

**JOINT STOCK COMPANY
“RĪGAS ELEKTROMAŠĪNBŪVES RŪPNĪCA”**

Reg. No. 40003042006
Ganību dambis 53, Rīga, LV-1005

**CONSOLIDATED FINANCIAL INFORMATION
FOR 3 MONTHS OF THE YEAR 2020
(NON-AUDITED)**

DRAWN-UP IN COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING
STANDARDS ADOPTED BY THE EUROPEAN UNION

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INFORMATION ABOUT THE PARENT COMPANY

Name of the Company	AS (Joint Stock Company) "Rīgas elektromašīnbūves rūpnīca" (AS "RER")	
Legal status of the Company	Joint Stock Company	
Registration No. in the Register of Enterprises, date and place of registration	No. 000304200, Rīga, 29 November 1991	
Unified Registration No. in the Commercial Register, date and place of registration	No. 40003042006, Rīga, 29 September 2004	
Registered office	Ganību dambis 53, Rīga, LV-1005, the Republic of Latvia	
Institution in charge of the Company	General meeting of shareholders	
<u>The parent Company Council:</u>		
Chairperson of the Council	Mikhail Barbarovich Stanislav Vodolazskii	from 28.03.19. until 27.03.19.
Vice-Chairperson of the Council	Stanislav Vodolazskii Kirill Nuzhyn	from 28.03.19. until 27.03.19.
Council Members	Liubov Akimova Alexey Kostennikov Alexey Shestakov Andrey Sarkisov Natalia Sarkisova Sergey Bolysov	from 28.03.19. from 28.03.19. from 28.03.19. until 27.03.19. until 27.03.19. until 27.03.19.
<u>The parent Company Board:</u>		
Chairperson of the Board	Mikalai Yerokhau	from 15.03.11.
Board Members	Aleksandrs Popadins Ilja Šestakovs Tamāra Rogova Armantas Jasaitis Grigorijs Kapustins	from 08.11.13. from 30.01.15. from 17.01.19. from 17.01.19. until 28.02.20. until 17.01.19.
The quantity of shares which belong to the members of Council and to the members of Board (%)	Owns no shares	
<u>Revision Committee of the Company:</u>		
Members of the Revision Committee	Karim Tuzani Irina Zinina Viktor Dobrov Liubov Akimova	from 22.02.19. from 22.02.19. from 22.02.19. from 22.02.19.
Accounting period	1 January 2020 – 31 March 2020	
Subsidiary (daughter) companies	AS „Latvo”, reg. No. 40003184975 Ganību dambis 53, Rīga, the Republic of Latvia Shares – 98.7 %	
Auditor	SIA "Grant Thornton Baltic Audit", licence No.183 Blaumaņa iela 22, Rīga, LV-1011, Latvija Certified auditor Silvija Gulbe Certified auditor's certificate No. 142	

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THE 3 MONTHS OF THE YEAR 2020

Items	01.01.20. - 31.03.20. EUR	01.01.19. - 31.03.19. EUR
Net turnover	10 780 555	16 089 885
Production costs of the goods sold	(9 418 357)	(13 403 623)
Gross profit or loss	1 362 198	2 686 262
Selling expenses	(175 081)	(226 526)
Administration expenses	(639 470)	(653 952)
Other operating income	281 023	94 721
Other operating expenses	(152 095)	(128 567)
Other interest payments and similar expenses	(91 042)	(51 652)
Profit or loss before corporate income tax	585 533	1 720 286
Corporate income tax	(5 051)	(21 098)
Profit or loss after calculating the corporate income tax	580 482	1 699 188
Profit or loss of the accounting period	580 482	1 699 188

Attributable to:

Non-controlling interest	(131)	10
Equity holders of a parent company	580 613	1 699 178

Earnings per share	0,100	0,293
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Other comprehensive income / loss

Long-term investment revaluation reserve decrease	(11 748)	(114)
Total other comprehensive income / loss	(11 748)	(114)

Total comprehensive income	568 734	1 699 074
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Attributable to:

Non-controlling interest	(131)	10
Equity holders of a parent company	568 865	1 699 064

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR 3 MONTHS OF THE YEAR 2020

A S S E T S	31.03.20. EUR	31.12.19. EUR
LONG-TERM INVESTMENTS		
Intangible investments		
Development costs	589 347	718 273
Concessions, patents, licences and similar rights	188 593	200 838
Other intangible investments	70 163	27 032
Total intangible assets	848 103	946 143
Fixed assets		
Real estate (land, buildings and structures)	16 314 757	16 405 055
Technology devices and equipment	6 151 218	6 098 547
Other fixed assets and inventory	323 379	335 518
Expense of tangible assets and construction in progress	3 163 003	2 270 380
Advance payments for fixed assets	700 004	682 826
Total fixed assets	26 652 361	25 792 326
Long-term financial investments		
Own shares	10 289	10 289
Other securities and investments	570	570
Total long-term financial investments	10 859	10 859
TOTAL LONG-TERM INVESTMENTS	27 511 323	26 749 328
CURRENT ASSETS		
Inventories		
Raw materials, direct materials and auxiliary materials	6 442 312	5 183 465
Work in progress	2 997 052	2 661 593
Finished products and goods for sale	1 782 906	1 314 881
Advance payments for inventories	2 644 454	2 871 589
Total inventories	13 866 724	12 031 528
Receivables		
Trade receivables	6 169 068	6 742 071
Other receivables	7 253 527	7 041 947
Prepaid expenses	132 809	158 083
Total receivables	13 555 404	13 942 101
Cash	191 431	384 378
TOTAL CURRENT ASSETS	27 613 559	26 358 007
TOTAL ASSETS	55 124 882	53 107 335

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR 3 MONTHS OF THE YEAR 2020

LIABILITIES	31.03.20. EUR	31.12.19. EUR
EQUITY CAPITAL		
Share capital (equity capital)	8 118 607	8 118 607
Long-term investment revaluation reserve	13 273 986	13 285 734
Other reserves	407 137	407 137
Retained earnings or uncovered losses of previous years	15 737 879	9 115 523
Profit or loss of the reporting year	580 613	6 622 356
Participatory share of minority stockholders	84 146	84 277
TOTAL EQUITY CAPITAL	38 202 368	37 633 634
PROVISIONS		
Other provisions	155 503	155 503
TOTAL PROVISIONS	155 503	155 503
CREDITORS		
Long-term liabilities		
Borrowings from credit institutions	6 187 500	6 187 500
Deferred income	1 667 027	1 727 147
Total long-term liabilities	7 854 527	7 914 647
Short-term liabilities		
Borrowings from credit institutions	1 250 000	937 500
Advance payments from customers	1 713 659	1 542 501
Trade payables	4 131 557	3 050 913
Taxes and mandatory state social insurance contributions	463 884	525 225
Other liabilities	683 674	644 592
Deferred income	62 845	67 871
Accrued liabilities	606 865	634 949
Total short-term liabilities	8 912 484	7 403 551
TOTAL CREDITORS	16 767 011	15 318 198
TOTAL LIABILITIES	55 124 882	53 107 335

CONSOLIDATED CASH FLOW STATEMENT FOR 3 MONTHS OF THE YEAR 2020, EUR
 (prepared by indirect method)

Cash flow from operating activities

Items	01.01.20. - 31.03.20.	01.01.19. - 31.03.19.
Profit or loss before extraordinary items and taxes	585 533	1 720 286
ADJUSTMENTS		
Depreciation of fixed assets	388 124	382 412
Amortization of intangible investment value	135 037	150 492
Income from sales of fixed assets	(630)	-
Profit or loss from fluctuations of currency exchange rates	54 551	9 959
Amounts written off fixed assets	1 847	1 400
Changes to the reserve for revaluation of long-term investments	(11 748)	(114)
Profit or loss before adjustments influenced by changes of balance of current assets and short-term liabilities	1 152 714	2 264 435
ADJUSTMENTS		
Increase or decrease of balance of receivables	532 870	(1 655 880)
Increase or decrease of balance of inventories	(2 062 331)	1 099 106
Increase or decrease of balance of debts to be paid to suppliers, contractors and other creditors	1 243 916	(260 241)
Gross cash flow from operating activities	867 169	1 447 420
Expenses for company tax payments	(5 051)	(21 098)
NET CASH FLOW FROM OPERATING ACTIVITIES	862 118	1 426 322

Cash flow from investing activities

Items	01.01.20. - 31.03.20.	01.01.19. - 31.03.19.
Purchase of fixed assets and intangible investments	(1 269 824)	(431 682)
Income from sales of fixed assets and intangible investments	630	-
NET CASH FLOW FROM INVESTING ACTIVITIES	(1 269 194)	(431 682)

Cash flow from financing activities

Items	01.01.20. - 31.03.20.	01.01.19. - 31.03.19.
Loans received	500 000	-
Expenses for repayment of loans	(187 500)	(529 012)
NET CASH FLOW FROM FINANCING ACTIVITIES	312 500	(529 012)

Summary of cash inflow and outflow

Items	01.01.20. - 31.03.20.	01.01.19. - 31.03.19.
Net cash flow from operating activities	862 118	1 426 322
Net cash flow from investing activities	(1 269 194)	(431 682)
Net cash flow from financing activities	312 500	(529 012)
Result of fluctuations of currency exchange rates	(98 371)	1 769
Net cash flow of the accounting period	(192 947)	467 397
Cash and its equivalents in the beginning of the accounting period	384 378	1 262 638
Cash and its equivalents at the end of the accounting period	191 431	1 730 035

CONSOLIDATED STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY FOR 3 MONTHS OF THE YEAR 2020, EUR

Kind of changes	Share capital	Reserve for revaluation of long-term investments	Other provisions	Undivided profit	Participatory share of minority stockholders	Total
As at 01.01.2019	8 118 607	13 495 693	407 137	9 115 523	84 918	31 221 878
Profit or loss for the accounting period	-	-	-	1 699 178	10	1 699 188
Other comprehensive income	-	(114)	-	-	-	(114)
Total comprehensive income	-	(114)	-	1 699 178	10	1 699 074
As at 31.03.2019	8 118 607	13 495 579	407 137	10 814 701	84 928	32 920 952
As at 01.01.2020	8 118 607	13 285 734	407 137	15 737 879	84 277	37 633 634
Profit or loss for the accounting period	-	-	-	580 613	(131)	580 482
Other comprehensive income	-	(11 748)	-	-	-	(11 748)
Total comprehensive income	-	(11 748)	-	580 613	(131)	568 734
As at 31.03.2020	8 118 607	13 273 986	407 137	16 318 492	84 146	38 202 368

MANAGEMENT CONFIRMATION REPORT

Consolidated financial information are prepared to the best of our knowledge, in accordance with International Financial Reporting Standards adopted by the European Union. These financial information give a true and fair view of the financial position of the Group and of its financial performance for the period ended 31 March 2020.

In preparing those financial information for 3 months of the year 2020, management selected suitable accounting policies, made judgments and estimates that are reasonable and prudent, prepared the financial information on the going concern basis to presume that the Group will continue in business.

The Management Board is responsible for organizing accounting, they are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Group,

Chairperson of Board

Mikalai Yerokhau

27 May 2020