

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 30.06.2020
that has been prepared according to the legislation standards of the Republic of Latvia

Riga, 2020.

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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 30.06.2020 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	Manufacture 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%
	Marija Ančevska	21,93%
	Sergejs Safronovs	10,54%
	RENGARTS SIA	10,33%
	Others	21,53%

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
Marija Ančevska	21,93%	1 040 000 shares
Sergejs Safronovs	10,54%	500 000 shares
RENGARTS SIA	10,33%	490 000 shares
Other	21,53%	1 021 195 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 333 584 EUR and it decreased by 19,2% comparing to the previous accounting period.

The Company closed its fiscal year with the results as follows:	30.06.2020.	30.06.2019.
Result before extraordinary items and taxes is:	(42 239)	(28 783)
Income tax:	-	-
Net result:	(42 239)	(28 783)

The company profitability:	30.06.2020.	30.06.2019.
Gross profitability of primary activity	46,57%	38,61%

Liquidity coefficients

General liquidity	14,99	17,59
Fast liquidity	9,86	10,39
Full liquidity	1,47	0,47

Alternative Performance Measures (APM)

Gross profitability of primary activity

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

General liquidity

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

The higher the indicator, the higher the solvency.

Formulas

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

P/l 20.appen.

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

Fast liquidity Total liabilities - stocks (Balance assets)
Short-term liabilities (Balance equity and liabilities)
The ability of a company to repay short-term liabilities through cash and debtors.

Full liquidity Cash (Balance 10.appen.)
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 first half of 2020 has decreased by 19 % compared to the first half of the previous year.

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 30.06.2020

Hereby it is confirmed by the Company managers that upon drawing the present report for period, 01.01.2020-30.06.2020, 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

ASSETS	Appendixes	30.06.2020. EUR	30.06.2019. 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		101 321	103 624
2. Long-term investments in rented fixed assets		-	584
3. Other fixed assets and inventory		28 919	32 773
Total fixed assets	2.	130 240	136 981
Total long-term investments		130 275	137 076
Current assets			
I. Stocks			
1. Raw materials, direct materials and auxiliary materials	3.	93 011	149 991
2. Unfinished products and orders	4.	54 573	18 474
3. Finished products and products for sale	5.	258 013	336 306
4. Advance payments for goods	6.	744	430
Total stocks		406 341	505 201
III. Debtors			
1. Trade receivables	7.	660 423	689 545
2. Other debtors	8.	3 173	5 805
3. Deferred expenses	9.	664	589
Total debtors		664 260	695 939
V.Cash	10.	116 569	33 071
Total current assets		1 187 170	1 234 211
Grand total assets		1 317 445	1 371 287

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

Board of directors

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Member of the Board

Tamāra Fruļa

Member of the Board

Aleksandrs Struļevičs

Chief accountant

Nataļja Beļšova

Balance Sheet

	Equity and liabilities	Appendixes	30.06.2020. EUR	30.06.2019. EUR
	Equity capital			
1.	Stock or share capital (fixed capital)	11.	6 640 172	6 640 172
2.	Long-term investment revaluation reserve	12.	58 788	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		(42 239)	(28 783)
	Total equity capital		1 221 552	1 279 653
	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.	2 398	2 279
2.	Trade payables	15.	33 473	31 546
3.	Taxes and social security liabilities	16.	22 023	15 484
4.	Other creditors	17.	11 153	11 394
5.	Accrued liabilities	18.	10 135	9 478
	Total short-term liabilities		79 182	70 181
	Total liabilities		95 893	91 634
	Grand total equity and liabilities		1 317 445	1 371 287

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Natalja Beļšova

Profit or loss statement

(classified by cost function)

Parameters	Appendixes	31.03.2020.	31.03.2019.
1. Net turnover b) from other principal activities	19.	333 584	412 635
2. Manufacturing expenditures of sold products	20.	(227 600)	(297 700)
3. Gross profit or loss		105 984	114 935
4. Selling expenses	21.	(121 010)	(127 477)
5. Administrative expenses	22.	(37 323)	(40 231)
6. Other operating revenue	23.	15 087	32 035
7. Other operating expenses	24.	(4 977)	(8 045)
8. Profit or loss before taxes		(42 239)	(28 783)
9. Income tax		-	-
10. Profit or loss after taxation		(42 239)	(28 783)
11. Profit or loss in the reporting year		(42 239)	(28 783)
12. Profit or loss per one stock in a year		-0,009	-0,006
13. Profit or loss per one stock from the beginning		-1,18	-1,17

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Chief accountant

Natalja Beļšova

Cash flow statement
(by direct method)

	Notes	30.06.2020.	30.06.2019.
I. Cash flow from operating activities			
1. Income from the goods sold and services rendered		249 389	353 868
2. Payments to suppliers, staff, other expenditures on main activities		(262 283)	(496 972)
3. Other income and expenditures on main activities		31 576	47 736
Gross cash flow of the main activities		18 682	(95 368)
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	(2 861)	(444)
Net cash flow from financing activities		(2 861)	(444)
V. Cash and cash equivalents increase or decrease		15 821	(94 812)
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		116 569	33 071

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Board of directors

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Chief accountant

Natalja Beļšova

Statement on changes in equity

	Notes	30.06.2020.	30.06.2019.
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		53 305	71 074
Increase/decrease of revaluation reserve for long-term investments			
Closing balance		58 788	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		(42 239)	(28 783)
Closing balance		(5 585 889)	(5 540 074)
VII.Total equity			
Opening balance		1 258 308	1 308 436
Closing balance		1 221 552	1 279 653

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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		
30.06.2019.	862	862
30.06.2020.	862	862
Depreciation		
30.06.2019.	767	767
30.06.2020.	827	827
Residual value		
30.06.2019.	95	95
30.06.2020.	35	35

2.Fixed assets

	Buildings, constructions	Long-term investments in leased fixed assets	Equipment and machinery	Other fixed assets	Total
Initial Value					
30.06.2019.	202 323	108 541	90 576	72 376	473 816
30.06.2020.	103 919	108 541	90 576	78 537	381 573
Depreciation					
30.06.2019.	98 699	107 957	90 576	39 603	336 835
30.06.2020.	2 598	108 541	90 576	49 618	251 333
Residual value					-
30.06.2019.	103 624	584	-	32 773	136 981
30.06.2020.	101 321	-	-	28 919	130 240

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;

Fixed assets are not burdened.

All fixed assets participate in economic activities.

Low-value items booked expenses at the acquisition date

Vehicles are insured.

On March 9, 2020, the Company's management performed a revaluation of the Company's buildings as of 31.12.2019. The cost replacement method and the income capitalization method was applied for the revaluation of real estate (buildings); balanced market value as of 31.12.2019. calculated at EUR 103 919.

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

	<u>30.06.2020.</u>	<u>30.06.2019.</u>
gold	29 239	82 910
silver	160	596
precious stones, semiprecious stones	60 724	62 371
low-value materials and inventory	956	956
Fuel (a/m)	22	44
Instruments	1 910	3 114
Total	<u>93 011</u>	<u>149 991</u>

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

	<u>30.06.2020.</u>	<u>30.06.2019.</u>
	54 573	18 474
Total	<u>54 573</u>	<u>18 474</u>

5. Finished production and goods for sale

Products residue

	<u>30.06.2020.</u>	<u>30.06.2019.</u>
	258 013	336 306
Total	<u>258 013</u>	<u>336 306</u>

6. Advance payments for goods

Advance payment for fuel SIA NESTE

	<u>30.06.2020.</u>	<u>30.06.2019.</u>
	744	430
Total	<u>744</u>	<u>430</u>

7. Trade receivables

Gold for jewelry production

Debts of customers (to other countries)

Debts of customers

Payments for lease

	<u>30.06.2020.</u>	<u>30.06.2019.</u>
	16 688	3 728
	4 873	37 243
	643 851	635 047
	60 943	60 606
Total	<u>726 355</u>	<u>736 624</u>

Accumulation for doubtful debtors

Total net debts of customers and clients

	(65 932)	(47 079)
Total	<u>660 423</u>	<u>689 545</u>

Appendix to the financial report

Explanatory notes to the items of the balance sheet

	<u>30.06.2020.</u>	<u>30.06.2019.</u>
8. Other debtors		
Employees insurance (IF P & C INSURANCE AS)	852	820
Creditcard	181	377
Garanty	1 900	1 900
Payments to workers (advance payments)	19	-
Overpayment (to creditors)	-	2 300
Security sum VENDEN	31	31
Overpayment for the risk of the business activity	11	16
Overpayment income tax	15	15
Overpayment business motor vehicles tax	-	182
Others	164	164
Total	<u>3 173</u>	<u>5 805</u>
9. Deferred expenses		
Insurance of the transport	124	22
Laws of the Republic of Latvia	540	567
Total	<u>664</u>	<u>589</u>
10. Cash		
Money in cash	7 346	6 078
Money in cash machines	4 504	3 249
Money in operating accounts:		
SEB banka	104 719	23 744
Total	<u>116 569</u>	<u>33 071</u>

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:

	<i>Shares</i>	<u>30.06.2020.</u>	
		<i>psc.</i>	EUR
Vladimirs Cadovičs		291 785	408 499
Valentīns Istomins		1 400 000	1 960 000
Marija Ančevska		1 040 000	1 456 000
Sergeja Safronovs		500 000	700 000
RENGARTS SIA		490 000	686 000
Other		1 021 195	1 429 673
Total		<u>4 742 980</u>	<u>6 640 172</u>

Appendix to the financial report

Explanatory notes to the items of the balance sheet

Company`s reserve

12. Long-term investment revaluation reserve

On 09.03.2020. real estate was revalued.

30.06.2019.	<u>71 074</u>
30.06.2020.	<u>58 788</u>

13. Fixed capital denomination reserve

30.06.2019.	<u>108 481</u>
30.06.2020.	<u>108 481</u>

14. Leasing SIA UniCredit Leasing

	<u>30.06.2020.</u>	<u>30.06.2019.</u>
Long-term liabilities	16 711	21 453
Short-term liabilities	2 398	2 279
Total	<u>19 109</u>	<u>23 732</u>

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

15. Trade payables (short-term)

	<u>30.06.2020.</u>	<u>30.06.2019.</u>
Debts for goods	108	1 008
Debts for goods (to other countries)	32 009	27 022
Debts for services	1 356	3 516
Total	<u>33 473</u>	<u>31 546</u>

16. Taxes and social security payments

	<u>30.06.2020.</u>	<u>30.06.2019.</u>
Personal Income tax	2 296	2 206
State social security obligatory payments	4 916	4 730
Value added tax	14 811	8 548
Total	<u>22 023</u>	<u>15 484</u>

17. Other creditors (short-term)

	<u>30.06.2020.</u>	<u>30.06.2019.</u>
Payments to workers (advance payments)	-	15
Salaries	10 452	9 711
Guarantee money	701	1 668
Total	<u>11 153</u>	<u>11 394</u>

18. Accrued liabilities

Liabilities for the subsequent period

	<u>30.06.2020.</u>	<u>30.06.2019.</u>
Reserves for vacation	10 135	9 478
Total	<u>10 135</u>	<u>9 478</u>

Appendix to the financial report

Explanatory notes to the items of the profit or loss calculation

	<u>30.06.2020.</u>	<u>30.06.2019.</u>
19. Net turnover		
b)from other main activities		
Income from wholesale trade	239 979	369 797
Goods return	(2 599)	(57 097)
Discount	(7 838)	(7 362)
Income from retail trade	104 042	107 297
Total	<u>333 584</u>	<u>412 635</u>
Net turnover by geographical markets		
<i>Latvia</i>	304 887	362 768
<i>EU</i>	28 697	49 867
<i>Lithuania</i>		
Total	<u>333 584</u>	<u>412 635</u>
20. Cost of goods sold and services rendered		
Purchasing and manufacturing expenses	224 434	297 426
Markdown and write - down expenses	3 166	-
Assaying of jewellery at the LPB*	-	274
	<u>227 600</u>	<u>297 700</u>
21. Selling costs		
Employee salary costs	68 208	68 149
Health insurance of employees	57	-
Obligatory social payments for workers	15 812	15 803
Advertising expenses	-	375
Residential services (water, electricity, gas)	13 796	18 086
Rent of the land and premises	15 267	15 362
Depreciation of fixed assets	7 358	7 874
Low-value inventory write off	307	904
Other selling costs	205	924
Total	<u>121 010</u>	<u>127 477</u>
22. Administrative expenditures		
Salary of the administration	17 749	19 680
Health insurance of employees (administration)	132	-
Social payments	3 782	4 194
Payment for the risk of the business activity	38	37
Communication expenditures	1 224	1 814
Bank services	1 149	1 089

Explanatory notes to the items of the profit or loss calculation

To "NASDAQ Riga" for shares and other	4 375	3 920
Office costs	1 554	1 567
Depreciation of the fixed assets (administrative building)	692	912
Real estate tax (administrative building)	851	851
Business trip allowances	60	116
Security services	1 140	1 145
Transport insurance	644	598
Transport expenses (fuel, repair)	2 337	3 812
Business motor vehicles tax	546	441
Other administrative expenditures, including expenses on lawyers	1 050	55
Total	<u>37 323</u>	<u>40 231</u>
23. Other income of the business activities	<u>30.06.2020.</u>	<u>30.06.2019.</u>
The result of fixed assets sales	-	4 132
Thermal energy for leasing(heating)	7 516	11 523
Leasing out premises2	7 409	16 380
Income from clients for residential service	8 965	10 453
Expenses from clients for residential service	(8 965)	(10 453)
Other income	162	-
	<u>15 087</u>	<u>32 035</u>
24. Other expenditures from the business activities	<u>30.06.2020.</u>	<u>30.06.2019.</u>
Expenses for staff motivation	250	-
Real estate tax for buildings	2 062	2 062
Financial leasing interest	518	390
Other expenditures	2 147	5 593
Total	<u>4 977</u>	<u>8 045</u>