

JSC "Rīgas juvelierizstrādājumu rūpnīca"
Unified registration Nr. 40003044420
Address : Terēzes street 1, Rīga LV-1012

Unit: euro

Financial report
of the period from 01.01.2020 to 30.09.2020
that has been prepared according to the legislation standards of the Republic of Latvia

Riga, 2020.

CONTENTS

	Page
Information about the company	3
Management Report	4
Statement on the Company management responsibility	6
<i>Financial Report :</i>	
Balance sheet	7
Profit or loss statement	9
Statement of the cash flow	10
Statement of Changes in the equity capital	11
Appendix to the financial report	12

INFORMATION about the COMPANY

"Rīgas juvelierizstrādājumu rūpnīca" Joint Stock company, date of incorporation 10 th December 1991, Unified Registration №40003044420.Legal address Terēzes 1, Riga.

Chairman of the Board Vladimirs Cadovičs. Members of the Board Aleksandrs Struļevičs and Tamāra Fruļa .

Chairman of the Council Jevgenija Pēde. Deputy Chairman of the Council Igors Istomins. Members of the Council Svetlana Tolkačova, Svetlana Stepanova, Valentina Černovska.

Auditor - certified auditor Company Nexia Audit Advice (Licence No.134) and responsible certified auditor Marija Jansone.

Financial report for the period 01.01.2020.to 30.09.2020 prepared by Chief accountant Nataļja Beļšova.

Company's executive board is composed of two board members who each represent Company together with one member of the Board, and Chairman of the Board, who is entitled to represent a Company separately.

Main activities

NACE 2.red.	32.12	Manufacrure of jewellery and related articles
NACE 2.red.	46.48	Wholesale of watches and jewellery
NACE 2.red.	47.77	Retail sale of watches and jewellery in specialised stores
NACE 2.red.	68.20	Renting and operating of own or leased real estate

The shares of the JSC "Rīgas juvelierizstrādājumu rūpnīca" are listed on the Nasdaq Riga stock exchange Baltic Secondary list.

ISIN	LV0000100543	Total number of shares	4 742 980
LEI	097900BGLP0000055776	Number of shares in public offering	4 493 700
Ticker code	RJR1R		
List	Second list		
Nominal value	1,40 EUR		

Shareholders and their shares %	Vladimirs Cadovičs	6,15%
	Valentīns Istomins	29,52%
	Alektina Struļeviča	21,93%
	Sergejs Safronovs	10,54%
	NAMEJS 1 SIA	14,85%
	Others	17,01%

Management Report

The Company's business for the accounting year

AS „Rīgas juvelierizstrādājumu rūpnīca” business is wholesale and retail sale of jewellery and repairs of jewellery.

Name, address, telephone of the structural unit for economic activity:

workshop: 1B Terezes Street, Riga, LV-1012, tel. 67277365

workshop: 27 k-1 Lidonu street, Riga, LV-1055, tel.27873000

JSC „Rīgas juvelierizstrādājumu rūpnīca” has no holding and subsidiary companies.

The Company doesn't have any agencies and affiliates registered abroad.

The equity capital of the company is 6 640 172 EUR that is divided into 4 742 980 shares with share's nominal value of 1,40 EUR.

The Company's major shareholders are:

Vladimirs Cadovičs	6,15%	291 785 shares
Valentīns Istomins	29,52%	1 400 000 shares
Alektina Struļeviča	21,93%	1 040 000 shares
Sergejs Safronovs	10,54%	500 000 shares
NAMEJS 1 SIA	14,85%	704 548 shares
Other	17,01%	806 647 shares

Board members, except for Vladimirs Cadovičs, do not own shares of JSC RJR.

Chairman of the Board Vladimirs Cadovičs owned 291 785 shares.

Council members do not own shares of JSC RJR.

Average number of employees 18

The net turnover of the reporting period is 503 358 EUR and it decreased by 27,3% comparing to the previous accounting period.

The Company closed its fiscal year with the results as follows:	30.09.2020.	30.09.2019.
Result before extraordinary items and taxes is:	(46 473)	(10 650)
Income tax:	-	-
Net result:	(46 473)	(10 650)

The company profitability:	30.09.2020.	30.09.2019.
Gross profitability of primary activity	54,07%	43,12%

Liquidity coefficients

General liquidity	14,51	11,46
Fast liquidity	9,45	6,84
Full liquidity	1,79	0,70

Alternative Performance Measures (APM)

Formulas

Gross profitability of primary activity

The indicator reflects what is the markups on the products of the main activities.

$\frac{\text{Gross profit or loss (P/l)}}{\text{Cost of goods sold}} \times 100\%$

P/l 20.appen.

General liquidity

Provides a general idea of the company's ability to repay short-term liabilities.

The higher the indicator, the higher the solvency.

$\frac{\text{Total liabilities (Balance assets)}}{\text{Short-term liabilities (Balance equity and liabilities)}}$

Short-term liabilities (Balance equity and liabilities)

Fast liquidity

The ability of a company to repay short-term liabilities through cash and debtors.

Total liabilities - stocks (Balance assets)

Short-term liabilities (Balance equity and liabilities)

Full liquidity

Cash (Balance 10.appe.)

Short-term liabilities (Balance equity and liabilities)

Shows a short-term liability ratio of the most liquid assets (money)

The above-described alternative performance measures are used by the management of the Company to evaluate Company's performance for a particular financial period as well as to make decisions.

Company short-term liabilities don't exceed its current assets.

Company total liabilities don't exceed its total assets.

Assets set out on the Company's balance sheet are not encumbered.

The company has no liquidation processes, Legal protection proceedings.

The Company has no bank's credits.

Other important events that could affect annual report evaluation didn't happen.

The preparation of the annual report is prepared using going concern assumption.

Risk Management

The Company's operations involve financial risks. These risks may include:

- market risk- when market prices for services, precious metals and goods change that affect company assets and liabilities negatively.
- credit risk - when the company may incur financial losses due to the insolvency of the business partner;
- liquidity risk - upon occurrence it may lead to a situation where assets have to be sold at a lower price than their fair value

The COVID-19 virus affected our company's performance. From February to June 2020, the supply of jewelry products from our most important foreign partners was suspended. Nevertheless, our company continues to operate with stock products both in wholesale and our stores, following daily precautions. During this period, the number of store buyers has sharply decreased.

As a result, the company's turnover for the 9 months of 2020 has decreased by 27,3 % compared to the previous accounting period.

But already in July 2020, the situation improved. Jewelry were received from suppliers and the company's turnover increased. At present, The prevalence of COVID infection has decreased, but the pandemic is not over. Our company continues to work in accordance with the basic principles of COVID-19 infection prevention.

Board of directors

Chairman of the Board

Vladimirs Cadovičs

Member of the Board

Tamāra Fruļa

Member of the Board

Aleksandrs Struļevičs

Statement on the Company management responsibility

The Company management shall be held responsible for development of financial statements, based on the initial bookkeeping records concerning each accounting period, which is true and impartial reflection of financial condition of the Company at the 30.09.2020

Hereby it is confirmed by the Company managers that upon drawing the present report for period, 01.01.2020-30.09.2020, appropriate accounting methods were used, the same were applied on consistent basis, and reasonable and cautious decisions are made.

The Company management shall be held responsible for conducting of appropriate bookkeeping accounts, for maintenance of the Company funds, as well as for prevention of fraudulent activities and other on other ignominies.

Hereby it is confirmed by the Company management that data and explanations requisite for the audit have been provided thereby.

Board of directors

Chairman of the Board

Vladimirs Cadovičs

Member of the Board

Tamāra Fruļa

Member of the Board

Aleksandrs Struļevičs

Balance Sheet

<i>ASSETS</i>	Appendixes	30.09.2020. EUR	30.09.2019. EUR
Long-term investments			
I Intangible investments:			
Concessions,licenses and similar rights		35	95
Total intangible investments:	1	35	95
II Fixed assets:			
1. Real estate:			
a)Land, buildings, constructions and perenial plantations		151 725	101 095
2. Long-term investments in rented fixed assets		-	584
3. Other fixed assets and inventory		26 439	30 482
Total fixed assets	2.	178 164	132 161
Total long-term investments		178 199	132 256
Current assets			
I. Stocks			
1. Raw materials, direct materials and auxiliary materials	3.	104 344	103 481
2. Unfinished products and orders	4.	88 791	82 265
3. Finished products and products for sale	5.	220 905	339 527
4. Advance payments for goods	6.	501	334
Total stocks		414 541	525 607
III. Debtors			
1. Trade receivables	7.	624 936	692 540
2. Other debtors	8.	3 110	5 807
3. Deferred expenses	9.	694	562
Total debtors		628 740	698 909
V.Cash	10.	146 691	79 272
Total current assets		1 189 972	1 303 788
Grand total assets		1 368 171	1 436 044

Appendixes from Page 12 to 17 an integral part of these annual report

Board of directors

Chairman of the Board

Vladimirs Cadovičs

Member of the Board

Tamāra Fruļa

Member of the Board

Aleksandrs Struļevičs

Chief accountant

Natalja Beļšova

Balance Sheet

	Equity and liabilities	Appendixes	30.09.2020. EUR	30.09.2019. EUR
	Equity capital			
1.	Stock or share capital (fixed capital)	11.	6 640 172	6 640 172
2.	Long-term investment revaluation reserve	12.	110 900	71 074
3.	Reserves			
f)	Fixed capital denomination	13.	108 481	108 481
	Total reserves		108 481	108 481
4.	Undistributed profit from previous year		(5 543 650)	(5 511 291)
5.	Profit or loss in the reporting year		(46 473)	(10 650)
	Total equity capital		1 269 430	1 297 786
	Long-term liabilities			
	Other borrowings (financial leasing)	14	16 711	21 453
	Total long-term liabilities		16 711	21 453
	Short-term liabilities			
1.	Other borrowings (financial leasing)	14.	1 207	1 147
2.	Trade payables	15.	50 965	75 622
3.	Taxes and social security liabilities	16.	8 954	17 067
4.	Other creditors	17.	10 769	10 491
5.	Accrued liabilities	18.	10 135	9 478
	Total short-term liabilities		82 030	113 805
	Total liabilities		98 741	135 258
	Grand total equity and liabilities		1 368 171	1 433 044

Appendixes from Page 12 to 17 an integral part of these annual report

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Natalja Beļšova

Profit or loss statement

(classified by cost function)

Parameters	Appendixes	30.09.2020.	30.09.2019.
1. Net turnover b) from other principal activities	19.	503 358	692 597
2. Manufacturing expenditures of sold products	20.	(326 715)	(483 943)
3. Gross profit or loss		176 643	208 654
4. Selling expenses	21.	(177 444)	(185 691)
5. Administrative expenses	22.	(55 316)	(59 283)
6. Other operating revenue	23.	19 523	36 319
7. Other operating expenses	24.	(9 879)	(10 649)
8. Profit or loss before taxes		(46 473)	(10 650)
9. Income tax		-	-
10. Profit or loss after taxation		(46 473)	(10 650)
11. Profit or loss in the reporting year		(46 473)	(10 650)
12. Profit or loss per one stock in a year		-0,010	-0,002
13. Profit or loss per one stock from the beginning		-1,18	-1,16

Appendixes from Page 12 to 17 an integral part of these annual report

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Chief accountant

Natalja Beļšova

Cash flow statement
(by direct method)

	Notes	30.09.2020.	30.09.2019.
I. Cash flow from operating activities			
1. Income from the goods sold and services rendered		378 734	589 164
2. Payments to suppliers, staff, other expenditures on main activities		(377 269)	(695 911)
3. Other income and expenditures on main activities		48 013	60 712
Gross cash flow of the main activities		49 478	(46 035)
II. Cash flow from investing activities			
1. Acquisition of fixed assets and intangible assets (-)	2	-	-
Net cash flow of investing activities		-	-
III. Cash flow from financing activities			
1. Payments for leased fixed assets without	14	(3 535)	(2 576)
Net cash flow from financing activities		(3 535)	(2 576)
V. Cash and cash equivalents increase or decrease		45 943	(48 611)
VI. Cash and cash equivalents at the beginning of the period		100 748	127 883
VII. Cash and cash equivalents at the end of the period		146 691	79 272

Appendixes from Page 12 to 17 an integral part of these annual report

Board of directors

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Member of the Board

Aleksandrs Struļevičs

Chief accountant

Natalja Beļšova

Statement on changes in equity

	Notes	30.09.2020.	30.09.2019.
I.Share capital	11		
Opening balance		6 640 172	6 640 172
Closing balance		6 640 172	6 640 172
III.Revaluation reserve for long-term investments			
Opening balance		58 788	71 074
Increase/decrease of revaluation reserve for long-term investments		52 112	
Closing balance		110 900	71 074
V Reserves			
Opening balance		108 481	108 481
Closing balance		108 481	108 481
VI. Retained earnings			
Opening balance		(5 543 650)	(5 511 291)
Profit and loss transfer			
Increase/decrease of retained earnings		(46 473)	(10 650)
Closing balance		(5 590 123)	(5 521 941)
VII.Total equity			
Opening balance		1 263 791	1 308 436
Closing balance		1 269 430	1 297 786

Appendixes from Page 12 to 17 an integral part of these annual report

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Chief accountant

Natalja Beļšova

Appendix to the financial report

1.Intangible assets

	Concessions, patents, licenses and similar rights	Intangible assets Total
Initial Value		
30.09.2019.	862	862
30.09.2020.	862	862
Depreciation		
30.09.2019.	767	767
30.09.2020.	827	827
Residual value		
30.09.2019.	95	95
30.09.2020.	35	35

2.Fixed assets

	Buildings, constructions	Long-term investments in leased fixed assets	Equipment and machinery	Other fixed assets	Total
Initial Value					
30.09.2019.	202 323	108 541	90 576	72 376	473 816
30.09.2020.	153 000	108 541	90 576	78 537	430 654
Depreciation					
30.09.2019.	101 228	107 957	90 576	41 894	341 655
30.09.2020.	1 275	108 541	90 576	52 098	252 490
Residual value					-
30.09.2019.	101 095	584	-	30 482	132 161
30.09.2020.	151 725	-	-	26 439	178 164

388 425 EUR Real Estate property includes buildings:

- Cadastre Nr. 0100 035 0142 004, Riga;
- Cadastre Nr.0100 035 0142 006, Riga;
- Cadastre Nr.0100 035 0143 003, Riga;
- Cadastre Nr.0100 035 0144 002, Riga;
- Cadastre Nr.0100 035 0146 001, Riga;

Fixet assets are not burdenet.

All fixed assets are participate in economic activities.

Low-value items booked expenses at the acquisition date

Vehicles are insured.

On September 23, 2020, the Company Eiroekspert performed a revaluation of the Company's buildings as of 23.07.2020. The revenue approaches method was applied for the revaluation of real estate (buildings); balanced market value as of 23.07.2020. calculated at EUR 153 000.

Appendix to the financial report

Explanatory notes to the items of the balance sheet

Stocks

All stocks are shown according to the inventory data using continuous inventory method.

Raw materials, direct materials and complete products and goods for sale economic activity is calculated after FIFO method.

3. Raw materials, direct materials and auxiliary materials

	30.09.2020.	30.09.2019.
gold	41 869	36 700
silver	189	637
precious stones, semiprecious stones	59 398	62 030
low-value materials and inventory	956	956
Fuel (a/m)	22	44
Instruments	1 910	3 114
Total	104 344	103 481

4. Unfinished products and orders

Unfinished products and orders in the notes are shown as

total of unfinished products and orders, that are not ready for sale

	30.09.2020.	30.09.2019.
	88 791	82 265
Total	88 791	82 265

5. Finished production and goods for sale

Products residue

	30.09.2020.	30.09.2019.
	220 905	339 527
Total	220 905	339 527

6. Advance payments for goods

Advance payment for fuel SIA NESTE

	30.09.2020.	30.09.2019.
	501	334
Total	501	334

7. Trade receivables

Gold for jewelry production

Debts of customers (to other countries)

Debts of customers

Payments for lease

	30.09.2020.	30.09.2019.
	-	8 706
	2 820	39 033
	630 410	628 854
	57 438	59 690
Total	690 668	736 283

Accumulation for doubtful debtors

Total net debts of customers and clients

	30.09.2020.	30.09.2019.
	(65 732)	(43 743)
Total	624 936	692 540

Appendix to the financial report

Explanatory notes to the items of the balance sheet

	30.09.2020.	30.09.2019.
8. Other debtors		
Employees insurance (IF P & C INSURANCE AS)	852	820
Creditcard	136	428
Garanty	1 900	1 900
Payments to workers (advance payments)	-	132
Overpayment (to creditors)	-	2 300
Security sum VENDEN	31	31
Overpayment for the risk of the business activity	12	17
Overpayment income tax	15	15
Overpayment business motor vehicles tax	-	-
Others	164	164
Total	3 110	5 807
9. Deferred expenses		
Insurance of the transport	124	22
Laws of the Republic of Latvia	570	540
Total	694	562
10. Cash		
Money in cash	13 162	6 322
Money in cash machines	3 261	5 043
Money in operating accounts:		
SEB banka	130 268	67 907
Total	146 691	79 272

11. Information on the share capital of the company.

On 28.05.2015 the Company had denomination of the fixed capital. As a result of denomination ,the equity capital of the company is 6 640 172 EUR that is divided into 4742980 shares with share's nominal value of 1,40 EUR. The residual value in the amount of EUR 108 480,54 was transferred to the reserve fund.

All the stocks are ordinary stocks with voting rights.

From the totality of Company stocks 4 493 700 stocks are bearer stocks in dematerialized form.

From the totality of Company stocks 249 280 are registered stocks in dematerialized form.

Company owners:

Shares	30.09.2020.
	psc. EUR
Vladimirs Cadovičs	291 785 408 499
Valentīns Istomins	1 400 000 1 960 000
Alektīna Struļeviča	1 040 000 1 456 000
Sergeja Safronovs	500 000 700 000
NAMEJS 1 SIA	704 548 986 367
Other	806 647 1 129 306
Total	4 742 980 6 640 172

Appendix to the financial report

Explanatory notes to the items of the balance sheet

Company`s reserve

12. Long-term investment revaluation reserve

On September 23, 2020, the Company Eiroekspert performed a revaluation of the Company's buildings as of 23.07.2020. The revenue approaches method was applied for the revaluation of real estate (buildings); balanced market value as of 23.07.2020. calculated at EUR 153 000.

30.09.2019.	71 074
30.09.2020.	110 900

13. Fixed capital denomination reserve

30.09.2019.	108 481
30.09.2020.	108 481

14. Leasing SIA UniCredit Leasing

	30.09.2020.	30.09.2019.
Long-term liabilities	16 711	21 453
Short-term liabilities	1 207	1 147
Total	17 918	22 600

Interest Rates 3 Month EURIBOR un Fixed Rate 5,00%

15. Trade payables (short-term)

	30.09.2020.	30.09.2019.
Debts for goods	786	1 207
Debts for goods (to other countries)	49 011	72 452
Debts for services	1 168	1 963
Total	50 965	75 622

16. Taxes and social security payments

	30.09.2020.	30.09.2019.
Personal Income tax	2 185	2 308
State social security obligatory payments	4 750	4 797
Value added tax	2 019	9 962
Total	8 954	17 067

17. Other creditors (short-term)

	30.09.2020.	30.09.2019.
Payments to workers (advance payments)	16	-
Salaries	10 052	9 790
Guarantee money	701	701
Total	10 769	10 491

18. Accrued liabilities

Liabilities for the subsequent period

	30.09.2020.	30.09.2019.
Reserves for vacation	10 135	9 478
Total	10 135	9 478

Appendix to the financial report

Explanatory notes to the items of the profit or loss calculation

19. Net turnover	30.09.2020.	30.09.2019.
b)from other main activities		
Income from wholesale trade	353 156	608 729
Goods return	(10 560)	(84 940)
Discount	(14 766)	(10 698)
Income from retail trade	175 528	179 506
Total	503 358	692 597
Net turnover by geographical markets		
Latvia	450 484	565 192
EU	52 874	127 405
Lithuania		
Total	503 358	692 597
20. Cost of goods sold and services rendered	30.09.2020.	30.09.2019.
Purchasing and manufacturing expenses	322 874	483 606
Markdown and write - down expenses	3 836	-
Assaying of jewellery at the LPB*	5	337
	326 715	483 943
21. Selling costs	30.09.2020.	30.09.2019.
Employee salary costs	102 628	102 584
Health insurance of employees	57	-
Obligatory social payments for workers	23 802	23 784
Advertising expenses	-	400
Residential services (water, electricity, gas)	17 175	21 148
Rent of the land and premises	20 195	21 831
Depreciation of fixed assets	11 949	12 238
Low-value inventory write off	503	2 142
Other selling costs	1 135	1 564
Total	177 444	185 691
22. Administrative expenditures	30.09.2020.	30.09.2019.
Salary of the administration	27 789	29 574
Health insurance of employees (administration)	132	-
Social payments	5 922	6 302
Payment for the risk of the business activity	56	55
Communication expenditures	1 875	2 382
Bank services	1 782	856

Explanatory notes to the items of the profit or loss calculation

To "NASDAQ Riga" for shares and other	6 205	5 864
Office costs	2 287	2 477
Depreciation of the fixed assets (administrative building)	288	1 369
Real estate tax (administrative building)	1 276	1 276
Business trip allowances	150	203
Security services	1 692	1 698
Transport insurance	644	923
Transport expenses (fuel, repair)	3 622	5 199
Business motor vehicles tax	546	714
Write-off of bad debts	-	336
Other administrative expenditures, including expenses on lawyers	1 050	55
Total	55 316	59 283
23. Other income of the business activities		
	30.09.2020.	30.09.2019.
The result of fixed assets sales	-	4 132
Thermal energy for leasing(heating)	7 745	11 834
Leasing out premises2	11 416	19 909
Income from clients for residential service	15 696	17 379
Expenses from clients for residential service	(15 696)	(17 379)
Other income	362	444
	19 523	36 319
24. Other expenditures from the business activities		
	30.09.2020.	30.09.2019.
Expenses for staff motivation	250	-
Real estate tax for buildings	3 094	3 094
Financial leasing interest	757	688
Other expenditures	5 778	6 867
Total	9 879	10 649