

**STATE JOINT STOCK COMPANY**  
**„STARPTAUTISKĀ LIDOSTA „RĪGA””**  
**ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**  
PREPARED IN ACCORDANCE WITH IFRS ACCOUNTING STANDARDS AS ADOPTED BY  
THE EUROPEAN UNION

## CONTENTS

<b>General information</b>	<b>3</b>
<b>Management report</b>	<b>4-11</b>
<b>Statement of the management's responsibility</b>	<b>12</b>
<b>FINANCIAL STATEMENTS:</b>	
<b>Statement of profit or loss and statement of comprehensive income</b>	<b>13</b>
<b>Statement of financial position</b>	<b>14-15</b>
<b>Statement of cash flows</b>	<b>16</b>
<b>Statement of changes in shareholders' equity</b>	<b>17</b>
<b>Notes to the financial statements</b>	<b>18-56</b>
<b>Corporate governance report</b>	<b>57-81</b>
<b>Independent auditor's report</b>	<b>82-84</b>

## General information

Name of the Company	Starptautiskā lidosta „Rīga”
Legal status	State Joint Stock Company
Common registration number place and date	40003028055 Riga, 30 September 1991
Place and date of re-registration with the Commercial Registry	Riga, 10 September 2004
Legal address	"Lidosta Rīga 10/1", Lidosta Rīga, Mārupes pag., Mārupes nov., LV-1053
Core business	Airship, passenger and cargo servicing; maintenance of airfields, air transport support activities and other services
Shareholder	Ministry of Transport of Latvia (100%) Gogoļa iela 3, Rīga Latvia, LV -1743
Management of the Company	Shareholder's meeting, the Supervisory and the Management Board
The Council	Juris Kanels (Chairman of the Council) from 17 May 2021 Eduards Toms (Member of the Council) from 24 May 2019 Elīna Salava (Member of the Council) from 7 July 2021
The Board	Laila Odiņa (Chairperson of the Board) from 16 April 2021 Normunds Feierbergs (Member of the Board) from 10 November 2021 Artūrs Saveļjevs (Member of the Board) from 13 September 2022
Financial year	1 January – 31 December 2023
Name and address of the certified audit company and certified auditor in charge	PricewaterhouseCoopers SIA VNR 40003142793 Certified Audit Company License No. 5 Krišjāņa Valdemāra iela 21-21 Rīga, Latvia LV-1010  Certified auditor-in-charge: <b>Jegors Podosiņņikovs</b> Certified auditor Certificate No. 238

## **Management report**

### **1. Description of airport operations**

SJSC "Starptautiskā lidosta "Rīga"" - RIX Riga Airport is one of the cornerstones of the Latvian aviation industry, which ensures the international connectivity of the country and the region with Europe and other regions of the world. Thanks to connectivity and the widest network of destinations in the Baltics, developed passenger and air cargo service infrastructure, competitive tariff policy and the growth of the national airline "airBaltic", Riga Airport is the largest air traffic center in the Baltic States and an essential engine of growth for the entire region. The goal of Riga Airport is to become the future urban and travel center of Northern Europe.

Riga Airport offers modern services to passengers, a high level of service, efficient processes and innovations that contribute to the development of the aviation industry. In the field of non-aviation services, the main directions of operation of Riga Airport are the leasing of premises and land, parking and other non-aviation services.

The Riga Airport training center RIX Academy, accredited by the Airports Council International (ACI), provides consultations and full-spectrum training in the core areas of airport operations for both aviation and non-aviation specialists.

The airport is a public joint-stock company, the sole shareholder of which is the Ministry of Transport of the Republic of Latvia, which, as the responsible institution of the industry, ensures the management of the air transport system and regulates air transport policy, as well as promotes the development of the aviation industry.

The airport provides high-quality, safe and affordable air traffic services in the aviation industry and promotes the development of commercial activities. The number of airport employees on December 31, 2023 was 1 420, of which the largest number of employees is in the following areas of activity - passenger and aircraft service 34%, security 34%, infrastructure maintenance 19% and other areas 13%.

### **2. Volumes of traffic**

2023 SJSC "Starptautiskā lidosta "Rīga"" (hereinafter referred to as the Airport) has marked the stabilization trend of aviation services, as evidenced by the volume of flights and passenger services. However, the war started by Russia in Ukraine and the related closure of airspace and several restrictive measures adopted by the European Union still have a significant impact on the volume of services provided by the Airport, the rapid rise in energy resource prices and the results of economic activity in 2023.

- The number of passengers served reached 6.6 million, which is 23% more than in 2022. Of these, 5.2 million or 78.5% were direct passengers;
- 61.3 thousand flights were served in 2023, which is 12% more than in 2022;
- Served 19 thousand tons of air cargo. The demand for air cargo transportation has fallen by 9% compared to 2022. 47% of the total volume of cargo, or 9 thousand tons were transported by cargo flights (20% less than in 2022), while 10.1 thousand tons were transported by passenger planes (4% more than in 2022).

### **3. Results of operating activities**

The airport's net turnover in 2023 reached EUR 72.5 million, 25% more than in 2022. The increase in net turnover was positively influenced by the increase in the number of

passengers served, including the increase in the number of direct passengers by 19%, which provides more revenue for the Airport. Net turnover consisted of revenues from:

- aviation services in the amount of EUR 43.3 million;
- for non-aviation services in the amount of EUR 29.2 million.

In 2023, grants in the amount of EUR 5.4 million are recognized as revenues, which is 3.4% more than the previous year.

The cost of economic activity in 2023 was EUR 76 million, which is 21% more than in 2022. The increase in costs is mainly caused by the increase in the cost of labor force, the increase in the cost of energy resources, increasing costs of infrastructure maintenance, materials and inventory.

The airport closed 2023 with a profit of EUR 1.6 million, which is EUR 1.3 million more than in 2022.

#### **4. State support**

In 2023, the airport has started receiving the necessary approvals to ensure the termination of participation in the state aid investment, which was received in June 2021 in accordance with the decision of the European Commission on March 8, 2021 in the state aid case SA.57756 (2021/N) - Latvia COVID- 19: Recapitalization of Riga International Airport.

According to point 64 a of Communication C(2020)1863 "Temporary regulation of state aid measures supporting the economy in the current situation of the Covid-19 outbreak" (hereinafter - Temporary Framework) adopted by the EC on March 19, 2020, the termination of the participation of the state investment is a reassessment of the market value of the recipient of state aid must be carried out by a body independent of the state, using the same methodology according to which the market value of the Airport was determined on April 30, 2020.

Pursuant to Clause 64a b of the Temporary Regulation subsection, it is assumed that the state investment is recognized as terminated if the independent assessment determines a positive market value - i.e. the market value of the recipient of state aid has increased compared to the average market valuation of the shares of the recipient of the investment as of April 30, 2020.

The Airport has initiated the necessary actions to determine the market value of the Airport as of December 31, 2023 and could be confident that the assessment of the Airport's market value is sufficient to comply with paragraph 64 a of the Temporary Framework and to advance the receipt of further approvals regarding the participation of the state investment termination.

#### **5. Investment projects**

In 2023, work continued on the 6th round of the Airport's strategic project, Terminal Expansion. As part of the project, the best financing model was found and non-binding offers were received from institutional banks and local commercial banks. A set of documents was developed, which allowed the start of the procurement process at the end of 2023, which will continue until the 4th quarter of 2024. Work continued on one of the priority projects "Reconstruction of the Technical Services Building", which, after commissioning, will be an energy-efficient and modern workplace for more than 400 Airport employees. Other important projects that will help to restore and improve the infrastructure necessary for the provision of airport services continued and were started: "Improvement of baggage handling infrastructure", "Reconstruction of feeder points FP-3 and FP-4", "Construction of 20kV

transformer point Muzeju streets, Ziemeļu and Pilotu streets for district electricity supply", "Aircraft bridges purchase" and "Tehnikas street engineering network reconstruction".

In 2023, within the framework of the "RIX Airport City" project, the qualified applicants of the tender dialog "On the granting of building rights for the development of the business park of SJSC "Starptautiskā lidosta "Rīga"" were selected, with whom dialogue negotiations have been started within the next round of the tender. Submission of the final offer and signing of the contract is planned for 2024.

In 2023, the "Third Standard Explosive Detection System (EDS) Equipment" and the "Hand Baggage Explosive Detection System (EDS)" implemented with the support of the European Union Cohesion Fund were put into operation. At the end of the year, within the framework of the "Car transport, equipment and apron equipment replacement plan", 3 new heavy-duty apron technical equipment were purchased, which enables the Airport to ensure consistently high standards in airport and apron maintenance. At the end of the year, the project "Reconstruction of TP-23 and TP-24" was put into operation, which is part of the Airport Electrical Infrastructure renewal plan.

At the end of the year, steps were taken that will promote the Airport's progress towards more environmentally friendly and responsible solutions, and advance payments were made in the projects "Construction of infrastructure binding electric car charges" and "Purchase of electric buses".

In general, in 2023, the Airport has made investments in the amount of EUR 22 million.

Table No. 1 "Investment acquisition as of 31.12.2023", thous. EUR

Investment project groups	2023
Passenger and aircraft service infrastructure	3 925
Airport territory infrastructure	5 168
Emergency, security, and IT infrastructure	5 015
Development of electricity supply infrastructure	3 254
Airport infrastructure	746
Replacement of motor transport, machinery, and platform equipment	3 653
Other projects	310
<b>Total</b>	<b>22 071</b>

## 6. Financial and operational indicators

Table no. 2 "Financial and operational indicators of the airport, forecasted and actual results for 2022 and 2023"

Operational indicators	2023	2022	Deviation
Number of passengers (thous.)	6 631	5 381	23%
Loaded cargo (thous. t)	19.2	21.1	-9%
Departure punctuality (airport infrastructure)	99.33%	99.21%	0,12 p.p
CO <sup>2</sup> emissions (tCO <sup>2</sup> /1000 pax)	0.519	0.619	-16%
Net turnover (thous. EUR)	72 501	57 924	25%
Profit/loss (thous. EUR)	1 612	286	464%

Total liquidity ratio (adjusted with deferred revenue)	1	2	-50%
Debt-to-equity ratio (adjusted with deferred revenue)	52%	56%	-4 p.p
Total funding received directly or indirectly from the state and local government budgets (grants, fees for services and other financial resources) (thous. EUR)	412	52	686%

## 7. Grants and subsidies

According to the order of the Cabinet of Ministers of June 8, 2023 no. 337 and Order No. 01-03/103 of the Ministry of Transport of June 12, 2023 "On the financing of measures to maintain civil aviation safety in 2023 from the state budget program 44.00.00 "Funds for ensuring aviation safety, rescue and civil-military cooperation" (hereinafter - Order), the Airport was granted funding in the amount of EUR 412,218 to partially cover the expenses related to the purchase of two explosive detectors, as well as the purchase of an airport fire trucks for the national civil aviation airport "Riga".

412,168 EUR have been used from the funding allocated in 2023, of which 66,550 EUR is for the purchase of explosive residue detectors and 345,618 EUR is an advance payment for the fire trucks purchase.

The Airport regularly informs the Ministry of Transport about the use of the grant.

## 8. Risk assessment and risk management

In order to prepare for the implementation of the sustainability risk reporting requirements of the European Sustainability Reporting Standard (ESRS)<sup>1</sup>, in 2023, the "Risk Management Policy of the State Joint Stock Company "Starptautiskā lidosta "Rīga"" (hereinafter - the Risk Management Policy) was updated and approved by the Supervisory Board, which sets out common objectives, stages, key elements of the risk management system, principles, risk the roles and responsibilities of the actors involved in the risk management process. The airport security risk management process is ensured within the framework of the security management system, in accordance with the European Commission Regulation (EU) No 1095/2010 of February 12, 2014. Amending Regulation (EU) No 139/2014 laying down requirements and administrative procedures in relation to aerodromes in accordance with Regulation (EC) No 216/2008 of the European Parliament and of the Council 216/2008.

The risk management policy defines management of such risks as strategic risk, operational risk (legal, compliance, personnel, fraud, corruption and conflict of interest risks, business continuity risks, etc.), financial risk, operational scope risk (aviation security, information systems, environmental, energy management systems, work environment and protection of personal data risks). The Risk Management Policy follows such principles of risk management: integration in management, dynamism, practicality and efficiency, traceability and validity of information, continuous improvement, involvement and cooperation, the concept of "three lines". Detailed information on the principles of risk management is published in the section "About RIX / Corporate Information / Policies" on the Airport's website. The implementation of the risk management policy, in accordance with its competence, is supervised by the Risk Management Committee, the Management Board and the Supervisory Board.

In order to support the implementation of the Airport's vision, mission and values, as well as to strengthen confidence in the Airport's strategic goals, including the achievement of the

<sup>1</sup> DIRECTIVE (EU) 2022/2464 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL (December 14, 2022), amending Regulation (EU) No. 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU

Airport's sustainability goals, as well as the indicators subordinate to them, and to reduce the Airport's losses, protect its reputation, resources and assets, the Airport identifies, analyzes and assess risks, respond to them in a timely manner, as well as monitor and reassess them. Airport risk management is adapted to Airport needs, functionality and organizational culture. During 2023, as part of the airport's risk management, new strategic, operational (operational) (for example, corruption, process, business continuity and sanctions risks), financial risks were assessed and re-evaluated, and plans for the aforementioned risk mitigation measures were updated.

The Airport maintains a high level of integrity, including honesty, ethics and moral principles, as well as a culture of compliance, in order to ensure compliance and continuous improvement culture of the Airport's operations with the requirements of external regulatory acts and internal regulatory documents and other documents, promoting timely, transparent and adequate prevention of corruption and conflict of interest. The airport has implemented and maintains an internal control system for the management of corruption and conflict of interest risks corresponding to the regulations No. 630 of October 17, 2017 "Regulations on the basic requirements of the internal control system for the prevention of the risk of corruption and conflict of interest in the institution of a public person" and ensures its constant improvement, as well as creating a common understanding of this system by providing regular training. The airport's management promotes commercial activity in accordance with honest principles, compliance with ethical norms, and also takes the necessary actions to prevent the risks of corrupt and fraudulent activities.

In order to ensure the supervision of the Airport's risk management, the share of the Public Entity's capital and the Law on the Management of Capital Companies<sup>2</sup> and the Risk Management Policy, the annual assessment on the Airport's Risk Management was prepared and submitted to the Airport's Risk Management Committee, the Board and the Council, which included information on the Airport's risk management process, including priority risks, as well as improvements to the airport risk management process. In addition to the above, a Semi-Annual report on the progress of the implementation of airport priority risk control measures was prepared and reviewed by the Airport Risk Management Committee and the Board.

## **9. Sustainability and environmental aspects**

Since 2015, Riga Airport has been participating in the Airport Carbon Accreditation program to achieve the airport's climate goals. In 2023, the airport recertified for the 2nd level of the program and, continuing to actively reduce emissions and carrying out the necessary preparatory work, Riga Airport plans to reach the 3rd level of the program in 2024.

In 2023, work continued on several infrastructure projects for the reduction of scope 1 and 2 CO2 emissions:

- Riga Airport and the Lithuanian airport company "Lietuvos oro uostai", in a joint project, attracting EU funding, will modernize the airfield's power supply systems in the next three years. The electricity supply infrastructure modernization project at Riga Airport envisages the reconstruction of the existing electrical network from the current 10 kV to the 20 kV network, the creation of an electric transport charging infrastructure, the installation of a solar panel park on the roofs of several airport buildings for the production of renewable energy, and the creation of several fast charging points for charging the electric transport of the Airport and the Airport's cooperation partners.

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<sup>2</sup> Clause107, part two, paragraph 11.

- In order to reduce the generated CO2 emissions and contribute to the reduction of climate change, Riga Airport installed in 2023 and in 2024 will put into operation its first solar panel park with a capacity of 701 kW, which will provide the airport with green energy from 2024 (the projected amount of electricity produced 597.95 MWh per year). In 2025 and 2026, the installation of two more solar panel parks with a capacity of 348 kW and 2 MW is planned, ensuring the total amount of electricity produced 2,622.84 MWh per year.
- Riga Airport has concluded an agreement, which provides for the replacement of nine diesel-powered buses with electric buses in 2024, reducing the use of fossil fuels.

In 2023, Riga Airport also continued to carry out several activities defined in the Sustainability Strategy for 2022 - 2030, which will contribute to the reduction of scope 3 emissions in the long term.

- Riga Airport started work on the development of the Stakeholder Engagement Plan to ensure their involvement in reducing CO2 emissions.
- In 2023, the Ministry of Transport established a working group on the possibilities of sustainable aviation fuel production in Latvia, in which Riga Airport also participated in the implementation of sustainable aviation fuel in Latvia in cooperation with the involved parties.
- In 2024, it is planned to continue developing the electric vehicle charging infrastructure and install new electric charging equipment at Riga Airport. The construction of electric charging points in the apron and technical area of the airport is necessary in order to be able to change part of the internal combustion transport used by Riga Airport to electric transport by 2027 and to ensure the availability of renewable resources for charging electric transport for the needs of both Riga Airport and other passenger service companies working at the airport.

Regarding environmental noise management, in 2023, Riga Airport developed a new Strategic Noise Map, which combines information on the areas affected by aircraft noise, population, various public institutions, noise limit values in such areas. Residents of the local community were also introduced to Trokšņi's strategic map in person.

In order to promote the achievement of Riga Airport's sustainability goals, which are closely related to innovations and new technologies in the environmental field, Riga Airport is actively involved in international research and innovation projects, including those related to hydrogen technologies.

In 2023, Riga Airport began participating in the international study INDIGO, funded by the EU Horizon Europe program, on the use of low-emission aircraft technologies and opportunities to reduce air pollution and noise emissions near airports with the help of innovative technologies. This research will be carried out by ten collaborating organizations in five countries, including the Carlos III University of Madrid in Spain, the Universities of Strathclyde and Bristol in the UK, the Technical University of Bochum in Germany, the German Aerospace Research Center, the Italian Aerospace Research Center. Project activities are expected to be implemented until March 31, 2026.

In order to promote the reduction of emissions, the fulfillment of European climate goals and the preparation for the introduction of hydrogen technologies in aviation, on November 1, 2023, the basic project of the Interreg Baltic Sea Region Transnational Cooperation Program "BSR HyAirport" was launched on the research related to the infrastructure necessary for the use of green hydrogen in the air at the airports of the Baltic Sea Region for operating ships and airport equipment. The project involves 16 partners - airports, airlines, research

institutions and technology companies from Scandinavia, the Baltic States, Poland and Germany. Project activities are expected to be implemented until October 31, 2026. The aim of the project is to create preconditions for adapting airport infrastructure for hydrogen-powered aircraft flights, to prepare airports for storage, processing and delivery of green hydrogen as a future energy source in aviation.

In cooperation with the Latvian Hydrogen Association, on September 18, 2023, a demonstration of a hydrogen-electric bus was held at the airfield throughout the day. The bus was involved in operational work and transported passengers between the terminal and the aircraft.

In cooperation with several Latvian companies, the Institute of Solid State Physics of the University of Latvia and its foundation, Riga Airport participated in the organization of the "deep science" hackathon "Hydrogen x Future Hackathon" during the European Sustainability Week. The hackathon was dedicated to the current topic of hydrogen and renewable energy resources.

In order to organize the work processes, create a reliable and safe infrastructure, reduce the impact on the environment, improve energy efficiency and service quality, thus contributing to the achievement of the goals set by the company, an integrated management system (quality management system, environmental management system and energy management system) has been implemented and maintained at Riga Airport. . It is certified according to the requirements of ISO 9001:2015, ISO 14001:2015 and ISO 50001:2018 standards.

In 2023, Riga Airport received the highest - Diamond category in the sustainability index. Diamond status is awarded to companies that have consistently demonstrated high performance in the workplace, environment, society and other aspects of sustainability over a long period of time.

## **10. The Company's management bodies**

The Company is managed by the Board, the Council and the Shareholders' Meeting. The Ministry of Transport of the Republic of Latvia is the sole shareholder of the Company. Any decisions on the matters lying within the competence of the Shareholders' Meeting are made by the shareholder's representative. The Board is responsible for carrying out of business activities and keeping accounting records of SJSC "Starptautiskā lidosta "Rīga"" in compliance with the statutory requirements. The Company's Council reviews the Company's annual report, the management report and profit distribution proposals of the Board, as well as prepares the Council's report about them and submits them to the Shareholders' Meeting for approval. The decision on the approval of the Company's annual report and distribution of profits is made by the Shareholders' Meeting.

The members of the Board of SJSC "Starptautiskā lidosta "Rīga"" at the time of preparation of the annual report:

Laila Odiņa	Chairperson of the Board
Artūrs Savelļevs	Member of the Board
Normunds Feierbergs	Member of the Board

The members of the Council of SJSC "Starptautiskā lidosta "Rīga"" at the time of preparation of the annual report:

Juris Kanels	Chairman of the Council
Eduards Toms	Member of the Council
Elīna Salava	Member of the Council

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Laila Odiņa

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Artūrs Savelļevs

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Normunds  
Feierbergs

Chairperson of  
the Board

Member of the  
Board

Member of the  
Board

April 26, 2024

### Statement of the management's responsibility

The Company's management is responsible for the preparation of the Company's financial statements.

The financial statements reflected on pages 13 to 56 have been prepared on the basis of supporting documents and give a true and fair view of the Airport's financial position as at December 31, 2023 and its operating results, changes in capital and reserves and cash flows for the year ended December 31, 2023. The Management Report, reflected on pages 4 to 11, provides a true and fair view of the Airport's financial results for the reporting period and future prospects.

The above financial statements have been prepared in accordance with the IFRS Accounting standards as adopted by the European Union on a going concern basis. During the reporting period, there has been a consistent use of appropriate accounting methods. The management's decisions and estimates made during the preparation of the financial statement have been prudent and justified.

The Company's management is responsible for maintaining appropriate accounting system, safeguarding of assets as well as for detection and prevention of fraud and other violations occurring in the Company. The management is responsible for compliance with the requirements of the laws and regulations of the Republic of Latvia.

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Laila Odiņa

Chairperson of  
the Board

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Artūrs Saveljevs

Member of the  
Board

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Normunds  
Feierbergs

Member of the  
Board

April 26, 2024

**Statement of profit or loss and statement of comprehensive income**

	Note	<b>2023</b> <b>EUR</b>	<b>2022</b> <b>EUR</b>
Revenue	3	72 500 788	57 924 484
Government and EU grants	4	5 388 358	5 208 373
Personnel costs	5	(42 162 738)	(33 772 453)
Depreciation of property, plant and equipment and investment property and amortisation of intangible assets	6	(11 690 860)	(10 688 454)
Other external costs	7	(22 198 048)	(18 105 158)
Other operating income	8	817 657	933 037
Other operating expenses	9	(581 959)	(817 886)
<b>Operating profit before financial items</b>		<b>2 073 199</b>	<b>681 943</b>
Finance income	10	195 756	68
Finance costs	11	(656 815)	(395 513)
<b>Profit before income tax</b>		<b>1 612 140</b>	<b>286 498</b>
<b>PROFIT FOR THE YEAR</b>		<b>1 612 140</b>	<b>286 498</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>1 612 140</b>	<b>286 498</b>

The accompanying notes on pages 18 to 56 form an integral part of these financial statements.

**Statement of financial position**

<b>ASSETS</b>			
	Note	<b>31.12.2023.</b>	<b>31.12.2022.</b>
<b>NON- CURRENT ASSETS</b>		<b>EUR</b>	<b>EUR</b>
Property, plant and equipment	13	145 880 077	132 375 158
Intangible assets	12	1 484 712	1 491 203
Investment property	15	1 040 491	1 104 920
Right of use assets	14	69 977	140 346
<b>TOTAL NON-CURRENT ASSETS</b>		<b>148 475 257</b>	<b>135 111 627</b>
<b>CURRENT ASSETS</b>			
Inventories	16	1 304 176	1 046 399
Trade receivables	17	10 493 945	8 357 593
Other receivables and prepaid expenses	18	6 463 358	7 070 000
Cash and cash equivalents	19	8 340 061	21 021 576
<b>TOTAL CURRENT ASSETS</b>		<b>26 601 540</b>	<b>37 495 568</b>
<b>TOTAL ASSETS</b>		<b>175 076 797</b>	<b>172 607 195</b>

The accompanying notes on pages 18 to 56 form an integral part of these financial statements.

**Statement of financial position (continued)**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

	Note	31.12.2023. EUR	31.12.2022. EUR
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	20	68 347 231	68 347 231
Reserves	21	25 183 929	25 188 002
Accumulated loss		(7 524 766)	(9 136 906)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>86 006 394</b>	<b>84 398 327</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings from credit institutions and other borrowings	22	17 686 641	28 269 967
Deferred income	23	38 426 906	35 658 191
<b>TOTAL</b>		<b>56 113 547</b>	<b>63 928 158</b>
<b>Current liabilities</b>			
Borrowings from credit institutions and other borrowings	22	11 092 959	3 327 986
Trade payables		4 450 718	3 342 669
Other liabilities	24	7 752 101	10 640 269
Deferred income	23	5 700 426	5 469 364
Accrued liabilities	25	3 960 652	1 500 422
<b>TOTAL</b>		<b>32 956 856</b>	<b>24 280 710</b>
<b>TOTAL LIABILITIES</b>		<b>89 070 403</b>	<b>88 208 868</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>175 076 797</b>	<b>172 607 195</b>

The accompanying notes on pages 18 to 56 form an integral part of these financial statements.

## Statement of cash flows

	Note	2023 EUR	2022 EUR
<b>Cash flow from operating activities</b>			
Profit of the reporting year before tax		1 612 140	286 498
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment, investment property and amortisation of intangible assets	12,13,14,15	11 692 764	10 690 807
Received Government grant for the infrastructure development		(127 193)	(138 430)
EU Cohesion Fund resources recognised in the profit for the current year	4	(5 119 387)	(4 779 070)
ERDF financing	4	(103 766)	(259 243)
Property, plant and equipment obtained without payment (recognized in the profit for the current year)		(75 068)	(75 484)
Expenses of creation of FA written down		527 031	-
Increase in accruals		1 716 090	3 183 847
Gain from sale of fixed assets		46 966	70 940
Net interest expenses	10, 11	(461 059)	395 445
(Increase) of inventories		(257 777)	(233 951)
(Increase) in trade receivables		(1 397 116)	(1 674 691)
Decrease in prepaid expenses and other receivables		606 642	1 080 298
(Decrease)/increase in trade payables		(1 850 679)	2 429 412
Government compensation for electricity		252 328	500 171
Increase/(decrease) in deferred income		2 999 777	(4 030 158)
<b>Cash generated from operating activities</b>		<b>10 061 693</b>	<b>7 446 391</b>
Interest paid		(648 640)	(388 990)
Interest received		195 756	-
<b>Net cash generated from operating activities</b>		<b>9 608 809</b>	<b>7 057 402</b>
<b>Cash flows from investing activities</b>			
EU Project for development of safe and environment friendly infrastructure		690 124	2 919 296
ES CINEA Project No.21-EU-TC-EAIR		899 505	-
European Social fund grant		38 012	31 630
Government funding for aviation security		412 218	52 418
A-CDM Riga project		-	136 279
Acquisition of intangible assets	12	(406 018)	(674 356)
Acquisition of fixed assets		(21 144 988)	(14 041 943)
Interest received		-	62
<b>Net cash flow from investing activities</b>		<b>(19 511 147)</b>	<b>(11 576 614)</b>
<b>Cash flows from financing activities</b>			
Loans received	22	372 000	-
Sales and leaseback	22	82 400	392 896
Repayment of borrowings	22	(3 120 199)	(3 120 199)
Repayment of lease obligations	22	(156 785)	(193 475)
<b>Net cash flow from financing activities</b>		<b>(2 822 584)</b>	<b>(2 920 778)</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(12 724 922)</b>	<b>(7 439 991)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>21 021 576</b>	<b>28 461 567</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>19</b>	<b>8 296 654</b>	<b>21 021 576</b>

The accompanying notes on pages 18 to 56 form an integral part of these financial statements.

**Statement of changes in shareholders' equity**

	Share capital	Other reserves	Retained earnings / (accumulated loss)	Total
	EUR	EUR	EUR	EUR
<b>31 December 2021</b>	<b>68 347 231</b>	<b>25 188 002</b>	<b>(9 423 404)</b>	<b>84 111 829</b>
Total comprehensive income for the reporting year	-	-	286 498	<b>286 498</b>
<b>31 December 2022</b>	<b>68 347 231</b>	<b>25 188 002</b>	<b>(9 136 906)</b>	<b>84 398 327</b>
Total comprehensive income for the reporting year	-	-	1 612 140	<b>1 612 140</b>
Written-down fixed assets	-	(4 073)	-	<b>(4 073)</b>
<b>31 December 2023</b>	<b>68 347 231</b>	<b>25 183 929</b>	<b>(7 524 766)</b>	<b>86 006 394</b>

The accompanying notes on pages 18 to 56 form an integral part of these financial statements.

## Notes to the financial statement

### 1. General information

State Joint Stock Company "Starptautiskā lidosta "Rīga"" (hereinafter – the Company) was established in 1997 on the transformation of the state airport Riga, registered in the Latvian Enterprise Register in 1991. The Company is registered in the Latvian Enterprise Register as a State Joint Stock Company. The address of its registered office is "Lidosta Rīga 10/1", Lidosta Rīga, Mārupes pag., Mārupes nov., LV-1053, Latvija. The Company is wholly owned by the Government of the Republic of Latvia.

The key lines of business are:

- Aviation operations, including:
  - servicing aircraft, passengers and cargo;
  - airport terminal services;
  - aircraft maintenance, airfield technical maintenance.
- Non-aviation operations, including:
  - rent of real estate;
  - providing of public utility services;
  - car park services;
  - concession services;
  - servicing business passengers;
  - advertising services.
- Ensuring civil aviation safety, rescue and medical assistance function at the Riga International Airport.

These Company's financial statements were authorised for issue by the Board of directors on April 26, 2024 and Supervisory Board. The Company's members of the Board as at the financial statement signing date are Laila Odiņa (Chairperson of the Board from April 16, 2021), Artūrs Saveļjevs (from September 13, 2022) and Normunds Feierbergs (from November 10, 2021). Members of the Council on the financial statements reporting date are Juris Kanels (Chairman of the Council from May 17, 2021), Eduards Toms (Member of the Council from May 24, 2019) un Elīna Salava (Member of the Council from July 7, 2021).

PricewaterhouseCoopers SIA with Jegors Podosiņņikovs as the Certified auditor-in-charge is the appointed auditor of the Company.

### 2. Basis of the preparation

These financial statements are prepared using the accounting policies and valuation principles set out below.

#### **(a) Statement of compliance and accounting principles**

The financial statements of the SJSC "Starptautiskā lidosta "Rīga"" (the Company) have been prepared in accordance with IFRS Accounting standards as adopted by the European Union (IFRS), enforced on the balance sheet date.

#### *Going concern*

Financial statements are prepared on a going concern basis.

The Company's operating activities in 2023 resulted in EUR 1,612,140 profit after taxes. As if December 31, 2023, the Company's short-term liabilities, excluding the short-term part of next period income, which will not require an outflow of financial assets, were EUR 27,256,430, including EUR 9,221,379 including loans from credit institutions with a repayment term in 2024,

which the Company plans to refinance during 2024, while current assets as of December 31, 2023 were EUR 26,601,540, which is EUR 654,890 less than the respective part of short-term liabilities.

Although the impact of the COVID-19 crisis on international passenger air traffic has decreased, as a result the aviation industry in Europe is recovering more rapidly. Additional factors that negatively affects the recovery of the airport's passenger flow, relates to geopolitical risks arising from the war started by Russia in Ukraine and the resulting consequences, namely the closure of the airspace (in Russia, Belarus and Ukraine). It is expected that the Airport will be able to achieve the 2019 passenger flow indicators only in 2025, therefore, in order to ensure the implementation of the Airport's Strategic Goals until 2030, when developing and approving the Airport's 2024 budget, current industry trends have been taken into account and in case, if the recovery of the passenger flow is slower than predicted, the Airport will carry out activities aimed at maintaining liquidity. Taking into account the planned amount of investments required to achieve strategic goals, the Airport will refinance borrowings due in 2024, as well as attract long-term financing.

Taking into account the above-mentioned circumstances, the Company's Management believes that the Company's liquidity is not at risk, therefore the going concern principle is applicable in the preparation of these financial statements.

#### *Accounting policies and valuation principles*

The financial statements have been prepared under historical cost convention. The company's financial assets and liabilities are stated at amortized cost using the effective interest rate method. The effective interest rate is the rate that directly discounts the estimated future payments and receivables, over the expected useful life of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows, taking into account all terms of financial instrument contracts.

The amounts included in the financial statements are presented in the official currency of the Republic of Latvia - euro, which is the functional currency of the Company.

In order to prepare financial statements in accordance with IFRS, management has to make estimates and assumptions that affect the balances of the statement of financial position and consolidated income statement items reflected in individual statements, as well as the amount of possible liabilities. Future events may affect the assumptions on which the relevant estimates are made. Any effect of a change in estimate is reflected in the financial statements in the period in which the change is made. Although these estimates are prepared based on management's comprehensive knowledge of current events and operations, actual results may differ from them.

Compared to the accounting methods used in the preparation of the 2022 financial statements, the accounting methods used in the preparation of the 2023 financial statements have not been changed.

In the reporting year starting on January 1, 2023, the following standard amendments have entered into force and have been approved for use in the EU, which did not have a significant impact on the Company's financial statements:

- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (effective for annual periods beginning on or after January 1, 2023). IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements.

The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2 "Making Materiality Judgements" was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

- Amendments to IAS 8: Definition of Accounting Estimates (effective for annual periods beginning on or after January 1, 2023). The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.
- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (effective for annual periods beginning on or after January 1, 2023).
- Amendments to IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (effective for annual periods beginning on or after January 1, 2023).
- IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after January 1, 2023).
- Amendments to IFRS 17 and an amendment to IFRS 4 (effective for annual periods beginning on or after January 1, 2023).
- Transition option for insurers applying IFRS 17 – Amendments to IFRS 17 (effective for annual periods beginning on or after January 1, 2023).

Standards and interpretations effective for the first time for the annual periods starting after January 1, 2024, that can potentially impact the Company's financial statements. The Management of the Company is evaluating potential impact of respective changes and initial estimates indicate that there will be no material impact.

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after January 1, 2024).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (effective for annual periods beginning on or after January 1, 2024).
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (effective for annual periods beginning on or after January 1, 2024, not yet endorsed by the EU).
- Amendments to IAS 21 Lack of Exchangeability (effective for annual periods beginning on or after January 1, 2024, not yet endorsed by the EU).

### **(b) Financial instruments**

#### *Classification of financial instruments*

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

The classification of debt instruments depends on the Company's financial asset management business model that has been put in place, as well as whether the contractual cash flows consist Solely of Payments of Principal and Interest (SPPI). If a debt instrument is being held to collect cash flows, it can be carried at amortised cost subject to meeting the SPPI requirements. Such debt instruments, which meet the SPPI requirements held in the portfolio

with a view to collecting cash flows from assets as well as selling them, may be classified as fair value through other comprehensive income (FVOCI). Financial assets, the cash flows from which do not meet the SPPI requirements, must be measured at fair value through profit or loss (FVTPL) (e.g., derivative financial instruments). Embedded derivatives are not separated from financial assets, but they are included as part of financial assets, subject to the SPPI requirements. Equity instruments are always measured at fair value. However, management has the option to make an irrevocable election to present the change in fair value in other comprehensive income if the instrument is not held for trading. If an equity instrument is held for trading, the change in fair value is recognized in profit or loss.

#### *Recognition and derecognition*

Financial assets are recognised when the Company has become a contracting party and has met the terms of the transaction, i.e. at the date of the trade.

Financial assets are derecognised when the contractual rights of the Company to receive cash flows from the financial assets expire or where the Company transfers the financial asset to another party or transfers substantially all risks and rewards incidental to ownership. As part of the operating activity, acquisition and selling of financial assets are accounted for at the transaction date, i.e., at the date when the Company decides to buy or sell the asset.

Financial liabilities are derecognised when the obligation underlying the liability is revoked, cancelled or expires.

#### *Measurement*

At initial recognition, financial instruments are measured at their fair value. For the financial assets and financial liabilities carried at amortised cost, at initial recognition, the fair value is adjusted for transaction costs that are directly attributable to the relevant financial instrument.

#### *Financial assets at amortised cost*

Financial assets at amortised cost are debt instruments with fixed or determinable payments, which are not held for trading and the future cash flows from which consist solely of principal and interest payments. Financial assets at amortised cost include Trade and other receivables and Cash and cash equivalents. Financial assets at amortised cost are classified as short-term assets, if the term to maturity is one year or less. If the maturity term is longer than one year, then they are shown as long-term assets. Short-term receivables are not discounted.

Financial assets at amortised cost are initially recognised at fair value and subsequently are measured at amortised cost, using the effective interest rate method, less provisions for impairment.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, balances on current accounts and short-term deposits with original maturities of up to 90 days, and short-term highly liquid investments that can be easily converted into cash and are not subject to a substantial risk of changes in value.

#### *Impairment of financial assets at amortised cost*

Recognition of impairment is based on the expected credit loss (ECL) model. The model is a three-step approach, based on changes in the credit quality of financial assets, compared with that at the initial recognition. At the initial recognition of a financial asset the Company is required to recognise immediate losses, which will be equal to 12-month ECL, even if the financial assets do not have any impairment signs (for trade receivables measured as lifetime ECL). In the event of a significant increase in credit risk, the impairment is measured using the

lifetime ECL of the asset, rather than the 12-month ECL. The model provides for operational simplifications for trade receivables.

The Company has applied operational simplifications permitted by IFRS 9 in relation to the measurement of trade receivables – trade receivables are grouped by reference to the credit quality thereof and days outstanding, applying the ECL rates to each relevant group. The ECL rates are estimated based on the last three years of payment history, adjusting the indicator to consider the present information as well as future prospects.

A provision for impairment is accounted for in a separate provision account and losses are recognised in the income statement. If in the period following the recognition of the impairment, the loss amount decreases and the amount of such reduction can be objectively related to an event after the recognition of the impairment (for example, improving of the debtor's credit rating), the reversal of the previously recognised impairment losses is recognised in the income statement.

#### *Financial liabilities at amortised cost*

Financial liabilities at amortised cost comprise Borrowings from credit institutions, Other borrowings, Trade payables and Other payables, as well as Accrued liabilities.

Financial liabilities at amortised cost are initially recognised at their fair value. In subsequent periods, financial liabilities at amortised cost are measured at amortised cost, using the effective interest rate. Financial liabilities at amortised cost are classified as current liabilities if the term to maturity is one year or less. If the maturity term is longer than one year, then they are identified as non-current liabilities.

#### *Borrowings*

Borrowings are initially recognised at fair value, net of the costs related to the receiving of borrowings. Subsequently borrowings are measured at amortised cost using the effective interest rate method. The difference between the amount of funds received, less borrowing related costs and the loan value to be amortised is gradually charged off to income statement, using the effective interest rate on the loan. This difference is recognised under financial costs.

Borrowings are classified as current liabilities, except when the Company has irrevocable rights to defer settlement of the liability for at least 12 months after the balance sheet date.

#### *Offsetting financial assets and liabilities*

Financial assets and liabilities are mutually offset and reported in the balance sheet at net value if there are legal rights to carry out such offsetting, and the settlement shall occur at net values or transferring the asset and paying for the liability simultaneously.

#### **(c) Revaluation of foreign currency**

Foreign currency transactions have been translated into euro applying the exchange rate determined by the conversion procedure between central banks of the European System of Central Banks and other central banks and which is published on the European Central Bank's website.

On the last day of the reporting period all monetary assets and liabilities were translated into euros in accordance with the rates published on the European Central Bank's website.

	<b>31.12.2023</b>		<b>31.12.2022</b>
	<b>1 EUR</b>		<b>1 EUR</b>
<u>1GBP</u>	0.86905	<u>1GBP</u>	0.88693
<u>1USD</u>	1.10500	<u>1USD</u>	1.06660

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss account.

**(d) Intangible assets**

Intangible assets (software licences) that are purchased by the Company and that have a finite useful life are carried at cost less accumulated amortisation and impairment.

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is written off in profit or loss as incurred.

Amortisation is charged to the profit or loss and calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful life of 5 years starting from the date when the asset is available for use.

**(e) Property, plant and equipment**

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Investments in rented property, plant and equipment are capitalized and presented as property, plant and equipment. Depreciation of these assets is calculated over the shorter of the leasehold period or the estimated useful life on a straight-line basis.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**Construction in progress**

Construction in progress comprises costs directly related to the construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads that are incurred in construction, including loan expenses. Depreciation of these assets on the same basis as for other property, plant and equipment, commences when the assets are available for use. Construction in progress is reviewed regularly to determine whether it is impaired and whether an appropriate impairment is recognised. If during the reporting year the Company has decided not to implement a technical project under construction in progress, the cost of such projects is written off in expenses of the reporting year.

### *Impairment of property, plant and equipment*

The carrying amounts of the Company's fixed and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset in relation to which the future cash flows have not been adjusted.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. Impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **(f) Investment property**

Investment property represents investments in land and buildings held for generating rent income or increasing the value of investment, rather than for use in the production, supply of goods or services, administrative purposes or sales during business.

Investment properties are measured at cost, including relevant transaction costs less accumulated depreciation and accumulated impairment.

Amortisation is recognized in profit or loss and is calculated using the straight-line method to allocate the cost of buildings, applying the annual rate of 5% to 20%. Land is not depreciated.

Investment property is derecognized when dispossessed or discontinued for use and no future benefit is expected from the disposal. The write-off or disposal of investment property is recognized in profit or loss in the period of dispossession or liquidation.

Reclassification to investment property should be performed only in case the mode of use is changed which is provided by fact that the owner is not exploiting the property, property is leased according to operative lease terms to another person or completion of reconstruction or construction.

### **(g) Inventories**

Inventories are stated at the lower of cost or net realizable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. Cost of inventories is based on the first-in first-out (FIFO) principle.

If necessary, impairment allowances for obsolete, slow-moving or damaged inventories are made up to the net realizable value. The amount of allowances is recognised in profit or loss.

**(h) Share capital and dividends/ payments for the use of the state capital**

According to the regulations of the Cabinet of Ministers No. 72 "Procedure in which payments for the use of the state capital are forecasted, determined and performed" dated January 25, 2022 and the law "On the state budget for 2023 and the budget framework for 2023, 2024 and 2025" the Company shall calculate and declare dividends in the amount of 64% from net profit for the year, if, according to Chapter II of the respective MK regulations, the company's medium-term operation strategy and the state budget law for the current year do not stipulate otherwise.

Based on the Order of the Cabinet of Ministers No. 366 from June 2, 2021 (Prot. No. 45 § 76) Clause 11<sup>3</sup>, the Company complies with the conditions set out in the decision of the European Commission from March 8, 2021 in the case SA/57756 (2021/N) – Latvia COVID-19: Recapitalization of Riga International Airport, which sets restrictions on dividend payments until the Company has implemented the termination of the participation of the state investment and the relevant issue has not been reviewed with the participating institutions.

**(i) Other reserves**

After approval of the financial statements, the shareholder's meeting decides on the annual profit distribution. Based on the shareholder's meeting decision, a share of profit after tax may be transferred to reserves. Reserves are presented in the statement of financial position under caption "Other reserves".

**(j) Leases**

A lease exists when an asset is identifiable, and the buyer has the right to obtain virtually all the economic benefits from the use of the asset during its useful life. For short-term leases, leases of intangible assets, and leases of low value assets, the lease cost is recognized as an expense in the profit or loss on a straight-line basis over the lease term. The Company determines the lease term as irrevocable together with the periods to which the lease is subject to renewal, if there is reasonable assurance that the Company will exercise the option and the periods to which the lease can be terminated. At the inception of the lease, the Company recognizes right to use asset under property, plant and equipment (see Right to use asset) and lease liability. Initially lease obligations are measured at the present value of the lease payments outstanding at the inception of the lease. Lease payments are divided between the present value of the lease obligations and the finance charge. Lease payments are discounted using the interest rate that is included in the lease, if it can be readily determined. If this rate cannot be readily determined, the Company uses the Company's comparable borrowing rate. Finance costs are charged to the profit or loss as interest expense. Changes in the lease or changes in the assumptions made when the lease was initially determined or when the right to use asset is calculated are recalculated, adjusting the lease and the right to use the asset accordingly. Any gain or loss arising on the total or partial termination of the lease is included in profit or loss.

**(k) Revenue recognition**

Revenue is recognised at the fair value of consideration received or receivable. Revenue is recognized based on the likelihood of gaining economic benefit and to the extent, it is reasonably measurable, including specific criteria, which are stated below.

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<sup>3</sup> Amendments to the Cabinet of Ministers order No. 219 "On increase of share capital of the SJSC "Starptautiskā Lidosta "Rīga"" dated 23 April 2020.

The Company does not have any agreements with the clients, for whom repayment terms are more than one year, therefore no corrections are made by the Company, to present the change of value during the reporting period. Revenue is recognized based on the following conditions:

*Provision of services*

Revenue from services is recognized in the period when the services are provided net of discounts.

*Interest*

Revenue is recognized on accrual basis, using the effective interest rate method.

*Rental income*

Rental income is recognized for all effective rent agreements over the entire period of rent on a straight-line basis.

*Commission fees*

The Company has signed several long-term contracts on the assigning rights to supply fuel to aircraft and the rights to provide aircraft de-icing services. Commission fees are charged for all effective contracts over the entire term of services on a straight-line basis.

**(l) Government and European Union grants**

Government and European Union grants are recognized as follows:

Subsidies received from the state budget and used for covering the costs of maintenance are recognised in income of the reporting year. The unused share of the grant is disclosed as deferred income.

The amounts of the government and European Union grants related to assets (property, plant and equipment) are reported in the statement of financial position under Deferred income and recognized in the profit and loss proportionately to the depreciation of the respective assets (property, plant and equipment) during their useful lives.

Government assistance with no reliable fair value measurement such as state guarantees are disclosed in the financial statements.

**(m) Financial income and expenses**

Financial income and expenses comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, and foreign exchange gains and losses. Interest income and expense are recognized in profit or loss as they accrue, considering the effective interest rate of the asset/liability. The interest expenses of finance lease payments is charged to the profit and loss so that as to produce a constant periodic rate of interest on the remaining balance of the liability.

**(n) Related parties**

Company accounts following parties as related parties:

- a) Entity that is in direct or indirect control, is controlled separately or is jointly controlled by Company;
- b) Entity is Company's associate;
- c) Company is a party in a public-private partnership;
- d) Company's management – the Board and the Council;

e) A person identified in (a) and (d) has significant influence over the entity or is a member of the key management personnel of the entity;

f) Party is a Company that is controlled, jointly controlled or that is under significant influence by persons mentioned in (d) and (e) or who has direct or indirect voting rights through persons mentioned in (d) and (e).

**(o) Subsequent events**

Financial statements reflect events that occurred subsequent to the year-end and that provide additional information on the Company's financial position at the end of the reporting period (adjusting events). If subsequent events do not have an adjusting nature, they are disclosed in the notes to the financial statements only if they are significant.

**(p) Employee benefits**

*Bonuses*

The Company recognises a liability and expense for bonuses, based on formula that takes into consideration the profit attributable to the Company's shareholder after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

*Social security and pension contribution*

The Company pays social security contributions to the State Social Security Fund on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. The State Social Security Fund is a defined contribution plan under which the Company pays fixed contributions into the state Social Security Fund. The Company will have no legal or constructive obligations to pay further contributions if the state Social Security Fund does not hold sufficient assets to pay all employees benefits. The social security contributions are recognised as an expense on an accrual basis and are included within personnel costs.

**(r) Corporate income tax**

Corporate income tax for the reporting period is calculated based on tax legislation enforced at the year end.

Corporate income tax will be calculated based on distributed profit (20/80 of the net amount payable to shareholder). Corporate tax on distributed profit will be recognized when the shareholder of the Company decides about profit distribution. Corporate income tax, calculated on the distribution of profit in dividends, is recognized in the income statement; in other cases, under other operating expenses.

**(s) Significant accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Recoverable amount and impairment*

When the events and circumstances indicate a potential impairment, the Company performs impairment tests for items of property, plant and equipment, intangible assets and investment property. According to these tests, assets are written down to their recoverable amounts, if necessary. When carrying out impairment tests management uses various estimates for the cash flows arising from the use of the assets, sales, maintenance, and repairs of the assets, as well as in respect of the inflation and growth rates. The estimates are based on forecasts of

the general economic environment. If the situation changes in the future, either additional impairment could be recognised, or the previously recognised impairment could be partially or fully reversed. Impairment charges recognised by the Company are disclosed in Note 14.

*Impairment of receivables*

The Company recognizes allowances for doubtful debts. In order to determine amount of unrecoverable receivables, management estimates based on historical experience are used, as well as corrected afterwards taking into account future perspective of macroeconomic forecasts (Note 18).

*Useful lives of property, plant and equipment*

Management estimates the expected useful lives of property, plant and equipment in proportion to the expected duration of use of the asset based on historical experience with similar property, plant and equipment and based on future plans. Depreciation of property, plant and equipment is charged to the profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation of leased property, plant and equipment is calculated over the shortest of lease term or useful life of an asset. Land is not depreciated.

Depreciation is calculated over the useful life applying the following depreciation rates:

Buildings and constructions	2% – 10% per annum
Machinery and equipment	5% – 33.3% per annum
Other property, plant and equipment items	5% – 20% per annum

*Provisions and accruals*

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required from the Company to settle the obligation, and the amount of obligation can be measured reliably. If the Company foresees that the expenses required for recognizing a provision will be partly or fully repaid, for example, within an insurance contract, the recovery of such expenses is recognized as a separate asset only when its recoverability is certain. Expenses connected with provisions are recognized in the profit or loss net of amounts recovered.

### 3. Revenue

	2023	2022
	EUR	EUR
<b>Total aviation revenue</b>	<b>43 328 931</b>	<b>35 996 873</b>
Security and rescue measure fees*	13 978 057	11 701 152
Departure / landing fees	4 101 616	3 605 145
Ground handling	10 829 178	9 954 841
Passenger service fees	8 643 765	7 137 855
Other aviation services	3 235 209	2 351 077
<i>Including charge for services provided to disabled persons and persons with reduced mobility**</i>	<i>1 252 038</i>	<i>904 093</i>
Centralized infrastructure services	2 541 107	1 246 803
<b>Total non-aviation revenue</b>	<b>29 171 858</b>	<b>21 927 611</b>
Rent of premises within terminal	13 503 790	9 451 535
Car parking services	5 775 956	3 909 962
Other lease in the airport territory***	2 850 803	2 778 391
Public utilities	3 841 166	2 603 369
Servicing business passengers	1 399 781	1 308 023
Advertising services	553 415	431 644
Income from concessions	295 587	259 322
Other non-aviation services	951 359	1 185 365
<b>TOTAL:</b>	<b>72 500 788</b>	<b>57 924 484</b>

	2023	2022
	EUR	EUR
<b>Revenue from contracts with customers that is recognized over time (in accordance with IFRS 15):</b>		
Security and rescue measure fees	13 978 057	11 701 152
Departure / landing fees	4 101 616	3 605 145
Ground handling	10 829 178	9 954 841
Passenger service fees	8 643 765	7 137 855
Revenue from other aviation services	3 235 209	2 351 077
Revenue from centralized infrastructure services	2 541 107	1 246 803
Revenue from utilities	3 841 166	2 603 369
Revenue from servicing business passengers	1 399 781	1 308 023
Revenue from other non-aviation services	951 359	1 185 365
<b>TOTAL:</b>	<b>49 521 238</b>	<b>41 093 630</b>

### 3. Revenue (continued)

#### Other revenue (IFRS 16 and other standards):

Rent of premises within terminal	13 503 790	9 451 535
Car parking services	5 775 956	3 909 962
Other lease in the airport territory	2 850 803	2 778 391
Revenue from advertising services	553 415	431 644
Income from concessions	295 587	259 322

<b>TOTAL:</b>	<b>22 979 551</b>	<b>16 830 854</b>
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<b>TOTAL:</b>	<b>72 500 788</b>	<b>57 924 484</b>
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<b>2023</b>	<b>2022</b>
<b>EUR</b>	<b>EUR</b>

#### EU Economic Activities Statistical Classification according to NACE codes:

Aviation income (52.23)	42 660 663	35 996 873
Non-aviation income (68.20)	27 768 940	20 051 280
Non-aviation income (73.12)	553 415	431 644
Non-aviation income (79.90)	1 517 770	1 444 687

<b>TOTAL:</b>	<b>72 500 788</b>	<b>57 924 484</b>
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\* Introduced on January 1, 2012, in accordance with October 29, 2011 regulations of Cabinet of Ministers No. 823 „On the charges for security and rescue measures carried out on the airfield”.

\*\* In accordance with the Regulation (EC) No 1107/2006 of the European Parliament and of the Council, concerning the rights of disabled persons and persons with reduced mobility when travelling by air (July 5, 2006), Company is charging aircraft carriers for providing this service. Refer to Note 31.

\*\*\*\*incl. rental income from investment property 2,201,115 euros (2022: 1,905,633 euros).

The company's revenues do not differ by geographic segment. All the Company's revenues are earned in Latvia.

### 4. Government and EU grants

In accordance with the Clause 27 of law On Aviation, the Company provides equipment, systems and trained personnel to prevent unlawful intervention in the safety of civil aviation, and performs all such measures that ensure safety control of aircraft, its personnel, passengers and cargo in accordance with the national and international normative acts. In order to perform these functions, starting from January 1, 2007 the Company has received direct payments from the state budget, in 2023 amounting to 412 218 euro (2022: 52 418 euro). Part of the government grant for the aviation safety used to cover maintenance expenses is recognized under income of the reporting year. As at 31.12.2023, government grant for acquisition and creation of long-term investments to improve aviation safety carried forward to the following year is 588 386 euro; (31.12.2022: 208 313 euro).

On December 27, 2016 Riga Airport signed the contract No. J-16/37 with the Central Finance and Contract Agency as a Cooperation Authority regarding the EU Cohesion Fund project "Development of Safe and Environmentally Friendly Infrastructure at Riga International Airport" Nr.6.1.2.0/16/I/001, on granting and monitoring of the funding. The objective of the Cohesion Fund project "Development of safe and environmentally friendly infrastructure at Riga International Airport" is to improve environmental and safety measures at Riga Airport by implementing investment projects related to the reduction of environmental impact and increase of safety requirements in order to simultaneously promote climate change and achieving energy efficiency policy goals in line with increasing turnover. The project also plans to implement activities related to the implementation of airport security and aviation rescue functions, which qualify as activities related to the exercise of public authority, ensuring the improvement of civil aviation security measures.

On December 28, 2020, the Company received a direct cash payment of 530,000 euro from the National Defence Military Facilities and procurement centre of the Ministry of Defence of the Republic of Latvia to ensure the improvement of the Company's infrastructure by carrying out reconstruction works to support military aircraft, the depreciation amount of 50,134 euro is included in the 2023 income (2022: 50,134).

Government grants recognised in the statement of comprehensive income can be reflected as follows:

	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
<b>Government grant for the safety of aviation:</b>	<b>32 145</b>	<b>22 002</b>
Depreciation of property, plant and equipment purchased using the grant	32 145	22 002
<b>Grants received from the Cohesion Fund:</b>	<b>5 119 387</b>	<b>4 779 070</b>
Depreciation of property, plant and equipment purchased using the Cohesion Fund resources	4 659 688	4 697 242
Depreciation of property, plant and equipment purchased using the EU project for development of safe and environmentally friendly infrastructure	459 699	81 828
<b>Other grants:</b>	<b>236 826</b>	<b>407 301</b>
Depreciation of fixed assets purchased from grants	95 048	116 428
From ERDF funding	862	862
A-CDM Riga project	102 904	258 381
NVA employment grant and other EU grants	38 012	31 630
<b>TOTAL:</b>	<b>5 388 358</b>	<b>5 208 373</b>

<b>5. Personnel costs</b>	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
<b>Total salaries:</b>	<b>34 131 627</b>	<b>27 352 043</b>
Staff	33 636 856	26 913 470
Board and Council members	494 771	438 573
<b>Total compulsory state social security contributions:</b>	<b>8 031 111</b>	<b>6 420 410</b>
Staff	7 917 402	6 319 964
Board and Council members	113 709	100 446
<b>TOTAL:</b>	<b>42 162 738</b>	<b>33 772 453</b>

Average number of employees during the reporting year 2023 was 1,423, including 3 members of the Board (2022: 1,317, including 3 members of the Board).

<b>6. Depreciation of property, plant and equipment and investment property and amortisation of intangible assets*</b>	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
Depreciation of constructions and buildings	7 007 794	6 952 129
Depreciation of investment property	11 592	11 590
Depreciation of equipment and machinery	2 704 110	1 991 039
Depreciation of other property, plant and equipment	1 515 310	1 380 494
Amortization of intangible assets	412 509	300 279
Depreciation of right of use assets	39 545	52 923
<b>TOTAL:</b>	<b>11 690 860</b>	<b>10 688 454</b>

\* Refer to Notes 12, 13, 14 and 15.

## 7. Other external costs

	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
Materials	2 225 429	2 088 921
Insurance of employees and movable and immovable property	1 074 331	679 274
Territory cleaning costs	164 107	176 146
Infrastructure maintenance costs	2 688 391	1 923 172
Public utilities	7 497 294	5 917 466
Business trips	195 360	179 891
Communication expenses	2 074 829	1 214 884
Transport costs	1 540 051	1 262 450
Management expenses*	1 348 058	602 436
Operating leases**	1 017 928	888 723
Increase of personnel qualification	554 531	423 001
Marketing and advertising	311 591	455 818
Safety measures	573 786	496 455
Other external costs	932 361	1 796 521
<b>TOTAL:</b>	<b>22 198 048</b>	<b>18 105 158</b>

\* incl. Audit expenses for the 2023 annual report – 17,500 euros (2022: 17,500 euros).

\*\*lease expenses are classified as followed:

	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
Rent capacity	15 223	6 567
Lease of low value assets	326 012	298 576
Lease of intangible assets	389 591	321 082
Short term leases	287 102	262 498
<b>TOTAL:</b>	<b>1 017 928</b>	<b>888 723</b>

## 8. Other operating income

	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
Penalty fees	213 754	99 021
Income from reversal of allowances for doubtful receivables and accruals for litigations, net	44 569	-
Income from sale of fixed assets, net*	46 966	70 940
Other operating income**	512 368	763 076
<b>TOTAL:</b>	<b>817 657</b>	<b>933 037</b>

\* incl. In 2023, revenues from fixed assets disposal in the amount of 47,569 (2022: 97,915 euros), expenses in the amount of 603 euros (2022: 26,975 euros), net income – 46,966 euros (2022: 70,940).

\*\* incl. In 2023, calculated depreciation of fixed assets acquired without compensation is 75,068 euros (2022: 78,483 euros).

### 9. Other operating expenses

	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
Non-business expenses, primarily trade union events*	151 328	114 858
Real estate tax**	342 981	346 643
Losses from doubtful debts and provisions for legal cases, net		250 595
Other operating expenses	87 649	105 790
<b>TOTAL:</b>	<b>581 958</b>	<b>817 886</b>

\* incl. In the reporting year, depreciation of fixed assets of social infrastructure – 1,904 euros (2022: 2,353 euros), costs of social events – 118,312 euros (2022: 97,676 euros).

\*\* incl. real estate tax costs attributable to investment properties in 2023 are 38,006 euros (2022: 38,760 euros).

### 10. Finance income

	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
Interest received	195 756	68
<b>TOTAL:</b>	<b>195 756</b>	<b>68</b>

### 11. Finance costs

	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
Interest expenses on long-term borrowings	633 307	386 618
Net expenses from exchange rate changes	3 940	5 431
Interest expenses on finance lease	18 193	3 159
Interest expenses from sublease	1 375	305
<b>TOTAL:</b>	<b>656 815</b>	<b>395 513</b>

<b>12. Intangible assets</b>	<b>Software licences EUR</b>
<b>Cost at 31.12.2021.</b>	<b>2 442 759</b>
Purchase	674 356
<b>Cost at 31.12.2022.</b>	<b>3 117 115</b>
<b>Accumulated amortization at 31.12.2021.</b>	<b>1 325 633</b>
Amortization	300 279
<b>Accumulated amortization at 31.12.2022.</b>	<b>1 625 912</b>
<b>Balance at 31.12.2021.</b>	<b>1 117 126</b>
<b>Balance at 31.12.2022.</b>	<b>1 491 203</b>
	<b>EUR</b>
<b>Cost at 31.12.2022.</b>	<b>3 117 115</b>
Purchase	406 018
<b>Cost at 31.12.2023.</b>	<b>3 523 133</b>
<b>Accumulated amortization at 31.12.2022.</b>	<b>1 625 912</b>
Amortization	412 509
<b>Accumulated amortization at 31.12.2023.</b>	<b>2 038 421</b>
<b>Balance at 31.12.2022.</b>	<b>1 491 203</b>
<b>Balance at 31.12.2023.</b>	<b>1 484 712</b>

**13. Property, plant and equipment**

	Land and buildings	Equipment and machinery	Other property, plant and equipment	Construction in progress	TOTAL
	EUR	EUR	EUR	EUR	EUR
<b>Cost at 31.12.2021.**</b>	<b>216 161 757</b>	<b>55 121 527</b>	<b>23 501 434</b>	<b>10 077 357</b>	<b>304 862 075</b>
Additions	177 658	3 061 148	1 366 662	3 901 641	8 507 109
Reclassified	-	-	2 708 850	(2 708 850)	-
Reclassification from right of use assets	-	-	962 484	-	962 484
Reclassification to/from investment property*	45 203	-	-	-	45 203
Disposals**	-	(276 885)	(229 560)	(3 800)	(510 245)
Substitute part of fixed assets	-	(14 222)	(35 395)	-	(49 617)
<b>Cost at 31.12.2022.**</b>	<b>216 384 618</b>	<b>57 891 568</b>	<b>28 274 475</b>	<b>11 266 348</b>	<b>313 817 009</b>
Accumulated depreciation at 31.12.2021.	<b>106 660 233</b>	<b>46 205 099</b>	<b>17 925 394</b>	-	<b>170 790 726</b>
Depreciation***	6 952 129	1 991 039	1 382 847	-	10 326 015
Disposals depreciation	-	(276 885)	(229 560)	-	(506 445)
Reclassification from right of use assets	-	-	844 282	-	844 282
Reclassification to/from investment property*	36 890	-	-	-	36 890
Substitute part of fixed assets	-	(14 222)	(35 395)	-	(49 617)
<b>Accumulated depreciation at 31.12.2022.</b>	<b>113 649 252</b>	<b>47 905 031</b>	<b>19 887 568</b>	-	<b>181 441 851</b>
<b>Balance at 31.12.2021.</b>	<b>109 501 524</b>	<b>8 916 428</b>	<b>5 576 040</b>	<b>10 077 357</b>	<b>134 071 349</b>
<b>Balance at 31.12.2022.</b>	<b>102 735 366</b>	<b>9 986 537</b>	<b>8 386 907</b>	<b>11 266 348</b>	<b>132 375 158</b>

	Land and buildings	Equipment and machinery	Other property, plant and equipment	Construction in progress	TOTAL
	EUR	EUR	EUR	EUR	EUR
<b>Cost at 31.12.2022.**</b>	<b>216 384 618</b>	<b>57 891 568</b>	<b>28 274 475</b>	<b>11 266 348</b>	<b>313 817 009</b>
Additions	468 293	12 482 222	4 071 515	8 155 980	<b>25 178 010</b>
Reclassified	4 525 941	2 273 797	-	(6 799 738)	-
Reclassification from right of use assets	-	184 500	-	-	<b>184 500</b>
Reclassification to/from investment property*	52 837	-	-	-	<b>52 837</b>
Disposals	(58 020)	(2 686 001)	(49 553)	(527 031)	<b>(3 320 605)</b>
Disposals to be sold	-	(344 751)	-	-	<b>(344 751)</b>
Substitute part of fixed assets	(98 926)	(68 207)	(119 686)	-	<b>(286 819)</b>
<b>Cost at 31.12.2023.**</b>	<b>221 274 743</b>	<b>69 733 128</b>	<b>32 176 751</b>	<b>12 095 559</b>	<b>335 280 181</b>
<b>Accumulated depreciation at 31.12.2022.</b>	<b>113 649 252</b>	<b>47 905 031</b>	<b>19 887 568</b>	-	<b>181 441 851</b>
Depreciation***	7 007 794	2 704 110	1 517 214	-	<b>11 229 118</b>
Disposals depreciation	(58 020)	(2 685 579)	(49 372)	-	<b>(2 792 971)</b>
Depreciation of sold assets	-	(344 751)	-	-	<b>(344 751)</b>
Reclassification from right of use assets	-	153 676	-	-	<b>153 676</b>
Substitute part of fixed assets	(98 926)	(68 207)	(119 686)	-	<b>(286 819)</b>
<b>Accumulated depreciation at 31.12.2023.</b>	<b>120 500 100</b>	<b>47 664 280</b>	<b>21 235 724</b>	-	<b>189 400 104</b>
<b>Balance at 31.12.2022.</b>	<b>102 735 366</b>	<b>9 986 537</b>	<b>8 386 907</b>	<b>11 266 348</b>	<b>132 375 158</b>
<b>Balance at 31.12.2023.</b>	<b>100 774 643</b>	<b>22 068 848</b>	<b>10 941 027</b>	<b>12 095 559</b>	<b>145 880 077</b>

\* Reclassified from / to investment property – Land and buildings with the cost of 52,837 euro reclassified from investment property (2022: 8,313 euro to investment properties); land and buildings 36,890 euro the original value has been reclassified from investment property (see Note 15).

\*\* Cost value – As at December 31, 2023, the Company's statement of financial position includes fully depreciated property, plant and equipment items in the amount of 84,577,940 euro (31.12.2022: 88,400,653 euro).

\*\*\* Depreciation – calculated depreciation includes Property, Plant and Equipment purchased for government grants, purchased for means of European Community financial institutions and purchased on finance lease.

On December 31, 2023 the land with total area of 71.0912 hectares (31.12.2022: 72.5617) owned by the Ministry of Transport of the Republic of Latvia was transferred for usage to the Company and was not disclosed in the statement of financial position of the Company as the terms of use do not comply with the classification of finance leases. The Company's fixed assets, except land, intangible assets and use of rights assets, are pledged to the State Treasury.

<b>14. Right of use assets</b>				
	<b>Right of use land and buildings</b>	<b>Right of use equipment and machinery</b>	<b>Right of use other property, plant and equipment</b>	<b>TOTAL</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Cost at 31.12.2021.</b>	-	<b>184 500</b>	<b>1 125 864</b>	<b>1 310 364</b>
Additions	61 016	-	-	<b>61 016</b>
Reclassified to property, plant and equipment	-	-	(962 484)	<b>(962 484)</b>
<b>Cost at 31.12.2022.</b>	<b>61 016</b>	<b>184 500</b>	<b>163 380</b>	<b>408 896</b>
<b>Accumulated depreciation at 31.12.2021.</b>	-	<b>133 982</b>	<b>925 927</b>	<b>1 059 909</b>
Depreciation	1 695	10 275	40 953	<b>52 923</b>
Reclassified to property, plant and equipment	-	-	(844 282)	<b>(844 282)</b>
<b>Accumulated depreciation at 31.12.2022.</b>	<b>1 695</b>	<b>144 257</b>	<b>122 598</b>	<b>268 550</b>
<b>Balance at 31.12.2021.</b>	-	<b>50 518</b>	<b>199 937</b>	<b>250 455</b>
<b>Balance at 31.12.2022.</b>	<b>59 321</b>	<b>40 243</b>	<b>40 782</b>	<b>140 346</b>
	<b>Right of use land and buildings</b>	<b>Right of use equipment and machinery</b>	<b>Right of use other property, plant and equipment</b>	<b>TOTAL</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Cost at 31.12.2022.</b>	<b>61 016</b>	<b>184 500</b>	<b>163 380</b>	<b>408 896</b>
Reclassified to property, plant and equipment	-	(184 500)	-	<b>(184 500)</b>
<b>Cost at 31.12.2023.</b>	<b>61 016</b>	-	<b>163 380</b>	<b>224 396</b>
<b>Accumulated depreciation at 31.12.2022.</b>	<b>1 695</b>	<b>144 257</b>	<b>122 598</b>	<b>268 550</b>
Depreciation	20 339	9 419	9 787	<b>39 545</b>
Reclassified to property, plant and equipment	-	(153 676)	-	<b>(153 676)</b>
<b>Accumulated depreciation at 31.12.2023.</b>	<b>22 034</b>	-	<b>132 385</b>	<b>154 419</b>
<b>Balance at 31.12.2022.</b>	<b>59 321</b>	<b>40 243</b>	<b>40 782</b>	<b>140 346</b>
<b>Balance at 31.12.2023.</b>	<b>38 982</b>	-	<b>30 995</b>	<b>69 977</b>

### 15. Investment property

	Land EUR	Buildings EUR	TOTAL EUR
<b>Cost value at 31.12.2021.</b>	<b>986 543</b>	<b>993 801</b>	<b>1 980 344</b>
Reclassified to property, plant and equipment	(8 313)	(36 890)	<b>(45 203)</b>
<b>Cost value at 31.12.2022.</b>	<b>978 230</b>	<b>956 911</b>	<b>1 935 141</b>
<b>Accumulated depreciation at 31.12.2021.</b>	-	<b>855 521</b>	<b>855 521</b>
Depreciation (calculated)	-	11 590	<b>11 590</b>
Reclassified from/to property, plant and equipment	-	(36 890)	<b>(36 890)</b>
<b>Accumulated depreciation at 31.12.2022.</b>	-	<b>830 221</b>	<b>830 221</b>
<b>Balance at 31.12.2021.</b>	<b>986 543</b>	<b>138 280</b>	<b>1 124 823</b>
<b>Balance at 31.12.2022.</b>	<b>978 230</b>	<b>126 690</b>	<b>1 104 920</b>

	Land EUR	Buildings EUR	TOTAL EUR
<b>Cost value at 31.12.2022.</b>	<b>978 230</b>	<b>956 911</b>	<b>1 935 141</b>
Reclassified to property, plant and equipment	(52 837)	-	<b>(52 837)</b>
<b>Cost value at 31.12.2023.</b>	<b>925 393</b>	<b>956 911</b>	<b>1 882 304</b>
<b>Accumulated depreciation at 31.12.2022.</b>	-	<b>830 221</b>	<b>830 221</b>
Depreciation (calculated)	-	11 592	<b>11 592</b>
<b>Accumulated depreciation at 31.12.2023.</b>	-	<b>841 813</b>	<b>841 813</b>
<b>Balance at 31.12.2022.</b>	<b>978 230</b>	<b>126 690</b>	<b>1 104 920</b>
<b>Balance at 31.12.2023.</b>	<b>925 393</b>	<b>115 098</b>	<b>1 040 491</b>

As of December 31, 2023, in the course of its operating activities, the Company rents out part of the land plots owned by the Company in the amount of 65.1685 (2022: 68.8894) hectares.

### 16. Inventories

	2023 EUR	2022 EUR
Materials and consumables*	1 304 176	1 046 399
<b>TOTAL:</b>	<b>1 304 176</b>	<b>1 046 399</b>

\* including advances paid for goods in the amount of 495 euros as at December 31, 2023 (2022: 0 euros) and fixed assets written off in order to be disposed in the amount of 10,207 euros as at December 31, 2023 (2022: 0 euros).

<b>17. Trade receivables</b>	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
Trade receivables	10 783 101	8 691 318
Impairment allowance	(289 156)	(333 725)
<b>TOTAL:</b>	<b>10 493 945</b>	<b>8 357 593</b>

<b>17. a Impairment allowance</b>	<b>EUR</b>
<b>Impairment allowance at 31 December 2021</b>	<b>661 864</b>
Reduction of allowance, unrecovered debts	(595 938)
Created impairment allowance	267 799
<b>Impairment allowance at 31 December 2022</b>	<b>333 725</b>
Reduction of allowance, unrecovered debts	(45 914)
Created impairment allowance	1 345
<b>Impairment allowance at 31 December 2023</b>	<b>289 156</b>

<b>18. Other receivables and prepaid expenses</b>	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
<b>Financial assets</b>		
Other receivables *	2 924 544	16 917
<b>TOTAL FINANCIAL ASSETS:</b>	<b>2 924 544</b>	<b>16 917</b>
<b>Non-financial assets</b>		
Insurance	225 690	157 824
Advance payments for services	24 588	173 338
Advance payments for fixed assets	2 836 312	6 342 303
Other prepaid expenses	452 224	379 618
<b>TOTAL NON-FINANCIAL ASSETS:</b>	<b>3 538 814</b>	<b>7 053 083</b>
<b>TOTAL:</b>	<b>6 463 358</b>	<b>7 070 000</b>

\*including the debt of the Central Finance and Contracting Agency on December 31, 2023 of 2,585,314 euros (2022: 0 euros).

## 19. Cash and cash equivalents

	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
Cash in bank	8 294 406	20 990 194
Cash in exchange machine and cash in transit	43 406	28 498
Cash on hand	2 249	2 884
<b>TOTAL:</b>	<b>8 340 061</b>	<b>21 021 576</b>

## 20. Share capital

The registered and paid-up share capital of the Company is 68,347,231 euros (2022: 68,347,231 euros), and it consists of 28,608,932 shares with a nominal value of one share of 1 euro each and 397,382,990 Covid-19 shares with a nominal value of 0.10 euros each. The owner of all shares is the Republic of Latvia. 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 the same right to receive dividends, liquidation quota and voting rights at the shareholders' meeting.

## 21. Reserves

Other reserves represent reserve capital that is made of retained earnings at the Company's disposition for development purposes according with the decisions made during the shareholder's meetings.

The procedure of using and supplementing reserve capital is determined by the Shareholder's Meeting. After approval of the financial statements, the Shareholder's Meeting decides on deductions from profit to reserve capital. See Notes 2 (i) and (j).

	<b>EUR</b>
<b>Reserve capital at 31 December 2021</b>	<b>25 178 608</b>
<b>Reserve capital at 31 December 2022</b>	<b>25 178 608</b>
<b>Reserve capital at 31 December 2023</b>	<b>25 178 608</b>

Apart from reserve capital, other reserves include a "Long-term investment revaluation reserve" that has been created in 2002 for the assets that previously belonged to the Russian Federation Army, received free of charge. As at December 31, 2023 the balance of this reserve is 5,231 euro (2022: 9,394 euro).

## 22. Borrowings from credit institutions and other borrowings

	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
<b>Long-term loans from credit institutions</b>		
The Treasury (repayable later than 5 years after balance sheet date)	17 109 346	18 811 562
Swedbank AS (repayable later than 1 year after balance sheet date)	289 333	5 747 899
SEB bank (repayable later than 1 year after balance sheet date)	-	3 373 333
Long-term lease liabilities (repayable 1-5 years after balance sheet date)	287 962	337 173
<b>TOTAL NON-CURRENT PORTION:</b>	<b>17 686 641</b>	<b>28 269 967</b>

	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
<b>Short-term loans from credit institutions</b>		
The Treasury	1 752 193	1 755 890
Swedbank AS	5 838 403	962 717
SEB bank	3 382 976	464 639
Lease liabilities	119 387	144 740
<b>TOTAL CURRENT PORTION:</b>	<b>11 092 959</b>	<b>3 327 986</b>
<b>TOTAL:</b>	<b>28 779 600</b>	<b>31 597 953</b>

### Loans from credit institutions

**The Treasury of the Republic of Latvia** on April 12, 2012 issued a loan to the Company in the amount of 43 483 793 euro. From April 2, 2015 loan amount has been reduced in line with the Decision No. 12-33/9 by the Ministry of Finance to 33,663,759.46 euro. The aim of the loan is implementation of Cohesion Fund project No. 2010LV161PR001 "Riga International Airport Infrastructure Development". The loan shall be repaid until February 20, 2035. The Company has placed a mortgage for the benefit of the State Treasury of the Republic of Latvia with real estate belonging to the Company and mortgaged movable property (Pledge deed No. 100155354 dated February 9, 2012 and pledge deed No. 100158809 dated October 11, 2012, updated February 20, 2014 No. 100165077, updated March 24, 2015 No. 100169472). As at December 31, 2023 the repayable part of the loan is 18 653 372 euro and accrued interest is 48,718 euro (2022: 20,364 498 euro and accrued interest is 52,966).

Based on the Minister of Finance Decision No. 12-6/12 of August 9, 2018, the Company and The Treasury of the Republic of Latvia signed a loan agreement in the amount of 208,978 euro. Purpose of the loan was realization of KF project No.6.1.2.0/16/I/001 "Development of safe and environmentally friendly infrastructure at Riga International Airport". Loan shall be repaid by July 20, 2026. As at December 31, 2023, the outstanding portion of the loan is 108 213 euro and accrued interest is 1 259 euro (2022: 149,280 euro and accrued interest is 708).

**Swedbank AS** On January 7, 2020, the Company concluded a loan agreement in the amount of 9,500,000 euros. The purpose of the loan is to refinance the borrower's obligations to OP Corporate Bank plc. On December 31, 2023, the outstanding part of the loan was 5,747,899 euros and the accrued interest was 7,478 euros (2021: 6,705,882 euros and the accrued interest was 4,733). In 2023, the loan was repaid in the amount of 957,983 euros. The loan must be repaid by December 23, 2024. The Company plans to refinance the unpaid part of the loan in 2024 with repayment term of 5-10 years.

**Swedbank AS** On June 15, 2023, the Company concluded a loan agreement in the amount of 372,000 euros. The purpose of the loan is implementation of the project "Establishment of electricity supply and charging infrastructure in the airports of the Baltic countries in the corridor of the North Sea-Baltic TEN-T core network for the transition to more environmentally friendly operation". As of December 31, 2023, the outstanding part of the loan was 372,000 euros and the accrued interest was 359 euros. The loan must be repaid by June 25, 2028.

**SEB bank** On April 19, 2021, the Company concluded a loan agreement in the amount of 4,600,000 euros. Purpose of the loan - The loan is for repayment of the debt obligation to OP Corporate bank plc in full. On December 31, 2023, the outstanding part of the loan was 3,373,332 euros and the accrued interest was 9,644 euros (2022: 3,833,333 euros and the accrued interest was 4,639 euros). In 2022, the loan was repaid in the amount of 460,000

euros. The loan must be repaid by April 18, 2024. The Company plans to refinance the unpaid part of the loan in 2024.

Loan interest rates for all loans are determined with a variable interest rate component, and in 2023 the actual interest rates ranged from 1% to 5.28% per year.

Future lease payments in 2022 as part of finance lease and in 2023 as part of lease can be reflected as follows:

	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
Within 1 year, including lease interest	136 933	161 205
Later than one year but less than five years, including lease interest	302 852	359 324
<b>Total lease liabilities – minimum lease payments and lease interest</b>	<b>439 785</b>	<b>520 529</b>
Future finance charges on lease – interest on the lease	(32 436)	(38 616)
<b>PRESENT VALUE OF LEASE LIABILITIES:</b>	<b>407 349</b>	<b>481 913</b>

The present value split of lease liabilities based on short-term and long-term parts is as follows:

	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
Within 1 year	119 387	144 739
Later than one year but less than five years	287 962	337 174
<b>PRESENT VALUE OF LEASE LIABILITIES:</b>	<b>407 349</b>	<b>481 913</b>

Movement of borrowings:

	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
<b>Balance at the beginning of the reporting year</b>	<b>31 597 952</b>	<b>34 456 621</b>
Loans received	454 400	453 912
Loans repaid	(3 120 199)	(3 120 199)
Lease repayments	(156 785)	(193 475)
Calculated interest	652 872	390 083
Interest received	-	402
Interest paid	(648 640)	(389 392)
<b>Balance at the end of the reporting year</b>	<b>28 779 600</b>	<b>31 597 952</b>

On May 31, 2022, the Company has concluded a cooperation agreement on financial leasing with Swedbank Līzings SIA with an available limit of 2,253,711 euros. Leasing contract term - 5 years. On December 31, 2023, financial leasing debt obligations to Swedbank Līzings SIA are 365,166 euros and accrued interest is 125 euros (2022: 373,705 and accrued interest 259 euros).

In 2023, a new full-service lease agreement was concluded for the lease of three light vehicles for 3 years. On December 31, 2023, accounting for lease liabilities according to IFRS16 was 38,283 euros (2022: 58,200).

Lease obligations for fixed assets purchased as part of the 2023 financial lease amount to 3,765 euros, accrued interest 9 euros (2022: 49,746 euros and accrued interest 55 euros).

Interest rates for lease agreements ranged from 1 to 2.8% per year.

### 23. Deferred income

	2023	2022
	EUR	EUR
<b>Long term:</b>		
Government grant related to the Cohesion Fund financing of property, plant and equipment acquired as part of the runway extension project	2 247 320	2 833 660
Payment for development of infrastructure stipulated in the long-term lease agreements	1 647 898	1 715 153
Government grants for development of the airport infrastructure	128 595	143 577
Long term part of depreciation of property, plant and equipment acquired and acquirable using the government grants on aviation safety	549 110	178 544
Infrastructure development (Cohesion fund project Nr.3DP/3.3.1.4.0/10/IPIA/SM/001)	25 176 087	28 674 075
Fixed assets (heating system and other) obtained free of charge	125 125	153 432
From EU project for safe and environmentally friendly infrastructure	8 135 042	1 388 120
Ministry of Defence budget program for airport infrastructure improvement	354 415	404 550
ERDF funding, Project no. 4.4.1.0/16/I/001	5 889	6 751
A-CDM Riga project No. 2015-LV-TM-0094-W	57 425	160 329
<b>TOTAL LONG TERM PART:</b>	<b>38 426 906</b>	<b>35 658 191</b>
<b>Short term:</b>		
Government grant related to the Cohesion Fund as part of the runway extension project	586 340	586 340
Advertising and lease services	458 090	430 355
Government grants for development of the airport infrastructure	14 982	44 914
Long term part of depreciation of property, plant and equipment acquired and acquirable using the government grants on aviation safety	39 276	29 769
Infrastructure development (Cohesion fund project Nr.3DP/3.3.1.4.0/10/IPIA/SM/001)	3 497 987	4 073 348
Fixed assets (heating system and other) obtained free of charge	28 309	28 308
EU project "Development of safe and environmentally friendly infrastructure"	921 542	122 430
Ministry of Defence budget program for airport infrastructure improvement	50 134	50 134
ERDF funding, Project no. 4.4.1.0/16/I/001	862	862
A-CDM Riga project No. 2015-LV-TM-0094-W	102 904	102 904
<b>TOTAL SHORT TERM PART:</b>	<b>5 700 426</b>	<b>5 469 364</b>
<b>TOTAL:</b>	<b>44 127 332</b>	<b>41 127 555</b>

See also Note 4.

<b>24. Other liabilities</b>		
	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
<b>Financial liabilities</b>		
Other liabilities	3 080 543	6 008 820
Other accrued expenses	1 169 797	1 913 937
<b>TOTAL FINANCIAL LIABILITIES:</b>	<b>4 250 340</b>	<b>7 922 757</b>
<b>Non-financial liabilities</b>		
Taxes and compulsory state social security contributions liabilities	1 902 765	1 235 823
Salaries	1 598 996	1 481 689
<b>TOTAL NON-FINANCIAL LIABILITIES:</b>	<b>3 501 761</b>	<b>2 717 512</b>
<b>TOTAL:</b>	<b>7 752 101</b>	<b>10 640 269</b>

<b>25. Accrued liabilities</b>		
	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
Accrued vacation liabilities	1 854 921	1 500 422
Accrued bonus expenses	2 105 731	-
<b>TOTAL ACCRUED LIABILITIES:</b>	<b>3 960 652</b>	<b>1 500 422</b>

## **26. Financial risk management**

### **(a) Financial risk factors**

The Company's overall risk management conception is based on the entrepreneurship strategy and internal controls procedures approved by the Board of the Company. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company has the following financial instruments - financial assets: current and non-current receivables, and cash in banks, cash in bank deposits or financial liabilities: short-term and long-term loans, lease liabilities, payables to creditors.

### **Financial instruments by categories**

	<b>Notes</b>	<b>2023</b>	<b>2022</b>
		<b>EUR</b>	<b>EUR</b>
<b>Financial assets at amortized cost</b>			
Trade receivables, net	17	10 493 945	8 357 593
Other financial assets	18	2 924 544	16 917
Cash and cash equivalents	19	8 340 061	21 021 576
<b>TOTAL:</b>		<b>21 758 550</b>	<b>29 396 086</b>

	Notes	2023 EUR	2022 EUR
<b>Financial liabilities at amortized cost</b>			
Loans from credit institutions	22	(28 372 251)	(31 116 039)
Lease liabilities	22	(407 349)	(481 914)
Trade payables		(4 450 718)	(3 342 669)
Other liabilities	24	(4 250 340)	(7 922 757)
	<b>TOTAL:</b>	<b>(37 480 658)</b>	<b>(42 863 379)</b>

The Company is exposed to the following risks:

- credit risk;
- liquidity risk;
- interest rate risk;
- foreign exchange risk.

### **Credit risk**

The Company is exposed to credit risk, which is a risk of arising of material losses, when the counterparty is not able to fulfil its contractual obligations to the Company. Credit risk is critical to the operations of the Company, so it is important to manage this risk effectively.

#### *Sources of credit risk*

Credit risk mainly relates to the largest customers of the Company. Three largest customers of the Company contribute 76% (2022: 69%) of the total debtors. One of those customers represented 48% (2022: 21%) of the total trade receivables, the second one represented 17% (2022: 36%) and the third largest customer represented 11% (2022: 13%) of the total trade receivables.

#### *Credit risk management*

The Board of the Company has approved invoice settlement controls and debt recovery policy setting competence and responsibility in the debt recoverability process for each structural unit.

The Company has not developed an internal credit rating system for evaluating trade receivables. Credit risk is monitored by the Company through constant evaluation of client credit history and assigning terms of credit for each client separately. The Company has introduced such credit policy that allows providing services on credit to customers with good credit history.

In 2023, there were no significant changes in expected credit losses regards trade receivables.

Receivables are only written-off if the Company treats them as irrecoverable. Indicators, which can lead to the irrecoverability of debts, are not agreeing about repayment schedule, including debtor's insolvency, bankruptcy or liquidation.

On monthly basis, the Company evaluates balances due from specific debtors and performs aging analysis.

Accounts receivable are analysed based on the following aging groups as at December 31, 2023:

	Not due	Less than 30 days	30-90 days	90-180 days	More than 180 days	Total
	EUR	EUR	EUR	EUR	EUR	EUR
<b>Trade receivables, gross</b>	8 848 809	1 621 898	29 000	7	283 387	<b>10 783 101</b>
<b>Allowance</b>	-	-	-	-	(289 156)	<b>(289 156)</b>
<b>Trade receivables, net</b>	8 848 809	1 621 898	29 000	7	5 769	<b>10 493 945</b>

Accounts receivable are analysed based on the following aging groups as at December 31, 2022:

	Not due	Less than 30 days	30-90 days	90-180 days	More than 180 days	Total
	EUR	EUR	EUR	EUR	EUR	EUR
<b>Trade receivables, gross</b>	8 229 770	103 348	12 103	3 586	342 511	<b>8 691 318</b>
<b>Allowance</b>	-	-	-	-	(333 725)	<b>(333 725)</b>
<b>Trade receivables, net</b>	8 229 770	103 348	12 103	3 586	8 786	<b>8 357 593</b>

Accounts receivable are recorded in the balance sheet at their amortised cost less provisions for impairment. Provisions for impairment are established in line with the conservative strategy by establishing in amount of 100% when there is an objective evidence to the management that these receivables will be irrecoverable.

In the event of a significant increase in credit risk, the impairment will be measured using the lifetime ECL of the asset, rather than the 12-month ECL. The model provides for operational simplifications for trade receivables. The Company has applied operational simplifications permitted by IFRS 9 in relation to the measurement of trade receivables – trade receivables are grouped by reference to the credit quality thereof and days outstanding, applying the ECL rates to each relevant group. The ECL rates are estimated based on the last three years of payment history, adjusting the indicator by considering the present information as well as future prospects. Estimated rate for trade receivables, which are not due, is low, therefore estimated ECL is not material and is equal to zero.

Credit risk management	Total, gross	Allowance	Total, net	Not yet due		Due	
				Gross amounts	Allowance	Gross amounts	Allowance
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>31.12.2023.</b>							
Trade receivables, including	10 783 101	(289 156)	10 493 945	8 848 809	-	1 934 292	(289 156)
<i>Three largest clients</i>	8 223 109	-	8 223 109	6 633 133	-	1 589 976	-
<i>Other customers</i>	2 559 992	(289 156)	2 270 836	2 215 676	-	344 316	(289 156)
Other receivables, net	2 924 544	-	2 924 544	2 924 544	-	-	-
<b>TOTAL:</b>	<b>13 707 645</b>	<b>(289 156)</b>	<b>13 418 489</b>	<b>11 773 353</b>	<b>-</b>	<b>1 934 292</b>	<b>(289 156)</b>

Credit risk management	Total, gross EUR	Allowance EUR	Total, net EUR	Not yet due		Due	
				Gross amounts EUR	Allowance EUR	Gross amounts EUR	Allowance EUR
<b>31.12.2022.</b>							
Trade receivables, including	8 691 318	(333 725)	8 357 593	8 229 770	-	461 548	(333 725)
<i>Three largest clients</i>	6 016 968	-	6 016 968	5 962 457	-	54 511	-
<i>Other customers</i>	2 674 350	(333 725)	2 340 625	2 267 313	-	407 037	(333 725)
Other receivables, net	16 917	-	16 917	16 917	-	-	-
<b>TOTAL:</b>	<b>8 708 235</b>	<b>(333 725)</b>	<b>8 374 510</b>	<b>8 246 687</b>	<b>-</b>	<b>461 548</b>	<b>(333 725)</b>

Allowance was recognized for debts the recoverability of which is doubtful (see Note 17 and 18).

#### Quality of the debtors

Fully performing debtors are mainly comprised of airline company debts for services provided to airline companies in December, which expected credit losses are not material if compared total performance indicators, therefore they are not recognized.

Past due not impaired and impaired debtors are not secured (with mortgage or commercial pledge).

#### Term deposits and cash at bank

Bank	Long term rating from Moody's Investors Service	2023 EUR	2022 EUR
AS Swedbank	AA-	2 185 253	2 811 589
AS Citadele Bank	Baa2	426 664	10 786 003
OP Corporate Bank plc	Aa3	4 548 927	998 251
Luminor Bank	A3	201 877	2 576 774
The Treasury of the Republic of Latvia		771 547	3 360 396
SEB bank	Aa3	160 138	457 181
<b>TOTAL:</b>		<b>8 294 406</b>	<b>20 990 194</b>

Expected credit losses were not recognised for cash as amounts are not material in the context of the financial statements.

#### Liquidity risk

Liquidity risk is associated with Company's ability to settle its liabilities within agreed due dates.

Main guidelines applied by the Company – do not permit delay of payments to creditors. The Company controls its liquidity risk by ensuring sufficient amount of cash and cash equivalents (see Note 22).

Operating cash flow forecast is prepared to manage liquidity risk on a monthly basis. In case the situation with working capital deteriorates, operating cash flow forecast is prepared on weekly basis or more frequently.

Tables below analyse the Company's financial liabilities by relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows.

Therefore, the Company considers that the going concern principle is applicable to the preparation of these financial statements.

In comparison to the previous reporting year, the Company's accounting and valuation methods have not been changed.

Term analysis of financial liabilities at December 31, 2023 based on their contractual undiscounted cash flows:

	Carrying amount EUR	Contractual cash flows EUR	1 – 3 months EUR	3 months – 1 year EUR	1 – 5 years EUR	More than EUR
<b>31.12.2023.</b>						
Loans from credit institutions	(28 372 251)	(29 786 849)	(969 353)	(10 486 601)	(9 399 934)	(8 930 961)
Lease liabilities	(407 349)	(439 650)	(37 495)	(99 302)	(302 853)	-
Accounts payable to suppliers and contractors	(4 450 718)	(4 450 718)	(4 450 718)	-	-	-
Other liabilities	(4 250 340)	(4 250 340)	(1 880 640)	(784 549)	(1 585 151)	-
<b>TOTAL:</b>	<b>(37 480 658)</b>	<b>(38 927 557)</b>	<b>(7 338 206)</b>	<b>(11 370 452)</b>	<b>(11 287 938)</b>	<b>(8 930 961)</b>

Term analysis of financial liabilities at December 31, 2022 based on their contractual undiscounted cash flows:

	Carrying amount EUR	Contractual cash flows EUR	1 – 3 months EUR	3 months – 1 year EUR	1 – 5 years EUR	More than EUR
<b>31.12.2022.</b>						
Loans from credit institutions	(31 116 039)	(33 015 473)	(914 478)	(2 814 619)	(18 554 216)	(10 732 160)
Lease liabilities	(481 913)	(520 215)	(40 384)	(152 366)	(327 465)	-
Accounts payable to suppliers and contractors	(3 342 669)	(3 342 669)	(3 342 669)	-	-	-
Other liabilities	(7 922 757)	(7 922 757)	(2 028 083)	(227 829)	(5 666 845)	-
<b>TOTAL:</b>	<b>(42 863 378)</b>	<b>(44 801 114)</b>	<b>(6 325 614)</b>	<b>(3 194 814)</b>	<b>(24 548 526)</b>	<b>(10 732 160)</b>

### Interest rate risk

The Company is exposed to cash flow interest rate risk, as majority of its short-term and long-term borrowings and finance lease liabilities are at variable interest rate. Company's policy stipulates that main part of its debts have variable interest rates.

Other financial assets and liabilities have no interest rates attached to them.

As all financial assets and liabilities are accounted for at amortised cost, the Company is not exposed to the fair value interest rate risk.

### Foreign currencies fluctuations risk

Foreign currency exchange risk is probability, that foreign currency exchange fluctuations will affect financial position and cash flows of the Company. Assets and liabilities exposed to the foreign currency exchange risk are cash and cash equivalents, trade and other receivables, short and long-term borrowings, accounts payable to suppliers and contractors and other liabilities. The Company is mainly exposed to foreign currency exchange risk associated with USD and CAD. Exposure to foreign currency exchange risk as at December 31, 2023 and 2022 is as follows:

	2023	2022
Financial assets, USD thousand	94	86
Financial liabilities, USD thousand	(1)	(1)
<b>Statement of financial position, USD thousand, net</b>	<b>93</b>	<b>85</b>
<b>Statement of financial position, EUR thousand, net</b>	<b>85</b>	<b>80</b>

### Currency sensitivity analysis

The effect of USD exchange rate fluctuations has been calculated for both years, assumption is made based on prior year USD currency exchange rate fluctuations, which were in the range of 1%.

#### 31.12.2023

	Currency	Book value EUR	Impact on current profit before income tax / net assets	
			+1% (USD) EUR	-1% (USD) EUR
<b>Financial assets</b>				
Cash and cash equivalents	USD	8 586	90	(90)
Trade receivables, gross	USD	84 909	850	(850)
	<b>TOTAL:</b>	<b>93 495</b>	<b>940</b>	<b>(940)</b>
<b>Financial liabilities</b>				
Trade payable	USD	901	9	(9)
	<b>TOTAL:</b>	<b>901</b>	<b>9</b>	<b>(9)</b>
<b>Net effect</b>		<b>92 594</b>	<b>931</b>	<b>(931)</b>

31.12.2022

	Currency	Book value	Impact on current profit before income tax / net assets	
			+1% (USD)	-1% (USD)
		EUR	EUR	EUR
<b>Financial assets</b>				
Cash and cash equivalents	USD	8 050	80	(80)
Trade receivables, gross	USD	72 932	730	(730)
	<b>TOTAL:</b>	<b>80 982</b>	<b>810</b>	<b>(810)</b>
<b>Financial liabilities</b>				
Trade payable	USD	795	8	(8)
	<b>TOTAL:</b>	<b>795</b>	<b>8</b>	<b>(8)</b>
<b>Net effect</b>		<b>80 187</b>	<b>802</b>	<b>(802)</b>

**(a) Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital.

The Company performs management of the capital, based on proportion of borrowed capital against total capital. This indicator is calculated as proportion of total liabilities to the total capital of the Company, less cash and cash equivalents and deferred revenue that comprises financing received from EU and government institutions for an acquisition of property, plant and equipment. Liabilities include all long term and short-term liabilities, but total capital includes all liabilities of the Company and equity. This indicator is used to evaluate structure of the capital of the Company, as well as its solvency. Strategy of the company is to ensure that mentioned proportion is not higher than 50%.

In 2023 and 2022 the proportion of borrowed capital to total capital was as follows:

	2023 EUR	2022 EUR
Total liabilities	89 070 404	88 208 868
(Cash and cash equivalents)	(8 340 061)	(21 021 576)
(Financing received from EU Cohesion Fund, ERAF and government grants with the purpose of funding purchase of property, plant and equipment as included into deferred income)	(41 867 911)	(38 800 308)
Net total liabilities	38 862 432	28 386 984
Total equity and liabilities	175 076 797	172 607 195
<b>Borrowed capital proportion to total capital:</b>	<b>22.19%</b>	<b>16.44%</b>

**(b) Fair value**

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

The objective of the fair value measurement, even in inactive markets, is to arrive at the price at which an orderly transaction would take place between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. In order to arrive at the fair value of a financial instrument different methods are used: quoted prices, valuation techniques incorporating observable data and valuation techniques based on internal models. These valuation methods are divided according with the fair value hierarchy in Level 1, Level 2 and Level 3. The level in the fair value hierarchy within which the fair value of a financial instrument is categorized shall be determined based on the lowest level input that is significant to the fair value in its entirety

The classification of financial instruments in the fair value hierarchy is a two-step process:

1. Classifying each input used to determine the fair value into one of the three levels;
2. Classifying the entire financial instrument based on the lowest level input that is significant to the fair value in its entirety.

Quoted market prices - Level 1

Valuations in Level 1 are determined by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices are readily available, and the prices represent actual and regularly occurring market transactions on an arm's length basis.

Valuation techniques using observable inputs - Level 2

Valuation techniques in Level 2 are models where all significant inputs are observable for the asset or liability, either directly or indirectly. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as price) or indirectly (that is, derived from prices).

The following financial assets and liabilities are included in Level 2:

Assets: Cash and cash equivalents 8,340,061 euros.

Valuation technique using market data that is not based on observable market data - Level 3

In the valuation technique, when market data that are not based on observable market data (unobservable market data) are used, they are classified at level 3. Unobservable market data is data that is not readily available in an active market, an illiquid market or due to the complexity of the financial instrument. Level 3 data is mostly determined based on observable market data of a similar nature, historical observations or using analytical approaches.

The Company believes that there are no significant differences between the fair value of its financial assets and liabilities and their accounting value.

All financial instruments of the Company, except for cash and cash equivalents, comply with the level 3 valuation technique.

**Assets and liabilities for which fair value is disclosed**

The carrying amount of liquid and short-term financial instruments (with maturity below 3 months), for example, cash and cash equivalents, short-term deposits, short-term trade payables and trade receivable, corresponds to their fair value.

The carrying amount of bank loans, finance lease liabilities and other long-term liabilities is evaluated by discounting future cash flows and applying market interest rate. As interest rates applied on loans from credit institutions, finance lease liabilities and other long-term liabilities are mainly floating and do not significantly differ from market rates, and the risk margin applicable to the Company has not changed significantly, the fair value of long-term liabilities approximates their net book value.

### Assets measured at fair value

The Company has no assets or liabilities, measured at fair value.

### 27. Capital commitments

The Company has planned to spend 23,789 thousand euro (2022: 27,504 thousand euro) for capital expenditures for property, plant and equipment and intangible assets in the subsequent year, including:

- Contracted for, but not yet delivered: 14,812 thousand euro (2022: 18,621 thousand euro);
- Approved, but not yet contracted for: 8,977 thousand euro (2022: 10,682 thousand euro).

### 28. Related party transactions

The Company has transactions with several companies whose shares belong the State. The largest transactions have been with JSC Air Baltic Corporation, SJSC Latvijas gaisa satiksme, SA Civilās aviācijas aģentūra, SJSC Latvijas Pasts. Transactions are related to the core activities of the respective counterparty.

#### (a) Balances due to related parties

	2023	2022
	EUR	EUR
Payables to SA "Civilās valsts aģentūra", safety and rescue pay part	444 170	535 468

#### (b) Balances due from related parties

	2023	2022
	EUR	EUR
SJSC „Latvijas gaisa satiksme”, for lease and public utility services	80 150	122 417
SJSC „Latvijas pasts”, for lease and public utility services	9 897	39 398
JSC „Air Baltic Corporation”, for aviation and lease services	5 220 901	3 124 656

#### (c) Income from sales of services to related parties

	2023	2022
	EUR	EUR
SJSC Latvijas gaisa satiksme for lease and public utility services	865 273	574 772
SJSC Latvijas pasts for lease and public utility services	163 884	272 713
JSC "Air Baltic Corporation" for aviation and lease services	23 765 953	18 019 184

**(d) Expenses for the purchase of goods and services from related parties**

	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
SJSC „Latvijas gaisa satiksme” for the services provided	51 940	27 730
SJSC „Latvijas pasts” for the services provided	2 887	3 151
Services received from JSC „Air Baltic Corporation”	72 761	207 111

**(e) Grants received from related parties**

	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
Aviation safety grants from the State (see Note 4)	412 218	52 418

Transactions with key management personnel are disclosed in Note 5.

**29. Contingent liabilities and assets**

**Accruals:**

According to the decisions made by the board of SJSC "Starptautiskā lidosta "Rīga" at the meeting of February 15, 2024, the following reserves have been created:

- reserves created in previous years for possible compensations for real estate in Mazā Gramzdas street 1A, cadastre No. 8076 002 0061 and "Mūkupurvi", cadastre no. 8076 002 0063 for the total amount of 295,120 euros.

**Information on the most important active legal proceedings as of December 31, 2023:**

On December 4, 2023, the airport has submitted a claim to the Riga District Court to collect a debt of 22,044.98 euros from the public joint-stock company "Aeroflot Russian Airlines" (a company registered in the Russian Federation with reg. No. 1027700092661) in favor of the SJSC "Starptautiskā lidosta "Rīga". Civil case No. C33576223 was initiated by the decision of the Riga District Court judge of December 6, 2023. The court hearing of the civil case is scheduled for May 21, 2024.

On November 30, 2023, the airport has submitted a claim to the Riga city court to recover a debt of 104,103.66 euros from SIA "ATRAN" (a company registered in the Russian Federation with reg. No. 1065009017897) in favor of the SJSC "Starptautiskā lidosta "Rīga". On December 14, 2023, the Riga City Court judge initiated civil case no. C771715623. The court hearing of the civil case is scheduled for February 3, 2025.

On October 5, 2023, the airport has submitted a claim to the Riga District Court to recover a debt of 64,403.95 euros from Rossiya Airlines JSC (a company registered in the Russian Federation with reg. No. 1117847025284) in favor of the SJSC "Starptautiskā lidosta "Rīga". Civil case No. C33515623 was initiated by the decision of the Riga City Court judge of December 22, 2023. The court hearing of the civil case is scheduled for November 25, 2024.

On December 13, 2023, the airport has submitted a claim to the Riga City Court to recover a debt of 15,203.87 euros from Siberia Airlines JSC (a company registered in the Russian Federation with reg. No. 5448100656) in favor of the SJSC "Starptautiskā lidosta "Rīga". Civil case No. C771740923 was initiated by the decision of the Riga City Court judge of December 22, 2023. The court hearing of the civil case is scheduled for December 19, 2024.

### Future income from lease payments

During 2023, the Company signed several operating lease agreements as a lessor of land and premises. In 2023, the Company generated revenue of 16,752,037 euro (2022:12,229,925 euro) from these lease agreements.

The lease agreements are concluded for a term of between 1 (rent of office premises in the terminal) and 49 years. Short-term agreements can be extended.

On September 30, 2010, the Company signed the long-term lease agreement no. NN-10/100 (renewed by NN-10/116) on renting commercial premises of the Company's terminals until December 31, 2026. The share of income from the above lease agreement in the Company's total income from the rent of premises and land in 2023 amounted to 79% (2022: 75%). The respective agreement stipulates that lease payments depend upon turnover of the commercial premises in each month separately. Considering the significant share of income generated by this agreement, future income from lease in accordance with the effective agreements as at December 31, 2023 have not been disclosed, as it cannot be estimated reliably.

### 30. Charge for services provided to disabled persons and persons with reduced mobility

In accordance with the Regulation (EC) No 1107/2006 of the European Parliament and of the Council, concerning the rights of disabled persons and persons with reduced mobility when travelling by air (July 5, 2006), Company is charging aircraft carriers for providing this service. Income and expenses for this service provided are disclosed as follows:

	<b>2023</b> <b>EUR</b>	<b>2022</b> <b>EUR</b>
Income	1 252 038	904 093
Direct costs	(854 628)	(678 973)
Indirect costs	(212 175)	(141 785)
<b>Profit / (loss) from operating activities</b>	<b>185 234</b>	<b>83 335</b>
Other operating expenses	(2 316)	(2 575)
<b>PROFIT / (LOSS) BEFORE TAX:</b>	<b>182 918</b>	<b>80 760</b>

### 31. Profit distribution proposed by the Board

In compliance with the Order No. 366 (Prot. No. 45 § 76) dated June 2, 2021, Clause 11, and the conditions set out by the decision of the European Commission from March 8, 2021 in the case SA/57756 (2021/N) – Latvia COVID-19: Recapitalization of Riga International Airport, there are restrictions placed on the Company with respect to dividend distributions until the Company has implemented the discontinuation of the respective state investment.

The management proposes to distribute dividends in the amount of 64% of the Company's 2023 annual profit after tax if the following conditions are met: until the approval of the annual report, in accordance with Clause 64 paragraph (a) sub-paragraph (b) of the Temporary Regulation, the independent assessment has determined a positive market value - i.e. the market value of the state support recipient has increased compared to the average market value of the recipient's shares as of April 30, 2020, and the termination of the participation of the state investment has been considered in the participating institutions.

The decision about 2023 profit distribution will be made by the Company's shareholders' meeting.

### 32. Subsequent events

Before the date of approval of these financial statements, the recurrent assessment of the market value of the recipient of state aid has been carried out. According to the assessment of external experts, the market value of the shares has increased compared to the average market valuation of the investee's shares as of April 30, 2020. Therefore, the Company will process the issue of termination of participation in the state investment for the participating institutions' consideration.

In the time period since the last day of the reporting year, there have been no events that would significantly affect the Company's 2023 financial report.

The company's annual report has been prepared by chief accountant Inga Simsone.

The financial report of the company for 2023, reflected on pages 13 to 57, was signed on April 26, 2024 by:

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Laila Odiņa

Chairperson of the  
Board

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Artūrs  
Saveļjevs

Member of the  
Board

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Normunds  
Feierbergs  
Member of the  
Board

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Inga Simsone  
Chief accountant

## Corporate Governance Statement

### SJSC Riga International Airport corporate governance statement for 2023

SJSC Riga International Airport (hereinafter — the Airport), uniform registration No. 40003028055, the corporate governance statement in 2023 has been developed in accordance with the provisions of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof<sup>5</sup>, as well as in accordance with the Cabinet regulations on corporate governance recommendations applicable to public companies and public private capital companies<sup>6</sup>, which stipulate that the capital company applies the Latvian governance code "Recommendations of good corporate governance for companies in Latvia"<sup>7</sup>.

According to the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof, public entity capital companies that qualify as large are required to prepare a corporate governance report. The Airport, in accordance with laws and regulations<sup>8</sup>, qualifies as a large capital company and accordingly falls into the target audience and is subject to the obligation to prepare a corporate governance report set out in the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof.

Compliance with the principles of corporate governance contributes to the long-term growth of the company's value, its effective management and transparency of operations and is applicable at all levels of the Airport, creating a successful system of interrelationships between the Airport's shareholders, Supervisory Board, Board, employees, customers and the rest of society. In its day-to-day operations, the Airport maintains open and trustworthy communication with all stakeholders and ensures compliance with Latvian and international legal norms and ethical standards.

The statement provides information on compliance with the Latvian Corporate Governance Code and its principles by applying the "comply or explain" principle.

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<sup>5</sup> Article 58<sup>1</sup> of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof.

<sup>6</sup> Regulations of the Cabinet of Ministers of 15 March 2022 No. 175 "Regulations on corporate governance recommendations applicable to a publicly owned company and a publicly private company".

<sup>7</sup> Corporate Governance Code: [https://www.tm.gov.lv/sites/tm/files/media\\_file/korporativas-parvaldibas-kodekss\\_0.pdf](https://www.tm.gov.lv/sites/tm/files/media_file/korporativas-parvaldibas-kodekss_0.pdf)

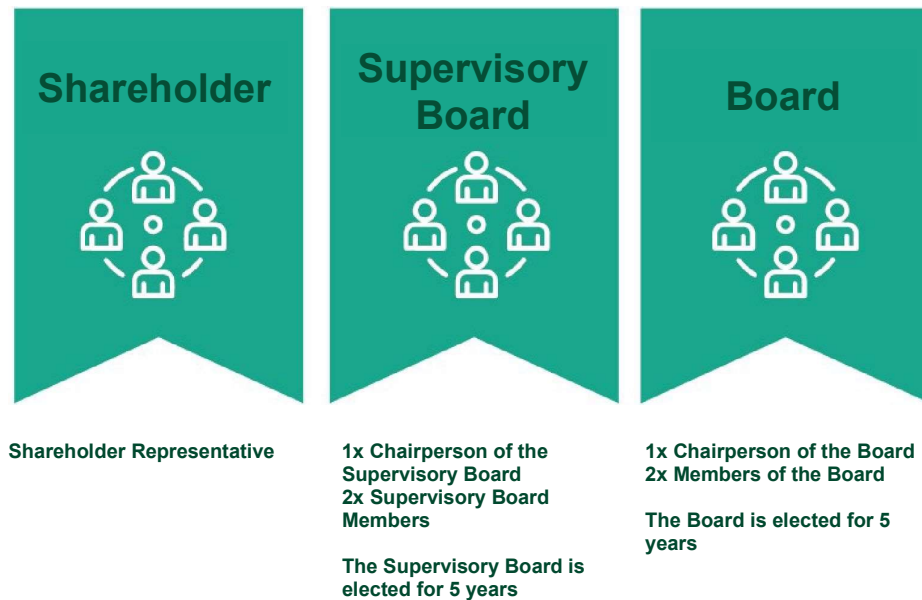
<sup>8</sup> Clause 6.3 of Cabinet of Ministers 04.02.2020 Regulation No. 63 "Regulations on the Number of Members of the Boards and Supervisory Boards of Publicly Owned Capital Companies and Publicly Owned Private Capital Companies, as well as the maximum amount of monthly remuneration of the members of the Boards and Supervisory Boards".

## Airport governance and organisational structure

The Airport's capital shares (stocks) are 100% owned by the State, and the Ministry of Transport is the holder of the State-owned capital shares. The State Secretary of the Ministry of Transport shall perform the duties of the holder of the State's shares.

The Airport's governance model is designed to follow corporate governance best practices, separating strategic and operational management. The Airport is governed by a Shareholders' Assembly, a Supervisory Board and a Board. In the cases set out in the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof, the Cabinet of Ministers, as the supreme decision-making body, also adopts decisions.

More detailed information on the governance structure is included in the Non-Financial Statement for 2023, which is prepared in accordance with the requirements of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof and the "Global Reporting Initiative" standard. The Non-Financial Statement is prepared at the same time as the Airport's 2023 Annual Report and will be published on the Airport's website.



## The strategy of the company

Principle No. 1 "The company has an up-to-date strategy that sets out the company's objectives and focuses on long-term value growth".

	Criteria	Facts
	The company has an up-to-date strategy, which is drafted by the Board.	<p>The criterion is met. The Airport has developed a Medium-Term Operational Strategy for the period 2021-2027 (hereinafter — the Strategy)<sup>9</sup>. The strategy is drafted by the Board. In accordance with the overall strategic objective<sup>10</sup>, the Strategy identifies key financial and non-financial objectives, as well as five strategic objectives, each with key actions and performance indicators.</p> <p>The Strategy has been coordinated with the Ministry of Transport and the Cross-Sectoral Coordination Centre (hereinafter — CSCC) and after receiving positive approvals, the final draft of the Strategy has been approved by the Airport Board<sup>11</sup>.</p>
	The Supervisory Board is involved in the strategy drafting process and approves the Strategy at a Supervisory Board meeting.	The criterion is met: at the end of 2021, a strategy for the period 2021-2027 has been developed in collaboration between the Board and the Supervisory Board and approved at the Supervisory Board meeting <sup>12</sup> .
	The Supervisory Board monitors the implementation of the Strategy.	<p>The criterion is met. The Supervisory Board monitors the implementation of the Strategy in accordance with the CSCC guidelines<sup>13</sup> and the procedures of the Ministry of Transport for the management of state capital shares<sup>14</sup>.</p> <p>To implement the objectives set out in the Strategy, the Supervisory Board approves an Annual Action Plan<sup>15</sup>, the implementation of which is monitored every six months<sup>16</sup>, with the Supervisory Board approving reports on the implementation of the Action Plan, which are submitted to the shareholder.</p>
	The company's Board implements the Strategy and reports regularly to the Supervisory Board on progress in its implementation.	<p>The criterion is met. The Strategy is implemented by the Board, which reports to the Supervisory Board every six months on the implementation of the objectives and action plan set out in the Strategy.</p> <p>The report includes information on the status of achievement of the financial and non-financial objectives and performance indicators set out in the Strategy, as well as information on the anomalies identified and the reasons for them.</p>

<sup>9</sup> The development of the Strategy was carried out in compliance with the Cross-Sectoral Coordination Centre's Regulation No. 1.2- 23/1/1 "Guidelines for the Development of the Medium-Term Operational Strategy of State Capital Companies" of 28 August 2018 and the Ministry of Transport Internal Regulation No. 01-02/31 "Procedures for the Management of State Capital Shares" of 27 September 2021.

<sup>10</sup> Cabinet of Ministers Order No. 283 of 28 April 2021 "On the General Strategic Objective of the State Joint Stock Company Riga International Airport" approves the general strategic objective of the Airport "to provide modern air transport infrastructure and services consistent with a regional traffic hub, offering convenient and safe connectivity for passengers and business, as well as to promote sustainable development and competitiveness".

<sup>11</sup> 11.10.2021 Board decision No. 1 (minutes No. 41).

<sup>12</sup> 20.10.2021 Supervisory Board decision No. 1 (minutes No. 15).

<sup>13</sup> Cross-Sectoral Coordination Centre's 17.06.2022 "Guidelines for the Development of the Medium-Term Operational Strategy of State Capital Companies"

<sup>14</sup> Internal regulations of the Ministry of Transport Internal Regulation No. 01-02/31 "Procedures for the Management of State Capital Shares" of 27 September 2021.

<sup>15</sup> 22.03.2023 The Supervisory Board has approved (decision No. 4, minutes No. 4) the Strategy implementation action plan for 2023.

<sup>16</sup> In 2023, the Airport Supervisory Board approved the reports on the implementation of the Strategy implementation action plan on 13 February 2023 (minutes No. 2, decision No. 2) and 11 August 2023 (minutes No. 10, decision No. 1).

**Internal culture and ethical behavior**

Principle No. 2 "The company shall establish an internal culture and an ethical behaviour code that serves as a standard of conduct for the company's management and employees".

	Criteria	Facts
	The Supervisory Board defines the fundamental values of the company.	The criterion is met. The Supervisory Board has been involved in defining the fundamental values of the company and they are included in the Strategy. The Airport's fundamental values, as defined in the Strategy approved by the Airport Supervisory Board, are: growth, responsibility, safety and security, openness, efficiency.
	The Board prepares and the Supervisory Board approves the code of internal culture and ethical behavior.	The criterion is met. The Airport has a Code of Ethics that has been developed and approved by the Board <sup>17</sup> in which is set out the basic principles of internal culture, professional ethics and conduct: loyalty, professionalism, integrity and diligence, and responsibility and sustainability. The Airport has a Corporate Governance Policy, approved by the Supervisory Board, which includes the fundamental principles of ethical behaviour <sup>18</sup> .
	The Board ensures that the internal culture and code of ethical behaviour are respected in the day-to-day operations of the company and responds when a breach of the code of ethical behaviour is detected.	<p>The criterion is met. In order to develop a company culture based on values, integrity, mutual respect and openness, e-learning on the fundamental principles of ethics and conduct is provided to all employees on a regular basis (upon recruitment and every three years thereafter). In 2023, 396 employees completed the Code of Ethics training. Employees have the possibility to report a possible breach of the Code of Ethics using the "Code of Ethics breaches" reporting tool. The Airport has issued Order<sup>19</sup> "On the procedure for reporting and dealing with employee complaints and allegations of misconduct".</p> <p>No cases of discrimination have been reported in 2023. There have been no whistleblowing incidents. In 2023, there has been one report of a breach of the Code of Ethics.</p> <p>More detailed information on the whistleblowing procedure and the Permanent Panel on Possible Misconduct is available in the Non-Financial Statement for 2023 in section "Ethics, Anti-Corruption and Conflict of Interest" and "Communication on Critical Issues".</p>

<sup>17</sup> 25.08.2022 Board meeting (decision No. 3, minutes No. 52)

<sup>18</sup> SJSC Riga International Airport Corporate Governance Policy Clause 5.3.1: The Airport has developed a Code of Ethics with the aim to promote honest, responsible and lawful actions of the Airport's employees in the interests of the company and society and to increase public trust in the Airport, including the development of a value-oriented corporate culture based on honesty, mutual respect and openness, thereby promoting employee loyalty, satisfaction and productivity.

<sup>19</sup> On 25 April 2022, Order No. 22/39B was issued on the "Procedure for Reporting and Handling of Employee Complaints, Possible Misconduct".

**Internal control system, risk management and internal audit**

Principle No. 3 "The company has a system of internal control, the effectiveness of which is monitored by the Supervisory Board".

	Criteria	Facts
	The company has a documented system of internal control, which is the responsibility of the Board.	<p>The criterion is met. The Airport has an established and maintained system of internal control, including:</p> <ul style="list-style-type: none"> <li>• defining the Airport's Strategy, operational planning;</li> <li>• maintaining and improving the control environment;</li> <li>• identification, assessment and management of significant Airport risks;</li> <li>• operational organization, including the implementation of regular control measures;</li> <li>• provision of information and communication;</li> <li>• protection of assets and information systems;</li> <li>• remuneration system;</li> <li>• accounting records;</li> <li>• ensuring operational compliance;</li> <li>• regularly reviewing, assessing and improving the effectiveness of the internal control system, taking into account changes in the Airport's operations and external conditions affecting its operations.</li> </ul> <p>Internal controls are integrated into the Airport's processes and day-to-day operations. The Airport's internal control system is documented in the Airport's internal regulatory documents, providing for a clear division of duties and responsibilities, thereby promoting a common understanding and continuity of knowledge.</p>
	The Internal Audit Unit shall, at least once a year, assess the effectiveness of the internal control system against pre-defined criteria and report the results of the assessment to the Supervisory Board.	The criterion is met. In accordance with the Internal Audit Manual, the Internal Audit Unit prepares an annual report on the internal audits carried out, the main problems identified, assessing the adequacy and effectiveness of the internal control system and expressing an opinion on the measures to be taken to improve the functioning of the internal control system.
	At least once a year, the Supervisory Board evaluates the provided assessment of the effectiveness of the internal control system.	The criterion is met. As regards the implementation of the internal audit function, a report on the internal audits carried out, the main problems identified, the assessment of the adequacy and effectiveness of the internal control system and an opinion on the measures to be taken to improve the functioning of the internal control system is presented annually to the Board, the Supervisory Board and the shareholder for decision.

More detailed information is available in the Non-Financial Statement for 2023 in section "Internal Audit Function" and "Process Quality and Safety Audits".

Principle No. 4 "The company identifies, assesses and monitors the risks related to its operation".

	Criteria	Facts
	The Board develops and the Supervisory Board approves the company's risk management policy	The criterion is met. The Airport Supervisory Board has approved the Risk Management Policy <sup>20</sup> .

	Based on the assessment of the identified risks, the Board implements risk management measures.	The criterion is met. The Airport identified, analysed, assessed and reassessed its risks (strategic, operational and financial), taking into account the internal regulatory documents governing the management of the respective risks. In response to the Airport's risks that exceeded the tolerable level or risk appetite, mitigating action plans (setting out the mitigating actions, personnel responsible for their implementation and timelines) were developed for the Airport's risks (strategic, operational and financial risks), reviewed by the Airport's Risk Management Committee and approved by the Board or in accordance with the procedures set out in the external laws and regulations. Taking into account the approved risk mitigation measures plans, the measures defined in them were implemented.
	At least once a year, the Supervisory Board examines the Board's reports on risk management activities and the implementation of the risk management policy.	The criterion is met. In accordance with the Risk Management Policy, an annual report on the Airport's risk management, including the implementation of the Airport's Risk Management Policy and the progress in the implementation of risk control measures and any necessary improvements to the Airport's risk management process during the current year, shall be prepared and reviewed by the Airport Risk Management Committee at least once a year as part of the Airport's risk management monitoring. The Airport Board, however, shall consider and submit the above report to the Airport Supervisory Board for its consideration.

More detailed information is available in the Non-Financial Statement for 2023 in section "Risk Assessment and Risk Management".

Airport risk management does not cover the safety risk management process provided within the Safety Management System in accordance with European Commission Regulation No. 139 and the Airport Safety Management System Manual.

Principle No. 5 "The company has established an internal audit unit that independently and objectively evaluates the company's operation".

	Criteria	Facts
	The company has an internal auditor who is functionally independent from the Board and reports to the Supervisory Board.	The criterion is met. An independent Internal Audit Unit (hereinafter — IAU) has been established at the Airport, which is administratively subordinate to the Board, but functionally — to the Supervisory Board.
	Internal auditors are approved by the Supervisory Board.	The criterion is met. The internal auditor was appointed in 2018, without the approval of the Supervisory Board, in accordance with the binding regulations of that time, but from 1 January 2022, in accordance with Board approved <sup>21</sup> and Supervisory Board

<sup>20</sup> "Risk Management Policy of the state joint stock company Riga International Airport approved by the Airport Supervisory Board on 11.08.2023 at the meeting (decision No. 6, minutes No. 10).

<sup>21</sup> Decision No. 2 of the Board of 28 October 2021 (minutes No. 43).

		agreed on <sup>22</sup> Internal Audit Unit Terms of Reference and the Supervisory Board's Rules of Procedure, the appointment and dismissal of the Head of the IAU shall henceforth be decided by the Supervisory Board.
	The internal auditor develops a risk-based internal audit plan, which is approved by the Supervisory Board.	The criterion is met. The Board, the Supervisory Board and the shareholder once every three years <sup>23</sup> make a decision on the approval of the Internal Audit Strategic Plan (the Internal Audit Strategic Plan for 2022-2024 is currently in force) and annually make a decision on the approval of the Internal Audit Annual Plan.
	The internal auditor shall inform the Board and the Supervisory Board of the implementation of the Internal Audit Plan, the results of the audit and the recommended actions to remedy deficiencies, if any.	The criterion is met. The reports on the results of the internal audit reviews and the functioning of the management and control system prepared by the IAU are submitted to the Board, the Supervisory Board and the shareholder, and a report on the audits carried out, the main problems identified, assessing the adequacy and effectiveness of the internal control system and expressing an opinion on measures to be taken to improve the functioning of the internal control system is submitted at least once a year.

### External auditor

Principle No. 6 "The company has an independent external auditor".

	Criteria	Facts
	The Supervisory Board and the Audit Committee, if established, determine the criteria for the selection of the external auditor.	The criterion is met. The selection of the auditor and the process of determining the remuneration shall be transparent through a public procurement process based on the procedures established by the Airport's internal laws and regulations <sup>24</sup> , while respecting the principles set out in the Law on Procurement of Public Service Providers, the results of which shall be approved by the Board and the Supervisory Board. The shareholders' meeting makes a decision on the election of the auditor and determining the amount of remuneration <sup>25</sup> . The procurement "Annual Audit Service" was organised in 2021 and the contract was concluded on 19.08.2021 with PricewaterhouseCoopers Ltd for 3 years.  A new procurement will be organized in the first half of 2024.
	The company has an independent external auditor with appropriate qualifications	The criterion is met. The Airport has an independent external auditor with appropriate qualifications. In accordance with the Law on Annual Statements and Consolidated Annual Statements of the Republic of Latvia, it is stipulated that a sworn auditor shall provide an opinion on the Annual Statements prepared by a company, who, in accordance with the provisions of Article 176 (1) of the Commercial Law, shall examine the annual statements of the company and provide an opinion whether, the financial statements of the Airport provide

<sup>22</sup> Supervisory Board decision No. 3, 8 November 2021 (minutes No. 16).

<sup>23</sup> Decision No. 2.3 of the Board, 13 December 2021. (minutes No. 53), decision No. 4 of the Supervisory Board, 10 January 2022 (minutes No. 1), decision No. 3 of the shareholders' meeting, 16 February 2022 (minutes No. 1).

<sup>24</sup> SJSC Riga International Airport Procurement procedure IP 1233P.

<sup>25</sup> According to Article 94, Clauses 5 and 8 of the first part of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof.

		a true and fair presentation of the financial state, performance and cash flows in accordance with International Financial Reporting Standards as adopted by the European Union.
	The term of office of an external auditor shall not exceed 5 years	The criterion is met. The auditor was selected in 2021. A procurement procedure for the next period is foreseen in 2024. The contract with the current auditor, PricewaterhouseCoopers Ltd, is concluded for a 3-year audit of the accounts.

### Election of Supervisory Board members

Principle No. 7 "The company provides a transparent procedure for the election and recall of Supervisory Board members".

	Criteria	Facts
	The company has an approved procedure for selecting and recalling Supervisory Board members.	<p>The criterion is met. The Airport's Corporate Governance Policy determines the procedure for nominating and appointing Supervisory Board members<sup>26</sup>.</p> <p>The Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof stipulates conditions regarding the establishment of the Supervisory Board and the number of Supervisory Board members, as well as the tasks of the Supervisory Board, requirements for candidates for Supervisory Board members, election and recall of Supervisory Board members.</p> <p>External laws and regulations<sup>27</sup> determine the procedure for nominating candidates for the position of Supervisory Board member at the Airport, including the procedure for establishing the nomination committee, the composition and requirements for the nomination committee members, the procedure for cooperation between the coordinating body and the holder of state capital shares, as well as minimum requirements regarding the education, language skills and work experience of Supervisory Board members, required competences and the procedure for their assessment. These regulations also set out the procedures for documenting and disclosing information on the conduct and results of the nomination process, as well as the duties of the recruitment consultant and the procedure for the reimbursement of expenses related to their performance, in order to ensure that the Supervisory Board nomination process complies with the principles of good corporate governance practice and that the selection of Supervisory Board members is open, fair and professional.</p> <p>The Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof determines the procedure for recalling the Supervisory Board<sup>28</sup>.</p>

<sup>26</sup> SJSC Riga International Airport "Corporate Governance Policy" Clause 5.6.1 "The procedure for nomination and appointment of members of the Board and the Supervisory Board, as well as the requirements for candidates, are determined by the Governance Law, the Cabinet of Ministers' Regulations issued on its basis, as well as the recommendations contained in the guidelines issued by the Cross-Sectoral Coordination Centre."

<sup>27</sup> Cabinet of Ministers Regulation of 7 January 2020 No. 20 "Procedure for Nomination of Members of the Board and Supervisory Board in Capital Companies in which the State or a Derivative Public Person Holds Shares".

<sup>28</sup> Clause 4 of Article 94 of the first part of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof.

	<p>The company shall provide timely and sufficient information to its shareholders about the members of the Supervisory Board who are standing for election or re-election.</p>	<p>The criterion is met. Candidates for the position of members of the Supervisory Board shall be nominated in accordance with the procedure set out in the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof.</p> <p>The selection of the members of the Airport Supervisory Board is carried out through a public application procedure, with the additional involvement of a recruitment consultant in the nomination process. Exception is allowed only in cases provided for in the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof, if a member of the Supervisory Board is re-elected for a new term of office or it is not possible to nominate a person for a term that would ensure the capacity of the Supervisory Board to act.</p> <p>In 2023, no Supervisory Board members have been nominated for re-appointment as a Supervisory Board member.</p>
	<p>The size of the Supervisory Board is appropriate to the specifics of the company's operations.</p>	<p>The criterion is met. Regulation of the Cabinet of Ministers<sup>29</sup> determines the number of members of the Airport Supervisory Board in accordance with the indicators characterising the size of the capital company, as well as the maximum amount of monthly remuneration of Supervisory Board members in accordance with the indicators characterising the capital company.</p>
	<p>Supervisory Board members are elected for a term not exceeding 5 years.</p>	<p>The criterion is met. According to the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof and the Statutes of the Airport, a Supervisory Board member is elected for a five-year term.</p>

More detailed information is available in the Non-financial statement for 2023 in the section "Nomination and Selection of the Highest Governing Body".

Principle No. 8 "Supervisory Board members together have appropriate experience and competence".

	Criteria	Facts
	<p>The Supervisory Board as a whole has the skills, experience and knowledge, including in the relevant sector, to be able to fully discharge its responsibilities.</p>	<p>The criterion is met. The Supervisory Board members have the skills, experience and knowledge, including in the relevant sector, to be able to fully discharge its responsibilities. Information on the education and experience of the Supervisory Board members is available on the Airport's website and in the Non-financial Statement for 2023.</p>
	<p>The composition of the Supervisory Board is based on the principles of diversity.</p>	<p>The criterion is met. The process for selecting Supervisory Board members is regulated by laws and regulations<sup>30</sup>. The selection process respects the principles of diversity, as demonstrated by the diversity of the members of the Supervisory Board.</p>
	<p>Both genders are represented in the Supervisory Board.</p>	<p>The criterion is met. In 2023, both genders are represented in the Airport Supervisory Board.</p>
	<p>The Board develops an induction training program and provides induction training for new Supervisory Board members.</p>	<p>The criterion is met. Supervisory Board members, upon starting work at the Airport, are provided with industry-specific training ("Aviation security Training at Riga Airport", "Safety Management System", "Aerodrome Safety"),</p>

<sup>29</sup> Cabinet of Ministers Regulation of 4 February 2020 No. 63 "Regulations on the Number of Members of the Boards and Supervisory Boards of Publicly Owned Capital Companies and Publicly Owned Private Capital Companies, as well as the maximum amount of monthly remuneration of the members of the Boards and Supervisory Boards".

<sup>30</sup> Cabinet of Ministers Regulation of 7 January 2020 No. 20 "Procedure for Nomination of Members of the Board and Supervisory Board in Capital Companies in which the State or a Derivative Public Person Holds Shares".

		as well as the opportunity to get acquainted with all binding documents of the Airport is provided.  No new Supervisory Board members have been elected at the Airport in 2023.
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More detailed information on the Supervisory Board (and the Board) is available in the Non-Financial Statement for 2023 in section "Curriculum Vitae of Supervisory Board and Board members".

Principle No. 9 "The company Supervisory Board has independent Supervisory Board members".

	Criteria	Facts
	The company assesses and shareholders determine the proportion of independent members of the Supervisory Board.	The criterion is not applicable. The proportion of independent members of the Supervisory Board is laid down in a laws and regulations <sup>31</sup> .
	At least half of the Supervisory Board members are independent.	The criterion is met. At least half (2 out of 3) of the members of the Supervisory Board at the Airport in 2023 are independent and meet the criteria for an independent member of the Supervisory Board in accordance with the external laws and regulations <sup>32</sup> .
	Independent candidates for election to the Supervisory Board shall submit a declaration of their compliance with the independence criteria.	The criterion is met. All existing independent members of the Supervisory Board have submitted a declaration that they are not restricted from holding office as a member of the Supervisory Board in accordance with the laws and regulations <sup>33</sup> , and undertake to inform the State shareholder without delay of any impediment to the performance of their duties.
	Before the election of the Supervisory Board, the company assesses the independence of the members of the Supervisory Board according to the available information.	The criterion is met. The Nomination Committee or the shareholder in the case of a temporary appointment shall assess the eligibility of the members of the Supervisory Board as an independent member of the Supervisory Board. The shareholder shall ensure that at least half of the members of the Supervisory Board are independent and meet all the criteria laid down in the external regulatory requirements <sup>34</sup> .

<sup>31</sup> Section 37 (6) of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof: in order to ensure professional and objective work of the Supervisory Board of a capital company, which contributes to the long-term growth of the value of the capital company and to its operational efficiency, the shareholder shall ensure that at least half of the members of the Supervisory Board are independent.

<sup>32</sup> Article 31, part six of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof.

<sup>33</sup> Article 37, part four of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof.

<sup>34</sup> Article 31, part six of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof.

## Principles for determining the remuneration of the Supervisory Board and the Board

Principle No. 10 "The company has implemented a remuneration policy".

	Criteria	Facts
	<p>The company has a remuneration policy in place, which has been developed by the Board, reviewed by the Supervisory Board and approved by the shareholders' meeting.</p>	<p>The criterion is met. The Airport has developed and approved the "Remuneration Terms of Reference" in 2019. In accordance with the Statutes, the "Remuneration Terms of Reference" was reviewed by the Board<sup>35</sup>, the Supervisory Board<sup>36</sup> and the shareholders' meeting<sup>37</sup>.</p> <p>The laws and regulations establish a unified regulatory framework for the remuneration of the Supervisory Board and members of the Board of publicly owned companies, and the principles of remuneration of the Airport's Board and Supervisory Board are determined by external regulations<sup>38</sup>. Remuneration is determined in accordance with laws and regulations<sup>39</sup> and guided by CSCC guidelines<sup>40</sup>.</p> <p>The remuneration of the members of the Supervisory Board and the Board is set out in the Airport's Corporate Governance Policy<sup>41</sup>.</p> <p>The termination indemnity is determined on the basis of standard delegation contracts issued by the Ministry of Transport.</p>

<sup>35</sup> 01.12.2019 Board decision No. 7.1 (minutes No. 52).

<sup>36</sup> 11.12.2019 Supervisory Board decision No. 2 (minutes No. 17).

<sup>37</sup> 19.12.2019 shareholders' meeting decision No. 2 (minutes No. 8).

<sup>38</sup> Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof and the Cabinet of Ministers Regulation No. 63 of 4 February 2020 "Regulations on the Number of Members of the Board and Supervisory Board of Public Capital Companies and Public Private Capital Companies, as well as the maximum amount of monthly remuneration of the members of the Board and Supervisory Board".

<sup>39</sup> Cabinet of Ministers 04.02.2020 Regulation No. 63 "Regulations on the Number of Members of the Boards and Supervisory Boards of Publicly Owned Capital Companies and Publicly Owned Private Capital Companies, as well as the maximum amount of monthly remuneration of the members of the Boards and Supervisory Boards".

<sup>40</sup> Cross-Sectoral Coordination Centre's 22.01.2021 "Guidelines for determining the remuneration of members of the boards and supervisory boards of public-private limited liability companies and public-private limited liability companies".

<sup>41</sup> "SJSC Riga International Airport "Corporate Governance Policy", Clause 5.7.1 "The remuneration of the members of the Supervisory Board and the Board is determined in accordance with the Governance Law and the Cabinet of Ministers Regulations, as well as in compliance with the guidelines issued by the Cross-Sectoral Coordination Centre for the Management of State Capital Enterprises on the determination of the remuneration of the members of the Board and the Supervisory Board.".

	<p>The Supervisory Board sets financial and non-financial objectives for the Board each year, their impact on variable remuneration and monitors their achievement.</p>	<p>The criterion is met. The financial and non-financial objectives to be achieved in each year are set out in annual performance indicators approved by the Board, which are set in line with the medium-term indicators set out in the Airport's Strategy.</p> <p>The Supervisory Board has set individual performance targets (KPIs) for each member of the Board in 2023, in line with the CSCC Guidelines<sup>42</sup>, and monitors their achievement.</p> <p>The variable part of remuneration is determined in accordance with the criteria laid down in external laws and regulations<sup>43</sup>, and taking into account the results of the financial and non-financial objectives, in line with the CSCC guidelines<sup>44</sup>.</p> <p>No bonuses were paid to the members of the Board in 2023. More detailed information is available in the Non-Financial Statement for 2023 in section "Management Performance Assessment".</p>
	<p>Members of the Supervisory Board shall not be paid a variable part of their remuneration, nor shall they receive any compensation in the event of their removal or termination of office.</p>	<p>The criterion is met. Members of the Supervisory Board shall not be paid variable parts or bonuses, nor shall they be paid any compensation in the event of removal from office or termination of office. Laws and regulations<sup>45</sup> prohibit the payment of bonuses (variable part of remuneration) to members of the Supervisory Board, and they are not paid.</p>
	<p>The Board prepares a report on the remuneration awarded to each person once a year</p>	<p>The criterion is met. According to external laws and regulations<sup>46</sup>, members of the Airport Board and Supervisory Board are public officials, and information about the Board and Supervisory Board</p>

<sup>42</sup> Guidelines No. 1.2-23/3/2 of the EU Commission's Cross-Sectoral Coordination Centre of 17.08.2020 "Guidelines for the evaluation of the performance of the members of the Board and the Supervisory Board".

<sup>43</sup> Article 117, part two of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof.

<sup>44</sup> Cross-Sectoral Coordination Centre's 22.01.2021 "Guidelines for determining the remuneration of members of the boards and supervisory boards of public-private limited liability companies and public-private limited liability companies".

<sup>45</sup> The fourth part of Article 109 and Article 112 of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof.

<sup>46</sup> Law "On Prevention of Conflict of Interest in Activities of Public Officials".

	to the current and former member of the Board and Supervisory Board.	<p>members' remuneration will be publicly available in the public officials' declarations of the members of the Board and Supervisory Board, which are publicly available in the State Revenue Service's database. The Airport prepares information on the remuneration of the Board and Supervisory Board on an annual basis, which is disclosed in the annual report.</p> <p>There are no changes to the members of the Board and Supervisory Board and their remuneration in 2023.</p>
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More detailed information is available in the Non-Financial Statement for 2023 in section "Remuneration Policy for the Supervisory Board and the Board".

### Organisation of the work and decision-making of the Supervisory Board

Principle No. 11 "The company has a defined and understandable work organization of the Supervisory Board".

	Criteria	Facts
	The Supervisory Board organizes its work in accordance with the Supervisory Board's Terms of Reference and work calendar.	The criterion is met. The Supervisory Board organises its work in accordance with the document "Rules of Procedure of the Supervisory Board of SJSC Riga International Airport" and the calendar of meetings of the Supervisory Board for the current year approved at the Supervisory Board meeting.
	The Supervisory Board holds at least one separate Supervisory Board meeting per year to discuss the company's strategy and its implementation.	The criterion is met. The Supervisory Board, in accordance with the rules of procedure of the Supervisory Board and the procedures laid down by the Ministry of Transport <sup>47</sup> , review the results of the action plan to implement the Strategy every six months. Once a year, in accordance with the laws and regulations <sup>48</sup> , the results of the company's activities (including the financial and non-financial objectives set out in the Strategy) are assessed and evaluated by the State Chancellery and the Ministry of Transport as the ministry of the sector.
	The company's budget shall provide the necessary funding for the operation of the Supervisory Board.	The criterion is met. The Airport's budget provides for the funding necessary for the operation of the Supervisory Board in accordance with the mandate contracts of its members.
	The Supervisory Board shall carry out an annual self-evaluation of its work, the results of which shall be examined at a meeting of the Supervisory Board.	The criterion is met. The Supervisory Board annually conducts a self-assessment of work in accordance with the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof <sup>49</sup> and the regulations of the Supervisory Board <sup>50</sup> , guided by CSCC guidelines <sup>51</sup> , for the previous reporting year and examines it at the Supervisory Board meeting.
	The Supervisory Board has assessed the necessity of establishing committees (if a committee has been established, see principle # 12.1.)	The criterion is not applicable. In 2023, the Supervisory Board consisted of three members. Given that the Corporate Governance Code recommends a minimum of three members on the Supervisory Board, the establishment of committees is not appropriate.

<sup>47</sup> Internal regulations of the Ministry of Transport Internal Regulation No. 01-02/31 "Procedures for the Management of State Capital Shares" of 27 September 2021.

<sup>48</sup> Cabinet of Ministers 09.02.2016 Regulation No. 96 "Procedure for Assessing the Performance and Financial Performance of a Capital Company in which the State has a Decisive Influence".

<sup>49</sup> Clause 13 of the second part of Article 107 of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof.

<sup>50</sup> Clause 1.2.14 of the regulations of the Supervisory Board of SJSC Riga International Airport

<sup>51</sup> Cross-Sectoral Coordination Centre's 17.08.2020 "Guidelines for the annual self-assessment of the work of the Supervisory Board" No. 1.2-23/3/1.

		<p>The Supervisory Board has assessed and initiated the establishment of committees other than those within the meaning of Article 12.1 of the Corporate Governance Code:</p> <p>In July 2020, the "Supervisory Committee for the 6th round of the passenger terminal expansion of SJSC Riga International Airport" was established.</p> <p>In September 2021 "SJSC Riga International Airport Business District Development Project Supervisory Committee" was established.</p> <p>The Committees have continued their work in 2023.</p>
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Principle No. 12 "The Supervisory Board makes informed and balanced decisions".

	Criteria	Facts
	The Supervisory Board shall have timely and sufficient access to information prepared by the Board for its decision-making.	The criterion is met. In accordance with the regulations of the Supervisory Board, the Secretary of the Airport Supervisory Board shall send a notice together with the draft agenda, draft decisions, documents and other materials on the Supervisory Board meeting to the members of the Supervisory Board and to the Management Board one week before the date of the meeting. The Supervisory Board may discuss matters other than those referred to in the notice of the meeting only with the consent of all its members present at the meeting.
	The Supervisory Board shall determine the procedures for the circulation of information, including the Supervisory Board's right to request information from the Board necessary for the Supervisory Board to make decisions.	The criterion is met. The Supervisory Board is entitled to receive all the information from the Board, which is necessary for decision-making. The regulations of the Supervisory Board set out the amount of information that the Board needs to submit to make a decision.
	A Supervisory Board member analyses the information and prepares proposals for decision-making in the Supervisory Board.	The criterion is met. The proposals and opinions of the members of the Supervisory Board are discussed at a meeting of the Supervisory Board.
	In making its decisions, the Supervisory Board assesses the risks, short- and long-term impact on the company's value, sustainability and responsible development.	The criterion is met. The Supervisory Board represents the interests of the shareholders between the shareholders' meetings and supervises the activities of the Board using sound and effective management tools: it is involved in the strategic development of the Airport, as well as in monitoring the financial and risk management system of the Airport, assesses the effectiveness of the internal control system and performs other activities required by the laws and regulations. Informed and considered decisions are made taking into account the short- and long-term impact on the Airport's value, sustainability and responsible development, as well as the Airport's priority risks. The principles of the Supervisory Board's activity as well as its main duties shall be determined by the regulations of the Supervisory Board and the Statutes of the Airport. The tasks and responsibilities of the Supervisory Board are regulated by laws and regulations.

**Prevention of conflict of interest**

Principle No. 13 "Members of the Board and Supervisory Board are clearly aware of the appearance of a conflict of interest and are informed of the necessary action to be taken in the event of a conflict of interest".

	Criteria	Facts
	<p>The Supervisory Board shall define the indications of a conflict of interest and establish procedures for the prevention and management of conflicts of interest.</p>	<p>The criterion is met. In 2022, the Supervisory Board approved the Airport's internal regulatory document on Corruption and conflict of interest prevention policy<sup>52</sup> (hereinafter — the Airport Conflict of Interest Prevention Policy), which defines signs that indicate a conflict of interest. The purpose of this policy is to establish common guidelines and principles for the prevention of corruption and for the timely and transparent identification, prevention and management of real, perceived and potential conflicts of interest in order to prevent employees from exercising their duties and powers in a conflict of interest situation at the Airport, as well as the duties and responsibilities of those involved in the prevention of corruption and conflicts of interest. Taking into account the Airport Conflict of Interest Prevention Policy, internal regulatory document<sup>53</sup> "Interest conflict prevention management instruction – RP 1474 I" (hereinafter — Instruction No. RP 1474 I) has been developed and approved, which is approved by the Board and determines the procedure by which:</p> <ul style="list-style-type: none"> <li>a) the Supervisory Board shall coordinate and supervise the necessary procedures for the prevention of conflict of interest situations, as well as manage conflict of interest situations involving members of the Airport Supervisory Board and the Board or persons related to them;</li> <li>b) the Board manages conflict of interest situations involving the Airport's employees and monitors the Airport's transactions with former members of the Board and Supervisory Board, as well as persons related to members of the Airport's Supervisory Board or Board.</li> </ul>
	<p>Supervisory Board or Board members do not participate in decision-making in matters where the interests of the company conflict with the interests of the Supervisory Board, Board members or persons related to them.</p>	<p>The criterion is met. In the regulations of the Supervisory Board<sup>54</sup> and the regulations of the Board<sup>55</sup>, as well as in the Conflict of Interest Prevention Policy and Instruction No. RP 1474 I is determined in which cases a member of the Supervisory Board or Board may not participate in the decision-making process. Consequently, members of the Supervisory Board and the Board shall avoid conflicts of interest and shall not take or participate in any decision that affects or may affect the personal or pecuniary interests of the Supervisory Board and/or the Board, its affiliates or business partners.</p>

<sup>52</sup> Approved by the Supervisory Board on 01.12.2022 meeting (decision No. 3, minutes No. 18).

<sup>53</sup> Approved by the Board on 20.04.2023 meeting (decision No. 1, minutes No. 29), agreed upon by the Supervisory Board on 10.05.2023 meeting (decision No. 5, minutes No. 6).

<sup>54</sup> "SJSC Riga International Airport regulations of the Supervisory Board" stipulates the obligation of the Supervisory Board members under Article 6.1.4: to avoid any conflict of interest, as well as to take a decision or participate in decision-making, or take any other action related to the performance of the duties of a Supervisory Board member, which affects or may affect the personal or property interests of the Supervisory Board member, his family members or relatives or business partners.

<sup>55</sup> Clause 4.8 of the "SJSC Riga International Airport regulations of the Supervisory Board": if the interests of the company conflict with the interests of a member of the Board, his spouse, relative or his brother-in-law, counting kinship up to the 3rd degree and brother-in-law up to the 2nd degree, and such issues are decided in the Board, the interested member of the Board may not participate in voting and this should be noted in the minutes of the Board meeting.

	<p>Persons subject to the conflict of interest obligation receive regular training on how to deal with conflict of interest situations.</p>	<p>The criterion is met. In compliance with external normative documents<sup>56</sup>, online trainings of the experts of the Office for Prevention of Corruption and Combating of Corruption<sup>57</sup> "Conflict of interest, anti-corruption and ethical issues" were organized for Airport employees (up to 60 middle and senior level employees of the Airport were trained), whose positions are more and most exposed to corruption and conflict of interest risks. Training is also provided to employees who were unable to attend the online training. This training video is placed in the LMS system. Primarily, Airport employees whose positions are most exposed to corruption and conflict of interest risks receive online training on "Conflict of interest, anti-corruption and ethical issues". In 2023, 49 employees were trained in e-learning.</p> <p>The Airport has developed the training programme for the Code of Ethics and determined that training of all employees shall take place once in every three years. The curriculum is based on the requirements for action in relation to issues of possible violations, fraudulent or corrupt activities.</p>
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More detailed information is available in the Non-Financial Statement for 2023 in section "Management Training for Sustainability Skills and Awareness".

### Shareholders meeting

Principle No. 14 "The company provides shareholders with timely information on the proceedings of the general meeting, providing all information necessary for decision-making".

	Criteria	Facts
	<p>The company shall inform shareholders in good time of the agenda, proceedings and voting procedure of the shareholders' meeting and of any changes thereto.</p>	<p>The criterion is met. The Airport shareholders' meeting is convened in accordance with the provisions of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof and the Ministry of Transport regulations<sup>58</sup> issued in accordance with the State Administration Structure Law, in compliance with the established deadlines, as well as the competence of the shareholders' meeting specified in the Commercial Law.</p> <p>The time and agenda of the shareholders' meeting shall be agreed with the shareholder.</p>
	<p>At the same time as the meeting is announced, the company provides shareholders with the opportunity to review the draft resolutions that are initially scheduled to be voted on at the meeting. The company shall promptly inform shareholders of any additional draft resolutions submitted.</p>	<p>The criterion is met. The Airport provides the shareholder with the opportunity to review the draft resolutions that are initially scheduled to be voted on at the meeting. The shareholder is informed of any changes.</p>

<sup>56</sup> Cabinet of Ministers 17.10.2017 Regulation No. 630 "Requirements for an Internal Control System for the Prevention of Corruption and Conflict of Interest in an Institution of a Public Person".

<sup>57</sup> The training took place on 10 May and 16 June 2022.

<sup>58</sup> Internal regulations of the Ministry of Transport of 27 September 2021 No. 01-02/31 "Procedures for the Management of State Capital Shares".

	The company provides shareholders with the opportunity to submit questions on items on the agenda and draft resolutions prior to the general meeting.	The criterion is met. Additional information is provided to the shareholder upon request.
	Draft decisions and accompanying documents provide detailed, clear and complete information on the matter under consideration.	The criterion is met. The draft resolutions and accompanying documents provide detailed, clear and complete information on the matter to be considered, and the shareholder may submit questions both before and during the shareholders' meeting.

Principle No. 15 "The company promotes effective shareholder involvement in decision-making and the widest possible participation of shareholders in shareholders' meetings".

	Criteria	Facts
	The shareholders' meeting is convened and held at a place and time conveniently accessible to the shareholders.	The criterion is met. Shareholders' meetings were convened and held at a place and time conveniently accessible to shareholders, having previously agreed with the shareholder.
	The company provides opportunities for shareholders to participate in the shareholders' meeting remotely.	The criterion is met. In 2023, shareholder meetings were convened and held at a place and time convenient for shareholders (including remotely). The form of the shareholders' meeting shall be noted both in the notice convening the shareholders' meeting and in the minutes.  The Airport shall, in cases where the shareholders' meeting is organised by electronic means (remotely), take the necessary measures to ensure that the shareholders' meeting is held by giving the opportunity to make statements, ask questions and participate in discussions.
	The company determines the appropriate length of the shareholders' meeting and gives shareholders the opportunity to express their views and obtain the information they need to make decisions during the meeting.	The criterion is met. The duration of the shareholders' meeting is determined according to the number of items to be considered and the amount of information to be discussed.
	The company shall call a new shareholders' meeting if the matters on the agenda of the meeting cannot be dealt with in the scheduled time.	The criterion is met. In 2023, all the matters submitted were dealt with in the scheduled time.
	The company invites the members of the Board, the Supervisory Board, the candidates for election to the Supervisory Board, the auditor, the internal auditor and other persons to participate in the shareholders' meeting in accordance with the matters to be discussed at the meeting.	The criterion is met. The members of the Supervisory Board and the Board, as well as, if necessary, other employees of the Airport, whose competence includes the items on the agenda, shall participate in the shareholders' meetings. The need for the auditor's participation is determined by laws and regulations <sup>59</sup> .

<sup>59</sup> Article 103 of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof.

	The shareholders' meeting adopts resolutions in accordance with the draft resolutions previously announced.	The criterion is met. The shareholders' meeting considers the draft resolutions submitted, evaluates the information provided and adopts appropriate resolutions.
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Principle No. 16 "The company develops and discusses the dividend policy with shareholders".

	Criteria	Facts
	The company has developed and published an up-to-date dividend policy.	<p>The criterion is met. The Airport has developed and included in the Strategy a dividend policy, which provides for a different dividend rate from the national dividend rate for the period 2024-2027 of 16%, excluding corporate income tax. The Strategy has been approved with the proviso that the approval of a different dividend policy is subject to Cabinet of Ministers approval.</p> <p>Based on 2 June 2021 Order No. 366 (minutes No. 45 76. §) Clause 11 60, the Airport complies with the conditions set out in the decision of the European Commission of 8 March 2021 in the case SA/57756 (2021/N) — Latvia COVID-19: Recapitalisation of Riga International Airport, which sets limits on dividend payments, while the Airport has not implemented the termination of the participation of the state investment.</p> <p>In 2023, the Airport has started obtaining the necessary approvals to ensure the termination of the state aid participation.</p> <p>In 2024, with the termination of the state aid participation, it is planned to update the Strategy, revising also the dividend policy and to push for a different dividend policy to be agreed by the Cabinet of Ministers.</p> <p>We also wish to point out that information on dividend payments is disclosed in the annual report.</p>
	The dividend policy has been discussed with the shareholders during the shareholders' meeting.	<p>The criterion is met. The dividend policy and its limitations have been discussed with the shareholder, as well as based on Order No. 366 of 2 June 2021 (minutes No. 45 76. §) Clause 11, the Airport complies with the conditions set out in the decision of the European Commission of 8 March 2021 in the case SA/57756 (2021/N) — Latvia COVID-19: Recapitalisation of Riga International Airport, which sets limits on dividend payments, while the Airport has not implemented the termination of the participation of the state investment.</p> <p>The above-mentioned information is publicly available on the Airport's website.</p>

<sup>60</sup> Amendments to the Order of the Cabinet of Ministers of 23 April 2020 No. 219 "On Increasing the Share Capital of the State Joint Stock Company Riga International Airport".

**Transparency of the company's activities**

Principle No. 17 "The company regularly and timely informs shareholders and other stakeholders about the company's business, financial performance, governance and other relevant issues".

	Criteria	Facts
	The company discloses complete, accurate, objective, current and truthful information in a timely manner.	The criterion is met. In accordance with laws and regulations <sup>61</sup> , the Airport timely discloses complete, accurate, objective, current and truthful information available on the Airport's website: <a href="https://www.riga-airport.com/lv">https://www.riga-airport.com/lv</a> .  The Airport publishes information on its website in accordance with the regulatory enactments, ensuring that the published information is timely and provides a clear picture of the management, strategy, economic activity and financial results of the capital company. The company's website contains information about the company, its activities, strategy and objectives, shareholders and beneficial owners, as well as the members of the Board and Supervisory Board. The website also includes information on financial statements, shareholder meetings and key policies.
	The company discloses information to all shareholders at the same time and to the same extent.	The criterion is met. The Airport has only one shareholder/the Airport is a wholly (100%) owned company of the Republic of Latvia. The sole holder and shareholder of the capital shares is the Ministry of Transport.
	The company shall disclose on its website information about its management, strategy or lines of business and publish financial statements and other information in accordance with Annex No. 1	The criterion is met (see Annex No. 1). Disclosure of information is carried out in accordance with the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof by publishing it on the website: <a href="https://www.riga-airport.com/lv">https://www.riga-airport.com/lv</a> information on the general strategic objectives, the activities of the company and its business activities.
	The company provides information in Latvian and in at least one other language that is understood by the majority of the company's foreign shareholders and other interested parties.	The criterion is met. The airport website: <a href="https://www.riga-airport.com/lv">https://www.riga-airport.com/lv</a> is also available in English.

<sup>61</sup> Article 58 of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof.

**Annex No. 1 "Information to be published on the company's website"**

Company				
Scope/criterion	Met	Not applicable	Not met	Explanation
Information on the company — its creation and history, registration details, address, sectoral characteristics, main business activities, position in the group structure (if applicable)	X			
Information about the company's strategic objectives	X			
Company statutes	X			
Information on the company's corporate governance structure	X			
Company's internal culture and Code of Ethical Behaviour	X			
The most important company policies (Information Disclosure, Circulation and Confidentiality Policy, Conflict of Interest Prevention Policy, Risk Management Policy, etc.)	X			More detailed information is available in the Non-Financial Statement for 2023 in the section "Key policies and settings, their implementation in practice".

Shareholders and beneficial owners				
Scope/criterion	Met	Not applicable	Not met	Explanation
Information on shareholders holding at least 5% of the company's share capital (indicating the date on which this information was prepared)		X		The Airport has only one shareholder.
Information about the beneficial owners of the company (indicating the date when this information was prepared)		X		The state is a legal entity and cannot be considered as the beneficial owner.
Number of shares, bonds or other financial instruments issued, paid-up and held by the company		X		The Airport does not issue securities.

Supervisory Board and Board				
Scope/criterion	Met	Not applicable	Not met	Explanation
Terms of Reference of the Board and Supervisory Board or another comparable document.	X			
Information on each member of the company's Supervisory Board and Board: <ul style="list-style-type: none"> <li>o term of office;</li> <li>o position and area of</li> </ul>	X			The information available on the Airport's website is published in accordance with Article 58 of the Law on Governance of Capital Shares of Public Entity and

<ul style="list-style-type: none"> <li>responsibility (if defined);</li> <li>o professional work experience and education;</li> <li>o up-to-date information about positions in other companies;</li> <li>o up-to-date information on company shares owned;</li> <li>o statistics on attendance at Supervisory Board meetings.</li> </ul>				Management of Capital Companies Thereof "Publication of the Information of Companies".
<p>Information on independent Supervisory Board members:</p> <ul style="list-style-type: none"> <li>o which Supervisory Board members are considered independent;</li> <li>o according to which criteria the independence of a Supervisory Board member is determined;</li> <li>o annual assessment of the independence of the Supervisory Board members.</li> </ul>	X			All existing independent members of the Supervisory Board have provided a declaration that they are not restricted from holding a Supervisory Board position in accordance with the laws and regulations and have undertaken to inform the state shareholder immediately of any impediments to the performance of their duties.
<p>Remuneration policy and remuneration report for the Board and Supervisory Board.</p>	X			<p>The Airport prepares information on the remuneration of the Board and Supervisory Board on an annual basis, which is disclosed in the annual report.</p> <p>The Airport's website includes a section on Board and Supervisory Board remuneration.</p> <p>Members of the Board and Supervisory Board, as public officials, must submit public official declarations, they are publicly available on the website of the State Revenue Service.</p>
				The Airport's Corporate Governance Policy states that the remuneration of the members of the Supervisory Board and the Board is determined in accordance with the Governance Law and the Cabinet of Ministers' Regulations, CSCC Guidelines.
<p>Information about the Board and Supervisory Board selection (nomination) process.</p>	X			
<p>Information on Supervisory Board Committees and Audit Committee:</p> <ul style="list-style-type: none"> <li>o Terms of Reference of the Committee;</li> <li>o information about Committee members.</li> </ul>	X			<p>The Airport does not have an Audit Committee.</p> <p>In July 2020, the "Supervisory Committee for stage 6 of the passenger terminal expansion of SJSC Riga International Airport" was established.</p>

				<p>In September 2021 "SJSC Riga International Airport Business District Development Project Supervisory Committee" was established.</p> <p>Information about the composition of the Committees is available on the Airport's website.</p>
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Financial and non-financial reports and information				
Scope/criterion	Met	Not applicable	Not met	Explanation
Company financial statements and reports for the last 3 financial years: <ul style="list-style-type: none"> <li>o annual reports</li> <li>o interim and quarterly reports</li> </ul>	X			
Non-financial reports of the company for at least the last 3 financial years	X			A non-financial statement or sustainability report is being prepared as from 2020, following the "Global Reporting Initiative" standard.
Corporate Governance Reports	X			
Company financial calendar or other calendar of relevant and planned communication events	X			Information on financial statements is available, as well as press releases on significant Airport events planned for the near future or that have already taken place.

Information for shareholders and investors				
Scope/criterion	Met	Not applicable	Not met	Explanation
Information on planned shareholders' meetings: <ul style="list-style-type: none"> <li>o Statements on convening shareholders' meetings</li> <li>o Draft decisions</li> </ul>	X			The Airport complies with the provisions of laws and regulations <sup>62</sup> regarding the publication of statements of shareholders' meetings. Information on the shareholders' meetings held and the resolutions adopted is made public.
Information on the held shareholders' meetings: <ul style="list-style-type: none"> <li>o Information about decisions made at shareholders' meetings</li> </ul>	X			
Company's dividend policy and information on dividends paid (for at least the last 10 years of the company's activity)	X			See Principle No. 16.  Information on dividends paid is included in the company's annual reports, which have been published on the Airport's website since 2002.

Information on related party transactions		X		The Airport has no subsidiary companies and participation in other capital companies.
Statements and material investor information published by the company, including investor presentations, videos of investor events, forecasts, if any, etc.		X		The Airport is not a listed company and does not issue securities, so there is no separate information for investors.
Contact details of the Investor Relations Specialist (if applicable)		X		No position has been created to perform the duties of an investor specialist.

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<sup>62</sup> Article 58 of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof.

**Annex No. 2 "The most important company policies"**

The most important policies included in the Corporate Governance Code (information available on the website: <https://www.riga-airport.com/lv>):

	Published/Taken into account	Not applicable	Not published	Explanation
Risk Management Policy	X			The principles of risk management policy are published on the website
Remuneration Policy	X			The principles of the remuneration policy are included in the Personnel Policy and published on the website
Dividend Policy	X			The Dividend policy is determined in the medium-term strategy, while the dividend payments made are reflected in the annual reports published on the Airport's website.

Other key policies mentioned in the Corporate Governance Code:

	Published/Taken into account	Not applicable	Not published	Explanation
Internal Audit Policy			X	Under development (planned for approval in Q1 2024)
Conflict of Interest Prevention Policy	X			Principles of the corruption and conflict of interest prevention policy published on the website
Disclosure, Circulation and Privacy Policy	X			The policy is set out in the following documents: - Communication Strategy of SJSC Riga International Airport 2022-2027; - A09.2. Maintenance and development of the Airport website; - A04 Ensuring internal and external communication; - Instruction for protection and circulation of restricted access information — JD 1390 I

Whistleblowing Policy	X			Whistleblowing procedure. Information is available on the website: <a href="https://www.riga-airport.com/en/whistleblower-report">https://www.riga-airport.com/en/whistleblower-report</a>
Fair Competition Implementation Policy	X			The policy is set out in the following documents: - Procurement procedure IP 1233 P; - SJSC Riga International Airport Code of Business Ethics. Information is available on the website

				<a href="https://www.riga-airport.com/en/principles-ethics-partners">https://www.riga-airport.com/en/principles-ethics-partners</a> .
Diversity Policy	X			Aspects of diversity are included in the Personnel Policy. The principles are published on the website.
Sustainability Policy	X			Sustainable Development Policy. The principles are published on the website.

Key compliance policies:

	Published/Taken into account	Not applicable	Not published	Explanation
Business Partner Research Policy	X			The policy is set out in the following documents: - Procurement procedure IP 1233 P; - SJSC Riga International Airport Code of Business Ethics. Information is available on the website <a href="https://www.riga-airport.com/en/principles-ethics-partners">https://www.riga-airport.com/en/principles-ethics-partners</a> .
Sanctions Risk Management Policy				The policy is set out in the following documents: - Sanctions risk management and internal control system procedure JD 1462 P;
	X			- Procurement procedure IP 1233 P; - SJSC Riga International Airport Code of Business Ethics. Information is available on the website <a href="https://www.riga-airport.com/en/principles-ethics-partners">https://www.riga-airport.com/en/principles-ethics-partners</a> .
Personal Data Processing Policy	X			Privacy Policy. The policy is published on the website: <a href="https://www.riga-airport.com/en/privacy-policy">https://www.riga-airport.com/en/privacy-policy</a>

\_\_\_\_\_  
 Laila Odiņa  
 Chairperson of the Board

\_\_\_\_\_  
 Artūrs Saveljevs  
 Member of the Board

\_\_\_\_\_  
 Normunds Feierbergs  
 Member of the Board

26 April 2024

This document is signed with a secure electronic signature and contains a timestamp.



## Independent Auditor's Report

To the Shareholder of SJSC "Starptautiskā Lidosta "Rīga""

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### Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of SJSC "Starptautiskā Lidosta "Rīga"" (the "Company") as at 31 December 2023, and the Company's financial performance and cash flows for the year ended 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the European Union (EU).

### What we have audited

The Company's financial statements comprise:

- the statement of profit or loss and statement of comprehensive income for the year ended 31 December 2023,
  - the statement of financial position as at 31 December 2023,
  - the statement of cash flows for the year ended 31 December 2023,
  - the statement of changes in shareholders' equity for the year ended 31 December 2023, and
  - the notes to the financial statements, comprising material accounting policy information and other explanatory information.
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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

### Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Law on Audit Services that are relevant to our audit of the financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Law on Audit Services.

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### Reporting on Other Information Including the Management Report

Management is responsible for the other information. The other information comprises:

- the General Information on the Company as set out on page 3 of the annual report,
- the Management Report, as set out on pages 4 to 11 of the annual report,
- the Statement of the Management's Responsibility, as set out on page 12 of the annual report,
- the Corporate governance report, which has been prepared by the Company's management as separate report as set out on pages 58 to 82 of the accompanying annual report,

but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



With respect to the Management Report, we also performed the procedures required by the Law on Audit Services. Those procedures include considering whether the Management Report is prepared in accordance with the requirements of the Law on Annual Reports and Consolidated Annual Reports.

Based on the work undertaken in the course of our audit, in our opinion, in all material respects:

- the information given in the Management Report, General information and Corporate governance report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report has been prepared in accordance with requirements of the Law on Annual Reports and Consolidated Annual Reports.

In addition, in light of the knowledge and understanding of the entity and its operating environment obtained in the course of our audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this respect.

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### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the IFRS Accounting Standards as adopted by the EU and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers SIA  
Certified audit company  
Licence No. 5

A handwritten signature in blue ink, appearing to read 'Jegors Podosiņņikovs', is written over a faint, light blue grid background.

Jegors Podosiņņikovs  
Persona per procura  
Certified auditor in charge  
Certificate No. 238

Riga, Latvia  
26 April 2024