



State Joint Stock Company  
“Latvijas autoceļu uzturētājs”  
Single registration number  
40003356530

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## 2023 ANNUAL REPORT

prepared in accordance with IFRS  
accounting standards approved by  
the European Union, and the  
Independent Auditor's Report\*

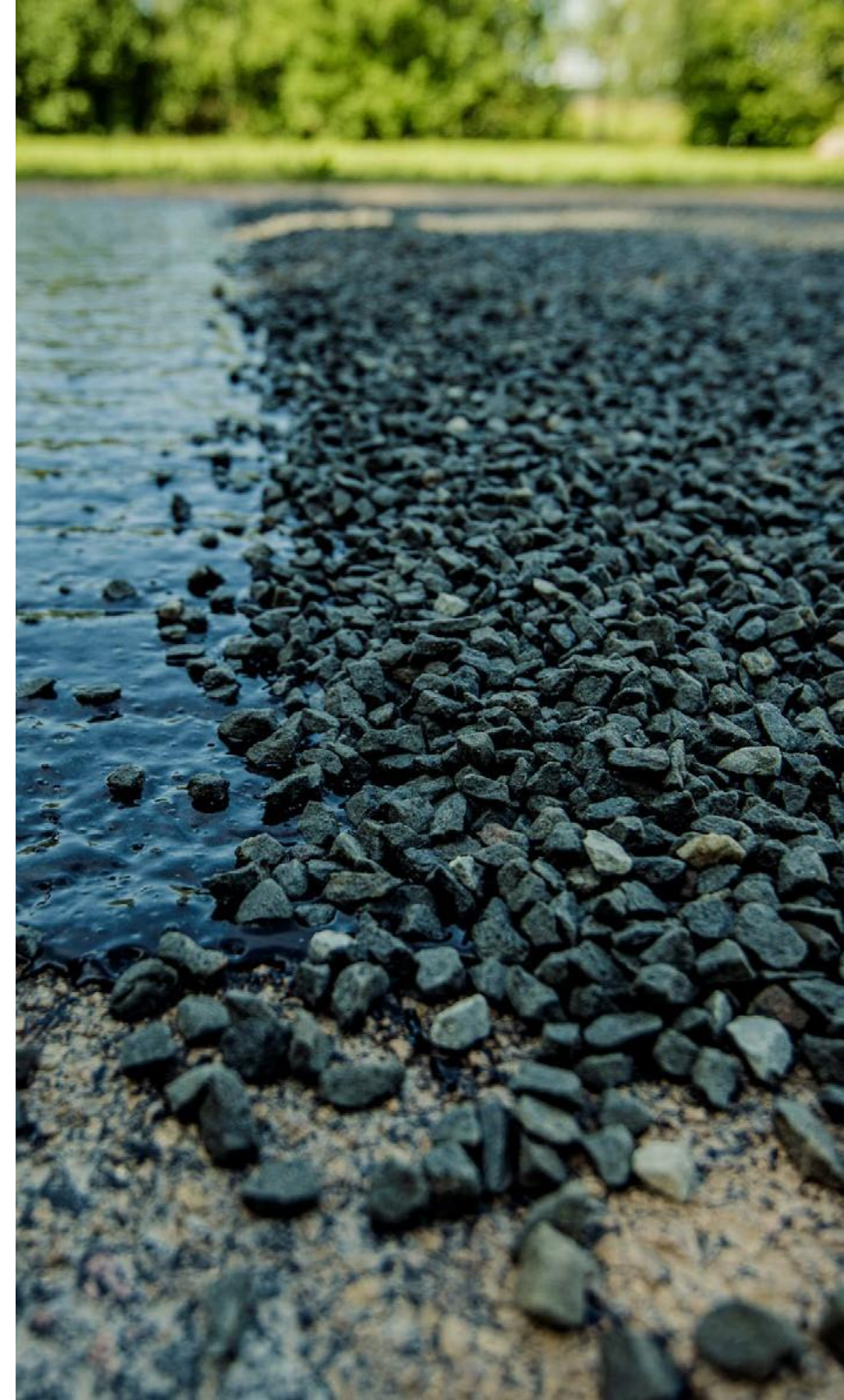
Riga, 2024

*\*Disclaimer on Translation of the Annual Report:  
This English version of the State Joint Stock Company “Latvijas autoceļu uzturētājs” Annual Financial Statements is a translation of the original Latvian-language document. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, legal effect, or reliance, the original Latvian-language version of the State Joint Stock Company “Latvijas autoceļu uzturētājs” Annual Financial Statements shall prevail.  
The independent auditor's report included in the State Joint Stock Company “Latvijas autoceļu uzturētājs” Annual Financial Statements has been issued solely in Latvian. The auditor has not audited, reviewed, approved, or otherwise verified any English translation. Accordingly, the English text of the auditor's report has no legal or authoritative status and must not be relied upon for any official or regulatory purpose.*

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## GENERAL INFORMATION ABOUT THE COMPANY

Name of the Company	<b>VAS „Latvijas autoceļu uzturētājs”</b> (until the entry on the change of the trade name in the Register of Enterprises of the Republic of Latvia on 11.02.2014 – AS “Latvijas autoceļu uzturētājs”)
Legal status of the Company	<b>State Joint Stock Company</b> (until the entry on the change of the trade name in the Register of Enterprises of the Republic of Latvia on 11.02.2014 – Joint Stock Company)
Number, place and date of registration in the Register of Enterprises	<b>40003356530, Riga, 01.09.1997</b>
Number, place and date of registration in the Commercial Register	<b>40003356530, Riga, 24.09.2004</b>
Principal activity (NACE classification)	42.11. Construction of roads and motorways, 38.11. Collection of non-hazardous waste 08.11. Quarrying of ornamental and building stone, limestone, gypsum, chalk and slate 08.12. Operation of gravel and sand pits and mining of clay and kaolin
Registered office	<b>4 Krustpils Street, Riga, LV-1073</b>

The Board	<b>Vilnis Vitkovskis</b> From 24.11.2017 to 07.09.2020 (Board member) From 08.09.2020 (Chairman of the Board) <b>Juris Dupurs</b> (Board member) From 11.07.2022 <b>Ilze Bukulde</b> (Board member) From 03.03.2023 <b>Māris Kligis</b> (Board member) From 24.03.2022 to 02.03.2023
The Council	<b>Renārs Griškevičs</b> (Chairman of the Council) From 26.10.2021 <b>Jevgenijs Belezjaks</b> (Council member) From 26.10.2021 <b>Andris Vanags</b> (Council member) From 26.10.2021
Person responsible for accounting	<b>Inga Prikule</b> Chief Accountant
Reporting year	<b>1 January 2023 – 31 December 2023</b>
Previous reporting year	<b>1 January 2022 – 31 December 2022</b>
Auditors	<b>KPMG Baltics SIA</b> Licence No 55 1 Roberta Hirša Street, Riga, LV-1045, Latvia VRN 40003235171 Responsible certified auditor Rihards Grasis Certificate of a certified auditor of the Republic of Latvia No 227

## KEY PERFORMANCE INDICATORS

### Financial performance

	31.12.2023 fact	31.12.2022 fact
Total amount of the financial statement, EUR	62 929 440	66 747 936
Net turnover, EUR	67 256 544	78 489 226
Incl.		
revenue from the performance of the delegation agreement for the routine maintenance of state roads, EUR, IU program management, EUR	4 613 317	56 738 190
revenue from open tender	45 406 507	5 719 136
revenue from works carried out on roads, EUR	13 921 854	12 772 390
other operating revenue, EUR	3 314 866	3 259 510
Profit/losses, EUR	1 109 070	1 361
EBITDA <sup>1</sup> , EUR	6 917 007	7 653 883
EBIT <sup>2</sup> , EUR	1 558 388	864 089
Fixed capital, EUR	35 202 323	35 202 323
Equity, EUR	42 980 040	41 871 841
Total financial liabilities <sup>3</sup> , EUR	8 249 222	14 634 631
Execution of planned cash flows from operating activities, EUR	8 078 407	-1 875 862
Investments in fixed assets and intangible investments, EUR	2 519 706	1 156 864
Current assets / short-term creditors (x)	1.3	1.1
Debt-service coverage ratio (DSCR) <sup>4</sup> (x)	1.7	1.7
Creditors/ Equity (x)	0.46	0.59
Equity/ Assets (x)	0.68	0.63
Profit after tax / Net turnover (%)	1.7	0.002

Profit before tax / Assets (ROA) <sup>5</sup> (%)	1.7	1.0
Profit after tax / Equity (ROE) <sup>6</sup> (%)	2.6	0.003
Average number of employees during the period	1 111	1 193
Dividends paid into the state budget, EUR	871	-
Taxes paid into the state budget, EUR	10 137 350	14 208 430

<sup>1</sup> EBITDA – profit before corporate income tax, financial expenses, financial income and total depreciation and amortization costs (including write-offs of long-term investments, depreciation of topping layer removal costs and costs of long-term investments in leased fixed assets)

<sup>2</sup> EBIT – profit before corporate income tax, financial expenses and income

<sup>3</sup> short-term and long-term loans from credit institutions and finance lease liabilities

<sup>4</sup> debt-service coverage ratio (DSCR) – EBITDA/ payments on liabilities during the reporting period (% payments + principal amount)

<sup>5</sup> return on assets (ROA) – profit before corporate income tax / assets (as at the end of the relevant period)

<sup>6</sup> return on equity (ROE) – profit for the reporting period / equity (as at the end of the relevant period)

## MANAGEMENT REPORT

**VAS "Latvijas autoceļu uzturētājs" (hereinafter referred to as the Company) is a strategic state road infrastructure maintenance company that guarantees and continuously ensures routine maintenance of state roads, in accordance with the principles of providing services of public importance, in addition to performing routine maintenance of municipal transit streets and other roads, as well as producing construction materials – dolomite chips, crushed gravel, and processed sand.**

The Company is a commercial company operating in accordance with the Commercial Law, while performing a public administration task that is valid until 6 August 2023, in accordance with Paragraph 29 of the Transitional Provisions of the Law on Motor Roads. In accordance with Section 88(1)(2) of the State Administration Structure Law, the Company operates in a sector of strategic importance to the state.

The Company is a reliable, stable and experienced enterprise that, with its professional staff and modern technologies, ensures the efficient and environmentally friendly maintenance of roads throughout the territory of the Republic of Latvia on state roads with a total length of 20,111 km, including 1,754 km of main roads, 5,473 km of regional roads, and 12,883 km of local roads.

### **Operations of the Company during the reporting year**

The Russian war in Ukraine, which was launched on 24 February 2022, and the subsequent restrictive measures (sanctions) imposed on Russia and Belarus by the European Union affected the fluctuation of energy resource and material prices, which had an impact on the Company's costs in 2023.

The Management of the Company believes that during the reporting year, the Company has successfully fulfilled the public administration task, in accordance with the Delegation Agreement No SM2022/-48 concluded on 4 October 2022 with the Ministry of Transport

(term of the Agreement 12.10.2022 – 15.04.2023), as well as the amendments to the Delegation Agreement No SM2022/-48, concluded on 17 April 2023 (term of the Agreement 16.04.2023–06.08.2023), which stipulate that the Ministry of Transport delegates to the Company the public administration task of performing routine maintenance work on state roads; successfully continue to fulfil the obligations of the agreement concluded with VSIA "Latvijas valsts ceļi", in accordance with the results of the open tender "Routine maintenance of state roads" (ID No LVC 2021/26/AC) (hereinafter referred to as the Open Tender), at the end of the reporting period, performing routine maintenance works on state roads in all 19 parts of the procurement, as well as actively participate in the announced public procurement procedures for the right to perform works on roads.

In 2023, the Company's net turnover reached EUR 67.257 million, including revenue from the performance of the Delegation Agreement for the routine maintenance of state roads in the amount of EUR 4.613 million, EUR 45.407 million in revenue from routine maintenance of state roads (Open Tender), i.e. 67.5% of net turnover, 20.7% of net turnover is revenue from work on roads. In 2023, the Company generated more revenue from work on roads than in 2022, increasing it by 8.9% compared to the previous reporting period. In turn, 4.3% of net turnover is revenue from the sale of mineral materials.

Operating costs amounted to EUR 63.016 million, which is 15.7% less than in 2022.

Net profit in 2023 amounted to EUR 1.109 million.

During the reporting period, the Company made long-term capital investments of EUR 2.520 million, including capital investments of EUR 1.834 million included in the 2023 budget and EUR 0.686 million carried over from the 2022 budget, using own funds of EUR 1.933 million and attracting borrowed capital of EUR 0.587 million.

The value of the Company's assets is EUR 62.929 million, the value of long-term assets has decreased by 5.5% compared to the previous reporting period and reached EUR 46.417 million,

while the value of current assets decreased by 6.4% to EUR 16.512 million. The capital structure is balanced, with borrowed capital accounting for 32%. The Company's total liquidity ratio is 1.3, while the DSCR (debt service coverage ratio) is 1.7, with the acceptable limit set by credit institutions being no less than 1.1. EBITDA is EUR 6.917 million, i.e., the cash flow that the Company has generated from its economic activities in 2023.

The Company controls and manages financial risks: credit risk, liquidity risk, interest rate risk, ensuring financial stability.

The 2023 Report has been prepared in accordance with International Financial Reporting Standards.

The Council of the Company was appointed (elected) on 26 October 2021. Between 1 January 2023 and 31 December 2023, 20 (twenty) Council meetings were held. Detailed information on the Company's Council meetings and the decisions adopted therein is reflected in the 2023 reports for the Q1, Q2, Q3, and Q4 submitted to the representative of the Company's shareholder. The Company's activities are supervised by reviewing issues related to the implementation of the medium-term strategy for 2019–2025 at the Company's Council meetings, and by the Board of the Company in implementing the measures set out in the 2023 Action Plan for the Company's medium-term operational strategy for 2019–2025, i.e., by requesting, analysing, and evaluating the operating performance data of the Company.

During the reporting year, the Company's efforts in the area of sustainability (ESG – Environmental, Social and Governance) have been extensive and successful. The Company continued to invest in human resources, which resulted in the extension of its status as a participant in the Society Integration Foundation's "Family-Friendly Company" initiative by two years. The Company strengthened its good governance practices by properly implementing and adhering to corporate governance principles. The Company's corporate governance coefficient has grown and reached 851 during the reporting period. It also received a gold award in the "Safest Company Car Fleet 2023" competition in the category "Lower Risk State and Municipal Car Fleets", organized by the insurance company "Balta" and the Ministry of Transport. The Company continued to be a participant in the "Mission Zero" work safety initiative and the "Zero Tolerance for

Corruption" initiative. Through its activities, the Company maintained its Gold level in the Enhanced Cooperation Program of the State Revenue Service. For its performance, operational sustainability and level of corporate responsibility, the Company received the Platinum category in Latvia's leading sustainability rating – the Sustainability Index – in 2023.

Considering that the Company adheres to sustainable development goals in its operations, in 2023 it developed and approved the Supplier Code of Ethics of VAS "Latvijas autoceļu uzturētājs", but also to adhere to the principles of the Supplier Code of Ethics in their activities with regard to a responsible approach to environmental, social responsibility, governance and economic issues, as well as to promote sustainable quality of life and entrepreneurship.

The Company pays particular attention to the quality of services provided and customer service, i.e., ensuring the application of uniform principles for performing work throughout the Latvian road network, regardless of the customer, place of work, with the same quality and according to the same technological procedures. To evaluate this, the Company conducts an annual customer satisfaction survey on the commercial services provided, asking customers to give their assessment of the following: the professionalism of the workers, the service process as a whole, mutual communication, the process of preparing, approving and submitting documents, compliance with regulatory requirements and occupational safety requirements, and adherence to work deadlines. It is also important for the Company to know the satisfaction rating of its stakeholders, therefore, the Company conducts a stakeholder satisfaction assessment once every six months.

The operations and structure of the Company are determined by factors specific to road maintenance companies, i.e., the need to ensure production bases throughout the country, specific seasonal equipment and professional employees who perform routine maintenance work in accordance with the deadlines set by external regulatory enactments. The Company is one of the largest employers in the regions. The average number of employees in 2023 is 1,111.

The Company has implemented the energy management system (ISO 50001) standard.

### Research and Development costs

Recognizing that the Company's future competitiveness largely depends on data availability and analysis, the Company continued its digital transformation and process automation, and during the reporting year, it took steps to expand its existing information technology tools and carried out research into the implementation of new solutions. Primarily, the relevant measures were implemented by the Company's employees, and the total internal development and research costs amounted to EUR 4,890:

- A vehicle usage and fuel consumption analysis tool was developed as part of the IS Gritter support system (*EcoDriving*). The research activities focused on reading data from the vehicle's on-board computer CAN (message-based serial data transmission protocol), transmitting it using the installed GPS equipment, and processing it in the system with the aim of using the relevant data for business analysis and further tactical decision-making on the economical use of vehicles and more efficient use of fuel.
- The development of a project for the automatic import of fuel filling data into the basic business support system LIUR (Contract Accounting Cost Solution) and the support system "IS Gritter" was implemented. As part of the research, possible solutions for automated data acquisition and its implementation in the necessary systems were identified, which would ensure more efficient use of human resources while improving the quality of control of the data recorded in the system.

### Future development of the Company

According to the approved budget of the Company for 2024, total revenues are planned to be EUR 67.824 million. EUR 6.038 million is planned to be spent on the implementation of the Company's investment and modernization program, including EUR 1.062 million in transitional capital investments in 2023. The most significant investments of the Company, amounting to EUR 4.230 million, are planned for the purchase of technological equipment and machinery, including transitional capital investments in 2023 amounting to EUR 0.947 million. The Company's 2024 investment and modernization program will be implemented after assessing investment priorities, the usefulness of planned investments, the necessary financing (own funds, borrowed funds), and taking into account the current economic situation in the country. At the same time, the amount of

available cash flow from economic activities will be assessed to cover the principal amount of loans and interest payments in order to ensure that the Company's total liquidity level is 1.3. In turn, the DSCR (debt service coverage ratio) level is 1.7 (the acceptable limit set by credit institutions is not less than 1.1), and EBITDA profitability is 10.4%.

The financial objectives for 2024 are to create an optimal capital structure and ensure efficiency and stability.

For several years now, the Company has been working purposefully and actively to increase its competitiveness. The goal for 2024 is to increase efficiency and productivity, as well as to ensure that the Company's operations comply with the principles of good corporate governance. In 2023, the Company began work on a new medium-term operational strategy, taking into account the Law on Motor Roads and the fact that the market for routine maintenance of state motor roads has been open since 2021 and that from 7 August 2023, LAU provides routine maintenance services for state roads on the basis of fixed-term service contracts concluded under private law, which were awarded as a result of an open tender, and taking into account the obligation of a public entity to reassess its direct participation in a capital company and its compliance with the provisions of Section 4 of the Governance Law at least once every five years.

The Company will continue to provide high-quality, compliant routine maintenance services for state roads, routine maintenance of municipal transit streets and other roads, as well as the production and sale of construction materials – dolomite chips, crushed gravel, and processed sand. In 2024, the focus of the Company's activities will mainly be on developing a sustainable development policy, increasing the Company's value, and generating additional revenue. These areas of activity are incorporated into the non-financial targets for 2024.

At the same time, the Company will continue the activities initiated in 2023:

- development of information systems and digitization of business processes with the aim of obtaining reliable and analysable data to improve operational efficiency and competitiveness;
- development of a medium-term operational strategy;

- improving work organisation, reviewing the duties and responsibility of technical production staff;
- renting out unused and unrented premises, attracting new tenants and disposing of real estate that is not necessary for the Company's principal activities;
- strengthening the Company's position in the market;
- and other activities.

As a human capital-intensive business, the challenge for the Company in 2024 will be to address issues related to workforce availability, recruitment and welfare.

In order to continue to identify and analyse the impact of the Company in a broader context (from an environmental, social and governance perspective), as well as to provide all stakeholders with comprehensive information about the Company's operations, the Company will continue to prepare an annual Sustainability Report, providing detailed information on the non-financial indicators to be achieved and the progress made in achieving them.

#### **Events after the end of the reporting year**

Taking into account the impact of the geopolitical situation (Russia's invasion of Ukraine, the conflict between Israel and Iran) on the availability of raw materials and energy resources on the market, fluctuations in the prices of energy resources and raw materials in conditions of high uncertainty, the reflection of macroeconomic trends, as well as the impact of the current sanctions against Russia and Belarus and possible future measures, the Management of the Company continues to assess the situation on an ongoing basis. For the time being, the Company does not feel any significant impact of this situation on its future operations.

From the last day of the reporting year to today, there have been no other significant events that could materially affect the assessment of the annual report, except for those described above.

#### **Proposals for profit distribution**

In accordance with Section 28, Section 56(1), Section 94(1)(2) of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof and pursuant to Paragraph 3(3.1) and Paragraph 16 of the Cabinet of Ministers Regulations No 72 "The Procedure for Forecasting, Determining, and Making Payments for the Use of State Capital" of 25 January 2022, the Board of the Company proposes to the Shareholder Meeting the following distribution of the 2023 profit of EUR 1,109,070:

- 64 % of the profit for the reporting year or EUR 709,805, to be paid out as dividends;
- 36 % of the profit for the reporting year or EUR 399,265 to be retained by the Company and recorded under the balance sheet item "Reserves".

Based on Section 58.<sup>1</sup> and 58.<sup>2</sup> of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof, the Corporate Governance Statement and Non-Financial Statement (Sustainability Report) of the Company have been prepared as a separate part of the 2023 Annual Report of VAS "Latvijas autoceļu uzturētājs".

**Vilnis Vitkovskis**  
Chairman of the Board

**Juris Dupurs**  
Member of the Board

**Ilze Bukulde**  
Member of the Board

8 May 2024

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## STATEMENT OF MANAGEMENT RESPONSIBILITIES

The Company's Board (hereinafter referred to as the Management) is responsible for preparing the Company's financial statements.

The financial statements on pages 11 to 51 have been prepared on the basis of accounting records and supporting documents and give a true and fair view of the financial position of the Company as at 31 December 2023, its performance and cash flows for the year 2023.

The above financial statements have been prepared in accordance with IFRS accounting standards approved by the European Union, based on the going concern principle. The decisions and estimates made by the Management in the preparation of the financial statements have been prudent and reasonable.

The Company's Management is responsible for ensuring an adequate accounting system, preserving the Company's assets, and detecting and preventing fraud and other violations committed within the Company. Management is also responsible for complying with the legislative requirements of the Republic of Latvia.

**Vilnis Vitkovskis**  
Chairman of the Board

**Juris Dupurs**  
Member of the Board

**Ilze Bukulde**  
Member of the Board

8 May 2024

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## COMPREHENSIVE INCOME STATEMENT FOR THE YEAR 2023

	Note	2023 EUR	2022 EUR
Net turnover, including	3	67 256 544	78 489 226
a) from construction services		30 530 328	11 301 524
b) from other operating activities		36 726 216	67 187 702
Production costs of goods sold, acquisition costs of goods sold and services provided	4	(63 015 513)	(74 720 328)
<b>Gross profit</b>		<b>4 241 031</b>	<b>3 768 898</b>
Administrative costs	5	(3 956 230)	(4 133 673)
Other operating income	6	1 410 489	1 245 825
Other operating costs	7	(136 902)	(16 961)
<b>Profit from operating activities</b>		<b>1,558,388</b>	<b>864,089</b>
Financial income		32 328	1 718
Financial costs	8	(469 646)	(234 320)
<b>Profit before taxes</b>		<b>1,121,070</b>	<b>631,487</b>
Corporate income tax		(12 000)	(630 126)
<b>Profit of the reporting year</b>		<b>1,109,070</b>	<b>1,361</b>
<b>Total comprehensive income</b>		<b>1,109,070</b>	<b>1,361</b>

Notes on pages 11 to 51 are an integral part of these financial statements. Board of VAS "Latvijas autoceļu uzturētājs":

**Vilnis Vitkovskis**

Chairman of the Board

**Juris Dupurs**

Member of the Board

**Ilze Bukulde**

Member of the Board

Report prepared by:

**Inga Prikule**

Chief Accountant of VAS "Latvijas autoceļu uzturētājs"

8 May 2024

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## FINANCIAL STATUS STATEMENT AS AT 31 DECEMBER 2023

<b>ASSETS</b>	<b>Note</b>	<b>31.12.2023 EUR</b>	<b>31.12.2022 EUR</b>
<b>LONG-TERM ASSETS</b>			
<b>Intangible assets</b>			
Licences		28 279	46 288
Other intangible assets		578 042	577 472
Costs of creating intangible assets		-	64 443
<b>Total intangible assets</b>	<b>9</b>	<b>606,321</b>	<b>688,203</b>
<b>Fixed assets</b>			
Land, buildings and structures		17 077 150	18 354 484
Equipment and machinery		27 415 915	29 080 653
Other fixed assets		62 695	109 859
Long-term investments in leased fixed assets		3 125	16 849
Creation of fixed assets and costs of construction work in progress		97 118	63 267
<b>Total fixed assets</b>	<b>10, 10(a, d)</b>	<b>44 656 003</b>	<b>47 625 112</b>
Investment properties	10, 10(b, c)	637 102	322 366
Biological assets	10, 10(e)	416 300	408 074
Other long-term investments	11	101 426	53 977
<b>Total long-term assets</b>		<b>46 417 152</b>	<b>49 097 732</b>
<b>CURRENT ASSETS</b>			
Inventories	12	6 475 896	7 541 521
Long-term investments held for sale	13	143 142	73 259
Receivables from contracts with customers	14, 14(a)	7 811 287	8 547 448
Other receivables	15	1 692 267	1 350 066
Cash and cash equivalents	16	389 696	137 910
<b>Total current assets</b>		<b>16 512 288</b>	<b>17 650 204</b>
<b>Total assets</b>		<b>62 929 440</b>	<b>66 747 936</b>

Notes on pages 11 to 51 are an integral part of these financial statements. Board of VAS "Latvijas autoceļu uzturētājs":

<b>Vilnis Vitkovskis</b> Chairman of the Board	<b>Juris Dupurs</b> Member of the Board	<b>Ilze Bukulde</b> Member of the Board
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Report prepared by:  
**Inga Prikule**  
Chief Accountant of VAS "Latvijas autoceļu uzturētājs"

8 May 2024  
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## FINANCIAL STATUS STATEMENT AS AT 31 DECEMBER 2023

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>31.12.2023 EUR</b>	<b>31.12.2022 EUR</b>
<b>EQUITY</b>			
<b>Share capital (fixed capital)</b>	17	35 202 323	35 202 323
Retained earnings from previous years		6 668 647	6 668 157
Profit of the reporting year		1 109 070	1 361
<b>Total equity</b>		<b>42 980 040</b>	<b>41 871 841</b>
<b>PAYABLES</b>			
<b>Long-term creditors</b>			
Loans from credit institutions	19, 19(a), 21	144 451	297 403
Lease liabilities	20, 20(a, b, c), 21	5 382 404	7 428 518
Provisions	22, 22(a)	1 133 076	1 160 394
Accrued liabilities	25	98 197	28 452
<b>Total long-term creditors</b>		<b>6 758 128</b>	<b>8 914 767</b>
<b>Short-term creditors</b>			
Loans from credit institutions	19, 19(a), 21	152 952	3 788 527
Lease liabilities	20, 20(a, b, c), 21	2 569 415	3 120 183
Accounts payable to suppliers, contractors and other creditors	23	6 502 292	5 828 179
Taxes and mandatory state social insurance contributions	24	1 155 424	1 078 164
Corporate income tax liabilities		11 782	-
Deferred revenue		351	29 441
Provisions	22, 22(a)	663 930	5 553
Accrued liabilities	25	2 135 126	2 111 281
<b>Total short-term creditors</b>		<b>13 191 272</b>	<b>15 961 328</b>
<b>Total creditors</b>		<b>19 949 400</b>	<b>24 876 095</b>
<b>Total equity and liabilities</b>		<b>62 929 440</b>	<b>66 747 936</b>

Notes on pages 11 to 51 are an integral part of these financial statements. Board of VAS "Latvijas autoceļu uzturētājs":

<b>Vilnis Vitkovskis</b> Chairman of the Board	<b>Juris Dupurs</b> Member of the Board	<b>Ilze Bukulde</b> Member of the Board
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Report prepared by:

**Inga Prikule**  
Chief Accountant of VAS "Latvijas autoceļu uzturētājs"

8 May 2024

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## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR 2023

Note	Share capital EUR	Retained earnings from previous years EUR	Profit of the reporting year EUR	Total equity EUR
<b>Total as at 31.12.2021</b>	<b>35 202 323</b>	<b>5 250 374</b>	<b>3 938 288</b>	<b>44 390 985</b>
Dividend payments	-	(2 520 504)	-	(2 520 504)
<b>Total transactions with a shareholder</b>	<b>-</b>	<b>(2 520 504)</b>	<b>-</b>	<b>(2 520 504)</b>
Transfer of 2021 profits to previous years' profits	-	3 938 288	(3 938 288)	-
2022 profit	-	-	1 361	1 361
Adjustment	-	(1)	-	(1)
<b>Total as at 31.12.2022</b>	<b>35 202 323</b>	<b>6 668 157</b>	<b>1 361</b>	<b>41 871 841</b>
Dividend payments	-	(871)	-	(871)
<b>Total transactions with a shareholder</b>	<b>-</b>	<b>(871)</b>	<b>-</b>	<b>(871)</b>
Transfer of 2022 profits to previous years' profits	-	1 361	(1 361)	-
2023 profit	-	-	1 109 070	1 109 070
<b>Total as at 31.12.2023</b>	<b>35 202 323</b>	<b>6 668 647</b>	<b>1 109 070</b>	<b>42 980 040</b>

Notes on pages 11 to 51 are an integral part of these financial statements. Board of VAS "Latvijas autoceļu uzturētājs":

**Vilnis Vitkovskis**  
Chairman of the Board

**Juris Dupurs**  
Member of the Board

**Ilze Bukulde**  
Member of the Board

Report prepared by:  
**Inga Prikule**  
Chief Accountant of VAS "Latvijas autoceļu uzturētājs"

8 May 2024

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

## CASH FLOW STATEMENT FOR THE YEAR 2023

	2023	2022
	EUR	EUR
<b>Cash flow from operating activities</b>		
Revenue from the sale of goods and provision of services	74 561 731	77 312 468
Payments to suppliers, employees, and for other operating expenses	(66 660 977)	(78 849 449)
Other operating income or expenses	649 330	551 722
<b>Gross cash flow from operating activities</b>	<b>8 550 084</b>	<b>(985 259)</b>
Interest payment expenses	(470 588)	(224 477)
Expenses for corporate income tax payments	(218)	(630 126)
<b>Net cash flow from operating activities</b>	<b>8 079 278</b>	<b>(1 839 862)</b>
<b>Cash flow from investment activities</b>		
Acquisition of fixed assets and intangible investments	(1 241 185)	(609 272)
Revenue from the sale of fixed assets and intangible investments	504 191	286 080
Interest received	30 155	-
<b>Net cash flow from investment activities</b>	<b>(706 839)</b>	<b>(323 192)</b>
<b>Cash flow from financing activities</b>		
Received loans	-	3 635 575
Expenses for loan repayment	(3 788 527)	(197 353)
Lease expenses	(3 331 255)	(4 026 094)
Dividends paid	(871)	-
<b>Net cash flow from financing activities</b>	<b>(7 120 653)</b>	<b>(587 872)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>251 786</b>	<b>(2 786 926)</b>
<b>Cash and cash equivalents at the beginning of the reporting year</b>	<b>137 910</b>	<b>2 924 836</b>
<b>Cash and cash equivalents at the end of the reporting year</b>	<b>389 696</b>	<b>137 910</b>

Notes on pages 11 to 51 are an integral part of these financial statements. Board of VAS "Latvijas autoceļu uzturētājs":

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# NOTES TO THE FINANCIAL STATEMENTS

## 1. General information

The shares of the State Joint Stock Company “Latvijas autoceļu uzturētājs” (hereinafter referred to as the Company) are owned by the state and held by the Ministry of Transport of the Republic of Latvia. The Company's registered office is at 4 Krustpils Street, Riga, LV-1073.

VAS “Latvijas autoceļu uzturētājs” is a strategic state road infrastructure maintenance company that provides routine maintenance of state roads, municipal roads, transit streets and other roads, as well as producing construction materials such as dolomite chips, crushed gravel and processed sand.

VAS “Latvijas autoceļu uzturētājs” is a commercial company operating in accordance with the Commercial Law, while performing the public administration task, which is valid until 6 August 2023, in accordance with Paragraph 29 of the Transitional Provisions of the Law on Motor Roads.

VAS “Latvijas autoceļu uzturētājs” is a reliable, stable and experienced company that, with its professional staff and modern technologies, ensures the efficient and environmentally friendly maintenance of roads throughout the territory of the Republic of Latvia on state roads with a total length of 20,111 km.

The 2023 financial statements include the financial information of VAS “Latvijas autoceļu uzturētājs” for the year ending 31 December 2023 and comparative figures for 2022.

These financial statements were signed by the Board on 8 May 2024. The Council reviews the financial statements of the Company and prepares a Council report, which is submitted to the Shareholder Meeting. The decision to approve the financial statements is made by the

Shareholder Meeting. The Shareholder Meeting has the right to reject the financial statements prepared and submitted by the Board and request the preparation of new financial statements.

## 2. Accounting and valuation principles

The financial statements have been prepared based on the significant accounting and valuation principles described below. These principles have been applied consistently to all comparative figures, unless otherwise stated.

These financial statements have been prepared in accordance with IFRS accounting standards as adopted by the European Union. In view of the European Union's adoption process, these Notes also present standards and interpretations that have not been adopted for use in the European Union, as these standards and interpretations may have an impact on the Company's financial statements in future periods if they are adopted.

The financial statements have been prepared on a going concern basis.

The financial statements have been prepared in accordance with the historical cost accounting principle, except for biological assets, which are measured at fair value. The cash flow statement has been prepared using the direct method. The comprehensive income statement has been prepared using the expense function.

The currency used in the financial statements is the euro (EUR), the currency of the Republic of Latvia. The financial statements cover the period from 1 January to 31 December 2023.

### Reclassification of items

During the reporting period, in order to improve the quality of the prepared profit or loss calculation and balance sheet, including in accordance with the requirements of the Law on Annual Statements and Consolidated Annual Statements, and the Cabinet of Ministers Regulations

issued on the basis of the Law, changes have been made in the reclassification of items (including item detailing) compared to the previous reporting period. If it is practically impossible to reclassify the comparable amounts, the items are not reclassified. The reclassification (including the detailing of items) has no impact on the financial results. In the 2023 report, the comparative figures for the period 01.01.2022-31.12.2022 are classified according to the principles of the 2023 report and are comparable.

### **Standards and interpretations that came into effect during the reporting period**

During the reporting period beginning on 1 January 2023, the following standards, amendments to existing standards and interpretations issued by the International Accounting Standards Board and approved for use in the European Union have come into effect:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS 2 Practice Statement: Disclosure of Accounting Policies (effective for reporting periods beginning on or after 1 January 2023). IAS 1 was amended to require companies to disclose information about significant accounting policies rather than material accounting policies. In addition, the IFRS 2 Practice Statement "Applying the Materiality Judgment" was amended to provide guidance on how to apply the concept of materiality to the disclosure of accounting policy information.
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for reporting periods beginning on or after 1 January 2023). The amendments clarify what accounting estimates are and how they differ from changes in accounting policies and corrections of errors. The amendment provides a new definition of accounting estimates, namely that accounting estimates are amounts presented in the financial statements, the valuation of which is subject to uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates, stating that an entity makes an accounting estimate to achieve the objective set out in the policy.
- Amendments to IAS 12 Income Taxes (effective for reporting periods beginning on or after 1 January 2023). The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to identical deductible and taxable temporary differences at the time of initial recognition.

- Amendments to IAS 12 Income Taxes (effective for reporting periods beginning on or after 1 January 2023). International tax reform – Second pillar model rules.
- IFRS 17 Insurance Contracts (effective for reporting periods beginning on or after 1 January 2023).
- Amendments to IFRS 17 and IFRS 4 (effective for reporting periods beginning on or after 1 January 2023).

These standards and amendments do not have a significant impact on the Company's financial position and operating results.

### **Standards and interpretations that came into effect on or after 1 January 2024**

- Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Short-Term or Long-Term (effective for reporting periods beginning on or after 1 January 2024). These limited amendments clarify that liabilities are classified as short-term or long-term depending on the rights that exist at the end of the reporting period. The obligation is long-term if the entity has a substantive right to defer settlement for at least twelve months at the end of the reporting period. The guidelines no longer require such rights to be unconditional. Management's expectations as to whether it will subsequently exercise the right to defer settlement do not affect the classification of the liability.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures; Supplier Financing Agreements (effective for reporting periods beginning on or after 1 January 2024, not yet approved by the EU).
- Amendments to IAS 21 Lack of Exchangeability (effective for reporting periods beginning on or after 1 January 2024). In August 2023, the IASB issued amendments to IAS 21 to help companies assess the exchangeability between two currencies and determine the spot exchange rate if exchangeability is not possible.

- Amendments to IFRS 16 Leases (effective for reporting periods beginning on or after 1 January 2024). Determines how the seller and lessee should account for variable lease payments arising from sale and leaseback transactions.

The Company has decided not to apply the above standards, amendments and interpretations before their effective date. The Company believes that the application of the standards, amendments and interpretations will not have a significant impact on the Company's financial statements in the first period of application.

### **Use of estimates**

In preparing the financial statements, Management relies on certain estimates and assumptions that affect the reported amounts of certain items within the statement of financial position and statement of comprehensive income, as well as the amount of contingent liabilities. Future events may affect the assumptions on which these estimates are based. The impact of any changes in estimates is reflected in the financial statements at the time they are identified.

Listed below are the most significant assumptions and estimates regarding the future, as well as other uncertainties that exist at the date of preparation of the financial statements, for which there is a significant risk that significant adjustments to the reported assets and liabilities will be necessary in the next financial year:

### **Recognition and measurement of provisions**

As at 31 December 2023, the Company has established provisions for reclamation costs. Several assumptions and estimates, including the inflation rate and the timing of expenses, have been used to determine the present value of the provisions. The estimate of the reclamation provision may be revised in the future as the circumstances and assumptions on which the estimate is based may change.

As at December 2023, the Company established provisions for warranty repairs. Several assumptions and estimates have been used to determine the current value of the provisions, including the timing of expenses.

As at December 2023, the Company has established provisions for environmental remediation. Due to past events, the Company has an obligation to carry out remediation work to clean up contaminated sites. Assumptions and estimates, including market research, have been used to determine the current value of the provisions. Actual final expenses may differ from the recognized provisions due to the uncertainty of the above estimates.

### **Useful lives of fixed assets**

The useful lives of fixed assets are reviewed based on the normative indicators of fixed asset usefulness (capacity, productivity, etc.), fixed asset management policy (equipment load, repairs, and similar costs) and, if necessary, they are changed to reflect the Company's management's views on the remaining useful life of the assets.

### **Depletion of mineral resources**

The cost of depletion of mineral resources is estimated based on assumptions, taking into account the extraction limits assigned to mineral deposits. The estimate of depletion costs may be revised in the future, as the circumstances on which the estimate is based may change – the extraction limit for mineral resources may increase or decrease, or the quality of mineral resources may change.

### **Foreign currency revaluation**

The functional currency of the Company and the currency used in the financial statements is the currency of the Republic of Latvia, the euro (EUR). All transactions in foreign currencies are revalued in euros at the euro reference rate published by the European Central Bank, which is valid at the beginning of the economic transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into euros at the euro reference rate published by the European Central Bank, which is effective at the end of the last day of the reporting year. Exchange rate differences arising from settlements in foreign currencies or from the translation of assets and liabilities using exchange rates different from those originally used for recording the transactions are recognized in the profit or loss statement at net value.

### Intangible assets

Intangible assets include licences acquired for consideration, computer software, trademarks, and costs associated with their implementation. Intangible assets are recorded at their initial value, which is amortized over the useful life of the asset using the straight-line method. Subsequent expenditure is capitalized by increasing the value of the existing intangible asset or recognized as a separate intangible asset only if the Company expects to derive future economic benefits from it and the expenditure can be reliably measured.

The useful life of an intangible asset is determined in accordance with the periods specified in the rights of use, contracts or other documents confirming the acquisition of rights. If the useful life of an intangible asset is not specified in the acquisition documents, the following useful lives are determined:

Licences	5 years
Individual-use computer programs, information systems	3 years
Shared computer programs, information systems	6 years

If events or changes in circumstances indicate that the carrying amount of an intangible asset may not be recoverable, the carrying amount of the intangible asset is reviewed to determine whether it is impaired. Impairment losses are recognized when the carrying amount of an intangible asset exceeds its recoverable amount.

### Fixed assets

Fixed assets are valued at their initial value, less accumulated depreciation and impairment, if any. Fixed assets include long-term investments with a value of more than EUR 700 and a useful life of more than one year. The initial value of fixed assets is the purchase price, including import

duties and any costs directly attributable to the creation of the fixed assets until they are put into operation. Significant reconstruction and improvement costs are capitalized if they extend the useful life of the fixed asset, and the depreciation of these assets is calculated over their entire useful life.

Construction in progress reflects the costs of establishing fixed assets and unfinished construction projects. Depreciation is not calculated for construction in progress until the relevant assets are put into operation. Repair and maintenance costs incurred after the fixed assets are put into operation are usually written off as expenses when they are incurred. If it can be clearly demonstrated that the relevant costs will result in future economic benefits that exceed the initially determined return on the use of the fixed assets, such costs are capitalized. Borrowing costs are capitalized in proportion to the amount of unfinished construction costs of fixed assets during the construction of the fixed asset.

Depreciation of fixed assets is calculated using the straight-line method over the useful life of the fixed assets. In 2023, the useful lives of the fixed assets group "Equipment and machinery" were changed, extending the maximum useful life to 15 years (in 2022, the maximum useful life was 14 years). If the useful life had not been extended, the depreciation costs for the "Equipment and machinery" group in 2023 would have been EUR 1.1 million higher. According to management's assessment, the useful life of fixed assets is as follows:

Buildings and structures	5–40 years
Equipment and machinery	3–15 years
Furniture and office equipment	10 years
Computer hardware and equipment	3 years
Other fixed assets	2–10 years

Depreciation is calculated starting from the month following the month in which the fixed asset was put into operation.

If a fixed asset consists of several components with different useful lives and the cost of each component of the fixed asset is significant in relation to the total cost of the fixed asset, the depreciation of these components is calculated separately for each component. If the Company depreciates certain parts of a fixed asset separately, it also depreciates the remaining parts of the same fixed asset separately. The residual value consists of those parts of the fixed asset that are not individually significant. The depreciation of the remaining parts is calculated using approximation methods to accurately reflect their useful life.

The useful lives of fixed assets are reviewed and adjusted, if necessary, at the end of each reporting year.

Land (except for subterranean depths) and paintings are not subject to depreciation.

If events or changes in circumstances indicate that the carrying amount of a fixed asset may be unrecoverable or has changed, the value of the fixed asset is reviewed to determine whether it has been impaired. If there are indications that the value is unrecoverable and if the carrying amount of the asset exceeds the estimated recoverable amount, the asset is written down to its recoverable amount. In determining value in use, estimated future cash flows are discounted to their present value using a discount rate that is determined using a cumulative method which reflects current market expectations regarding changes in the value of the asset and the risks associated with it.

For an asset that does not itself generate significant cash flows, the recoverable amount is determined based on the cash-generating asset to which it belongs. Losses resulting from impairment are recognized in the profit or loss statement.

The carrying amount of a fixed asset is derecognized when it is disposed of or when no future economic benefits are expected from its continued use. Any gain or loss arising from the derecognition of a fixed asset (calculated as the difference between the net disposal proceeds and the carrying amount of the fixed asset) is recognized in the profit or loss statement for the period in which the fixed asset is derecognized.

### **Carrying amount of fixed assets**

The Management of the Company assesses the carrying amount of fixed assets and evaluates whether there are any indications that the recoverable amount of the assets is lower than their carrying amount. The Management of the Company calculates and recognizes losses from impairment of fixed assets based on estimates of their future use, disposal or sale. Taking into account the Company's planned economic activity and the possible market value of its assets, the Management of the Company believes that no significant adjustments to the value of fixed assets are necessary as at 31 December 2023.

### **Land with mineral deposits**

Land and land with mineral deposits are accounted for by the Company in various fixed asset accounting groups. The initial value of land with mineral deposits is the purchase price, including any costs directly attributable to the establishment of fixed assets until they are put into operation. Upon commencement of use of mineral deposits, when it is probable that future economic benefits will flow to the Company and the costs can be reliably measured, the value of land with mineral deposits is divided into the value of the land and the value of the mineral deposits. The value of the land and the mineral resources is determined based on the value of the land and the mineral resources specified separately in the acquisition documents. If the above values are not separated, they may be divided into two parts based on management estimates, for example, using the cadastral value of the land plot.

After initial recognition, mineral resources are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of mineral resources is calculated using the unit of production method, i.e., in proportion to the amount of minerals extracted during the relevant period in relation to the total estimated amount of minerals in the relevant deposit.

### **Costs of removal of topping layer from deposits of mineral resources**

When performing topping layer removal works during the development phase of mineral deposits,

the Company recognizes topping layer removal costs as a long-term investment under the item “Land assets” if all of the following conditions are met:

- it is probable that future benefits associated with topping layer removal activities will flow to the Company;
- the Company is able to identify the mineral component to which access has been improved;
- the costs can be reliably measured.

After initial recognition, the covering layer removal asset is carried at cost, less depreciation and impairment losses, in the same way as the existing asset of which it forms part. Long-term investment assets are depreciated systematically using the unit of production method.

### **Biological assets**

The Company's biological assets are the forest stands it owns, which will be used for agricultural activities. Biological assets are measured at fair value less estimated selling costs.

The Management of the Company assesses the fair value of biological assets based on several criteria:

- the price of the last market transaction, provided that economic conditions have not changed significantly between the transaction date and the balance sheet date;
- the market price of similar assets;
- industry criteria (e.g., the value of forest stands).

Changes in the value of biological assets arising from measurement at fair value less estimated selling costs are included in the profit or loss statement for the relevant period. Felled trees are recorded as inventory and initially measured at fair value less estimated costs to sell.

### **Investment properties**

Investment properties are land, buildings or parts thereof that are held for rental income or capital appreciation rather than for use in the production or supply of goods or services,

for administrative purposes or for sale in the ordinary course of business. Land, a building or part thereof is classified as investment property if the Company, as the lessor, rents out more than 85% of the total area of the land or building under one or more operating leases.

Investment properties are initially measured at acquisition or creation value. The acquisition or creation value includes the costs that were necessary to acquire or create the investment property, as well as the costs incurred in subsequent periods to supplement the investment property or replace individual parts.

After initial recognition, the Company measures investment property at initial value, less accumulated depreciation and impairment losses. The depreciation rates used are appropriate for the estimated useful lives of the respective categories of fixed assets, ranging from 8 to 40 years.

Reclassification to investment property is performed only when there is a change in the type of use, as evidenced by the fact that the owner ceases to use the real estate, the real estate is leased to another person under operating lease terms. Reclassification from investment property is carried out only and exclusively in cases where there is a change in the type of use, as evidenced by the fact, that the owner begins to use the real estate itself, or improvements to the property are commenced for the purpose of sale.

Investment property is derecognized when it is disposed of or when it is completely withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the write-off or disposal of investment property are recognized in the profit or loss statement in the period of disposal or liquidation.

### Right-of-use asset

A right-of-use asset is recognized if the lease term at the inception date is more than 12 months, the value of the underlying asset is greater than EUR 5,000, and the value of the right-of-use asset is greater than EUR 1,000.

At the commencement date of the lease, the right-of-use asset is measured at its cost, which comprises the initial measurement amount of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred by the Company, and an estimate of the costs to be incurred by the Company in disposing of the underlying asset and restoring its location.

Right-of-use assets are recognized in the financial statements as fixed assets and presented in the items in which the underlying assets would be presented if they were owned.

After the commencement date, the Company measures the right-of-use asset using the cost model, less any accumulated depreciation and any accumulated impairment losses, if any, and making adjustments, resulting from the reassessment of the lease liability. The Company records the amount of the reassessment of the lease liability as an adjustment to the right-of-use asset.

If, under the lease, the rights to the underlying asset are transferred to the Company at the end of the lease term, or if the cost of the right-of-use asset reflects the fact that the Company will exercise the purchase option, the Company amortizes the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. In other cases, the Company amortizes the right-of-use asset from the commencement date to the end of the useful life of the right-of-use asset or the end of the lease term, whichever is earlier.

The amortization of the right-of-use asset is calculated using the straight-line method, applying the following depreciation rates.

Right-of-use assets – buildings and structures	2 – 7 years
Right-of-use assets – land	2 – 10 years
Right-of-use assets – technological equipment and machinery	2 – 7 years

Depreciation is calculated each month. Depreciation of the right-of-use asset is calculated from the first day of the following month. Any gains or losses related to the full or partial termination of the lease are included in profit or loss statement.

### Inventories

Inventories include all types of purchased materials acquired for use in production, purchased goods intended for sale, own-produced materials intended for production, and finished products intended for sale.

Inventories are valued at the lower of cost or net selling value. Cost includes the cost of materials and other costs directly associated with production. Net selling value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventory costs are recorded using the weighted average cost method.

If necessary, provisions are made for the impairment of obsolete, slow-moving or damaged inventories. The amount of the provision is included in the profit or loss statement.

### Net selling value of inventories

The Management of the Company assesses the net selling value of inventories based on information about expected selling prices and selling costs, as well as the physical condition of inventories during the annual inventory count. In cases where the net selling value of inventories is lower than the production cost of inventories, provisions are made for inventories.

### Financial assets and liabilities

The Company's financial instruments consist of financial assets (financial assets at amortized acquisition cost) and financial liabilities (financial liabilities at amortized acquisition cost).

Financial assets at amortized acquisition cost are debt instruments with fixed or determinable payment schedules that are not held for trading and whose future cash flows consist solely of principal amount and interest payments. Financial assets at amortized acquisition cost include trade receivables, other receivables, cash and cash equivalents. Financial assets at amortized acquisition cost are classified as short-term assets if the payment term is one year or less. If the payment term is longer than one year, they are presented as long-term assets. Short-term receivables are not discounted.

Financial assets at amortized acquisition cost are initially recognized at fair value and subsequently measured at amortized acquisition cost using the effective interest method, less any provisions for impairment losses.

Financial liabilities at amortized acquisition cost are presented under Loans from credit institutions, Lease liabilities, Trade payables and Other creditors.

Financial liabilities at amortized acquisition cost are initially recognized at fair value. In subsequent periods, financial liabilities at amortized acquisition cost are reflected at amortized acquisition cost using the effective interest rate. Financial liabilities at amortized cost are classified as short-term liabilities if the payment term is one year or less. If the payment term is longer than one year, they are presented as long-term liabilities.

Loans are initially recognized at fair value, less any costs associated with obtaining the loans. In subsequent periods, loans are presented at amortized cost using the effective interest rate.

The difference between the amount of cash received, less any costs associated with obtaining the loan, and the redemption value of the loan is recognized in the profit or loss statement over the term of the loan using the effective interest rate of the loan. This difference is recognized as a financial cost.

Loans are classified as current liabilities, except when the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Financial liabilities are derecognized when the underlying obligation is waived, cancelled or expires.

### **Receivables from contracts with customers**

Receivables from contracts with customers are non-derivative financial assets with fixed or determinable payment schedules that are not quoted in an active market and are not held for trading. Receivables from contracts with customers are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment.

Provisions for impairment of receivables from contracts with customers are created for receivables by assessing the risks of non-recovery of the receivable and delay in payment of the receivable – by assessing the receivable according to various factors – the proportion of the debtor's debt in the total receivables and the beneficial owner, as well as the probability of the event occurring. Receivables are classified into debtor groups according to the beneficial owner.

For each debtor group, the risk of an event occurring is assessed in points, which are calculated taking into account the impact level of the debtor's debt and the probability of the event occurring in points. Based on the risk of occurrence assessment in points, the percentage of the consequences of the occurrence is determined. The assessment of the consequences of the occurrence is determined based on historical experience. The amount of the provision for impairment is calculated by multiplying the amount of the group's receivables at the end of the reporting period by the percentage of the assessment of the consequences of the occurrence of the event.

Receivables from contracts with customers are subject to separate impairment assessment if it is known that liquidation, insolvency or legal protection proceedings are possible or have been initiated against the debtor, or if the State Revenue Service has suspended economic activity.

The provision for impairment is the difference between the carrying amount of the asset and the present value of estimated future cash flows, determined by discounting at the original effective interest rate.

The provision for impairment is included in a separate provision account, and the loss is recognized in the profit or loss statement.

The effective interest rate method is a method for calculating the amortized cost of a financial asset or financial liability and for allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments throughout the expected term of the financial asset/financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset/financial liability at the time of initial recognition.

The Company derecognizes a financial asset when its contractual rights to cash flows from the financial asset expire or it transfers substantially all risks and rewards of ownership of the financial asset to another party.

#### **Recoverable amount of receivables from contracts with customers**

The Management of the Company assesses the carrying amount of receivables and evaluates their recoverability, creating provisions for doubtful and bad debts where necessary.

#### **Contract assets**

A contract asset is the Company's right to receive consideration in exchange for goods and services that the Company has transferred to a customer. During the reporting period, the Company has recognized earned revenue for services provided during the reporting period but invoiced in the following reporting period as a contract asset. The Company assesses the impairment of contract assets in accordance with IFRS 9. Contract assets are presented in the statement of financial status under "Receivables from contracts with customers".

#### **Trade receivables**

Trade receivables reflect the Company's right to unconditional compensation. The Company presents such receivables in the financial position statement under "Receivables from contracts with customers".

#### **Long-term investments held for sale**

Long-term investments are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is considered to be met only if the sale is probable and the assets are available for immediate sale in their present condition.

Long-term investments held for sale are presented at the lower of their carrying amount or fair value, less selling costs.

Long-term investments held for sale are disposed of through auctions.

#### **Net selling value of long-term investments held for sale**

The Management of the Company assesses the net selling value of long-term investments held for sale based on the market value of real estate determined by licensed experts, less selling costs. In cases where the net selling value of long-term investments held for sale is lower than their carrying value, they are revalued at the lower value.

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

Cash includes cash on hand, current account balances in bank accounts, and short-term deposits with an original maturity of three months or less.

#### **Leases**

When entering into a contract, the Company assesses whether it is a lease or whether the contract contains a lease. It is assessed whether the contract grants the right to control the use of an identified asset for a specified period of time in exchange for consideration.

### *The Company is a lessee*

Leases are recognized and accounted for in accordance with IFRS 16 "Leases". When entering into a contract, the Company assesses whether the contract is a lease or contains a lease. A contract is a lease if an identifiable asset is leased and the lessee has the right to derive substantially all of the economic benefits from the use of the asset during its useful life.

At the commencement date of the lease, the Company recognizes the right-of-use asset as part of its fixed assets (see section Right-of-use asset) and the lease liability. The lease liability is initially measured as the present value of the lease payments outstanding at the commencement date. Lease payments are apportioned between the present value of the lease liability and finance costs. Lease payments are discounted using the interest rate implicit in the lease, if it can be readily determined. If this rate cannot be easily determined, the Company uses the Company's comparative loan rate. Discount rates ranging from 1.0% to 4.95% have been used to calculate lease liabilities. Financial costs are included in the profit or loss statement as interest expenses.

The Company determines the lease term as the non-cancellable period of the lease together with any periods for which the option to extend the lease is available, if there is reasonable certainty that the Company will exercise this option, and the periods to which the option to terminate the lease applies, if there is reasonable certainty that the Company will exercise this option.

Upon changes in the lease agreement or changes in assumptions made when initially determining the lease liability or calculating the right-of-use asset, a recalculation is performed, adjusting the lease liability and right-of-use asset accordingly. Any gains or losses associated with the full or partial termination of a lease are included in profit or loss.

### *The Company is a lessor*

Assets leased under operating leases are recognized in the Company's fixed assets at acquisition cost, less depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method over the useful life of the relevant fixed assets. Lease income from operating

leases and prepayments received from customers are included in the profit or loss statement using the straight-line method over the lease term.

The Company rents out buildings, structures, land, and other fixed assets. If 85% of the total area of land or buildings is rented out under one or more operating leases, these fixed assets are reclassified as investment properties.

### **Borrowings**

Initially, loans are recognized at fair value, less any costs associated with obtaining the loan. After initial recognition, loans are carried at amortized cost using the effective interest method. Amortized cost is calculated, taking into account the costs of obtaining the loan, as well as any discounts or premiums associated with the loan.

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, i.e., the acquisition of assets that necessarily require a significant period of time to be ready for their intended use or sale, are added to the cost of those assets until the assets are actually ready for their intended use or sale.

All other costs related to loans are included in the profit or loss calculation for the period to which they relate.

### **Accrued liabilities for employee leaves**

The amount of accrued liabilities for unused employee leaves is determined by multiplying the average daily remuneration of employees in the last six months of the reporting year by the number of unused leave days accrued at the end of the reporting year, plus the employer's mandatory social security contributions.

### **Derivative financial instruments**

Derivative financial instruments are initially measured at their fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value.

The fair value of derivative financial instruments is presented as short-term or long-term depending on the date of fulfilment of the contractual obligations of the derivative instruments.

Derivative financial instruments are recorded as assets when their fair value is positive and as liabilities when their fair value is negative.

If the counterparty is a bank, the fair values of financial instruments are obtained from the relevant banks' financial instrument revaluation notices, and the fair values of financial instruments indicated by the banks are used in the financial statements.

Gains or losses from changes in the fair value of derivative financial instruments are presented in the profit or loss statement under "Financial income" or "Financial costs".

### **Provisions**

Provisions are recognized if the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably estimated. Provisions are calculated by estimating the amount of expenditure required to settle the obligation at its current value at the balance sheet date. Provisions may only be used in relation to costs that were originally incurred and are reduced if the potential outflow of resources is no longer expected. Management estimates are used to determine the value of provisions.

In cases where the value of money over time has a significant impact, provisions are calculated by discounting the expected future cash flows using a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the particular liabilities, if any. Where discounting is applied, the increase in the provision over time is recognized as provision expenses.

### **Provisions for reclamation costs**

The Company extracts dolomite, sand and sand-gravel mixture from quarries, which are used both in production and sold as part of its economic activities. The legislation of the Republic of Latvia stipulates that after the extraction of mineral resources has been discontinued, the natural environment must be restored, i.e., reclamation work must be carried out. The Company believes that there is a present obligation (for the amount of the deposit developed) at the balance sheet date, which is caused by an obligating event in the past (quarry development) and that the outflow of economic benefits from the Company for reclamation is probable. Reclamation costs are calculated in accordance with the methodology established by the Company, which provides for calculations based on the prices of the reporting year and the assessment of industry experts (see Notes 22 and 22(a)).

The estimate of the reclamation provision may be revised in the future as the circumstances and assumptions on which the estimate is based may change. As of the balance sheet date, the Company has no obligation to remedy the damage that will be caused by the future extraction of the remaining mineral deposits.

### **Provisions for warranty repairs**

The Company has entered into contracts for works and construction works that provide for warranties and warranty repairs for the works performed for a period of 12 to 60 calendar months. Considering that the quality of road construction and infrastructure development works is significantly affected by traffic intensity, the technical condition of roads, the maintenance or construction technology chosen by the customer, and other factors, there is a very high probability that the Company will return to performing various warranty works during the warranty period for the construction or services provided. The Company creates provisions for warranty work, taking into account the assessment of the Company's specialists and the experience accumulated in previous years.

### **Provisions for bonuses**

The Company makes provisions for annual bonuses for employees and management in accordance with the Company's internal regulations and Section 79(7) of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof. Bonuses may be paid upon the occurrence of certain conditions.

The amount of bonuses and the date of settlement of liabilities are not clearly known. Bonuses are estimated based on previous years' experience and assessments. Provisions for annual bonuses have been made in accordance with the decision of the Board.

### **Provisions for environmental remediation measures**

The Company establishes provisions for environmental remediation measures if, due to past events, the Company has an obligation to remediate the environment, and the outflow of economic benefits is probable.

### **Accounts payable to suppliers and contractors**

Accounts payable to suppliers and contractors are initially recognized at fair value. In subsequent periods, accounts payable are carried at amortized cost using the effective interest rate method. Accounts payable are classified as current liabilities if the payment term is one year or less. Otherwise, they are presented as long-term liabilities.

### **Income tax**

For 2023, corporate income tax is calculated in accordance with the regulatory enactments in force at the end of the reporting period. This provides for the deferral of corporate income tax until the moment when profits are distributed as dividends or otherwise allocated to expenses that increase the tax base. The corporate income tax rate is 20% of the tax base.

### **Revenue recognition**

Revenue from contracts with customers in accordance with the criteria set out in IFRS 15 comprises goods sold and services rendered in the ordinary course of business. Revenue from contracts with customers is recognized in the profit or loss statement at the moment when the related services are provided and control over the service is transferred to the customer.

Revenue from the sale of goods is recognized when all significant risks and rewards of ownership of the goods have been transferred to the buyer, usually when the goods are delivered to the end consumer.

Revenue may be recognized over time or at a point in time. Revenue is recognized over time in proportion to the stage of completion of the performance obligation as control over the promised services is transferred to the customer. Revenue that does not meet the criteria for recognition over time is recognized at the point in time when the service is provided or the goods are sold.

### **Revenue recognized over time**

Performing routine maintenance work on state roads (hereinafter referred to as routine maintenance work). Routine maintenance of state roads is a process that involves approximately 200 (mostly small and minor) tasks of varying nature and complexity. The Company performs the following tasks:

- routine maintenance of roads, bridges, overpasses, culverts, pedestrian walkways, and bicycle paths in winter (clearing snow from roads and removing snow, installing and removing directional signs, installing and removing snow barriers, reducing slipperiness, winterizing and de-icing or clearing culverts, removing ice from bridge supports, inspection of roads, operational maintenance of roads, winter service duty, maintenance of pedestrian paths and cycle paths, etc.);
- maintenance of bridges, traffic overpasses, culverts and pedestrian tunnels (cleaning bridge decks of debris and washing, cleaning bridge drainage systems, maintenance of expansion joints, replacement of damaged sections of bridge railings and barriers, repairs, cleaning and painting, maintenance of bridge cones, water level control structures and drainage systems, inspection ladders and retaining walls, repair of bridge deck damage, cleaning of river beds and culverts from debris, etc.);
- traffic organization (maintenance of bus stops, car pavilions and rest areas, installation and replacement of road signs, washing, painting and replacement of signal posts, installation of reflectors, replacing metal barriers, arranging barriers and installing reflectors, washing barriers, etc.);

- maintenance of road surfaces (maintenance of blacktop surfaces, gravel and crushed stone surfaces, maintenance of improved dirt roads, etc.);
- road maintenance (removal of washouts, cleaning and restoration of ditches, grading, profiling and repair of slopes, cutting bushes in ditches, on slopes and in roadside verges, mowing shrub shoots, mowing grass, maintaining green areas, operational maintenance of roads and cleaning roadside verges, etc.);
- road inspection.

Revenue from routine maintenance work is recognized at the end of each month based on the work acceptance certificates.

#### **Work performed on municipal roads**

Revenue from street and road maintenance work carried out on municipal roads and streets. Revenue is recognized in the period when the service is provided – at the end of each month. Invoices are issued based on work acceptance certificates.

#### **Maintenance of transit streets**

Revenue from routine maintenance of transit streets. Revenue is recognized in the period when the service is provided – at the end of each month. Invoices are issued based on work acceptance certificates.

#### **Revenue from work on forest roads**

Revenue from services (clearing snow from forest roads, grading, profiling, periodic maintenance, repair work, reconstruction and construction) performed on forest roads owned by AS “Latvijas valsts meži”. Revenue is recognized in the period when the service is provided – at the end of each month. Invoices are issued on the basis of work acceptance certificates.

#### **Other revenue from road works**

Revenue from the construction of streets, roads and squares and other types of work on streets and roads.

#### **Revenue recognized at a specific point in time**

##### **Sale of mineral materials**

Sale of mineral materials (dolomite chips, gravel, and sand). Revenue is recognized when the Company has transferred physical control of the asset to the customer.

##### **Sale of materials**

Revenue from the sale of other materials (road signs, etc.), which is recognized when the Company has transferred physical control of the asset to the customer.

#### **Interest income and expenses**

For all financial instruments carried at amortized acquisition cost, interest income or expense is recognized using the effective interest rate, i.e., the rate that effectively discounts the estimated future cash flows over the expected life of the financial instrument or, if shorter, the period to the balance sheet date of the financial asset or liability. Interest income is presented in the profit or loss statement under “Financial income”.

#### **Revenue from penalties and late fees**

In accordance with the principle of prudence, contractual penalties and late fees are recognized as revenue when received. Penalties mainly consist of penalties imposed on customers for failure to comply with the terms of the contract.

#### **Employee benefits**

Short-term employee benefits are recognized as expenses in the reporting period in which the employee has performed the work. Benefits include salaries, state social security contributions, bonuses, paid leave and other benefits.

### **Contingent liabilities and assets**

Contingent liabilities are not recognized in these financial statements. They are recognized as liabilities only when the possibility that funds will be spent becomes sufficiently probable. Contingent assets are not recognized in these financial statements but are disclosed only when the likelihood that the economic benefits associated with the transaction will flow to the Company is sufficiently probable.

### **Fair value**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between market participants in an arm's length transaction at the measurement date. IFRS 13 establishes a hierarchy of valuation techniques based on whether the valuation technique uses observable market data or market data is not observable. This hierarchy requires the use of observable market data, if available. Observable market data is obtained from independent sources.

To determine fair value, the Company applies valuation techniques that are appropriate for the circumstances and for which sufficient data is available, using observable data as much as possible and unobservable data as little as possible. If market data is not observable, the valuation technique reflects the Company's assumptions about the market situation. When determining fair value, the Company takes into account appropriate observable market prices, if possible.

Several methods are used to determine the fair value of a financial instrument: quoted prices or valuation techniques that incorporate observable market data and are based on internal models. Based on the fair value hierarchy, all valuation techniques are classified into Level 1, Level 2, and Level 3.

Level 1 – quoted market prices. Level 1 valuation techniques use unadjusted quoted prices in active markets for identical assets or liabilities, where quoted prices are readily available and represent the actual market situation for transactions under fair competition conditions.

Level 2 – valuation technique using market data. In Level 2 valuation technique, all significant data in the models used can be observed directly or indirectly from the assets or liabilities. The model uses market data that is not included in Level 1 quoted prices.

Level 3 – valuation technique using market data that is not based on observable market data. Valuation techniques using market data that is not based on observable market data (unobservable market data) are classified as Level 3. Unobservable market data is data that is not readily available on an active market due to the illiquidity of the market or the complexity of the financial instrument. Level 3 data is mainly determined on the basis of observable market data of a similar nature, historical observations or using analytical approaches.

If the data used to measure the fair value of an asset or liability can be classified into different levels of the fair value hierarchy, the fair value measurement is classified at the level of the fair value hierarchy that includes the lowest level of input data that is significant to the entire measurement.

### **Research and development costs**

Research costs are recognized in the profit or loss statement for the period in which they are incurred.

### **State aid**

State aid is recognized when there is reasonable assurance that the state aid will be received and that the conditions for receiving it will be met.

If the state aid is related to an expense item, it is initially recognized at fair value as income for future periods. State aid is recognized in income in the periods in which the related costs to be compensated are recognized as expenses.

State aid that can be received as compensation for existing expenses without creating costs attributable to future periods is recognized in the profit or loss statement for the period in which the aid can be received. The related income is recognized in the profit or loss statement under "Other operating income".

In 2023 and 2022, protective equipment received from the state free of charge to combat COVID-19 is recognized as state aid. State aid is recognized at fair value in the balance sheet item "Deferred income".

### Commercial activity aid

The economic benefits are explained in the notes to the financial statements. See Note 31.

### Related parties

Related parties are considered to be shareholders of the Company who may significantly influence the Company's operations, members of the Board and Council, their close relatives, as well as companies in which the aforementioned persons have significant influence or control.

### Events after the balance sheet date

The financial statements reflect events after the end of the reporting year that provide additional information about the Company's financial status at the date of preparation of the balance sheet (adjusting events). If events after the end of the reporting year are not adjusting, they are reflected in the notes to the financial statements only if they are material.

## 3. Net turnover

	2023 EUR	2022 EUR
Revenue from the performance of the delegation agreement for the routine maintenance of state roads	4 613 317	56 738 190
Revenue from routine maintenance of state roads (open tender) including construction works	45 406 507	5 719 136
Revenue from work carried out on municipal roads including construction works	20 386 388	1 530 086
Other revenue from road works including construction works	5 620 109	4 444 995
Revenue from forest road works including construction works	3 747 174	3 066 680
Revenue from the sale of mineral materials	4 179 468	4 598 013
Revenue from transit street maintenance including construction works	3 289 034	3 921 932
Revenue from the sale of materials	3 271 222	2 916 096
Other revenue	2 915 351	2 562 519
	2 868 840	2 899 167
	851 055	813 286
	192 381	220 307
	315 195	198 983
	130 831	161 360
<b>Total</b>	<b>67 256 544</b>	<b>78 489 226</b>

### 3.(a) Net turnover revenue based on the time of recognition

	2023	2022
	EUR	EUR
Revenue recognized over time	64 072 509	75 391 076
Revenue recognized at a specific point in time	3 184 035	3 098 150
<b>Total</b>	<b>67 256 544</b>	<b>78 489 226</b>

Net turnover reflects the Company's operating income from the provision of services, the sale of goods and finished products, less the applicable trade discount. This item also includes amounts for goods (products) shipped and services provided for which payment has not yet been received, but for which settlement documents have been submitted to the buyer or customer, as well as income earned for services provided during the reporting period but for which settlement documents have been issued in the next reporting period. Income earned in the domestic market (Latvia).

### 4. Production costs of goods sold, acquisition costs of goods sold and services rendered

	2023	2022
	EUR	EUR
Material costs	23 478 231	30 083 888
Salaries	20 349 529	21 060 825*
Transport costs	5 172 587	6 195 544
Amortization of long-term investments, depreciation	5 048 358	6 460 612
Mandatory state social insurance contributions	4 754 228	4 909 914*
Building and structure maintenance costs	1 393 799	2 180 352
Costs of services received	733 908	783 324
Insurance costs	588 480	590 347
Environmental remediation expenses	360 000	-
Quarrying costs	283 419	877 248
Costs of occupational safety and health	189 438	242 737
Natural resource tax	172 157	156 763
Real estate tax	140 650	153 838
Non-deductible value added tax	(495 320)***	145 024***
Other costs	846 049	879 912**
<b>Total</b>	<b>63 015 513</b>	<b>74 720 328</b>

The item "Production costs of goods sold" shows the cost of goods and services sold at production or acquisition cost.

\* and \*\* see references in Note 5.

\*\*\* The Company, performing the services under the delegation agreement, was not considered a taxpayer within the meaning of Section 3(8) of the Value Added Tax Law. In 2023 and in 2022, the Company did not deduct as input tax the tax indicated on the tax invoice for purchased goods and services received for the purpose of ensuring transactions that are not taxable and are related to the performance of the tasks of the delegation agreement. In 2023 and in 2022, the Company applied Section 98(2) of the VAT Law – calculated the amount of the non-deductible input tax amount according to the proportion of transactions. In 2023, the proportion of taxable and non-taxable transactions has decreased, and the Company is entitled to recover VAT by submitting an annual VAT return.

## 5. Administrative costs

	2023	2022
	EUR	EUR
Salaries	1 891 824	2 243 564*
Mandatory state social insurance contributions	445 387	523 576*
Amortization and depreciation of long-term investments	310 261	329 182
Information technology system maintenance costs	289 525	292 793
Real estate maintenance costs	266 269	-
Transport costs	133 095	138 381
Personnel sustainability and representation costs	106 144	64 702
Banking service costs	56 707	38 429
Training costs	54 621	41 643
Legal service costs	60 171	39 524
Non-deductible value added tax	44 919	104 998
Audit costs for the annual report	40 000	10 300
Other costs	257 307	306 581**
<b>Total</b>	<b>3 956 230</b>	<b>4 133 673</b>

\* and \*\* Changes have been made to the classification of items during the reporting year.

\* In the previous financial report for the period from 1 January 2022 to 31 December 2022, expenses related to the salaries of technical production staff in the amount of EUR 1,024,836 were classified under "Administrative expenses," but in the reporting year they were reclassified to the item "Production costs of goods sold, acquisition costs of goods sold and services provided". The reclassification has no impact on the financial result.

\*\* In the previous financial report for the period from 1 January 2022 to 31 December 2022, communication-related expenses of EUR 67,848 were classified under "Administrative expenses", but in the reporting year they were reclassified to the item "Production costs of goods sold, acquisition costs of goods sold and services provided". The reclassification has no impact on the financial result.

## 6. Other operating income

	2023	2022
	EUR	EUR
Revenue from real estate leases	469 854	434 624
Increase in fair value of biological assets	143 821	280 641
Proceeds from sale of fixed assets, net	413 777	176 652
Insurance indemnity revenue	103 089	33 474
Other revenue	279 948	320 434
<b>Total</b>	<b>1 410 489</b>	<b>1 245 825</b>

### 6.(a) Information on profit or losses from disposal of long-term items

Long-term investment item	Balance sheet value upon exclusion	Disposal revenue	Disposal costs	Gross income or expenses	Profit from disposal of the item
	EUR	EUR	EUR	EUR	EUR
Technological equipment and machinery	-	121 083	2 028	119 055	119 055
Real estate item No 1	2 107	21 500	20	21 480	19 373
Real estate item No 2	3 984	37 800	20	37 780	33 796
Real estate item No 3	5 976	35 200	48	35 152	29 176
Real estate item No 4	7 106	20 400	41	20 359	13 253
<b>Real estate item No 5</b>	<b>21 510</b>	<b>221 000</b>	<b>366</b>	<b>220 634</b>	<b>199 124</b>

Other operating income reflects income that is relatively small in comparison with income from operating activities.

## 7. Other operating costs

	2023	2022
	EUR	EUR
Decrease in fair value of biological assets	73 328	-
Impairment of long-term assets	-	9 270
Write-off of accounts receivable/establishment of provisions	15 424	100
Other costs	48 150	7 591
<b>Total</b>	<b>136 902</b>	<b>16 961</b>

## 8. Financial costs

	2023	2022
	EUR	EUR
Interest costs on bank loans	47 645	35 757
Lease interest costs	421 990	198 547
Losses from exchange rate fluctuations, net	11	16
<b>Total</b>	<b>469 646</b>	<b>234 320</b>

## 9. Intangible assets

	Licences	Other intangible assets	Cost of establishing intangible investments	Total
	EUR	EUR	EUR	EUR
<b>Initial value</b>				
<b>01.01.2022</b>	<b>305 276</b>	<b>1 052 517</b>	<b>20 778</b>	<b>1 378 571</b>
Acquisition	536	132 162	63 509	196 207
Reclassified	-	19 844	(19 844)	-
Excluded	(61)	(10 717)	-	(71 962)
<b>31.12.2022</b>	<b>244 567</b>	<b>1 193 806</b>	<b>64 443</b>	<b>1 502 816</b>
<b>Accumulated depreciation</b>				
<b>01.01.2022</b>	<b>241 339</b>	<b>537 291</b>	<b>-</b>	<b>778 630</b>
Calculated	18 185	89 760	-	107 945
Excluded	(61 245)	(10 717)	-	(71 962)
<b>31.12.2022</b>	<b>198 279</b>	<b>616 334</b>	<b>-</b>	<b>814 613</b>
<b>Remaining value</b>				
<b>01.01.2022</b>	<b>63 937</b>	<b>515 226</b>	<b>50 899</b>	<b>599 941</b>
<b>31.12.2022</b>	<b>46 288</b>	<b>577 472</b>	<b>20 778</b>	<b>688 203</b>
<b>Initial value</b>				
<b>01.01.2023</b>	<b>244 567</b>	<b>1 193 806</b>	<b>64 443</b>	<b>1 502 816</b>
Acquisition	-	37 355	-	37 355
Reclassified	-	64 443	(64 443)	-
Excluded	(269)	-	-	(269)
<b>31.12.2023</b>	<b>244 298</b>	<b>1 295 604</b>	<b>-</b>	<b>1 539 902</b>
<b>Accumulated depreciation</b>				
<b>01.01.2023</b>	<b>198 279</b>	<b>616 334</b>	<b>-</b>	<b>814 613</b>
Calculated	18 009	101 228	-	119 237
Excluded	(269)	-	-	(269)
<b>31.12.2023</b>	<b>216 019</b>	<b>717 562</b>	<b>-</b>	<b>933 581</b>
<b>Remaining value</b>				
<b>01.01.2023</b>	<b>46 288</b>	<b>577 472</b>	<b>64 443</b>	<b>688 203</b>
<b>31.12.2023</b>	<b>28 279</b>	<b>578 042</b>	<b>-</b>	<b>606 321</b>

## 10. Fixed assets, investment properties and biological assets

### 10.(a) Fixed assets

	Land	Land assets	Buildings and structures	Equipment and machinery	Other fixed assets	Long-term investments in leased fixed assets	Costs of establishing fixed assets and construction work in progress	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>Initial value</b>								
<b>01.01.2022</b>	<b>5 991 818</b>	<b>5 484 123</b>	<b>29 229 556</b>	<b>121 120 646</b>	<b>1 789 559</b>	<b>84 805</b>	<b>73 115</b>	<b>163 773 622</b>
Acquisition	25 757	65 120	46 834	1 102 157	16 695	-	15 202	1 271 765
Reclassified	-	-	2 749	6 880	-	-	(9 629)	-
Reclassified to long-term investments held for sale	(139 853)	(27)	(68 304)	(757 610)	(3 169)	-	-	(968 963)
Exclusion	(10 255)	-	(14 415)	(771 203)	(86 889)	-	(15 421)	(898 183)
<b>31.12.2022</b>	<b>5 867 467</b>	<b>5 549 216</b>	<b>29 196 420</b>	<b>120 700 870</b>	<b>1 716 196</b>	<b>84 805</b>	<b>63 267</b>	<b>163 178 241</b>
<b>Accumulated depreciation and value impairment</b>								
<b>01.01.2022</b>	<b>1 561 042</b>	<b>3 079 742</b>	<b>16 449 020</b>	<b>87 852 339</b>	<b>1 605 278</b>	<b>54 230</b>	<b>-</b>	<b>110 601 651</b>
Calculated	20 107	192 434	1 068 699	5 295 724	90 393	13 726	-	6 681 083
Reclassified to long-term investments held for sale	(20 461)	(27)	(67 766)	(757 610)	(2 445)	-	-	(848 309)
Write-off	(9 756)	-	(14 415)	(770 236)	(86 889)	-	-	(881 296)
<b>31.12.2022</b>	<b>1 550 932</b>	<b>3 272 149</b>	<b>17 435 538</b>	<b>91 620 217</b>	<b>1 606 337</b>	<b>67 956</b>	<b>-</b>	<b>115 553 129</b>
<b>Remaining value</b>								
<b>01.01.2022</b>	<b>4 430 776</b>	<b>2 404 381</b>	<b>12 780 536</b>	<b>33 268 307</b>	<b>184 281</b>	<b>30 575</b>	<b>73 115</b>	<b>53 171 971</b>
<b>31.12.2022</b>	<b>4 316 535</b>	<b>2 277 067</b>	<b>11 760 882</b>	<b>29 080 653</b>	<b>109 859</b>	<b>16 849</b>	<b>63 267</b>	<b>47 625 112</b>

## 10. Fixed assets, investment properties and biological assets

### 10.(a) Fixed assets (continued)

	Land	Land assets	Buildings and structures	Equipment and machinery	Other fixed assets	Long-term investments in leased assets	Costs of establishing fixed assets and construction work in progress	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>Initial value</b>								
<b>01.01.2023</b>	<b>5 867 467</b>	<b>5 549 216</b>	<b>29 196 420</b>	<b>120 700 870</b>	<b>1 716 196</b>	<b>84 805</b>	<b>63 267</b>	<b>163 178 241</b>
Acquisition	80 940	97 228	134 589	2 276 247	16 910	-	58 226	2 664 140
Reclassified	-	59 202	17 724	-	-	-	(17 724)	59 202
Reclassified to long-term investments held for sale	(113 917)	-	(185 093)	(2 490 949)	(999)	-	-	(2 790 958)
Reclassified to investment properties	-	-	(585 180)	-	-	-	-	(585 180)
Exclusion	-	-	(769)	(973 771)	(81 077)	-	(6 651)	(1 062 268)
<b>31.12.2023</b>	<b>5 834 490</b>	<b>5 705 646</b>	<b>28 577 691</b>	<b>119 512 397</b>	<b>1 651 030</b>	<b>84 805</b>	<b>97 118</b>	<b>161 463 177</b>
<b>Accumulated depreciation and value impairment</b>								
<b>01.01.2023</b>	<b>1 550 932</b>	<b>3 272 149</b>	<b>17 435 538</b>	<b>91 620 217</b>	<b>1 606 337</b>	<b>67 956</b>	<b>-</b>	<b>115 553 129</b>
Calculated	20 266	231 494	965 267	3 915 449	64 074	13 724	-	5 210 274
Reclassified to long-term investments held for sale	(37 983)	-	(155 310)	(2 487 383)	(999)	-	-	(2 681 675)
Reclassified to investment properties	-	-	(241 336)	-	-	-	-	(241 336)
Write-off	-	-	(340)	(951 801)	(81 077)	-	-	(1 033 218)
<b>31.12.2023</b>	<b>1 533 215</b>	<b>3 503 643</b>	<b>18 003 819</b>	<b>92 096 482</b>	<b>1 588 335</b>	<b>81 680</b>	<b>-</b>	<b>116 807 174</b>
<b>Remaining value</b>								
<b>01.01.2023</b>	<b>4 316 535</b>	<b>2 277 067</b>	<b>11 760 882</b>	<b>29 080 653</b>	<b>109 859</b>	<b>16 849</b>	<b>63 267</b>	<b>47 625 112</b>
<b>31.12.2023</b>	<b>4 301 275</b>	<b>2 202 003</b>	<b>10 573 872</b>	<b>27 415 915</b>	<b>62 695</b>	<b>3 125</b>	<b>97 118</b>	<b>44 656 003</b>

## Land

Land owned by the Company is valued based on acquisition costs, reduced by accumulated value impairment losses. No signs of value impairment were identified for long-term investments when performing impairment assessments in 2023 and 2022.

The total accumulated impairment of land as at 31 December 2023 is EUR 1,555,298 (as at 31 December 2022 EUR 1,593,281) and the accumulated depreciation and impairment shown in sections 10(a) and 10(b) of the Notes are presented.

## Land assets

### Mineral deposits

As at 31 December 2023, the long-term investment group “Land assets” included 33 mineral deposits with a balance sheet value of EUR 1,962,988 (as at 31 December 2022 there were 35 mineral deposits with a balance sheet value of EUR 2,122,575). In 2023, the depreciation of land with mineral deposits calculated using the unit of production method is EUR 159,571 (EUR 120,787 in 2022). The calculated depreciation is recognized in the income statement under “Production costs of goods sold, acquisition costs of goods sold and services rendered”.

### Costs of removing topping layer from mineral deposits

In 2023, the costs of removing the cover layer in the amount of EUR 97,228 (EUR 65,120 in 2022) were recognized as a long-term asset in the group “Land assets” and depreciation calculated at EUR 71,907 (EUR 71,647 in 2022). The calculated depreciation is recognized in the profit or loss statement under “Production costs of goods sold, acquisition costs of goods sold and services rendered”. The balance sheet value of the topping layers as at 31 December 2023 was EUR 179,813 (as at 31 December 2022: EUR 154,493).

## 10.(b) Investment properties

	Buildings EUR	Land EUR	Total EUR
<b>Initial value</b>			
01.01.2022	19 067	430 163	449 230
31.12.2022	19 067	430 163	449 230
<b>Accumulated depreciation and value impairment</b>			
01.01.2022	5 991	120 108	126 099
Calculated	765	-	765
31.12.2022	6 756	120 108	126 864
<b>Remaining value</b>			
01.01.2022	13 076	310 055	323 131
31.12.2022	12 311	310 055	322 366
<b>Initial value</b>			
01.01.2023	19 067	430 163	449 230
Reclassified from fixed assets	585 180	-	585 180
31.12.2023	604 247	430 163	1 034 410
<b>Accumulated depreciation and value impairment</b>			
01.01.2023	6 756	120 108	126 864
Reclassified from fixed assets	241 336	-	241 336
Calculated	29 108	-	29 108
31.12.2023	277 200	120 108	397 308
<b>Remaining value</b>			
01.01.2023	12 311	310 055	322 366
31.12.2023	327 047	310 055	637 102

## 10.(c) Investment property revenue and costs

<b>Investment</b>	<b>2023 EUR</b>	<b>2022 EUR</b>
Revenue	173 619	16 846
Costs	41 924	1 557

### Pledges

Part of the Company's real estate is pledged as collateral for bank loans (see Note 19). The balance sheet value of pledged fixed assets and investment property as at 31 December 2023 is EUR 1,501,288 (as at 31 December 2022: EUR 1,634,656).

### Investment properties

The Company generates income from real estate rental (see Note 6) by renting out, in whole or in part, certain properties it owns. Investment properties are valued and recognized at their acquisition value.

The fair value of investment property was determined by the Company's specialists as at 31 December 2023, using the income approach.

For land units located in mineral extraction areas, cash flow is calculated for 7 years using the income approach with a discount rate of 16.0%.

For other real estate properties, the calculations take into account the revenue generated during the useful life of the asset (ranging from EUR 2.10 to EUR 5 per square meter), and the capitalization procedure is used to calculate the value (capitalization rate from 7% to 12%).

The fair value of investment property at the end of 2023 is estimated at EUR 2,658,500.

## 10.(d) Leases

	<b>Right to use the land EUR</b>	<b>Right to use buildings and structures EUR</b>	<b>Right to use technological equipment and machinery EUR</b>	<b>Total EUR</b>
<b>Remaining value 31.12.2021</b>	<b>57 146</b>	<b>14 615</b>	<b>21 504 148</b>	<b>21 575 909</b>
Recognized assets of rights of use	5 757	-	527 210	532 967
Excluded balance sheet value	(499)	-	(1 814 191)	(1 814 690)
Depreciation recognized in profit or statement	(20 107)	(5 084)	(2 441 532)	(2 466 723)
<b>Remaining value 31.12.2022</b>	<b>42 297</b>	<b>9 531</b>	<b>17 775 635</b>	<b>17 827 463</b>
Recognized assets of rights of use	80 940	-	614 943	695 883
Excluded balance sheet value	-	-	(800 770)	(800 770)
Depreciation recognized in profit or loss statement	(20 266)	(3 743)	(3 660 114)	(3 684 123)
<b>Remaining value 31.12.2023.</b>	<b>102 971</b>	<b>5 788</b>	<b>13 929 694</b>	<b>14 038 453</b>

### Fully depreciated assets

The Company uses long-term assets that are written off in full as depreciation costs. The acquisition value of these fixed assets as at 31 December 2023 is EUR 65,515,396 (as at 31 December 2022: EUR 69,252,140).

### Leases

Leases (operating) recognized as a right-of-use asset in fixed assets:

- right-of-use asset of land – presented as land in long-term investments;
- right-of-use asset of buildings and structures – presented as part of long-term investments in buildings and structures;
- right-of-use asset of technological equipment and machinery – presented as part of long-term investments in technological equipment and machinery.

## 10.(e) Biological assets

	<b>Biological assets EUR</b>
<b>Initial or fair value</b>	
<b>01.01.2022</b>	<b>140 933</b>
Value increase	280 641
Disposed of	(13 500)
<b>31.12.2022</b>	<b>408 074</b>
<b>Initial or fair value</b>	
<b>01.01.2023</b>	<b>408 074</b>
Reclassified to held for sale	(1 283)
Reclassified to fixed assets	(59 202)
Disposed of	(1 782)
Value increase	143 821
Value decrease	(73 328)
<b>31.12.2023</b>	<b>416 300</b>

The biological assets group includes forest stands owned by the Company that are intended for use in agricultural activities.

As at 31 December 2023, the Company measured the long-term investment group "Biological assets" at fair value. The Company's biological assets were measured by independent certified appraisers. The value was calculated using the price of wood per "stump," which is calculated taking into account the possibilities of using the wood resources of the property being valued, the possible costs of tree felling associated with the felling of growing trees, the removal of timber and the costs of transporting timber.

A total of 18 plots of land were assessed, comprising 64.38 ha of forest land with a stock volume of 10,593 m<sup>3</sup>. (In 2022, 20 plots of land were assessed, comprising 65.06 ha of forest land with a stock volume of 10,789 m<sup>3</sup>).

The fair value of the assessed forest stands as at 31 December 2023 is EUR 416,300 (as at 31 December 2022: EUR 406,791).

### Forest stands

In 2023, forest stands with a balance sheet value of EUR 59,202, which are not intended for use in agricultural activities, were reclassified from biological assets to the long-term asset group "Land assets".

<b>Fair value valuation</b>					
	Date of valuation	Quoted market prices (Level 1)  EUR	Assumptions based on observable market data (Level 2) EUR	Assumptions not based on observable market data (Level 3) EUR	Total EUR
<b>Assets at fair value 31.12.2023</b>					
Biological assets	31.12.2023	-	-	416 300	<b>416 300</b>

If biological assets were not valued at fair value, their carrying amount as at 31 December 2023 would be EUR 37,398 (as at 31 December 2022: EUR 43,260).

**Total depreciation and amortization costs are included in the following items of the profit or loss statement**

	2023 EUR	2022 EUR
Production costs of goods sold, acquisition costs of goods sold and services rendered	5 048 358	6 460 612
Administrative costs	310 261	329 182
<b>Total</b>	<b>5 358 619</b>	<b>6 789 794</b>

## 11. Other long-term investments

	31.12.2023 EUR	31.12.2022 EUR
Long-term claims on advance payments	28 535	28 535
Long-term receivables	72 891	25 442
<b>Balance sheet value</b>	<b>101 426</b>	<b>53 977</b>

Other long-term investments as at 31 December 2023 include a payment of EUR 28,535 for mineral resources to be extracted in the future (contract valid until 2037) (in December 2022, the payment for the volume of mineral resources to be extracted in the future was EUR 28,535).

Long-term receivables as at 31 December 2023 include settlements with a maturity date between 2025 and 2028 (as at 31 December 2022, settlements with maturity date of 2024 are recorded).

## 12. Inventories

	31.12.2023 EUR	31.12.2022 EUR
<b>Inventories at gross value:</b>	<b>6 524 842</b>	<b>7 600 874</b>
Road materials	2 815 219	4 113 860
Own produced materials	2 472 547	2 077 188
Other materials	1 237 076	1 409 826
Slow-moving inventories	(48 946)	(59 353)
<b>Balance sheet value</b>	<b>6 475 896</b>	<b>7 541 521</b>

The Company recognizes inventories that have been in storage for 2 years without movement as slow-moving inventories.

## 13. Long-term investments held for sale

	Biological assets EUR	Land EUR	Buildings EUR	Other EUR	Total EUR
<b>Balance sheet value 31.12.2022</b>	<b>12 000</b>	<b>57 767</b>	<b>3 492</b>	<b>-</b>	<b>73 259</b>
Reclassified from long-term investments	1 283	75 934	29 783	3 566	<b>110 566</b>
Disposed of	-	(19 173)	(21 510)	-	<b>(40 683)</b>
<b>Balance sheet value 31.12.2023</b>	<b>13 283</b>	<b>114 528</b>	<b>11 765</b>	<b>3 566</b>	<b>143 142</b>

The cadastral value of long-term investments held for sale as at 31 December 2023 is EUR 152,936 (as at 31 December 2022: EUR 49,775). Long-term investments held for sale are expected to be disposed of during the year after the balance sheet date by auction.

## 14. Receivables from contracts with customers

	31.12.2023	31.12.2022
	EUR	EUR
Trade receivables, at gross value	1 516 567	4 323 106
Contract assets, at gross value	6 485 788	4 413 297
<b>Gross carrying amount</b>	<b>8 002 355</b>	<b>8 736 403</b>
Expected credit losses	(191 068)	(188 955)
<b>Balance sheet value</b>	<b>7 811 287</b>	<b>8 547 448</b>

No interest is charged on trade receivables, and they are usually repayable within 30 days.

### 14.(a) Movement of provisions for receivables from contracts with customers

	2023	2022
	EUR	EUR
<b>Provisions at the beginning of the year</b>	<b>188 955</b>	<b>229 290</b>
Reduction in relation to payment received	(11 885)	-
Written-off irrecoverable receivables	(1 426)	(464)
Provisions established/reduced for value impairment	15 424	(39 871)
<b>Provisions at the end of the year</b>	<b>191 068</b>	<b>188 955</b>

Provisions for value impairment of receivables and contract assets are established by assessing the risks of non-recovery of receivables – evaluating receivables according to various impact factors and assessing the solvency of each significant debtor (see Section 2 of the Notes, Receivables from contracts with customers).

## 15. Other receivables

	31.12.2023	31.12.2022
	EUR	EUR
Deferred costs	704 342	323 283
Tax claims	591 079	926 705
Advances and tender guarantees	392 835	99 541
Other receivables	4 011	537
<b>Total</b>	<b>1 692 267</b>	<b>1 350 066</b>

Tax claims as at 31.12.2023 include real estate tax claims of EUR 659, overpaid taxes to the State Revenue Service of EUR 3,184, and value added tax claims.

In 2023, the proportion of taxable and non-taxable transactions of the Company has changed, and the Company expects a refund of EUR 555,255 when submitting its annual VAT return for 2023.

## 16. Cash and cash equivalents

	31.12.2023	31.12.2022
	EUR	EUR
Cash in bank accounts:		
EUR	389 696	137 476
Cash on hand:		
EUR	-	434
<b>Total</b>	<b>389 696</b>	<b>137 910</b>

## 17. Share capital (fixed capital)

As at 31 December 2023, the Company's registered and fully paid-up share capital is EUR 35,202,323, consisting of 35,202,323 registered shares with a nominal value of EUR 1. All of the Company's shares are dematerialized shares.

All shares are owned by the Republic of Latvia and are fully paid up. The holder of the state capital share in the joint stock company is the Ministry of Transport of the Republic of Latvia. All shares of the Company have equal rights to receive dividends, receive liquidation quotas, and voting rights at the Shareholder Meeting.

## 18. Fee for the use of state capital

The decision on the distribution of profits for 2022 was made in 2023.

Based on Section 54, Section 581, Section 285, Section 97(1)(1), 97(1)(2) and 97(1)(13), of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof, the Shareholder Meeting determined the following use of the 2022 profit of EUR 1,361:

- 64% of the profit for the reporting year, or EUR 871, to be paid out as dividends (i.e., payment for the use of state capital);
- 36 % of the profit for the reporting year, or EUR 490, to be retained by the Company.

## 19. Loans from credit institutions and similar liabilities

### 19.(a) Loans from credit institutions

	31.12.2023 EUR	31.12.2022 EUR
<b>Long-term part - repayment term from 2 to 5 years</b>		
Loan 201808772 from SEB banka	47 531	97 657
Loan 2017000421 from SEB banka	11 234	53 577
<b>Total long-term part with repayment period from 2 to 5 years</b>	<b>144 451</b>	<b>297 403</b>
<b>Total long-term part</b>	<b>144 451</b>	<b>297 403</b>
<b>Short-term part</b>		
Loan 201808772 from SEB banka	47 531	44 937
Loan 2017000421 from SEB banka	44 937	47 531
Loan 89001223 from OP Corporate bank plc branch in Latvia	60 484	60 484
Loan OA10030100 Overdraft from OP Corporate bank plc branch in Latvia	-	3 635 575
<b>Total short-term part</b>	<b>152 952</b>	<b>3 788 527</b>
<b>Total loans from credit institutions</b>	<b>297 403</b>	<b>4 085 930</b>

On 1 March 2017, a loan agreement No 2017000421 was concluded with AS "SEB banka" for the amount of EUR 340,772 for the construction of a bulk material warehouse at 3 Mēmeles Street, Bauska, Bauska region. The loan repayment date is 3 March 2025. The loan is secured by a collateral. The collateral is real estate at 3 Mēmeles Street, Bauska, Bauska region, with a balance sheet value of EUR 362,073 as at 31 December 2023 (EUR 439,099 as at 31 December 2022). The total mortgage amount is EUR 519,712.

On 27 August 2018, a loan agreement No 2018008772 was concluded with AS “SEB banka” for the amount of EUR 332,719 for the construction of a garage building – a new building at 4 Vidzemes Street, Balvi, Balvi region. The loan repayment date is 30 December 2025. The loan is secured by collateral. The collateral is real estate at 4 Vidzemes Street, Balvi, Balvi region, with a balance sheet value of EUR 603 984 EUR as at 31 December 2023 (EUR 634,182 as at 31 December 2022). The total mortgage amount is EUR 499,078.

On 29 October 2018, a loan agreement No 89001223 was concluded with OP Corporate Bank plc branch in Latvia for the amount of EUR 423,386 for the construction of a road salt storage facility at 11 Skolas Street, Durbe, Durbe region. The loan repayment date is June 1, 2026. The loan is secured by collateral. The collateral is real estate at 11 Skolas Street, Durbe, Durbe region, with a balance sheet value of EUR 535,231 as at 31 December 2024 (EUR 561,375 as at 31 December 2022). The total mortgage amount is EUR 531,492.

On 15 February 2022, overdraft agreement No OA10030100 was concluded with OP Corporate Bank plc branch in Latvia, with amendments on 2 December 2022 and 23 January 2023. The total amount available under the overdraft agreement until 17 February 2025 is EUR 6,000,000. Pursuant the agreement, a variable interest rate is applied to the overdraft, consisting of a base rate – 3-month EURIBOR – and an additional rate. No collateral (pledge) is applied. As at 31 December 2023 31 the overdraft facility has not been used (as at 31 December 2022 the overdraft facility was used to the amount of EUR 3,635,757).

Loan repayments and interest payments for all concluded agreements are made once a month. The total value of loans secured by collateral as at 31.12.2023 is EUR 297,403 (EUR 450,355 as at 31.12.2022).

## 20. Lease liabilities

	31.12.2023.	31.12.2022.
	EUR	EUR
<b>Long-term part - repayment term longer than 5 years</b>		
SEB līzings	15 115	34 008
OP Corporate Bank plc branch in Latvia	79 713	334 069
Swedbank līzings	-	56 836
<b>Total long-term part with a repayment period of more than 5 years</b>	<b>94 828</b>	<b>424 913</b>
<b>Long-term part - repayment term from 2 to 5 years</b>		
SEB līzings	2 293 268	3 555 880
OP Corporate Bank plc branch in Latvia	2 570 564	2 958 514
Swedbank līzings	423 744	489 211
<b>Total long-term part with a repayment period from 2 to 5 years</b>	<b>5 287 576</b>	<b>7 003 605</b>
<b>Total long-term part</b>	<b>5 382 404</b>	<b>7 428 518</b>
<b>Short-term part</b>		
SEB līzings	1 461 976	1 894 207
Luminor līzings Latvija	-	81 104
OP Corporate Bank plc branch in Latvia	985 015	1 022 115
Swedbank līzings	122 303	122 303
Other lease liabilities	121	454
<b>Total short-term part</b>	<b>2 569 415</b>	<b>3 120 183</b>
<b>Total lease liabilities</b>	<b>7 951 819</b>	<b>10 548 701</b>

As at 31 December 2023, 64 contracts for the purchase of road maintenance equipment are in force with SIA “SEB līzings”. In accordance with the terms of the purchase and lease agreements, the goods remain the property of SIA “SEB līzings” until the purchase price has been paid in full.

As at 31 December 2023, 49 contracts for the purchase of road maintenance equipment are in force with SIA "OP Finance" (from 31.10.2021, OP Corporate Bank plc branch in Latvia). In accordance with the terms of the purchase and lease agreements, the goods remain the property of OP Corporate Bank plc branch in Latvia until the purchase price has been paid in full.

As at 31 December 2023, 5 contracts for the purchase of road maintenance equipment are in force with SIA "Swedbank Līzings". In accordance with the terms of the purchase and lease agreements, the goods remain the property of SIA "Swedbank Līzings" until the purchase price has been paid in full.

Lease interest is recognized as an expense in the reporting year. The repayment term for lease obligations is from one to seven years.

## 20.(a) Gross lease liabilities

	Minimum financial lease payments		Current value of minimum financial lease payments	
	31.12.2023 EUR	31.12.2022 EUR	31.12.2023 EUR	31.12.2022 EUR
Payable within 1 year	2 689 157	3 248 607	2 569 415	3 120 183
Payable within 2-5 years	5 451 431	7 199 745	5 287 576	7 003 605
Payable for more than 5 years	98 406	427 435	94 828	424 913
<b>Total minimum financial lease payments</b>	<b>8 238 994</b>	<b>10 875 787</b>	<b>7 951 819</b>	<b>10 548 701</b>
Future financial costs	(287 175)	(327 086)		
<b>Current value of the minimum financial lease payments</b>	<b>7 951 819</b>	<b>10 548 701</b>	<b>7 951 819</b>	<b>10 548 701</b>
<b>Finance lease liabilities are recorded as:</b>				
short-term part (Note 19)			2 569 415	3 120 183
long-term part (Note 19)			5 382 404	7 428 518
<b>Total</b>			<b>7 951 819</b>	<b>10 548 701</b>

## 20.(b) Lease in the financial statement

	31.12.2023 EUR	31.12.2022 EUR
<b>Long-term assets</b>		
<b>Fixed assets</b>		
Right-of-use asset of land	102 971	42 297
Right-of-use asset of buildings and structures	5 788	9 531
Right-of-use asset of technological equipment and machines	13 929 694	17 775 635
<b>Total</b>	<b>14 038 453</b>	<b>17 827 463</b>
<b>Equity and liabilities</b>		
<b>Long-term liabilities</b>		
Lease liabilities	5 382 404	7 428 518
Accrued lease liabilities	98 197	28 452
<b>Total long-term lease liabilities</b>	<b>5 480 601</b>	<b>7 456 970</b>
<b>Short-term liabilities</b>		
Lease liabilities	2 569 415	3 120 183
Accrued lease liabilities	38 505	23 703
<b>Total short-term lease liabilities</b>	<b>2 607 920</b>	<b>3 143 886</b>
<b>Total lease liabilities</b>	<b>8 088 521</b>	<b>10 600 856</b>

## 20.(c) Lease in the comprehensive income statement

	31.12.2023	31.12.2022
	EUR	EUR
<b>Production costs of goods sold, acquisition costs of goods sold and services rendered</b>		
Depreciation of the right-of-use asset	2 709 300	3 635 132
<b>Administrative costs</b>		
Depreciation of the right-of-use asset	298	298
<b>Financial costs</b>		
Lease interest costs	421 990	198 547

## 21. Loans from credit institutions

	1 January 2023	Cash paid	Non-cash changes Acquisition and calculated	31 December 2023
	EUR	EUR	EUR	EUR
Bank loans	4 085 930	(3 788 527)	-	297 403
Lease liabilities	10 548 701	(3 331 255)	734 373	7 951 819
<b>Total</b>	<b>14 634 631</b>	<b>(7 119 782)</b>	<b>734 373</b>	<b>8 249 222</b>
Interest payments on loans	1 246	(48 282)	47 645	609
Interest payments on leases	2 379	(421 791)	421 990	2 578
<b>Total</b>	<b>3 625</b>	<b>(470 073)</b>	<b>469 635</b>	<b>3 187</b>
<b>Grand total</b>		<b>(7 589 855)</b>		

In accordance with the concluded liability agreements, the Company must ensure:

1. A ratio of equity to total assets of not less than 45% (forty-five percent). The ratio as at 31 December 2023 is 68 % (as at 31 December 2022, it is 63%);
2. A debt service coverage ratio (DSCR) of no less than 1.1 (one and one tenth). The DSCR on 31 December 2023 is 1.7 (as at 31 December 2022, it is 1.7).

## 22. Provisions

	31.12.2023	31.12.2022
	EUR	EUR
<b>Long-term part</b>		
Provisions for reclamation	714 481	1 094 809
Provisions for warranty repairs	58 595	65 585
Provisions for environmental remediation	360 000	-
<b>Total long-term part</b>	<b>1 133 076</b>	<b>1 160 394</b>
<b>Short-term part</b>		
Provisions for warranty repairs	45 967	5 553
Provisions for bonuses	616 675	-
Provisions for legal proceedings	1 288	-
<b>Total short-term part</b>	<b>663 930</b>	<b>5 553</b>
<b>Total</b>	<b>1 797 006</b>	<b>1 165 947</b>

## 22.(a) Movement of provisions

	31.12.2022	Used	Established/reduced	31.12.2023
	EUR	EUR	EUR	EUR
Provisions for reclamation	1 094 809	(102 949)	(277 379)	714 481
Provisions for warranty repairs	71 138	(866)	34 290	104 562
Provisions for environmental remediation	-	-	360 000	360 000
Provisions for bonuses	-	-	616 675	616 675
Provisions for legal proceedings	-	-	1 288	1 288
<b>Total</b>	<b>1 165 947</b>	<b>(103 815)</b>	<b>734 874</b>	<b>1 797 006</b>

The undiscounted value of the provisions as at 31.12.2023 is EUR 1,042,419 (as at 31.12.2022, it was EUR 1,174,655).

### **Provisions for reclamation**

The reclamation amount for the reporting year and previous periods has been recalculated taking into account the reclamation costs at the balance sheet date, the amount of mineral resources extracted, reclamation work carried out during the year, and changes made during the reporting period to the terms of the mineral deposit lease agreement relating to reclamation.

The reclamation cost estimate is calculated as follows: the amount of usable minerals extracted in m<sup>3</sup> (cubic meters) during the entire extraction period, reduced by the amount of reclamation performed, multiplied by the calculated reclamation cost per 1 m<sup>3</sup>. The resulting reclamation cost value is discounted, assuming that the inflation rate will be 2.3% per annum. The average reclamation period is expected to be 15 years, and the discount rate is 4.75% (the weighted average cost of capital of the Company in 2023).

### **Provisions for warranty repairs**

The Company estimates the provisions required for warranty repairs by assessing the risks, taking into account the experience of previous years and expert opinions. The calculations are made taking into account the volume of construction services covered by the warranty. Provisions for warranty repairs are calculated during the warranty period – 1% in the first year and 0.5% in subsequent periods from the value of services provided in the 2<sup>nd</sup> to the 5<sup>th</sup> year.

### **Provisions for bonuses**

Provisions for bonuses are established in accordance with the principle of prudence, taking into account the Company's operating results, set financial targets, and in accordance with Section 79(7) of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof, and the Company's internal regulations.

### **Provisions for environmental remediation**

The company has established provisions for rehabilitation work to clean up the contaminated environment at the real estate property "Ķeipenes iecirknis" (Ķeipene district). The work is expected to be completed within the next four years.

## **23. Accounts payable to suppliers, contractors and other creditors**

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>EUR</b>	<b>EUR</b>
Trade payables	4 355 828	4 021 312
Salary liabilities	1 484 545	1 307 449
Advances to suppliers	661 118	499 248
Other creditors	801	5 170
<b>Total</b>	<b>6 502 292</b>	<b>5 833 179</b>

## **24. Taxes and mandatory state social insurance contributions**

	<b>31.12.2023.</b>	<b>31.12.2022.</b>
	<b>EUR</b>	<b>EUR</b>
Mandatory state social insurance contributions	739 845	646 134
Resident income tax	375 133	322 738
Value added tax	-	36 611
Natural resource tax	38 673	71 299
Real estate tax	1 375	972
Business risk levy	398	410
<b>Total</b>	<b>1 155 424</b>	<b>1 078 164</b>

## 25. Accrued liabilities

	31.12.2023	31.12.2022
	EUR	EUR
<b>Long-term part</b>		
Accrued lease liabilities	98 197	28 452
<b>Total long-term part</b>	<b>98 197</b>	<b>28 452</b>
<b>Short-term part</b>		
Accrued liabilities for leaves	1 571 530	1 699 374
Accrued liabilities for creditors	521 176	365 393
Accrued liabilities for value added tax	-	19 232
Accrued lease liabilities	38 505	23 703
Accrued interest liabilities	3 915	3 579
<b>Total</b>	<b>2 135 126</b>	<b>2 111 281</b>
<b>Total accrued liabilities</b>	<b>2 233 323</b>	<b>2 139 733</b>

## 26. Personnel costs in 2022

	Salary	Mandatory social insurance contributions	Total
	EUR	EUR	EUR
Employed in production (principal activity)	21 111 477	4 921 802	26 033 279
Capitalized personnel costs	(6 648)	(1 568)	(8 216)
Administration (excluding the Board)	1 875 361	436 778	2 312 139
The Board	241 543	56 980	298 523
The Council	82 656	19 498	102 154
<b>Total</b>	<b>23 304 389</b>	<b>5 433 490</b>	<b>28 737 879</b>

## 27. Personnel costs in 2023

	Salary	Mandatory social insurance contributions	Total
	EUR	EUR	EUR
Employed in production (principal activity)	20 356 937	4 755 976	25 112 913
Capitalized personnel costs	(7 408)	(1 748)	(9 156)
Administration (excluding the Board)	1 516 404	356 826	1 873 230
The Board	292 764	69 063	361 827
The Council	82 656	19 498	102 154
<b>Total</b>	<b>22 241 353</b>	<b>5 199 615</b>	<b>27 440 968</b>

**Total personnel costs are included in the following items of the profit or loss statement:**

	2023	2022
	EUR	EUR
Production costs of the goods sold, acquisition costs of the goods sold and services rendered	25 103 757	26 025 063
Administrative costs	2 337 211	2 712 816
<b>Total</b>	<b>27 440 968</b>	<b>28 737 879</b>

## 28. Average annual number of employees

	2023	2022
Average annual number of employees, incl.	1 111	1 193
The Board	3	2
The Council	3	3

## 29. Financial risk management

The Company's most significant financial instruments are loans from credit institutions, finance leases and cash. The main purpose of these financial instruments is to ensure the financing of the Company's economic activities. The Company also encounters several other financial instruments, such as trade receivables and other receivables, trade payables and other payables arising directly from its economic activities. The Company's main financial risks are interest rate risk, credit risk and liquidity risk.

### Financial instruments of the Company can be divided into the following categories:

	31.12.2023	31.12.2022
Financial assets	EUR	EUR
Trade receivables, net	1 325 499	4 134 151
Contractual assets	6 485 788	4 413 297
Other long-term receivables	72 892	25 443
Cash	389 696	137 910
<b>Total financial assets</b>	<b>8 273 875</b>	<b>8 710 801</b>

### Financial liabilities

Loans from credit institutions	297 403	4 085 930
Leases	7 951 819	10 548 701
Trade payables, other creditors	4 355 828	4 021 312
Accrued liabilities	521 176	365 393
<b>Total financial liabilities</b>	<b>13 126 226</b>	<b>19 021 336</b>

### Credit risk

The Company is exposed to credit risk arising from its economic activities, which consists of trade receivables and cash in hand and at banks. The carrying amount of these financial instruments reflects the Company's maximum credit risk. Credit risk is important to the Company's operations and therefore it is important to manage it effectively. Trade receivables and contract assets are presented after deducting the value of doubtful debts.

The Company has a high concentration of credit risk in relation to two counterparties – the Ministry of Transport of the Republic of Latvia, which as at 31 December 2023 (trade receivables and contractual assets) amounts to approximately 82% (82% as at 31 December 2022 accordingly). The Company controls credit risk by regularly assessing and monitoring its business partners. A credit limit is set for each buyer and customer. In order to assess the recoverability of the debt, the information available from the moment the debt arose until the preparation of the financial statements is taken into account. The possible reduction in the value of trade receivables is constantly analysed.

Credit risk related to cash is managed by balancing the allocation of financial assets and instruments in order to maintain the ability to choose the most advantageous offers and reduce the possibility of losing financial resources. The Company's credit risk on cash balances in banks is low, as cash is held in banks with an appropriate credit history. Due to low interest rates, as at 31 December 2023, cash and cash equivalents consisted of current account balances with a credit institution.

## Receivables from contracts with customers

	Gross EUR	Net EUR
<b>Credit rating of receivables from contracts with customers</b>		
<b>31.12.2022</b>	<b>8 564 298</b>	<b>8 547 448</b>
Low-risk debtors for which no provisions have been made	6 962 208	6 962 208
Medium risk customers	977 655	969 943
High risk customers	624 435	615 297
<b>Individually assessed debtors with delayed payment terms</b>		
<b>31.12.2022</b>	<b>172 105</b>	<b>-</b>
<b>Total 31.12.2022</b>	<b>8 736 403</b>	<b>8 547 448</b>
<b>Credit rating of receivables from contracts with customers</b>		
<b>31.12.2023</b>	<b>7 831 859</b>	<b>8 547 448</b>
Low-risk debtors for which no provisions have been made	6 487 972	6 487 972
Medium risk customers	1 337 787	1 323 315
High risk customers	6 100	-
<b>Individually assessed debtors with delayed payment term</b>		
<b>31.12.2023</b>	<b>170 496</b>	<b>-</b>
<b>Total 31.12.2023</b>	<b>8 002 355</b>	<b>7 811 287</b>

Expected credit losses are calculated by assessing the risks of non-recovery of the receivable, evaluating the receivable according to the level of debt impact and taking into account the possibility of financial losses. Receivables from the Ministry of Transport of the Republic of Latvia were assessed as having no risk. Receivables with a delay exceeding 365 days were assessed as high-risk customers and a 100% provision for impairment was created. For certain debtors who have been declared insolvent or whose economic activity has been suspended, a 100% provision for impairment has been created.

## Interest rate risk

Interest rate risk is the risk that the fair value of financial instruments or the future cash flows associated with them may change due to fluctuations in market interest rates. The Company is exposed to changes in market interest rates in relation to its short-term and long-term loans and financial lease obligations. All of the Company's loans have variable interest rates.

The sensitivity of the Company's profit before tax to reasonably possible changes in interest rates, assuming that all other variables remain unchanged, is as follows: if euro borrowing rates at variable base rates had been 50 basis points higher, the Company's profit after tax for the reporting year would have been EUR 61,200 lower (EUR 51,900 lower in 2022), if the base rates had been 50 basis points lower, the profit after tax for the reporting year would have been EUR 61,200 higher (EUR 51,900 higher in 2022).

## Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations within the specified time frame. The Company's objectives in managing liquidity risk are to maintain an adequate amount of cash and to secure adequate long-term or short-term financing to meet its obligations in accordance with the Company's strategic plans, as well as to compensate for cash flow fluctuations caused by various financial risks. The Company prepares a long-term cash flow forecast for the year and evaluates its operating cash flow on a monthly basis to ensure that the Company has sufficient cash resources to finance its expected operating expenses, settle its financial obligations, and make the necessary investments.

The following table analyses the Company's financial obligations based on undiscounted payments to be made in accordance with the contracts concluded.

### Liquidity analysis

Financial liability maturity dates	Less than 3 months EUR	4-12 months EUR	2-5 years EUR	More than 5 years EUR	Total EUR
<b>31.12.2022</b>					
Loans from credit institutions	3 686 221	117 567	300 775	-	4 104 563
Leases	897 176	2 353 392	7 199 745	427 435	10 877 748
Accounts payable to suppliers, contractors and other creditors	4 021 312	-	-	-	4 021 312
Accrued liabilities	365 393	-	-	-	365 393
<b>Total 31.12.2022</b>	<b>8 970 102</b>	<b>2 470 959</b>	<b>7 500 520</b>	<b>427 435</b>	<b>19 369 016</b>
<b>31.12.2023</b>					
Loans from credit institutions	38 826	116 476	145 473	-	300 775
Leases	688 684	2 000 473	5 451 431	98 406	8 238 994
Accounts payable to suppliers, contractors and other creditors	4 355 828	-	-	-	4 355 828
Accrued liabilities	521 176	-	-	-	521 176
<b>Total 31.12.2023</b>	<b>5 604 514</b>	<b>2 116 949</b>	<b>5 596 904</b>	<b>98 406</b>	<b>13 416 773</b>

### Fair value

The Company's short-term financial instruments, which mainly consist of cash and cash equivalents, short-term trade receivables, trade payables, short-term loans from credit institutions and lease liabilities, the carrying amount approximates their fair value.

The fair value of long-term loans from credit institutions and financial lease liabilities is determined by discounting future cash flows using market interest rates. As the interest rates applied to loans from credit institutions and finance lease liabilities are predominantly variable

and do not differ significantly from market interest rates, the fair value of long-term liabilities approximates their carrying amount.

### Capital management

One of the Company's financial objectives in managing capital is to create an optimal capital structure. The Company's main financial task is to ensure financial balance by carrying out production and service provision processes and ensuring sufficient financing for the Company's growing assets. In order to be able to fulfil the set task, the Company, when implementing investment and modernization programs, assesses the priority of investments, the usefulness of planned investments, and the necessary financing. In accordance with the Company's Strategy,

the ratio of equity to total capital is between 63% and 66%, and in accordance with loan agreements, this ratio must be maintained at a minimum level of 45%. In turn, the ratio of total liabilities to equity must be ensured so that the amount of borrowed capital does not exceed the amount of equity and is less than or equal to 58%. The Company does not have a capital management policy, but in order to maintain a certain capital structure, the Company regularly calculates and analyses its solvency (stability) ratio.

	31.12.2023 EUR	31.12.2022 EUR
<b>Financial liabilities</b>		
Loans from credit institutions and lease liabilities	8 249 222	14 634 631
Accounts payable (including taxes)	7 669 499	6 906 343
Other liabilities	4 030 679	3 335 121
<b>Total liabilities</b>	<b>19 949 400</b>	<b>24 876 095</b>
Equity	42 980 040	41 871 841
<b>Total capital</b>	<b>62 929 440</b>	<b>66 747 936</b>
Equity ratio to total capital	68%	63%
Total liabilities to equity ratio	46%	59%

## 30. Off-balance sheet liabilities and assets

### Guarantees

On 14 April 2022, guarantee line agreement No 2022002616 was concluded with AS “SEB banka”, with amendments on 22 December 2022. The guarantee line limit under the agreement until 31 March 2023 is EUR 4,111,801. The terms of the guarantees issued are from 9 January 2027 to 4 September 2028. No security (collateral) is applied. As at 31 December 2023, 19 commitment documents (contract performance guarantees) have been issued for a total amount of EUR 4,111,801.

On 28 February 2023, guarantee line agreement No 580756–79171283 was concluded with OP Corporate Bank plc. The guarantee line limit under the agreement until 27 February 2026 is EUR 6,000,000. No security (collateral) is applied. As at 31 December 2023, 10 commitment documents (advance payment guarantees) have been issued for a total amount of EUR 4,498,870.

On 10 May 2023, guarantee issue agreement No 598001–91990467 was concluded with OP Corporate Bank plc. The guarantee limit under the agreement until 1 January 2030 is EUR 257,219. No security (collateral) is applied. As at 31 December 2023, there is a performance guarantee in force for a total amount of EUR 257,219.

On 11 August 2023, guarantee line agreement No 2023006012 was concluded with AS “SEB banka”. The guarantee line limit under the agreement until 11 August 2024 is EUR 1,500,000. No security (collateral) is applied. As at 31 December 2023, 28 commitment documents had been issued for a total amount of EUR 1,005,655.

### Lease liabilities

The Company, as a lessee, has entered into agreements for the lease of premises, land, and technological equipment. Lease costs are recognized as expenses in the profit or loss statement using the straight-line method over the lease term:

- if the lease term is less than 12 months or the value of the asset is less than EUR 5,000;
- if the lease term is more than 12 months and the value of the underlying asset is greater than EUR 5,000, but the value of the asset in use is less than EUR 1,000.

Total lease expenses in 2023 amounted to EUR 36,902 (EUR 27,797 in 2022).

### Future minimum lease payment obligations under non-cancellable lease agreements:

Lease liabilities not considered as fixed assets	Less than 1 year EUR	From 1 to 5 years EUR	More than 5 years EUR
<b>31.12.2022</b>			
Lease liabilities for real estate	1 426	3 390	167
<b>Total 31.12.2022</b>	<b>1 426</b>	<b>3 390</b>	<b>167</b>
<b>31.12.2023</b>			
Lease liabilities for real estate	2 169	823	83
<b>Total 31.12.2023</b>	<b>2 169</b>	<b>823</b>	<b>83</b>

### Commercial activity aid

As at 31 December 2023, no land plots were transferred for use by the Company on which the Company does not have property rights registered in the Land Register or lease agreements concluded.

As at 31 December 2022, the Company had been granted the use of one plot of land with a total area of 0.77 ha by the Ministry of Transport of the Republic of Latvia, for which the Company has no property rights registered in the Land Register and for which a lease agreement has been concluded. The Management of the Company estimates that the potential economic benefit that the Company has gained in 2022 from the use of the land is EUR 92.

### Future commitments and contingent liabilities

As at 31 December 2023, the Company has future commitments in the amount of EUR 297,862 in relation to capital investments for which agreements have been concluded as at the balance sheet date, but the commitments have not yet arisen.

## 31. Information on transactions with related parties

The Company has transactions with other companies in which the Latvian state is a shareholder. The largest transactions are with VSIA "Latvijas valsts ceļi", AS "Latvijas valsts meži", the Ministry of Transport of the Republic of Latvia, as well as AS "Latvenergo", SIA "Tet" etc.. Mutual transactions are related to the principal activities of the respective parties. Transactions with related parties are carried out at market prices. See Notes 26 and 27 for the remuneration of the Board and the Council.

### Revenue and expenses from transactions with related parties

	2023 Revenue EUR	2023 Expenses EUR	2022 Revenue EUR	2022 Expenses EUR
Ministry of Transport of the Republic of Latvia	51 653 118	59 199	65 370 919	28 912
AS "Latvijas valsts meži"	3 272 010	59 422	2 936 122	12 716
VSIA "Latvijas valsts ceļi"	211 087	5 188	194 463	6 821
AS "Latvenergo"	-	388 449	-	1 039 105
SIA "Latvijas mobilais telefons"	-	61 929	-	58 045
SIA "Tet"	-	74 657	-	78 516

The Company provided the Ministry of Transport of the Republic of Latvia with routine maintenance services for state roads in 2023 in the amount of EUR 51,653,118 (EUR 65,370,919 in 2022).

The Company provided AS "Latvijas valsts meži" with forest road maintenance and construction works in 2023 in the amount of EUR 3,272,010 (EUR 2,936,122 in 2022).

### Debts of related parties

	31.12.2023 Accounts receivable EUR	31.12.2023 Accounts payable EUR	31.12.2022 Accounts receivable EUR	31.12.2022 Accounts payable EUR
Ministry of Transport of the Republic of Latvia	308 200	18 439	2 795 585	489 342
AS "Latvijas valsts meži"	416 891	-	264 268	-
VSIA "Latvijas valsts ceļi"	2 239	-	23 723	220
AS "Latvenergo"	-	97 309	-	100 960
SIA "Latvijas mobilais telefons"	-	-	-	-
SIA "Tet"	-	-	-	7 770

## 32. Events after the end of the reporting year

No events have occurred between the last day of the reporting year and the date of signing these financial statements that would require adjustments or should be reflected in these financial statements.

Board of VAS “Latvijas autoceļu uzturētājs”:

**Vilnis Vitkovskis**

Chairman of the Board

**Juris Dupurs**

Member of the Board

**Ilze Bukulde**

Member of the Board

Report prepared by:

**Inga Prikule**

Chief Accountant of VAS “Latvijas autoceļu uzturētājs”

8 May 2024

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



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## Neatkarīgu revidentu ziņojums

### VAS “Latvijas autoceļu uzturētājs” akcionāram

#### Ziņojums par finanšu pārskatu revīziju

##### *Mūsu atzinums par finanšu pārskatiem*

Esam veikuši VAS “Latvijas autoceļu uzturētājs” (“Sabiedrība”) pievienotajā gada pārskatā ietvertu finanšu pārskatu no 10. līdz 51. lapai revīziju. Pievienotie finanšu pārskati ietver:

- visaptverošo ienākumu pārskatu par gadu, kas noslēdzās 2023. gada 31. decembrī,
- finanšu stāvokļa pārskatu 2023. gada 31. decembrī,
- pašu kapitāla izmaiņu pārskatu par gadu, kas noslēdzās 2023. gada 31. decembrī,
- naudas plūsmas pārskatu par gadu, kas noslēdzās 2023. gada 31. decembrī, kā arī
- finanšu pārskatu pielikumu, kas ietver būtisko grāmatvedības uzskaites principu kopsavilkumu un citu paskaidrojošu informāciju.

Mūsaprāt, pievienotie finanšu pārskati sniedz patiesu un skaidru priekšstatu par VAS “Latvijas autoceļu uzturētājs” finansiālo stāvokli 2023. gada 31. decembrī un par tās darbības finanšu rezultātiem un naudas plūsmu gadā, kas noslēdzās 2023. gada 31. decembrī, saskaņā ar Eiropas Savienībā apstiprinātajiem SFPS grāmatvedības standartiem.

##### *Atzinuma pamatojums*

Atbilstoši LR Revīzijas pakalpojumu likumam mēs veicām revīziju saskaņā ar LR atzītiem starptautiskajiem revīzijas standartiem (turpmāk - SRS). Mūsu pienākumi, kas noteikti šajos standartos, ir turpmāk aprakstīti mūsu ziņojuma sadaļā *Revidentu atbildība par finanšu pārskatu revīziju*.

Mēs esam neatkarīgi no Sabiedrības saskaņā ar Starptautiskās Grāmatvežu ētikas standartu padomes izstrādātā Starptautiskā Profesionālu grāmatvežu ētikas kodeksa (tostarp Starptautisko neatkarības standartu) (SGĒSP kodekss) prasībām un LR Revīzijas pakalpojumu likumā iekļautajām neatkarības prasībām, kas ir piemērojamas mūsu veiktajai finanšu pārskatu revīzijai Latvijas Republikā. Mēs esam ievērojuši arī SGĒSP kodeksā un LR Revīzijas pakalpojumu likumā noteiktos pārējos profesionālās ētikas principus un objektivitātes prasības.

Mēs uzskatām, ka mūsu iegūtie revīzijas pierādījumi dod pietiekamu un atbilstošu pamatojumu mūsu atzinumam.

##### *Citi apstākļi*

Atbilstošā iepriekšējā perioda salīdzinošā informācija ir balstīta uz Sabiedrības finanšu pārskatiem par gadu, kas beidzās 2022. gada 31. decembrī, un kuru revīziju veica citi revidenti, kas 2023. gada 10. maijā izsniedza atzinumu bez iebildēm.

##### *Ziņošana par citu informāciju*

Par citu informāciju atbild Sabiedrības vadība. Citu informāciju veido:

- vispārīga informācija par Sabiedrību, kas sniegta pievienotā gada pārskata 3. lapā,



- galvenie darbības rādītāji, kas sniegti pievienotā gada pārskata 4. lapā,
- vadības ziņojums, kas sniegts pievienotā gada pārskata 5. līdz 8. lapā,
- ziņojums par vadības atbildību, kas sniegts pievienotā gada pārskata 9. lapā.

Mūsu atzinums par finanšu pārskatiem neattiecas uz gada pārskatā ietverto citu informāciju, un mēs nesniedzam par to nekāda veida apliecinājumu, izņemot to kā norādīts mūsu ziņojuma sadaļā *Uz citu informāciju attiecināmas citas ziņošanas prasības saskaņā ar LR tiesību aktu prasībām*.

Saistībā ar finanšu pārskatu revīziju mūsu pienākums ir iepazīties ar citu informāciju un, to darot, izvērtēt, vai šī cita informācija būtiski neatšķiras no finanšu pārskatu informācijas vai no mūsu zināšanām, kuras mēs ieguvām revīzijas gaitā, un vai tā nesatur cita veida būtiskas neatbilstības.

Ja, balstoties uz veikto darbu un ņemot vērā revīzijas laikā gūtās ziņas un izpratni par Sabiedrību un tās darbības vidi, mēs secinām, ka citā informācijā ir būtiskas neatbilstības, mūsu pienākums ir ziņot par šādiem apstākļiem. Mūsu uzmanības lokā nav nākuši apstākļi, par kuriem būtu jāziņo.

*Uz citu informāciju attiecināmas citas ziņošanas prasības saskaņā ar LR tiesību aktu prasībām*

Papildus tam, saskaņā ar LR Revīzijas pakalpojumu likumu mūsu pienākums ir sniegt viedokli, vai Vadības ziņojums ir sagatavots saskaņā ar tā sagatavošanu reglamentējošā normatīvā akta, LR Gada pārskatu un konsolidēto gada pārskatu likuma, prasībām.

Pamatojoties vienīgi uz mūsu revīzijas ietvaros veiktajām procedūrām, mūsaprāt, visos būtiskajos aspektos:

- Vadības ziņojumā par pārskata gadu, par kuru ir sagatavoti finanšu pārskati, sniegtā informācija atbilst finanšu pārskatiem, un
- Vadības ziņojums ir sagatavots saskaņā ar LR Gada pārskatu un konsolidēto gada pārskatu likuma prasībām.

*Vadības un personu, kurām uzticēta Sabiedrības pārraudzība, atbildība par finanšu pārskatiem*

Vadība ir atbildīga par tādu finanšu pārskatu, kas sniedz patiesu un skaidru priekšstatu, sagatavošanu saskaņā ar Eiropas Savienībā apstiprinātajiem SFPS grāmatvedības standartiem, kā arī par tādas iekšējās kontroles sistēmas uzturēšanu, kāda saskaņā ar vadības viedokli ir nepieciešama, lai būtu iespējams sagatavot finanšu pārskatus, kas nesatur ne krāpšanas, ne kļūdas dēļ izraisītas būtiskas neatbilstības.

Sagatavojot finanšu pārskatus, vadības pienākums ir izvērtēt Sabiedrības spēju turpināt darbību, pēc nepieciešamības sniedzot informāciju par apstākļiem, kas saistīti ar Sabiedrības spēju turpināt darbību un darbības turpināšanas principa piemērošanu, ja vien vadība neplāno Sabiedrības likvidāciju vai tās darbības izbeigšanu, vai arī tai nav citas reālas alternatīvas kā Sabiedrības likvidācija vai darbības izbeigšana.

Personas, kurām uzticēta Sabiedrības pārraudzība, ir atbildīgas par Sabiedrības finanšu pārskatu sagatavošanas procesa uzraudzību.

*Revidentu atbildība par finanšu pārskatu revīziju*

Mūsu mērķis ir iegūt pietiekamu pārliecību par to, ka finanšu pārskati kopumā nesatur kļūdas vai krāpšanas dēļ izraisītas būtiskas neatbilstības, un sniegt revidentu ziņojumu, kurā izteikts



atzinums. Pietiekama pārlicība ir augsta līmeņa pārlicība, bet tā negarantē, ka revīzijā, kas veikta saskaņā ar SRS, vienmēr tiks atklāta būtiska neatbilstība, ja tāda pastāv. Neatbilstības var rasties krāpšanas vai kļūdas dēļ, un tās ir uzskatāmas par būtiskām, ja var pamatoti uzskatīt, ka tās katra atsevišķi vai visas kopā varētu ietekmēt saimnieciskos lēmumus, ko lietotāji pieņem, balstoties uz šiem finanšu pārskatiem.

Veicot revīziju saskaņā ar SRS, visa revīzijas procesa gaitā mēs izdarām profesionālus spriedumus un saglabājam profesionālo skepticismu. Mēs arī:

- identificējam un izvērtējam riskus, ka finanšu pārskatos varētu būt krāpšanas vai kļūdas dēļ izraisītās būtiskas neatbilstības, izstrādājam un veicam revīzijas procedūras šo risku mazināšanai, kā arī iegūstam revīzijas pierādījumus, kas sniedz pietiekamu un atbilstošu pamatojumu mūsu atzinumam. Risks, ka netiks atklātas būtiskas neatbilstības krāpšanas dēļ, ir augstāks nekā risks, ka netiks atklātas kļūdas izraisītas neatbilstības, jo krāpšana var ietvert slepenas norunas, dokumentu viltošanu, informācijas neuzrādīšanu ar nodomu, informācijas nepatiesu atspoguļošanu vai iekšējās kontroles pārkāpumus;
- iegūstam izpratni par iekšējo kontroli, kas ir būtiska revīzijas veikšanai, lai izstrādātu konkrētajiem apstākļiem atbilstošas revīzijas procedūras, bet nevis, lai sniegtu atzinumu par Sabiedrības iekšējās kontroles efektivitāti;
- izvērtējam pielietoto grāmatvedības politiku atbilstību un grāmatvedības aplēšu un attiecīgās vadības uzrādītās informācijas pamatotību;
- izdarām secinājumu par vadības piemērotā darbības turpināšanas principa atbilstību, un, pamatojoties uz iegūtajiem revīzijas pierādījumiem, par to, vai pastāv būtiska nenoteiktība attiecībā uz notikumiem vai apstākļiem, kas var radīt nozīmīgas šaubas par Sabiedrības spēju turpināt darbību. Ja mēs secinām, ka būtiska nenoteiktība pastāv, revidentu ziņojumā tiek vērsta uzmanība uz finanšu pārskatos sniegto informāciju par šiem apstākļiem, vai, ja šāda informācija nav sniegta, mēs sniedzam modificētu atzinumu. Mūsu secinājumi ir pamatoti ar revīzijas pierādījumiem, kas iegūti līdz revidentu ziņojuma datumam. Tomēr nākotnes notikumu vai apstākļu ietekmē Sabiedrība savu darbību var pārtraukt;
- izvērtējam vispārēju finanšu pārskatu struktūru un saturu, ieskaitot atklāto informāciju un skaidrojumus pielikumā, un to, vai finanšu pārskati patiesi atspoguļo pārskatu pamatā esošos darījumus un notikumus.

Mēs sazināties ar personām, kurām uzticēta Sabiedrības pārraudzība, un, cita starpā, sniedzam informāciju par plānoto revīzijas apjomu un laiku, kā arī par svarīgiem revīzijas novērojumiem, tajā skaitā par būtiskiem iekšējās kontroles trūkumiem, kādus mēs identificējam revīzijas laikā.

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