

AS VALMIERAS STIKLA ŠĶIEDRA CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the 9-month period ending 30 September, 2019
Unaudited



**VALMIERA[®]
GLASS**

PREPARED IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS

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THE IMPOSSIBLE**

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 Valmiera Glass UK Ltd
THE BOARD	Chairman of the Board: Stefan Jugel (from 29.05.2018.) Members of the Board: Ģirts Vēveris Ingo Bleier (from 01.08.2019.) Andre Heinz Schwiontek (until 01.08.2019.) Doloresa Volkopa (until 01.06.2019.)
THE COUNCIL	Chairman of the Council: Heinz-Jürgen Preiss-Daimler Members of the Council: Stefan Alexander Preiss-Daimler Andris Oskars Brutāns Ainārs Ozols (from 28.06.2019.) Theis Klauberg (from 28.06.2019.)
REPORTING PERIOD	1 January 2019 - 30 September 2019
REPORTING YEAR	1 January 2019 - 31 December 2019

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.

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, and the US Subsidiary manufactures glass fibre non-woven materials.

MARKETS AND PRODUCTS

In the first nine months of 2019, products manufactured by the Company were exported to 47 countries across the world with the export share of 98%. The key sales markets of the Group have remained similar: 69% of the total output was sold in European Union countries. 13% in North America. 3% in CIS countries and 15% in other export countries (incl. Japan, South Korea, UAE, etc.).

Across product segments, sales volumes increased for high value-added products, such as E-glass fibre textured fabrics and construction mesh with a thermal resistance of 600+°C, as well as for the high-content SiO₂ glass fibre fabrics with a thermal resistance of 1000+°C. In other product segments, the sales volumes are considered as stable or with a decrease.

NET SALES BY REGION, Q3 2019



EMPLOYEES

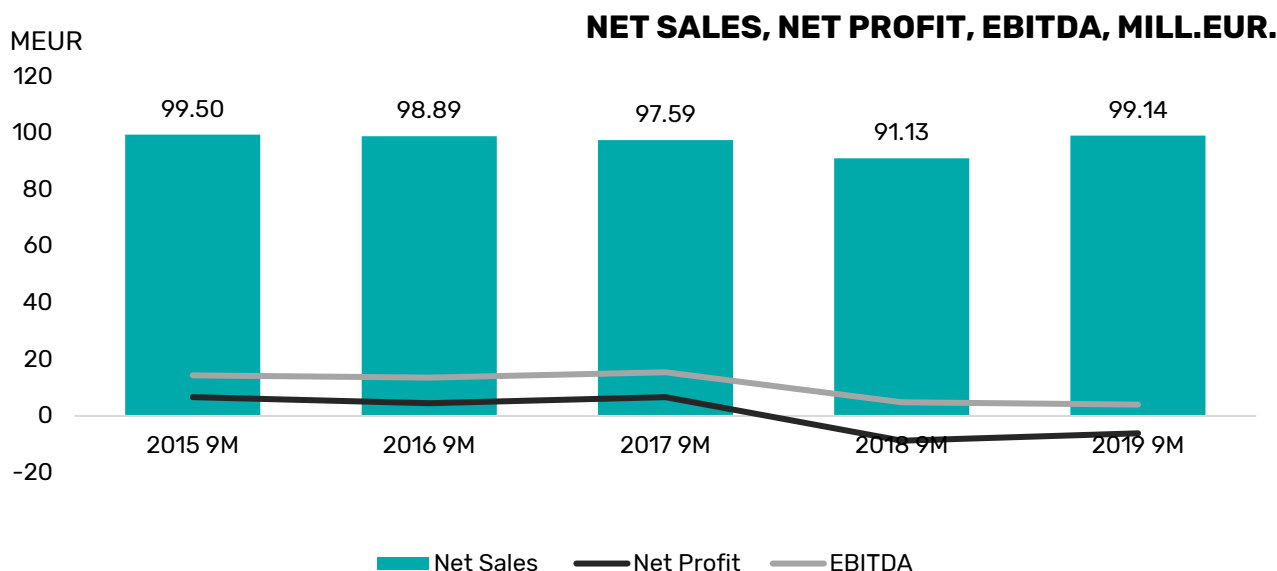
In first 9 months 2019, the Group employed on average 1539 employees, of which the average number of employees employed by the Company alone was 1110. In same period the UK Subsidiary employed on average 131 employees, and the US Subsidiary had on average 298 employees.

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.

FINANCIAL RESULTS

The consolidated net sales of the Group in the first nine months of 2019 have reached €99.1 million. Compared to the sales of the Group in the same period of year 2018, net sales has increased by €8 million or 9%. The Company's net sales in the first nine months of 2019 were €71.8 million (0.5% vs 9M 2018), UK Subsidiary net sales were €18.8 million and US Subsidiary reached €20.2 million in net sales.



The Group's EBITDA has declined by €855 thousand (-18% vs 9M 2018), EBIT increased by €2.6 million (40% vs 9M 2018) and net profit remained negative indicating €6.1 million loss, yet showed positive tendency and improved by €2.7 million (+30% vs 9M 2018). Decline is caused by US Subsidiary's results – in the nine months of this year US Subsidiary experienced loss of €11 million. Meanwhile, the Company and UK Subsidiary demonstrated positive results: The Company worked with net profit of €2.8 million and UK Subsidiary with profit of €2 million. EBITDA margin in period was 4.0%, Group's net profit margin was -6.1% and ROCE of 13.8%.

MAIN FINANCIAL INDICATORS

	9 months			Change
	2017	2018	2019	2019/2018
VALMIERA GLASS GROUP Net sales, EUR	97 591 897	91 133 314	99 139 071	9%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	83 206 584	71 362 793	71 754 468	0,5%
<i>VALMIERA GLASS UK Ltd.</i>	19 151 237	17 803 137	18 813 535	6%
<i>P-D VALMIERA GLASS USA Corp.</i>	12 390 724	19 215 409	20 245 979	5%
VALMIERA GLASS GROUP EBITDA, EUR	15 443 954	4 863 507	4 008 208	-18%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	12 753 009	13 911 053	13 545 303	-3%
<i>VALMIERA GLASS UK Ltd.</i>	2 223 472	1 627 550	2 651 269	63%
<i>P-D VALMIERA GLASS USA Corp.</i>	865 123	(10 558 134)	(12 253 171)	-16%
VALMIERA GLASS GROUP EBIT, EUR	7 068 315	(6 419 064)	(3 836 682)	40%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	5 126 864	6 328 285	6 266 783	-1%
<i>VALMIERA GLASS UK Ltd.</i>	1 978 124	1 401 068	2 316 388	65%
<i>P-D VALMIERA GLASS USA Corp.</i>	360 977	(14 032 033)	(12 484 660)	11%
VALMIERA GLASS GROUP Net profit, EUR	6 646 386	(8 758 374)	(6 094 977)	30%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	3 374 105	6 235 494	2 843 012	-54%
<i>VALMIERA GLASS UK Ltd.</i>	1 801 012	1 345 796	2 050 681	52%
<i>P-D VALMIERA GLASS USA Corp.</i>	1 868 920	(15 147 732)	(11 053 477)	27%
VALMIERA GLASS GROUP Sales growth, %	(2.388)	(6.618)	8.785	233%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	0.60	(14.234)	0.549	104%
<i>VALMIERA GLASS UK Ltd.</i>	(3.403)	(7.039)	5.675	181%
<i>P-D VALMIERA GLASS USA Corp.</i>	(11.202)	55.079	5.363	-90%
VALMIERA GLASS GROUP EBITDA margin, %	15.825	5.337	4.043	-24%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	15.327	19.493	18.877	-3%
<i>VALMIERA GLASS UK Ltd.</i>	11.610	9.142	14.092	54%
<i>P-D VALMIERA GLASS USA Corp.</i>	6.982	(54.946)	(60.522)	-10%
VALMIERA GLASS GROUP EBIT margin, %	7.243	(7.044)	(3.870)	-45%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	6.162	8.868	8.734	-2%
<i>VALMIERA GLASS UK Ltd.</i>	10.329	7.870	12.312	56%
<i>P-D VALMIERA GLASS USA Corp.</i>	2.913	(73.025)	(61.665)	16%
VALMIERA GLASS GROUP Net profit margin, %	6.810	(9.611)	(6.148)	-36%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	4.055	8.738	3.962	-55%
<i>VALMIERA GLASS UK Ltd.</i>	9.404	7.559	10.900	44%
<i>P-D VALMIERA GLASS USA Corp.</i>	15.083	(78.831)	(54.596)	31%
VALMIERA GLASS GROUP ROE, %	10.636	(12.692)	(0.005)	100%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	5.833	9.920	13.711	38%
<i>VALMIERA GLASS UK Ltd.</i>	19.524	12.551	15.770	26%
<i>P-D VALMIERA GLASS USA Corp.</i>	13.691	(73.587)	(0.003)	-100%
VALMIERA GLASS GROUP ROA, %	3.744	(4.020)	(5.427)	-35%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	4.215	3.292	5.929	80%
<i>VALMIERA GLASS UK Ltd.</i>	8.437	6.448	10.132	57%
<i>P-D VALMIERA GLASS USA Corp.</i>	2.610	(13.179)	(125.572)	-853%
VALMIERA GLASS GROUP ROCE, %	5.776	4.171	13.811	231%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	5.147	4.420	15.873	259%
<i>VALMIERA GLASS UK Ltd.</i>	12.345	8.452	12.066	43%
<i>P-D VALMIERA GLASS USA Corp.</i>	0.944	22.132	(70.367)	-418%
VALMIERA GLASS GROUP Current ratio	0.836	0.908	0.558	-39%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	0.859	1.398	0.551	-61%
<i>VALMIERA GLASS UK Ltd.</i>	2.691	3.005	3.317	10%
<i>P-D VALMIERA GLASS USA Corp.</i>	0.597	0.364	0.305	-16%
Earnings per share (EUR)	0.2781	(0.1003)	(0.0367)	

Definition 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

The Company 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 41.36% during the course of the 9 months of 2019 and fluctuated within a range of EUR 1.05 - 2.60. During this period, the weighted average share price amounted to EUR 2.02. The share price of the first transaction at the beginning of the period was EUR 1.29, whereas the share price of the last transaction at the end of the period was EUR 2.26.

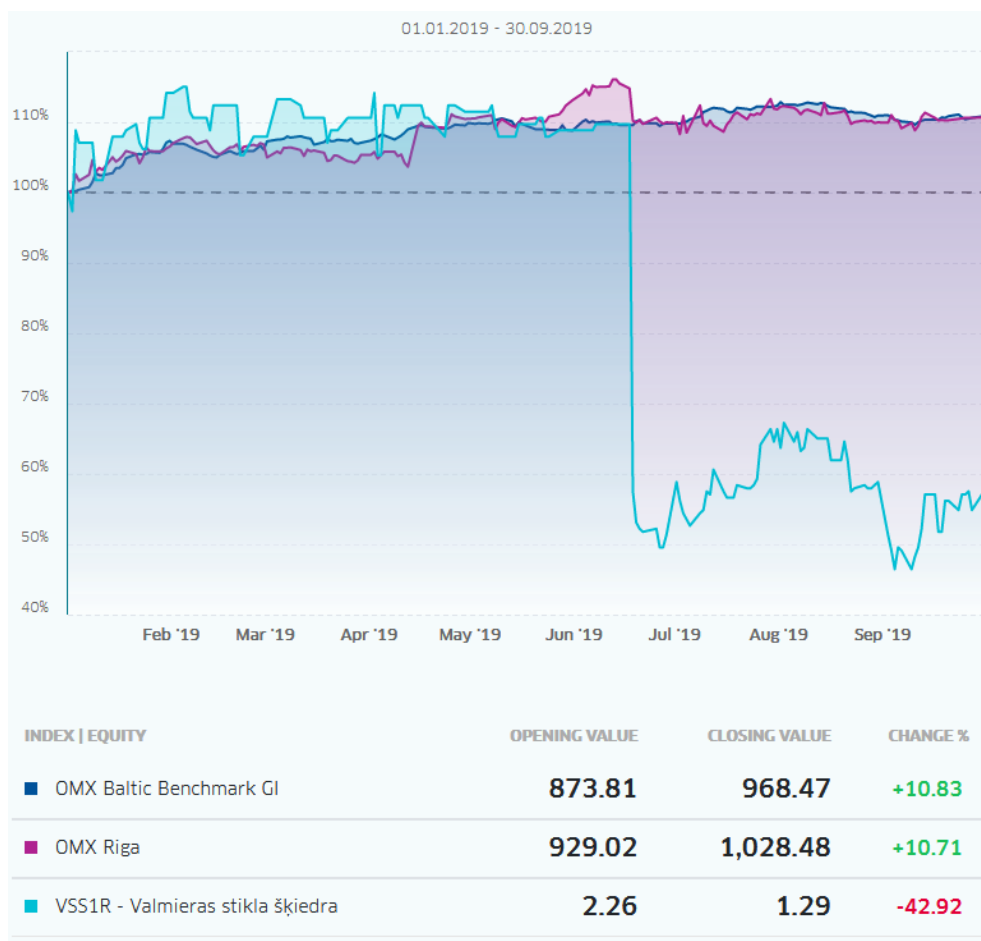
In the 9 months of 2019, the number of shares traded by the joint stock company reached 464,354 and the turnover of shares amounted to EUR 0.65M. During this period, 878 transactions were executed on the Exchange.

Price dynamics of Company's shares during the last five years before the end of the reporting period (Nasdaq Riga data):

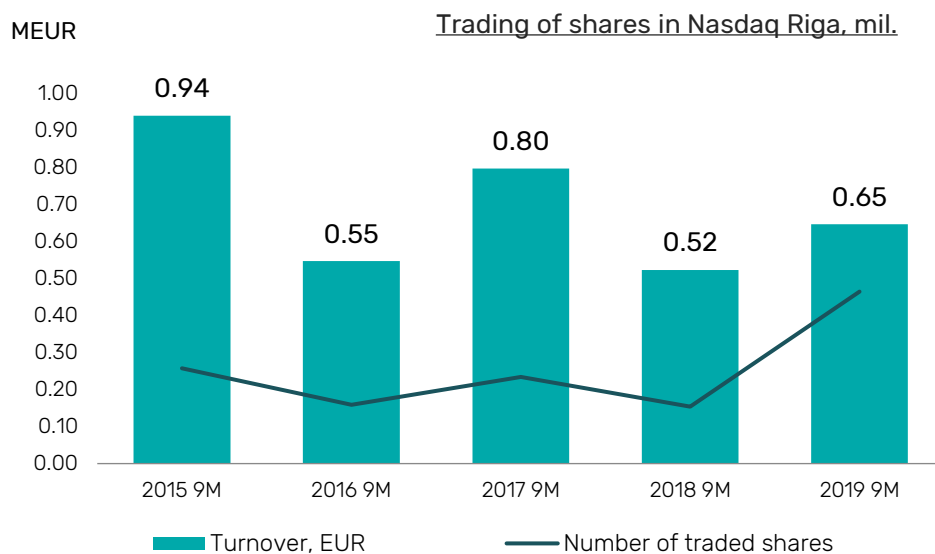


In the 9 months of 2019, the price of the Company's shares decreased by 41.36%, while the OMX Riga index value corrected by 10.71% while that of the OMX Baltic Benchmark GI by 10.83%.

The price of Company's shares in the nine months of 2019 compared to OMX Baltic Benchmark GI and OMX Riga indexes (Nasdaq Riga data):



Trading of Company's shares in the 9 months 2019 (Nasdaq Riga data):



EVENTS AFTER THE END OF THE REPORTING PERIOD

On September 19, 2019, the Company filed an application with the Court for approval of the plan of measures of Legal protection process (hereinafter - LPP) and the implementation of the LPP. The Company received consent from 100% of secured creditors and 77.15% of unsecured creditors for the 24-month financial recovery plan developed by the Company.

The LPP Plan, developed by the Company, is available in the website of Nasdaq Riga: <https://www.nasdaqbaltic.com/>. On October 18, 2019 Vidzemes District Court has adopted a decision approving the plan of Company's legal protection proceedings and the respective process implementation.

Vidzeme District Court approved Jānis Lagzdīņš, place of practice: PricewaterhouseCoopers Legal, Kr. Valdemāra Street 21, Riga, as a Supervisor of Company's legal protection process.

AS VALMIERAS STIKLA ŠĶIEDRA
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 of 30 September 2019 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 OF THE GROUP
FOR THE 9 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 SEPTEMBER 2019**

	VALMIERA GLASS GROUP		
	30.09.2019	30.09.2018	31.12.2018
	EUR	EUR	EUR
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Software, licenses, patents, trademarks, similar rights	850 626	976 798	871 120
Software in acquisition process	84 888	11 759	94 052
Goodwill	3 698 947	3 692 403	3 662 559
Total intangible assets	4 634 461	4 680 960	4 627 731
Property, plant and equipment			
Land and buildings	9 992 839	14 781 099	10 846 392
Equipment and machinery	43 282 789	48 339 750	43 744 062
Other fixed assets	657 649	939 123	765 468
Right-of-use assets	1 388 298	-	-
Construction in progress	1 433 744	87 391 305	433 023
Advance payments for fixed assets	923 002	2 233 208	501 664
Total property, plant and equipment	57 678 321	153 684 485	56 290 609
Non-current financial investments			
Deferred expenses	214 635	214 282	204 119
Total non-current financial investments	214 635	214 282	204 119
Deferred tax asset	2 020 629	1 185 653	904 799
Total non-current assets	64 548 046	159 765 380	62 027 258
CURRENT ASSETS			
Inventories			
Raw materials	11 484 838	11 354 255	11 449 745
Work in progress	7 152 639	6 255 424	8 375 109
Finished goods	10 299 841	11 348 760	12 646 548
Advance payments for inventories	771 458	835 973	361 324
Total inventories	29 708 776	29 794 412	32 832 726
Debtors			
Trade receivables	9 296 424	11 479 175	7 833 674
Amounts due from related parties	151 412	597 803	74 152
Other receivables	3 688 342	8 395 797	797 378
Deferred expenses	1 806 349	627 003	916 696
Total debtors	14 942 527	21 099 778	9 621 900
Cash and cash equivalents	1 697 549	7 213 404	349 477
Total current assets	46 348 852	58 107 594	42 804 103
TOTAL ASSETS	110 896 898	217 872 974	104 831 361

**STATEMENT OF FINANCIAL POSITION OF THE GROUP
FOR THE 9 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 SEPTEMBER 2019**

	VALMIERA GLASS GROUP		
	30.09.2019	30.09.2018	31.12.2018
LIABILITIES AND EQUITY	EUR	EUR	EUR
SHAREHOLDERS' EQUITY			
Share capital	33 464 487	33 464 487	33 464 487
Foreign currency translation reserve	(5 428 234)	(1 174 729)	(4 197 550)
Other reserves	(3 000 141)	1 646	(3 000 141)
Retained earnings			
Profit/ (loss) brought forward	(24 809 338)	32 260 584	34 716 628
Profit/ (loss) for the current reporting period	(877 327)	(2 396 326)	(59 525 966)
Total equity attributable to owners of the parent company	(650 553)	62 155 662	1 457 458
Non-controlling interest	(51 264 425)	9 677 701	(44 749 801)
Total equity	(51 914 978)	71 833 363	(43 292 343)
LIABILITIES			
Non-current liabilities			
Borrowings from credit institutions	50 872 882	64 879 347	55 426 558
Borrowings from other related parties	12 507 348	5 557 348	5 557 348
Finance leases	239 226	198	329 282
Finance leases from related parties	5 015	114 070	86 875
Other borrowings	6 490 167	1 106 353	1 118 528
Liabilities of right-to-use assets	1 146 444	-	-
Trade payables	2 763 211		
Payables to related parties	2 611 229		
Deferred tax liabilities	587 986	1 330 748	582 202
Defined benefit obligation	3 965 822	4 563 845	4 372 128
Deferred income	4 150 097	4 272 806	3 701 669
Derivative financial instruments	-	220 963	616 514
Total non-current liabilities	85 339 427	82 045 678	71 791 103
Current liabilities			
Borrowings from credit institutions	43 587 732	23 177 505	30 445 265
Borrowings from related companies	-		350 000
Finance leases	166 783	25 866	169 056
Finance leases from related parties	37 460	-	-
Liabilities of right-to-use assets	406 935	-	-
Other borrowings	196 135	184 495	186 525
Contract liabilities	160 405	4 884 202	3 084 814
Trade payables	21 752 562	23 055 026	25 608 632
Payables to related parties	2 868 876	3 336 536	4 850 913
Taxes and social security contributions	2 507 358	2 857 906	2 258 817
Other accounts payable	920 943	1 730 290	1 569 810
Accrued liabilities	3 410 486	3 661 592	6 367 134
Defined benefit obligation	959 660	957 962	950 220
Deferred income	497 114	122 553	491 415
Total current liabilities	77 472 449	63 993 933	76 332 601
Total liabilities	162 811 876	146 039 611	148 123 704
TOTAL EQUITY AND LIABILITIES	110 896 898	217 872 974	104 831 361

**STATEMENT OF FINANCIAL POSITION OF THE GROUP
FOR THE 9 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 SEPTEMBER 2019**

	AS VALMIERAS STIKLA ŠKIEDRA		
	30.09.2019 EUR	30.09.2018 EUR	31.12.2018 EUR
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Software, licenses, patents, trademarks, similar rights	850 626	897 342	871 119
Software in acquisition process	84 888	11 759	94 052
Total intangible assets	935 514	909 101	965 171
Property, plant and equipment			
Land and buildings	9 206 618	10 365 978	10 093 046
Equipment and machinery	42 135 501	36 341 504	42 469 174
Other fixed assets	547 665	7 977 713	654 878
Right-of- use assets	956 029	-	-
Construction in progress	1 423 321	425 612	433 023
Advance payments for fixed assets	858 916	601 026	444 920
Total property, plant and equipment	55 128 050	55 711 833	54 095 041
Non-current financial investments			
Investments in subsidiaries	13 000 000	28 650 521	13 000 000
Loans to subsidiaries	173 988	39 527 363	-
Total non-current financial investments	13 173 988	68 177 884	13 000 000
Total non-current assets	69 237 552	124 798 818	68 060 212
CURRENT ASSETS			
Inventories			
Raw materials	6 255 307	6 850 629	7 219 555
Work in progress	6 168 400	5 418 630	4 796 309
Finished goods	3 924 847	4 029 439	6 663 733
Advance payments for inventories	544 475	438 747	160 701
Total inventories	16 893 029	16 737 445	18 840 298
Debtors			
Trade receivables	4 588 800	5 163 919	4 225 028
Receivables from subsidiaries	-	-	686 771
Amounts due from related parties	10 073 383	35 178 269	1 718
Other receivables	3 112 764	6 312 540	656 994
Deferred expenses	1 206 429	614 962	513 599
Total debtors	18 981 376	47 269 690	6 084 110
Cash and cash equivalents	590 645	606 613	60 455
Total current assets	36 465 050	64 613 748	24 984 863
TOTAL ASSETS	105 702 602	189 412 566	93 045 075

**STATEMENT OF FINANCIAL POSITION OF AS VALMIERAS STIKLA ŠĶIEDRA
FOR THE 9 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 SEPTEMBER 2019**

	AS VALMIERAS STIKLA ŠĶIEDRA		
	30.09.2019	30.09.2018	31.12.2018
LIABILITIES AND EQUITY	EUR	EUR	EUR
SHAREHOLDERS' EQUITY			
Share capital	33 464 487	33 464 487	33 464 487
Foreign currency translation reserve	-	-	-
Other reserves	546 709	546 709	546 709
Total shareholders capital	34 011 196	34 011 196	34 011 196
Retained earnings			
Profit/ (loss) brought forward	(67 289 420)	26 749 746	24 836 472
Profit/ (loss) for the current reporting period	2 843 012	6 235 494	(92 125 893)
Total equity	(30 435 212)	66 996 436	(33 278 225)
LIABILITIES			
Non-current liabilities			
Borrowings from credit institutions	50 872 882	64 879 347	55 426 558
Borrowings from other related parties	16 303 681	8 267 589	4 372 589
Finance leases	-	198	3 895 000
Finance leases from related parties	5 015	114 070	-
Other borrowings	-	-	86 875
Liabilities of right-to-use assets	702 456	-	-
Trade payables	2 763 211	-	-
Payables to other related parties	2 611 229	-	-
Deferred income	2 032 776	2 699 149	2 318 364
Derivative financial instruments	-	220 963	616 514
Total non-current liabilities	75 291 250	76 181 316	66 715 900
Current liabilities			
Borrowings from credit institutions	40 173 360	20 165 481	27 159 727
Borrowings from related companies	-	-	350 000
Finance leases	-	25 866	9 817
Finance leases from related parties	37 460	-	-
Liabilities of right-to-use assets	355 314	-	-
Contract liabilities	160 405	1 378 164	947 023
Trade payables	12 823 164	14 683 898	16 045 019
Payables to subsidiaries	-	3 834 480	3 355 126
Payables to other related parties	996 409	-	3 345 431
Taxes and social security contributions	2 433 820	2 680 341	1 322 667
Other accounts payable	868 548	852 867	886 468
Accrued liabilities	2 617 300	2 517 751	5 805 338
Deferred income	380 784	95 966	380 784
Total current liabilities	60 846 564	46 234 814	59 607 400
Total liabilities	136 137 814	122 416 130	126 323 300
TOTAL EQUITY AND LIABILITIES	105 702 602	189 412 566	93 045 075

**STATEMENT OF FINANCIAL POSITION OF VALMIERA GLASS UK Ltd.
FOR THE 9 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 SEPTEMBER 2019**

	VALMIERA GLASS UK Ltd.		
	30.09.2019	30.09.2018	31.12.2018
	EUR	EUR	EUR
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Land and buildings	786 221	723 072	753 345
Equipment and machinery	1 117 863	1 259 679	1 274 887
Other fixed assets	91 696	107 755	110 590
Right-of- use assets	389 088	-	-
Total property, plant and equipment	2 384 868	2 090 506	2 138 823
Non-current financial investments			
Loans to related parties	7 406 801	4 691 159	6 243 991
Total non-current financial investments	7 406 801	4 691 159	6 243 991
Deferred tax asset	913 789	1 185 653	904 799
Total non-current assets	10 705 458	7 967 318	9 287 613
CURRENT ASSETS			
Inventories			
Raw materials	2 118 695	1 943 901	2 225 621
Work in progress	402 022	479 525	3 433 750
Finished goods	5 440 240	5 600 613	2 220 105
Advance payments for inventories	-	-	132 699
Total inventories	7 960 957	8 024 039	8 012 175
Debtors			
Trade receivables	3 220 970	3 005 792	2 745 697
Amounts due from related parties	427 850	1 696 377	597 269
Other receivables	361 283	-	-
Deferred expenses	183 012	174 525	-
Total debtors	4 193 115	4 876 694	3 342 966
Cash and cash equivalents	2 488	2 674	247 516
Total current assets	12 156 560	12 903 407	11 602 657
TOTAL ASSETS	22 862 018	20 870 725	20 890 270

**STATEMENT OF FINANCIAL POSITION OF VALMIERA GLASS UK Ltd.
FOR THE 9 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 SEPTEMBER 2019**

	VALMIERA GLASS UK Ltd.		
	30.09.2019 EUR	30.09.2018 EUR	31.12.2018 EUR
LIABILITIES AND EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	5 477 066	5 477 066	5 477 066
Share premium	3 104 569	3 104 569	3 104 569
Foreign currency translation reserve	(509 421)	(604 989)	(527 497)
Pension reserve	(1 801 270)	(1 798 083)	(1 700 159)
Total equity attributable to owners of the parent company	6 270 944	6 265 094	6 353 978
Retained earnings			
Profit brought forward	6 181 071	3 984 924	3 984 924
Profit for the current reporting period	2 050 681	1 340 942	1 783 687
Total equity	14 502 696	11 504 429	12 122 590
LIABILITIES			
Non-current liabilities			
Liabilities of right-to-use assets	410 763	-	-
Deferred tax liabilities	587 986	508 359	582 202
Defined benefit obligation	3 695 822	4 563 845	4 372 128
Total non-current liabilities	4 694 571	5 072 204	4 954 330
Current liabilities			
Borrowings from credit institutions	659 299	420 456	665 451
Liabilities of right-to-use assets	11 800	-	-
Trade payables	533 866	654 149	504 562
Payables to subsidiaries	-	724 566	706 979
Payables to other related parties	539 676	-	289 970
Taxes and social security contributions	53 795	45 443	132 996
Other accounts payable	52 391	865 121	-
Accrued liabilities	854 265	626 395	563 172
Defined benefit obligation	959 660	957 962	950 220
Total current liabilities	3 664 752	4 294 093	3 813 350
Total liabilities	8 359 322	9 366 298	8 767 680
TOTAL EQUITY AND LIABILITIES	22 862 018	20 870 725	20 890 270

**STATEMENT OF FINANCIAL POSITION OF P-D VALMIERA GLASS USA Corp.
FOR THE 9 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 SEPTEMBER 2019**

	P-D VALMIERA GLASS USA Corp.		
	30.09.2019	30.09.2018	31.12.2018
	EUR	EUR	EUR
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Software, licenses, patents, trademarks, similar rights	-	79 456	-
Total intangible assets	-	79 456	-
Property, plant and equipment			
Land and buildings	-	3 692 049	-
Equipment and machinery	29 425	3 466 162	-
Other fixed assets	18 288	126 060	-
Right-of-use assets	43 181	-	-
Construction in progress	10 423	86 965 692	-
Advance payments for fixed assets	64 086	1 632 184	56 744
Total property, plant and equipment	165 403	95 882 147	56 744
Non-current financial investments			
Deferred expenses	214 635	214 282	204 119
Total non-current financial investments	214 635	214 282	204 119
Deferred tax asset	1 106 840	-	-
Total non-current assets	1 486 878	96 175 885	260 864
CURRENT ASSETS			
Inventories			
Raw materials	2 746 782	3 551 516	3 594 619
Work in progress	582 216	357 269	145 050
Finished goods	1 234 003	843 301	2 441 630
Advance payments for inventories	226 982	397 227	67 925
Total inventories	4 789 983	5 149 313	6 249 224
Debtors			
Trade receivables	1 486 655	3 309 465	862 950
Amounts due from related parties	443 107	2 512 661	3 137 188
Other receivables	214 295	1 346 974	140 383
Deferred expenses	416 904	(162 485)	596 833
Total debtors	2 560 961	7 006 615	4 737 354
Cash and cash equivalents	1 104 417	6 604 117	41 506
Total current assets	8 455 361	18 760 045	11 028 084
TOTAL ASSETS	9 942 239	114 935 930	11 288 947

**STATEMENT OF FINANCIAL POSITION OF P-D VALMIERA GLASS USA Corp.
FOR THE 9 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 SEPTEMBER 2019**

	P-D VALMIERA GLASS USA Corp.		
	30.09.2019	30.09.2018	31.12.2018
	EUR	EUR	EUR
LIABILITIES AND EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	13 659 471	13 659 471	13 659 471
Foreign currency translation reserve	(4 719 039)	(1 255 366)	(1 973 431)
Other reserves	3 194 690	3 194 690	3 194 690
Retained earnings			
Profit/ (loss) brought forward	(64 601 284)	369 314	369 315
Profit/ (loss) for the current reporting period	(5 771 020)	(8 424 333)	(64 970 599)
Total equity attributable to owners of the parent	58 237 182	7 543 776	(49 720 554)
Non-controlling interest	(51 631 212)	9 462 325	(43 917 688)
Total equity	(109 868 394)	17 006 102	(93 638 242)
LIABILITIES			
Non-current liabilities			
Borrowings from related companies	83 246 145	42 891 906	79 895 915
Borrowings from other related parties	10 132 289	1 106 353	1 118 528
Finance lease	239 226	-	329 282
Liabilities of right-to-use assets	33 225	-	-
Payables to related parties	2 755 074	-	-
Deferred tax liabilities	-	822 389	-
Deferred income	1 305 721	1 491 584	1 383 304
Total non-current liabilities	97 711 680	46 312 232	82 727 029
Current liabilities			
Borrowings from credit institutions	-	2 591 569	2 620 087
Borrowings from related companies	-	-	3 202 443
Finance lease	166 783	-	159 239
Liabilities of right-to-use assets	39 821	-	-
Other borrowings	196 135	184 495	186 525
Contract liabilities	-	3 506 038	2 137 792
Trade payables	8 390 636	7 716 978	9 243 837
Payables to related parties	-	36 847 990	3 150 721
Payables to other related parties	12 148 981	-	646 179
Taxes and social security contributions	19 743	132 123	550 483
Other accounts payable	-	12 300	-
Accrued liabilities	208 924	516 675	192 223
Deferred income	927 930	109 428	110 631
Total current liabilities	22 098 953	51 617 596	22 200 160
Total liabilities	119 810 633	97 929 828	104 927 189
TOTAL EQUITY AND LIABILITIES	9 942 239	114 935 930	11 288 947

**STATEMENT OF PROFIT AND LOSS OF THE GROUP
FOR THE 9 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 SEPTEMBER 2019**

	VALMIERA GLASS GROUP		
	30.09.2019	30.09.2018	31.12.2018
	EUR	EUR	EUR
Sales	99 139 071	91 133 314	114 245 302
Change in inventories	(3 140 186)	959 828	2 642 638
Costs capitalized to non-current assets	-	1 434 655	1 524 807
Other operating income	1 379 074	397 449	2 749 307
Raw materials and consumables	(45 598 286)	(42 463 281)	(56 343 440)
Personnel expenses	(29 306 329)	(29 662 006)	(40 116 935)
Depreciation and amortization	(7 844 890)	(11 282 571)	(14 562 787)
Impairment loss on trade receivables and contract assets	-	-	(64 964)
Other operating expenses	(18 465 136)	(16 936 452)	(125 858 891)
Profit/ (loss) from operations	(3 836 682)	(6 419 064)	(115 784 963)
Interest and similar income	757 074	1 019 466	2 884 408
Interest and similar expenses	(3 766 622)	(2 584 203)	(3 886 432)
Profit/ (loss) before tax	(6 846 230)	(7 983 801)	(116 786 987)
Corporate income tax	751 253	(774 573)	(543 747)
Profit/ (loss) for the period	(6 094 977)	(8 758 374)	(117 330 734)
<i>Attributable to:</i>			
Non-controlling interest	(5 217 650)	(334 041)	(57 804 768)
Owners of the Parent Company	(877 327)	(8 424 333)	(59 525 966)
Earnings per share	(0.0367)	(0.1003)	(2.4903)

STATEMENT OF PROFIT AND LOSS OF AS VALMIERAS STIKLA ŠĶIEDRA**FOR THE 9 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 SEPTEMBER 2019**

	AS VALMIERAS STIKLA ŠĶIEDRA		
	30.09.2019	30.09.2018	31.12.2018
	EUR	EUR	EUR
Sales	71 754 468	71 362 793	90 549 430
Change in inventories	(1 439 029)	(779 125)	1 271 809
Costs capitalized to non-current assets	-	-	-
Other operating income	1 193 770	1 700 131	2 181 097
Raw materials and consumables	(32 414 194)	(32 003 969)	(42 249 879)
Personnel expenses	(16 341 821)	(15 951 587)	(20 982 303)
Depreciation and amortization	(7 278 520)	(7 582 190)	(9 929 512)
Impairment loss on trade receivables and contract assets	-	-	(81 197 964)
Other operating expenses	(9 207 890)	(10 417 768)	(16 212 381)
Profit/ (loss) from operations	6 266 784	6 328 285	(76 569 703)
Interest and similar income	2 317 408	2 528 397	3 144 418
Interest and similar expenses	(5 732 128)	(2 621 188)	(18 542 800)
Profit/ (loss) before tax	2 852 064	6 235 494	(91 968 085)
Corporate income tax	(9 052)	-	(157 808)
Profit/ (loss) for the period	2 843 012	6 235 494	(92 125 893)

STATEMENT OF PROFIT AND LOSS OF VALMIERA GLASS UK Ltd.**FOR THE 9 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 SEPTEMBER 2019**

	VALMIERA GLASS UK Ltd.		
	30.09.2019	30.09.2018	31.12.2018
	EUR	EUR	EUR
Sales	18 813 535	17 803 137	23 225 987
Change in inventories	(144 173)	51 885	58 387
Other operating income	20 506	38 621	76 062
Raw materials and consumables	(10 303 920)	(10 189 427)	(13 118 351)
Personnel expenses	(3 752 873)	(3 731 862)	(5 058 040)
Depreciation and amortization	(334 880)	(226 482)	(239 984)
Other operating expenses	(1 981 807)	(2 344 804)	(2 972 558)
Profit from operations	2 316 388	1 401 068	1 971 503
Interest and similar income	187 979	175 678	255 846
Interest and similar expenses	(141 352)	(84 410)	(67 482)
Profit before tax	2 363 015	1 492 336	2 159 867
Corporate income tax	(312 334)	(146 540)	(376 180)
Profit for the period	2 050 681	1 345 796	1 783 687

**STATEMENT OF PROFIT AND LOSS OF P-D VALMIERA GLASS USA Corp.
FOR THE 9 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 SEPTEMBER 2019**

	P-D VALMIERA GLASS USA Corp.		
	30.09.2019	30.09.2018	31.12.2018
	EUR	EUR	EUR
Sales	20 245 979	19 215 409	23 416 221
Change in inventories	(1 257 738)	811 661	1 787 130
Costs capitalized to non-current assets	-	1 434 655	1 524 807
Other operating income	651 241	1 917 139	1 692 148
Raw materials and consumables	(14 919 138)	(16 526 118)	(21 571 703)
Personnel expenses	(9 211 635)	(9 978 557)	(14 076 591)
Depreciation and amortization	(231 489)	(3 473 899)	(103 813 038)
Other operating expenses	(7 761 880)	(7 432 323)	(11 357 519)
Profit/ (loss) from operations	(12 484 660)	(14 032 033)	(122 398 545)
Interest and similar income	2 144 444	946 220	2 094 303
Interest and similar expenses	(1 785 900)	(1 433 887)	(2 461 282)
Profit/ (loss) before tax	(12 126 116)	(14 519 699)	(122 765 524)
Corporate income tax	1 072 639	(628 033)	(9 760)
Profit/ (loss) for the period	(11 053 477)	(15 147 732)	(122 775 284)
<i>Attributable to:</i>			
Non-controlling interest	(5 282 457)	(6 362 048)	(58 022 195)
Owners of the Parent	(5 771 020)	(8 785 685)	(64 753 090)

**STATEMENT OF CHANGES IN EQUITY OF THE GROUP
FOR THE 9 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 SEPTEMBER 2019**

GROUP

	Share capital	Revaluation reserve	Other reserve	Retained earnings	Total	Non-controlling interest	Total equity
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
31.12.2017	33 464 487	(3 084 475)	(3 145 849)	32 260 584	59 494 747	7 642 772	67 137 519
Current year profit/ (loss)	-	-	-	(2 396 326)	(2 396 326)	(6 362 048)	(8 758 374)
Contributions from non-controlling interest	-	-	3 147 495	-	3 149 495	8 140 518	11 288 013
<i>Exchange differences on translating foreign operations</i>	-	1 909 746	-	-	1 909 746	256 460	2 166 206
30.09.2018	33 464 487	(1 174 729)	1 646	29 864 258	62 155 662	9 677 702	71 833 363
31.12.2018	33 464 487	(4 197 551)	(3 000 141)	(24 809 337)	1 457 458	(44 749 801)	(43 292 343)
Current year profit/ (loss)	-	-	-	(877 327)	(877 327)	(5 282 457)	(6 159 784)
<i>Exchange differences on translating foreign operations</i>	-	(1 230 684)	-	-	(1 230 684)	(1 232 167)	(2 462 851)
30.09.2019	33 464 487	(5 428 234)	(3 000 141)	(25 686 665)	(650 553)	(51 264 425)	(51 914 978)

**STATEMENT OF CASH FLOWS OF THE GROUP
FOR THE 9 MONTHS PERIOD OF FINANCIAL YEAR 2019 ENDED 30 SEPTEMBER 2019**

	VALMIERA GLASS GROUP		
	30.09.2019	30.09.2018	31.12.2018
	EUR	EUR	EUR
Cash flows from operating activities			
Profit/ (loss) before tax	(6 846 230)	(7 983 801)	(116 786 987)
<i>Adjustments:</i>			
Change in fair value of derivative	-	83 420	478 971
Depreciation and amortization	7 844 890	11 282 571	113 904 678
Profit/ (loss) from disposal of fixed assets, net	-	(105 650)	-
Increase in allowances for doubtful receivables	-	-	64 964
Increase in accruals for warranty claims	-	-	2 620 087
Interest expenses	3 029 584	2 352 455	-
Interest income	(2 536)	(212 096)	-
Change in pension plan liabilities, net	(296 866)	-	(772 716)
Changes in working capital:			
Change in inventory	3 234 623	(2 688 661)	(6 643 974)
Change in receivables	(7 343 838)	(3 486 513)	4 484 482
Change in payables	(6 992 214)	(403 275)	(1 027 866)
Cash provided by operating activities	(7 472 587)	(1 161 550)	(3 678 361)
Cash flows from investing activities			
Purchase of fixed and intangible assets	(700 924)	(10 809 401)	(12 777 583)
Loans to related parties	-	2 400 000	-
Interest received	-	212 096	-
Net cash used in investing activities	(700 924)	(8 197 305)	(12 777 583)
Cash flows from financing activities			
New share issue and share issue premium	-	-	8 733 624
Income from non-controlling interest contribution	-	8 639 000	-
Loans and credit line received/ (repaid), net	12 697 277	7 342 627	5 101 598
Change in finance lease liabilities, net	(146 110)	(108 471)	336 608
Interest paid	(3 029 584)	(1 934 489)	-
Net cash (used in) / provided by financing activities	9 521 583	13 938 667	14 171 830
Net change in cash and cash equivalents	1 348 072	4 579 812	(2 284 114)
Cash and cash equivalents at the beginning of the reporting period	349 477	2 633 591	2 633 591
Cash and cash equivalents at the end of the reporting period	1 697 549	7 213 404	349 477

**NOTES TO THE FINANCIAL STATEMENTS OF THE GROUP AND THE COMPANY
FOR THE 9 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 SEPTEMBER 2019**

1. GENERAL INFORMATION

The Company is registered as a joint stock company in the Commercial Register of the Republic of Latvia. The principal activity of the Group 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 USA Trading 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. RIGHT-OF-USE ASSETS AND LIABILITIES

Starting 1 January 2019 the Group recognises leases according to the standard IFRS 16 Leases. IFRS 16 introduces a new single lessee accounting model and therefore, leases are no longer classified either operating or finance leases as it was required according to IAS 17.

IFRS16 eliminates the current dual accounting model for lessees and instead requires companies to bring most leases on-balance sheet under a single model, eliminating the distinction between operating and finance leases. Under the Standard, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For such contracts, the new model requires a lessee to recognise a right-of-use asset and a lease liability. The right-of-use asset is depreciated and the liability accrues interest. This result in a front-loaded pattern of expense for most leases, even when the lessee pays constant annual rentals.

As a result of the change in the accounting policies, lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Furthermore, a lessee is required to recognise depreciation of lease assets separately from interest on lease liabilities in the income statement.

On 1 January 2019 the Group applied a simplified transition approach and did not restate comparative amounts for the year prior to the first adoption. Lease commitments existing at the date of implementation, which had so far been recognised as operating leases, were measured on transition at the discounted value of their remaining lease payments, using the effective interest rate as of 1 January 2019. Right-of-use assets were measured at the amount of the lease liability on adoption.

4. SHARE CAPITAL

The share capital as of September 30, 2019 consists of 23,903,205 publicly listed bearer shares, all with equal rights.

The shareholders as at September 30, 2019 and September 30, 2018 were as follows (according to Nasdaq CSD data):

	Percentage of investment (%) 30.09.2019	Percentage of investment (%) 30.09.2018
Corvalis GmbH	11.97	11.97
P-D Glasseiden GmbH Oschatz	26.07	26.07
P-D Management Industries-Technologies GmbH	23.93	23.93
Preiss-Daimler Beatrix	9.42	9.40
P-D Aircraft Composites GmbH	18.83	18.82
Other shareholders (less 5% ownership interest)	9.78	9.81
Total	100.00	100.00

**CRAFTING
THE IMPOSSIBLE**