

# AS VALMIERAS STIKLA ŠĶIEDRA CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the 9-month period ended 30 September, 2020  
Unaudited



**VALMIERA<sup>®</sup>  
GLASS**

PREPARED IN ACCORDANCE WITH INTERNATIONAL  
FINANCIAL REPORTING STANDARDS

**CRAFTING  
THE IMPOSSIBLE**

**AS VALMIERAS STIKLA ŠĶIEDRA**  
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**AS VALMIERAS STIKLA ŠĶIEDRA**  
**GENERAL INFORMATION**

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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 September 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 sale of its assets 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 SiO<sub>2</sub>-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 nine months of 2020 the GROUP employed on average 1,348 employees, of which 1,167 were employed by the Company. The UK subsidiary employed on average 128 employees and the US subsidiary employed on average 53 employees.

## **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.

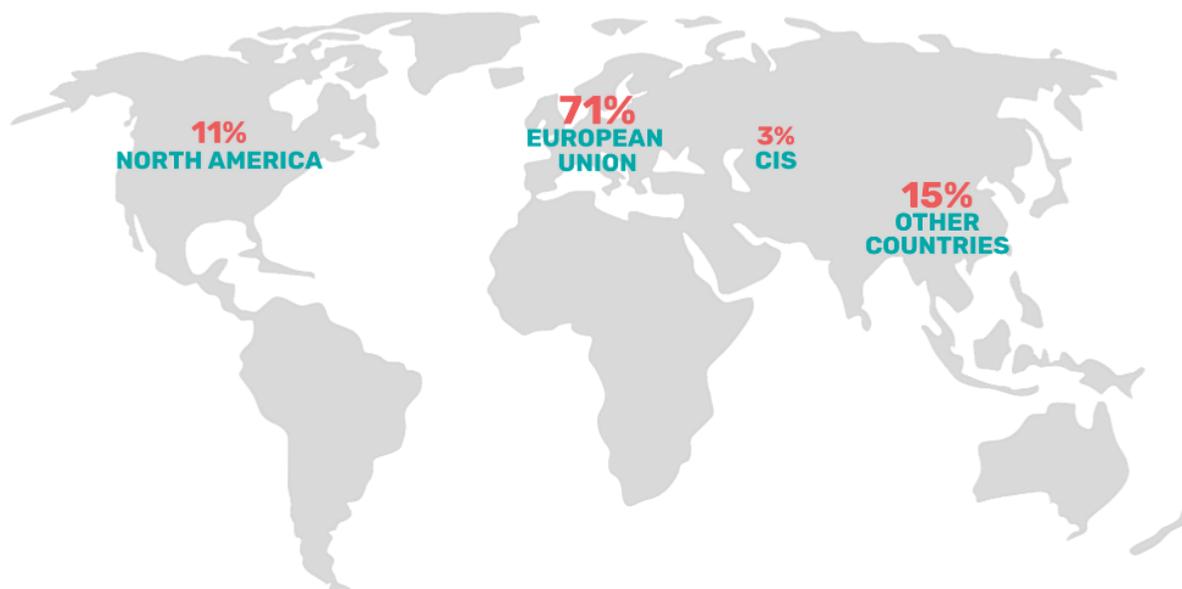
## **MARKETS AND PRODUCTS**

In the first nine months of 2020, products manufactured by VALMIERAS STIKLA ŠĶIEDRA AS, the parent company of the GROUP, were exported to 48 countries across the world, with the export share of 96%. The key sales markets of the VALMIERA GLASS GROUP in the reporting period were as follows: 71% of the total output was sold in the European Union & UK, 11% in North America, 3% 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 SiO<sub>2</sub> glass fibre fabrics, non-woven materials and raw materials with a thermal resistance of 1000+°C. Sales volume increased also for some E-glass raw material product categories, but, overall, compared to last year, sales of E-glass products have decreased. The nine-month sales volumes and prices have been negatively affected by the uncertainty in the market due to the coronavirus pandemic that has negatively 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. Although by reducing prices Company increased sales volumes in Q3, the Company still 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	9M 2018	9M 2019	9M 2020
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MAIN FINANCIAL INDICATORS OF VALMIERA GLASS GROUP

Net sales	91 133	99 139	78 312
EBITDA	4 864	4 008	12 347
EBIT	(6 419)	(3 837)	5 680
Net profit/ (loss)	(8 758)	(6 095)	(3 482)
Net profit/ (loss) attributable to the owners of the Parent	(8 424)	(877)	(992)
Sales growth, %	-6.6%	8.8%	-21.0%
EBITDA margin, %	5.3%	4.0%	15.9%
EBIT margin, %	-7.0%	-3.9%	7.3%
Net profit margin, %	-9.6%	-6.1%	-4.4%
ROE,%	-12.7%	1.7%	6.7%
ROA,%	-4.0%	-5.4%	-3.2%
ROCE,%	4.2%	13.8%	12.1%
Current ratio	0.9	0.6	1.2
Earnings per share (EUR)	-0.100	-0.037	-0.042

MAIN FINANCIAL INDICATORS OF AS VALMIERAS STIKLA ŠKIEDRA

Net sales	71 363	71 754	66 398
EBITDA	13 911	13 545	13 089
EBIT	6 328	6 266	6 552
Net profit/ (loss)	6 235	2 843	915
Sales growth, %	-14.2%	0.5%	-7.5%
EBITDA margin, %	19.5%	18.9%	19.7%
EBIT margin, %	8.9%	8.7%	9.9%
Net profit margin, %	8.7%	3.9%	1.4%
ROE,%	9.9%	-9.3%	-2.5%
ROA,%	3.3%	5.9%	0.9%
ROCE,%	4.4%	15.8%	1.5%
Current ratio	1.4	0.6	1.9
Earnings per share (EUR)	0.261	0.119	0.038

## **Definitions of Alternative Performance Measures**

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

**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.

**Net profit / (loss):** The difference between the company's total revenue and expenses in a given period of time.

**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

**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.

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

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

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

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

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

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

## **Formulas of APM**

*Operating profit +  
depreciation and  
amortisation*

*Operating profit*

*Earnings after interest and  
taxes (Profit for the year)*

*Net profit / Average Total  
assets for the period*

*Net profit / Average Total  
equity for the period*

*EBIT/Total assets-current  
liabilities*

*EBITDA / Net sales*

*EBIT / Net sales*

*Net profit / Net sales*

*Net profit/ weighted average  
common shares outstanding*

*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 increased by 48.31% during the course of the first nine months of 2020 and fluctuated within the range of EUR 1.00 (the lowest share price) to EUR 1.78 (the highest share price). During this period, the weighted average share price amounted to EUR 1.26. The share price of the first transaction at the beginning of the period was EUR 1.18, whereas the share price of the last transaction at the end of the period was EUR 1.75.

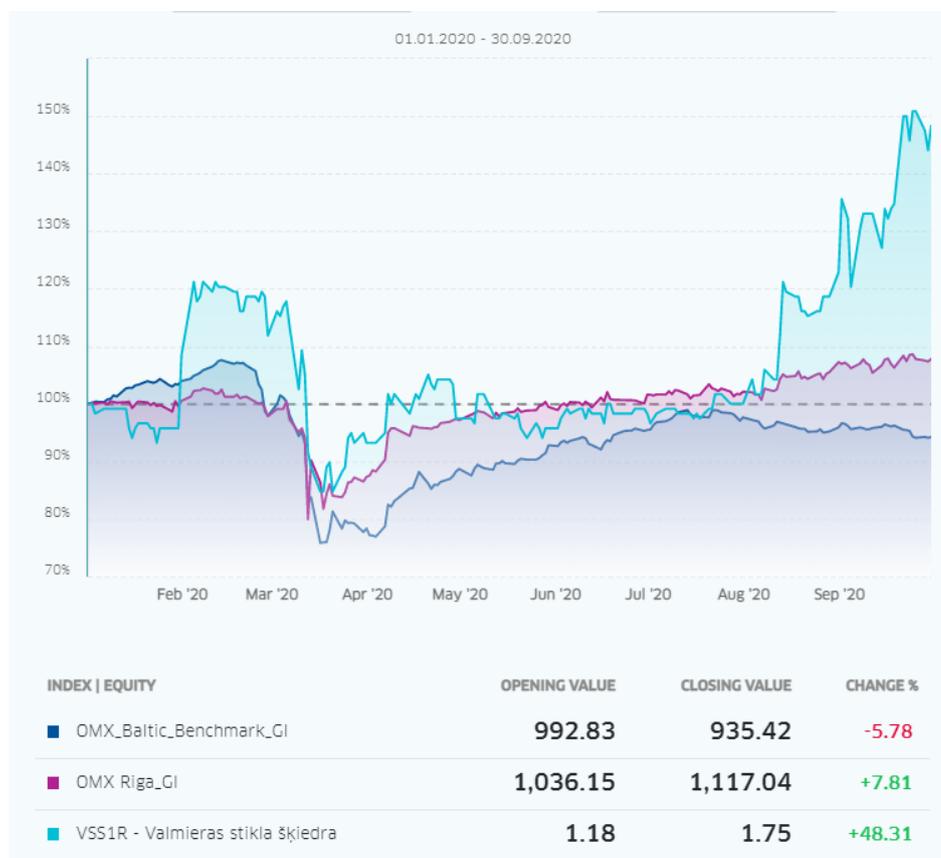
In the nine months of 2020, the number of shares traded by the GROUP's Parent Company reached 225 508 and the turnover of shares amounted to EUR 291.1 thousand. During this period, 1,074 transactions were executed on the Exchange.

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

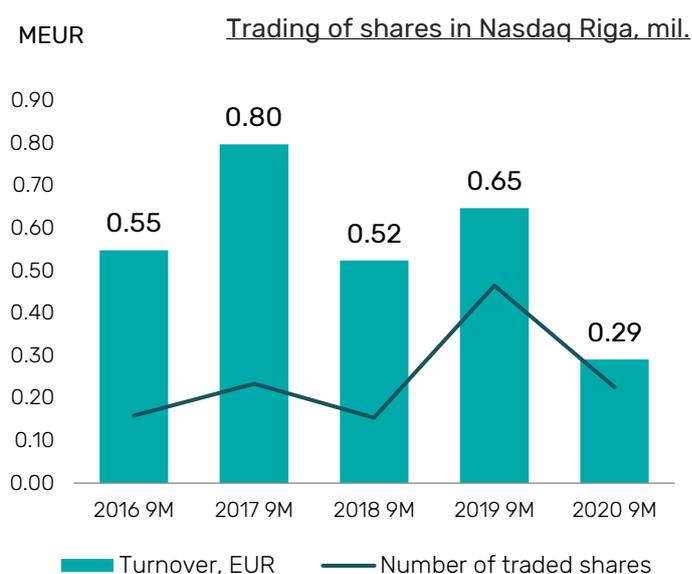


In the nine months of 2020, the price of AS VALMIERAS STIKLA ŠĶIEDRA shares increased by 48.31%, while the OMX Riga index value corrected by 7.81% while that of the OMX Baltic Benchmark GI by -5.78%.

**The price of AS VALMIERAS STIKLA ŠĶIEDRA shares in the 9 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 9 months 2020 (Nasdaq Riga data):**



## **EVENTS AFTER THE END OF THE REPORTING PERIOD**

On October 28 Company announced that according to information provided by majority shareholders, an agreement has been entered into for the sale and purchase of an aggregate 83.14% (eighty-three point fourteen per cent) of the number of shares in the share capital of the Company, upon the terms and subject to the conditions set forth in the Share Purchase Agreement entered into between the group of controlling shareholders of the Company on the one hand, and Duke I S.à r.l. ("Duke"), a Luxembourg private limited liability company, on the other hand (hereinafter - "Sale and Purchase"). Duke is a Luxembourg subsidiary of Warwick European Opportunities Fund III LP which is an Alternative Investment Fund managed by Warwick Capital Partners LLP ("Warwick"). Warwick is a London based investment manager which focuses on European special situations and manages funds with aggregate assets under management (AUM) in excess of USD 2 billion.

The Sale and Purchase is conditional and is subject to completion of a number of conditions precedent to closing. The conditions precedent are contingent, for the most part, on completion of dissolution of the subsidiary entities of the Company in the US and certain consents by creditors of the Company.

Concurrently with, but separate from the Sale and Purchase, the Company will be soliciting consents from its creditors to amend, supplement or change certain provisions of the plan of legal protection proceedings (*tiesiskās aizsardzības procesa pasākumu plāns*) to which the Company is currently the subject.

**AS VALMIERAS STIKLA ŠĶIEDRA**  
**STATEMENT OF MANAGEMENT RESPONSIBILITIES**

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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 September 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

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Stefan Jugel  
Chairman of the Board

**STATEMENT OF FINANCIAL POSITION  
FOR THE 9 MONTH PERIOD ENDED 30 SEPTEMBER 2020**

**VALMIERA GLASS GROUP**

	<b>30.09.2020</b>	<b>30.09.2019</b>	<b>31.12.2019</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets and goodwill	4 801 043	4 634 461	4 938 422
Property, plant and equipment	49 281 092	57 678 321	70 303 458
Non-current financial assets	-	214 635	148 395
Deferred tax assets	857 379	2 020 629	919 405
	<b>54 939 514</b>	<b>64 548 046</b>	<b>76 309 680</b>
<b>CURRENT ASSETS</b>			
Inventories	19 311 818	29 707 776	24 319 212
Trade receivables	9 140 442	9 296 424	5 886 520
Contract assets	807 390	-	244 248
Receivables from related parties	448 012	151 412	146 601
Other current financial assets	2 148 791	5 495 691	2 581 644
Cash and cash equivalents	18 111 798	1 697 549	2 674 540
	<b>49 968 251</b>	<b>46 348 852</b>	<b>35 852 765</b>
<b>TOTAL ASSETS</b>	<b>104 907 765</b>	<b>110 896 898</b>	<b>112 162 445</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	33 464 487	33 464 487	33 464 487
Reserves	(5 662 335)	(8 428 375)	(6 987 036)
Retained earnings	(30 414 594)	(25 686 665)	(29 422 150)
<b>Equity attributable to owners of the Parent</b>	<b>(2 612 442)</b>	<b>(650 553)</b>	<b>(2 944 699)</b>
Non-controlling interests	(49 141 909)	(51 264 425)	(48 874 171)
<b>Total equity</b>	<b>(51 754 351)</b>	<b>(51 914 978)</b>	<b>(51 818 870)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	91 730 239	58 748 719	56 377 955
Net employee defined benefit liabilities	3 175 134	3 965 822	3 841 416
Trade payables	32 096	2 763 211	4 932 232
Payables to related parties	14 086 999	15 123 592	12 608 160
Other non-current financial liabilities	1 346 719	-	1 848 172
Deferred income	1 651 990	4 150 097	1 937 579
Provisions	2 370 030	-	467 914
Deferred tax liabilities	476 935	587 986	540 025
	<b>114 870 143</b>	<b>85 339 427</b>	<b>82 553 453</b>
<b>Current liabilities</b>			
Loans and borrowings	6 810 550	44 357 585	43 106 324
Net employee defined benefit liabilities	949 197	959 660	997 559
Contract liabilities	451 320	160 405	545 234
Trade payables	16 013 462	21 752 562	20 433 751
Payables to related parties	5 360 662	2 906 336	4 366 669
Other current financial liabilities	5 414 896	920 943	6 260 651
Taxes and social security contributions	3 730 408	2 507 358	1 934 596
Deferred income	1 518 659	497 114	2 545 840
Provisions	1 542 819	3 410 486	1 237 238
	<b>41 791 973</b>	<b>77 472 449</b>	<b>81 427 862</b>
<b>Total liabilities</b>	<b>156 662 116</b>	<b>162 811 876</b>	<b>163 981 315</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>104 907 765</b>	<b>110 896 898</b>	<b>112 162 445</b>

**STATEMENT OF FINANCIAL POSITION  
FOR THE 9 MONTH PERIOD ENDED 30 SEPTEMBER 2020**

	<b>AS VALMIERAS STIKLA ŠĶIEDRA</b>		
	<b>30.09.2020</b>	<b>30.09.2019</b>	<b>31.12.2019</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets and goodwill	1 210 021	935 514	1 087 612
Property, plant and equipment	47 481 451	55 128 050	52 594 040
Investments in subsidiaries	13 000 000	13 000 000	13 000 000
Receivables from related parties	-	173 988	-
Non – current financial investments	-	-	148 396
	<b>61 691 472</b>	<b>69 237 552</b>	<b>66 830 048</b>
<b>CURRENT ASSETS</b>			
Inventories	14 346 474	16 893 029	16 198 568
Trade receivables	7 443 126	4 588 800	3 430 400
Contract assets	627 507	-	244 248
Receivables from related parties	13 076 295	10 073 383	12 890 174
Other current financial assets	1 286 903	4 319 193	1 043 858
Cash and cash equivalents	1 476 950	590 645	1 096 175
	<b>38 257 255</b>	<b>36 465 050</b>	<b>34 903 423</b>
<b>TOTAL ASSETS</b>	<b>99 948 727</b>	<b>105 702 602</b>	<b>101 733 471</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	33 464 487	33 464 487	33 464 487
Reserves	546 709	546 709	546 709
Retained earnings	(70 203 444)	(64 446 408)	(71 118 540)
<b>Total equity</b>	<b>(36 192 248)</b>	<b>(30 435 212)</b>	<b>(37 107 344)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	91 614 709	51 575 338	50 817 764
Trade payables	32 096	2 763 211	4 932 233
Payables to related parties	18 826 998	18 919 925	15 687 155
Other non-current financial liabilities	1 346 719	-	1 848 172
Deferred income	1 651 990	2 032 776	1 937 579
Provisions	2 370 030	-	467 914
	<b>115 842 543</b>	<b>75 291 250</b>	<b>75 690 817</b>
<b>Current liabilities</b>			
Loans and borrowings	351 310	40 528 674	41 401 080
Contract liabilities	451 320	160 405	545 236
Trade payables	7 726 903	12 823 164	11 331 949
Payables to related parties	1 511 803	1 033 869	1 723 565
Other current financial liabilities	4 979 151	868 548	4 775 481
Taxes and social security contributions	3 719 782	2 433 820	1 754 665
Deferred income	380 785	380 784	380 785
Provisions	1 177 379	2 617 300	1 237 237
	<b>20 298 433</b>	<b>60 846 564</b>	<b>63 149 998</b>
<b>Total liabilities</b>	<b>136 140 975</b>	<b>136 137 814</b>	<b>138 840 815</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>99 948 727</b>	<b>105 702 602</b>	<b>101 733 471</b>

**STATEMENT OF FINANCIAL POSITION  
FOR THE 9 MONTH PERIOD ENDED 30 SEPTEMBER 2020**

**VALMIERA GLASS UK Ltd.**

	<b>30.09.2020</b>	<b>30.09.2019</b>	<b>31.12.2019</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	1 799 641	2 384 868	2 131 707
Receivables from related parties	-	7 406 801	-
Deferred tax assets	857 379	913 789	919 405
	<b>2 657 020</b>	<b>10 705 458</b>	<b>3 051 112</b>
<b>CURRENT ASSETS</b>			
Inventories	4 964 524	7 960 957	7 244 623
Trade receivables	1 804 799	3 220 970	1 757 995
Contract assets	179 883	-	-
Receivables from related parties	4 909 433	427 850	4 716 670
Other current financial assets	278 403	361 283	790 008
Prepayments	-	183 012	-
Cash and cash equivalents	511 199	2 488	415 016
	<b>12 648 241</b>	<b>12 156 560</b>	<b>14 924 312</b>
<b>TOTAL ASSETS</b>	<b>15 305 261</b>	<b>22 862 018</b>	<b>17 975 424</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5 004 874	5 477 066	5 366 945
Share premium	2 836 916	3 104 569	3 042 149
Reserves	(19 948)	(2 310 691)	(81 130)
Retained earnings	2 078 964	8 231 752	1 594 564
<b>Total equity</b>	<b>9 900 806</b>	<b>14 502 696</b>	<b>9 922 528</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	115 530	410 763	123 888
Net employee defined benefit liabilities	3 175 134	3 695 822	3 841 416
Deferred tax liabilities	476 935	587 986	540 025
	<b>3 767 599</b>	<b>4 694 571</b>	<b>4 505 329</b>
<b>Current liabilities</b>			
Loans and borrowings	205 924	671 099	589 284
Net employee defined benefit liabilities	949 198	959 660	997 559
Trade payables	241 768	533 866	913 461
Payables to related parties	142 888	539 676	356 943
Other current financial liabilities	-	52 390	15 543
Taxes and social security contributions	-	53 795	143 915
Provisions	97 078	854 265	530 862
	<b>1 636 855</b>	<b>3 664 751</b>	<b>3 547 567</b>
<b>Total liabilities</b>	<b>5 404 455</b>	<b>8 359 322</b>	<b>8 052 896</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>15 305 261</b>	<b>22 862 018</b>	<b>17 975 424</b>

**STATEMENT OF FINANCIAL POSITION  
FOR THE 9 MONTH PERIOD ENDED 30 SEPTEMBER 2020**

	<b>P-D VALMIERA GLASS USA Corp.</b>		
	<b>30.09.2020</b>	<b>30.09.2019</b>	<b>31.12.2019</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	-	165 403	-
Non-current financial assets	-	214 635	-
Deferred tax assets	-	1 106 840	-
	<b>-</b>	<b>1 486 878</b>	<b>-</b>
<b>CURRENT ASSETS</b>			
Inventories	820	4 789 983	1 249 126
Trade receivables	-	1 486 655	698 124
Receivables from related parties	377 332	443 107	481 401
Other current financial assets	554 710	214 295	747 777
Prepayments	-	416 904	-
Cash and cash equivalents	16 123 649	1 104 417	1 163 349
Assets held for sale	-	-	15 577 711
	<b>17 056 511</b>	<b>8 455 361</b>	<b>19 917 488</b>
<b>TOTAL ASSETS</b>	<b>17 056 511</b>	<b>9 942 239</b>	<b>19 917 488</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	13 358 468	13 659 471	13 922 106
Share premium	3 124 291	-	3 256 116
Reserves	106 365	(1 524 349)	11 541
Retained earnings	(71 070 645)	(70 372 304)	(71 247 132)
<b>Equity attributable to owners of the Parent</b>	<b>(54 481 521)</b>	<b>(58 237 182)</b>	<b>(54 057 368)</b>
Non-controlling interests	(48 187 375)	(51 631 212)	(47 727 689)
<b>Total equity</b>	<b>(102 668 896)</b>	<b>(109 868 394)</b>	<b>(101 785 058)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	-	33 225	5 436 303
Payables to related parties	-	96 372 734	1 661 004
Deferred income	-	1 305 721	-
	<b>-</b>	<b>97 711 680</b>	<b>7 097 307</b>
<b>Current liabilities</b>			
Loans and borrowings	6 253 317	402 739	1 115 961
Trade payables	8 044 789	8 390 636	8 243 093
Payables to related parties	103 620 344	12 148 981	102 175 870
Other current financial liabilities	293 016	-	589 422
Taxes and social security contributions	10 627	19 743	28 186
Deferred income	1 137 874	927 930	2 165 055
Provisions	365 440	208 924	287 652
	<b>119 725 407</b>	<b>22 098 953</b>	<b>114 605 239</b>
<b>Total liabilities</b>	<b>119 725 407</b>	<b>119 810 633</b>	<b>121 702 546</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>17 056 511</b>	<b>9 942 239</b>	<b>19 917 488</b>

**STATEMENT OF PROFIT AND LOSS  
FOR THE 9 MONTH PERIOD ENDED 30 SEPTEMBER 2020**

	<b>VALMIERA GLASS GROUP</b>		
	<b>9M 2020</b>	<b>9M 2019</b>	<b>2019</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Sales	78 311 924	99 139 071	119 483 375
Change in inventories	(4 670 605)	(3 140 186)	(11 381 134)
Other operating income	1 895 371	1 379 074	1 195 714
Raw materials and consumables	(29 103 164)	(45 598 286)	(49 958 923)
Personnel expenses	(22 118 798)	(29 306 329)	(37 877 434)
Depreciation and amortization	(6 667 940)	(7 844 890)	(10 060 354)
Other operating expenses	(11 966 955)	(18 465 136)	(13 454 657)
<b>Profit/ (loss) from operations</b>	<b>5 679 833</b>	<b>(3 836 682)</b>	<b>(2 053 413)</b>
Interest and similar income	17 449	757 074	1 134 886
Interest and similar expenses	(9 086 806)	(3 766 622)	(5 921 537)
<b>Profit/ (loss) before tax</b>	<b>(3 389 524)</b>	<b>(6 846 230)</b>	<b>(6 840 064)</b>
Corporate income tax	(92 242)	751 253	(5 493)
<b>Profit/ (loss) for the period</b>	<b>(3 481 766)</b>	<b>(6 094 977)</b>	<b>(6 845 557)</b>
<i>Attributable to:</i>			
<b>Non-controlling interest</b>	<b>(2 489 326)</b>	<b>(5 217 650)</b>	<b>(3 043 816)</b>
<b>Owners of the Parent</b>	<b>(992 440)</b>	<b>(877 327)</b>	<b>(3 801 741)</b>
<b>Earnings per share</b>	<b>(0.042)</b>	<b>(0.037)</b>	<b>(0.159)</b>

**STATEMENT OF PROFIT AND LOSS  
FOR THE 9 MONTH PERIOD ENDED 30 SEPTEMBER 2020**

	<b>AS VALMIERAS STIKLA ŠĶIEDRA</b>		
	<b>9M 2020</b>	<b>9M 2019</b>	<b>2019</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Sales	66 398 072	71 754 468	88 693 367
Change in inventories	(2 282 530)	(1 439 029)	(1 004 667)
Other operating income	621 561	1 193 770	1 890 966
Raw materials and consumables	(24 973 212)	(32 414 194)	(39 549 037)
Personnel expenses	(18 241 719)	(16 341 821)	(22 440 481)
Depreciation and amortization	(6 447 251)	(7 278 520)	(9 596 363)
Other operating expenses	(8 522 974)	(9 207 890)	(12 470 415)
<b>Profit from operations</b>	<b>6 551 947</b>	<b>6 266 784</b>	<b>5 523 370</b>
Interest and similar income	25 085	2 317 408	9 070
Interest and similar expenses	(5 646 831)	(5 732 128)	(5 918 898)
<b>Profit before tax</b>	<b>930 201</b>	<b>2 852 064</b>	<b>(386 458)</b>
Corporate income tax	(15 105)	(9 052)	(11 504)
<b>Profit for the period</b>	<b>915 096</b>	<b>2 843 012</b>	<b>(397 962)</b>

**STATEMENT OF PROFIT AND LOSS  
FOR THE 9 MONTH PERIOD ENDED 30 SEPTEMBER 2020**

**VALMIERA GLASS UK Ltd.**

	<b>9M 2020</b>	<b>9M 2019</b>	<b>2019</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Sales	12 851 969	18 813 535	23 343 107
Change in inventories	(1 090 615)	(144 173)	(1 329 009)
Other operating income	107 845	20 506	43 690
Raw materials and consumables	(6 474 023)	(10 303 920)	(13 906 928)
Personnel expenses	(2 908 547)	(3 752 873)	(4 941 545)
Depreciation and amortization	(219 716)	(334 880)	(336 047)
Other operating expenses	(1 877 934)	(1 981 807)	(5 051 519)
<b>Profit / (loss) from operations</b>	<b>388 979</b>	<b>2 316 388</b>	<b>(2 178 251)</b>
Interest and similar income	458 066	187 979	177 268
Interest and similar expenses	(102 277)	(141 352)	(564 359)
<b>Profit / (loss) before tax</b>	<b>744 768</b>	<b>2 363 015</b>	<b>(2 565 342)</b>
Corporate income tax	(77 137)	(312 334)	6 011
<b>Profit / (loss) for the period</b>	<b>667 631</b>	<b>2 050 681</b>	<b>(2 559 331)</b>

**STATEMENT OF PROFIT AND LOSS  
FOR THE 9 MONTH PERIOD ENDED 30 SEPTEMBER 2020**

	<b>P-D VALMIERA GLASS USA Corp.</b>		
	<b>9M 2020</b>	<b>9M 2019</b>	<b>2019</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Sales	2 277 101	20 245 979	22 496 989
Change in inventories	(1 297 460)	(1 257 738)	(9 047 458)
Other operating income	1 416 841	651 241	747 640
Raw materials and consumables	(654 673)	(14 919 138)	(11 160 379)
Personnel expenses	(968 532)	(9 211 635)	(10 495 408)
Depreciation and amortization	(973)	(231 489)	(127 944)
Other operating expenses	(1 819 444)	(7 761 880)	3 564 466
<b>(Loss) from operations</b>	<b>(1 047 140)</b>	<b>(12 484 660)</b>	<b>(4 022 094)</b>
Interest and similar income	4 600	2 144 444	1 090 077
Interest and similar expenses	(4 165 824)	(1 785 900)	(3 436 494)
<b>(Loss) before tax</b>	<b>(5 208 364)</b>	<b>(12 126 116)</b>	<b>(6 368 511)</b>
Corporate income tax	-	1 072 639	-
<b>(Loss) for the period</b>	<b>(5 208 364)</b>	<b>(11 053 477)</b>	<b>(6 368 511)</b>
<i>Attributable to:</i>			
<b>Non-controlling interest</b>	<b>(2 489 326)</b>	<b>(5 217 650)</b>	<b>(3 043 816)</b>
<b>Owners of the Parent</b>	<b>(2 719 038)</b>	<b>(5 835 827)</b>	<b>(3 324 695)</b>

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

**VALMIERA GLASS GROUP**

	<b>Share capital</b>	<b>Revaluation reserve</b>	<b>Other reserve</b>	<b>Retained earnings</b>	<b>Total</b>	<b>Non-controlling interest</b>	<b>Total equity</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>31.12.2018</b>	<b>33 464 487</b>	<b>(4 197 550)</b>	<b>(3 000 141)</b>	<b>(22 189 251)</b>	<b>4 077 545</b>	<b>(44 749 801)</b>	<b>(40 672 256)</b>
Restatements *	-	-	-	(3 431 158)	<b>(3 431 158)</b>	-	<b>(3 431 158)</b>
<b>31.12.2018, restated</b>	<b>33 464 487</b>	<b>(4 197 550)</b>	<b>(3 000 141)</b>	<b>(25 620 409)</b>	<b>646 387</b>	<b>(44 749 801)</b>	<b>(44 103 414)</b>
Current period (loss)	-	-	-	(3 801 741)	<b>(3 801 741)</b>	(3 043 816)	<b>(6 845 557)</b>
<i>Other comprehensive income:</i>							
<i>Remeasurement of defined benefit obligation</i>	-	-	(99 115)	-	<b>(99 115)</b>	-	<b>(99 115)</b>
<i>Deferred tax relating to defined benefit obligation</i>	-	-	(30 919)	-	<b>(30 919)</b>	-	<b>(30 919)</b>
Exchange differences on translating foreign operations	-	340 689	-	-	<b>340 689</b>	(1 080 554)	<b>(739 865)</b>
<b>31.12.2019</b>	<b>33 464 487</b>	<b>(3 856 861)</b>	<b>(3 130 175)</b>	<b>(29 422 150)</b>	<b>(2 944 699)</b>	<b>(48 874 171)</b>	<b>(51 818 870)</b>
Current period profit	-	-	-	(992 440)	<b>(992 440)</b>	(2 489 326)	<b>(3 481 766)</b>
Exchange differences on translating foreign operations	-	1 324 697	-	-	<b>(1 324 697)</b>	2 221 588	<b>3 546 285</b>
<b>30.09.2020</b>	<b>33 464 487</b>	<b>(2 532 164)</b>	<b>(3 130 175)</b>	<b>(30 414 590)</b>	<b>(2 612 442)</b>	<b>(49 141 909)</b>	<b>(51 754 351)</b>

\* During 2019, the GROUP performed retrospective past period accounting error corrections, and recognized additional allowances for obsolete waste fibre inventory and provisions for manufacturing waste disposal.

**STATEMENT OF CASH FLOWS OF THE GROUP  
FOR THE 9 MONTH PERIOD ENDED 30 SEPTEMBER 2020**

**VALMIERA GLASS GROUP**

	<b>9M 2020</b>	<b>9M 2019</b>	<b>2019</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Cash flows from operating activities</b>			
Profit/ (loss) before tax	(3 390 524)	(6 846 230)	(6 840 064)
<i>Adjustments:</i>			
Depreciation and amortization	6 667 940	7 844 890	10 060 354
Change in impairment allowances	67 782	-	(15 225 697)
Profit from disposal of fixed assets, net	-	-	1 476 075
Change in fair value of derivative	-	-	399 317
Government grants	(285 589)	-	(381 539)
Interest expense	3 669 060	3 027 048	4 798 489
<b>Changes in working capital:</b>			
Change in inventory	5 273 426	3 234 623	5 208 684
Change in receivables	(3 871 041)	(7 343 838)	1 264 194
Change in payables	(4 430 185)	(7 389 080)	(3 693 953)
Interest paid	(3 314 231)	(3 029 584)	(4 243 160)
Income tax paid	(89 100)	-	(382 789)
Increase in provisions for restructuring fees	2 370 030	-	721 169
	<b>2 667 568</b>	<b>(10 502 171)</b>	<b>(6 838 919)</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed and intangible assets	(1 063 752)	(700 924)	(2 149 497)
Income from sale of property, plant and equipment	15 555 556	-	8 281
	<b>14 491 804</b>	<b>(700 924)</b>	<b>(2 141 216)</b>
<b>Cash flows from financing activities</b>			
Loans and borrowings received/ (repaid), net	(304 598)	12 551 167	11 305 199
Government grants repaid	(977 353)	-	-
Pension scheme payments	(440 162)	-	-
	<b>(1 722 114)</b>	<b>12 551 167</b>	<b>11 305 199</b>
<b>Net change in cash and cash equivalents</b>	<b>15 437 258</b>	<b>1 348 072</b>	<b>2 325 063</b>
Cash and cash equivalents at the beginning of the reporting period	2 674 540	349 477	349 477
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>18 111 798</b>	<b>1 697 549</b>	<b>2 674 540</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 9 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 FINANCIAL 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 September 30, 2020 consists of 23,903,205 publicly listed bearer shares, all with equal rights.

The shareholders as at September 30, 2020 and 2019, and December 31, 2019 were as follows (according to Nasdaq CSD data):

	<b>Percentage of investment (%) 30.09.2020</b>	<b>Percentage of investment (%) 30.09.2019</b>	<b>Percentage of investment (%) 31.12.2019</b>
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	9.49	9.49
P-D Aircraft Composites GmbH	22.82	18.83	22.82
Other shareholders (less 5% ownership interest)	9.71	9.71	9.71
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>