



Rīga

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

**Rīga
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 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 Kampane
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
Gross profit or loss		215 019	250 935
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 :		-134 401	-135 953
for other parties	7	-134 401	-135 953
Profit or loss after corporate income tax		8 753	12 953
Profit or loss of the financial year		8 753	12 953
Earnings per	EPS	0.00	0.01

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

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



BALANCE SHEET ON THE 31.12.21

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



BALANCE SHEET ON THE 31.12.21

LIABILITIES	Appendix	2021	2020
		EUR	EUR
Equity			
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
Equity total		3462495	3461928
Creditors			
Non-current liabilities:			
Loans from credit institutions	17	1856174	2024174
Prepayments received from customers	19	55856	47273
Other loans	18	83018	77050
Long term creditors total		1995048	2148497
Current liabilities			
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
Current liabilities, total		389862	402009
Liabilities, total		2384910	2550506
Equity and liabilities, total		5847405	6012434

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

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

Gints Fenuks	_____	25.03.2022.
Chairman of the Board	signature	
Tamara Kampane	_____	25.03.2022.
Member of the Board	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

	Appendix	2021 EUR	2020 EUR
I Share capital	14		
Opening balance		2 722 492	2 722 492
Closing balance		2 722 492	2 722 492
II Revaluation reserve for long-term investments	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
III Reserves			
Opening balance		44 477	44 477
Closing balance		44 477	44 477
IV Retained earnings	16		
Opening balance		53 860	40 907
Increase/decrease of retained earnings		8 753	12 953
Closing balance		62 613	53 860
V Equity			
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 of 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. 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 Brīvības 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

Activity	2021 EUR	2020 EUR
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
Total	980 822	1 095 956

Allocation of salesmarkets

State	2021 EUR	2020 EUR
Latvia	980 822	1 095 956
Total	980 822	1 095 956

(3) Costs of goods sold and services rendered

	2021 EUR	2020 EUR
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
Total	765 803	845 021

(4) Administrative expenses

	2021 EUR	2020 EUR
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
Total	103 605	106 357

(5) Other operating income

	2021	2020
	EUR	EUR
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
Total	34 473	9 603

(6) Other operating expenses

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

(7) Interest expenses and similar expenses :

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

(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

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

Fixed asset item	Revaluation reserve for long- term investments	Revaluation reserve for long-term investments closing balance	Fixed asset value at the beginning of the period	Revaluation reserve for fixed assets reduction	Fixed asset value at the end of the period if no revaluation	Fixed asset value at the end of the period after revaluation
Real estate (buildings and constructions)	641 099	632 913	5 440 714	-8 186	5 011 121	5 443 741

**(10) Trade receivables**

	31.12.21	31.12.20
	EUR	EUR
Trade debtors	28 642	38 036
Balance value	28642	38036

(11) Other receivables

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

(12) Deferred expenses

	31.12.21	31.12.20
	EUR	EUR
Insurance payments	3 459	3 910
Subscriptions	1017	949
Total	4 476	4 859

(13) Cash

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

(14) Share capital

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

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

(15) Revaluation reserve for long-term investments

	31.12.21	31.12.20
	EUR	EUR
Long term investment revaluation reserve	632 913	641 099
Total	632913	641099

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

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

(17) Loans from credit institutions

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

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

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

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

	31.12.21 EUR	31.12.20 EUR
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
	68 652	69 975

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

**(20) Trade payables**

	31.12.21	31.12.20
	EUR	EUR
EUR	32 692	34 050
	32 692	34 050

(21) Taxes and the state social security contributions

Type of tax	Residual 31.12.20	Calculated	Paid	Residual 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
Total	24 613	282 472	286 980	20 105

Including	31.12.21	31.12.20
	EUR	EUR
Tax overpayment	20 105	24 613

(22) Other payables

	31.12.21	31.12.20
	EUR	EUR
Salaries for December	13 524	13 859
Total	13 524	13 859

(23) Accrued liabilities

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

(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.

(26) Amount of company's employees during year	2021	2020
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

signature

piektdiena, 2022. gada 25. marts

Tamara Kampane
Member of the Board
Chief accountant

signature

piektdiena, 2022. gada 25. marts

Martins Cauna
Member of the Board

signature

piektdiena, 2022. gada 25. marts

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 22 of the accompanying annual report, which comprise the balance sheet as at 31 December 2021, 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 2021, 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.

Key audit matter	Audit response
<p>Value of real estate</p> <p>As stated in note 10 to the financial statements, on 31 December 2021, the Company owns real estate with the carrying value of EUR 5 443 741 that comprises approximately 93% 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.

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.

Furthermore, in accordance with Commission delegated regulation (EU) 2019/815 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter - ESEF Regulation), our responsibility is to state opinion on whether the presentation of the financial statements included in the annual report complies, in all material respects, with the ESEF Regulation.

In our opinion, the presentation of the financial statements included in the annual report complies, in all material respects, with the ESEF Regulation.

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 19 July 2021 to audit the financial statements of AS VEF for the year ended 31 December 2021. Our total uninterrupted period of engagement is 6 years, covering the periods ending 31 December 2016 to 31 December 2021.

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 37.⁶ 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

25 March 2022
Riga, Latvia

The document is electronically signed with a secure electronic signature and contains a time stamp