

AS VALMIERAS STIKLA ŠĶIEDRA CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the 6-month period ended 30 June, 2020
Unaudited



**VALMIERA[®]
GLASS**

PREPARED IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS

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AS VALMIERAS STIKLA ŠĶIEDRA
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AS VALMIERAS STIKLA ŠĶIEDRA
GENERAL INFORMATION

NAME OF THE PARENT COMPANY	VALMIERAS STIKLA ŠĶIEDRA
LEGAL STATUS	Joint stock company
REGISTRATION NUMBER. PLACE AND DATE	No. 40003031676 Riga, 30 September 1991
TYPE OF BUSINESS	Production of glass fibre products
ADDRESS	13 Cempu Street, Valmiera, LV- 4201, Latvia
SUBSIDIARIES	VALMIERA GLASS UK Ltd Reg. No 2189095 (100%) Sherborne, Dorset DT9 3RB United Kingdom P-D VALMIERA GLASS USA Corporation Reg. No 14036662 (52.21%) 168 Willie Paul Parkway, Dublin, GA 31021, United States of America VALMIERA GLASS USA Trading Corporation Reg. No 14036664 (100%) 168 Willie Paulk Parkway, Dublin, GA 31021, United States of America
THE BOARD	Chairman of the Board: Stefan Jugel Members of the Board: Ģirts Vēveris Ingo Bleier
THE COUNCIL	Chairman of the Council: Stefan Alexander Preiss-Daimler (from 06.03.2020) Heinz-Jürgen Preiss-Daimler (until 04.02.2020) Members of the Council: Stefan Alexander Preiss-Daimler (until 06.03.2020) Andris Oskars Brutāns Ainārs Ozols Theis Klauberg
REPORTING PERIOD	1 January 2020 - 30 June 2020
REPORTING YEAR	1 January 2020 - 31 December 2020

PROFILE OF GROUP'S COMPANIES

AS VALMIERAS STIKLA ŠĶIEDRA and its subsidiaries (hereinafter –the GROUP) is one of the leading glass fibre manufacturers in Europe, with more than 55 years of experience in the production of glass fibre. GROUP's core business areas are glass fibre research, glass fibre product development, production and trade.

During the reporting period GROUP consisted of the parent company AS VALMIERAS STIKLA ŠĶIEDRA (hereinafter – the Company) and its subsidiaries VALMIERA GLASS UK Ltd. (hereinafter – the UK Subsidiary) in the United Kingdom, P-D VALMIERA GLASS USA Corp. (hereinafter –the US Subsidiary) and VALMIERA GLASS USA Trading Corp. (hereinafter – the US trading subsidiary) in the United States of America. On June 2, 2020 P-D VALMIERA GLASS USA Corp. (hereinafter – the US Subsidiary) has closed Asset Purchase Agreement by transferring its assets of Phase I and II operations in Dublin, Georgia, USA, to Saint-Gobain Adfors America, Inc.

The GROUP is the only group in the world with a vertically integrated structure and a wide range of glass fibre products for the thermal insulation market, with a temperature resistance up to 1250°C.

The Company specializes in manufacturing glass fibre and glass fibre products using three different types of glass: E-glass with a temperature resistance of 600+°C, HR-glass with a temperature resistance of 800+°C and SiO₂-glass with a temperature resistance of 1000+°C. The glass fibre production of the Company is used for further processing, in technical (electrical, thermal and acoustic) insulation materials and as finished materials in mechanical engineering, construction and elsewhere. The UK Subsidiary produces glass fibre products for the aviation industry, thermal insulation applications and architecture

EMPLOYEES

In the first quarter of 2020 the GROUP employed on average 1351 employees, of which 1178 were employed by the Company. The UK subsidiary employed on average 124 employees and the US subsidiary employed on average 49 employees (during period until June 2, 2020).

QUALITY MANAGEMENT

All the companies of the GROUP operate in accordance with the Quality Management System Standard ISO 9001:2015. The Company additionally is certified in accordance with the requirements of Energy Management Standard ISO 50001:2011 and Environment Management Standard ISO 14001:2015.

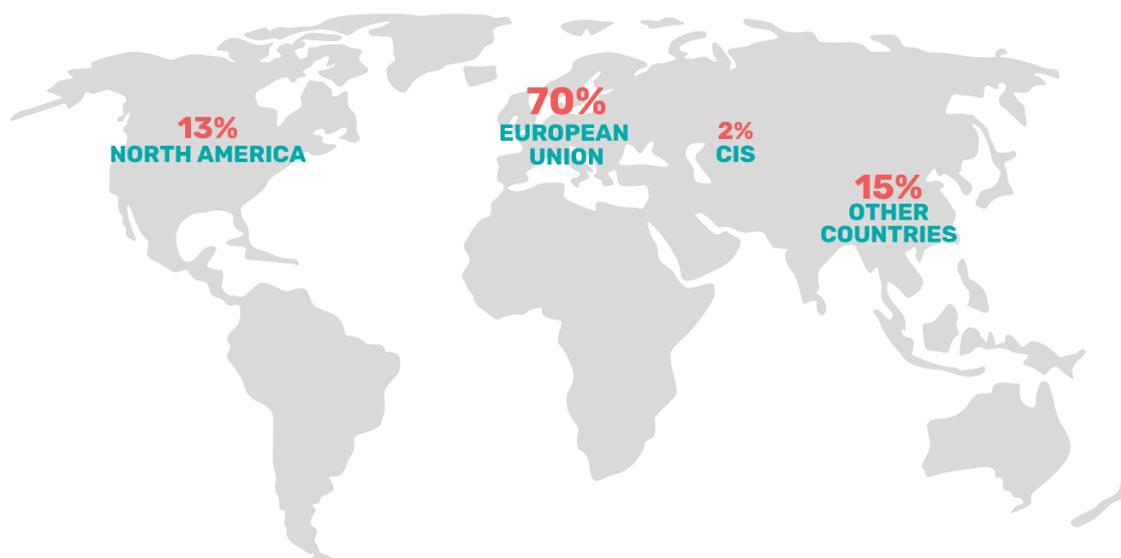
MARKETS AND PRODUCTS

In the first six months of 2020, products manufactured by VALMIERAS STIKLA ŠĶIEDRA AS, the parent company of the GROUP, were exported to 51 countries across the world, with the export share of 97%. The key sales markets of the VALMIERA GLASS GROUP in report period were as follows: 70% of the total output was sold in the European Union & UK, 13% in North America, 2% in CIS countries and 15% in other export countries (incl. Switzerland, Japan, South Korea, UAE, Australia etc.).

Across product segments, sales volumes increased for the high-content SiO₂ glass fibre fabrics, non-woven materials and raw materials with a thermal resistance of 1000+°C. Sales volume has increased also for some E-glass raw materials such as glass fibre spinning cakes and chopped strands. In other product segments, the sales volume has decreased. The first six-month sales and demand for the materials has been affected by uncertainty in the market due to the coronavirus pandemic that has affected Company's customers in automotive, construction, aviation industries.

Due to coronavirus (COVID-19) related shifts in the market the Company has revised its budget and estimates sales decrease by overall 20% for 2020, reaching the most significant decrease in May and June. The Company expects declining sales in automotive and composite segments in the markets of Asia and Europe, as well as significant decrease of demand in the construction segment in Italy, Spain, France and Eastern Europe, meanwhile moderate decrease in other European countries. Moderate decrease is observed and also further estimated for thermal insulation segment. It is also expected other regions – North America and CIS – to negatively affect sales as an outcome of the virus restricting measures.

KEY SALES MARKETS OF VALMIERA GLASS GROUP:



MAIN FINANCIAL INDICATORS

TEUR	1H 2018	1H 2019	1H 2020
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MAIN FINANCIAL INDICATORS OF VALMIERA GLASS GROUP

Net sales	60 935	70 939	54 670
EBITDA	5 432	-1 172	24 962
EBIT	-1 855	-6 364	20 367
Net profit/ (loss)	-2 810	-7 419	16 421
Net profit/ (loss) attributable to the owners of the Parent	1 657	-107	10 352
Sales growth, %	-11.8%	16.4%	-22.9%
EBITDA margin, %	8.9%	-1.6%	46.0%
EBIT margin, %	-3.0%	-8.9%	37.0%
Net profit margin, %	-4.6%	-10.4%	30.0%
ROE,%	-8.0%	32.2%	-56.2%
ROA,%	-2.6%	-13.2%	33.6%
ROCE,%	-2.4%	-32.6%	74.0%
Current ratio	0.9	0.7	1.2
Earnings per share (EUR)	-0.118	-0.080	0.433

MAIN FINANCIAL INDICATORS OF AS VALMIERAS STIKLA ŠKIEDRA

Net sales	48 477	48 305	45 290
EBITDA	9 902	8 712	9 492
EBIT	4 835	3 722	5 014
Net profit/ (loss)	4 810	2 429	1 318
Sales growth, %	-17.6%	-0.4%	-6.2%
EBITDA margin, %	20.4%	18.0%	21.0%
EBIT margin, %	9.9%	7.7%	11.1%
Net profit margin, %	9.9%	5.0%	2.9%
ROE,%	14.6%	-19.0%	-7.6%
ROA,%	5.2%	4.6%	2.6%
ROCE,%	6.8%	15%	3.2%
Current ratio	1.3	0.7	1.9
Earnings per share (EUR)	-0.118	-0.080	0.433

Definitions of Alternative Performance Measures

Formulas of APM

EBITDA: Earnings before interest, tax, depreciation and amortisation. EBITDA shows company's profitability with existing assets and activities in production and sales.

Operating profit + depreciation and amortisation

EBIT: Earnings before interest and taxes. Earnings before and taxes measures the profit a company generates from its operations, making it synonymous with operating profit.

Operating profit

Net profit (loss): The actual profit after working expenses not included in the calculation of gross profit have been paid.

Earnings after interest and taxes (Profit for the year)

ROA. %: Indicator of how profitable a company is relative to its total assets. The indicator reflects how effectively company is profiting from the use of its assets

Net profit / Average Total assets for the period

ROE %: Measure of financial performance calculated by dividing net income by shareholders' equity.) The indicator reflects the effective use of equity capital by the company.

Net profit / Average Total equity for the period

ROCE. %: Measures a company's profitability and the efficiency with which its capital is used.

EBIT/Total assets-current liabilities

EBITDA margin. %: Assessment of a firm's operating profitability as a percentage of its total revenue.

EBITDA / Net sales

EBIT margin/operating profit margin. %: operating earnings over operating sales.

EBIT / Net sales

Net profit margin. %: The net profit margin is equal to how much net income or profit is generated as a percentage of revenue.

Net profit / Net sales

Earnings per share (EUR): The portion of a company's profit allocated to each share of common stock.

Net profit/ weighted average common shares outstanding

Current ratio: The ability of a party to use current assets to settle current liabilities.

Current assets / Current liabilities

The above - described alternative performance measures ('APM') are used by Group's management to evaluate Group's performance for a particular financial period. These APM are also used to make decisions.

STOCK MARKET

AS VALMIERAS STIKLA ŠĶIEDRA shares are quoted on the secondary list of Nasdaq Riga stock exchange since 24 February 1997 (ISIN LV0000100485; ID: VSS1R). The number of shares in public circulation amounts to 23,903,205.

The share price decreased by 1.69% during the course of the first six months of 2020 and fluctuated within the range of EUR 1.00 (the lowest share price) to EUR 1.45 (the highest share price). During this period, the weighted average share price amounted to EUR 1.20. The share price of the first transaction at the beginning of the period was EUR 1.17, whereas the share price of the last transaction at the end of the period was EUR 1.06.

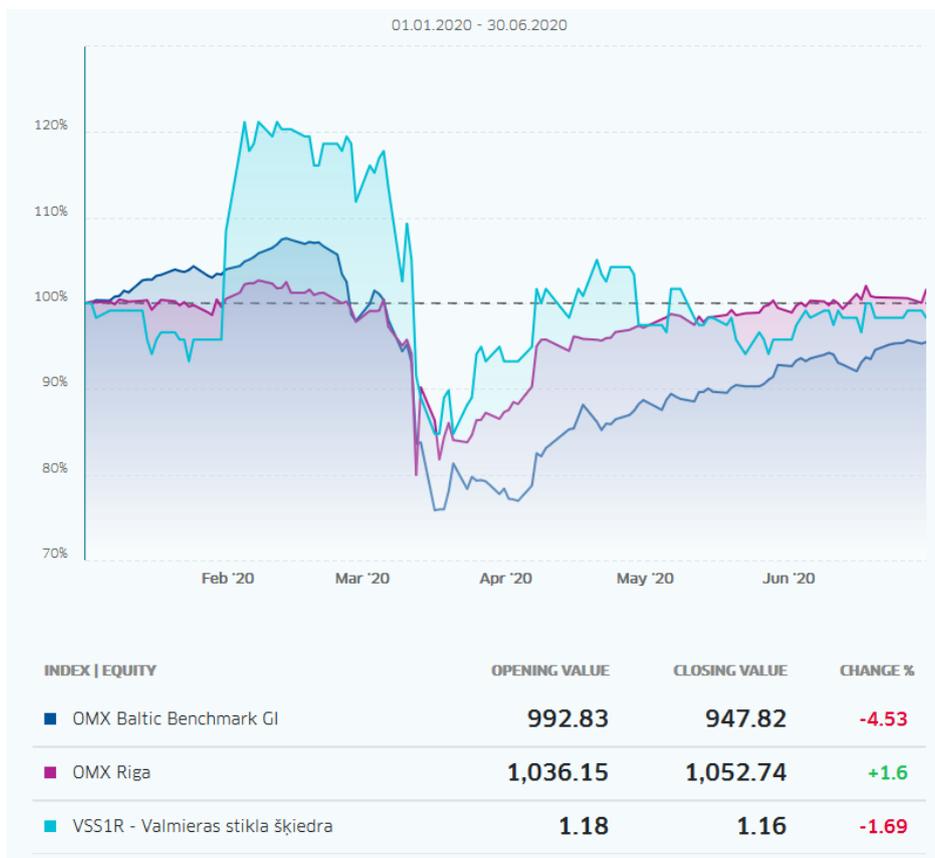
In the six months of 2020, the number of shares traded by the joint stock company reached 147,905 and the turnover of shares amounted to EUR 180.1 thousand. During this period, 758 transaction were executed on the Exchange.

Price dynamics of AS VALMIERAS STIKLA ŠĶIEDRA shares during the last five years before the end of the reporting period (Nasdaq Riga data):

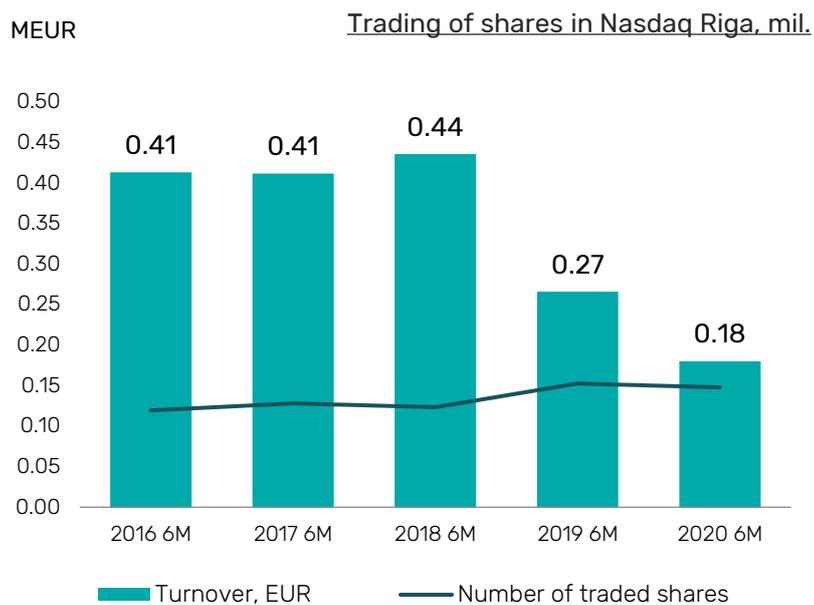


In the six months of 2020, the price of AS VALMIERAS STIKLA ŠĶIEDRA shares decreased by 1.69%, while the OMX Riga index value corrected by 1.6% while that of the OMX Baltic Benchmark GI by -4.53%.

The price of AS VALMIERAS STIKLA ŠĶIEDRA shares in the 6 months of 2020 compared to OMX Baltic Benchmark GI and OMX Riga indexes (Nasdaq Riga data):



Trading of AS VALMIERAS STIKLA ŠĶIEDRA shares in the 6 months 2020 (Nasdaq Riga data):



LEGAL PROTECTION PROCEEDINGS

On April 3, 2020 the Company announced amendments to the legal protection process plan (hereinafter – the Plan). The amendments were introduced with an aim to ensure the sustainable economic activities of the Company and to promote a stable cash flow, which is a precondition to enable the Company to settle its liabilities in full with all the creditors of the Plan. On the same day the Company distributed the amendments to the Plan to the creditors of the Plan and requested their consent by April 24, 2020.

On April 30, 2020 the Company filed for the court approval of the legal protection plan amendments. The Company had received consent from 100% of the secured creditors and 78.5% of the unsecured creditors for the amendments to the LPP.

On May 19, 2020 the court approved the amendments to the legal protection process plan of AS VALMIERAS STIKLA ŠĶIEDRA. The decision of the court is not subject to an appeal.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On May 22, 2020, an extraordinary general meeting of the shareholders took place. The following Audit Committee members were elected for the term of three years: Mr Aivars Lošmanis, Mr Philipp Kögel and Mr Andris Oskars Brutāns.

On April 28, 2020, the Company adjusted its sales forecast due to coronavirus (COVID-19) related market volatility. The Company has revised its budget and estimates sales decrease by overall 20% in 2020, reaching the most significant decrease in May and June. Meanwhile, the manufacturing processes continue according to the newly revised production plan, raw material supplies are unaffected, and delivery delays for customers are not anticipated.

AS VALMIERAS STIKLA ŠKIEDRA
STATEMENT OF MANAGEMENT RESPONSIBILITIES

The management of the Company is responsible for the preparation of the financial statements of the Company and the GROUP.

The financial statements are prepared in accordance with the source documents and present fairly the financial position of the Company and the GROUP as at 30 June 2020 and the results of their operations and cash flows for the period then ended. The management confirms that appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements. The management also confirms that the requirements of International Financial Reporting Standards as adopted by the EU have been complied with and that the financial statements have been prepared on a going concern basis.

The management of the GROUP is also responsible for maintaining proper accounting records, for taking reasonable steps to safeguard the assets of the Company and the Group and to prevent fraud and fraudulent activities, and other irregularities.

On behalf of the management

Stefan Jugel
Chairman of the Board

**STATEMENT OF FINANCIAL POSITION
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2020**

VALMIERA GLASS GROUP

	30.06.2020	30.06.2019	31.12.2019
	EUR	EUR	EUR
ASSETS			
NON-CURRENT ASSETS			
Intangible assets and goodwill	5 880 517	4 667 181	5 213 149
Property, plant and equipment	50 664 683	53 657 834	54 763 064
Non-current financial assets	-	208 955	-
Deferred tax assets	857 304	1 990 873	919 405
	57 402 504	60 524 843	60 895 618
CURRENT ASSETS			
Inventories	22 007 403	30 501 456	24 821 317
Trade receivables	8 853 369	10 199 487	6 017 640
Contract assets	746 394	-	244 248
Receivables from related parties	249 224	304 908	146 858
Other current financial assets	2 351 270	909 293	2 722 863
Prepayments	-	8 698 515	-
Cash and cash equivalents	17 638 186	1 171 280	2 674 540
	51 845 846	51 784 939	36 627 468
TOTAL ASSETS	109 248 350	112 309 782	97 523 085
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	33 464 487	33 464 487	33 464 487
Reserves	(10 037 653)	(2 473 172)	(8 650 895)
Retained earnings	(23 969 364)	(26 359 457)	(34 321 387)
Equity attributable to owners of the Parent	(542 530)	4 631 858	(9 507 795)
Non-controlling interests	(50 470 494)	(50 639 391)	(56 359 532)
Total equity	(51 013 024)	(46 007 533)	(65 867 327)
LIABILITIES			
Non-current liabilities			
Loans and borrowings	91 681 635	63 305 560	92 232 504
Net employee defined benefit liabilities	4 162 785	3 933 738	4 838 975
Trade payables	642 870	-	1 936 830
Payables to related parties	13 953 869	12 162 363	16 079 201
Other non-current financial liabilities	1 627 012	430 190	1 848 172
Deferred income	1 747 186	4 436 278	1 937 579
Provisions	1 673 399	-	467 914
Deferred tax liabilities	482 677	587 688	511 439
	115 971 433	84 855 817	119 852 614
Current liabilities			
Loans and borrowings	7 036 690	31 736 759	7 251 777
Net employee defined benefit liabilities	-	959 173	-
Contract liabilities	201 149	1 462 765	545 236
Trade payables	17 163 645	21 347 233	20 531 427
Payables to related parties	5 845 754	6 367 116	3 922 008
Other current financial liabilities	6 071 623	10 299 453	4 384 804
Taxes and social security contributions	4 054 007	(91 855)	1 927 420
Deferred income	1 859 998	247 018	2 200 948
Provisions	2 057 075	1 133 837	2 774 179
	44 289 941	73 461 498	43 537 798
Total liabilities	160 261 373	158 317 315	163 390 412
TOTAL EQUITY AND LIABILITIES	109 248 350	112 309 782	97 523 085

**STATEMENT OF FINANCIAL POSITION
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2020**

	AS VALMIERAS STIKLA ŠĶIEDRA		
	30.06.2020	30.06.2019	31.12.2019
	EUR	EUR	EUR
ASSETS			
NON-CURRENT ASSETS			
Intangible assets and goodwill	1 168 005	970 112	1 087 612
Property, plant and equipment	48 796 528	50 986 488	52 594 040
Investments in subsidiaries	13 000 000	13 000 000	13 000 000
Receivables from related parties	-	1 012 533	-
	62 964 533	65 969 133	66 681 652
CURRENT ASSETS			
Inventories	15 563 181	16 532 706	16 327 569
Trade receivables	6 980 930	4 862 808	3 430 400
Contract assets	465 571	-	244 248
Receivables from related parties	13 702 801	10 652 180	13 672 809
Other current financial assets	1 321 185	915 034	1 185 077
Prepayments	-	7 794 701	-
Cash and cash equivalents	1 079 818	453 857	1 096 175
	39 113 486	41 211 286	35 956 279
TOTAL ASSETS	102 078 019	107 180 419	102 637 931
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	33 464 487	33 464 487	33 464 487
Reserves	546 709	546 709	546 709
Retained earnings	(68 226 462)	(59 537 569)	(69 544 434)
Total equity	(34 215 266)	(25 526 373)	(35 533 238)
LIABILITIES			
Non-current liabilities			
Loans and borrowings	91 681 638	56 286 621	85 817 764
Trade payables	2 154 362	-	3 785 002
Payables to related parties	18 693 865	15 958 696	18 535 088
Other non-current financial liabilities	-	430 190	-
Deferred income	1 747 186	2 318 364	1 937 579
Provisions	1 673 399	-	467 914
	115 950 450	74 993 871	110 543 347
Current liabilities			
Loans and borrowings	348 372	27 576 931	6 401 081
Contract liabilities	201 149	564 676	545 236
Trade payables	8 457 497	13 390 175	11 331 950
Payables to related parties	1 447 271	4 262 487	1 871 034
Other current financial liabilities	3 484 124	8 899 543	3 200 782
Taxes and social security contributions	4 048 964	1 694 880	1 755 319
Deferred income	380 785	190 392	380 785
Provisions	1 974 673	1 133 837	2 141 635
	20 342 835	57 712 921	27 627 822
Total liabilities	136 293 285	132 706 792	138 171 169
TOTAL EQUITY AND LIABILITIES	102 078 019	107 180 419	102 637 931

**STATEMENT OF FINANCIAL POSITION
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2020**

VALMIERA GLASS UK Ltd.

	30.06.2020	30.06.2019	31.12.2019
	EUR	EUR	EUR
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1 868 155	2 490 845	2 131 707
Receivables from related parties	-	7 390 411	-
Deferred tax assets	857 304	913 325	919 405
	2 725 459	10 794 581	3 051 112
CURRENT ASSETS			
Inventories	6 443 363	7 734 394	7 244 623
Trade receivables	1 709 258	3 609 516	1 889 116
Contract assets	280 823	-	-
Receivables from related parties	4 579 772	513 022	4 716 928
Other current financial assets	313 174	-	790 008
Prepayments	-	302 578	-
Cash and cash equivalents	174 115	113 197	415 016
	13 500 505	12 272 707	15 055 691
TOTAL ASSETS	16 225 964	23 067 288	18 106 803
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	5 004 435	5 477 066	5 366 945
Share premium	2 836 667	3 104 569	3 042 149
Reserves	(50 993)	(2 308 623)	(79 512)
Retained earnings	2 380 468	7 358 506	1 645 585
Total equity	10 170 577	13 631 518	9 975 167
LIABILITIES			
Non-current liabilities			
Loans and borrowings	-	410 554	123 888
Net employee defined benefit liabilities	4 162 785	3 933 738	4 838 975
Other non-current financial liabilities	115 520	-	-
Deferred tax liabilities	482 677	587 688	511 439
	4 760 982	4 934 980	5 474 302
Current liabilities			
Loans and borrowings	147 657	1 084 941	589 284
Net employee defined benefit liabilities	-	959 173	-
Trade payables	491 479	743 745	956 384
Payables to related parties	141 366	743 425	370 442
Other current financial liabilities	513 903	972 506	597 309
Taxes and social security contributions	-	-	143 915
	1 294 405	4 503 790	2 657 334
Total liabilities	6 055 387	9 435 770	8 131 636
TOTAL EQUITY AND LIABILITIES	16 225 964	23 067 288	18 106 803

**STATEMENT OF FINANCIAL POSITION
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2020**

	P-D VALMIERA GLASS USA Corp.		
	30.06.2020	30.06.2019	31.12.2019
	EUR	EUR	EUR
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	-	180 500	37 317
Non-current financial assets	-	208 955	-
Deferred tax assets	-	1 077 549	-
	-	1 467 004	37 317
CURRENT ASSETS			
Inventories	857	5 604 765	1 249 125
Trade receivables	163 181	1 727 164	698 124
Receivables from related parties	417 686	438 164	481 401
Other current financial assets	716 912	-5 741	747 778
Prepayments	-	601 236	-
Cash and cash equivalents	16 384 254	604 225	1 163 349
	17 682 890	8 969 814	4 339 777
TOTAL ASSETS	17 682 890	10 436 818	4 377 094
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	13 966 864	13 659 471	13 922 107
Share premium	3 266 584	3 194 690	3 256 116
Reserves	(105 370)	(4 646 590)	39 805
Retained earnings	(72 974 761)	(69 685 512)	(79 388 292)
Equity attributable to owners of the Parent	(55 846 683)	(57 477 941)	(62 170 265)
Non-controlling interests	(49 360 171)	(48 020 789)	(55 155 187)
Total equity	(105 206 854)	(105 498 730)	(117 325 452)
LIABILITIES			
Non-current liabilities			
Loans and borrowings	-	6 608 385	6 290 852
Payables to related parties	-	81 960 875	2 284 112
Deferred income	-	2 117 914	-
	-	90 687 174	8 574 964
Current liabilities			
Loans and borrowings	6 540 663	3 074 888	261 412
Contract liabilities	-	898 090	-
Trade payables	8 214 668	7 213 312	8 243 093
Payables to related parties	106 350 848	15 364 790	101 552 760
Other current financial liabilities	216 907	427 241	589 424
Taxes and social security contributions	5 043	1 786 573	28 186
Deferred income	1 479 213	56 626	2 393 394
Provisions	82 402	-	59 313
	122 889 744	25 248 374	113 127 582
Total liabilities	122 889 744	115 935 548	121 702 546
TOTAL EQUITY AND LIABILITIES	17 682 890	10 436 818	4 377 094

**STATEMENT OF PROFIT AND LOSS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2020**

VALMIERA GLASS GROUP

	30.06.2020	30.06.2019	31.12.2019
	EUR	EUR	EUR
Sales	54 670 509	70 938 754	122 976 873
Change in inventories	(1 942 051)	(4 119 598)	(11 381 134)
Other operating income	17 042 348	1 437 979	3 407 265
Raw materials and consumables	(20 717 973)	(33 338 067)	(49 989 870)
Personnel expenses	(15 829 720)	(21 659 319)	(36 873 817)
Depreciation and amortization	(4 534 704)	(5 191 801)	(10 060 354)
Other operating expenses	(8 261 424)	(14 432 202)	(29 426 361)
Profit/ (loss) from operations	20 366 986	(6 364 254)	(11 347 398)
Interest and similar income	-	-	11 671
Interest and similar expenses	(3 801 652)	(1 909 614)	(7 591 360)
Profit/ (loss) before tax	16 565 334	(8 273 868)	(18 927 087)
Corporate income tax	(144 512)	854 548	14 384
Profit/ (loss) for the period	16 420 822	(7 419 320)	(18 912 703)
<i>Attributable to:</i>			
Non-controlling interest	6 068 800	(5 500 089)	(10 497 188)
Owners of the Parent	10 352 022	(1 919 231)	(8 415 515)
Earnings per share	0.433	(0.080)	(0.352)

**STATEMENT OF PROFIT AND LOSS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2020**

	AS VALMIERAS STIKLA ŠĶIEDRA		
	30.06.2020	30.06.2019	31.12.2019
	EUR	EUR	EUR
Sales	45 290 535	48 304 697	88 693 367
Change in inventories	(584 761)	(2 081 899)	(1 004 667)
Other operating income	445 495	1 251 191	5 018 046
Raw materials and consumables	(17 264 031)	(21 500 595)	(39 549 038)
Personnel expenses	(12 648 361)	(10 804 281)	(22 440 481)
Depreciation and amortization	(4 477 627)	(4 990 037)	(9 596 363)
Other operating expenses	(5 746 839)	(6 456 649)	(15 289 884)
Profit from operations	5 014 411	3 722 427	5 830 980
Interest and similar income	-	1 523 710	1 626 622
Interest and similar expenses	(3 686 505)	(2 808 601)	(6 262 124)
Profit before tax	1 327 906	2 437 536	1 195 478
Corporate income tax	(9 793)	(8 344)	(19 334)
Profit for the period	1 318 113	2 429 192	1 176 144

**STATEMENT OF PROFIT AND LOSS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2020**

VALMIERA GLASS UK Ltd.

	30.06.2020	30.06.2019	31.12.2019
	EUR	EUR	EUR
Sales	9 446 839	12 782 930	23 343 107
Change in inventories	(32 749)	(406 643)	(1 329 009)
Other operating income	74 659	20 443	-
Raw materials and consumables	(5 186 287)	(6 867 233)	(12 999 981)
Personnel expenses	(2 189 147)	(2 461 335)	(4 614 828)
Depreciation and amortization	(116 084)	(179 564)	(336 047)
Other operating expenses	(1 300 677)	(1 316 412)	(6 657 305)
Profit / (loss) from operations	696 554	1 572 186	(2 594 063)
Interest and similar income	426 068	137 766	200 581
Interest and similar expenses	(67 728)	(69 210)	(148 546)
Profit / (loss) before tax	1 054 894	1 640 742	(2 542 028)
Corporate income tax	(134 718)	(214 657)	33 718
Profit / (loss) for the period	920 176	1 426 085	(2 508 310)

**STATEMENT OF PROFIT AND LOSS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2020**

	P-D VALMIERA GLASS USA Corp.		
	30.06.2020	30.06.2019	31.12.2019
	EUR	EUR	EUR
Sales	2 325 315	18 012 112	22 496 989
Change in inventories	(1 324 540)	(832 366)	(9 047 458)
Other operating income	16 708 438	475 913	747 640
Raw materials and consumables	(668 337)	(14 113 838)	(11 160 380)
Personnel expenses	(992 211)	(8 393 703)	(9 818 507)
Depreciation and amortization	(994)	(22 200)	(999 782)
Other operating expenses	(1 408 494)	(6 968 707)	(11 835 128)
Profit / (loss) from operations	14 639 177	(11 842 789)	(19 616 626)
Interest and similar income	-	1 064 636	1 090 077
Interest and similar expenses	(1 941 557)	(1 757 915)	(3 436 494)
Profit / (loss) before tax	12 697 620	(12 536 068)	(21 963 043)
Corporate income tax	-	1 077 548	-
Profit / (loss) for the period	12 697 620	(11 458 520)	(21 963 043)
<i>Attributable to:</i>			
Non-controlling interest	6 628 821	(5 500 089)	(11 465 855)
Owners of the Parent	6 068 799	(5 958 430)	(10 497 188)

**STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2020**

VALMIERA GLASS GROUP

	Share capital	Revaluation reserve	Other reserve	Retained earnings	Total	Non-controlling interest	Total equity
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
31.12.2018	33 464 487	(4 197 550)	(3 000 141)	(22 189 251)	4 077 545	(44 749 801)	(40 672 256)
Restatements *	-	-	-	(3 586 587)	(3 586 587)	-	(3 586 587)
31.12.2018, restated	33 464 487	(4 197 550)	(3 000 141)	(25 775 838)	490 958	(44 749 801)	(44 258 843)
Current period (loss)	-	-	-	(8 415 515)	(8 415 515)	(10 497 188)	(18 912 703)
<i>Other comprehensive income:</i>							
<i>Remeasurement of defined benefit obligation</i>	-	-	(99 115)	-	(99 115)	-	(99 115)
<i>Deferred tax relating to defined benefit obligation</i>	-	-	(30 919)	-	(30 919)	-	(30 919)
Exchange differences on translating foreign operations	-	(1 453 204)	-	-	(1 453 204)	(1 112 542)	(2 565 747)
31.12.2019	33 464 487	(5 650 754)	(3 000 141)	(34 321 387)	(9 507 795)	(56 359 531)	(65 867 327)
Current period profit	-	-	-	10 352 023	10 352 023	6 068 800	16 420 822
Exchange differences on translating foreign operations	-	(1 386 758)	-	-	(1 386 758)	(179 762)	(1 566 520)
30.06.2020	33 464 487	(7 037 512)	(3 000 141)	(23 969 364)	(542 530)	(50 470 494)	(51 013 024)

* During year 2019, the GROUP changed its waste fibre inventory accounting policy and recognized provisions for potential waste disposal costs. The changes in accounting policy were applied retrospectively.

**STATEMENT OF CASH FLOWS OF THE GROUP
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020**

VALMIERA GLASS GROUP

	30.06.2020	30.06.2019	31.12.2019
	EUR	EUR	EUR
Cash flows from operating activities			
Profit/ (loss) before tax	16 565 334	(8 273 867)	(15 172 982)
<i>Adjustments:</i>			
Depreciation and amortization	4 534 704	5 191 801	9 912 972
Change in impairment allowances	208 341	-	2 475 635
Profit from disposal of fixed assets, net	(15 880 218)	-	(84 154)
Change in fair value of derivative	-	31 535	-
Government grants	(190 393)	(190 770)	(381 539)
Interest expense	2 427 194	1 909 614	4 134 441
Changes in working capital:			
Change in inventory	2 665 573	(3 713 199)	(2 349 490)
Change in receivables	(3 128 648)	92 351	(2 231 362)
Change in payables	(4 383 820)	5 446 373	5 114 859
Interest paid	(2 199 030)	(1 913 378)	(4 134 441)
Income tax paid	(139 500)	-	(436 322)
	1 685 024	(1 419 540)	(3 152 383)
Cash flows from investing activities			
Purchase of fixed and intangible assets	(516 716)	(5 664 057)	(9 061 262)
Income from sale of property, plant and equipment	15 880 218	-	84 154
	15 363 502	(5 664 057)	(8 977 108)
Cash flows from financing activities			
Loans and borrowings received/ (repaid), net	(765 956)	7 252 247	15 312 485
Government grants repaid	(914 181)	-	-
Pension scheme payments	(404 743)	-	(968 362)
	(2 084 880)	7 252 247	14 344 123
Net change in cash and cash equivalents	14 963 646	168 651	2 214 632
Cash and cash equivalents at the beginning of the reporting period	2 674 540	349 477	349 477
Cash and cash equivalents at the end of the reporting period	17 638 186	518 128	2 564 109

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2020**

1. GENERAL INFORMATION

AS VALMIERAS STIKLA ŠĶIEDRA is registered as a joint stock company in the Commercial Register of the Republic of Latvia. The principal activity of the Company is production and trade of fibreglass and fibreglass products.

The GROUP consists of parent company AS VALMIERAS STIKLA ŠĶIEDRA and its subsidiaries VALMIERA GLASS UK, P-D VALMIERA GLASS USA Corporation and VALMIERA GLASS Trading USA Corporation. The principal activity of the Group is production and trade of fibreglass and fibreglass products.

2. BASIS OF PREPARATION OF FINANSIAL STATEMENT

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (the EU) and their interpretations. The standards are issued by the International Accounting Standards Board (IASB) and their interpretations by the International Financial Reporting Interpretations Committee (IFRIC).

3. SHARE CAPITAL

The share capital as of June 30, 2020 consists of 23,903,205 publicly listed bearer shares. all with equal rights. The shareholders as at June 30, 2020 and 2019, and December 31, 2019 were as follows (according to Nasdaq CSD data):

	Percentage of investment (%) 30.06.2020	Percentage of investment (%) 30.06.2019	Percentage of investment (%) 31.12.2019
Corvalis GmbH	-	11.97	7.98
P-D Glasseiden GmbH Oschatz	26.07	26.07	26.07
P-D Management Industries-Technologies GmbH	23.93	23.93	23.93
Preiss-Daimler Beatrix	17.47	9.42	9.49
P-D Aircraft Composites GmbH	22.82	18.83	22.82
Other shareholders (less 5% ownership interest)	9.71	9.78	9.71
Total	100.00	100.00	100.00