



**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**

**Riga  
2021**



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## **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 Kampane  
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
<b>Gross profit or loss</b>		<b>250 935</b>	<b>347 507</b>
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 :		-135 953	-129 531
for other parties	7	-135 953	-129 531
<b>Profit or loss after corporate income tax</b>		<b>12 953</b>	<b>122 296</b>
<b>Profit or loss of the financial year</b>		<b>12 953</b>	<b>122 296</b>
<b>Earnings per</b>	<b>EPS</b>	<b>0.01</b>	<b>0.06</b>

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 Chief accountant	29 April, 2021
Martins Cauna Member of the Management Board	29 April, 2021



**BALANCE SHEET ON THE 31.12.20**

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



**BALANCE SHEET ON THE 31.12.20**

<b>LIABILITIES</b>	<b>Appendix</b>	<b>2020</b>	<b>2019</b>
		<b>EUR</b>	<b>EUR</b>
<b>Equity</b>			
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
<b>Equity total</b>		<b>3461928</b>	<b>3457161</b>
<b>Creditors</b>			
<b>Non-current liabilities:</b>			
Loans from credit institutions	18	2024174	2150174
Prepayments received from customers	20	47273	47273
Other loans	19	77050	61594
<b>Long term creditors total</b>		<b>2148497</b>	<b>2259041</b>
<b>Current liabilities</b>			
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
<b>Current liabilities, total</b>		<b>402009</b>	<b>400913</b>
<b>Liabilities, total</b>		<b>2550506</b>	<b>2659954</b>
<b>Equity and liabilities, total</b>		<b>6012434</b>	<b>6117115</b>

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  
Chief accountant

29 April, 2021

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

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	



**REPORT OF CHANGES IN EQUITY CAPITAL**  
**for period ending on 31.12.2020**

	Appendix	2020 EUR	2019 EUR
<b>I Share capital</b>	15		
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>	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
<b>III Reserves</b>			
Opening balance		44 477	44 477
Closing balance		44 477	44 477
<b>IV Retained earnings</b>	17		
Opening balance		40 907	-81 389
Increase/decrease of retained earnings		12 953	122 296
Closing balance		53 860	40 907
<b>V Equity</b>			
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 of 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
<b>Total</b>	<b>1 095 956</b>	<b>1 190 963</b>

### Allocation of salesmarkets

State	2020 EUR	2019 EUR
Latvia	1 095 956	1 190 963
<b>Total</b>	<b>1 095 956</b>	<b>1 190 963</b>

## (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
<b>Total</b>	<b>845 021</b>	<b>843 456</b>

## (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
<b>Total</b>	<b>106 357</b>	<b>106 141</b>

**(5) Other operating income**

	<b>2020</b>	<b>2019</b>
	<b>EUR</b>	<b>EUR</b>
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
<b>Total</b>	<b>9 603</b>	<b>12 708</b>

**(6) Other operating expenses**

	<b>2020</b>	<b>2019</b>
	<b>EUR</b>	<b>EUR</b>
Late payment for taxes	666	664
Damages compensation	1 723	1 583
Liquidated debtors	2 886	0
<b>Total</b>	<b>5 275</b>	<b>2 247</b>

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

	<b>2020</b>	<b>2019</b>
	<b>EUR</b>	<b>EUR</b>
Bank interest	133 579	127 946
Leasing interest	2 374	1 585
<b>Total</b>	<b>135 953</b>	<b>129 531</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) Intangible assets**

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



**(10) Tangible (fixed) assets**

	Land and buildings	Other fixed assets and inventory	Fixed assets total
	EUR	EUR	EUR
<b>Acquisition cost</b>			
<b>31.12.19</b>	<b>6 361 064</b>	<b>377 464</b>	<b>6 738 528</b>
Acquisitions	0	53 780	53 780
Switched off	0	-82 262	-82 262
<b>31.12.20</b>	<b>6 361 064</b>	<b>348 982</b>	<b>6 710 046</b>
<b>Depreciation</b>			
<b>31.12.19</b>	<b>861 153</b>	<b>284 479</b>	<b>1 145 632</b>
Calculated depreciation	59 197	45 472	104 669
Switched off	0	-82 263	-82 263
<b>31.12.20</b>	<b>920 350</b>	<b>247 688</b>	<b>1 168 038</b>
<b>Balance sheet on 31.12.19</b>	<b>5 499 911</b>	<b>92 985</b>	<b>5 592 896</b>
<b>Balance sheet on 31.12.20</b>	<b>5 440 714</b>	<b>101 294</b>	<b>5 542 008</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>649 285</b>	<b>641 099</b>	<b>5 499 911</b>	<b>-8 186</b>	<b>5 002 935</b>	<b>5 440 714</b>

**(11) Trade receivables**

	<b>31.12.20</b>	<b>31.12.19</b>
	<b>EUR</b>	<b>EUR</b>
Trade debtors	38 036	23 901
<b>Balance value</b>	<b>38036</b>	<b>23901</b>

**(12) Other receivables**

	<b>31.12.20</b>	<b>31.12.19</b>
	<b>EUR</b>	<b>EUR</b>
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
<b>Total</b>	<b>23 663</b>	<b>24 799</b>

**(13) Deferred expenses**

	<b>31.12.20</b>	<b>31.12.19</b>
	<b>EUR</b>	<b>EUR</b>
Insurance payments	3 910	3 853
Subscriptions	949	977
<b>Total</b>	<b>4 859</b>	<b>4 830</b>

**(14) Cash**

	<b>31.12.20</b>	<b>31.12.19</b>
	<b>EUR</b>	<b>EUR</b>
Cash at bank	298 200	356 224
Cash on hand	6 844	14 168
<b>Total</b>	<b>305044</b>	<b>370392</b>

**(15) 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 26

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

	<b>31.12.20</b>	<b>31.12.19</b>
	<b>EUR</b>	<b>EUR</b>
Long term investment revaluation reserve	641 099	649 285
<b>Total</b>	<b>641099</b>	<b>649285</b>

**(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 EUR	31.12.19 EUR
EUR (long term)	2 024 174	2 150 174
EUR (short-term)	168 000	168 000
<b>Total</b>	<b>2 192 174</b>	<b>2 318 174</b>

**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 EUR	31.12.19 EUR
<b>SEB leasing</b>		
long term, including loans under 5 years	77 050	61 594
<b>SEB leasing</b>	<b>77 050</b>	<b>61 594</b>
short term	31 801	21 221
	<b>31 801</b>	<b>21 221</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	2.25%+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 EUR	31.12.19 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
	<b>69 975</b>	<b>80 203</b>

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

**(21) Trade payables**

	<b>31.12.20</b>	<b>31.12.19</b>
	<b>EUR</b>	<b>EUR</b>
EUR	34 050	34 658
	<b>34 050</b>	<b>34 658</b>

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

Type of tax	<b>Residual 31.12.19</b>	<b>Calculated</b>	<b>Paid</b>	<b>Residual 31.12.20</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
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
<b>Total</b>	<b>30 891</b>	<b>296 497</b>	<b>302 775</b>	<b>24 613</b>

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

<b>Including</b>	<b>31.12.20</b>	<b>31.12.19</b>
	<b>EUR</b>	<b>EUR</b>
Tax overpayment	24 613	30 891
Tax debt	0	-2

**(23) Other payables**

	<b>31.12.20</b>	<b>31.12.19</b>
	<b>EUR</b>	<b>EUR</b>
Salaries for December	13 859	13 699
<b>Total</b>	<b>13 859</b>	<b>13 699</b>

**(24) Accrued liabilities**

	<b>31.12.20</b>	<b>31.12.19</b>
	<b>EUR</b>	<b>EUR</b>
Accrued liabilities for unused vacation	103 263	96 934
Accrued liabilities for services received	3 721	2 580
<b>Total</b>	<b>106 984</b>	<b>99 514</b>

**(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 - 12 944 EUR.

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	<hr/> signature	29 April, 2021
Tamara Kampane Member of the Board Chief accountant	<hr/> signature	29 April, 2021
Martins Cauna Member of the Board	<hr/> signature	29 April, 2021



Translation from Latvian

**INDEPENDENT AUDITORS' REPORT****To the Shareholders of VEF AS***Our Opinion on the Financial Statements*

We have audited the accompanying financial statements of VEF AS (the Company), set out on pages 6 to 24 of the accompanying annual report, which comprise the balance sheet as at 31 December 2020, and the profit or loss statement, cash flow statement and statement on changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of VEF AS as of 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

*Basis for Opinion*

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

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

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

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

<b>Key audit matter</b>	<b>Audit response</b>
<p>Value of real estate</p> <p>As stated in note 10 to the financial statements, on 31 December 2020, the Company owns real estate with the carrying value of EUR 5 440 714 that comprises approximately 90% of the total assets value.</p> <p>Company's management have assessed recoverable amount of real estate.</p> <p>Balance sheet value of the real estate is material to the financial statements as a whole, therefore our audit procedures performed in respect of management's assessment of recoverable amount of real estate were significant part of our audit.</p>	<p>We have evaluated assumptions and methods used by management for assessment of recoverable amount of real estate.</p> <p>We have critically considered management assessment of market value of real estate.</p>

#### *Reporting on Other Information*

The Company management is responsible for the other information. The other information comprises:

- the Management Report, as set out on pages 4 to 5 of the accompanying Annual Report,
- the Statement on Management Board's Responsibility, as set out on page 3 of the accompanying Annual Report,
- the Statement of Corporate Governance, as published together with the audited Annual Report and available at Internet site <http://www.nasdaqbaltic.com>,
- the Board and Supervisory Council Remuneration Report ('Remuneration Report'), as published together with the audited Annual Report and available at Internet site <http://www.nasdaqbaltic.com>.

Our opinion on the financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other reporting responsibilities in accordance with the legislation of the Republic of Latvia* section of our report.

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

If, based on the work we have performed and in light of the knowledge and understanding of the entity and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



*Other reporting responsibilities in accordance with the legislation of the Republic of Latvia*

In addition, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report has been prepared in accordance with the requirements of the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

In accordance with the Law on Audit Services of the Republic of Latvia with respect to the Statement of Corporate Governance, our responsibility is to consider whether the Statement of Corporate Governance includes the information required in section 56.1, first paragraph, clause 3, 4, 6, 8 and 9, as well as section 56.2, second paragraph, clause 5, and third paragraph of the Financial Instruments Market Law and if it includes the information stipulated in section 56.2 second paragraph, clause 1, 2, 3, 4, 7 and 8 of the Financial Instruments Market Law.

In our opinion, the Statement of Corporate Governance includes the information required in section 56.1, first paragraph, clause 3, 4, 6, 8 and 9, as well as section 56.2, second paragraph, clause 5, and third paragraph of the Financial Instruments Market Law and it includes the information stipulated in section 56.2 second paragraph, clause 1, 2, 3, 4, 7 and 8 of the 'Financial Instruments Market Law.

Furthermore, in accordance with the Law on Audit Services of the Republic of Latvia, our responsibility is to consider whether the Remuneration Report includes the information required in section 59.4 of the Financial Instruments Market Law of the Republic of Latvia, and whether material misstatements have been identified in the Remuneration Report in relation to the financial information disclosed in the Annual Report.

In our opinion, the Remuneration Report includes the information required in section 59.4 of the Financial Instruments Market Law of the Republic of Latvia, and no material misstatements have been identified in the Remuneration Report in relation to the financial information disclosed in the Annual Report.

*Responsibilities of Management and Those Charged with Governance for the Financial statements*

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



*Auditor's Responsibility for the Audit of the Financial statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and objectivity, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*Other reporting responsibilities and confirmations required by the legislation of the Republic of Latvia and the European Union when providing audit services to public interest entities*

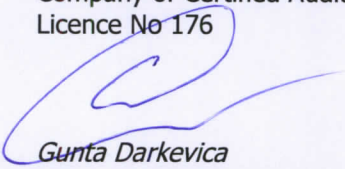
We were appointed by those charged with governance on 27 July 2020 to audit the financial statements of AS VEF for the year ended 31 December 2020. Our total uninterrupted period of engagement is 5 years, covering the periods ending 31 December 2016 to 31 December 2020.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Council of the Company;
- as referred to in the paragraph 37.<sup>6</sup> of the Law on Audit Services of the Republic of Latvia we have not provided to the Company the prohibited non-audit services (NASs) referred to of EU Regulation (EU) No 537/2014 or other services. We remained independent of the audited entity in conducting the audit.

The responsible certified auditor on the audit resulting in this independent auditors' report is Gunta Darkevica.

Baltic Audit SIA  
Company of Certified Auditors  
Licence No 176



*Gunta Darkevica*  
Member of the Board  
Certified auditor of Latvia  
Certificate No. 165

29 April 2021  
Riga, Latvia



Joint Stock Company “VEF”

**BOARD AND SUPERVISORY COUNCIL**  
**REMUNERATION REPORT**

For 2020

( Appendix to Annual Report for 2020 )

Riga, 2021



## JSC “VEF” Board and Supervisory Council Remuneration Report for 2020

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## JSC "VEF" Board and Supervisory Council Remuneration Report for 2020

### INTRODUCTION

Remuneration Report of Board and Supervisory Council of JSC "VEF" for 2020 (hereinafter also the "Remuneration Report") has been prepared in accordance with the Remuneration Policy of Board and Supervisory Council approved by the decision of the Company's shareholders meeting of 27 July 2020. Directive EU 2017/828 as regards the encouragement of long-term shareholder engagement, as well as Article 59.3 of the Financial Instrument Market Law of the Republic of Latvia, which implements the provisions of the said Directive.

Remuneration Report has been prepared by the Board of the Company and reviewed by the Supervisory Council of the Company. The Remuneration Report is reviewed by a certified auditor and it is reviewed and approved at the shareholders' meeting together with other components of the annual report.

Remuneration Report is published in Latvian and English at the same time as the annual report, as a separate part of the annual report, in the Official Centralized Storage System of the Financial and Capital Market Commission, on the Company's website: <http://www.asvef.lv> in the section "Remuneration Policy", as well as on the NASDAQ RIGA website: <http://www.nasdaqbaltic.com>

The Company closed 2020 with a profit of 12 953 EUR

The Company's net turnover in 2020 was 1 095 956 EUR.





## JSC "VEF" Board and Supervisory Council Remuneration Report for 2020

### REMUNERATION OF BOARD AND SUPERVISORY COUNCIL MEMBERS

The remuneration of the Chairman of the Board of the Company is determined by the Supervisory Council of the Company decision and fixed in the employment contract as a fixed monthly salary rate.

The remuneration of the Members of the Board of the Company is determined by the Supervisory Council as a fixed monthly remuneration for the performance of the duties of a member of the Board.

In addition, the Members of the Board who are employed by the Company, the salary determined by the employer is calculated and paid.

### BOARD AND SUPERVISORY COUNCIL REMUNERATION

	Fixed remuneration, EUR			Vacation pay	Total remuneration EUR
	Salary	Board, Council member remuneration	Health insurance		
Board	28407.21	125393.78	1801.44	4246.38	159848.81
Supervisory council	11203.42	0	1801.44	3092.53	16097.39
<b>Total 2020</b>	<b>39610.63</b>	<b>125393.78</b>	<b>3602.88</b>	<b>7338.91</b>	<b>175946.20</b>

## BOARD MEMBERS REMUNERATION

	Fixed remuneration, EUR				Total
	Salary	Board member remuneration	Vacation pay	Health insurance	remuneration EUR
Gints Feņuks, Chairman of the Board	0	66000.00	0	600.48	66600.48
Tamāra Kampāne, Member of the Board, Chief Accountant	17318.18	49074.54	2880.00	600.48	69873.20
Mārtiņš Cauna, Member of the Board, Project Manager	11089.03	10319.24	1366.38	600.48	23375.13
<b>Total 2020</b>	<b>28407.21</b>	<b>125393.78</b>	<b>4246.38</b>	<b>1801.44</b>	<b>159848.81</b>



JSC "VEF" Board and Supervisory Council Remuneration Report for 2020

**SUPERVISORY COUNCIL MEMBERS  
REMUNERATION**

	Fixed remuneration, EUR				Total
	Salary	Council member remuneration	Vacation pay	Health Insurance	remuneration EUR
Guntis Lipiņš, Chairman of the Council	0	0	0	600.48	600.48
Ervīns Kampāns, Member of the Council	0	0	0	0	0
Modris Zommers, Member of the Council, Man. Tech.unit	11203.42	0	3092.53	600.48	14896.43
Egils Arājs, Member of the Council	0	0	0	0	0
Laila Līduma, Member of the Council				600.48	600.48
<b>Total 2020</b>	<b>11203.42</b>	<b>0</b>	<b>3092.53</b>	<b>1801.44</b>	<b>16097.39</b>

Two members of the Board of the Company's subsidiary "VEF Projekts" received remuneration for the year 2020 a total of 10 800 EUR:

Gints Feņuks , Member of the Board - 5 400 EUR ;

Tamāra Kampāne, Member of the Board - 5 400 EUR .

## **CLOSING INFORMATION**

The remuneration of the Board and the Supervisory Council complies with the Remuneration Policy approved by the shareholders' meeting.

In determining the remuneration of the Board and the Supervisory Council in 2020, the conditions and criteria of costs (variable part and / or other costs) that are directly related to the Company's performance criteria, were not applied.

No shares or share options were granted or offered.

There were no exceptional cases of temporary derogations from the remuneration policy.

Chairman of the Board

Gints Feņuks

Member of the Board

Tamāra Kampāne

Member of the Board

Mārtiņš Čauna