



Publisko aktīvu pārvaldītājs

Possessor

2021 REPORT

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INFORMATION ABOUT THE COMPANY

Full name of the company	SIA "Public asset manager Possessor"		
Type of society	society with limited responsibility		
Registration number, place and date	40003192154 in Riga, April 22, 1994 On November 1, 2004, re-registration was carried out in the commercial register of the Enterprise Register of the Republic of Latvia		
Members of the Board	Andris Gjdmanis – chairman of the board (from 06.11.2020) Dace Gaile – member of the board (from 06.11.2020) Marina Podvinska – member of the board (from 06.11.2020)		
Legal address	Cr. 31 Valdemjra Street, Riga, LV-1887		
Financial reporting period	January 1, 2021 - December 31, 2021		
News about subsidiaries	LAS "Reverta" Cr. 31 Valdemjra street, Riga, LV-1010 Equity share 96.89% SIA "REAP" Cr. 31 Valdemjra street, Riga, LV-1010 Equity share 100% SIA "FeLM" Cr. 31 Valdemjra street, Riga, LV-1010 Equity share 100%		
Representative of the holder of capital shares			
Edmunds Valantis	from 02.06.2020	State Secretary of the Ministry of Economy	

MANAGEMENT REPORT

The most important developments in 2021

In 2021, SIA "Public asset manager Possessor" (hereinafter - the Company) continued work on the development (privatization and expropriation) of the portfolio of state assets in its possession, as well as the execution of tasks specifically assigned by the Cabinet of Ministers, related to the management of the subsidiaries owned by it.

Since the announcement by the World Health Organization on March 11, 2020 of a pandemic related to the disease caused by the coronavirus, Covid-19, in 2021 the Company continued to implement a series of precautionary measures aimed at protecting its employees, customers and partners from the possible impact of Covid-19, as also mitigating disruptions in the operation of the capital company is possible during the outbreak of Covid-19. Society constantly assesses the impact of the spread of the Covid-19 virus. All security measures are implemented in accordance with the decisions and recommendations made by the Cabinet of Ministers and other responsible state institutions.

The most important indicators

The company's net turnover in 2021 is 2.64 million. *euros*. The total amount of the company's assets on December 31, 2021 is 12.97 million. *euro* and equity is 10.36 million. *euros*. The Covid-19 pandemic has not had an immediate and significant impact on the Company's economic activity.

In 2021, as a result of the development of the state property portfolio, the Company concluded a total of 306 purchase contracts for 2.54 million. worth of *euros*, including:

• 185 apartment property expropriation contracts for 1.29 million. worth of *euros*; • 0.99 million purchase contracts for 120 built-up plots of land and non-residential buildings. worth of *euros*; • 0.26 million of one sale of capital shares. worth of *euros*.

In carrying out the tasks of the state administration delegated to the Company, within the framework of the development of the portfolio held by the Company during the reporting period:

- completed the process of privatization or expropriation of 448 state-owned objects; 183 agreements were
- concluded on the transfer of the assumed part of the land unit to ownership without compensation according to the assumed share of the joint ownership in the privatized property; 76 contracts for the purchase of apartment
- properties, residential houses or their supposed parts to be privatized were concluded; 13 residential houses were handed over to
- apartment owners for management.

As a result of the development of the portfolio of state assets in actual possession (holding), in 2021, the Company has transferred to the state and local government budgets revenues from the privatization, expropriation, leasing of state properties and fulfillment of obligations of land purchase agreements in the amount of 2.66 million. in the amount of *euros*.

Future activity of the company

According to the first part of Article 7 of the Law on the Management of Capital Shares and Capital Companies of a Public Person (hereinafter - the Law on the Management of Capital Companies), a public person is obliged to reassess each of its direct participations in a capital company and compliance with the provisions of Article 4 of the Law on the Management of Capital Companies at least once every five years. Since the Cabinet of Ministers decided to maintain the state's participation in the Society at its meeting on June 6, 2017, the Cabinet of Ministers must reevaluate the state's participation and set a new general strategic goal for this year, ie 2022. Taking into account the decision of the Cabinet of Ministers, the Company will develop a strategy for its future operation.

Subsidiaries

JSC "Reverta" in liquidation

During the reporting period, AS "Reverta" in liquidation (hereinafter - LAS "Reverta") continued to defend its interests in court proceedings. As of December 31, 2021, the group includes one subsidiary of LAS "Reverta" - Regalite Holdings Limited (Cyprus). Total The asset value of LAS "Reverta" on December 31, 2021 was 1.68 million. *euros*.

SIA "REAP"

During the reporting period, SIA "REAP" continued work on the use of claim rights taken over from LAS "Reverta", including against debtors in the Republic of Latvia and the Russian Federation. The amount of recovered funds in 2021 is 1.26 million. *euros*. The total value of SIA "REAP" assets on December 31, 2021 was 13.84 million. *euros*.

MANAGEMENT REPORT

SIA "FeLM"

During the reporting period, SIA "FeLM" concluded an agreement with the winner of an international tender for the sale of property of the electric steel smelting complex and real estate belonging to SIA "FeLM". Realizing part of the assets and claim rights against MAS "KVV Liepājas metalurģs", 10.0 million was transferred to the Ministry of Finance. *euros* in accordance with the Cession Agreement concluded between SIA "FeLM" and the Ministry of Finance. The total value of SIA "FeLM" assets on December 31, 2021 was 0.85 million. *euros*.

Financial risk management

The most important sources of financing for the Company are funds that the Company receives as a result of concluded transactions in the form of regulatory deductions and from the reserve fund. The company also has other financial tools, such as other debtors, debts to suppliers and contractors and other creditors, which result directly from its economic activity.

The main financial risks related to the Company's financial instruments are credit risk, currency risk, liquidity risk and litigation risk. The company's management has implemented appropriate procedures to control material risks.

Credit risk

The company is exposed to credit risk in connection with issued short-term and long-term loans, cash and its equivalents.

The company controls its credit risk by constantly evaluating the solvency of business partners and the most important debtors, ensuring payment monitoring, as well as making provisions for potential losses. Based on the current structure of the Company's financial assets and liabilities, the credit risk is not significant.

Currency risk

Based on the current structure of the Company's financial assets and liabilities, the currency risk is not significant.

Liquidity risk

The company controls its liquidity risk by maintaining an adequate amount of cash and cash equivalents and constantly monitors payments related to the purchase and lease agreements of state property objects. The company improves cash flow planning and monitoring tools, as well as regularly analyzes liquidity and funding provision. Based on the current structure of the Company's financial assets and liabilities, liquidity risk is not significant.

Risk of litigation

The company is exposed to the risk of legal proceedings in connection with its operation, as well as the performance of the tasks of the state administration delegated to it and specially given tasks, the control of the execution of contracts for the purchase of state-owned objects and the conditions of privatization or expropriation contained in them. The company has developed procedures to mitigate the impact of this risk. In case of necessity, the Company makes provisions for certain legal proceedings in the amount of possible future expenses.

Andris Gýdmanis
Chairman of the Board

Dace Gaile
Member of the Board

Marina Podvinska
Member of the Board

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CALCULATION OF PROFIT OR LOSS

	Note	2021 EUR	2020 EUR
Net sales	3		
Other operating income	4		
Personnel costs:			
⁹ compensation for		2,635,983,267,200 (1,800,769)	2,683,500,722,146 (1,810,684)
⁹ work state social insurance			
mandatory contributions		(333 397)	(337,637)
⁹ other social security costs			
		(38,067)	(39,560)
Impairment adjustments: Impairment		(99,000)	(110,091)
⁹ adjustments for fixed assets and			
intangible assets		(99,000)	(110,091)
Other costs of economic activity	5	(775,901)	(756,945)
Profit before corporate income tax		227,513	727,957
Corporate income tax		-	-
Profit for the reporting period		227,513	727,957

The appendix from pages 11 to 25 is an integral part of this financial report.

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Member of the Board

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Jolanta Roze
Head of the Finance Department

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BALANCE SHEET

		31.12.2021 EUR	31.12.2020 EUR
Active	Note		
Long-term investments			
Intangible assets			
Concessions, patents, licenses, trademarks and similar rights		79,094	92 134
Total intangible assets	6	79,094	92 134
Fixed assets			
Real estate: land plots,		2,567,094	2,594,073
buildings and engineering structures		2,567,094	2,594,073
Other fixed assets and inventory		45,802	46,000
Creation of fixed assets and costs of unfinished construction objects		33 154	-
Fixed assets	7	2 646 050	2,640,073
Long term financial investment			
Participation in the capital of related companies	8	6,000	6,000
Long-term financial investments together		6,000	6,000
Long-term investments together		2,731,144	2,738,207
Current assets			
Savings			
Raw materials, basic materials and auxiliary materials		14,926	16,124
Stocks together		14,926	16,124
Debtors			
Trade payables	9	166 326	186 086
Other debtors	10	844	254 870
payments of the next period	11	19 135	18 826
Accrued income		33 135	85 508
Debtors together		219 440	545 290
Short-term financial investments			
Participation in the capital of related companies	8		
Short-term financial investments in total		11	11
Money	12	10,004,313	9,906,353
Total current assets		10,238,680	10,467,768
Total assets		12,969,824	13,205,975

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BALANCE SHEET

		31.12.2021 EUR	31.12.2020 EUR
Passive	Note		
Share capital (share capital)	13	446 064 930	446 064 930
Revaluation reserve for long-term investments	14	495 451	503 243 1
Reserves:		1	
other reserves			
Uncovered losses of previous years		1 (436 432 813)	1 (437 160 770)
Profit or loss for the reporting period		227 513	727 957
Total equity		10,355,082	10,135,361
Savings			
Other savings	15	676 055	652 706
Total savings		676 055	652 706
short-term creditors			
Debts to suppliers and contractors		8 181	8,989
Taxes and mandatory state social insurance contributions	16	67 853	5 046
Other creditors	17	1 662 422	2 184 336
Deferred earnings		7 225	1 407
Accrued liabilities	18	193 006	218 130
Short term creditors together		1,938,687	2,417,908
Creditors together		1,938,687	2,417,908
Total liabilities		12,969,824	13,205,975

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CASH FLOW STATEMENT

	2021 EUR	2020 EUR
Operating cash flow		
Profit or loss before corporate income tax	227,513	727,957
Adjustments:		
capital asset impairment correction intangible investment	52 369	41 307
impairment correction provisioning (excluding provisions for bad debts)	38 840	60 991
	23 349	(14 093)
Profit or loss before adjustments for the effect of changes in current assets and current accounts payable balances	342 071	816 162
Decrease/(increase) in accounts receivable balances	325 850	291,036
Increase/ (decrease) in inventory balances	1 198	(16,097)
Reduction of balances of debts payable to suppliers, contractors and other creditors	(479 221)	(129 496)
Gross operating cash flow	189 898	961 605
Net operating cash flow	189,898	961 605
Cash flow from investing activities		
Purchase of fixed assets and intangible investments	(91 938)	(162,200)
Net cash flow from investing activities	(91 938)	(162,200)
The result of fluctuations in foreign exchange rates	-	-
Net cash flow for the reporting period	97,960	799 405
Balance of cash and cash equivalents at the beginning of the reporting period	9,906,353	9,106,948
Balance of cash and cash equivalents at the end of the reporting period	10,004,313	9,906,353

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STATEMENT OF CHANGES IN EQUITY

	Share capital (share capital)	Revaluations of long-term investments reserve	Reserves	Retained earnings	In total
	EUR	EUR	EUR	EUR	EUR
On December 31, 2019 , the	446 064 930	511 035	1 (437 160 770)		9,415,196
decrease in the balance of the revaluation reserve for long-term investments.	-	(7,792)	-	-	(7 792)
The profit for the	-	-	-	727 957	727 957
reporting year on December	446 064 930	503 243	1 (436 432 813)		10,135,361
31, 2020 .					
	-	(7,792)	-	-	(7,792)
	-	-	-	227,513	227,513
	446 064 930	495 451	1 (436,205,300)		10,355,082

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APPENDIX TO THE FINANCIAL STATEMENT

1. General information about the Company

The company was founded on April 22, 1994 as a non-profit organization, a state joint-stock company. On November 1, 2004, the Company was registered in the commercial register of the Enterprise Register of the Republic of Latvia as a state joint-stock company "Privatization Agency". On June 3, 2019, the name of the state joint-stock company "Privatization Agency" was changed, becoming JSC "Public asset manager Possessor" (the name change process was completed on August 23, 2019). In compliance with the transitional provisions of the Law on the Management of Capital Companies, as stipulated in Clause 25, the legal form of the capital company was changed in 2020, transforming it into a limited liability company. The changes were registered in the commercial register of the Enterprise Register of the Republic of Latvia on October 9, 2020.

According to the statutes and the NACE classification, the Company carries out the following commercial activities: operations with securities (66.12), fund management (66.30), operations with real estate (68), consulting in commercial activities and management (70.22), general public service activities (84.11).

In accordance with the procedure provided for in the legal acts and in compliance with the rights and obligations set forth therein, the Company manages and, within the scope of its competence, handles state-owned property objects transferred to its actual possession (possession) - prepares state-owned objects for sale, organizes and conducts evaluation of state-owned objects, organizes auctions, evaluates the offers of potential buyers of state-owned objects, concludes contracts on behalf of the state for the sale of state-owned objects transferred to the Company, administers the monitoring of the fulfillment of obligations of the concluded contracts, and also performs certain actions to ensure the fulfillment of contracts.

The company carries out the tasks of the state administration delegated to it, as well as the special tasks assigned by individual orders of the Cabinet of Ministers in the following areas of activity - "Land plots and non-residential buildings", "Residential houses and apartment properties", "Capital shares and problem assets", "Control of contracts" and "Privatization certificates".

1.1. Land plots and non-residential buildings

The company carries out the task of the state administration delegated to it - privatization of real estate objects, including state plots of land, in the Law "On the Privatization of State and Local Government Property Objects" (hereinafter - the Privatization Law) and in the Law on Privatization of State and Local Government Property and Completion of the Use of Privatization Certificates (hereinafter - Privatization Completion Law) within the defined competence. The task of the state administration has been delegated to the Company in accordance with the Cabinet of Ministers Regulation No. 557 of November 26, 2019 "Regulations on the delegation of the administration task of the institution carrying out the privatization of state assets" (hereinafter - Regulations No. 557).

In the cases specified in Section 5, Part 3.1 of the Law on the Expropriation of Property of a Public Person (hereinafter referred to as the Expropriation Law) (if the privatization of real estate has been terminated or the right of privatization has not been exercised within the term specified in the law, and the real estate is in the possession of the Company), the Company carries out state real estate objects, including expropriation of state plots of land in accordance with Cabinet of Ministers' Regulations No. 109 of February 1, 2011 "Procedure for expropriation of property of a public person" (hereinafter - Regulations No. 109).

1.2. Residential houses and apartment properties

the order of the Cabinet of Ministers of May 29, 2009 No. 353 "On the liquidation of the State Agency for Construction, Energy and Housing"

From July 1, 2009, the functions of privatization and management of state-owned and state-owned residential houses (apartment properties) were transferred to the company in accordance with the law "On Privatization of State and Local Government Residential Buildings".

The task of the state administration has been delegated to the Company in accordance with the Cabinet of Ministers Regulation No. 431 of September 17, 2019 "Regulations on the delegation of the administration task of the institution carrying out the privatization of state residential houses" (hereinafter - Regulations No. 431).

In the cases specified in Section 9, Part 1.3 of the Expropriation Law (if the residential house or apartment property is in the possession of the Company, as well as if the residential house, its supposed parts or the property of the apartment is recognized as the property of no heirs or ownerless persons for which no claims of creditors have been filed and in the case when creditors do not use them) The company expropriates state-owned and state-owned residential houses, their presumed parts or apartment properties in accordance with Regulations No. 109.

1.3. Equity and distressed assets

The company manages and privatizes state capital shares in accordance with the Privatization Law and the Completion Law. The task of the State Administration has been delegated to the Company in accordance with Regulations No. 557.

The Company implements the management and disposal of state capital shares in accordance with the Law on the Management of Capital Companies.

APPENDIX TO THE FINANCIAL STATEMENT

1. General information about the Company (continued)

The management of state capital shares is ensured in accordance with the Code of Corporate Governance, respecting the competences defined in the Commercial Law, the Law on the Management of Capital Companies and other regulatory acts.

The company ensures the management of problematic assets (subsidiaries) in accordance with the decisions made by the Cabinet of Ministers and the European Commission:

ŷ LAS "Reverta" (as of December 31, 2021, the Company's participation is 96.89%): in accordance with the decision of the Cabinet of Ministers of February 24, 2009, the Company purchased the shares of LAS "Reverta" (previously AS "Parex banka") with the aim of providing management of capital shares and organization of share sales. On July 6, 2017, the decision to start the liquidation of LAS "Reverta" was registered in the commercial register of the Enterprise Register of the Republic of Latvia; ŷ SIA

"REAP" (on December 31, 2021, the Company's participation is 100%): in compliance with the decision of the Cabinet of Ministers of November 14, 2017, the Company established a subsidiary company with the purpose of operation - assets taken over from LAS "Reverta", including rights of claims, management; ŷ SIA

"FeLM" (as of December 31, 2021, 100% of the Company's participation): on April 1, 2016, in accordance with the decision of the Cabinet of Ministers of March 22, 2016, a subsidiary company was established, the purpose of which is the claim against MAS "KVV LiepĶjas metalurģs" management.

1.4. Control of contracts

Within the framework of the performance of delegated state administration tasks, the Company ensures the supervision of the fulfillment of the conditions of privatization and expropriation included in the purchase contracts of land plots, real estate objects, apartment properties and capital shares until the completion of privatization or the full fulfillment of all obligations. Pursuant to the regulations, buyers of state-owned objects have the opportunity to make payments with a 5-year payment period (the maximum payment period was 10 years in the purchase contracts concluded until July 3, 2019).

1.5. Privatization certificates

According to Cabinet of Ministers Regulation No. 172 of April 1, 2014 "Regulations on delegation of the task of administering the circulation of privatization certificates" (hereinafter - Regulations No. 172), the public administration task is delegated, within the framework of which the use and deletion of privatization certificates is controlled, as well as other activities related to the supervision of the circulation of privatization certificates are carried out.

1.5.1. Privatization certificate account servicing

From October 1, 2016, the Company ensures the maintenance of all privatization certificate accounts, providing their owners with services related to the circulation of privatization certificates. This state administration task has been delegated to the Company in accordance with Cabinet of Ministers Regulation No. 624 of September 20, 2016 "Regulations on delegation of the task of servicing accounts of privatization certificates" (hereinafter - Regulations No. 624). Also, the Company provides servicing of privatization certificate accounts in which payments are made for the privatization of state and local government residential houses, based on the Cabinet of Ministers' regulations No. 625 of September 20, 2016 "Regulations on the servicing of privatization certificate accounts of the state administration task, in which payments are made for the objects of privatization of residential houses and the transfer of ownership of apartments, artist's workshops and non-inhabitable premises until the privatization of the residential house, - delegation" (hereinafter - Regulations No. 625).

1.5.2. Land redemption within the framework of land reform

The company, in compliance with the Cabinet of Ministers' regulations of October 15, 2013 No. 1106 "Procedures for concluding land redemption (purchase) contracts", within the framework of land reform, concludes land redemption (purchase) contracts with former land owners or their heirs, if the restored or assigned equivalent plot of land the area is larger than the area of the land to which property rights are to be renewed, and it exceeds the boundaries of non-connection permitted in the land cadastral survey. This task of the state administration was delegated to the Company in accordance with the Cabinet of Ministers' regulations No. 623 of September 20, 2016 "Regulations on the conclusion of state administration tasks - land redemption (purchase) contracts, control of the execution of these contracts and transfer of unredeemed land to the ownership of local governments - delegation" (further - Regulations No. 623). Within the framework of the above-mentioned task, the Company performs the administration of the fulfillment of the obligations specified in the previously concluded land payment purchase agreements.

APPENDIX TO THE FINANCIAL STATEMENT

2. Summary of important accounting principles

Guidelines for the preparation of the financial report

The company's financial report is prepared in accordance with the Law on Annual Reports and Consolidated Annual Reports and covers the period from January 1, 2021 to December 31, 2021.

According to the criteria established by the law, the Company is classified as a medium-sized company.

The law provides additional relief for small and medium-sized companies in the preparation of the financial report, but at the same time it also stipulates that the financial report must provide a true and clear picture of the company's financial position and profit or loss, and the annual report of medium-sized and large companies must also present the cash flow.

The financial report is prepared in accordance with the principle of initial value accounting.

In the financial statement, the monetary unit is *the euro* (EUR).

The income statement is classified by type of expense. The cash flow statement is prepared using the indirect method.

Impact of Covid-19

The restrictions related to the spread of Covid-19 continue in the Republic of Latvia and many other countries, which significantly reduce economic growth in the country and in the world. In connection with the re-introduced state of emergency in Latvia, trade, gatherings of people, face-to-face work organizations and other restrictions were set. The company has implemented measures to ensure the continuity of its activities and services. Although the pandemic situation is associated with some uncertainty in the future as well, the Company continued its work, adapting to the changing circumstances.

The full impact of the Covid-19 pandemic on economic activity is not yet known, as the situation is constantly changing and evolving.

The management believes that after the date of the financial report, the Covid-19 pandemic will not significantly affect the Company's operations. This assumption is based on the information available at the date of signing the financial statement, as a result of which the impact of future events on the Company's operations in the future may differ from management's assessment.

The management of the company will continue to continuously evaluate the situation and believes that it will be able to successfully adapt its operations even in the conditions of the pandemic and the established restrictions.

Continuation of the company's activities

According to the first part of Article 7 of the Law on the Management of Capital Companies, a public person is obliged to reassess each of its direct participations in a capital company and compliance with the provisions of Article 4 of the Law on the Management of Capital Companies at least once every five years. Since the Cabinet of Ministers decided to maintain the state's participation in the Society at its meeting on June 6, 2017, the Cabinet of Ministers must reevaluate the state's participation and set a new general strategic goal for this year, ie 2022. Taking into account the decision of the Cabinet of Ministers, the Company will develop a strategy for its future operation, providing for the effective development of the portfolio of state assets in its possession, the completion of the privatization process of state-owned objects, ensuring the management of the state's capital shares and problematic assets in its possession, as well as identifying and attracting new business directions.

Use of estimates

When preparing the financial report, the management has to rely on certain estimates and assumptions, which affect the balances of the balance sheet and profit or loss statement items reflected in individual reports, as well as the amount of possible liabilities.

Future events may affect the assumptions on which the relevant estimates are made. Any impact of changes in estimates is reflected in the financial statements at the time they are determined.

Revaluation of foreign currencies

The functional currency of the Company and the currency used in the financial statement is the monetary unit of the Republic of Latvia, *the euro* (EUR). All transactions in foreign currencies are revalued in EUR according to *the euro* reference rate published by the European Central Bank on the day of the relevant transaction. Monetary assets and liabilities denominated in foreign currency are converted into EUR at the *euro* reference rate published by the European Central Bank on the last day of the reporting year. Exchange rate differences arising from settlements in currencies or when reflecting asset and liability items using exchange rates that differ from the exchange rates originally used for accounting transactions are recognized in the profit or loss statement at net value.

APPENDIX TO THE FINANCIAL STATEMENT

2. Summary of Significant Accounting Principles (continued)**Intangible assets**

Intangible assets are recorded at their original cost, which is amortized over the asset's useful life using the straight-line method. If any events or changes in circumstances indicate that the carrying value of intangible assets may be irrecoverable, the value of the relevant intangible assets is reviewed for impairment. Impairment losses are recognized when the carrying amount of intangible assets exceeds their recoverable amount.

Fixed assets

Fixed assets are recorded at their original value less accumulated depreciation and impairment. Depreciation is not calculated for land. Depreciation is calculated over the useful life of the asset using the straight-line method:

Buildings	in 100 years
Technological equipment and devices	in 5 years
Other fixed assets	in 3 – 7 years

Depreciation is calculated starting from the next month after the fixed assets are put into operation or involved in economic activity. For each part of the fixed asset, if the costs are significant in relation to the total costs of this fixed asset, depreciation must be calculated separately. If the Company separately depreciates some parts of the fixed asset, it also separately depreciates the remaining parts of the same fixed asset. The balance consists of those parts of the fixed asset that are not individually important. Depreciation of the remaining parts is calculated using approximation methods to truly reflect their useful lives.

If any events or changes in circumstances indicate that the carrying value of fixed assets may be irrecoverable, the value of the relevant fixed assets is reviewed to determine their impairment. When determining the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market expectations regarding changes in the asset's value and the risks attributable to them. For an asset that does not itself generate significant cash flows, the recoverable amount is determined according to the cash-generating asset to which it belongs. Impairment losses are recognized in the income statement as other costs of economic activity.

If any events or changes in circumstances indicate that the balance value of the fixed assets has changed, certified appraisers are engaged, the fixed assets are evaluated. The difference resulting from the revaluation, if it is positive, is included in the relevant asset item of the balance sheet, which indicates the revalued fixed asset object, and in the liability item of the balance sheet "Long-term investment revaluation reserve" in the "Equity" section. On the other hand, the correction of the depreciation of fixed assets is included in the profit or loss statement.

The recognition of the accounting value of an object of fixed assets is terminated if it is disposed of or if no economic benefits are expected from the further use of the asset in the future. Any gain or loss resulting from the derecognition of an asset (calculated as the difference between the net proceeds from disposal and the asset's carrying amount) is recognized in the income statement in the period when the asset is derecognised.

The costs of the creation of fixed assets and unfinished construction objects are accounted for at their initial value. The initial value includes construction costs and other direct costs. For unfinished construction, depreciation is not calculated until the relevant assets are completed and put into operation.

Participation in subsidiaries

Investments in subsidiaries (companies in which the Company owns more than 50% of the share capital or which it controls in some other way) are accounted for using the cost method. After initial recognition, investments in subsidiaries are carried at their original cost less impairment losses. If any events or changes in circumstances indicate that the balance sheet value of investments in subsidiaries may be irrecoverable, the value of the respective investments in subsidiaries is reviewed to determine their impairment.

Other financial assets

Financial assets are classified as investments that the Company initially recognizes at fair value with revaluation recognition in the income statement, investments that are by definition loans and receivables, held-to-maturity investments and available-for-sale investments, as appropriate. On initial recognition, financial assets are recorded at their fair value plus directly attributable transaction costs, if the corresponding investments in profit or loss are not recorded at their fair value.

After initial recognition, the Company determines the classification of its financial assets and, if permissible and appropriate, reviews this classification at the end of each financial year.

APPENDIX TO THE FINANCIAL STATEMENT

2. Summary of significant accounting principles (continued)

The purchase or sale of ordinary financial assets is recognized and derecognized on the day of the transaction, that is, on the day when the Company undertakes to purchase the relevant asset. A regular purchase or sale of financial assets is a purchase or sale of financial assets that requires the delivery of assets within a period of time determined by regulations or conventions in force in the market.

Savings

Inventories are stated at the lower of acquisition cost or market price. Inventories are valued using the FIFO method.

Loans and receivables

Loans and receivables are non-derivative financial assets with a fixed or determinable payment schedule that are not quoted in an active market. Profit or loss is recognized in the income statement at the time of derecognition of these assets or their value decrease, as well as in the amortization process.

Accounts payable and other receivables

Debts from buyers and customers are recorded and reflected in the balance sheet according to the original amount of invoices, less provisions for bad debts. Provisions for bad debts are estimated when receipt of the full amount owed is no longer probable. Debts are written off when their recovery is considered impossible.

Cash and cash equivalents

Cash and cash equivalents consist of cash in banks and short-term deposits, the original maturity of which does not exceed three months.

Loans and borrowings

Loans and borrowings are initially reflected in their initial value, which is determined by adding the costs related to issuing the loan or deducting the costs related to receiving the loan to the fair value of the loan or borrowing amount. After initial recognition, loans and borrowings are recorded at their amortized cost using the effective interest method. The amortized value is calculated taking into account the cost of issuing the loan or borrowing, as well as any discounts or premiums associated with the loan or borrowing. Gains or losses resulting from amortization are reflected in the income statement as interest income and expense.

Savings

Provisions are recognized when the Company has a current obligation (legal or practice-related) caused by a past event, and there is a probability that the fulfillment of these obligations will require an outflow of resources containing economic benefits from the Company, and it is possible to estimate the amount of the obligation with sufficient reliability. If the Company anticipates that the expenses necessary for the creation of provisions will be partially or fully reimbursed, for example within the framework of an insurance contract, the reimbursement of these expenses is recognized as a separate asset only when it is practically clear that these expenses will really be reimbursed. Costs associated with any provision are reflected in the income statement less amounts that have been recovered.

The company reviews the reserves on each balance sheet date. If, under the influence of further events, the conditions that were the basis for the previous assessment of provisions change, or new information is obtained, the Company changes the estimate and adjusts the amount of the relevant provisions by increasing or decreasing it. If the conditions for recognition of the relevant provisions are no longer met, they are excluded.

Contingent liabilities and assets

Contingent liabilities are not recognized in this financial statement. They are recognized as liabilities only when the probability that the funds will be issued becomes sufficiently reasonable. Contingent assets are not recognized in this financial statement, but are reflected only when the probability that the economic benefits related to the transaction will reach the Company is sufficiently justified.

APPENDIX TO THE FINANCIAL STATEMENT

2. Summary of significant accounting principles (continued)

Revenue recognition

The company's revenues and financing procedures are basically regulated by Regulations No. 557, Regulations No. 431, Regulations No. 623, Regulations No. 624, Regulations No. 625, Regulations No. 172 and Regulations No. 109.

According to Regulations No. 557, the Company's revenues are made up of regulatory deductions from the proceeds of the privatization of state-owned objects and plots of land and reserve fund funds.

In accordance with Regulations No. 431, Regulations No. 623, Regulations No. 624, Regulations No. 625 and Regulations No. 172, the Company recognizes expenses in revenue in connection with the performance of the tasks of the state administration in accordance with the actual expenditure estimate approved by the Ministry of Economy once a quarter. Regulations No. 431 provide that the relevant expenses are covered from the state budget or reserve fund.

The activities implemented by the Company for the fulfillment of the tasks of the state administration are financed from deductions and reserve fund funds, incl. the privatization process of state property, the process of granting, canceling and circulating privatization certificates, expropriation expenses of state capital shares and organizational security of the process of privatization, expropriation and management of state residential buildings in accordance with the procedure established by the Cabinet of Ministers.

The calculated regulatory deductions are recognized as revenues and credited to the net turnover in the period when the privatization, expropriation or lease agreement of the state-owned object is concluded and the subjects' payments for the concluded agreements are received.

Rental income

Income from the Company's leased property is recognized in the income statement on a straight-line basis over the period of the lease agreement.

State properties in the possession of the company

According to the Privatization Law, the Company takes possession of the state real estate to be privatized, but the state retains ownership rights to the state-owned object until the ownership rights are transferred to a third party in accordance with the terms of the purchase agreement.

The company is the holder of state capital shares in capital companies in which the state-owned capital share has been transferred for privatization or expropriation. The company has also been transferred the shares of capital agreed to by the state.

According to Article 74 of the Law "On Privatization of State and Local Government Residential Buildings", state residential buildings are transferred to the Company for privatization by order of the Cabinet of Ministers. The company in accordance with the Cabinet of Ministers' regulations of November 26, 2013 No. 1354 "Procedure for accounting, evaluation, sale, transfer of property belonging to the state, free of charge, destruction and crediting of sale proceeds to the state budget" and the Cabinet of Ministers' order of July 2, 2013 to the provisions No. 364 "Rules on the actions of a sworn bailiff with the property of heirless persons" takes possession of the apartment properties and residential houses recognized as the property of the ownerless and heirless person and ensures their expropriation in accordance with the Expropriation Law.

In accordance with the Expropriation Law, the Company expropriates the real estate in its possession.

State immovable properties taken over by the Company, shares of state capital transferred into custody, as well as debtors' (buyers') debts related to the sale of these assets on installments are not included in the Company's assets.

Reserve Fund

One of the sources of financing of the Company is the reserve fund held by it. The procedure for its use and replenishment is provided for in Regulations No. 557.

In accordance with the laws and regulations, the Company makes contributions to the reserve fund, as well as uses the funds of the reserve fund in accordance with the procedure established by the Cabinet of Ministers to cover the expenses related to the performance of the tasks of the state administration, which cannot be covered from other sources of funding.

The assets of the reserve fund are listed in the balance sheet of the Company in the revenues of future periods as part of short-term creditors. If the funds of the reserve fund are not sufficient, the Company continues to finance the performance of delegated tasks from its own funds, anticipating the recovery of these funds in the following periods. The negative balance of the reserve fund is shown in the balance sheet under the item *Other debtors*.

APPENDIX TO THE FINANCIAL STATEMENT

Liabilities to the state budget and other state institutions

Funds from the privatization, expropriation, lease and land purchase of state property within the framework of the land reform are credited to the state and local government budgets in accordance with the procedure provided for in the regulatory acts, with regulatory deductions being made from the received funds and credits to the reserve fund from the privatization revenues.

The company's obligations to the state budget for monetary revenues from the privatization, expropriation, lease and debt capitalization of state property are reflected in the balance sheet item *Other creditors* in the composition of short-term creditors.

Real estate tax settlements for state real estate owned by the Company

The first part of Section 2 of the Law "On real estate tax" stipulates that real estate tax is paid by Latvian or foreign natural and legal persons and groups of such persons established on the basis of a contract or other agreement, or their representatives, who own or have real estate in legal possession.

Local governments send real estate tax notices to the Company for real estate owned by the Company. The company pays real estate tax on the basis of the mentioned notifications. In case the real estate is leased, the Company collects the tax for the leased real estate from the lessee. The liabilities of state property lessees to the Company for real estate tax are reflected in the balance sheet item *Debts from buyers and customers* as part of current assets.

Corporate income tax

For the year 2021, the corporate income tax has been calculated in accordance with the Corporate Income Tax Law, which is effective from January 1, 2018. Starting from January 1, 2018, in accordance with the changes to the Law on Enterprise Income Tax of the Republic of Latvia, legal entities do not have to pay income tax on the profit earned. Corporate income tax is paid on distributed profits and notional profits. Distributed and notional profits are subject to a tax rate of 20 percent of the gross amount, or 20/80 of the net cost. Corporate income tax on the payment of dividends is recognized in the profit or loss statement as a cost in the accounting period when the respective dividends are declared, while for other conditional profit objects - at the time when the costs occurred within the accounting year.

Events after the balance sheet

date The financial report reflects such events after the end of the reporting year, which provide additional information about the Company's financial position as of the balance sheet date (corrective events). If the events after the end of the reporting year are not corrective, they are reflected in the notes to the financial statement only if they are material.

3. Net turnover

	2021 EUR	2020 EUR
Regulatory deductions: ŷ		
sale of residential houses and apartments ŷ	753 370	1 028 320
sale of land and non-residential buildings ŷ	594 131	241 790
control of purchase and lease agreements	235 157	304 037
ŷ sale and management of capital shares ŷ	103 921	114 541
other regulatory deductions	235 234	284 434
Statutory deductions total	1 921 813	1 973 122
The part of revenues of future periods recognized in the reporting period: ŷ state delegated task – privatization	714 170	710 379
certificates ¹ ŷ state delegated task – privatization of apartment properties and residential houses ²	400 520	362 833
	313 650	347,546
Total net turnover	2 635 983	2,683,501

1 The regulations of the Cabinet of Ministers, by which the tasks of the state administration in the field of circulation of privatization certificates are delegated to the Company, determine that the expenses of the Company, in coordination with the Ministry of Economy, are covered from the revenues obtained from the performance of the relevant tasks of the state administration. If the received revenues do not cover the expenses, then the losses are coordinated with the Ministry of Economy and covered from the reserve fund.

APPENDIX TO THE FINANCIAL STATEMENT

3. Net turnover (continued)

2 According to Article 59, Part One, Clause 10 of the Law "On the Privatization of State and Local Government Residential Buildings", the Company's duty is to manage the state residential buildings in its possession until they are handed over to the management and management of apartment owners. The fifth part of Article 67 of the Law stipulates that the Company receives a grant from general revenues from the funds credited to the state basic budget in accordance with the annual state budget law and uses it:

- 1) for financing the privatization process of residential houses; 2) for the maintenance of residential houses during their privatization process; 3) for organizing the maintenance and management of privatized residential houses;
- 4) for performing the functions specified in Article 59 of this Law.

Expenses related to the performance of the function of privatization and management of residential houses (apartment properties) owned by the state and belonging to the state shall be covered by the Company in accordance with the procedure provided for in Regulations No. 431 from the funds of the state budget or reserve fund. In 2021, the amount of funds to be covered from the state budget was 313.65 thousand. euros.

4. Other revenues from economic activity

	2021	2020
	EUR	EUR
Revenue from the provision of services	122 400	153,000
Income from renting out premises	36 975	30,294
Income from land rental	23 652	33,085
Recovered receivables for which provision had been made	18 996	18,989
Income from the administration of privatization certificate accounts and land purchase contracts	16,997	22 177
Income from reduction of savings	9,304	30 103
A decrease in the balance of the revaluation reserve for long-term investments		7 792
Revenue from fines collected		1 977
Other income	7,792,284 30,800	47 932
Compensation of litigation expenses from the state budget ¹	-	349 839
Fixed assets and inventory received without compensation	-	26 958
	267,200	722 146

¹ In 2020, funds of 349.84 thousand were allocated to the Company. in the amount of euros from the state budget program "Funds for unforeseen cases" to cover the Company's expenses in connection with the settlement in legal proceedings concluded in 2019.

5. Other costs of economic activity

	2021	2020
	EUR	EUR
Security and management of objects transferred to privatization Costs	112 993	77 720
of maintenance and repair of buildings and premises	84 114	103 732
Creation of reserves	71 520	51 823
Security costs	62 114	55 594
Costs of legal proceedings	61 945	49 631
Maintenance of information technology systems and computer equipment	54 906	105 256
Valuation of properties	53 232	40 304
Legal and other consultancy services	30 432	46 797
Preparation of real estate (including land) for privatization	49 379	83 417
Provisions for legal proceedings	32 653	-
Subscription to information systems and databases	30 966	30 928
Real estate tax – Company building, land	25 292	26 169
Administration of privatization certificate accounts and land purchase agreements	22 215	22 054
Communication costs	17 819	21 049
Vehicle maintenance costs	14 789	11 979
Inventory and stationery	9 201	16 400
Writing off the value of inventories	1 165	-
Other payments	415 796	
	1	14,062,756,915 _

APPENDIX TO THE FINANCIAL STATEMENT

6. Intangible investments

	Concessions, patents, licenses, trademarks and similar rights
2020	
Balance value on January 1	151 351
Transfer	1 774
Amortization	(60 991)
Balance value on December 31	92 134
On December 31, 2020	
Initial value	1,033,306
Accumulated amortization and depreciation Balance value on December 31	(941,172)
	92,134
2021	
Balance value on January 1	92 134
Purchase	25 800
Depreciation	(38 840)
Balance value on December 31	79 094
On December 31, 2021	
Initial value	1,059,106
Accumulated amortization and depreciation Balance value on December 31	(980 012)
	79 094

APPENDIX TO THE FINANCIAL STATEMENT

7. Fixed assets

	Land plots, buildings and engineering structures	Other fixed assets and inventory	Creation of fixed assets and costs of unfinished construction objects	IN TOTAL
2020				
Balance sheet value on	1,667,601	39,503	821 642	
January		25,981	134 445	2,528,746,160,426
1 Purchase Initial value of excluded fixed	-	(12,456)	-	(12,456)
assets Accumulated depreciation of excluded	-	12,456	-	12 456
fixed assets	954,066	2,021	(956 087)	-
Transfer	(27,594)	(21,505)	-	(49,099)
Depreciation Balance value on December 31	2,594,073	46,000	-	2,640,073
On December 31, 2020				
Initial value	4,976,946	545 440	-	5,522,386
Accumulated depreciation and impairment	(2,382,873)	(499,440)	-	(2,882,313)
Balance value on December 31	2,594,073	46,000	-	2,640,073
2021				
Balance sheet value on	2,594,073	46,000	-	2 640 073
January		25,276	40,862	66 138
1 Purchase Initial value of excluded fixed	-	(29,869)	-	(29,869)
assets Accumulated depreciation of excluded	-	-	-	29,788
fixed assets Transfer	7,027	-	(7,708)	-
Depreciation	(34,006)	-	-	(60,080)
Balance value on December 31	2,567,094	29,788,681 (26,074)	45,8023 154	2,646,050
On December 31, 2021				
Initial value	4,983,973	541 528	33 154	5,558,655
Accumulated depreciation and impairment	(2,416,879)	(495 726)	-	(2,912,605)
Balance value on December 31	2,567,094	45 802	33 154	2,646,050

In January 2020, an independent certified appraiser performed an evaluation of the Company's real estate, taking into account the capital investments and construction costs made in previous periods. Considering the fact that the determined market value of real estate is not significantly higher than the accounting value (it is within 10%), the management of the Company believes that the real estate value reflected in the 2021 report corresponds to its true value.

APPENDIX TO THE FINANCIAL STATEMENT

8. Participation in the capital of related companies

~~Long term financial investment:~~

Name of the company	%	Purchase value	Revaluation of investment	Balance value on 31.12.2021.
		Until the reporting period		2021
		EUR	EUR	EUR
SIA "FeLM"	100	3,003,000	(3,000,000)	-
SIA "REAP"	100	3,000	-	-
		3,006,000	(3,000,000)	-
				6,000

~~Short term financial investments:~~

Name of the company	%	Purchase value	Revaluation of investment	Balance value on 31.12.2021.
		Until the reporting period		2021
		EUR	EUR	EUR
LAS "Reverta"	96.89		(293,635,264)	-
		293,635,265,293,635,265	(293,635,264)	-
				11

9. Debts of buyers and customers

	31.12.2021	31.12.2020
	EUR	EUR
Trade payables	383,096	378,813
Provisions for other doubtful debts of buyers and customers	(216,770)	(192,727)
	166,326	186,086

10. Other debtors

	31.12.2021	31.12.2020
	EUR	EUR
Claims against AS "Latvijas Krājbanka" in liquidation	10,419,143	
Negative balance of reserve fund ¹	-	10,419,143,254,017
The share of future revenues	-	-
Other debtors	844	853
Provisions for bad debts ²	(10,419,143)	(10,419,143)
	844	254,870

1 On December 31, 2021, there was no balance of funds in the reserve fund. The company continued to fulfill the tasks delegated to it, ensuring expenses were covered from the reserve fund and its own funds, anticipating the recovery of these funds in the following periods in accordance with Regulations No. 557.

2 Provisions have been created in the amount of 100% of funds that were in November 2011 in the currently liquidated credit institution JSC "Latvijas Krājbanka".

11. Costs of future periods

	31.12.2021	31.12.2020
	EUR	EUR
Health insurance payments	10 467	11,862
Payments for information technology services	4 263	4,220
Executive Officer Liability Insurance	63	-
Other payments	4 342	2 744
	19 135	18 826

APPENDIX TO THE FINANCIAL STATEMENT

12. Money

	31.12.2021 EUR	31.12.2020 EUR
Funds in the accounts of credit institutions	9 793 689	8 207 268
Funds in the State Treasury for land purchase agreements ¹	210 624	1 699 085
	10 004 313	9 906 353

¹ The funds received in accordance with the concluded land payment redemption agreements will be transferred to the budgets of the state and the respective local governments after the obligations specified in the agreements have been fully fulfilled. In 2021, the amount of funds credited to the state and local government budgets is 1.65 million. *euros*.

13. Share capital

The subscribed and paid-up share capital of the company on December 31, 2021 is 446,064,930 *euros*, which consists of 446,064,930 shares with a nominal value of 1 *euro*.

14. Long-term investment revaluation reserve

	31.12.2021 EUR	31.12.2020 EUR
Revaluation reserve for long-term investments	495 451	503 243
	495 451	503 243

According to Article 34, Part 1 of the Law on Annual Reports and Consolidated Annual Reports, the Company is entitled to reduce the revaluation reserve if it calculates the annual depreciation of the revalued fixed assets object. According to Clause 305.3 of the Regulation of the Cabinet of Ministers of December 22, 2015 No. 775 "Regulations on the Application of the Law on Annual Reports and Consolidated Annual Reports", the Company reduces the revaluation reserve for long-term investments simultaneously with the calculation of the annual depreciation of the relevant fixed asset object, gradually including it in the income of profit or loss in the calculation during the remaining useful life of the relevant fixed asset object.

15. Other savings

	31.12.2021 EUR	31.12.2020 EUR
Other savings at the beginning of the year	652 706	666 799
Reduction of reserves	(9 304)	(30 103)
Increase in reserves	32 653	16 010
Other accruals at the end of the reporting period	676 055	652 706

16. Taxes and mandatory state social insurance contributions

Type of tax:	31.12.2021 EUR	31.12.2020 EUR
State social insurance contributions	42 349	-
Personal income tax	22 395	-
Value-added tax	3 091	5 046
Business risk state fee	18	-
In total	67 853	5 046

APPENDIX TO THE FINANCIAL STATEMENT

17. Other creditors

	31.12.2021	31.12.2020
	EUR	EUR
Obligations for land purchase agreements and state fees from certificate operations ¹	208 716	
Liabilities to the state budget:	704 155	1,685,392,196,342 _
^y on the privatization of state property on	114 124	-
^y the sale of built-up plots of land and housing on the rental	326 650	175 849
^y income of state property on the expropriation of	24 789	323
^y capital shares ²	238 592	20 170
Liabilities to other state institutions	235	2 918
Total liabilities to the state budget and other state institutions	913 106	1 884 652
Security deposits for participation in auctions	636 648	78 265
Other obligations	112 668	221 419
Other creditors together	1 662 422	2 184 336

¹ In 2021, the number of land purchase agreements under the control of the Company decreased significantly, in which the specified obligations had not yet been fulfilled in full. The payment received for the executed contracts was credited to the state and local government budgets in accordance with the regulations.

² In the reporting year, the Company concluded one contract for the disposal of capital shares in the amount of 0.26 million. worth of euros. Settlements with the state budget were made in 2022.

18. Accrued liabilities

	31.12.2021	31.12.2020
	EUR	EUR
Accrued liabilities to personnel	110 288	106 664
Accrued liabilities for vacations ¹	55 034	82 412
Accrued liabilities for other services	27 684	29 054
	193 006	218 130

¹ Accumulated liabilities for unused vacations have been calculated taking into account the number of unused vacation days of each employee on December 31, 2021 and the average daily earnings in the last six months.

19. General Notes**a) Average number of employed persons**

	31.12.2021	31.12.2020
Average number of board members		
Average number of other employees	3 53	2 60
	56	62

b) Remuneration of management officers

	2021	2020
	EUR	EUR
Board members:		
^y wages, mandatory state	120,000	103 855
^y social insurance contributions	26,545	18 351
	146,545	122 206

APPENDIX TO THE FINANCIAL STATEMENT

20. Information about the state property in the possession of the Company

The managed portfolio of the company consists of the state assets in its possession and custody as of December 31, 2021. The state of the Company's portfolio is dynamic - it decreases during the privatization and expropriation of property objects, but at the same time the Company's portfolio is supplemented by properties that it takes over in its possession and possession in accordance with the regulatory framework. All off-balance sheet assets are reflected in the accounting in accordance with Cabinet of Ministers regulations No. 87 of February 13, 2018 "Accounting procedures in budget institutions", which entered into force on January 1, 2019. The total value of the portfolio owned and held by the Company on December 31, 2021 is 157.41 million. euros (as of December 31, 2019 – 158.59 million euros).

a) Buildings, structures and land

	Number of objects, pcs.		Book value of objects, EUR 31.12.2021	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Real estate - buildings, structures, built-up and unbuilt plots of land	484	543	8,969,712	10 131 021
	484	543	8,969,712	10 131 021

b) Apartments and residential houses

	Number of objects, pcs.		Book value of objects, EUR 31.12.2021	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Real estate - apartment	93	303	1,106,531	1,385,283
Real estate – land under apartments and residential houses ¹	82	-	1,286,066	-
	175	303	2,392,597	1,385,283

1 In 2021, the lands under apartments and residential houses and their supposed parts were taken into account.

c) Equity shares

	Packages of capital shares, pcs.		Book value of capital shares, EUR 31.12.2021	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
In the holding of the capital share	12	14	137 217 366	137,645,749
Capital shares belonging to the state ¹			-	-
	8 20	9 23	137 217 366	137,645,749

1 Capital shares belonging to the state in companies in which the liquidation process has been initiated or a decision has been taken to terminate operations shall be recognized as zero on December 31, 2021.

The value of the capital shares is indicated in their nominal value (if no denomination has been made, recalculating the value expressed in lats in accordance with the exchange rate set by the Bank of Latvia and irrevocably fixed by the European Union countries on December 31, 2013. According to the Cabinet of Ministers' Regulations No. 87 of February 13, 2018 "Accounting procedure in budget institutions" state capital shares in SIA "Tet" are indicated according to the equity method, since the state's participation in SIA "Tet" exceeds 50% of the share capital.

APPENDIX TO THE FINANCIAL STATEMENT

d) Accounts receivable for state property purchase and lease agreements

The Company does not assume credit risk and liquidity risk in relation to debts arising from the purchase and lease agreements of state property, and they should not be recognized as part of the Company's assets. The company administers the payments related to these contracts and brings lawsuits against buyers and lessees who do not make payments on time.

	31.12.2021 EUR	31.12.2020 EUR
Long-term debts: purchase contracts	3,301,259	4,554,517
Short-term debts: ŷ		
purchase contracts ŷ	4 683 920	3 843 286
rental fees	226 305	246 475
Settlements in privatization certificates ¹	614 156	781 471
	8 825 640	9 425 749
Including doubtful and lost debts: ŷ debts in		
legal proceedings ŷ debts of	2 439 033	1 404 838
insolvent debtors debts for which the payment	1 497 190	1 720 508
ŷ deadline has been delayed	216 235	701 300
	4 152 457	3 826 646

¹ Receivables in privatization certificates are listed according to their nominal value *in euros*.

21. Events after the balance sheet date

The full impact of the Covid-19 pandemic on economic activity is not yet known, and the situation continues to develop. The management believes that after the date of the financial report, the Covid-19 pandemic will not significantly affect the Company's operations. However, this assumption is based on information available at the date of signing the financial statements, and the impact of future events on the Company's ability to continue as a going concern may differ from management's assessment.

After the end of the reporting year, on February 24, 2022, the Russian Federation started hostilities in Ukraine, which are still ongoing at the time of submitting the report. The European Union and other countries have imposed various economic sanctions against the Russian Federation, and their volume is constantly increasing. There is considerable uncertainty regarding the potential outcome of hostilities and the impact of imposed sanctions, as well as the response of the Government of the Russian Federation.

There is a possibility that the introduced sanctions against the Russian Federation will have an impact on the Company's future operations. The management of the company will follow the development of events in the future. However, this assumption is based on information available at the time of signing the financial statements, and the impact of future events on the Company's ability to continue as a going concern in the future may differ from management's assessment.

In the time period from the last day of the reporting year to the signing of this report, there were no other significant events that could significantly affect the result of the reporting year.

Andris Gŷdmanis
Chairman of the Board

Dace Gaile
Member of the Board

Marina Podvinska
Member of the Board

Jolanta Roze
Head of the Finance Department

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