

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

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

**CONSOLIDATED FINANCIAL INFORMATION  
FOR 9 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, Riga, 29 November 1991	
Unified Registration No. in the Commercial Register, date and place of registration	No. 40003042006, Riga, 29 September 2004	
Registered office	Ganību dambis 53, Riga, LV-1005, the Republic of Latvia	
Institution in charge of the Company	General meeting of shareholders	
The parent Company Council :		
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.
The parent Company Board:		
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	
Accounting period	1 January 2020 – 30 September 2020	
Subsidiary (daughter) companies	AS „Latvo”, reģ. Nr. 40003184975 Ganību dambis 53, Riga, the Republic of Latvia Shares – 98.7 %	
Auditor	SIA "Grant Thornton Baltic Audit", licence Nr.183 Blaumaņa iela 22, Riga, LV-1011, Latvija Certified auditor Silvija Gulbe Certified auditor's certificate No. 142	

**CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THE 9 MONTHS OF THE YEAR 2020**

Items	01.01.20. - 30.09.20. EUR	01.01.19. - 30.09.19. EUR
Net turnover	47 473 130	54 914 467
Production costs of the goods sold	(39 325 136)	(44 888 419)
<b>Gross profit or loss</b>	<b>8 147 994</b>	<b>10 026 048</b>
Selling expenses	(669 423)	(727 383)
Administration expenses	(2 056 101)	(1 900 417)
Other operating income	894 858	556 886
Other operating expenses	(558 773)	(1 136 983)
Other interest payments and similar expenses	(281 884)	(179 093)
Profit or loss before corporate income tax	5 476 671	6 639 058
Corporate income tax	(16 458)	(56 611)
<b>Profit or loss of the accounting period</b>	<b>5 460 213</b>	<b>6 582 447</b>

Attributable to:

Non-controlling interest	921	(36)
Equity holders of a parent company	5 459 292	6 582 483

Earnings per share	0,941	1,135
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**Other comprehensive income / loss**

Long-term investment revaluation reserve decrease	(14 897)	(7 323)
<b>Total other comprehensive income / loss</b>	<b>(14 897)</b>	<b>(7 323)</b>

<b>Total comprehensive income</b>	<b>5 445 316</b>	<b>6 575 124</b>
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Attributable to:

Non-controlling interest	921	(36)
Equity holders of a parent company	5 444 395	6 575 160

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR 9 MONTHS OF THE YEAR 2020**

A S S E T S	30.09.20. EUR	31.12.19. EUR
<b>LONG-TERM INVESTMENTS</b>		
<b>Intangible investments</b>		
Development costs	376 495	718 273
Concessions, patents, licences and similar rights	213 608	200 838
Other intangible investments	37 377	27 032
Advance payments for intangible investments	8 480	-
<b>Total intangible assets</b>	<b>635 960</b>	<b>946 143</b>
<b>Fixed assets</b>		
Real estate (land, buildings and structures)	16 476 608	16 405 055
Technology devices and equipment	7 443 409	6 098 547
Other fixed assets and inventory	303 812	335 518
Expense of tangible assets and construction in progress	2 275 340	2 270 380
Advance payments for fixed assets	729 581	682 826
<b>Total fixed assets</b>	<b>27 228 750</b>	<b>25 792 326</b>
<b>Long-term financial investments</b>		
Own shares	10 289	10 289
Other securities and investments	570	570
<b>Total long-term financial investments</b>	<b>10 859</b>	<b>10 859</b>
<b>TOTAL LONG-TERM INVESTMENTS</b>	<b>27 875 569</b>	<b>26 749 328</b>
<b>CURRENT ASSETS</b>		
<b>Inventories</b>		
Raw materials, direct materials and auxiliary materials	5 704 223	5 183 465
Work in progress	3 956 369	2 661 593
Finished products and goods for sale	2 295 850	1 314 881
Advance payments for inventories	2 198 147	2 871 589
<b>Total inventories</b>	<b>14 154 589</b>	<b>12 031 528</b>
<b>Receivables</b>		
Trade receivables	14 096 043	6 742 071
Other receivables	7 011 695	7 041 947
Prepaid expenses	81 968	158 083
<b>Total receivables</b>	<b>21 189 706</b>	<b>13 942 101</b>
<b>Cash</b>	409 097	384 378
<b>TOTAL CURRENT ASSETS</b>	<b>35 753 392</b>	<b>26 358 007</b>
<b>TOTAL ASSETS</b>	<b>63 628 961</b>	<b>53 107 335</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR 9 MONTHS OF THE YEAR 2020**

<b>LIABILITIES</b>	<b>30.09.20. EUR</b>	<b>31.12.19. EUR</b>
<b>EQUITY CAPITAL</b>		
Share capital (equity capital)	8 118 607	8 118 607
Long-term investment revaluation reserve	13 270 837	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	5 459 292	6 622 356
Participatory share of minority stockholders	85 198	84 277
<b>TOTAL EQUITY CAPITAL</b>	<b>43 078 950</b>	<b>37 633 634</b>
<b>PROVISIONS</b>		
Other provisions	155 503	155 503
<b>TOTAL PROVISIONS</b>	<b>155 503</b>	<b>155 503</b>
<b>CREDITORS</b>		
<b>Long-term liabilities</b>		
Borrowings from credit institutions	6 187 500	6 187 500
Deferred income	1 827 079	1 727 147
<b>Total long-term liabilities</b>	<b>8 014 579</b>	<b>7 914 647</b>
<b>Short-term liabilities</b>		
Borrowings from credit institutions	2 781 250	937 500
Advance payments from customers	262 741	1 542 501
Trade payables	7 341 610	3 050 913
Taxes and mandatory state social insurance contributions	656 407	525 225
Other liabilities	743 549	644 592
Deferred income	41 242	67 871
Accrued liabilities	553 130	634 949
<b>Total short-term liabilities</b>	<b>12 379 929</b>	<b>7 403 551</b>
<b>TOTAL CREDITORS</b>	<b>20 394 508</b>	<b>15 318 198</b>
<b>TOTAL LIABILITIES</b>	<b>63 628 961</b>	<b>53 107 335</b>

**CONSOLIDATED CASH FLOW STATEMENT FOR 9 MONTHS OF THE YEAR 2020, EUR**  
(prepared by indirect method)

**Cash flow from operating activities**

Items	01.01.20. - 30.09.20.	01.01.19. - 30.09.19.
Profit or loss before extraordinary items and taxes	5 476 671	6 639 058
<b>ADJUSTMENTS</b>		
Depreciation of fixed assets	1 204 158	1 156 229
Amortization of intangible investment value	405 870	431 231
Income from sales of fixed assets	(630)	(1 980)
Profit or loss from fluctuations of currency exchange rates	292 001	(13 959)
Amounts written off fixed assets	19 609	3 897
Long-term investment revaluation reserve decrease	(14 897)	(7 323)
Profit or loss before adjustments influenced by changes of balance of current assets and short-term liabilities	<b>7 382 782</b>	<b>8 207 153</b>
<b>ADJUSTMENTS</b>		
Increase or decrease of balance of receivables	(6 711 463)	(7 890 057)
Increase or decrease of balance of inventories	(2 786 214)	1 332 970
Increase or decrease of balance of debts to be paid to suppliers, contractors and other creditors	3 327 657	(3 770 455)
<b>Gross cash flow from operating activities</b>	<b>1 212 762</b>	<b>(2 120 389)</b>
Corporate tax paid	(16 458)	(56 611)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>1 196 304</b>	<b>(2 177 000)</b>

**Cash flow from investing activities**

Items	01.01.20. - 30.09.20.	01.01.19. - 30.09.19.
Purchase of fixed assets and intangible investments	(2 700 643)	(1 664 759)
Income from sales of fixed assets and intangible investments	630	1 980
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(2 700 013)</b>	<b>(1 662 779)</b>

**Cash flow from financing activities**

Items	01.01.20. - 30.09.20.	01.01.19. - 30.09.19.
Loans received	2 500 000	10 000 000
Expenses for repayment of loans	(656 250)	(5 870 567)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>1 843 750</b>	<b>4 129 433</b>

**Summary of cash inflow and outflow**

Items	01.01.20. - 30.09.20.	01.01.19. - 30.09.19.
Net cash flow from operating activities	1 196 304	(2 177 000)
Net cash flow from investing activities	(2 700 013)	(1 662 779)
Net cash flow from financing activities	1 843 750	4 129 433
Result of fluctuations of currency exchange rates	(315 322)	32 737
Net cash flow of the accounting period	<b>24 719</b>	<b>322 391</b>
Cash and its equivalents in the beginning of the accounting period	<b>384 378</b>	<b>1 262 638</b>
Cash and its equivalents at the end of the accounting period	<b>409 097</b>	<b>1 585 029</b>

**CONSOLIDATED STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY FOR 9 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
<b>As at 01.01.2019</b>	<b>8 118 607</b>	<b>13 495 693</b>	<b>407 137</b>	<b>9 115 523</b>	<b>84 918</b>	<b>31 221 878</b>
Profit or loss for the accounting period	-	-	-	6 582 483	(36)	6 582 447
Other comprehensive income	-	(7 323)	-	-	-	(7 323)
<b>Total comprehensive income</b>	<b>-</b>	<b>(7 323)</b>	<b>-</b>	<b>6 582 483</b>	<b>(36)</b>	<b>6 575 124</b>
<b>As at 30.09.2019</b>	<b>8 118 607</b>	<b>13 488 370</b>	<b>407 137</b>	<b>15 698 006</b>	<b>84 882</b>	<b>37 797 002</b>
<b>As at 01.01.2020</b>	<b>8 118 607</b>	<b>13 285 734</b>	<b>407 137</b>	<b>15 737 879</b>	<b>84 277</b>	<b>37 633 634</b>
Profit or loss for the accounting period	-	-	-	5 459 292	921	5 460 213
Other comprehensive income	-	(14 897)	-	-	-	(14 897)
<b>Total comprehensive income</b>	<b>-</b>	<b>(14 897)</b>	<b>-</b>	<b>5 459 292</b>	<b>921</b>	<b>5 445 316</b>
<b>As at 30.09.2020</b>	<b>8 118 607</b>	<b>13 270 837</b>	<b>407 137</b>	<b>21 197 171</b>	<b>85 198</b>	<b>43 078 950</b>



## 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 30 September 2020.

In preparing those financial information for 9 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 the Board

Mikalai Yerokhau

24 November 2020