



Rīgā

Joint Stock Company

VEF

(Latvian Unified registration number 40003001328)

Rīga , piektdiena, 2023. gada 24. marts

ANNUAL REPORT

for year ended 31 December 2022

in accordance with the Law of the Republic of Latvia

**Rīga
2023**



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Report on the Management Board's responsibility to the audited annual Report of JSC „VEF” for the twelve months of 2022

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, 2022.

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, 2023. gada 24. marts

Tamara Kampane
Member of the Management Board
piektdiena, 2023. gada 24. marts

Martins Cauna
Member of the Management Board
piektdiena, 2023. gada 24. marts



MANAGEMENT REPORT

Type of activity

Joint-stock company VEF is a public joint-stock company, the main direction of the company's activity is - development, management, leasing and management of real estate. While performing the functions of

Brief description of the company's activities in the reporting year.

The company's net turnover in the reporting year is EUR 1,049,732, which is 7% higher than in the previous reporting period. The company finished the year 2022 with a profit of EUR 6,725.

Events after the last day of the reporting year

The company has attracted additional bank financing and increased the total amount of credit by about 30%. This was done in order to finance the renovation of the territory, infrastructure building facades,

Future prospects and future developments

In the current conditions dictated by international tension, the Company monitors the situation by communicating with its tenants and credit institutions and has applied significant support measures to its customers. We will inform you separately about the decisions that could be taken and could have a significant impact on the Company's operation and future results, by publishing such decisions in accordance with the law.

Research works and development activities

AS VEF's board adheres to the Company's annual strategic plans, in accordance with the economic situation in the country and the situation in the rental space and energy resources market. Understanding the extremely large offer of competitors in the rental market, as well as the high prices of energy resources, the Board of the Company predicts a stagnant price policy in the rental sector, in the next reporting period and also in the long term.

The Company's Management Board and Council carry out increased monitoring of the market situation in the country and region, following the requirements established by the Government of the Republic of Lithuania and their changes, which could affect the Company's future operations.

Financial risk management

The company's activity is exposed to various financial risks, including credit risk, risk of interest rate fluctuations. The Company's management tries to minimize the negative effect of potential financial risks on the Company's financial condition. Financial assets that potentially expose the Company to a certain degree of concentration of credit risk are mainly cash and lessees' debts. The company's partners in monetary transactions are local financial institutions. The company observes prudent liquidity risk management, ensuring the settlement of credit obligations within the specified terms. The Company's management believes that the Company will have sufficient resources so that its liquidity is not at risk.

The Company allows financial indicators to fall if the international situation escalates, causing an even more significant rise in resource prices, continuing to worsen the overall economic situation in the country and the world, thus affecting the solvency of the Company's customers and/or the possibility of attracting new customers. The activities of the Company's finances and other cooperation partners are also important. policy in the next reporting period.



Proposals for using the company's profits or covering losses

The Board of the Company recommends that the profit of the reporting year, EUR 6,725, be left undistributed and reinvested in the development of the Company.

Description/explanation of the company's financial position and financial results of operations, as well as the impact of expected uncertainty

The financial performance of the following years depends on the inflation process, as well as on the development trends of the real estate market, which can be significantly affected by the solvency of the Company's customers, international tension, as well as the availability and distribution of priorities of credit institutions and state support programs.

Sources of the company's funds, capital raising and risk management policy

The share capital of the company is EUR 2,722,492. The share capital of the company consists of 623,528 bearer shares and 1,321,109 registered shares. The nominal value of each share is EUR 1.40. Taking into

The most important factors that determine operating results, including changes in the company's operating environment, the company's response to these changes, investment and dividend policy

The company's real estate rental clients are interested in the location of the company, the representative condition of the buildings, the legendary "good reputation" of the company.

In the future period, the development of the Company depends on the development trends of the real estate market, still under extraordinary tension, the availability of state support programs for the Company and its customers and, especially, the credit policies of banks.

Gints Feņuks

chairman of the board

Tamara Kampāne

member of the board

Mārtiņš Cauna

member of the board

on March 24, 2023.



PROFIT AND LOSS CALCULATION FOR THE PERIOD, ENDING ON 31.12.2022
(classified by cost function)

	Appendix	2022	.
		EUR	EUR
Net turnover		1 049 732	980 822
from other principal activities	2	1 049 732	980 822
Costs of goods sold and services rendered	3	-794 675	-765 803
Gross profit or loss		255 057	215 019
Administrative expenses	4	-132 173	-103 605
Other operating income	5	30 297	34 473
Other operating expenses	6	-2 613	-2 733
Interest expenses and similar expenses :		-143 843	-134 401
for other parties	7	-143 843	-134 401
Profit or loss after corporate income tax		6 725	8 753
Profit or loss of the financial year		6 725	8 753
Earnings per	EPS	0.00	0.01

Appendix from 11 till 23 page is an integral part of this financial statement.

Gints Fenuks	24.marts.23
Chairman of the Management Board	
Tamara Kampane	24.marts.23
Member of the Management Board	
Chief accountant	
Martins Cauna	
Member of the Management Board	24.marts.23



BALANCE SHEET ON THE 31.12.22

ASSETS	Appendix	2022 EUR	2021 EUR
Fixed assets			
Fixed assets (fixed assets, investment properties, and biological assets):			
Immovable properties:			
a) land parcels, buildings and engineering structures		5709553	5443741
Other fixed assets and inventory		61784	106273
Advances for fixed assets		109978	0
Fixed assets, total	9	5881315	5550014
Long-term financial investments			
Investments in related companies	24	3000	3000
Loans to related companies		71500	67000
Long-term financial investments, total		74500	70000
Non-current assets, total		5955815	5620014
Current assets			
Receivables:			
Trade receivables	10	28180	28642
Other receivables	11	20440	19092
Deferred expenses	12	3809	4476
Accrued income		39178	26667
Receivables, total		91607	78877
Cash	13	264451	148514
Current Assets total		356058	227391
Total assets		6311873	5847405



BALANCE SHEET ON THE 31.12.22

LIABILITIES	Appendix	2022	2021
		EUR	EUR
Equity			
Share capital	14	2722492	2722492
Revaluation reserve for long-term investments	9,15	624728	632913
Reserves			
a) other reserves		44477	44477
Retained earnings or accumulated deficit:	16	62613	53860
Profit or loss for the year	16	6725	8753
Equity total		3461035	3462495
Creditors			
Non-current liabilities:			
Loans from credit institutions	17	0	1856174
Prepayments received from customers	19	66183	55856
Other loans	18	46910	83018
Long term creditors total		113093	1995048
Current liabilities			
Loans from credit institutions	17	2456174	168000
Other loans	18	36204	42565
Prepayments received from customers	19	11628	12796
Trade payables	20	88793	32692
Taxes and the state social security contributions	21	19997	20105
Other payables	22	14892	13524
Accrued liabilities	23	110057	100180
Current liabilities, total		2737745	389862
Liabilities, total		2850838	2384910
Equity and liabilities, total		6311873	5847405

Appendix from 11 till 23 page is an integral part of this financial statement.

Gints Fenuks
Chairman of the Management Board 24.03.2023.

Tamara Kampane
Member of the Management Board 24.03.2023.
Chief accountant

Martins Cauna
Member of the Management Board 24.03.2023.



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

	Appendix	2022	2021
		EUR	EUR
Cash flow from operating activities			
Profit or loss before corporate income tax		6 725	8 753
Adjustments:			
a) fixed assets depreciation	9	107 594	109 028
b) intangible assets amortisation		0	0
c) interest expenses and similar expenses	7	143 843	134 401
Profit or loss before adjustments of changes in current assets and current liabilities		258 162	252 182
Adjustments:			
a) accounts receivable increase or decrease		12 730	18 505
b) accounts payable increase or decrease		642 212	29 227
Net cash flow from operating activities		913 104	299 914
Interest paid	7	-143 843	-134 401
Net operating cash flow		769 261	165 513
Cash flow from investing activities			
Acquisition of fixed and intangible assets	9	-438 895	-117 034
Loans to subsidiaries		-4 500	-2 000
Net cash flow from investing activities		-443 395	-119 034
Cash flow from financing activities			
Borrowings repaid		-168 000	-168 000
Payments for leased fixed assets		-42 469	-35 009
Net cash flow from financing activities		-210 469	-203 009
Net cash flow for the year		115 937	-156 530
Cash and its equivalents at the beginning of the period		148 514	305 044
Cash and its equivalents at the end of the period	13	264 451	148 514

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

Gints Fenuks	_____	24.03.2023.
Chairman of the Board	signature	
Tamara Kampane	_____	24.03.2023.
Member of the Board	signature	
Chief accountant		
Martins Cauna	_____	24.03.2023.
Member of the Board	signature	



REPORT OF CHANGES IN EQUITY CAPITAL
for period ending on 31.12.2022

	Appendix	2022 EUR	2021 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		632 913	641 099
Increase/decrease of revaluation reserve for long-term investments		-8 185	-8 186
Closing balance		624 728	632 913
III Reserves			
Opening balance		44 477	44 477
Closing balance		44 477	44 477
IV Retained earnings	16		
Opening balance		62 613	53 860
Increase/decrease of retained earnings		6 725	8 753
Closing balance		69 338	62 613
V Equity			
Opening balance		3 462 495	3 457 161
Closing balance		3 461 035	3 462 495

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

Gints Fenuks	_____	piektdiena, 2023. gada 24. marts
Chairman of the Board	signature	
Tamara Kampane	_____	piektdiena, 2023. gada 24. marts
Member of the Board	signature	
Chief accountant		
Martins Cauna	_____	piektdiena, 2023. gada 24. 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 - 245 981)
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 01.01.22 till 31.12.22
Information about shareholders	The total paid-up and registered share capital is EUR 2 722 492 as of 31 December 2022, it consists of 32% bearer shares and 68% of registered shares. VEF Komunikaciju Serviss Ltd. - 45,52 %; Laila Liduma - 6.31 %; Tamara Kampane - 12,65 % Gints Fenuks - 24.50 % Others shareholders - 11.02 %
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 2022 from its core business-service provision without VAT

Activity	2022 EUR	2021 EUR
Office rent	646 184	608 495
Facilities management and utilities	403 548	362 626
Electricity distribution and servicing	0	0
Electrical transformers sold as scrap metal	0	9 701
Total	1 049 732	Kļūda

Allocation of salesmarkets

State	2022 EUR	2021 EUR
Latvia	1 049 732	980 822
Total	1 049 732	Kļūda

(3) Costs of goods sold and services rendered

	2022 EUR	2021 EUR
Utility services expenses (energy and other services)	172 975	155 454
Personnel costs and social tax	237 464	241 180
Depreciation	107 594	109 028
Other operating costs	216 794	217 794
Transport expenses	28 484	19 440
Charges for land rent	4 619	4 619
Insurance costs (building)	5 090	5 171
Expenses for telecommunication	1 035	949
Bank service	3 950	292
Real estate tax (buildings, land)	11 876	11 876
Business travel expenses	4 794	0
Total	794 675	765 803

(4) Administrative expenses

	2022 EUR	2021 EUR
Salaries and social tax for administration	78 578	65 646
Transportation expenses for administration	28 485	19 441
Annual fee NASDAQ RIGA,NASDAQ CSD SE	11 369	10 296
Expenses for telecommunication	1 036	949
Office expenses	162	0
Lawyers' service fees	1 576	15
Audit costs	6 200	6 200
Representation ,personal costs	4 767	1 058
Total	132 173	103 605

(5) Other operating income

	2022	2021
	EUR	EUR
Long-term investments revaluation reserve decrease	8 185	8 186
Other income	1 866	759
Paid real estate tax and social insurance contributions refund received	247	0
Municipalities co-financing payment	20 000	20 000
Decrease in accrued liability	0	5 528
Total	30 298	34 473

(6) Other operating expenses

	2022	2021
	EUR	EUR
Damages compensation	2 235	1 794
Liquidated debtors	0	939
Other expenses	378	
Total	2 613	2 733

(7) Interest expenses and similar expenses :

	2022	2021
	EUR	EUR
Bank interest	141 170	131 681
Leasing interest	2 673	2 720
Total	143 843	134 401

(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	Advances for fixed assets	Fixed assets total
	EUR	EUR	EUR	EUR
Acquisition cost				
31.12.21	6 423 497	403 583	0	6 827 080
Acquisitions	326 064	2 853	109 978	438 895
31.12.22	6 749 561	406 436	109 978	7 265 975
Depreciation				
31.12.21	979 756	297 310		1 277 066
Calculated depreciation	60 252	47 342		107 594
31.12.22	1 040 008	344 652		1 384 660
Balance sheet on 31.12.21	5 443 741	106 273		5 550 014
Balance sheet on 31.12.22	5 709 553	61 784	109 978	5 881 315

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)	632 913	624 728	5 440 714	-8 185	5 011 121	5 709 553

**(10) Trade receivables**

	31.12.22	31.12.21
	EUR	EUR
Trade debtors	28 180	28 642
Balance value	28180	28642

(11) Other receivables

	31.12.22	31.12.21
	EUR	EUR
VAT on advances	10 771	9 953
Advance purchase of fuel	969	439
Other debtors	8 700	8 700
Total	20 440	19 092

(12) Deferred expenses

	31.12.22	31.12.21
	EUR	EUR
Insurance payments	3 292	3 459
Subscriptions	517	1017
Total	3 809	4 476

(13) Cash

	31.12.22	31.12.21
	EUR	EUR
Cash at bank	263 999	147 800
Cash on hand	452	714
Total	264451	148514

(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	31.12.21
	EUR	EUR
Long term investment revaluation reserve	624 728	632 913
Total	624728	632913

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

Losses of previous years (31.12.2021)	62 613 EUR
Retained earnings	6 725 EUR
Profit of financial year 31.12.2021	69 338 EUR

(17) Loans from credit institutions

Allocation of currency:	31.12.22 EUR	31.12.21 EUR
EUR (long term)	0	1 856 174
EUR (short-term)	2 456 174	168 000
Total	2 456 174	2 024 174

Main points of agreement

Company name	Principal amount, EUR	% rate	% amount	Term
SEB Banka	4 466 086	1.847%	141 170	2023 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.

(18) Other loans

	31.12.22 EUR	31.12.21 EUR
SEB leasing		
long term, including loans under 5 years	46 910	83 018
SEB leasing	46 910	83 018
short term	36 204	42 565
	36 204	42 565

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 31.12.2022 - 58 165 EUR (31.12.2021- 104 611 EUR)
Leased assets serve as security for respective lease liabilities.

(19) Prepayments received from customers

	31.12.22 EUR	31.12.21 EUR
Long term (security deposits of rents agreements)	66 183	55 856
Short term (security deposits of rents agreements and debts overpayment)	11 628	12 796
	77 811	68 652

Prepayment received from customers repayable in more than 5 years - 66183 EUR.

**(20) Trade payables**

	31.12.21	31.12.21
	EUR	EUR
EUR	88 793	32 692
	88 793	32 692

(21) Taxes and the state social security contributions

Type of tax	Residual 31.12.21	Calculated	Paid	Residual 31.12.22
	EUR	EUR	EUR	EUR
Value added tax	11 049	136 269	138 357	8 961
Social security contributions	4 549	79 932	77 572	6 909
Personal income tax	4 502	47 745	48 125	4 122
Real estate tax (buildings,land)	0	11 876	11 876	0
Company car tax	0	4 487	4 487	0
State duties	5	50	51	4
Total	20 105	280 359	280 468	19 996

Including	31.12.21	31.12.21
	EUR	EUR
Tax overpayment	19 966	20 105

(22) Other payables

	31.12.22	31.12.21
	EUR	EUR
Salaries for December	14 892	13 524
Total	14 892	13 524

(23) Accrued liabilities

	31.12.22	31.12.21
	EUR	EUR
Accrued liabilities for unused vacation	103 857	93 980
Accrued liabilities for services received	6 200	6 200
Total	110 057	100 180

(24) Related parties, transactions with related parties

In the reporting year, a loan in the amount of EUR 4500 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	2022	2021
Average amount of company's employees during year	12	15

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

The remuneration of Members of the Board during year 2022 was 29526 EUR, social security contributions - 6 314 EUR.

The remuneration of Chairman of the Board during year 2022 was 76 500 EUR, social security contributions - 18046 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.

Subsequent events

(31)

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.

Proposals or information on distribution of profit

(32)

The profit in amount of EUR 6 725 remains undistributed to invest in the development of the Company.

Going concern

(33)

On December 31, 2022, The Company's short-term liabilities exceed its current asset by EUR 2,381,687. The Company closed the reporting year with a profit of EUR 6,725 and according to the company's management revenues from economic activity in 2022 will exceed expenses, therefore the company's management believes that the positive cash flow from economic activity will be able to provide financing for the Company's future activities. The financial performance of the following years depends on the inflation process, as well as on the development trends of the real estate market, which can be significantly affected by the solvency of the Company's customers, as well as the availability of credit institutions and state support programs and the distribution of priorities.

The share capital of the company is EUR 2,722,492. The share capital of the company consists of 623,528 bearer shares and 1,321,109 registered shares. The nominal value of each share is EUR 1.40. Taking into account the specific situation that the Company's creditor, AS SEB Banka, has not made a decision on the extension of the mortgage loan, the Company allows the situation to require recrediting in order to pay off the current liabilities by selling part of the assets belonging to the Company.



(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 214U, 214T Brīvības 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, 2023. gada 24. marts

Tamara Kampane
Member of the Board
Chief accountant

signature

piektdiena, 2023. gada 24. marts

Martins Cauna
Member of the Board

signature

piektdiena, 2023. gada 24. 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 23 of the accompanying annual report, which comprise the balance sheet as at 31 December 2022, 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 2022, 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 33 of the financial statements, which indicates that as of 31 December 2022, the Company's current liabilities exceed its current assets by EUR 2 381 687. As stated in Note 33, these conditions, along with other matters as set forth in Note 33, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 9 to the financial statements, on 31 December 2022, the Company owns real estate with the carrying value of EUR 5 709 553 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.

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 25 April 2022 to audit the financial statements of AS VEF for the year ended 31 December 2022. Our total uninterrupted period of engagement is 7 years, covering the periods ending 31 December 2016 to 31 December 2022.

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

24 March 2023
Riga, Latvia