



**Rīgā**

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

## **ANNUAL REPORT**

**for year ended 31 December 2021  
in accordance with the Law of the Republic of Latvia**

**Riga  
2021**



## CONTENTS

	<b>page</b>
<b>Report on the Management Board's responsibility</b>	<b>3</b>
<b>Management report</b>	<b>4</b>
<b>Financial statements:</b>	
<b>Profit and loss calculation</b>	<b>6</b>
<b>Balance : Assets</b>	<b>7</b>
<b>Liabilities</b>	<b>8</b>
<b>Cash Flow</b>	<b>9</b>
<b>Report of changes in Equity Capital</b>	<b>10</b>
<b>Financial report appendixes:</b>	<b>11</b>
<b>Auditors opinion</b>	<b>23</b>



## **Report on the Management Board's responsibility to the audited annual Report of JSC „VEF” for the twelve months of 2021**

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, 2021.

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  
piektdiena, 2022. gada 25. marts

Tamara Kampāne  
Member of the Management Board  
piektdiena, 2022. gada 25. marts

Martins Cauna  
Member of the Management Board  
piektdiena, 2022. gada 25. marts



## **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 Sadales Tīkls.

### **Short Summary of Events During Reporting Year**

Net turnover of the joint venture at the end of the reporting year is 980 822 EUR. Despite the decrease of net turnover by 11%, the management of the company has executed cost saving activities and as the result the company finished the year with a profit amounting 8 753 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.

In the current context of the spread of COVID\_19 and international tensions, 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.

The Management Board and the Supervisory Board of the Company independently monitor the market situation in the country and the region, following the requirements set by the Government of the Republic of Latvia and their changes that could affect the future operations 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.

The Company allows the financial indicators to decline if the international situation escalates, leading to even higher resource prices, and if the spread of COVID-19 continues to develop, further deteriorating the overall economic situation in the country and the world, thus affecting the Company's customer solvency and / or attract new customers probability.



### **Recommendations to Profit Distribution or Loss Coverage**

Board recommends to use the profit of 8 753 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

piektdiena, 2022. gada 25. marts



**PROFIT AND LOSS CALCULATION FOR THE PERIOD, ENDING ON 31.12.2021**  
(classified by cost function )

	Appendix	2021	2020
		EUR	EUR
Net turnover		980 822	1 095 956
from other principal activities	2	980 822	1 095 956
Costs of goods sold and services rendered	3	-765 803	-845 021
<b>Gross profit or loss</b>		<b>215 019</b>	<b>250 935</b>
Administrative expenses	4	-103 605	-106 357
Other operating income	5	34 473	9 603
Other operating expenses	6	-2 733	-5 275
Interest expenses and similar expenses : for other parties	7	-134 401	-135 953
<b>Profit or loss after corporate income tax</b>		<b>8 753</b>	<b>12 953</b>
<b>Profit or loss of the financial year</b>		<b>8 753</b>	<b>12 953</b>
<b>Earnings per</b>	<b>EPS</b>	<b>0.00</b>	<b>0.01</b>

Appendix from 11 till 22 page is an integral part of this financial statement.

Gints Fenuks Chairman of the Management Board	25.marts.22
Tamara Kampāne Member of the Management Board Chief accountant	25.marts.22
Martins Cauna Member of the Management Board	25.marts.22



**BALANCE SHEET ON THE 31.12.21**

<b>ASSETS</b>	<b>Appendix</b>	<b>2021</b>	<b>2020</b>
		<b>EUR</b>	<b>EUR</b>
<b>Fixed assets</b>			
<b>Fixed assets (fixed assets, investment properties, and biological assets):</b>			
Immovable properties:			
a) land parcels, buildings and engineering structures		5443741	5440417
Other fixed assets and inventory		106273	101294
<b>Fixed assets, total</b>	<b>9</b>	<b>5550014</b>	<b>5542008</b>
<b>Long-term financial investments</b>			
Investments in related companies	24	3000	3000
Loans to related companies		67000	65000
<b>Long-term financial investments, total</b>		<b>70000</b>	<b>68000</b>
<b>Non-current assets, total</b>		<b>5620014</b>	<b>5610008</b>
<b>Current assets</b>			
<b>Receivables:</b>			
Trade receivables	10	28642	38036
Other receivables	11	19092	23663
Deferred expenses	12	4476	4859
Accrued income		26667	30824
<b>Receivables, total</b>		<b>78877</b>	<b>97382</b>
<b>Cash</b>	<b>13</b>	<b>148514</b>	<b>305044</b>
<b>Current Assets total</b>		<b>227391</b>	<b>402426</b>
<b>Total assets</b>		<b>5847405</b>	<b>6012434</b>



**BALANCE SHEET ON THE 31.12.21**

<b>LIABILITIES</b>	<b>Appendix</b>	<b>2021</b>	<b>2020</b>
		<b>EUR</b>	<b>EUR</b>
<b>Equity</b>			
Share capital	14	2722492	2722492
Revaluation reserve for long-term investments	9,15	632913	641099
Reserves			
a) other reserves		44477	44477
Retained earnings or accumulated deficit:	16	53860	40907
Profit or loss for the year	16	8753	12953
<b>Equity total</b>		<b>3462495</b>	<b>3461928</b>
<b>Creditors</b>			
<b>Non-current liabilities:</b>			
Loans from credit institutions	17	1856174	2024174
Prepayments received from customers	19	55856	47273
Other loans	18	83018	77050
<b>Long term creditors total</b>		<b>1995048</b>	<b>2148497</b>
<b>Current liabilities</b>			
Loans from credit institutions	17	168000	168000
Other loans	18	42565	31801
Prepayments received from customers	19	12796	22702
Trade payables	20	32692	34050
Taxes and the state social security contributions	21	20105	24613
Other payables	22	13524	13859
Accrued liabilities	23	100180	106984
<b>Current liabilities, total</b>		<b>389862</b>	<b>402009</b>
<b>Liabilities, total</b>		<b>2384910</b>	<b>2550506</b>
<b>Equity and liabilities, total</b>		<b>5847405</b>	<b>6012434</b>

Appendix from 11 till 22 page is an integral part of this financial statement.

Gints Fenuks  
Chairman of the Management Board 25.03.2022.

Tamara Kampane  
Member of the Management Board 25.03.2022.  
Chief accountant

Martins Cauna  
Member of the Management Board 25.03.2022.





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

	Appendix	2021	2020
		EUR	EUR
<b>Cash flow from operating activities</b>			
Profit or loss before corporate income tax		8 753	12 953
<b>Adjustments:</b>			
a) fixed assets depreciation	9	109 028	104 669
b) intangible assets amortisation		0	35
c) interest expenses and similar expenses	7	134 401	135 953
<b>Profit or loss before adjustments of changes in current assets and current liabilities</b>		<b>252 182</b>	<b>253 610</b>
<b>Adjustments:</b>			
a) accounts receivable increase or decrease		18 505	-6 590
b) accounts payable increase or decrease		29 227	35 331
<b>Net cash flow from operating activities</b>		<b>299 914</b>	<b>282 351</b>
Interest paid	7	-134 401	-135 953
<b>Net operating cash flow</b>		<b>165 513</b>	<b>146 398</b>
<b>Cash flow from investing activities</b>			
Acquisition of fixed and intangible assets	9	-117 034	-53 780
Loans to subsidiaries		-2 000	-5 000
<b>Net cash flow from investing activities</b>		<b>-119 034</b>	<b>-58 780</b>
<b>Cash flow from financing activities</b>			
Borrowings repaid		-168 000	-126 000
Payments for leased fixed assets		-35 009	-26 966
<b>Net cash flow from financing activities</b>		<b>-203 009</b>	<b>-152 966</b>
<b>Net cash flow for the year</b>		<b>-156 530</b>	<b>-65 348</b>
<b>Cash and its equivalents at the beginning of the period</b>		<b>305 044</b>	<b>370 392</b>
<b>Cash and its equivalents at the end of the period</b>	13	<b>148 514</b>	<b>305 044</b>

Appendix from 11 till 22 page is an integral part of this financial statement.

Gints Fenuks Chairman of the Board	_____	25.03.2022.
	signature	
Tamara Kampane Member of the Board	_____	25.03.2022.
	signature	
Chief accountant Martins Cauna	_____	25.03.2022.
Member of the Board	signature	



**REPORT OF CHANGES IN EQUITY CAPITAL**  
**for period ending on 31.12.2021**

	<b>Appendix</b>	<b>2021 EUR</b>	<b>2020 EUR</b>
<b>I Share capital</b>	14		
Opening balance		2 722 492	2 722 492
Closing balance		2 722 492	2 722 492
<b>II Revaluation reserve for long-term investments</b>	15		
Opening balance		641 099	649 285
Increase/decrease of revaluation reserve for long-term investments		-8 186	-8 186
Closing balance		632 913	641 099
<b>III Reserves</b>			
Opening balance		44 477	44 477
Closing balance		44 477	44 477
<b>IV Retained earnings</b>	16		
Opening balance		53 860	40 907
Increase/decrease of retained earnings		8 753	12 953
Closing balance		62 613	53 860
<b>V Equity</b>			
Opening balance		3 461 928	3 457 161
Closing balance		3 462 495	3 461 928

**Appendix from 11 till 22 page is an integral part of this financial statement.**

Gints Fenuks \_\_\_\_\_ piektdiena, 2022. gada 25. marts  
Chairman of the Board signature

Tamara Kampane \_\_\_\_\_ piektdiena, 2022. gada 25. marts  
Member of the Board signature  
Chief accountant

Martins Cauna \_\_\_\_\_ piektdiena, 2022. gada 25. marts  
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
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 - 245 143 )
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 01.01.21 till 31.12.21
Information about shareholders	The total paid-up and registered share capital is EUR 2 722 492 as od 31 December 2021, 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 2021 to 31st December 2021 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 2021 from its core business-service provision without VAT

<b>Activity</b>	<b>2021 EUR</b>	<b>2020 EUR</b>
Office rent	608 495	610 182
Facilities management and utilities	362 626	367 988
Electricity distribution and servicing	0	116 254
Electrical transformers sold as scrap metal	9 701	1 532
<b>Total</b>	<b>980 822</b>	<b>1 095 956</b>

**Allocation of salesmarkets**

<b>State</b>	<b>2021 EUR</b>	<b>2020 EUR</b>
Latvia	980 822	1 095 956
<b>Total</b>	<b>980 822</b>	<b>1 095 956</b>

**(3) Costs of goods sold and services rendered**

	<b>2021 EUR</b>	<b>2020 EUR</b>
Utility services expenses (energy and other services)	155 454	209 296
Personnel costs and social tax	241 180	246 736
Depreciation	109 028	104 669
Other operating costs	217 794	240 868
Transport expenses	19 440	16 364
Charges for land rent	4 619	4 620
Insurance costs (building)	5 171	4 908
Expenses for telecommunication	949	907
Depreciation of license	0	35
Bank service	292	252
Real estate tax (buildings, land)	11 876	16 366
<b>Total</b>	<b>765 803</b>	<b>845 021</b>

**(4) Administrative expenses**

	<b>2021 EUR</b>	<b>2020 EUR</b>
Salaries and social tax for administration	65 646	67 098
Transportation expenses for administration	19 441	16 364
Annual fee NASDAQ RIGA,NASDAQ CSD SE	10 296	8 628
Expenses for telecommunication	949	907
Office expenses	0	1 016
Lawyers' service fees	15	4 350
Audit costs	6 200	6 200
Representation ,personal costs	1 058	1 794
<b>Total</b>	<b>103 605</b>	<b>106 357</b>

**(5) Other operating income**

	<b>2021</b>	<b>2020</b>
	<b>EUR</b>	<b>EUR</b>
Long-term investments revaluation reserve decrease	8 186	8 185
Other income	759	45
Paid real estate tax and social insurance contributions refund received	0	1 373
Municipalities co-financing payment	20 000	0
Decrease in accrued liability	5 528	0
<b>Total</b>	<b>34 473</b>	<b>9 603</b>

**(6) Other operating expenses**

	<b>2021</b>	<b>2020</b>
	<b>EUR</b>	<b>EUR</b>
Late payment for taxes	0	666
Damages compensation	1 794	1 723
Liquidated debtors	939	2 886
<b>Total</b>	<b>2 733</b>	<b>5 275</b>

**(7) Interest expenses and similar expenses :**

	<b>2021</b>	<b>2020</b>
	<b>EUR</b>	<b>EUR</b>
Bank interest	131 681	133 579
Leasing interest	2 720	2 374
<b>Total</b>	<b>134 401</b>	<b>135 953</b>

**(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) Tangible (fixed) assets**

	<b>Land and buildings</b>	<b>Other fixed assets and inventory</b>	<b>Fixed assets total</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Acquisition cost</b>			
<b>31.12.20</b>	<b>6 361 064</b>	<b>348 982</b>	<b>6 710 046</b>
Acquisitions	62 433	54 601	117 034
<b>31.12.21</b>	<b>6 423 497</b>	<b>403 583</b>	<b>6 827 080</b>
<b>Depreciation</b>			
<b>31.12.20</b>	<b>920 350</b>	<b>247 688</b>	<b>1 168 038</b>
Calculated depreciation	59 406	49 622	109 028
<b>31.12.21</b>	<b>979 756</b>	<b>297 310</b>	<b>1 277 066</b>
<b>Balance sheet on 31.12.20</b>	<b>5 440 714</b>	<b>101 294</b>	<b>5 542 008</b>
<b>Balance sheet on 31.12.21</b>	<b>5 443 741</b>	<b>106 273</b>	<b>5 550 014</b>

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
<b>Real estate (buildings and constructions)</b>	<b>641 099</b>	<b>632 913</b>	<b>5 440 714</b>	<b>-8 186</b>	<b>5 011 121</b>	<b>5 443 741</b>

**(10) Trade receivables**

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>EUR</b>	<b>EUR</b>
Trade debtors	28 642	38 036
<b>Balance value</b>	<b>28642</b>	<b>38036</b>

**(11) Other receivables**

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>EUR</b>	<b>EUR</b>
VAT on advances	9 953	11 232
Advance purchase of fuel	439	1231
Other debtors	8 700	11 200
<b>Total</b>	<b>19 092</b>	<b>23 663</b>

**(12) Deferred expenses**

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>EUR</b>	<b>EUR</b>
Insurance payments	3 459	3 910
Subscriptions	1017	949
<b>Total</b>	<b>4 476</b>	<b>4 859</b>

**(13) Cash**

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>EUR</b>	<b>EUR</b>
Cash at bank	147 800	298 200
Cash on hand	714	6 844
<b>Total</b>	<b>148514</b>	<b>305044</b>

**(14) Share capital**

Company capital is divided on shares	1 944 637 shares
per value each EUR	1.40 Eur
	<b>2 722 492</b>

All the shares are paid. Detailed information see in note 25

**(15) Revaluation reserve for long-term investments**

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>EUR</b>	<b>EUR</b>
Long term investment revaluation reserve	632 913	641 099
<b>Total</b>	<b>632913</b>	<b>641099</b>

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

Losses of previous years (31.12.2020)	53 860 EUR
Retained earnings	8 753 EUR
<hr/>	
Profit of financial year 31.12.2021	62 613 EUR

**(17) Loans from credit institutions**

<b>Allocation of currency:</b>	<b>31.12.21</b>	<b>31.12.20</b>
	<b>EUR</b>	<b>EUR</b>
EUR (long term)	1 856 174	2 024 174
EUR (short-term)	168 000	168 000
<b>Total</b>	<b>2 024 174</b>	<b>2 192 174</b>

**Main points of agreement**

Company name	Principal amount, EUR	% rate	% amount	Term
SEB Banka	4 466 086	1.847%	131 681	2028 year

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. The agreement has been extended until 2028.

**(18) Other loans**

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>EUR</b>	<b>EUR</b>
<b>SEB leasing</b>		
long term, including loans under 5 years	83 018	77 050
<b>SEB leasing</b>	<b>83 018</b>	<b>77 050</b>
short term	42 565	31 801
	<b>42 565</b>	<b>31 801</b>

**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%+3 month EURIBOR	25.08.26
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 31.12.2021 - 104611 EUR ( 31.12.2020- 99 222 EUR )

Leased assets serve as security for respective lease liabilities.

**(19) Prepayments received from customers**

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>EUR</b>	<b>EUR</b>
Long term (security deposits of rents agreements)	55 856	47 273
Short term (security deposits of rents agreements and debts overpayment)	12 796	22 702
	<b>68 652</b>	<b>69 975</b>

Prepayment received from customers repayable in more than 5 years - 55856 EUR.

**(20) Trade payables**

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>EUR</b>	<b>EUR</b>
EUR	32 692	34 050
<b>Total</b>	<b>32 692</b>	<b>34 050</b>

**(21) Taxes and the state social security contributions**

Type of tax	Residual	Calculated	Paid	Residual
	31.12.20			31.12.21
	EUR	EUR	EUR	EUR
Value added tax	10 515	137 360	136 826	11 049
Social security contributions	6 598	80 979	83 028	4 549
Personal income tax	7 495	47 503	50 496	4 502
Real estate tax (buildings,land)	0	11 876	11 876	0
Company car tax	0	4 691	4 691	0
State duties	5	63	63	5
<b>Total</b>	<b>24 613</b>	<b>282 472</b>	<b>286 980</b>	<b>20 105</b>
<b>Including</b>	<b>31.12.21</b>			<b>31.12.20</b>
	EUR			EUR
Tax overpayment	20 105			24 613

**(22) Other payables**

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>EUR</b>	<b>EUR</b>
Salaries for December	13 524	13 859
<b>Total</b>	<b>13 524</b>	<b>13 859</b>

**(23) Accrued liabilities**

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>EUR</b>	<b>EUR</b>
Accrued liabilities for unused vacation	93 980	103 263
Accrued liabilities for services received	6 200	3 721
<b>Total</b>	<b>100 180</b>	<b>106 984</b>

**(24) Related parties, transactions with related parties**

In the reporting year, a loan in the amount of EUR 2,000 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

**(25) 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.

<b>(26) Amount of company's employees during year</b>	<b>2021</b>	<b>2020</b>
Average amount of company's employees during year	15	15

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

The remuneration of Members of the Board during year 2021 was 29303 EUR, social security contributions - 6 261 EUR.

The remuneration of Chairman of the Board during year 2021 was 66 000 EUR, social security contributions - 15 569 EUR. Members of the Council perform their duties free of charge.

**(28) 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.



**(29) 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.

**(30) 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 2008. "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 31.12.2021 The Company has losses of EUR 95 181 from this contract.

**(31) 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.

**(32) Proposals or information on distribution of profit**

The profit in amount of EUR 8 753 remains undistributed to invest in the development of the Company.

**(33) Going concern**

Profit of the financial year is 8753 EUR and according to the management believes 2021 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.

**(34) Future development**

In 2022, 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	_____	piektdiena, 2022. gada 25. marts
	signature	
Tamara Kampane Member of the Board	_____	piektdiena, 2022. gada 25. marts
Chief accountant	signature	
Martins Cauna Member of the Board	_____	piektdiena, 2022. gada 25. marts
	signature	