgas slimnīca	9 159.8	-32.7	5 419.4	90.83 % Kuldīga Municipality Council, 9.17 % Aizpute Municipality Council	

¹⁰⁰ Source: Database of the Register of Enterprises of the Republic of Latvia and the State Revenue Service.

No.	Reg. No.	Name of capital company	Turnover, 2021, EUR '000	Profit/Loss, 2021, EUR '000	Total assets, 31.12.2021, EUR '000	Proportion of capital shares, holder or owner	Supplementary information/notes
20	40003184960	LLC Rīgas 2. slimnīca	8 974.6	216.7	4 568.0	100 % Rīga City Council	
21	40003551323	LLC Dobeles un apkārtnes slimnīca	8 749.9	771.1	11 064.6	100 % Dobeles Municipality Council	
22	40103941081	LLC Ogres Namsaimnieks	8 575.5	359.1	8 045.5	100 % Ogre Municipality Council	
23	40003215480	LLC Rēzeknes siltumtīkli	8 343.9	-967.2	15 613.8	100 % Rēzekne City Council	
24	40003007655	Municipal LLC Ventspils siltums	8 259.7	1 581.7	23 487.5	100 % Ventspils City Council	
25	40103233177	LLC Tukuma slimnīca	7 628.9	278.7	5 489.5	100 % Tukums Municipality Council	
26	42803008058	LLC Jūrmalas siltums	7 592.6	425.7	22 313.5	100 % Jūrmala City Council	
27	44103033608	LLC Valmieras ūdens	7 301.7	258.3	39 030.6	100 % Valmiera Municipality Council	
28	40003004220	LLC VTU VALMIERA	6 538.6	-183.3	10 991.4	100 % Valmiera Municipality Council	
29	40003124730	LLC Siguldas slimnīca	6 492.7	95.5	2 909.9	100 % Sigulda Municipality Council	
30	50003249741	LLC Rīgas Centrārtirgus	6 411.5	139.5	16 880.5	100 % Rīga City Council	
31	50003182001	JSC OLAINES ŪDENS UN SILTUMS	6 395.0	575.8	27 517.3	100 % Olaine Municipality Council	
32	40003275333	LLC Jūrmalas ūdens	5 875.5	41.5	106 640.6	100 % Jūrmala City Council	
33	45403003245	LLC Jēkabpils autobusu parks	5 840.7	989.8	6 443.7	100 % Jēkabpils Municipality Council	
34	41703007095	.LLC JELGAVAS POLIKLĪNIKA	5 715.1	440.3	4 340.5	100 % Jelgava City Council	
35	41503002485	LLC Daugavpils dzīvokļu un komunālās saimniecības uzņēmums	5 520.9	2.2	10 581.6	100 % Daugavpils City Council	
36	41503002432	LLC Daugavpils ūdens	5 463.4	-227.8	53 369.2	100 % Daugavpils City Council	
37	41203001052	Municipal LLC Ventspils labiekārtošanas kombināts	5 296.4	153.5	8 401.0	100 % Ventspils City Council	
38	42103000897	LLC LIEPĀJAS ŪDENS	5 010.0	-33.9	56 423.4	100 % Liepāja City Council	
39	41503032140	LLC Krāslavas slimnīca	4 898.9	469.8	3 994.4	100 % Krāslava Municipality Council	
40	40003525848	LLC Atkritumu apsaimniekošanas sabiedrība "PIEJŪRA"	4 752.1	411.9	30 382.1	52.53 % Talsi Municipality Council 47.26 % Tukums Municipality Council, 0.21 % Jūrmala City Council	
41	40003252612	LLC Alūksnes slimnīca	4 686.4	380.1	8 413.3	81.92 % Alūksne Municipality Council, 18.08 % Smiltene Municipality Council	
42	40103058501	LLC Rīgas serviss	4 564.6	19.7	1 413.8	100 % Rīga City Council	
43	40003152664	LLC JELGAVAS AUTOBUSU PARKS	4 513.8	93.9	2 853.5	100 % Jelgava City Council	
44	41503029988	LLC ATKRITUMU APSAIMNIEKOŠANA DIENVIDLĀTGĀLES STARPPAŠVALDĪBU ORGANIZĀCIJA	4 482.0	361.5	38 251.9	49.91 % Daugavpils City Council, 22.30 % Augšdaugavas Municipality Council, 13.98 % Krāslava Municipality Council, 5.31 % Līvāni Municipality Council, 4.78 % Preiļi Municipality Council, 2.66 % Aglona Municipality Council 1.06 % Vārkava Municipality Council	

No.	Reg. No.	Name of capital company	Turnover, 2021, EUR '000	Profit/Loss, 2021, EUR '000	Total assets, 31.12.2021, EUR '000	Proportion of capital shares, holder or owner	Supplementary information/notes
45	40003361616	LLC LIMBAŽU SLIMNĪCA	4 391.7	154.3	4 701.8	95.83 % Limbaži Municipality Council, 4.17 % Sigulda Municipality Council	
46	43603011548	LLC Jelgavas nekustamā īpašuma pārvalde	4 369.5	18.7	5 669.5	100 % Jelgava City Council	
47	43603017682	LLC Bauskas slimnīca	4 313.9	240.3	3 741.6	100 % Bauska City Council	
48	40003359306	LLC Ķekavas nami	4 277.9	-51.2	20 052.8	100 % Ķekava Municipality Council	
49	41703001321	LLC JELGAVAS ŪDENS	3 944.1	8.3	54 548.5	100 % Jelgava City Council	
50	40003007778	LLC Ķekabpils siltums	3 729.5	-116.2	6 154.6	100 % Ķekabpils Municipality Council	
51	40003333256	Municipal LLC Ventspils reiss	3 706.5	245.1	7 546.7	100 % Ventspils City Council	
52	40003410894	LLC Jelgavas novada KU	3 646.9	-20.9	11 170.2	100 % Jelgava Municipality Council	
53	41203035896	LLC TALSU NAMSAIMNIEKS	3 583.4	157.9	4 648.5	100 % Talsi Municipality Council	
54	40103032521	LLC Rīgas Nacionālais zooloģiskais dārzs	3 516.6	-249.8	32 177.7	100 % Rīga City Council	
55	40003109638	LLC Rīgas nami	3 470.5	-1 927.1	111 450.7	100 % Rīga City Council	
56	41503002269	JSC Daugavpils satiksme	3 432.1	4.2	35 818.5	100 % Daugavpils City Council	
57	56103000221	LLC KULDĪGAS KOMUNĀLIE PAKALPOJUMI	3 350.9	47.6	2 722.0	100 % Kuldīga Municipality Council	
58	45903001693	LLC Krāslavas nami	3 204.7	1 553.0	29 949.6	100 % Krāslava Municipality Council	
59	47703001720	LLC PREIĻU SAIMNIEKS	3 114.6	-222.7	11 482.2	100 % Preiļi Municipality Council	
60	40103666190	Ogre County Municipal LLC MS siltums	3 021.4	274.5	11 319.3	100 % Ogre Municipality Council	
61	40003310183	LLC Salaspils Siltums	2 966.8	289.7	12 845.2	100 % Salaspils Municipality Council	
62	43603000807	LLC VIDES SERVISS	2 937.3	79.0	1 273.2	100 % Bauska Municipality Council	
63	40103111018	LLC Mārupes komunālie pakalpojumi	2 863.9	-129.3	35 025.9	100 % Mārupe Municipality Council	
64	41203000983	Municipal LLC ŪDEKA	2 849.0	-16.1	52 055.2	100 % Ventspils City Council	
65	49203001267	LLC Tukuma siltums	2 813.0	102.4	6 102.6	100 % Tukums Municipality Council	
66	40003246298	Municipal LLC Ventspils poliklīnika	2 795.5	34.2	734.6	100 % Ventspils City Council	
67	45403006010	LLC ĶĒKABPILS PAKALPOJUMI	2 775.2	166.2	1 292.9	100 % Ķekabpils City Council	
68	40003219995	Municipal LLC Kauguru veselības centrs	2 694.1	104.0	1 880.8	100 % Jūrmala City Council	
69	45103001156	LLC DOBELES AUTOBUSU PARKS	2 684.7	375.6	1 562.9	100 % Dobeles Municipality Council	
70	44103022271	LLC VALMIERAS NAMSAIMNIEKS	2 681.9	171.4	14 617.4	100 % Valmiera Municipality Council	
71	45403004471	LLC Madonas Siltums	2 658.7	184.2	11 027.4	100 % Madona Municipality Council	
72	42103012383	LLC GROBINAS NAMSERVISS	2 651.7	2.8	7 274.0	100 % Dienvidkurzeme Municipality Council	
73	41203001885	Municipal LLC Ventspils nekustamie īpašumi (consolidated)	2 610.9	-27.6	10 655.2	100 % Ventspils City Council	
74	40003422041	LLC Ādažu Namsaimnieks	2 601.7	21.7	1 382.8	100 % Ādaži Municipality Council	

No.	Reg. No.	Name of capital company	Turnover, 2021, EUR '000	Profit/Loss, 2021, EUR '000	Total assets, 31.12.2021, EUR '000	Proportion of capital shares, holder or owner	Supplementary information/notes
75	47403003224	LLC LIELVĀRDES REMTE	2 562.2	-11.4	14 022.2	100 % Lielvārde Municipality Council	
76	40003006715	LLC LIMBAŽU SILTUMS	2 552.9	237.8	10 830.1	100 % Limbaži Municipality Council	
77	40003201921	LLC BALOŽU KOMUNĀLĀ SAIMNIECĪBA	2 523.6	7.5	9 264.0	100 % Kēkava Municipality Council	
78	41503008685	LLC NAUJENES PAKALPOJUMU SERVISS	2 514.6	-224.2	9 047.9	100 % Daugavpils Municipality Council	
79	40003207873	LLC Salaspils veselības centrs	2 510.8	229.0	2 638.4	100 % Salaspils Municipality Council	
80	40103073411	LLC VILKME	2 422.8	253.4	5 543.5	100 % Ropaži Municipality Council	
81	40003215461	LLC RĒZEKNES NAMSAIMNIEKS	2 391.8	11.7	2 589.4	100 % Rēzekne City Council	
82	40003187473	LLC Saldus medicīnas centrs	2 344.3	81.8	1 307.6	100 % Saldus Municipality Council	
83	55403015551	LLC Vidusdaugavas SPAAO	2 333.4	70.1	34 372.9	42.33 % Jēkabpils Municipality Council, 30.67 % Aizkraukle Municipality Council, 26.12 % Madona Municipality Council, 0.88 % Varakļāni Municipality Council	
84	42403015020	LLC LUDZAS APSAIMNIEKOTĀJS	2 274.1	-69.0	14 649.1	100 % Ludza Municipality Council	
85	48503003963	LLC SALDUS SILTUMS	2 246.7	-104.4	2 497.6	100 % Saldus Municipality Council	
86	45403000484	LLC JK Namu pārvalde	2 232.8	18.4	2 047.6	100 % Jēkabpils Municipality Council	
87	42103005911	LLC LIEPĀJAS TRAMVAJS	2 175.7	-161.5	31 253.2	100 % Liepāja City Council	
88	41703003356	LLC Ozolnieku KSDU	2 141.2	134.8	9 506.3	100 % Jelgava Municipality Council	
89	42403013918	LLC ALAAS	2 128.1	-135.0	4 635.2	49.3 % Rēzekne City Council, 26.88 % Ludza Municipality Council, 23.82 % Rēzekne Municipality Council	
90	41503003033	LLC Labiekārtošana-D	2 109.9	63.4	1 288.1	100 % Daugavpils City Council	
91	45103002039	LLC Dobeles enerģija	2 047.3	355.0	3 608.6	100 % Dobeles Municipality Council	
92	41503010497	LLC LĪVĀNU DZĪVOKĻU UN KOMUNĀLĀ SAIMNIECĪBA	2 009.0	104.9	15 298.9	100 % Līvāni Municipality Council	
93	42403028557	LLC RĒZEKNES SATIKSME	2 006.9	0.8	2 646.9	100 % Rēzekne City Council	
94	41503007355	LLC Daugavpils zobārstniecības poliklīnika	1 938.9	-15.2	786.8	100 % Daugavpils City Council	
95	40003218631	LLC RĒZEKNES ŪDENS	1 921.9	30.1	16 893.3	100 % Rēzekne City Council	
96	40003273506	LLC Rehabilitācijas centrs "Līgatne"	1 874.4	22.0	1 322.7	100 % Līgatne Municipality Council	
97	41203017566	LLC VNK serviss	1 868.3	116.0	6 400.0	100 % Ventpils Municipality Council	
98	48503007414	LLC BROČĒNU SILTUMS	1 842.7	92.3	3 124.7	100 % Saldus Municipality Council	
99	41503021397	LLC Daugavpils bērnu veselības centrs	1 823.8	9.3	1 592.7	100 % Daugavpils City Council	
100	49503000754	Cēsis City LLC "VINDA"	1 784.2	210.3	18 076.1	100 % Cēsis Municipality Council	
101	40003369018	Municipal LLC Valgums-S	1 769.4	217.8	20 930.9	100 % Salaspils Municipality Council	
102	42803002568	LLC Jūrmalas gaisma	1 760.7	47.7	1 371.8	100 % Jūrmala City Council	

No.	Reg. No.	Name of capital company	Turnover, 2021, EUR '000	Profit/Loss, 2021, EUR '000	Total assets, 31.12.2021, EUR '000	Proportion of capital shares, holder or owner	Supplementary information/notes
103	49003000076	LLC TALSU ŪDENS	1 751.9	-104.1	20 058.1	100 % Talsi Municipality Council	
104	40003007890	LLC KULDĪGAS SILTUMTIKLI	1 745.3	289.6	3 795.4	100 % Kuldīga Municipality Council	
105	45403000395	LLC Jēkabpils ūdens	1 743.2	13.6	16 391.1	100 % Jēkabpils Municipality Council	
106	40003218218	LLC PRIEKULES SLIMNĪCA	1 724.3	73.9	2 655.7	56.61 % Priekule Municipality Council 10.98 % Durbe Municipality Council, 10.98 % Grobiņa Municipality Council, 10.8 % Rucava Municipality Council, 10.45 % Vaiņode Municipality Council	
107	40003007886	Aizkraukle Municipal Council LLC AIZKRAUKLES SILTUMS	1 716.7	27.0	1 916.6	100 % Aizkraukle Municipality Council	
108	40003231451	Līvāni Municipal Council LLC Līvānu slimnīca	1 696.1	102.0	1 467.7	100 % Līvāni Municipality Council	
109	48503021348	LLC DOBELES NAMSAIMNIEKS	1 692.1	-174.6	4 237.3	100 % Dobeles Municipality Council	
110	40003525725	LLC Ķekavas sadzīves servisa centrs	1 600.1	-93.7	1 204.8	100 % Ķekava Municipality Council	
111	40003131022	Municipal LLC ĀDAŽU SLIMNĪCA	1 597.6	101.1	1 031.5	100 % Ādaži Municipality Council	
112	48703000781	Aizkraukle County LLC LAUMA A	1 584.7	-23.9	1 291.8	100 % Aizkraukle Municipality Council	
113	43603001681	LLC BAUSKAS SILTUMS	1 584.0	40.4	2 709.6	100 % Bauska Municipality Council	
114	43903000435	LLC Smiltēnes NKUP	1 579.2	52.1	11 333.8	100 % Smiltene Municipality Council	
115	45103000466	LLC Dobeles komunālie pakalpojumi	1 572.6	80.3	1 178.4	100 % Dobeles Municipality Council	
116	49203000859	LLC Tukuma ūdens	1 560.7	99.9	21 885.6	100 % Tukums Municipality Council	
117	54603000121	LLC Gulbenes nami	1 555.1	-117.4	9 134.9	100 % Gulbene Municipality Council	
118	45103000470	LLC DOBELES ŪDENS	1 533.4	-194.8	15 567.7	100 % Dobeles Municipality Council	
119	40003189328	LLC Sarkanā Krusta Smiltēnes slimnīca	1 517.4	11.0	1 228.2	100 % Smiltene Municipality Council	
120	41503014677	LLC Veselības centrs Ilūkste	1 505.0	53.1	222.0	100 % Augšdaugava Municipality Council	
121	45103000574	LLC AUČES KOMUNĀLIE PAKALPOJUMI	1 490.8	-20.1	6 452.8	100 % Auce Municipality Council	
122	42103025570	LLC GROBIŅAS HES	1 486.7	2.6	718.4	100 % Grobiņa City Council	
123	40103055793	LLC SALTAVOTS	1 461.0	3.4	10 511.8	100 % Sigulda Municipality Council	
124	50003220021	Municipal LLC Veselības un sociālās aprūpes centrs - Sloka	1 451.3	-61.9	1 600.5	100 % Jūrmala City Council	
125	40003482591	LLC LĪVĀNU SILTUMS	1 363.1	236.5	3 327.9	100 % Līvāni Municipality Council	
126	43203003117	LLC Alūksnes enerģija	1 350.5	153.1	3 846.5	100 % Alūksne Municipality Council	
127	40003929148	LLC Ādažu ūdens	1 337.9	22.8	10 496.6	100 % Ādaži Municipality Council	
128	48503000219	LLC SALDUS KOMUNĀLSERVISS	1 310.3	140.9	13 724.4	100 % Saldus Municipality Council	
129	40003419183	LLC ZEIFERTI	1 306.3	6.6	13 406.5	100 % Olaine Municipality Council	
130	42103004583	LLC LIEPĀJAS NAMU APSAIMNIEKOTĀJS	1 305.0	194.3	11 510.4	100 % Liepāja City Council	

No.	Reg. No.	Name of capital company	Turnover, 2021, EUR '000	Profit/Loss, 2021, EUR '000	Total assets, 31.12.2021, EUR '000	Proportion of capital shares, holder or owner	Supplementary information/notes
131	50103420091	LLC Komunālserviss TILDE	1 287.5	102.1	2 887.3	100 % Tukums Municipality Council	
132	40003708356	Municipal LLC GARKALNES KOMUNĀLSERVISS	1 279.7	19.6	1 056.2	100 % Ropaži Municipality Council	
133	40103027944	LLC Saulkrastu komunālserviss	1 243.3	-58.9	12 224.3	100 % Saulkrasti Municipality Council	
134	43603016206	LLC Dzīvokļu komunālā saimniecība	1 233.3	19.3	9 953.4	100 % Iecava Municipality Council	
135	40103032305	Sigulda City LLC JUMIS	1 209.9	6.2	710.5	100 % Sigulda Municipality Council	
136	40003145751	LLC BABĪTES SILTUMS	1 205.0	35.1	8 085.2	100 % Babīte Municipality Council	
137	48703002782	LLC Bērzaunes komunālais uzņēmums	1 192.2	-49.4	6 138.9	100 % Madona Municipality Council	
138	46103000234	LLC KULDĪGAS ŪDENS	1 164.3	-39.6	12 478.1	100 % Kuldīga Municipality Council	
139	41503007196	LLC Daugavpils autobusu parks	1 162.0	56.6	5 895.0	100 % Daugavpils City Council	
140	41203022001	LLC SKRUNDAS KOMUNĀLĀ SAIMNIECĪBA	1 116.1	103.7	6 285.7	100 % Kuldīga Municipality Council	
141	48703000438	LLC Aizkraukles KUK	1 108.7	57.1	450.6	100 % Aizkraukle Municipality Council	
142	50003142371	LLC Vangažu Namsaimnieks	1 095.2	42.9	2 975.7	100 % Sigulda Municipality Council	
143	41203006844	LLC Kandavas komunālie pakalpojumi	1 084.5	96.8	7 868.5	100 % Tukums Municipality Council	
144	40003312216	Municipal LLC NORMA K	1 080.5	37.2	2 950.0	100 % Sigulda Municipality Council	
145	55403000931	LLC VĪGANTS	1 074.4	-89.9	792.8	100 % Jēkabpils Municipality Council	
146	47103001173	LLC Madonas ūdens	1 069.1	-83.5	20 643.8	100 % Madona Municipality Council	
147	40003227117	LLC ĶEGUMA STARS	1 042.8	98.0	8 080.4	100 % Ogre Municipality Council	
148	47103000233	LLC Madonas namsaimnieks	1 028.1	9.5	1 876.1	100 % Madona Municipality Council	
149	41503002428	Municipal LLC Sadzīves pakalpojumu kombināts	1 020.4	-16.4	1 299.4	100 % Daugavpils City Council	
150	40003275352	LLC Rehabilitācijas centrs "Tērvete"	1 009.5	-6.6	979.7	100 % Dobele Municipality Council	
151	43203003672	LLC GULBENES AUTOBUSS	999.3	84.7	1 258.6	100 % Gulbene Municipality Council	
152	40103416198	LLC Iksķiles māja	979.1	-130.3	15 933.7	100 % Ogre Municipality Council	
153	41503003743	LLC ORNAMENTS	955.0	5.5	4 235.2	100 % Augšdaugava Municipality Council	
154	48703000457	LLC Pļaviņu Komunālie pakalpojumi	905.0	20.8	3 266.8	100 % Aizkraukle Municipality Council	
155	42403000932	Municipal LLC Maltas dzīvokļu-komunālās saimniecības uzņēmums	894.3	38.7	4 188.1	100 % Rēzekne Municipality Council	
156	40003097945	LLC Iecavas siltums	889.4	85.5	3 412.8	100 % Iecava Municipality Council	
157	44103096618	LLC KOČĒNU KOMUNĀLĀ SAIMNIECĪBA	885.1	50.3	8 009.8	100 % Valmiera Municipality Council	
158	54103099071	LLC Līgatnes komunālserviss	868.4	-71.9	1 556.2	100 % Cēsis Municipality Council	
159	48503000168	LLC SALDUS NAMU PĀRVALDE*	865.1	-13.3	1 445.4	100 % Saldus Municipality Council	*Reorganised: added to LLC SALDUS KOMUNĀLSERVISS on 30.06.2022.
160	40003261206	LLC Mazsalacas slimnīca	863.8	9.3	228.5	100 % Valmiera Municipality Council	

No.	Reg. No.	Name of capital company	Turnover, 2021, EUR '000	Profit/Loss, 2021, EUR '000	Total assets, 31.12.2021, EUR '000	Proportion of capital shares, holder or owner	Supplementary information/notes
161	42103018367	LLC Pansionāts Rokaiži	847.7	-69.1	371.9	100 % Aizpute Municipality Council	
162	49003000396	LLC Rojas DzKU	847.1	-92.5	3 533.8	100 % Talsi Municipality Council	
163	44103018609	LLC LĪVENA APTIEKA	834.0	-2.9	148.0	100 % Smiltene Municipality Council	
164	42103024397	LLC JAUNLIEPĀJAS PRIMĀRĀS VESELĪBAS APRŪPES CENTRS	825.2	19.3	813.3	100 % Liepāja City Council	
165	46603000240	LLC NAMSAIMNIEKS	824.3	-21.5	2 449.2	100 % Limbaži Municipality Council	
166	40003378932	LLC Dzintaru koncertzāle	823.1	-280.2	1 124.4	100 % Jūrmala City Council	
167	40003275348	LLC REHABILITĀCIJAS CENTRS "RĀZNA"	822.8	65.1	515.9	100 % Rēzekne City Council	
168	44103026358	LLC AP Kaudzītes	815.3	84.1	13 028.4	28.23 % Alūksne Municipality Council, 28.23 % Gulbene Municipality Council, 26.61 % Balvi Municipality Council, 16.93 % Madona Municipality Council	
169	42103024382	Municipal LLC VECLIEPĀJAS PRIMĀRĀS VESELĪBAS APRŪPES CENTRS	793.2	0.5	1 547.2	100 % Liepāja City Council	
170	48703001147	LLC Kokneses Komunālie pakalpojumi	768.1	-25.0	3 570.0	100 % Aizkraukle Municipality Council	
171	56803002941	LLC KĀRSĀVAS NAMSAIMNIEKS	767.6	50.0	6 508.1	100 % Ludza Municipality Council	
172	43603011586	LLC Bauskas ūdens	756.0	5.9	8 028.3	100 % Bauska Municipality Council	
173	40003411141	LLC Sīguldas Sporta serviss	753.8	-227.1	983.2	100 % Sigulda Municipality Council	
174	44103055060	LLC Valkas Namsaimnieks	751.3	11.1	3 777.7	100 % Valka Municipality Council	
175	42103001430	LLC AIZPUTES KOMUNĀLĀI UZŅĒMUMS	733.2	8.9	6 047.6	100 % Dienvidkurzeme Municipality Council	
176	44103089090	LLC Vidzemes koncertzāle	727.4	-18.1	224.0	100 % Cēsis Municipality Council	
177	42103020465	LLC PRIEKULES NAMI	701.3	-94.8	7 375.2	100 % Priekule Municipality Council	
178	40003410625	LLC ALŪKSNES NAMI	694.3	36.4	1 774.9	100 % Alūksne Municipality Council	
179	44103091517	LLC Alojas Saimniekserviss	688.6	20.5	6 066.8	100 % Limbaži Municipality Council	
180	41503015297	LLC GRĪVAS POLIKLĪNIKA	688.4	54.1	587.3	100 % Augšdaugava Municipality Council	
181	41703007451	LLC Medicīnas sabiedrība "OPTIMA 1"	688.4	37.1	753.6	100 % Jelgava City Council	
182	40103280684	Municipal LLC Garkalnes inženiertikli	647.5	50.3	1 181.0	100 % Garkalne Municipality Council	
183	53203000201	LLC RŪPE	633.8	-125.5	10 945.1	100 % Alūksne Municipality Council	
184	42103002652	LLC AIZPUTES NAMI	632.1	1.7	1 065.5	100 % Aizpute Municipality Council	
185	44103002754	LLC BN KOMFORTS	600.5	12.1	1 343.3	100 % Valmiera Municipality Council	
186	48703000404	Aizkraukle County LLC Aizkraukles ūdens	592.7	-9.8	3 597.4	100 % Aizkraukle Municipality Council	
187	40003235190	LLC Viļānu slimnīca	573.8	-6.9	506.7	100 % Rēzekne Municipality Council	
188	40003249082	LLC Irlavas Sarkanā Krusta slimnīca	543.2	-28.0	113.3	100 % Tukums Municipality Council	

No.	Reg. No.	Name of capital company	Turnover, 2021, EUR '000	Profit/Loss, 2021, EUR '000	Total assets, 31.12.2021, EUR '000	Proportion of capital shares, holder or owner	Supplementary information/notes
189	42103041202	LLC Durbes KS	539.2	22.1	711.5	100 % Dienvidkurzeme Municipality Council	
190	47103000676	LLC Varakļāni Dzīvokļu komunālais uzņēmums	537.2	-18.6	6 841.0	100 % Varakļāni Municipality Council	
191	55403000541	LLC Viesītes komunālā pārvalde	528.5	-34.1	3 601.9	100 % Jēkabpils Municipality Council	
192	44103023807	Municipal LLC RŪJENAS SILTUMS	520.4	-34.1	8 017.7	100 % Valmiera Municipality Council	
193	42403026217	LLC Austrumlatvijas koncertzāle	518.2	22.5	445.3	100 % Rēzekne City Council	
194	43603018936	LLC Mūsu saimnieks	517.3	-22.0	2 281.1	100 % Vecumnieki Municipality Council	
195	40003295397	LLC BŪKS	514.2	-107.3	6 715.0	100 % Ķekava Municipality Council	
196	40003158864	Krimulda County Municipal LLC Entalpija-2	495.8	-6.3	435.4	100 % Sigulda Municipality Council	
197	45403004912	LLC Pils rajona Namu pārvalde	489.3	28.8	491.3	100 % Jēkabpils Municipality Council	
198	44103103680	LLC Aprūpes nams "Urga"	488.1	9.6	403.1	100 % Limbaži Municipality Council	
199	45903000289	LLC Dagdas komunālā saimniecība	484.9	-12.2	4 992.1	100 % Krāslava Municipality Council	
200	46803003381	LLC ZILUPES LTD	460.2	-13.0	2 373.7	100 % Ludza Municipality Council	
201	40003171701	LLC Krimuldas doktorāts	450.5	133.9	323.3	100 % Krimulda Municipality Council	
202	54103072471	LLC Salacgrīvas ūdens	438.1	-46.1	9 233.2	100 % Limbaži Municipality Council	
203	40003325367	LLC Viesītes veselības un sociālās aprūpes centrs	421.0	39.4	215.3	100 % Jēkabpils novada pašvaldība	
204	40103217948	LLC Garkalnes ūdens	414.0	-28.4	20 986.3	80.81 % Garkalne Municipality Council, 19.19 % Ādaži Municipality Council	
205	42403028190	LLC OLIMPISKAIS CENTRS RĒZEKNE	408.3	-27.5	753.3	100 % Rēzekne City Council	
206	42403003341	LLC VIĻĀNU SILTUMS	397.3	5.2	783.0	100 % Rēzekne Municipality Council	
207	43603040477	LLC Zemgales EKO	387.4	97.9	709.8	100 % Jelgava City Council	
208	40003365196	LLC Varakļānu Veselības aprūpes centrs	382.2	-11.7	75.6	100 % Varakļāni Municipality Council	
209	42403006333	LLC STRUŽĀNU SILTUMS	375.8	-26.2	373.8	100 % Rēzekne Municipality Council	
210	40003331306	LLC Aknīstes veselības un sociālās aprūpes centrs	374.0	-0.8	183.7	100 % Jēkabpils Municipality Council	
211	44103031378	LLC ALOJASVESELĪBAS APRUPES CENTRS	344.6	6.7	131.1	100 % Aloja Municipality Council	
212	58703000641	LLC Skrīveru saimnieks	341.9	-1.7	5 597.0	100 % Aizkraukle Municipality Council	
213	40003274925	Municipal LLC VANGAŽU AVOTS	340.1	-28.5	5 955.3	100 % Sigulda Municipality Council	
214	40003257732	LLC Kārsavas slimnīca	321.7	9.5	341.3	100 % Ludza Municipality Council	
215	40003431326	LLC Jaunpils pils	314.6	-5.3	75.8	100 % Tukums Municipality Council	
216	52403003451	LLC VIĻĀNU NAMSAIMNIEKS	313.1	-60.4	1 365.1	100 % Rēzekne Municipality Council	
217	53603009371	LLC KŪDRINIEKS	308.0	-13.4	610.9	100 % Vecumnieki Municipality Council	
218	50003292941	LLC Ērgļu slimnīca	306.5	3.0	361.2	100 % Madona Municipality Council	

No.	Reg. No.	Name of capital company	Turnover, 2021, EUR `000	Profit/Loss, 2021, EUR `000	Total assets, 31.12.2021, EUR `000	Proportion of capital shares, holder or owner	Supplementary information/notes
219	40003257677	LLC Zilupes veselības un sociālās aprūpes centrs	297.8	-17.4	143.7	100 % Ludza Municipality Council	
220	44103103695	LLC Rekreācijas centrs "Viķi"	295.7	-1.3	106.9	100 % Limbaži Municipality Council	
221	43603031135	LLC Zemgales mutes veselības centrs	291.6	16.3	151.7	100 % Bauska City Council	
222	50003306141	LLC Īslīces ūdens	282.0	-0.8	3 176.0	100 % Bauska Municipality Council	
223	40003434765	Municipal LLC Jaunpils KS	279.4	3.2	183.4	100 % Tukums Municipality Council	
224	42103019377	LLC LIEPĀJAS TEĀTRIS	273.6	-9.1	540.2	100 % Liepāja City Council	
225	43603009401	LLC Jaunolis	272.6	-8.5	137.8	100 % Vecumnieki Municipality Council	
226	40003373066	Municipal LLC Krants	267.4	-35.5	1 376.6	100 % Tukums Municipality Council	
227	45403006595	LLC Cesvaines siltums	257.4	-24.2	1 630.1	100 % Cesvaine Municipality Council	
228	45403000709	LLC Aknīstes Pakalpojumi	247.4	11.6	1 734.7	100 % Jēkabpils Municipality Council	
229	55403015481	LLC Viesītes transports	246.5	-3.9	139.4	100 % Jēkabpils Municipality Council	
230	40103431587	Municipal LLC Tukuma ledus halle	225.8	-222.4	201.8	100 % Tukums Municipality Council	
231	45403005405	LLC Lubānas KP	216.9	-60.1	2 303.7	100 % Madona Municipality Council	
232	40003299789	LLC Bēnes doktorāts	214.9	-20.3	55.7	100 % Dobele Municipality Council	
233	51203036041	LLC Dundagas veselības centrs	213.4	-14.2	39.2	100 % Talsi Municipality Council a	
234	42103054283	LLC Pāvilostas komunālais uzņēmums	181.2	-13.1	890.4	100 % Pāvilosta Municipality Council	
235	41203001777	Municipal LLC Ventspils tirgus	177.3	-18.6	938.1	100 % Ventspils City Council	
236	45403015460	LLC Spungēni-Daugavieši	176.4	-20.7	282.6	100 % Jēkabpils Municipality Council	
237	42103067790	LLC Lielais Dzintars	172.4	46.0	303.3	100 % Liepāja City Council	
238	44103002824	LLC BANGA KPU	167.7	-33.7	3 336.4	100 % Valmiera Municipality Council	
239	42103044590	LLC VĒRGALES KOMUNĀLĀ SAIMNIECĪBA	167.0	-20.1	1 204.7	100 % Pāvilosta Municipality Council	
240	40103653529	Municipal LLC Šlokenbekas pils	158.3	-0.3	81.2	100 % Tukums Municipality Council	
241	47103000040	Ērgļi Municipal LLC ŪDAS	157.1	-49.9	3 784.8	100 % Madona Municipality Council	
242	42103027783	LLC Liepājas latviešu biedrības nams	156.3	21.3	448.1	100 % Liepāja City Council	
243	40003298707	LLC Liepājas autostāvvietas	147.3	-12.8	232.7	100 % Liepāja City Council	
244	43403001424	LLC BALVU AUTOTRANSPORTS	141.9	-41.7	226.5	100 % Balvi Municipality Council	
245	44103027052	LLC CĒSU TIRGUS	140.6	-45.3	591.3	100 % Cēsis Municipality Council	
246	40003579893	LLC KOLKAS ŪDENS	138.9	10.9	556.4	100 % Talsi Municipality Council	
247	47103000106	LLC Cesvaines komunālie pakalpojumi	136.3	-3.5	2 173.4	100 % Cesvaine Municipality Council	
248	55403005341	LLC Zasas aptieka	134.7	5.1	25.4	100 % Jēkabpils Municipality Council	

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249	40003382317	LLC ZIEMEĻKURZEME	132.2	-7.4	2 976.0	100 % Talsi Municipality Council	
250	42103048198	LLC KS Cīrava	126.2	-0.3	730.5	100 % Dienvidkurzeme Municipality Council	
251	40003134391	LLC AVIASABIEDRĪBA "LIEPĀJA"	108.2	-101.9	6 521.6	100 % Liepāja City Council	
252	44103059950	LLC LĪGATNES NAMI	90.3	-18.2	264.7	100 % Līgatne Municipality Council	
253	42403025230	LLC Viļakas Veselības centrs	83.8	-3.5	100.9	100 % Balvi Municipality Council	
254	41503025952	Municipal LLC Parkings D	81.5	-7.8	93.3	100 % Daugavpils City Council	
255	51203035281	LLC Kurzemes filharmonija	81.2	10.7	842.3	100 % Ventspils City Council	
256	54103020291	LLC UNGURMUIŽA	67.3	-45.6	6.4	100 % Pārgauja Municipality Council	
257	40003357894	Auce Municipal LLC Auces slimnīca	55.4	6.3	29.9	100 % Auce Municipality Council	
258	40003299967	LLC Jaunpiebalgas pašvaldības ambulance	51.4	5.8	19.7	100 % Jaunpiebalga Municipality Council	
259	52103024331	Municipal LLC LIEPĀJAS LEĻĻU TEĀTRIS	49.4	-8.9	36.7	100 % Liepāja City Council	
260	41203037401	LLC MĒRSRAGA ŪDENS	41.5	-25.8	1 300.8	100 % Talsi Municipality Council	
261	40003302839	LLC LIEPĀJAS REĢIONĀLA TŪRISMA INFORMĀCIJAS BIROJS	31.3	25.5	246.0	85.59 % Liepāja City Council, 14.41 % Dienvidkurzeme Municipality Council	
262	42403008777	LLC BIDRIJA	30.2	-1.1	2.6	100 % Ludza Municipality Council	
263	42103002686	LLC AIZPUTES TV*	19.9	-4.5	0.0	100 % Aizpute City Council	*Liquidated and removed from the Register of Enterprises on 22.04.2022.
264	45403051705	LLC Gārsenes pils	10.6	-5.4	9.2	100 % Jēkabpils Municipality Council	
265	45403015761	LLC Rubenītis	8.5	-10.5	20.8	100 % Jēkabpils Municipality Council	
266	42103022818	LLC RAS 30	2.7	-6.8	283.3	100 % Dienvidkurzeme Municipality Council	
267	51203031491	LLC Ventspils lidosta	2.6	-9.1	2 025.7	100 % Ventspils City Council	
268	47403003296	LLC OGRES SVĒTE*	0.0	0.0	0.0	100 % Ogre Municipality Council	*In the liquidation proceedings as of 2017.
269	41503036354	LLC Daugavpils lidosta*	0.0	-45.1	1 591.9	100 % Daugavpils City Council	*Liquidated and removed from the Register of Enterprises on 09.02.2022.
Municipality-owned capital companies with decisive direct participation of municipalities >50 %							
270	41503029600	LLC Daugavpils reģionālā slimnīca	53 772.3	2 981.8	75 150.8	88.64 % Daugavpils City Council, 8.93 % Augšdaugava Municipality Council	
271	42103041306	LLC LIEPĀJSC REĢIONĀLĀ SLIMNĪCA	34 599.7	2 454.5	87 425.4	99,73 % Liepāja City Council	
272	40003258333	LLC Vidzemes slimnīca	28 354.3	1 672.0	38 344.9	74.07 % Valmiera Municipality Council	
273	40003246194	LLC Ziemeļkurzemes reģionālā slimnīca	25 443.7	1 335.2	69 672.0	87.96 % Ventspils City Council, 11.48 % Talsi Municipality Council	

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274	40003016840	JSC CATA	15 074.1	892.6	10 892.0	20.59 % Cēsis Municipality Council, 18.57 % Limbaži Municipality Council, 9.99 % Priekuli Municipality Council, 9.06 % Salacgrīva Municipality Council, 6.7 % Amata Municipality Council, 5.78 % Aloja Municipality Council, 5 % Vecpiebalga Municipality Council, 4.85 % Ogre Municipality Council, 4.67 % Pārgauja Municipality Council, 4.3 % Rauna Municipality Council 4.24 % Līgatne Municipality Council, 2.86 % Jaunpiebalga Municipality Council, 1.49 % Krimulda Municipality Council, 1.19 % Aizkraukle Municipality Council, 0.54 % Kegums Municipality Council	
275	40003244761	LLC Preiļu slimnīca	5 337.1	697.4	3 932.5	74.14 % Preiļi Municipality Council	
276	40003255337	LLC Aizkraukles slimnīca	4 347.2	270.4	3 606.9	71.04 % Aizkraukle Municipality Council	
277	40003321647	LLC Zemgales veselības centrs	4 247.4	249.6	4 982.7	64.89 % Jelgava Municipality Council, 23.30 % Ozolnieki Municipality Council	
278	43603022128	LLC Jelgavas komunālie pakalpojumi	4 150.0	261.8	2 139.5	51 % Jelgava City Council	
279	42103023090	LLC LIEPĀJAS RAS	3 169.3	241.9	13 852.4	65.85 % Liepāja City Council, 3.29 % Dienvidkurzeme Municipality Council	
280	40003148480	JSC BALVU ENERĢIJA	1 579.3	74.7	1 984.0	94.58 % Balvi Municipality Council	
281	42103030247	LLC Liepājas Olimpiskais centrs (consolidated)	1 251.9	20.3	32 981.6	82.94 % Liepāja City Council	
282	41203008173	LLC VATS	1 129.3	-261.4	987.5	50 % Ventspils City Council	
283	40003245964	LLC Olimpiskais centrs "Ventspils"	1 080.7	-406.6	19 916.1	52.68 % Ventspils City Council	
284	54103025871	LLC Valmieras Olimpiskais centrs*	864.9	-391.3	17 892.2	84.6 % Valmiera Municipality Council	*Change of company name on 21.07.2021, former LLC VIDZEMES OLIMPISKAIS CENTRS Other shareholders: 15.4 % Latvian Olympic Committee.
285	44103021789	LLC OLIMPISKAIS CENTRS "LIMBAŽI"	605.3	-9.0	308.1	51.8 % Limbaži Municipality Council, 7.6 % Salacgrīva Municipality Council	
286	40003527548	LLC ZEMGALES 29	375.2	-8.8	42.5	53.95 % Olaine Municipality Council	
287	43603019077	LLC ZEMGALES OLIMPISKAIS CENTRS	355.3	-597.0	18 591.7	54.08 % Jelgava City Council	
288	41703001340	JSC JELGAVAS SILTUMTIKLU UZŅĒMUMS	105.4	30.3	12 576.9	71.61 % Jelgava City Council	
289	44103026682	LLC CĒSU OLIMPISKAIS CENTRS	38.6	38.0	193.7	74.17 % Cēsis Municipality Council	
290	40003977580	LLC MOTO ZZ	0,0	-6.4	44.8	99.89 % Ogre Municipality Council	

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Municipality-owned capital companies with direct municipality participation up to (and including) 50 %							
291	40003286750	JSC RĪGAS SILTUMS (consolidated)	146 451.1	5 374.6	230 529.7	49 % Rīga City Council	Other shareholders: 48.99 % Ministry of Economics.
292	42103035386	LLC LIEPĀJAS ENERĢIJA	15 865.6	1 393.3	36 465.1	39 % Liepāja City Council	
293	40003015652	JSC LIEPĀJAS AUTOBUSU PARKS (consolidated)	15 800.9	2 750.2	20 431.3	34.85 % Liepāja City Council	
294	44103058086	LLC Balvu un Gulbenes slimnicu apvienība	9 353.3	852.2	11 580.3	29.21 % Balvi Municipality Council, 13.13 % Gulbene Municipality Council	
295	40003199078	LLC Piebalgas	7 055.7	860.6	4 216.1	18.36 % Vecumnieki Municipality Council	
296	41503002447	JSC DAUGAVPILS SPECIALIZĒTAIS AUTOTRANSPORTA UZŅĒMUMS	4 726.6	263.4	3 295.0	37.2 % Daugavpils City Council	Other shareholders: 3.2 % State Social Insurance Agency, 59.6 % other shareholders.
297	40003258973	LLC Ludzas medicīnas centrs	4 552.6	130.9	9 607.2	42.05 % Ludza Municipality Council	Other shareholders: 57.95 % Ministry of Health.
298	40003399703	LLC ĶILUPE	3 175.3	5.0	1 248.9	31.25 % Ogre Municipality Council	
299	44103016580	JSC VALMIERAS ENERĢIJA	3 049.1	434.7	8 578.7	47.85 % Valmiera City Council	
300	40003592340	LLC BALOŽU SILTUMS	1 112.9	23.9	3 619.9	45 % Ķekava Municipality Council	
301	40003244634	LLC Daugavpils Olimpiskais centrs	501.2	-483.4	18 530.8	46.52 % Daugavpils City Council	Other shareholders: 53.48 % Latvian Olympic Committee.
302	44103024817	LLC Alūksnes primārās veselības aprūpes centrs	455.9	6.6	205.6	10.02 % Alūksne Municipality Council	
303	40103037514	LLC Rīgas Apriņķa Avīze	396.5	37.6	1 091.7	4.65 % Inčukalns Municipality Council, 3.78 % Mārupe Municipality Council, 2.42 % Sīgulta Municipality Council, 2.32 % Babīte Municipality Council, 2.32 % Garkalne Municipality Council, 2.32 % Krimulda Municipality Council, 2.32 % Olaine Municipality Council, 2.32 % Ropaži Municipality Council	
304	43603012859	LLC SPORTA KOMPLEKSS "ZEMGALE"	380.7	-24.3	935.8	32.65 % Jelgava City Council	
305	43603007966	LLC JELGAVAS TIRGUS	299.2	-64.2	1 321.9	48.43 % Jelgava City Council	
306	41503029437	LLC CIRIŠU HES	292.7	139.4	422.9	40 % Aglona Municipality Council	
307	40003425118	LLC VENTTESTS	291.5	52.2	557.3	50 % Ventspils City Council	
308	40003421648	LLC OC Liepāja	273.6	20.8	982.0	5.03 % Liepāja City Council	
309	40003035273	LLC Madonas laukceltnieks	252.1	11.1	207.6	10.53 % Madona Municipality Council	
310	41503004556	LLC LATGALES LAIKS	182.5	-0.9	139.5	25.46 % Daugavpils City Council	
311	48503010397	LLC Brocēnu sporta centrs	141.3	-14.5	2 015.6	7.71 % Saldus Municipality Council	
312	40003536108	LLC D & F	129.8	-26.9	321.3	24 % Ogre Municipality Council	

No.	Reg. No.	Name of capital company	Turnover, 2021, EUR '000	Profit/Loss, 2021, EUR '000	Total assets, 31.12.2021, EUR '000	Proportion of capital shares, holder or owner	Supplementary information/notes
313	40003159107	LLC HYDROENERGY LATVIA	105.1	51.6	109.3	20.83 % Ropaži Municipality Council	
314	41203019340	LLC KOLKASRAGS	99.8	0.5	224.3	49 % Talsi Municipality Council	
315	41203008614	LLC FUTBOLA KLUBS "VENTSPILS"	71.3	-308.4	8.1	11.23 % Ventspils City Council	
316	40003633530	LLC BALARTIS	63.4	-56.0	27.6	45.37 % Ķekava Municipality Council	
317	40003542763	LLC Gulbenes-Alūksnes bānītis	42.9	-0.1	275.1	9.09 % Gulbene Municipality Council, 4.55 % Alūksne Municipality Council	
318	50003733321	LLC SKY PORT	23.1	-630.3	6 639.8	4.25 % Engure Municipality Council	
319	40103159777	LLC Jaunā skola	22.6	-71.6	1 219.3	18.78 % Ādaži Municipality Council	
320	50003367381	LLC Ludzas tūrisma aģentūra	15.7	5.5	27.7	31.48 % Ludza Municipality Council, 12.96 % Zilupe Municipality Council	
321	41503026233	LLC DOVA	3.0	-24.4	26.6	5 % Krāslava City Council	
322	41203024801	LLC Starptautiskā Rakstnieku un tulkotāju māja	2.6	-0.2	99.8	33.33 % Ventspils City Council	Other shareholders: 33.33 % Ministry of Culture.
323	40003319252	LLC Mālpils Minerāls	0.0	0.0	400.4	0.74 % Mālpils Municipality Council	
324	40003187948	LLC Latgales Uzņēmējdarbības atbalsta centrs	0.0	-0.1	2.3	5 % Rēzekne Municipality Council, 1 % Rēzekne City Council	
325	42403015800	LLC VĒSTURES PARKS*	0.0	-0.1	2.5	25 % Rēzekne City Council	*In liquidation process since 2009.
326	43603023960	JSC AMO PLANT*	0.0**	-0.8**	77.9**	2.73 % Jelgava City Council	*In insolvency proceedings since 2015. **Results of 2019 as the submission of report of 2021, 2020 was not registered.
327	40003143445	LLC Vējkalni*	0.0	-153.8	0.3	25 % Vecpiebalga Municipality Council	*Liquidated and removed from the Register of Enterprises on 21.02.2022.

