

**JOINT STOCK COMPANY**

**‘KURZEMES ATSLEGA 1’**

**LV40003044007**

**FINANCIAL REPORT FOR FIRST 6 MONTHS  
OF THE YEAR 2020  
(NON-AUDITED)**

## Contents

<b>1. Information on enterprise .....</b>	<b>3</b>
<b>2. Report of Direction and Statement of responsibility of direction .....</b>	<b>4</b>
<b>3. Balance sheet .....</b>	<b>7</b>
<b>4. Profit and loss account.....</b>	<b>9</b>
<b>5. Cash flow statement .....</b>	<b>10</b>
<b>6. Statement of changes in equity .....</b>	<b>11</b>
<b>7. Accounting policy.....</b>	<b>12</b>
<b>8. Information for the ‘Balance sheet’.....</b>	<b>15</b>
<b>9. Information for the ‘Profit and loss account’.....</b>	<b>20</b>

## 1.Information on enterprise.

<b>Name</b>	<b>” KURZEMES ATSLĒGA 1”</b>
<b>Legal status</b>	<b>Joint stock company</b>
<b>Registration number, place and date</b>	<b>40003044007,Riga, 29.11.1991</b>
<b>Register</b>	<b>Registration in the Commercial on 11 June 2004</b>
<b>Legal address</b>	<b>27 Kalvenes str.,Aizpute,LV3456</b>
<b>Main activities: NACE 2.red</b>	<b>2572-door locks,ironware,furniture fittings</b>
<b>Shareholders an their shares %</b>	<b>JSC”Kurzemes atslega”- 48,36% Olivers Wiederholds – 17,22% SIA”Aizputes atslegas” – 15,26 % Others –19.16%</b>
<b>Members of Supervisory Council</b>	<b>Guntars Stekjānis – Chairman of Supervisory Council Rolands Livmanis - Member of Supervisory Council Irēna Burve - Member of Supervisory Council Ilgvars Jurjāns - Member of Supervisory Council Daiga Lankovska – Member of Supervisory Council</b>
<b>Members of Board</b>	<b>Peteris Fridenbergs-Chairman of Board Aiga Ozola –Member of Board Voldemārs Magone –Member of Board</b>
<b>Cief account</b>	<b>Irēna Burve</b>
<b>Reporting period</b>	<b>01.01.2020 – 30.06.2020</b>
<b>Previous reporting period</b>	<b>01.01.2019 – 30.06.2019</b>
<b>Auditors</b>	<b>Certified auditors office Gatis Sviklis Lāsma Svikle SIA Licence No. 181 Certified auditor in charge Gatis Sviklis,Certificate No. 202</b>

## Managerial report

### Company's action during reporting period

In the 1st half of 2020, the type of activity of the joint stock company "KURZEMES ATSLĒGA 1" has not changed in comparison with previous periods. Keys, locks and hardware products, furniture fittings, metal forgings, technological equipment, etc. are produced.

The net turnover in the 1st half of 2020 is 595926 EUR, in comparison with the 1st half of 2019 the net turnover has decreased by 33.9 % or 305511 EUR.

The volume of sold products is divided as follows:

- sales in the Latvian market - 59.1 % or 352363 EUR. This is by 155618 EUR less than in the 1st half of 2019 .
- sales in the EU - 39.6 % or 236057 EUR, which is 86234 EUR less than in the 1st half of 2019.
- export - 1.3% or 7506 EUR. This is by 63659 EUR less than in the 1st half of 2019.

In the 6 months of 2020, the average number of employees is 73 , in the 6 months of 2019 the average the number of employees was 77 employees .

### Financial results and financial position of the company.

The 1st half of 2020 was closed with a loss of 179 614 EUR.

Loss per share is 0.20 EUR

**Liquidity** (solvency, ability to repay its current liabilities on time and in full):

- Total liquidity ratio 2.1
- Intermediate liquidity ratio 0.4
- Absolute liquidity ratio 0.03

**Liabilities or solvency ratios** (Company's ability to cover short-term and long-term liabilities):

- Proportion of liabilities in the balance sheet 0.18
- Liabilities to equity ratio 0.23

As at 30 June 2020, the Company's current assets exceeded its current liabilities by EUR 412,283.. The company provides its financial activities mainly with its own funds, it has a credit line in a Bank with a limit of EUR 37,000 and a short-term loan of EUR 50,000.

The Company will have sufficient resources to provide its liquidity

### Financial risk management .

The main financial risks associated with the Company's financial instruments are interest rate risk, liquidity risk and credit risk.

#### **Interest rate risk**

The Company is exposed to interest rate risk primarily through short-term credit facilities and borrowings from other companies. Borrowings are small compared to equity. Both fixed and variable loan interest rates are applied .

#### **Liquidity risk**

The Company controls its liquidity risk by maintaining an adequate amount of cash or providing adequate funding through a credit line provided by the Bank .

#### **Currency risk**

The Company is exposed to foreign currency risk related to the US dollar. In order to control the currency risk, the company plans to purchase the necessary material resources in the currency.

***Credit risk***

The Company is exposed to credit risk through its trade receivables. The Company controls its credit risk by constantly reviewing the repayment history of its customers and setting credit terms for each customer individually. In addition, the Company monitors receivables to reduce the possibility of bad debts

**Future development of society and future prospects.**

Work is underway to expand the sales market, but despite the progress made, sales volumes have been declining for several years in a row. As a result, profitability also decreases. The Board believes that the company's operations are jeopardized by the production of existing products and that investments are insufficient to acquire new products.

In March 2020, restrictions related to the spread of COVID-19 entered into force in the Republic of Latvia and many other countries, which significantly reduced the economic development in the country and in the world.

In March and April 2020, our company cut off supplies to EUR countries and exports, as well as decreased turnover in Latvia, as a result of which the Company's turnover in the 1st half of 2020 decreased by 33.9% compared to the 1st half of the previous year.

As the company's production is related to production of goods, there is no possibility to work remotely.

Starting from July 2020, orders from EU member states are growing rapidly. It is not predictable how the situation will develop in the future, and therefore there is uncertainty about economic development. The company's management constantly evaluates the situation. Currently, the Company complies with all state restrictions.

If the restrictions are not tightened in the future, then it is possible that in 2020 the Company will operate at a loss, but will survive.

Board of JSC "KURZEMES ATSLEGA 1"

**Chairman of the Board:** **Peteris Fridenbergs**

**Board members:** **Voldemārs Magone**

**Aiga Ozola**

**Aizpute , August 31,2020**

**Statement of responsibility of direction.**

Non-audited report of the first 6 months 2020 and a report of board are prepared being guided by the kindest conscience and good accounting practice. The accounting period is estimated being based on all information known to us at the moment of preparation of the financial report . Financial report gives a real and clear idea about assets, liabilities, financial situation and profits.

Responsibility for non-audited report of the first 6 months 2020 bears the Board of joint stock company “KURZEMES ATSLEGA 1”.

The Board of AS “KURZEMES ATSLEGA 1”:

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Chairman of the Board      Peteris Fridenbergs

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Member of the Board      Voldemārs Magone

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Member of the Board      Aiga Ozola

## BALANCE SHEET FOR 6 MONTHS OF 2020

<b>ASSETS</b> 1	<b>Row code</b>	<b>30.06.2020</b> <b>EUR</b>	<b>30.06.2019</b> <b>EUR</b>
<b>1.LONG TERM INVESTMENT</b>			
1.Expenses of development		0	0
2.Concessions, patents, licenses	1	528	663
<b>Total</b>		<b>528</b>	<b>663</b>
<b>I. Intangible fixed assets</b>			
<b>II. Fixed assets</b>			
1. Land, building.		472825	487852
2.Equipment and machinery		37265	50945
3.Other fixed assets		6150	6896
4.Fixed assets development costs		5822	5822
5.Prepayment for fixed assets		0	0
<b>II Total fixed assets</b>	<b>2</b>	<b>522062</b>	<b>551515</b>
1.Total LONG TERM INVESTMENT		<b>522590</b>	<b>552178</b>
<b>2.CURRENT ASSETS</b>			
<b>1. Inventories</b>			
1.Raw materials		311796	333774
2.Work in progress		168807	243944
3.Finished goods and goods for sale		107843	74891
5.Advance payment for goods		42480	43736
<b>I. Total inventories</b>	<b>3</b>	<b>630926</b>	<b>696345</b>
<b>II. Debtors</b>			
1.Trade debtors	4	133797	228459
4.Other debtors	5	5198	9162
7.Deferred expenses		0	0
<b>II. Total debtors</b>		<b>138995</b>	<b>237621</b>
<b>III. Securities and capital participation</b>			
<b>IV . Cash</b>	<b>6</b>	<b>9193</b>	<b>9602</b>
<b>2.Total current assets</b>		<b>779114</b>	<b>943568</b>
<b>Total assets</b>		<b>1301704</b>	<b>1495746</b>

<b>LIABILITIES</b> <b>1</b>	<b>Row code</b>	<b>30.06.2020</b>	<b>30.06.2019</b> <b>EUR</b>
<b>1.CAPITAL</b>			
1.Share capital	7	1285401	1285401
3.Revaluation reserve		0	0
4.Reserves			
a)legal reserves		21000	21000
<b>4.Total reserves</b>			
5.Retained profit			
a) previous years retained profit		(191982)	20240
b)current year profit		(179546)	(91692)
<b>1Total Capital and reserves</b>		<b>934873</b>	<b>1234949</b>
<b>2.PROVISIONS</b>			
<b>3.CREDITORS</b>			
<b>1.Long term creditors</b>			
Other loans		0	0
.Amounts payable to associated companies		0	0
<b>1.Total long term creditors</b>		<b>0</b>	<b>0</b>
<b>2.Short-term creditors</b>			
3. Other loans		50000	0
4. Bank loan	8	11194	25953
5.Advances received from customers	9	26579	20639
6.Trade creditors	10	121025	99157
8.Amounts payable to associated companies	11	27153	30317
10.Taxes and social security payments	12	74394	25103
11.Other creditors	13	22130	24855
Deferred income			
Deferred liabilities		34356	34773
<b>2.Total short-term creditors</b>		<b>366831</b>	<b>260797</b>
<b>3.Total creditors</b>		<b>366831</b>	<b>260797</b>
Total liabilities		<b>1301704</b>	<b>1495746</b>

Chairman of Board:

Pēteris Frīdenbergs

Members of Board :

Voldemārs Magone

Members of Board :

Aīga Ozola

Chief accountant

Irēna Burve

## Profit and loss account

N.	Item	line No	30.06.2020	30.06.2019
			EUR	EUR
1	Net sales	14	595926	901437
2	Cost of sales	15	(708140)	(932062)
3	Gross profit or loss		<b>(112214)</b>	<b>(30625)</b>
4	Distribution expenses	16	(24395)	(22269)
5	Administration expenses	17	(40129)	(42087)
6	Other operating income	18	8069	13741
7	Other operating expenses	19	(10332)	(9570)
8	Interest paid and similar expense		(613)	(625)
9	<b>Operating profit</b>		<b>(179614)</b>	<b>(91435)</b>
10	Extraordinary income		0	0
11	Extraordinary expenses		0	0
12	<b>Profit or loss before taxes</b>		<b>(179614)</b>	<b>(91385)</b>
13	Corporate income tax		0	(257)
14	Other taxes		0	0
15	<b>Net profit or loss for the year</b>		<b>(179614)</b>	<b>(91692)</b>

Chairman of Board:

Pēteris Frīdenbergs

Members of Board :

Voldemārs Magone

Members of Board :

Aiga Ozola

Chief accountant

Irēna Burve

**Cash flow statement.**  
(Cash flow statement, prepared using indirect method)

Indices	Appendices	30.06.2020.	30.06.2019.
		EUR	EUR
<b>I. Operation activities</b>			
1. Profit or loss before extraordinary items and taxes.		(179614)	(91384)
Correction			
s:			
a) Wear and tear of fixed assets;		14349	16590
b) Write- down of intangible assets		80	50
c) Formation of reserves (except the reserves for unreliable debt);			
d) Profit or loss from fluctuation of foreign currency exchange rate;		(364)	(142)
e) Interest payments and similar expenses		613	625
2. Profit or loss before corrections of effects of changes of current assets and short-term liabilities		(164396)	(74261)
Adjustments:			
a) Increase or decrease of residues of debts of debtors;		6299	(31854)
b) Increase or decrease of residues of resources;		49010	109425
c) Increase or decrease of remains of debts to be paid to suppliers, contractors and other creditors.		76471	(4989)
3. The gross cash flow of basic activity.		(33156)	(1679)
4. Expenses for payments of enterprise income tax		0	(257)
5. Expenses for fixed asset tax payments		0	0
<b>6. The net cash flow of basic activity</b>		<b>(33156)</b>	<b>(1936)</b>
<b>II. Investing activities</b>			
1. Purchase of shares or parts of related or associated enterprises.		(830)	0
<b>9. Net cash flow used in investing activities</b>		<b>(830)</b>	<b>0</b>
<b>III. Financing activities</b>			
2. Loans received		38259	10077
3. Financial aids, pump-priming, presents or donations received			
4. Expenses for repayment of loans		(613)	(625)
<b>7. Net cash flow of financing activity</b>		<b>3660</b>	<b>7516</b>
<b>IV. The result of exchange rate fluctuations of foreign currency.</b>		<b>364</b>	<b>142</b>
<b>V. The net cash flow of year of account</b>		<b>4024</b>	<b>7658</b>
<b>VI. The remainder of currency and its equivalents at the beginning of year of account.</b>		5169	1944
<b>VII. The remainder of currency and its equivalents at the end of year of account.</b>		9193	9602

## STATEMENT OF CHANGES IN EQUITY

	30.06.2020	31.12.2019
	EUR	EUR
<b><u>Share capital</u></b>		
Amount indicated in the balance sheet of the previous year	1285401	1285401
Amount indicated at the end balance sheet of the balance sheet of the financial year	1285401	1285401
<b><u>Reserves</u></b>		
Amount indicated in the balance sheet of the previous year	21000	21000
Reserves decrease trough the share capital	0	0
Amount indicated at the end of the period in the balance sheet of the financial year	21000	21000
<b><u>Retained earnings</u></b>		
Amount indicated in the balance sheet of the previous year	(191981)	20240
Increase/decrease in retained earnings	(179546)	(212221)
Amount indicated at the end of the period in the balance sheet of the financial year	(371527)	(191981)
<b><u>Equity</u></b>		
Amount indicated in the balance sheet of the previous year	1114420	1326641
Amount indicated at the end of the period in the balance sheet of the financial year	934873	1114420

## Notes

### Accounting policies

#### (a) Information on the Company

The legal address of AS "KURZEMES ATSLĒGA 1" is Kalvenes iela 27, Aizpute, Aizputes novads, LV-3456. The Company is registered in Commercial Register with common registration number 40003044007. The Company's shareholders are AS "Kurzemes atslēga" (48.36%), Wiederhold Oliver Kai (17.22%), SIA "Aizputes atslēgas" (15.26), and others (19.16%). The Board of the Company consists of Pēteris Frīdenbergs (Chairman of the Board), Aiga Ozola (Member of the Board) and Voldemārs Magone (Member of the Board). The Company's auditor is the certified audit company Revidentu birojs Gatis Svīklis Lāsma Svīkle SIA and certified auditor in charge Gatis Svīklis.

#### (b) Financial statements preparation basis

Financial statements are prepared in accordance with the Law on Accounting and Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia and based on MK rules No. 775 Application rules of Law on Annual Reports and Consolidated Annual Reports, prepared on a going concern basis. In accordance with section 3, subsection (6) of the Law on Annual Reports and Consolidated Annual Reports, the Company is classified as a large company. The shares of the Company are listed on NASDAQ stock exchange.

The profit and loss account is classified by function of expense.

Cash flow statement is prepared using indirect method.

Accounting policies used by the Company are consistent with those used in the previous reporting period.

#### (c) Going concern

The financial result of the operations of the Company in 2020 was a loss of 179614 EUR. As at 30.06.2020 the Company's current assets exceeded its current liabilities by 412283 EUR and the Company had a positive shareholders' equity of 934873 EUR. Therefore the management considers that the Company will not have liquidity problems and it will be able to settle the liabilities as they fall due. Therefore the management of the Company considers that the going concern basis is applicable in the preparation of these financial statements.

#### (d) Net sales and income recognition

Net sales represent the total of goods and services sold during the year net of discounts and value added tax. Sales of goods are recognised when the customer has accepted the goods in accordance with the goods delivery terms. Sales of services are recognised in the accounting period in which the services are rendered. Dividend income is recognised when the right to receive payment is established.

#### (e) Currency unit and revaluation of foreign currency

All amounts in these financial statements are expressed in the Latvian official currency - euro (EUR).

Foreign currency transactions have been translated into euro applying the exchange rate valid at the beginning of the day of transaction determined by the conversion procedure between central banks of the European System of Central Banks and other central banks and which is published on the European Central Bank's website.

On the last day of the reporting period all monetary assets and liabilities were translated into euros in accordance with the rates (at the end of the day) published on the European Central Bank's website.

	<b>30.06.2020</b> <b>EUR</b>	<b>30.06.2019</b> <b>EUR</b>
1 USD	1.1284	1.138

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

**Notes** (continued)

**Accounting policies** (continued)

**(f) Intangible assets and fixed assets**

Intangible assets and fixed assets are recorded at historical cost or net of accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the intangible assets and fixed assets. The cost of software licences includes the purchase cost and costs related to their implementation in use.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives using the following rates set by management:

	<b>% per annum</b>
Intangible assets	20
Transmission devices	5
Buildings	2
Technological equipment	10 - 14.3
Other fixtures and fittings, motor vehicles	10 - 20

Where the carrying amount of an intangible or a fixed asset exceeds its estimated recoverable amount, it is written down immediately to its recoverable amount. Recoverable amount is the higher of the fair value less costs to sell and the value in use of the related intangible or fixed asset.

Subsequent costs are included in the asset's carrying amount or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Such costs are depreciated over the remaining useful life of the related asset. When capitalising the cost of mounted spare parts, the carrying value of the part replaced is written off to the profit and loss account.

Repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Leasehold improvements are amortised on a straight-line basis over the shorter of the estimated useful life of the leasehold improvement and the term of the lease.

Gains or losses on disposals are determined by comparing carrying amount with proceeds and are charged to the profit and loss account during the period in which they are incurred.

**(g) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. When the net realisable value of inventories is lower than its cost, provisions are created to reduce the value of inventories to its net realisable value.

**(h) Accounts receivable**

Accounts receivable are recorded in the balance sheet at their amortised cost less provisions for impairment. Provisions for impairment are established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provisions for impairment is the difference between the amortised cost and the recoverable amount. The amount of the provision is recognised in the profit and loss account.

**(i) Borrowings**

Borrowings are recognised initially at the proceeds received net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account or in accordance with fixed asset accounting policy capitalised as part of the cost of fixed assets under construction over the period of borrowings.

**Notes (continued)**

**Accounting policies (continued)**

**(j) Taxation**

Corporate income tax for the reporting period is included in the financial statements based on the management's calculations prepared in accordance with Latvian Republic tax legislation.

Corporate income tax is calculated on the basis of distributed profit (20/80 of the net amount payable to shareholders). Corporate tax on distributed profit will be recognized when the shareholders of the Company make a decision about profit distribution.

The Company calculates and pays corporate income tax also for the conditionally distributed profit (20/80 of calculated taxable base), which includes taxable objects in accordance with the Corporate Income Tax law, such as the expenditure not related to economic activity, the doubtful debts of debtors and the loans to the related parties, if they meet criteria provided in the Corporate Income Tax law, as well other expenses exceeding statutory limits for deduction. Corporate income tax for the conditionally distributed profit is recognized in the profit or loss statement in the year for which it is assessed. Corporate income tax for the distributed profit and corporate income tax for the conditionally distributed profit is included in the profit and loss statement line item "Corporate income tax for the reporting year" and disclosed by the components in the notes to the financial statements.

**(k) Accrued unused annual leave expenses**

Amount of accrual for unused annual leave is determined by multiplying the average daily wage of employees for the last six months of the reporting year by the amount of accrued but unused annual leave at the end of the reporting year.

**(l) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, balances of current account with banks and other highly liquid investments with original maturities up to 90 days.

**(m) Related parties**

Related parties are defined as Company's shareholders, members of the Executive Board and Supervisory Board, their close relatives and companies in which they have a significant influence or control.

1. Information for the "Balance sheet".

	<b>Concessions, patents Licences, trademarks And similar rights EUR</b>	<b>Total EUR</b>
Purchase value 31.12.2019.	6 674	6 674
Additions	0	0
<b>Purchase value as at 30.06.2020.</b>	<b>6 674</b>	<b>6 674</b>
<b>Depreciation as at 31.12.2019.</b>	<b>(6066)</b>	<b>(6066)</b>
Calculated	(80)	(80)
<b>Depreciation as at 30.06.2020</b>	<b>(6 146)</b>	<b>(6 146)</b>
<b>Residual balance 31.12.019.</b>	<b>608</b>	<b>608</b>
<b>Residual balance 30.06.2020.</b>	<b>528</b>	<b>528</b>

**(2) .Fixed assets**

	<b>Land Buildings</b>	<b>Technological equip</b>	<b>The rest capital assets</b>	<b>origination of capital assets</b>	<b>Total</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Purchase prices					
31.12.2019.	1012277	1063337	115832	5822	<b>2197268</b>
Additions	0	0	830	0	<b>830</b>
<b>30.06.2020.</b>	<b>1012277</b>	<b>1063337</b>	<b>116662</b>	<b>5822</b>	<b>2198098</b>
Depreciation					
31.12.2019.	(531938)	(1 019953)	(109796)	-	<b>(1661687)</b>
Calculated	(7514)	(6119)	(716)	-	<b>(14349)</b>
Disposed	-	-	-	-	<b>-</b>
<b>30.06.2020</b>	<b>(539452)</b>	<b>(1 026072)</b>	<b>(110512)</b>	<b>-</b>	<b>(1676036)</b>
<b>Residual balance 31.12.2019.</b>	<b>480 339</b>	<b>43 384</b>	<b>6 036</b>	<b>5 822</b>	<b>535 581</b>
<b>Residual balance 30.06.2020.</b>	<b>472825</b>	<b>37265</b>	<b>6150</b>	<b>5822</b>	<b>522062</b>

**(3) Rawv materials,direct and consumables**

	<b>30.06.2020.</b>	<b>30.06.2019.</b>
	<b>EUR</b>	<b>EUR</b>
Raw materials	120143	131049
Low-value materials and inventory	24770	25300
Press-form	166883	177549
Finished products in warehouse	168807	243944
Goods in store	107843	74892
Advance payment for goods	42480	43611
	<b>630926</b>	<b>696345</b>

**(4) . Trade debtors**

Trade debtors accounting value	189102	246863
Provisions doubtful debt	(55306)	(18404)
	<b>133797</b>	<b>228459</b>

**(5). Other debtors**

	<b>30.06.2020.</b> <b>EUR</b>	<b>30.06.2019.</b> <b>EUR</b>
The overpaid taxes	-	215
Personnel debts	51	168
Public utilities payment	12	2060
Other debts	5135	6719
	<u><b>5198</b></u>	<u><b>9162</b></u>

**(6)Cach**

	<b>30.06.2020.</b> <b>EUR</b>	<b>30.06.2019.</b> <b>EUR</b>
Cach at bank	8470	8994
Cach in hand	723	608
	<u><b>9193</b></u>	<u><b>9602</b></u>

(7). The Company's share capital amounts to 1 285 401 EUR as of 30.06.2020 ,and it consists of 918 144 shares. The nominal value of each share is 1.40 EUR. The Company's share capital amounts to 1 285 401 EUR as of 31 December 2019 and it consists of 918 144 shares. The nominal value of each share is 1.40 EUR.

	<b>30.06.2020</b>			<b>31.12.2019</b>		
	<b>% from share capital</b>	<b>Amount of sares</b>	<b>EUR</b>	<b>% from share capital</b>	<b>Amount of shares</b>	<b>EUR</b>
Bearer shares – public	71.5%	656 356	918 898	71.5%	656 356	918 898
Closed-issue shares (ordinary shares with volting rights)	28.5%	261 788	366 503	28.5%	261 788	366 503
	<u><b>100%</b></u>	<u><b>918 144</b></u>	<u><b>1 285 401</b></u>	<u><b>100%</b></u>	<u><b>918 144</b></u>	<u><b>1 285 401</b></u>

**Shareholders as of 30.06.2020 and their positions**

	<b>Position in Company</b>	<b>% from share capital</b>
AS"Kurzemes atslēga"	Shareholder	48.36%
Olivers Wiederholds	Shareholder	17.22%
SIA "Aizputes atslēgas"	Shareholder	15.26%
Others	Shareholder	19.12%
Pēteris Frīdenbergs	Chairman of the Board	0.04%
		<u>100%</u>

Other members of the Board and the Supervisory Board do not possess the shares of the Company.

**Notes** (continued)**Share capital** (continued)

Information pursuant to the requirements set out in Financial Instrument Market Law section 56.1 - information to be additionally included in the financial statements:

<b>Regulatory requirements</b>	<b>Compliance</b>
Information on the capital structure, share categories, the rights and obligations arising from each category of the shares and the percentage of the share capital, by specifying separately the number of the shares which are not included in regulated markets	Total amount of issued shares are 914 144. 656 356 are bearer' shares, which are circulated in the regular market. 261 788 are registered ordinary shares with voting rights.
Details on the restrictions applicable to share transfers or the need to get the consent of the Company or other shareholders for the alienation of the shares	None
Persons who have directly or indirectly acquired a substantial holding in the Company, as well as their interests	AS "Kurzemes atslēga" 48,36%
Shareholders who have special control rights; description of the rights	None
The manner in which the Company will use the voting rights arising from the shares of employees if they are not used by employees themselves	Such category of shares does not exist
Voting limitations in case of the maximum voting rights are set, independently of the amount of voting shares owned, as well as the shareholder rights to share of profit, which is not related to the shares directly proportionally owned by them and other similar limitations	None
Shareholders' agreement, which is known to the Company and can result in restrictions on the transfer of the shareholders' equity or voting rights to other persons, including the terms and conditions providing for a prior approval of such transfer	None
Terms governing the election of Board members, changes in the composition of the Board and amendments of Articles of Association	In accordance with the Articles of Association and legislative requirements.
The authority of the members of the board, including the authority to issue or to repurchase shares	The authority of the members of the board is determined in the Commercial Law. The members of the Board are not authorised to issue or to repurchase shares without the authorisation of the shareholders' meeting.
All significant agreements and contracts, concluded by the Company under which in the case of change of the control they will become effective, the term of which will expire or which will be modified, as well as the effect of their entry into force, termination or amendment	None
All agreements between the Company and its members of the board, providing for the payment of compensation in the event of the loss of the office, when they are dismissed without sufficient case or when they are dismissed after expressing the offer to repurchase the shares.	None

**(8) Loans from credit institutions**

	<b>30.06.2020.</b>	<b>30.06.2019.</b>
	<b>EUR</b>	<b>EUR</b>
Borrowing from AS Luminor (credit line):		
- short-term part – repayable within 1 year	11194	25953
	<u><b>11194</b></u>	<u><b>25953</b></u>

On 22 August 2019 the Company prolonged the credit line agreement amounting to 47,000 EUR for one more year. Interest is payable based on EURIBOR + 5% p.a. The Company's inventories amounting to 630926 EUR, have been pledged as collateral towards AS Luminor. The collateral agreement was signed on 26 August 2009.

**(9) Advances from customers.**

	<b>30.06.2020.</b>	<b>30.06.2019</b>
	<b>EUR</b>	<b>EUR</b>
Latvian customers	2698	1015
Foreign customers	23881	19624
	<u><b>26579</b></u>	<u><b>20639</b></u>

**(10) Trade creditors .**

Latvian creditors	109540	81224
Foreign creditors	11485	17933
	<u><b>121025</b></u>	<u><b>99157</b></u>

**(11) Accounts payable to affiliated companies.**

AS "Kurzemes atslēga"	27153	30317
	<u><b>27153</b></u>	<u><b>30317</b></u>

**(12) Taxes and the state compulsory social insurance contributions.**

Value added tax	1035	5180
Value added tax (postponed due to COVID-19 crisis)	16364	0
Personal income tax	5765	4884
Personal income tax (postponed due to COVID -19 crisis)	5382	0
State compulsory social insurance contributions	12479	14812
State compulsory social insurance contributions(postponed due to COVID-19 crisis)	30574	0
Other tax	2795	227
	<u><b>74394</b></u>	<u><b>25103</b></u>

(13) Other creditor.

Kind of creditors	30.06.2020 EUR	30.06.2019 EUR
Wages for June	20487	22776
Other creditors	1320	1323
Harm recompense	323	756
<b>Total</b>	<b>22130</b>	<b>24855</b>

Information for the "Profit and loss account".

(14) Net sales

<b>Modus operandi</b>	30.06.2020 EUR	30.06.2019 EUR
Incomings from production of locks and ironmongery	556140	862255
Incomings from rendering of services	39786	39182
<b>Total:</b>	<b>595926</b>	<b>901437</b>

(15) Production costs of sales.

<b>The main elements of expenses</b>	30.06.2020 EUR	30.06.2019 EUR
Material costs	303616	445478
Wages	196711	232203
Obligatory payments of the state social insurance	46502	55140
Electrical energy	38568	46549
Costs of depreciation of fixed	14349	16590
The rest of expenses	34915	58215
Import duty	555	1570
Services received	13438	7507
<b>Expenses in total</b>	<b>648654</b>	<b>863252</b>
Correction of expenses		
Changes of remains of unfinished production	85096	60848
Changes of remains of self-made punches, molds and materials	0	(475)
Changes of remains of complete product	(25610)	8437
<b>Total</b>	<b>708140</b>	<b>932062</b>

**(16) Distribution expenses.**

<b>The main elements of expenses</b>	<b>30.06.2020 EUR</b>	<b>30.06.2019 EUR</b>
Wages	2984	2912
Social expenses	915	800
Marketing Services	11624	10408
The rest of expenses	8872	8149
<b>Total</b>	<b>24395</b>	<b>22269</b>

**(17) Administration expenses.**

<b>The main elements of expenses</b>	<b>30.06.2020 EUR</b>	<b>30.06.2019 EUR</b>
Wages	29456	31171
Social expenses	7021	7419
Telecommunication service	812	903
Cash turnover expenses	679	556
The rest of expenses	2161	2038
<b>Total</b>	<b>40129</b>	<b>42088</b>

**(18) The rest of incomes for economic activity.**

<b>Sort of revenue</b>	<b>30.06.2020 EUR</b>	<b>30.06.2019 EUR</b>
Sales of current assets	7585	11968
Incomes from exchange rate fluctuations	120	1238
Other incomes	364	535
<b>Total</b>	<b>8069</b>	<b>13741</b>

**(19) The rest of expenses for economic activity of enterprise.**

Heads of expenditure	30.06.2020 EUR	30.06.2019 EUR
Expenses for social sphere	579	700
Harm recompense	8360	8074
Expenses, unrelated with economic activity, donations	140	191
Other	1253	211
Loss from fluctuation of foreign currency exchange rate;	0	394
<b>Total</b>	<b>10332</b>	<b>9570</b>