



JSC VEF, Brīvības gatve 214, Rīga, LV-1039

JOINT STOCK COMPANY VEF
(Unified registration number 40003001328)

NON- AUDITED FINACIAL STATEMENTS
For the period ended on June 30, 2021
In accordance with the Law of the Republic of Latvia



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**GENERAL INFORMATION**

Title of enterprise	Joint stock company VEF
Legal type of enterprise	Public joint stock company
Registered:	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, Nbr. 40003001328
Taxpayers' Reg. Nbr.	LV 40003001328
Legal address	Brīvības gatve 214, Rīga, LV-1039, Republic of Latvia
Equity capital ¹ :	EUR 2 722 492 paid and registered equity capital.
Core businesses:	*Letting and renting of real-estate property
Name of the holder of shares and share capital (%)	As on June 30, 2021: *VEF KOMUNIKĀCIJU SERVISS SIA- 45.52 % ; *Laila Līduma – 6.31 % ; * Tamāra Kampāne -12.61 % ; * Gints Feņuks - 24.50 % ; *Other shareholders - 11.06 %.
Subsidiary company	Ltd . “VEF Projekts “ (100%) Brīvības gatve 214,Rīga.
Chief executive officer:	Chairman of the Board of the Company: GINTS FENUKS
Members of the Board:	TAMĀRA KAMPĀNE MĀRTIŅŠ CAUNA MODRIS ZOMMERS
Members of the Supervisory Council:	LAILA LĪDUMA ERVINS KAMPĀNS GUNTIS LIPIŅŠ EGILS ARAJS
Period of account:	01.01.20210. - 30.06.2021.
Qualified auditor:	GUNTA DARKEVICA . Certificate Nbr.165

¹ Paid-up and registered equity capital 2 722 492 EUR common shares
The company's capital consists of the 623 528 bearer shares and 1 321 109 registered shares
Nominal value of a common share is EUR 1 .40 .



Report on the Management Board's responsibility to the non-audited financial statement of JSC „VEF” for the six months of 2021

Management Board of JSC „VEF” (hereinafter – the Company) is responsible for preparation of the middle-term financial statements of the Company. The middle-term financial statements are not audited.

Middle-term 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 June 30, 2021.

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

On behalf of the Management Board of JSC „VEF”,

Gints Fenuks
Chairman of the Management Board



Management report

Joint stock venture VEF is a publicly traded company that is doing business by managing its own real estate property and renting business spaces.

This year JSC VEF ceased to provide electricity supply and distribution services in the former VEF territory. To ensure that customers continue to receive electricity supply and distribution services in the former VEF territory JSC VEF came to an agreement with JSC "Sadales tīkls" to hand-over the existing customers and continue to provide services in that area. JSC "Sadales tīkls" has built all necessary infrastructure to provide electricity supply and distribution services in the aforementioned territory.

Net turnover of the Company for the first six months of 2021 amounted 479 803 EUR that is 12.66% less than in the previous reported period.

Company continues to provide full scope of its services and is preparing renovation plans for its real estate properties that are required since buildings are more than fifteen years in use. Part of renovation works had been carried out during the time period when the Covid19 restrictions were in place and customers decreased their business activities. Remaining amount of renovation works is still in design or approval phases - these works will require substantial investments that the Company is planning to cover partially from own resources, but for the greater extent attracting bank financing; thus, executing renovation works in several stages.

The Company is preparing reconstruction and repurpose of the former production spaces to attract new customers. The Company will partially cover investments required to execute these works from its own resources but to the greater extent attract bank financing.

For the next reporting period it is planned to rebuild roads, improve surrounding infrastructure, and increase energy efficiency - these are the main drivers to excel in serving current customers, provide comfort to our customers' employees, and in the future attract new customers.

Different financial risks including credit risk and fluctuation of credit rates are impacting the business activities of the Company. The Management of the Company is trying to decrease the potential negative impact of these risks on business results. Mostly buyer and customer debts are financial positions that are exposing the Company to the known extent of concentration of credit risk. Buyers and customer debts are acknowledged as recoverable values. Partners financing the Company are local financial institutions. The Company manages liquidity risks in a cautious manner ensuring fulfillment of credit obligations within agreed terms. The Management of the Company is confident that the Company will generate enough income to ensure that its liquidity is not endangered.

Meanwhile, the Company expects a decrease of financial results if Covid19 pandemic continues to spread, fails to be localized and substantially impacts overall economic situation locally and globally; thus, decreasing solvency of the Company's customers and/or prospects to attain new customers

Gints Fenuks

Chairman of the Management Board



ASSETS

	EUR 30.06.2021	EUR 30.06.2020	EUR 31.12.2020
LONG-TERM INVESTMENTS			
Intangible assets			
Concessions,patents,licences	0	30	0
Total intangible assets	0	30	0
Fixed Assets			
Land,buildings and other property	5 411 114	5 470 312	5 440 714
Other fixed assets and inventory	80 314	126 816	101 294
Total fixed assets	5 491 428	5 597 128	5 542 008
Long-term financial investments			
Investments in subsidiares	3 000	3 000	3 000
Loans to subsidiaries	67 000	60 000	65 000
Long-term financial investments,total	70 000	63 000	68 000
Total long-term investments	5 561 428	5 660 158	5 610 008
Current assets			
Debtors			
Customers and client debts	29 669	19 877	38 036
Other debtors	23 756	21 345	23 663
Future period expenses	3 544	4 235	4 859
Future period income	11 807	20 684	30 824
Total debtors	68 776	66 141	97 382
Cash	246 496	398 967	305 044
Total Current assets	315 272	465 108	402 426
TOTAL ASSETS	5 876 700	6 125 266	6 012 434

**LIABILITIES**

	EUR 30.06.2021	EUR 30.06.2020	EUR 31.12.2020
Stockholder's Equity			
Common stock	2 722 492	2 722 492	2 722 492
Rezerve	44 477	44 477	44 477
Long-term investments revaluation reserve	641 099	649 285	641 099
Total accumulation			
Retained earnings from the previous years	53 860	40 907	40 907
Retained earnings of the financial years	-2 923	37 304	12 953
Total stockholder's equity	3 459 005	3 494 465	3 461 928

LIABILITIES**Long-term liabilities**

Borrowings from credit institutions	2 024 174	2 150 174	2 024 174
Prepayments from buyers	47 273	47 273	47 273
Other liabilities	77 050	108 850	77 050

Total long-term liabilities **2 148 497** **2 306 297** **2 148 497**

Current liabilities

Borrowings from credit institutions	84 000	126 000	168 000
Accounts payable	16 438	13 911	34 050
Taxes and social security payments	21 546	23 558	24 613
Other liabilities	14 845	14 215	13 859
Prepayments from buyers	23 236	32 930	22 702
Accrued liabilities	93 143	98 250	106 984
Other loans	15 990	15 640	31 801

Total current liabilities **269 198** **324 504** **402 009**

Total liabilities **2 417 691** **2 630 801** **2 550 506**

TOTAL LIABILITIES&STOCKHOLDER'S **5 876 700** **6 125 266** **6 012 434**

EQUITY

**PROFIT AND LOSSES ACCOUNT FOR YEAR, WHICH ENDS ON JUNE
30.2021.**

		EUR 30.06.2021	-	EUR 30.06.2020	-
Net turnover	1	479 803		540 566	
Cost of goods sold	2	-375 734		-395 973	
Gross profit		104 069		144 593	
Administrative expenses	3	-47 391		-44 782	
Other income from operations	4	9 701		1 532	
Other expenses from operations	5	-888		-864	
Financial services income					
Financial services expenses	6	-68 414		-63 175	
Profit before taxes		-2 923		37 304	
Other taxes	7	0		0	
Net profit		-2 923		37 304	
Earnings per share (EPS) 30.06.21				0.02	
Earnings per share (EPS) 30.06.20					

Chairman of the Board

G.Feņuks

Member of the Board

T.Kampāne



CASH FLOW STATEMENT FOR YEAR THAT ENDS ON JUNE 30, 2021

	2021 30.06.	2020 30.06.	2020 31.12.
	EUR	EUR	EUR
I. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before outstanding items and taxes (+)	-2 923	37 304	12 953
<i>Adjustments:</i>			
fixed assets depreciation (+)	52 679	49 549	104 669
Intangible assets depreciation (+)	0	3	35
financial services income	68 414	63 175	135 953
<i>Profit or losses before adjustments from current assets and liabilities</i>	118 170	150 031	253 610
<i>Adjustments:</i>			
debtors : increase (-); decrease (+)	-28 606	-3 924	-6 590
liabilities: increase (-); decrease (+)	24 213	- 392	35 331
<i>Gross cash provide by operating activities</i>	113 777	145 715	282 351
Payments for financial	-68 414	-63 175	-135 953
<i>Net cash provided by operating activities before outstanding items:</i>	45 363	82 540	146 398
Cash flow from outstanding items (-/+)			
Net cash provided by operating activities:	45 363	82 540	146 398
II. CASH FLOWS FROM INVESTING ACTIVITIES :			
Fixed assets purchase	-2 099	-5 889	-53 780
Investments in related companies		0	
Loans to subsidiaries'	-2 000	0	-5 000
Net cash used in investing activities:	-4 099	-5 889	-58 780
III. CASH FLOWS FROM FINANCING ACTIVITIES:			
Expenses for borrowings repayment	-84 000	-42 000	-126 000
Expenses on leasing liabilities	-15 812	-6 076	-26 966
Net cash provided by financing activities:	-99 812	-48 076	-152 966
Net cash flow	-58 548	28 575	-63 348
CASH AT BEGINNING OF YEAR	305 044	370 392	370 392
CASH AT END OF YEAR	246 496	398 967	305 044

**STATEMENT OF CHANGES IN EQUITY FOR YEAR THAT ENDS ON
JUNE 30, 2021**

	30.06.2021 EUR	30.06.2020 EUR	31.12.2020 EUR
Stockholder's equity			
Balance at the beginning of the financial year	2 722 492	2 722 492	2 722 492
Increase from			
Decrease from denomination of shares from lats to euro			
Balance at the end of the financial year	2 722 492	2 722 492	2 722 492
Long-term investments revaluation reserve			
Balance at the beginning of the financial year	641 099	649 285	649 285
Increase from			
Decrease from			-8 186
Balance at the end of the financial year	641 099	649 285	641 099
Accumulations			
Balance at the beginning of the financial year	44 477	44 477	44 477
Increase from denomination of shares from lats to euro			
Decrease from			
Balance at the end of the financial year	44 477	44 477	44 477
Retained earnings			
Balance at the beginning of the financial year	40 907	40 907	40 907
Profit or losses of the financial year	37 304	34 304	12 953
Dividends			
Included in accumulations			
Balance at the end of the financial year	78 211	78 211	53 860
Stockholder's equity (total)			
Balance at the beginning of the financial year	3 461 928	3 457 161	3 457 161
Balance at the end of the financial year	3 459 005	3 494 465	3 461 928

**(1) Net turnover**

Turnover consists of revenues that the Company gained in the first six months of 2021 from its core business-service provision without VAT

Type of commercial operations	2021.06.30 EUR	2020.06.30 EUR
power supply, distribution and servicing	0	59 697
office renting service	298 649	356 895
utility services	181 154	123 974
Total	479 803	540 566

Distribution of net turnover by geographical markets

Country	2021.06.30 EUR	2020.06.30 EUR
Latvia	479 803	540 566
Total	479 803	540 566

(2) Cost of sales

	2021.06.30 EUR	2020.06.30 EUR
personnel	101 249	126 413
depreciation	52 679	49 549
transport	7 446	7 508
other outstanding costs	74 221	110 026
telecommunication service	514	455
other costs tied to commercial operations	128 444	87 417
insurance (buildings)	2 766	2 507
land rent to AS Possessor	2 308	3 550
real estate tax (buildings ,land)	5 938	7 978
cash turnover expenses	169	567
depreciation of license	0	3
Total	375 734	395 973



(3) Costs of administration	2021.06.30	2020.06.30
	EUR	EUR
personnel	36 706	31 147
telecommunication service	514	454
office supplies	346	297
transport expenses for administrative needs	7 445	7 509
represent, personal cost	0	705
legal assistance or raid	0	2 000
NASDAQ Rīga annual fee	2 380	2 670
Total	47 391	44 782
Other revenues from commercial operation		
	2021.06.30	2020.06.30
(4)	EUR	EUR
other revenues	9 701	1 532
Total	9 701	1 532
Other costs of commercial operations		
	2021.06.30	2020.06.30
(5)	EUR	EUR
allowances and bonuses	888	864
Total	888	864
Payments of interest and similar expenses		
	2021.06.30	2020.06.30
	EUR	EUR
credit interests	67 166	62 499
līzing	1 248	676
(6) Total	68 414	63 175