



Rīgā

**Joint Stock Company
VEF
(Latvian Unified registration number 40003001328)**

ANNUAL REPORT
for year ended 31 December 2020
in accordance with the Law of the Republic of Latvia

**Rīga
2021**



CONTENTS

| | page |
|--|-------------|
| Report on the Management Board's responsibility | 3 |
| Management report | 4 |
| Financial statements: | |
| Profit and loss calculation | 6 |
| Balance : Assets | 7 |
| Liabilities | 8 |
| Cash Flow | 9 |
| Report of changes in Equity Capital | 10 |
| Financial report appendixes: | 11 |
| Auditors opinion | 25 |



Report on the Management Board's responsibility to the audited annual Report of JSC „VEF” for the twelve months of 2020

Management Board of JSC „VEF” (hereinafter – the Company) is responsible for preparation of the financial statements of the Company. The financial statements audited.

Financial statements are prepared based on justifying documents and represent true and clear overview on the Company's Assets and Equity and Liabilities, its financial standing and results of activity as well as cash flows within the reporting period ended on December 31, 2020.

Accounting principles used in preparation of the financial statements have not been changed comparing to the previous reporting period. During preparation of the financial statements decisions taken by the Management Board and estimations made have been cautious and well-founded. The information included in the management's report is true.

The Management Board of the Company is responsible for ensuring the corresponding accounting system, securing the assets of the Company, as well as for prevention and exposure of fraud and other violation within the Company.

Gints Fenuks
Chairman of the Management Board
29 April, 2021

Tamara Kampāne
Member of the Management Board
29 April, 2021

Martins Cauna
Member of the Management Board
29 April, 2021



Management report

Business Areas

Joint stock venture VEF is a publicly traded company that is doing business by managing its own real estate property, renting business spaces. JSC VEF has stopped providing electricity distribution services to consumers in the territory of VEF, transfers the rights of the license operator to JSC Sadales Tīkls.

Short Summary of Events During Reporting Year

Net turnover of the joint venture at the end of the reporting year is 1 095 956 EUR. Despite the decrease of net turnover by 8%, the management of the company has executed cost saving activities and as the result the company finished the year with a profit amounting 12 953 EUR. JSC VEF continues to operate in compliance with the COVID-19 emergency conditions. JSC VEF does not receive any kind of support from the State or other institutions in an emergency situation.

Events Following Last Day of Reporting Year

From the last day of reporting until the day of signing off the report no major events happened that could have any substantial impact on the evaluation of the financial report.

Future Outlook and Prospects

Currently the Company continues to provide full set of services and is in preparation for planned renovation of its real estate that is required since buildings are in use for more than fifteen years. Renovation plans are in the phase of approval and will require substantial investments which the Company is planning to cover both from its own resources and by increasing the amount of loans by carrying out renovations in several stages over the next three years.

During the current emergency situation caused by the outbreak of COVID19 virus, the Company is actively following recent developments, frequently communicating with own customers and financial institutions, and evaluating possible actions how to support own customers with a significant reduction in customer flow. Regarding decisions that might be taken and might have a considerable impact on Company's activities and results, information will be distributed separately making it public according legal requirements.

Research and Development Activities

Board of JSV VEF holds to the strategic plans of the company according to economic developments in the country and following to the trends of the real estate rent and electricity distribution markets.

Currently the Management Board and Supervisory Board are carefully monitoring market situation both locally and regionally, following to demands and requirements imposed by the Latvian Government that might influence further business prospects of the Company.

Management of Financial Risks

Company operations are influenced by various financial risks including credit risk and interest rate volatility. Company's management tries to minimize potential negative impacts of financial risks. Financial resources that potentially expose the Company towards acknowledged levels of credit risks, are mainly free cash and debtor and creditor debts. Debtor and creditor debts are stated as recoverable amounts. Company's partners in cash transactions are local financial institutions. Company adheres to strict management of liquidity risks ensuring meeting credit obligations within set due dates. Company's management believes that the Company will generate enough cash in order not to jeopardize its liquidity.

Meanwhile Company acknowledges possible decrease in financial results if due to COVID19 spread overall markets both locally and globally will be hit by recession; thus, influencing financial well-being of Company's customers and/or attraction of new customers.



Recommendations to Profit Distribution or Loss Coverage

Board recommends to use the profit of 12 953 EUR to invest in the development of the Company.

Company's Financial Situation and Explanation of Business Results as well as Impact of Possible Business Uncertainties

Results of financial activities for the coming years depends from inflation and also from real estate market trends that might be seriously impacted I) by the spread of COVID19 that would decrease financial well-being of Company's customers, and ii) by availability of financial support provided by the State and other financial institutions depending on distribution of fiscal priorities.

Company's Share Capital, Policies of Capital Attraction and Risk Management

Company's share capital is 2 722 492 EUR. Company's share capital consists of 623 528 bearer shares and 1 321 109 registered shares. Nominal value of each share is 1.40 EUR.

Major Factors That Influence Business Results Including Changes in Company's Business Environment, Company's Reaction to These Changes, Policies on Investments and Dividends

Customers renting the Company's real estate are attracted because of location, representative conditions of buildings, and legendary "good fame" of the Company. Company growth depends on real estate market trends within the current emergency situation depending on potential length of the current emergency, financial aid provided by the State available to the Company and to our customers, and bank financing policies.

Gints Fenuks

Chairman of the Board

Tamara Kampane

Member of the Board

Martins Cauna

Member of the Board

April 29, 2021



PROFIT AND LOSS CALCULATION FOR THE PERIOD, ENDING ON 31.12.2020
(classified by cost function)

| | Appendix | 2020 | 2019 |
|---|------------|----------------|----------------|
| | | EUR | EUR |
| Net turnover | | 1 095 956 | 1 190 963 |
| from other principal activities | 2 | 1 095 956 | 1 190 963 |
| Costs of goods sold and services rendered | 3 | -845 021 | -843 456 |
| Gross profit or loss | | 250 935 | 347 507 |
| Administrative expenses | 4 | -106 357 | -106 141 |
| Other operating income | 5 | 9 603 | 12 708 |
| Other operating expenses | 6 | -5 275 | -2 247 |
| Interest expenses and similar expenses : for other parties | 7 | -135 953 | -129 531 |
| Profit or loss after corporate income tax | | 12 953 | 122 296 |
| Profit or loss of the financial year | | 12 953 | 122 296 |
| Earnings per | EPS | 0.01 | 0.06 |

Appendix from 11 till 24 page is an integral part of this financial statement.

| | |
|--|----------------|
| Gints Fenuks Chairman of the Management Board | 29 April, 2021 |
| Tamara Kampāne Member of the Management Board Chief accountant | 29 April, 2021 |
| Martins Cauna Member of the Management Board | 29 April, 2021 |



BALANCE SHEET ON THE 31.12.20

| ASSETS | Appendix | 2020 | 2019 |
|---|-----------------|----------------|----------------|
| | | EUR | EUR |
| Fixed assets | | | |
| Intangible assets | | | |
| Concessions, patents, licences, trademarks and other similar rights | | 0 | 35 |
| Intangible assets total | 9 | 0 | 35 |
| Fixed assets (fixed assets, investment properties, and biological assets): | | | |
| Immovable properties: | | | |
| a) land parcels, buildings and engineering structures | | 5440417 | 5499911 |
| Other fixed assets and inventory | | 101294 | 92985 |
| Fixed assets, total | 10 | 5542008 | 5592896 |
| Long-term financial investments | | | |
| Investments in related companies | 25 | 3000 | 3000 |
| Loans to related companies | | 65000 | 60000 |
| Long-term financial investments, total | | 68000 | 63000 |
| Non-current assets, total | | 5610008 | 5655931 |
| Current assets | | | |
| Receivables: | | | |
| Trade receivables | 11 | 38036 | 23901 |
| Other receivables | 12 | 23663 | 24799 |
| Deferred expenses | 13 | 4859 | 4830 |
| Accrued income | | 30824 | 37262 |
| Receivables, total | | 97382 | 90792 |
| Cash | 14 | 305044 | 370392 |
| Current Assets total | | 402426 | 461184 |
| Total assets | | 6012434 | 6117115 |



BALANCE SHEET ON THE 31.12.20

| LIABILITIES | Appendix | 2020 | 2019 |
|---|-----------------|----------------|----------------|
| | | EUR | EUR |
| Equity | | | |
| Share capital | 15 | 2722492 | 2722492 |
| Revaluation reserve for long-term investments | 10,16 | 641099 | 649285 |
| Reserves | | | |
| a) other reserves | | 44477 | 44477 |
| Retained earnings or accumulated deficit: | 17 | 40907 | -81389 |
| Profit or loss for the year | 17 | 12953 | 122296 |
| Equity total | | 3461928 | 3457161 |
| Creditors | | | |
| Non-current liabilities: | | | |
| Loans from credit institutions | 18 | 2024174 | 2150174 |
| Prepayments received from customers | 20 | 47273 | 47273 |
| Other loans | 19 | 77050 | 61594 |
| Long term creditors total | | 2148497 | 2259041 |
| Current liabilities | | | |
| Loans from credit institutions | 18 | 168000 | 168000 |
| Other loans | 19 | 31801 | 21221 |
| Prepayments received from customers | 20 | 22702 | 32930 |
| Trade payables | 21 | 34050 | 34658 |
| Taxes and the state social security contributions | 22 | 24613 | 30891 |
| Other payables | 23 | 13859 | 13699 |
| Accrued liabilities | 24 | 106984 | 99514 |
| Current liabilities, total | | 402009 | 400913 |
| Liabilities, total | | 2550506 | 2659954 |
| Equity and liabilities, total | | 6012434 | 6117115 |

Appendix from 11 till 24 page is an integral part of this financial statement.

Gints Fenuks
Chairman of the Management Board 29 April, 2021

Tamara Kampane
Member of the Management Board 29 April, 2021
Chief accountant

Martins Cauna
Member of the Management Board 29 April, 2021



CASH FLOW FOR THE PERIOD, WHICH ENDS ON THE
31.12.20 (indirect method)

| | Appendix | 2020 EUR | 2019 EUR |
|---|----------|-----------------|-----------------|
| Cash flow from operating activities | | | |
| Profit or loss before corporate income tax | | 12 953 | 122 296 |
| Adjustments: | | | |
| a) fixed assets depreciation | 10 | 104 669 | 92 578 |
| b) intangible assets amortisation | 9 | 35 | 7 |
| c) interest expenses and similar expenses | 7 | 135 953 | 129 531 |
| Profit or loss before adjustments of changes in current assets and current liabilities | | 253 610 | 344 412 |
| Adjustments: | | | |
| a) accounts receivable increase or decrease | | -6 590 | 15 932 |
| b) accounts payable increase or decrease | | 35 331 | 45 101 |
| Net cash flow from operating activities | | 282 351 | 405 445 |
| Interest paid | 7 | -135 953 | -129 531 |
| Net operating cash flow | | 146 398 | 275 914 |
| Cash flow from investing activities | | | |
| Acquisition of fixed and intangible assets | 10 | -53 780 | -86 458 |
| Loans to subsidiaries | | -5 000 | 0 |
| Net cash flow from investing activities | | -58 780 | -86 458 |
| Cash flow from financing activities | | | |
| Borrowings repaid | | -126 000 | -144 000 |
| Payments for leased fixed assets | | -26 966 | -18 402 |
| Net cash flow from financing activities | | -152 966 | -162 402 |
| Net cash flow for the year | | -65 348 | 27 054 |
| Cash and its equivalents at the beginning of the period | | 370 392 | 343 338 |
| Cash and its equivalents at the end of the period | 14 | 305 044 | 370 392 |

Appendix from 11 till 24 page is an integral part of this financial statement.

| | | |
|---------------------------------------|-----------|----------------|
| Gints Fenuks Chairman of the Board | _____ | 29 April, 2021 |
| | signature | |
| Tamara Kampane Member of the Board | _____ | 29 April, 2021 |
| Chief accountant | signature | |
| Martins Cauna Member of the Board | _____ | 29 April, 2021 |
| | signature | |



REPORT OF CHANGES IN EQUITY CAPITAL
for period ending on 31.12.2020

| | Appendix | 2020 EUR | 2019 EUR |
|--|-----------------|---------------------|---------------------|
| I Share capital | 15 | | |
| Opening balance | | 2 722 492 | 2 722 492 |
| Closing balance | | 2 722 492 | 2 722 492 |
| II Revaluation reserve for long-term investments | 16 | | |
| Opening balance | | 649 285 | 657 470 |
| Increase/decrease of revaluation reserve for long-term investments | | -8 186 | -8 185 |
| Closing balance | | 641 099 | 649 285 |
| III Reserves | | | |
| Opening balance | | 44 477 | 44 477 |
| Closing balance | | 44 477 | 44 477 |
| IV Retained earnings | 17 | | |
| Opening balance | | 40 907 | -81 389 |
| Increase/decrease of retained earnings | | 12 953 | 122 296 |
| Closing balance | | 53 860 | 40 907 |
| V Equity | | | |
| Opening balance | | 3 457 161 | 3 343 050 |
| Closing balance | | 3 461 928 | 3 457 161 |

Appendix from 11 till 24 page is an integral part of this financial statement.

Gints Fenuks _____ 29 April, 2021
Chairman of the Board signature

Tamara Kampane _____ 29 April, 2021
Member of the Board signature
Chief accountant

Martins Cauna _____ 29 April, 2021
Member of the Board signature



INFORMATION ABOUT THE COMPANY

| | |
|-------------------------------------|--|
| Company name | Joint Stock Company "VEF" |
| Legal status | Joint Stock Company |
| Registration number, place and date | On April 15, 1991 in the Register of Enterprises of the Republic of Latvia, re-registered on December 7, 2000 with Nbr. 000300132 On April 14, 2004 registered in the Commercial Register, Nr. 40003001328 |
| Legal address | Brivibas str.214, Riga, LV-1039, Latvia |
| Post address | Brivibas str.214, Riga, LV-1039, Latvia |
| NACE code | 68.20; 35.13; |
| Chairman of the Board | Gints Fenuks (number of JSC VEF shares - 476 343) |
| Member of the Board | Martins Cauna (number of JSC VEF shares - 0) Tamara Kampane (number of JSC VEF shares - 245 128) |
| Members of the Council | Guntis Lipins - Chairman of the Council (number of JSC VEF shares - 67 308) Egils Arajs - Deputy Chairman of the Council (number of JSC VEF shares - 21 907) Laila Liduma - Member of the Council (number of JSC VEF shares - 122 727) Modris Zommers - Member of the Council (number of JSC VEF shares - 0) Ervinš Kampans - Member of the Council (number of JSC VEF shares - 0) |
| Annual report prepared by | Tamara Kampane - chief accountant |
| Financial year | from 01.01.20 till 31.12.20 |
| Information about shareholders | The total paid-up and registered share capital is EUR 2 722 492 as od 31 December 2020, it consists of 32% bearer shares and 68% of registered shares. VEF Komunikaciju Serviss Ltd. - 45,52 %; Laila Liduma - 6.31 %; Tamara Kampane - 12,61 % Gints Fenuks - 24.50 % Others shareholders - 11.06 % |
| Subsidiary company | Ltd. "VEF Projekts ",(100 %), reg.No.40203161994, Brīvības gatve 214,Rīga. |
| Auditor: | Certified auditor Gunta Darkevica Certificate No. 165 Certified auditors company Ltd. "BALTIC AUDIT " Licence No. 176 |



ACCOUNTING POLICIES

Information about the Company

VEF AS (hereinafter – “Company”) is public joint stock company company. The Company is registered with the Republic of Latvia Enterprise Register, registration No 000300132 on 15 April 1991 Riga, with the Commercial Register, registration No 40003001328 on 14 April 2014 Riga, The legal address of the Company is at Brivibas gatve 214, Riga. Company’s Chairman of the Board is Gints Feņuks. Members of the Board Mārtiņš Cauna, Tamāra Kampāne. Chairman of the Council is Guntis Lipiņš, deputy of the Chairman of the Council is Egīls Arājs. Members of the Council Laila Līduma, Modris Zommers, Ervīns Kampāns. The Company’s auditor is company of certified auditors Baltic Audit SIA and certified auditor in charge Gunta Darkevica.

The Company's financial statements are prepared for the period from 1st January 2020 to 31st December 2020 and it was prepared by Chief Accountant Tamāra Kampāne.

General principles

The financial statements are prepared in accordance with the law of the Republic of Latvia “On Accounting”, and "Annual Reports and Consolidated Annual Reports Law", as well in accordance with Cabinet of Ministers Regulations No. 775 „, Regulations on Application of Annual Reports and Consolidated Annual Reports Law” and Cabinet of Ministers Regulations No. 399 „, Regulations on Electronic Copy of Prepared Financial Statements or Consolidated Financial Statements” and other regulatory legislative acts on accounting and annual reports.

The annual report is drawn up on the basis of the company's accounting records, in accordance with the company's approved accounting plan, detailed according to the specific nature of the company's economic activities. Synthetic Accounting Register is general ledger that records transactions in monetary form but fixed asset accounting units - also in kind. Annual Report's Balance sheet item balance inventory has been carried out in accordance with Cabinet of Ministers Regulations No. 585 "Regulation Regarding the Conduct and Organisation of Accounting" and the Company's internal legal requirements.

The cash flow statement prepared on the operating cash flow as measured by indirect method.
Profit or loss statement is classified by function of expense.

The annual review key points is assessed accounting to principles:

- The assumption is that the company will operate in the future.
- Used the same methods as used in the previous year.
- Assessment carried out with the proper precautions:
 - report includes only the profit on the balance sheet date;
 - is taken into account all the expected risks and the losses incurred in the reporting year or previous years, even if they become known during the period between the annual reports ending date and the date of making the annual report;
 - calculated and taken into consideration any reduction in value and depreciation amounts, regardless of whether the reporting year is closed with profit or losses.
- - Taken into consideration with the current year revenues and related expenses, regardless of the date of payment and receipt of an invoice or the date of the statement. Cost-ordinated with revenues during the reporting period.
- Active and passive components of items valued separately.
- Beginning balance for the year coincides with the previous year's closing balance sheet.
- Listing all items that materially affect the annual general users of the assessment or decision-making, minor items are combined and the detail provided in the annex.



- Economic transactions in the annual report presented in the light of their economic substance and nature, rather than legal form.

Revenue recognition and net sales

Net turnover is the total value of the sold production (services) during the year without discounts and value added tax.

Other revenues are recognized as follows:

- revenue from rents - as they were incurred;
- revenue from penalties and default fees - at the time of receipt.

Fixed assets

Fixed assets are presented in the acquisition or revaluation cost less depreciation. Depreciation is calculated on a straight-line method over the asset's useful period of usage. The following rates of depreciation is set by management, to write down fixed asset value to its estimated residual value at the useful end of period:

| | (the year) |
|----------------------------------|------------|
| Buildings and structures | 58-100 |
| Other fixed assets and inventory | 4 |

When carrying value of the fixed asset is lower than its estimated recoverable amount, and it is expected to be sustainable, the impairment provision is created and the asset is written down to its recoverable amount.

The increase in value due to the revaluation is reflected in the equity item "Revaluation reserve for long-term investments". If increase in value fully or partially compensates the decrease in the value of the same fixed asset, which in previous reporting years had been included in the profit or loss account as costs, such an amount of increase in value, which does not exceed the referred to costs, is included in the profit or loss statement as income in the reporting year. Revaluation reserve of long-term investments is reduced, if the revalued object of fixed assets is disposed, liquidated or there is no basis for increase in the value thereof anymore or if calculation of annual depreciation of the object of revalued fixed asset is carried out. Reduction of revaluation reserve is included in the profit or loss account as revenue in the financial year in which such reduction is carried out.

The Company reduces the revaluation reserve attributable to a revalued property, plant and equipment as it calculates the annual depreciation of that property, plant and equipment, and recognizes it gradually to profit or loss over its remaining useful life.

Repairs and maintenance are charged to the profit and loss statement during the period in which they are incurred.

Profit or loss from disposal of fixed assets are calculated as difference between balance sheet value and proceeds from sales, and income from write-off of revaluation reserve of the respective fixed asset, and it is recognized in the period when occurred.

Long-term financial investments

Investments in subsidiaries and associated companies are accounted for by applying the cost method. After initial recognition, investments in subsidiaries and associated companies are accounted at their cost, less impairment losses. If any events or changes in circumstances indicate that the carrying value of investment in subsidiary or associate may not be recoverable, the carrying value is revised to identify amount of impairment.

Debtors

Accounts receivable in balance sheet are stated in net worth from the initial value minus reserves for doubtful and bad debts. Specific provision for doubtful and bad debts are created when management believes that the recovery of these specially segregated receivables are doubtful.

Receivables are measured at the end of the reporting period, in accordance with the accounting data and the statement on comparative settlements.

The actual amounts of the receivables correspond to the invoices and other amounts shown in the original accounting documents.



Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Actual results may differ from these estimates.

Estimates and related assumptions are reviewed regularly. Changes in accounting estimates are recognized in the period in which the estimates are reviewed and in subsequent periods. The most important reasons for inaccuracy in estimates are:

Impairment

An impairment loss is recognized when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

The residual values and useful lives of assets are reviewed and, if necessary, adjusted at each balance sheet

Estimated time of using fixed assets

Fixed assets are presented in the acquisition or revaluation cost less depreciation. Depreciation is calculated on a straight-line method over the asset's useful period of usage. The following rates of depreciation is set by management, to write down fixed asset value to its estimated residual value at the useful end of period.

Cash and cash equivalents

Cash and cash equivalents in cash flow statement consists of cash in hand, current account balances.

Long-term investments

- Evaluated according to their initial value, that is the purchase cost or production cost.
- Acquisition or production costs of the investment object is gradually written off (depreciated) for intended use period, if administration period of object is limited. A plot of land acquisition costs are not subject to write-off (amortization).

Current assets

- Asset evaluation based on the purchase or production cost.
- suitable for the evaluation of the balance sheet date are evaluated according to the lowest market price or production cost
- Debt balances on the balance sheet is shown accordingly to appropriate supporting documents and accounting records, and they are coordinated with their own accounts receivable records at the date of making balance sheet. In dispute cases balances in balance sheet is shown according to the records. The accruals is made for a questionable amount of doubtful debts.

Long-term and short-term positions

Long-term liabilities is recognized if receipt, payment, or retirement shall be the later of one year after the year end. Amounts receivable, payable or depreciable during the year is presented as a short-term positions.

Trade payables

The balances of trade payables are shown in the balance sheet in accordance with the source documents and records in the accounting registers, and are consistent with the creditors' own records. These trade payables are divided into short-term or long-term debt (liabilities), respectively, incurred during the ordinary course of business and settled within 12 months after the balance sheet date. Long-term liabilities that the company will have to pay no earlier than one year after the end of the reporting year. Loan or leasing liabilities are divided into short and long term respective.

Loans

The amounts of loans received from credit institutions at the end of the reporting year are comparable to those of the credit institution concerned.

(2) Net turnover

Turnover consists of revenues that the Company gained in 2020 from its core business-service provision without VAT

| Activity | 2020 EUR | 2019 EUR |
|---|---------------------|---------------------|
| Office rent | 610 182 | 750 258 |
| Facilities management and utilities | 367 988 | 304 552 |
| Electricity distribution and servicing | 116 254 | 136 153 |
| Electrical transformers sold as scrap metal | 1 532 | 0 |
| Total | 1 095 956 | 1 190 963 |

Allocation of salesmarkets

| State | 2020 EUR | 2019 EUR |
|--------------|---------------------|---------------------|
| Latvia | 1 095 956 | 1 190 963 |
| Total | 1 095 956 | 1 190 963 |

(3) Costs of goods sold and services rendered

| | 2020 EUR | 2019 EUR |
|---|---------------------|---------------------|
| Utility services expenses (energy and other services) | 209 296 | 264 852 |
| Personnel costs and social tax | 246 736 | 312 831 |
| Depreciation | 104 669 | 92 578 |
| Other operating costs | 240 868 | 131 508 |
| Transport expenses | 16 364 | 14 713 |
| Charges for land rent | 4 620 | 4 619 |
| Insurance costs (building) | 4 908 | 4 878 |
| Expenses for telecommunication | 907 | 970 |
| Depreciation of license | 35 | 7 |
| Bank service | 252 | 619 |
| Real estate tax (buildings, land) | 16 366 | 8 179 |
| Business travel expenses | 0 | 7 596 |
| Personnel training | 0 | 106 |
| Total | 845 021 | 843 456 |

(4) Administrative expenses

| | 2020 EUR | 2019 EUR |
|--|---------------------|---------------------|
| Salaries and social tax for administration | 67 098 | 70 608 |
| Transportation expenses for administration | 16 364 | 14 712 |
| Annual fee NASDAQ RIGA,NASDAQ CSD SE | 8 628 | 8 494 |
| Expenses for telecommunication | 907 | 969 |
| Office expenses | 1 016 | 761 |
| Lawyers' service fees | 4 350 | 3 295 |
| Audit costs | 6 200 | 4 300 |
| Representation ,personal costs | 1 794 | 3 002 |
| Total | 106 357 | 106 141 |

(5) Other operating income

| | 2020 | 2019 |
|---|--------------|---------------|
| | EUR | EUR |
| Fines | 0 | 518 |
| Long-term investments revaluation reserve decrease | 8 185 | 8 185 |
| Other income | 45 | 4 005 |
| Paid real estate tax and social insurance contributions refund received | 1 373 | 0 |
| Total | 9 603 | 12 708 |

(6) Other operating expenses

| | 2020 | 2019 |
|------------------------|--------------|--------------|
| | EUR | EUR |
| Late payment for taxes | 666 | 664 |
| Damages compensation | 1 723 | 1 583 |
| Liquidated debtors | 2 886 | 0 |
| Total | 5 275 | 2 247 |

(7) Interest expenses and similar expenses :

| | 2020 | 2019 |
|------------------|----------------|----------------|
| | EUR | EUR |
| Bank interest | 133 579 | 127 946 |
| Leasing interest | 2 374 | 1 585 |
| Total | 135 953 | 129 531 |

(8) Corporate income tax

The corporate income tax for the reporting year is calculated in accordance with the requirements of the Law on Corporate Income Tax and applying a tax rate of 20% to the taxable base. When determining the taxable base, the value of the taxable object shall be divided by a factor of 0,8. The tax base includes the following taxable items: distributed profits and conditionally distributed profits.

In previous years, corporate income tax expense was included in the financial statements based on calculated taxable income by applying a tax rate of 15%. Accrued tax losses as at 31.12.2017. can be used within 5 years but not more than 50% of the calculated tax amount on dividends distributed.



(9) Intangible assets

| | Concessions, patents, licences, brand names and other rights | Intangible assets total |
|----------------------------------|---|------------------------------------|
| | EUR | EUR |
| Aquisition cost | | |
| 31.12.19 | 2 207 | 2 207 |
| 31.12.20 | 2 207 | 2 207 |
| Depreciation | | |
| 31.12.19 | 2 172 | 2 172 |
| Calculated depreciation | 7 | 7 |
| Switched off | 28 | 28 |
| 31.12.20 | 2 207 | 2 207 |
| Balance sheet on 31.12.19 | 35 | 35 |
| Balance sheet on 31.12.20 | 0 | 0 |



(10) Tangible (fixed) assets

| | Land and buildings | Other fixed assets and inventory | Fixed assets total |
|----------------------------------|-------------------------------|---|-------------------------------|
| | EUR | EUR | EUR |
| Acquisition cost | | | |
| 31.12.19 | 6 361 064 | 377 464 | 6 738 528 |
| Acquisitions | 0 | 53 780 | 53 780 |
| Switched off | 0 | -82 262 | -82 262 |
| 31.12.20 | 6 361 064 | 348 982 | 6 710 046 |
| Depreciation | | | |
| 31.12.19 | 861 153 | 284 479 | 1 145 632 |
| Calculated depreciation | 59 197 | 45 472 | 104 669 |
| Switched off | 0 | -82 263 | -82 263 |
| 31.12.20 | 920 350 | 247 688 | 1 168 038 |
| Balance sheet on 31.12.19 | 5 499 911 | 92 985 | 5 592 896 |
| Balance sheet on 31.12.20 | 5 440 714 | 101 294 | 5 542 008 |

| Fixed asset item | Revaluation reserve for long-term investments | Revaluation reserve for long-term investments closing balance | Fixed asset value at the beginning of the period | Revaluation reserve for fixed assets reduction | Fixed asset value at the end of the period if no revaluation | Fixed asset value at the end of the period after revaluation |
|--|---|---|--|--|--|--|
| Real estate (buildings and constructions) | 649 285 | 641 099 | 5 499 911 | -8 186 | 5 002 935 | 5 440 714 |

**(11) Trade receivables**

| | 31.12.20 | 31.12.19 |
|----------------------|-----------------|-----------------|
| | EUR | EUR |
| Trade debtors | 38 036 | 23 901 |
| Balance value | 38036 | 23901 |

(12) Other receivables

| | 31.12.20 | 31.12.19 |
|---------------------------|-----------------|-----------------|
| | EUR | EUR |
| VAT on advances | 11 232 | 11 975 |
| Advance purchase of fuel | 1231 | 1406 |
| Advance services provider | 0 | 216 |
| Other debtors | 11 200 | 11 200 |
| Tax overpaid | 0 | 2 |
| Total | 23 663 | 24 799 |

(13) Deferred expenses

| | 31.12.20 | 31.12.19 |
|--------------------|-----------------|-----------------|
| | EUR | EUR |
| Insurance payments | 3 910 | 3 853 |
| Subscriptions | 949 | 977 |
| Total | 4 859 | 4 830 |

(14) Cash

| | 31.12.20 | 31.12.19 |
|--------------|-----------------|-----------------|
| | EUR | EUR |
| Cash at bank | 298 200 | 356 224 |
| Cash on hand | 6 844 | 14 168 |
| Total | 305044 | 370392 |

(15) Share capital

| | |
|--------------------------------------|------------------|
| Company capital is divided on shares | 1 944 637 shares |
| per value each EUR | 1.40 Eur |
| | 2 722 492 |

All the shares are paid. Detailed information see in note 26

(16) Revaluation reserve for long-term investments

| | 31.12.20 | 31.12.19 |
|--|-----------------|-----------------|
| | EUR | EUR |
| Long term investment revaluation reserve | 641 099 | 649 285 |
| Total | 641099 | 649285 |

**(17) Retained earnings or accumulated deficit:**

| | |
|--|-------------------|
| Losses of previous years (31.12.2019) | 40 907 EUR |
| Retained earnings | 12 953 EUR |
| Profit of financial year 31.12.2020 | 53 860 EUR |

(18) Loans from credit institutions

| Allocation of currency: | 31.12.20 | 31.12.19 |
|--------------------------------|------------------|------------------|
| | EUR | EUR |
| EUR (long term) | 2 024 174 | 2 150 174 |
| EUR (short-term) | 168 000 | 168 000 |
| Total | 2 192 174 | 2 318 174 |

Main points of agreement

| Company name | Principal amount, EUR | % rate | % amount | Term |
|--------------|-----------------------|--------|----------|-------------|
| SEB Banka | 4 466 086 | 1.847% | 133 579 | 18.05.2021. |

In 2021, SEB Bank received agreements on the Loan Agreement (changes in the repayment term) and repayment schedule. The repayment term of the agreement is 31.08.2023.

(19) Other loans

| | 31.12.20 | 31.12.19 |
|--|-----------------|-----------------|
| | EUR | EUR |
| SEB leasing | | |
| long term, including loans under 5 years | 77 050 | 61 594 |
| SEB leasing | 77 050 | 61 594 |
| short term | 31 801 | 21 221 |
| | 31 801 | 21 221 |

Main points of agreement

| Company name | % rate | Term |
|--------------|--------|------|
|--------------|--------|------|

| | | |
|-------------|-----------------------|----------|
| SEB leasing | 1.9%+3 month EURIBOR | 25.05.24 |
| SEB leasing | 1.8%+3 month EURIBOR | 25.07.23 |
| SEB leasing | 2.25%+3 month EURIBOR | 25.06.23 |
| SEB leasing | 3%+3 month EURIBOR | 25.05.25 |

Carrying value of Fixed assets acquired under finance lease at 31.12.2020 - 99 222 EUR (31.12.2019 is 82 578 EUR)

Leased assets serve as security for respective lease liabilities.

(20) Prepayments received from customers

| | 31.12.20 | 31.12.19 |
|--|-----------------|-----------------|
| | EUR | EUR |
| Long term (security deposits of rents agreements) | 47 273 | 47 273 |
| Short term (security deposits of rents agreements and debts overpayment) | 22 702 | 32 930 |
| | 69 975 | 80 203 |

Prepayment received from customers repayable in more than 5 years - 47 273 EUR.

**(21) Trade payables**

| | 31.12.20 | 31.12.19 |
|--------------|-----------------|-----------------|
| | EUR | EUR |
| EUR | 34 050 | 34 658 |
| Total | 34 050 | 34 658 |

(22) Taxes and the state social security contributions

| Type of tax | Residual | Calculated | Paid | Residual |
|----------------------------------|---------------|----------------|----------------|---------------|
| | 31.12.19 | | | 31.12.20 |
| | EUR | EUR | EUR | EUR |
| Value added tax | 13 583 | 146 877 | 149 945 | 10 515 |
| Social security contributions | 8 699 | 82 073 | 84 174 | 6 598 |
| Personal income tax | 8 606 | 47 346 | 48 457 | 7 495 |
| Real estate tax (buildings,land) | -2 | 16 366 | 16 364 | 0 |
| Company car tax | 0 | 3 770 | 3 770 | 0 |
| State duties | 5 | 65 | 65 | 5 |
| Total | 30 891 | 296 497 | 302 775 | 24 613 |

During the financial year has been calculated and paid payment penalty: VAT, PIT- 666 EUR.

| Including | 31.12.20 | 31.12.19 |
|-----------------|----------|----------|
| | EUR | EUR |
| Tax overpayment | 24 613 | 30 891 |
| Tax debt | 0 | -2 |

(23) Other payables

| | 31.12.20 | 31.12.19 |
|-----------------------|-----------------|-----------------|
| | EUR | EUR |
| Salaries for December | 13 859 | 13 699 |
| Total | 13 859 | 13 699 |

(24) Accrued liabilities

| | 31.12.20 | 31.12.19 |
|---|-----------------|-----------------|
| | EUR | EUR |
| Accrued liabilities for unused vacation | 103 263 | 96 934 |
| Accrued liabilities for services received | 3 721 | 2 580 |
| Total | 106 984 | 99 514 |

(25) Related parties, transactions with related parties

In the reporting year, a loan in the amount of EUR 5,000 was issued to the subsidiary.

Information about subsidiary:

Ltd. "VEF Projekts ", reg.no. 40203161994, legal address: Brīvības gatve 214,Rīga, LV-1039.

Percentage of participation - 100%

**Long-term financial investments**

| | Investments in subsidiaries, EUR |
|------------------------------|----------------------------------|
| Acquisition cost: | |
| at the beginning of the year | 3000 |
| at the end of the year | 3000 |
| Balance value: | |
| at the beginning of the year | 3000 |
| at the end of the year | 3000 |

(26) Additional information about the Company

The share capital of the Company consists of 623 528 bearer shares and 1 321 109 registered shares. 623 528 bearer shares are publicly traded and listed on the regulated market (Nasdaq Riga Baltic Second List). All shares give equal rights to dividends, receipt of liquidation quota and voting rights at the shareholders' meeting. All shares are dematerialized.

The disposal of bearer shares is not difficult and the shareholder has the right to freely dispose of bearer shares.

Holders of registered shares have pre-emptive rights in the case of alienation of registered shares.

There is no restriction on the right to vote, the right to a share of the distributed profit is proportional to the number of shares.

JSC VEF is not aware of any agreements that would restrict the exercise of shareholders' voting rights.

The powers of JSC VEF Board are determined by JSC VEF Statutes and Commercial Law norms. Board members have the right to represent the company only with at least one board member. The Board does not have any other special rights to the shares.

JSC VEF shares no special control rights.

JSC VEF is not aware of any other agreements and agreements referred to in the Financial Instruments Market Roundtable 561 Article.

(27) Amount of company's employees during year

| | 2020 | 2019 |
|---|------|------|
| Average amount of company's employees during year | 15 | 17 |

(28) Information about remuneration to Members of the Board and executives

The remuneration of Members of the Board during year 2020 was 59394 EUR, social security contributions - 12 944EUR.

The remuneration of Chairman of the Board during year 2020 was 66 000 EUR, social security contributions - 15 899 EUR. Members of the Council perform their duties free of charge.

(29) Financial risk management

The significant financial tools of Company are cash, trade and other receivables, financial leasing, bank borrowings, trade and other payables. The main task of these financial tools is to provide Company's economic activity with funding.

Interest rate risk

The Company has interest rate risk mainly because of its borrowings.

Credit risk

The Company has credit risk due to its trade debtors and money and its equivalents. Company controls its credit risk by evaluating constantly debt repayment history of clients and by setting individual terms for each client. Moreover the Company follows non-stop the rest of debtors debts to diminish the possibility of irrecoverable debt emergence. The Company has no significant concentration of credit risk for a counterparty or group of counterparties with similar characteristics.

Liquidity risk



Company controls its liquidity risk by keeping appropriate amount of money or money equivalents.

(30) Information about pledged assets

According to the pledge agreement, all physical assets are pledged to the JSC SEB Bank, the maximum amount of the secured claim is EUR 5,386,000.



(31) Details of the lease or rent agreements, mortgages, guarantees and other contracts that have an important role for the Company

The company is engaged in the management and administration of its real estate, rental of premises.

There were signed with the major customers long-term rental agreement.

As well as the Company has rent:

land in the Brivibas str. 214, rental agreement with "POSSESSOR" .The Agreement enters into force upon its signing and the ownership of the land on the land is valid until the lessee.

Pledge agreement No.KD03702/2 AS SEB banka, registered No.100093834 on 07.07.2015 - the claim secured in amount of EUR 5 386 000.

The Company signed financial instruments transaction agreement with SEB bank. Till 31.12.2020 The Company has losses of EUR 90 999 from this contract.

(32) Subsequent events

Restrictions related to the spread of coronavirus came into effect in the Republic of Latvia and other countries, significantly reducing economic development in the country and globally. It is unpredictable how the situation may develop in the future, and hence there is economic uncertainty. The management of the Company continuously evaluates the situation. The management of the Company believes that the Company will be able to overcome the emergency situation. However, this conclusion is based on information available at the date of signing these financial statements and the effect of future events on the future activities of the Company may differ from management's judgment.

As of the last day of the reporting year until the date of signing these financial statements there have been no other events requiring adjustment of or disclosure in the financial statements.

(33) Proposals or information on distribution of profit

The profit in amount of EUR 12 953 remains undistributed to invest in the development of the Company.

(34) Going concern

Profit of the financial year is 12 953 EUR and according to the management believes 2020 year revenues will exceed expenses, as a result positive operating cash flow will be able to provide sufficient financing to continue operating as a going concern. Results of financial activities for the coming years depends from inflation and also from real estate market trends that might be seriously impacted i) by the spread of COVID19 that would decrease financial well-being of Company's customers, and ii) by availability of financial support provided by the State and other financial institutions depending on distribution of fiscal priorities.

(35) Future development

In 2021, the Company's management plans to continue optimizing cash flow. In the next period, the management of the company plans to renovate the building at 214S Brivibas gatve in order to attract tenants. The Management Board of the Company stops its strategic plans in accordance with the economic situation in the country and the situation in the rental market. The Company will continue to provide its full range of services.

| | | |
|---|-----------|----------------|
| Gints Fenuks Chairman of the Board | _____ | 29 April, 2021 |
| | signature | |
| Tamara Kampane Member of the Board Chief accountant | _____ | 29 April, 2021 |
| | signature | |
| Martins Cauna Member of the Board | _____ | 29 April, 2021 |
| | signature | |