

SIA Stockholm School of Economics in Riga

Registration no. 40003162751

Strēlnieku iela 4A, Riga, LV-1010, Latvia

Annual Report for the Year Ended 31 December 2022

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Company Information

Name of the Company	Stockholm School of Economics in Riga
Legal status of the Company	Limited liability company
Number, place and date of registration	40003162751 Riga, 13 November 1993
Registered address	Strēlnieku iela 4A Riga LV-1010, Latvia
NACE code	85.42 Tertiary higher education
Shareholders	Rīgas Ekonomikas augstskolas – Stockholm School of Economics in Riga Foundation, reg. No. 40008164674 (100%), Strēlnieku iela 4A, Riga, LV-1010, Latvia
Members of the Board	Lars Anders Gustav Paalzow, Chairman of the Board Ilga Beča Aivars Timofejevs
Financial year	1 January 2022 to 31 December 2022
Auditors	Kristīne Graudiņa Certified auditor Licence No. 223 Merhels Revidenti Konsultanti SIA A licensed practice of certified auditors, Licence No. 1 Republikas Square 3-124, Riga LV - 1010, Latvia

Management Report

Company's operations in the reporting period

The Stockholm School of Economics in Riga (henceforth the School, SSE Riga or Company) is an autonomous higher education establishment providing academic education. It operates under a trademark license agreement concluded with Handelshogskolan i Stockholm (Stockholm School of Economics, henceforth SSE) on September 10, 2010. There is also a master agreement on education services concluded with SSE on July 1, 2012, specifying the terms for the involvement of SSE faculty in teaching and research activities carried out at the School.

The School offers two degree programmes, a three-year Bachelor's Programme in Economics and Business and a two-year Executive Master of Business Administration (EMBA) programme.

The Bachelor's degree programme is the main activity of the School. During the reporting period 145 new students were admitted to the SSE Riga bachelor's programme. The total number of students registered in the three-year programme fluctuated from 437 on January 1, 2022 to 458 on December 31, 2022. The Bachelor's programme students are mostly admitted from the Baltic states, but also students from Russia, Belarus, the Eastern Partnership (Ukraine, Moldova and Georgia) and other countries are studying at the School. As part of the Erasmus+ student mobility program, the School hosted 11 exchange students in the spring semester of 2022 and 34 exchange students in the fall semester of 2022 from various European countries. Very important aspect of new student recruitment is availability of the student residence and declared address. Since the middle of year 2020, these services are provided to SSE Riga students through the Company's subsidiary SIA "Patversmes 22", in which the Company is the sole shareholder.

The SSE Riga EMBA programme students are also mainly recruited from the Baltic states, however there are students from other countries. The EMBA student group consists of up to 30 experienced managers with a variety of academic and professional backgrounds. During the reporting period, 28 students were admitted to the programme, and the total of 70 were registered in the programme, which was approximately the same amount as in the previous reporting period. During the reporting period the School continued to introduce changes to the EMBA programme, making it more relevant and attractive for potential students. The two-year modular-based programme broadens students' knowledge in business management, facilitates professional careers and leadership skills, and provides global collaboration opportunities within the SSE alumni network

Both Bachelor and EMBA programs are certified until June 2027.

In addition to the degree programmes, the School offers international level executive training through open courses, as well as in-house courses tailor made to the customers' needs and requirements.

Educational activities in the field of media are organized within the School's Anne-Marie and Gustaf Ander Centre for Media Studies, which has become a hub for journalism professionals to exchange experiences, learn from renowned speakers and provide inspiration for new cooperation and projects. The Centre for Media Studies operation and its activities have been made possible thanks to the support by the Swedish foundation Anne-Marie and Gustaf Anders Stiftelse för Medieforskning. The highlights of the activities for the reporting period include educational activities for journalists from Belarus and the Eastern Partnership countries, some of the trainings provided during this period were adapted and implemented in accordance with the current political situation in the region. In the spring of 2022, the Media Center became involved in the establishment and development of the Riga Media Hub. Riga Media Hub is a group of organizations with the aim of supporting independent media activities in exile outside their home countries, where independent media activities are impossible or threatened by war. As in other years, projects that have become an annual tradition were implemented: "The Summer School of Investigative Journalism," the "Journalism for Future Challenges," an intensive training course for young professionals, "The Future Leaders Academy," a program for young diplomats and other projects. For the first time, a project co-financed by EU funds for media managers from EU countries and Ukraine – Sustainability and media management training program was implemented in the center. It selected 20 participants from 15 different countries

The four main sources of revenue to support the core activity of the School, i.e. the Bachelor's programme, consist of:

- tuition fees for the Bachelor's studies;
- payments for other educational activities (incl. Executive Education and EMBA) and research activities providing additional funds;
- donations;
- alumni contributions.

The donations and funds donated by the graduates are handed over to the School mostly through Rīgas Ekonomikas augstskolas – Stockholm School of Economics in Riga Foundation (i.e. Company's Shareholder), hereinafter referred to as the "Foundation"). The main strategic goal is to provide the lowest possible tuition fees in the bachelor programme while maintaining outstanding academic quality in order to attract the most talented students. Thus, the support provided by the Foundation and other donors, as well as additional resources from other activities, have so far provided the School with an opportunity for the students from the Baltic states to receive substantial tuition fee waivers. During the reporting year, tuition fee waivers were also granted to several Ukrainian students, and with the support of donors, assistance was provided to employees of the Kyiv School of Economics and their family members.

Research and Development

The School participates in various European Union (hereinafter EU) and other publicly-funded research, development and policy-oriented projects, as well as runs its own research activities and institutes. The School's research profile covers a wide range of fields. The research is carried out in areas such as economics, sustainability, migration, labour mobility, shadow economy, tax policy, finance, healthcare, entrepreneurship, creative industries and others. Both faculty and student research is supported. The research projects often are conducted in co-operation with the international partners. Frequently those partnerships have been established some years ago and new projects within those partnerships are determined by very productive and fruitful previous co-operation.

The School operates a Sustainable Business Centre. The Centre organizes seminars and conferences as well as publishes research papers on issues related to sustainable business, economics and society development. Furthermore, the Centre is actively participating in the School's curricula.

Financial result of the reporting year

Comparing to year 2021, when net profit comprised EUR 72 435, in 2022 the profit of the School increased approximately 4 times and comprises EUR 309 199. This is mainly due to the fact that several EMBA modules and Media Center projects which were canceled in 2020 and 2021 due to Covid-19 restrictions took place and were finished in 2022. As a result, the profit of 2022 largely reflect the efforts invested in previous years. Besides the number of students admitted in the EMBA program increased significantly in the reporting year. As a result, both net turnover and other operating income increased.

Future perspectives and development

The main challenge ahead of the School in a five-year perspective is to attract the resources needed for keeping the bachelor programme tuition fee and the Baltic tuition fee waiver as close to the current level as possible. This is becoming especially challenging because of the accelerating inflation that elevates the operational costs for SSE Riga. In this context, it is crucial to maintain and further develop the contacts and cooperation with the donors. The School develops close co-operation with the School's Alumni Association, as well as fosters more active involvement of academic staff in research and applied projects and works on attracting full tuition fee paying foreign students. Other types of activity are also encouraged and developed to provide additional income for covering costs of the School.

To ensure the maximum number of students in the academic study programmes, the student recruitment activities are actively carried out using both the digital tools and renewed possibilities of the onsite events. In parallel, a work on development of new executive training, journalists' and media managers' education programmes is continued.

Financial risk management

(a) Currency risk:

The School renders its services in euros (EUR), Swedish crowns (SEK) and US dollars (USD). The purchases are primarily made in EUR and SEK. Taking into account the currencies that the School deals with, it is subject to currency risk from transactions in SEK and USD. This risk is minimized by matching sales transactions with purchase transactions in the same currency.

(b) Liquidity risk:

Liquidity risk is the risk that the School will not be able to meet its current liabilities timely and effectively. As a part of prudent liquidity management, the School maintains sufficient cash reserves in its bank accounts. The School controls its liquidity risk also by planning payment terms for the borrowings and trade payables. The School has access to short-term finance from the Foundation.

(c) Credit risk:

Credit risk is a risk of loss in case the borrower fails or refuses to meet the liabilities against the School. The School is subject to credit risk related to monetary resources and trade debtors. Management exercises continuous control of the credit risk by analysing the payment history of clients and keeping track of the outstanding balances.

Subsequent events

There have been no significant events since the last day of the reporting period and the date of signing these annual accounts that could have material effect on financial position and financial performance of the Company as reported in these accounts.

Board proposals for profit distribution

The profit for the reporting period will be used for covering the losses of the previous periods.

Lars Anders Gustav Paalzow
Chairman of the Board

Aivars Timofejevs
Member of the Board

Ilga Beča
Member of the Board

Riga, May 22, 2023

THIS DOCUMENT HAS BEEN SIGNED BY SECURE ELECTRONIC SIGNATURE AND CONTAINS TIME STAMP

Income Statement

	Notes	2022 EUR	2021 EUR
Net sales		2 881 047	2 465 139
Other operating income	2	2 356 831	1 566 683
		5 237 878	4 031 822
Personnel costs	3	(1 623 098)	(1 470 303)
Depreciation and amortization	5, 6	(64 297)	(57 829)
Other operating expenses	4	(3 236 190)	(2 427 372)
Other interest expenses and similar expenses		-	(814)
		(4 923 585)	(3 956 318)
Profit before corporate income tax		314 293	75 504
Corporate income tax for the financial year		(5 094)	(3 069)
Profit for the financial year		309 199	72 435

The accompanying notes on pages 9 to 15 are an integral part of these financial statements.

Balance sheet

	Notes	31.12.2022 EUR	31.12.2021 EUR
Assets			
Non-current assets			
Intangible assets			
Tangible fixed assets	5	2 452	4 000
Buildings	6	759 605	790 543
Other fixed assets and inventory	6	158 144	89 702
Advance payments for fixed assets	6	1 071	-
		921 272	884 245
Long-term financial assets			
Investments in subsidiaries	7	360 000	360 000
		1 281 272	1 244 245
Current assets			
Debtors			
Trade receivables	8	415 117	265 892
Receivables from related entities		115 390	94 323
Other debtors	9	914	14 357
Prepaid expenses		139 237	93 987
Accrued income	10	256 373	290 622
		927 031	759 181
Cash	11	1 328 825	1 230 241
		2 255 856	1 989 422
Total assets		3 537 128	3 233 667
Liabilities and Shareholder's Equity			
Shareholder's equity			
Share capital	12	1 398 800	1 398 800
Reserves			
a) Other reserves		25	25
Retained earnings brought forward			
a) accumulated losses		(606 427)	(678 862)
b) profit for the current financial year		309 199	72 435
		1 101 597	792 398
Provisions:			
Other provisions	13	75 926	83 418
		75 926	83 418
Current liabilities:			
Advances from customers		29 263	23 500
Payables to suppliers		145 211	55 529
Payables to related entities		-	708
Tax liabilities	14	111 181	100 206
Deferred income	15	1 864 866	1 983 565
Other creditors		1 847	1 803
Accrued expenses		207 237	192 540
		2 359 605	2 357 851
Total liabilities and shareholder's equity		3 537 128	3 233 667

The accompanying notes on pages 9 to 15 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

Overall considerations

These financial statements have been drawn up in accordance with the Law on the Annual Reports and Consolidated Annual Reports of the Republic of Latvia and the Cabinet of Ministers Regulations on the Application of the Law on Annual Reports and Consolidated Annual Reports. The preparation of the financial statements complies with the requirements that apply to small companies within the meaning of the Law on Annual Reports and Consolidated Annual Reports.

Application of the going concern principle

As at 31 December 2022 the Company's current liabilities exceed its current assets by EUR 103 749 (31 December 2021: EUR 368 429). If deferred income as a non-cash item is excluded from current liabilities, the net current assets will be positive. Given that the School has positive equity, positive operating result for the reporting year and liquidity reserves, the Company's management believes that the Company will be able to successfully continue its economic activity for at least the next 12 months. Accordingly, the Company's Annual Report has been prepared on a going concern basis.

Consolidation

As the financial results of the Company's subsidiary are insignificant, the Company does not prepare consolidated report with reference to Article 66 of the Law on the Annual Reports and Consolidated Annual Reports.

Use of estimates and assumptions

When preparing the financial statements, which have impact on specific profit and loss items and the balance sheet as well as on the expected amount of liabilities, the management relies on certain estimates and assumptions. Future events may influence assumptions that provide the basis for the estimates. Any changes in the estimates and their impact are reflected in the financial statements at the time they occur.

Significant management judgement and estimation uncertainty

Provisions for guaranteed student loans. At the end of each reporting year the necessity to adjust the provisioning algorithm for the Company's guarantees provided to the banks in connection to the study loans issued to its students is reviewed. At the end of the reporting year no circumstances were identified due to which it would be necessary to adjust the calculation methodology applied so far.

Revenue recognition for projects. Revenues pertinent to unfinished projects at closing of the reporting year the Company estimates based on the amount of actual costs accrued up to the reporting date, the total planned project costs and the contractual terms of contractual provisions.

Useful life of fixed assets. The Company's management reviews the useful lives of depreciable assets at the ends of each reporting year. No changes during the reporting year in this context made.

Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Foreign currencies

The functional and presentation currency of the School is euro (EUR). The transactions in foreign currencies are recognized in the Company's functional currency at the exchange rate of the European Central Bank ruling at the beginning of the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into euro applying the official exchange rate established by the European Central Bank at the last day of the reporting year. Foreign exchange gains and losses are recognised in the income statement in the period they arise.

Revenue and expense recognition

Tuition fees: Income from the tuition fees in Bachelor's and EMBA programmes is recognized proportionally to the volume of services provided during the reporting period. Study fees becoming receivable or received during the

reporting year, which are related to preceding study period, are accounted as deferred income. Tuition fees that relate to the reporting year but have not yet been invoiced are recognized in accrued income.

Revenues from projects: The School has concluded contracts about projects that start in one, but end in another reporting period. At the end of the reporting year revenues thereof are assessed separately on a project by project basis with reference to amount of expenses incurred during the reporting year.

Other revenues: Revenues from services are recognized at the time, when they occur.

Donations: Donations are recognized in profit and loss statement, when they are received or in the period, when donation related expenses or reimbursable losses are incurred.

Expenses: Expenses are recognised based on the time of their occurrence rather than the time of payments.

Net sales

Net sales are comprised of revenues from the Bachelor, EMBA, and Executive Education programmes carried out during the reporting period.

Intangible fixed assets

The School recognises only the purchased intangible fixed assets. They are valued by deducting accumulated amortisation from the original value. Amortisation is calculated on a straight-line basis to write down the cost of intangible assets over the estimated useful economic life using the following management approved rates:

	%
Intangible assets	33.33

Computer software maintenance costs are expensed as incurred.

Tangible fixed assets

Purchases of individual tangible fixed assets exceeding EUR 350 and expected to be in use for more than a year are capitalised.

Tangible fixed assets are stated in original value deducting accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis using the following management approved rates:

	%
Building and its components	1
Reconstruction and renovation costs	10
Furniture	20
Portable computers	50
Other fixed assets and intangible assets	33.33

Maintenance and repair costs are expensed in the period they incurred. The costs that extend the useful economic life and/ or improve the economic potential of the underlying asset are capitalized.

Gains or losses on disposals are calculated as a difference between the asset's carrying amount and the disposal proceeds and are included in the income statement during the period in which they are incurred.

The residual values and useful lives of the tangible fixed assets are reviewed and adjusted if appropriate, at the end of each reporting period.

Investment in a related company

Investment in subsidiary is stated at cost less impairment losses, if applicable. Income from subsidiary is recognized only when share of the post-acquisition profits is received. Amounts received in excess of this gain are treated as a recovery of the investment and are recorded as a reduction in the cost of the investment.

If there is an objective evidence that an investment is impaired, the impairment loss is calculated as the difference between the investment's carrying amount and its recoverable amount. Recoverable amount is determined as the highest between these two indicators - investment's fair value less selling costs and usage value. An impairment

loss on an investment may be reversed if there has been a change in the estimates used to determine the impairment loss since the last impairment loss was recognized.

Loans

Loans are recognised upon disbursement of funds to the borrower. They are derecognised when the contractual rights to the cash flows from the loan expire, or when the loan and all substantial risks and rewards are transferred. Loans are recognized at their initial value.

Trade receivables

Receivables are recognized at a net amount due, which is calculated by deducting provisions for doubtful trade receivable from the book value. Provisions are valued at the amount, which is doubtful to be received. The School recognizes provisions based on an individual assessment of the recoverability of each receivable.

Borrowings

Initially borrowings are recognised at an amount of funds received less net of transaction costs incurred. Interest charges and commissions related to the borrowings are recognized as costs, and they are included in the profit and loss statement in the period in which they incurred.

Deferred income

Deferred income consists of:

- Tuition fees paid by the students that relate to the next financial year;
- Fees paid for the Executive Education study programmes that relate to the next financial year;
- Foreign financial support received for education, research and journalism development, which will be used only in the next reporting year.

Provisions

Provisions are recognized when the Company has incurred a contractual or other irrevocable obligation as a result of past events, and when a reliable estimate can be made of the amount of the obligation.

Guarantees: The School has concluded contracts with banks for guaranteed study loans. According to the contracts, banks provide information to the School about the actual amounts of overdue loans. Based on this information and experience to date, the School makes provisions for the total amount of student loans considered as bad or doubtful by assuming that half of such loans as reported by banks as of the end of the reporting period will not be recovered.

EMBA field trips: The School provides a field trip to one of Asian countries as a part of its EMBA programme curriculum. In 2021 due to Covid-19 pandemic some students missed the opportunity to join. The school decided to keep an option to join a field trip open for the next three years for these students. Thus, a provision was calculated based on the latest available travel expenses per student.

Liabilities

Liabilities are shown on the balance sheet as long-term or short-term ones, depending on the maturity of the debt or the maturity of the liability, whichever occurs later than 12 months after the end of the respective reporting year or within 12 months after the end of the reporting year.

Accrued liabilities

Accrued expenses are comprised of liabilities to suppliers for services and goods received during the reporting period for which no invoice has been received at the balance sheet date and estimated amounts of liabilities to employees for unused vacation days accrued during the reporting year, as well as the estimated amounts of liabilities to employees for bonuses for the operating results of the reporting year.

Liabilities to employees for unused leave is calculated based on the number of unused leave days of employees at the end of the reporting year, which is multiplied by the average earnings of employees for the last 6 working months.

Related parties

The Foundation – sole shareholder of the School and the subsidiary SIA “Patversmes 22”, are defined as the related undertakings. The following parties are defined as the related parties: SSE, the Foundation - sole shareholder of the School, the Members of the Company’s Management Board, their close relatives and companies in which they have a control or significant influence.

	2022 EUR	2021 EUR
2. Other operating income		
Revenue from foreign grants for education, research and journalism development activities	1 909 955	1 305 364
Revenue from research, consulting and similar services	138 180	63 190
Revenue from donations	122 909	77 529
Revenue from lease and conference organization	70 008	46 373
Grants from state institutions	56 559	29 771
Grant from the Shareholder	37 500	29 400
Other operating income	21 720	15 056
	2 356 831	1 566 683
3. Personnel costs		
Remuneration for work	(1 283 440)	(1 162 391)
Social insurance contributions	(302 523)	(272 785)
Other personnel costs	(37 135)	(35 127)
	(1 623 098)	(1 470 303)
4. Other operating expenses		
Fees for services for education, research and journalism development activities	(1 973 854)	(1 609 507)
Administration and travel expenses	(354 073)	(201 814)
Rent and maintenance of premises	(272 307)	(165 010)
ERASMUS scholarships and other student costs	(239 337)	(104 346)
Procurement of books, periodicals, licences and data bases	(197 815)	(170 600)
Marketing and advertisement expenses	(127 244)	(114 294)
Non-recoverable input VAT	(71 560)	(61 801)
	(3 236 190)	(2 427 372)
5. Intangible fixed assets		
		Other intangible assets EUR
Cost		
31.12.2021		11 655
Additions		-
Disposals		-
31.12.2022		11 655
Accumulated amortisation		
31.12.2021		(7 655)
Charge for the year		(1 548)
Disposals		-
31.12.2022		(9 203)
Net book value as at 31.12.2021		4 000
Net book value as at 31.12.2022		2 452

6. Tangible fixed assets

	Buildings and constructions* EUR	Other fixed assets EUR	Advance payments for fixed assets EUR	Total EUR
Cost				
31.12.2021	1 581 713	465 478	-	2 047 191
Additions	-	100 253	1 071	101 324
Disposals	-	(20 689)	-	(20 689)
31.12.2022	1 581 713	545 042	1 071	2 127 826
Accumulated depreciation				
31.12.2021	(791 170)	(375 776)	-	(1 166 946)
Charge for the year	(30 938)	(31 811)	-	(62 749)
Disposals	-	20 689	-	20 689
31.12.2022	(822 108)	(386 898)	-	(1 209 006)
Net book value as at 31.12.2021	790 543	89 702	-	880 245
Net book value as at 31.12.2022	759 605	158 144	1 071	918 820

* The state building at Strēlnieku iela 4A, Riga invested in the share capital of the Company, cannot be expropriated, pledged or otherwise encumbered. If the Company's operations are terminated, the state invested building shall be handed over to the University of Latvia. If it fails to use the building in accordance with the functions stipulated in its Constitution, the building shall be returned to the state without compensation.

	31.12.2022 EUR	31.12.2021 EUR
7. Investments in subsidiaries		
Investments in subsidiary SIA Patversmes 22, 100%	360 000	360 000
	360 000	360 000

The Company acquired 100% of the share capital of SIA "Patversmes 22" in 2019, which owns the School's dormitory building, in order to continue providing the School's students with a place of residence and declared address, which is especially relevant for foreign students.

8. Trade receivables

Trade receivables, gross	434 499	299 119
Less: specific bad and doubtful debt provisions	(19 382)	(33 227)
	415 117	265 892

9. Other debtors

Due from students*	24 251	26 257
Overpaid taxes	460	53
Other debtors	454	14 304
	25 165	40 614
Provisions for students' debts	(24 251)	(26 257)
	914	14 357

* The School has signed agreements with credit institutions registered in Latvia, acting as guarantor for student loans provided for studies at SSE Riga. In the reporting year the School has fulfilled guarantee obligations in amount of 9 375 EUR. At the same time in the reporting year the School has recovered the student debts incurred in the previous reporting years in amount of 3 325 EUR and written off debts in amount of 8 056 EUR.

	31.12.2022 EUR	31.12.2021 EUR
10. Accrued income		
Accrued income from EU and government funded projects	238 141	290 622
Accrued income from services	14 319	-
Accrued income for EMBA tuition fee	3 913	-
	256 373	290 622

11. Cash

Cash at bank	1 326 841	1 229 133
Cash in hand	1 984	1 108
	1 328 825	1 230 241

Cash at bank inter-alia includes EUR 93 804 which are held in the Treasury of the Republic of Latvia. These funds can be used only for payments under ERASMUS programme.

12. Share capital

Registered and paid-up share capital consists of 100 ordinary shares with a nominal value of EUR 13 988 each.

13. Other provisions

	Provisions for guaranteed student loans EUR	Provisions for EMBA field trip EUR	Provisions for lecturers costs EUR	Total EUR
31.12.2021	21 918	61 500	-	83 418
Charge for the year	28 043	-	1 300	29 343
Reversal of the charge for the year	-	(36 835)	-	(36 835)
31.12.2022	49 961	24 665	1 300	75 926

	31.12.2022 EUR	31.12.2021 EUR
14. Tax liabilities		
Value added tax	44 550	29 792
Social security tax	37 729	35 435
Personal income tax	25 277	33 607
Corporate income tax	3 602	1 350
Risk duty	23	22
	111 181	100 206

15. Deferred income

For Bachelor's study programme	819 612	706 126
For foreign grants for education, research and journalism development activities	760 445	734 686
For EMBA study programme	218 979	484 116
For Executive Education study programmes	52 857	40 156
For donations	12 973	17 691
Other deferred income	-	790
	1 864 866	1 983 565

16. Personnel information

	2022	2021
Average number of persons employed in the School during the year	63	56

17. Off the balance sheet liabilities

In 2008 the School concluded agreements with Latvian-registered credit institutions for provision of study loans to its students. Students receive the loans in accordance with the schedule set out in the contracts. The total guaranteed amount to the credit institutions as of 31 December 2022 constitutes EUR 935 428 (31.12.2021: EUR 1 041 425).

18. Trademark license agreement

On 10 September 2010, the School entered into an open-ended agreement with SSE about the exclusive rights to use the SSE trademark (brand name) for Bachelor and Master Study programmes provided in the Republic of Latvia. The contract stipulates that royalties for the rights to use the trademarks amounting to 2.5% of gross income should be paid starting with the financial year beginning at 1 July 2015. However, the Founders' Agreement signed on 11 August 2010 specifies that the royalties under the Licence Agreement are payable to SSE only, if SSE Riga has generated sufficient net profit from core operations in the particular year. As no such net profit was generated in 2022 and 2021, no royalty fees were calculated.

19. Approval of the Annual Report

The financial statements on pages 7 to 15 were approved by the Board of Directors on May 22, 2023.

Lars Anders Gustav Paalzow
Chairman of the Board

Aivars Timofejevs
Member of the Board

Ilga Beča
Member of the Board

The financial statements were prepared by Ilga Beča, the Company's Financial Controller.

Ilga Beča
Financial controller

THIS DOCUMENT HAS BEEN SIGNED BY SECURE ELECTRONIC SIGNATURE AND CONTAINS TIME STAMP