

**JOINT STOCK COMPANY**

**“KURZEMES ATSLEGA 1”**

**LV40003044007**

**FINANCIAL REPORT FOR FIRST 9 MONTHS  
OF THE YEAR 2020  
(NON-AUDITED)**

## TABLE OF CONTENTS

Information on the Company	3
Report of the Management	4 - 5
Statement of Management Responsibility	6
Financial statements:	
Profit and loss account	7
Balance sheet	8 - 9
Statement of changes in equity	10
Cash flow statement	11
Notes	12 - 21

## Information on the Company

Name of the Company	AS "KURZEMES ATSLĒGA 1"
Legal status of the Company	Joint stock Company
Number, place and date of registration	40003044007 Rīga, 29 November 1991 Reregistered in Commercial Register with common registration No 40003044007 on 11 June 2004
Address	Kalvenes iela 27, Aizpute, Aizputes novads, LV-3456 Latvija
Names of major shareholders	AS "Kurzemes atslēga" (48.36%) Wiederhold Oliver Kai (17.22%) SIA "Aizputes atslēgas" (15.26%) Others (19.16%)
Names and positions of Board members	Pēteris Frīdenbergs – Chairman of the Board  Aiga Ozola – Member of the Board Voldemārs Magone – Member of the Board
Names and positions of the Supervisory Council members	Guntars Stekjānis – Chairman of the Supervisory Council Irēna Burve – Deputy Chairman of the Supervisory Council Rolands Līvmanis – Member of the Supervisory Council Ilgvars Jurjāns – Member of the Supervisory Council Daiga Lankovska – Member of the Supervisory Council
Financial year	1 January – 30 September 2020
Name and address of the certified audit company and certified auditor in charge	Revidentu birojs Gatis Svīklis Lāsma Svīkle SIA Certified audit company Licence No. 181 Kr. Valdemāra iela 123-15 Rīga, LV-1013 Latvija  Certified auditor in charge: Gatis Svīklis Certificate No. 202

## Report of the Management

### Type of operations

AS "KURZEMES ATSLĒGA 1" (hereinafter – the Company) is engaged in production of locks and hinges.

### Performance of the Company during the year

AS "KURZEMES ATSLĒGA 1" core activity has not changed during 2020. Locks, ironmongery, furniture items, forgings of metal, building structures, technologic equipment are being produced and galvanizing services are being rendered.

Sales of the production in 2020 were as follows:

- Sales in Latvia – 51.9 %
- Sales in EU – 42.2 %
- export – 5.9 %

Sales of the production in 2019 were as follows:

- Sales in Latvia – 52.5%
- Sales in EU – 37.7 %
- export – 9.8 %

The average number of employees in 9 months of 2020 was 70 persons, the average salary in 9 months of 2020 was 577 EUR, the average number of employees in 2019 was 76 persons, the average salary for 2019 - 593 EUR. Compared to the previous year, the average salary has decreased by 2.7%. The reason is the state of emergency declared in the spring, when the company spent more than a month idle.

The share capital of JSC "KURZEMES ATSLĒGA 1" was reduced in September and amounts to 918,144 EUR, the net turnover in 9 months of 2020 is 1,167,800 EUR. Net turnover in 9 months of 2020 in comparison with 9 months of 2019 decreases by 94,540 EUR, which is 7.5% of the turnover in 9 months of 2019.

The financial result of the Company's operations for 9 months of 2020 was a loss of EUR 206,969. As at 30 September 2020, the Company's current assets exceeded its current liabilities by EUR 389,322 and the Company had positive equity in the amount of EUR 907,450.

#### Financial ratios:

Liquidity	
Total liquidity	1.99
Interim liquidity	0.77
Absolute liquidity	0.22

#### Equity ratios:

Short-term liabilities / short-term assets	0.5
Net working capital	389 779

#### Solvency ratios:

Liabilities / total balance sheet	0.3
Liabilities / equity	0.43

Due to the state of emergency, the company was granted a tax extension in the amount of EUR 52,422.

### Future prospects

When evaluating the company's operations, the board is skeptical about the company's ability to return to growth.

Also, taking into account the impact of the COVID19 pandemic, significant losses are expected in 2020, which can also be seen in the 9-month financial report for 2020.

The Board supports the self-liquidation of the Company.

The Board forecasts that it is possible to settle with creditors within 6 months.

## **Financial risk management**

In order to control the financial risks, AS "KURZEMES ATSLĒGA 1" monitors its liquidity and regularly updates its cash-flow forecasts. Active work on cash collection from debtors takes place. Financial resources in the form of credit are being used.

**Report of the Management** (continued)

**Financial risk management** (continued)

The main financial instruments of the Company are borrowings from the bank, borrowings from other companies and cash. The aim of these financial instruments is to finance the operations of the Company. The Company also has other financial instruments such as trade receivables, trade payables and other creditors arising directly from its operations.

### **Financial risks**

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

#### **Interest rate risk**

The Company is exposed to the interest rate risk mainly in connection with its borrowings from bank and other companies. The borrowings are not material in proportion to the shareholders' equity. Fixed and variable interest rates are applicable to the borrowings.

#### **Liquidity risk**

The Company manages its liquidity risk by maintaining sufficient cash resource or by way of using the credit facilities granted by the bank.

#### **Currency risk**

The Company is subject to foreign exchange risk in relation to the US dollar. In order to control currency risk, the Company plans to purchase the necessary material resources for the currency.

#### **Credit risk**

The Company is exposed to credit risk in relation to its customers' debts. The Company controls its credit risk by continuously assessing the debt repayment history of its customers and setting lending rules for each client individually. The Company does not have significant concentration of credit risk for any counterparty or group of eligible counterparties

After the end of the reporting period limitations arising from the spread of the coronavirus have been put in place in the Republic of Latvia and in other countries. The development of the situation is not predictable therefore an economic uncertainty prevails. The management of the Company is constantly contemplating the situation. The Company complies with all legal restrictions. Since the Company's production is related to machinery, remote work is not possible. There is a visible tendency of falling sales and the debtors' payment discipline is deteriorating. The management of the Company considers that the spread of the coronavirus will have a limited effect on the operations of the Company.

Except for the above, there are no subsequent events since the last date of the reporting year, which would have a significant effect on the financial position of the Company as at 30 September 2020..

---

Pēteris Frīdenbergs  
Chairman of the Board

---

Aiga Ozola  
Member of the Board

---

Voldemārs Magone  
Member of the Board

November 17, 2020

## Statement of Management Responsibility

The Board of AS „KURZEMES ATSLĒGA 1” is responsible for the preparation of the financial statements of the Company.

On the basis of information available to the Board of AS „KURZEMES ATSLĒGA 1”, the financial statements are prepared in accordance with the applicable legal framework of the Republic of Latvia and give a true and fair view of the assets, liabilities, financial position, financial result and cash flows of AS “KURZEMES ATSLĒGA 1”. The Report of the Management gives a true information on the Company’s development and operating results.

The control procedures on internal risks, risk management and risk control have been managed according to the internal control procedure instructions.

The management of AS “KURZEMES ATSLĒGA 1” is responsible for obeying the laws of the Republic of Latvia.

---

Pēteris Frīdenbergs  
Chairman of the Board

---

Aiga Ozola  
Member of the Board

---

Voldemārs Magone  
Member of the Board

November 17, 2020

**Profit and loss account for first 9 months of the year 2020**

	Note	30.09.2020 EUR	31.12.2019 EUR
Net sales		1 167 800	1 680 707
Cost of sales	1	(1 269 117)	(1 718 046)
<b>Gross (loss) / profit</b>		<b>(101 317)</b>	<b>(37 339)</b>
Selling expenses	2	(40 230)	(46 560)
Administrative expenses	3	(57 543)	(87 847)
Other operating income	4	10 274	37 790
Other operating expenses	5	(17 251)	(76 167)
Interest expenses and similar expenses	6	(867)	(1 608)
<b>Loss before corporate income tax</b>		<b>(206 934)</b>	<b>(211 731)</b>
Corporate income tax for the reporting year		(35)	(490)
<b>Current year's loss</b>		<b>(206 969)</b>	<b>(212 221)</b>
<b>Loss per share</b>		<b>(0.225)</b>	<b>(0.231)</b>

Notes on pages 12 to 21 form an integral part of these financial statements.

Balance sheet as at 30. September 2020

		30.09.2020.	31.12.2019 <sup>(1)</sup>
	Note	EUR	EUR
<b>Assets</b>			
<b>Long-term investments</b>			
<b>Intangible assets:</b>			
Concessions, patents, licenses, trademarks and similar rights		488	608
<b>Total intangible assets:</b>	7	<b>488</b>	<b>608</b>
<b>Fixed assets:</b>			
Real estate:			
a) Land, buildings and engineering structures		469 068	480 339
Equipment and machinery		34 479	43 384
Other fixed assets		5 771	6 036
Fixed assets under construction		8 322	5 822
<b>Total fixed assets:</b>	8	<b>517 640</b>	<b>535 581</b>
<b>Total long-term investments:</b>		<b>518 128</b>	<b>536 189</b>
<b>Current assets</b>			
<b>Inventories:</b>			
Raw materials and consumables		292 678	308 569
Work-in-progress		102 906	253 903
Finished goods and goods for sale		48 949	82 333
Advances for goods receivable		33 777	35 131
<b>Total inventories:</b>	9	<b>478 310</b>	<b>679 936</b>
<b>Debtors:</b>			
Trade debtors	10	211 579	134 249
Other debtors	11	6 274	11 045
<b>Total debtors:</b>		<b>217 853</b>	<b>145 294</b>
<b>Cash and bank:</b>	12	<b>87 271</b>	<b>5 169</b>
<b>Total current assets:</b>		<b>783 434</b>	<b>830 399</b>
<b>Total assets</b>		<b>1 301 562</b>	<b>1 366 588</b>

Notes on pages 12 to 21 form an integral part of these financial statements.



## Balance sheet as at 30.September 2020

(2)

	Note	30.09.2020 EUR	31.12.2019 EUR
<b><u>Liabilities and shareholders' funds</u></b>			
<b>Shareholders' funds:</b>			
Share capital	13	918 144	1 285 401
Reserves:			
other reserves		21 000	21 000
Previous years' retained earnings		175 275	20 240
Current year's loss		(206 969)	(212 221)
<b>Total shareholders' funds:</b>		<b>907 450</b>	<b>1 114 420</b>
<b>Short-term creditors:</b>			
Other loans		90 000	0
Loans from credit institutions	14	0	23 002
Advances from customers	15	6 041	3 033
Trade creditors	16	134 113	108 805
Accounts payable to affiliated companies	17	18 956	23 544
Taxes and the state compulsory social insurance contributions	18	80 635	25 161
Other creditors	19	28 284	28 675
Accrued liabilities	20	36 083	39 948
<b>Total short-term creditors:</b>		<b>394 112</b>	<b>252 168</b>
<b>Total creditors:</b>		<b>394 112</b>	<b>252 168</b>
<b><u>Total liabilities and shareholders' funds</u></b>		<b><u>1 301 562</u></b>	<b><u>1 366 588</u></b>

Notes on pages 12 to 21 form an integral part of these financial statements.

**Statement of changes in equity for the first 9 months of 2020**

	Share capital EUR	Reserves EUR	Retained earnings EUR	Total EUR
	1 285 401	21 000	20 240	1 326 641
<b>Balance as at 31 December 2018</b>				
Profit for the year	-	-	(212 221)	(212 221)
<b>Balance as at 31 December 2019</b>	<b>1 285 401</b>	<b>21 000</b>	<b>(191 981)</b>	<b>1 114 420</b>
Reduced equity	(367 257)		367 257	
Profit for the year	-	-	(206 969)	(206 969)
<b>Balance as at 30 september 2020</b>	<b>918 144</b>	<b>21 000</b>	<b>(31 693)</b>	<b>907 451</b>

Notes on pages 12 to 21 form an integral part of these financial statements.

## Cash flow statement for first 9 months of the year 2020

	Note	30.09.2020 EUR	31.12.2019 EUR
<b>Cash flows from operating activities</b>			
Profit or loss before taxation		(206 934)	(211 731)
<u>Adjustments for:</u>			
a) Fixed asset depreciation		21 271	32 524
b) Amortization of intangible assets		119	354
c) Foreign exchange loss		538	-
d) Interest expense		867	1 608
		<u>(184 139)</u>	<u>(177 245)</u>
<u>Adjustments for:</u>			
a) Debtors decrease		(72 559)	60 473
b) Inventories decrease / (increase)		201 626	125 834
c) Trade and other creditors' (decrease) / increase		74 946	(10 615)
<b>Cash (used in) / generated from operations</b>		<b>19 874</b>	<b>(1 553)</b>
Interest paid		(867)	(1 608)
Corporate income tax paid		(35)	(490)
<b>Net cash (used in) / generated from operations</b>		<b>(902)</b>	<b>(3 651)</b>
<b>Cash flows from investing activities</b>			
Acquisition of intangible assets		(3 330)	(250)
<b>Net cash used in investing activities</b>		<b>(3 330)</b>	<b>(250)</b>
<b>Cash flows from financing activities</b>			
Borrowings received		66 998	7 126
<b>Net cash generated from / (used in) financing activities</b>		<b>66 998</b>	<b>7 126</b>
<b>Result of foreign exchange rate fluctuations</b>		<b>(538)</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>82 102</b>	<b>3 225</b>
Cash and cash equivalents at the beginning of the reporting year		5 169	1 944
<b>Cash and cash equivalents at the end of the reporting year</b>		<b>87 271</b>	<b>5 169</b>

Notes on pages 12 to 21 form an integral part of these financial statements.

## 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) 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.

#### (d) 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.

	30.09.2020	31.12.2018
	EUR	EUR
1 USD	1.1702	1.123

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.

**(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.

**Notes** (continued)**Accounting policies** (continued)

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.

**Notes****(1) Cost of sales**

	<b>30.09.2020</b>	<b>31.12.2019</b>
	<b>EUR</b>	<b>EUR</b>
Materials and spare parts	485 184	841 031
Salaries	238 744	470 394
State compulsory social insurance contributions	74 368	111 656
Electroenergy costs	59 490	91 077
Depreciation	21 271	32 377
Amortization	119	354
Low value inventory	4 895	301
Depreciation of own punches	51 478	11 141
Customs tax	641	2 452
External services received	22 790	13 689
Environment protekcione expenses	8 711	12 642
Accrued vacations	0	953
Real estate tax	5 304	5 304
Other expenses	111 742	72 789
<b>Expenses total</b>	<b>1 084 737</b>	<b>1 666 160</b>
Changes in work-in-process	150 996	50 890
Change in goods for sale	33 384	996
	<b>1 269 117</b>	<b>1 718 046</b>

**(2) Selling expenses**

	<b>30.09.2020</b>	<b>31.12.2019</b>
Salaries	4 511	6 577
State compulsory social insurance contributions	1 365	1 832
Selling services	16 952	20 423
Transportation expenses	15 615	17 584
Other expenses	1 787	144
	<b>40 230</b>	<b>46 560</b>

<b>Notes (continued)</b>		
<b>(3) Administrative expenses</b>	<b>30.09.2020</b>	<b>31.12.2019</b>
Salaries	42 101	62 294
State compulsory social insurance contributions	10 031	14 840
Communication expenses	997	1 787
Office expenses	3 312	3 746
Audit expenses	0	4 000
Bank services	1 102	1 180
	<b>57 543</b>	<b>87 847</b>
<b>(4) Other operating income</b>	<b>30.09.2020</b>	<b>31.12.2019</b>
Sales of other assets	9 473	35 149
Financing frm ESF	527	2 641
Other income	274	-
	<b>10 274</b>	<b>37 790</b>
<b>(5) Other operating expenses</b>	<b>30.09.2020</b>	<b>31.12.2019</b>
	<b>EUR</b>	<b>EUR</b>
Foreign exchange loss	538	394
Cost of sold materials	3399	17 682
Compensation of damage to health	12 320	16 011
Social expenditure	819	1 420
Non-business expenses	101	313
Debtor writ-offs	0	1 229
Accruals for doubtful debtors	0	38 136
Other expenses	75	982
	<b>17 252</b>	<b>76 167</b>
<b>(6) Interest expenses and similar expenses</b>	<b>30.09.2020</b>	<b>31.12.2019</b>
Interest expenses	598	1 527
Penalties	269	81
	<b>867</b>	<b>1 608</b>
<b>(7) Intangible assets</b>		
	<b>Concessions, patents, licenses, trademarks nd similar rights</b>	<b>Total</b>
	<b>EUR</b>	<b>EUR</b>
Cost		
31.12.2019	6 674	6 674
Additions	0	0
<b>30.09.2020</b>	<b>6 674</b>	<b>6 674</b>
Amortization		
31.12.2019.	(6 066)	(6 066)
Amortization for 2020	(120)	(120)
<b>30.09.2020</b>	<b>(6 186)</b>	<b>(6 186)</b>
<b>Net book value 31.12.2019.</b>	<b>608</b>	<b>608</b>
<b>Net book value 30.09.2020.</b>	<b>488</b>	<b>488</b>

Notes (continued)

**(8) Fixed assets**

	Land, buildings and engineering structures EUR	Equipment and machinery EUR	Other fixed assets EUR	Fixed assets under construction EUR	Total EUR
<b>Cost</b>					
31.12.2019	1 012 277	1 063 337	115 832	5 822	2 197 268
Purchased			830	2 500	3 330
Disposals		(26 672)	(6 401)		(33 073)
<b>30.09.2020.</b>	<b>1 012 277</b>	<b>1 036 665</b>	<b>110 261</b>	<b>8 322</b>	<b>2 167 525</b>
<b>Depreciation</b>					
31.12.2019	(531 938)	(1 019 953)	(109 796)	-	(1 661 687)
Depreciation for 2020	(11 271)	(8 905)	(1 095)		(21 731)
Disposed		26 672	6 401		33 073
<b>30.09.2020.</b>	<b>(543 209)</b>	<b>(1 002 186)</b>	<b>(104 490)</b>		<b>(1 649 885)</b>
<b>Net book value 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>Net book value 30.09.2020</b>	<b>469 068</b>	<b>34 479</b>	<b>5 771</b>	<b>8 322</b>	<b>517 640</b>

**(9) Inventories**

	30.09.2020 EUR	31.12.2019. EUR
Materials	157 137	119 991
Low value inventory	20 137	21 695
Punches and presforms	115 404	166 883
Work-in-process	102 906	253 903
Goods for sale	48 949	82 333
Advances for inventories	33 777	35 131
	<b>478 310</b>	<b>679 936</b>

**(10) Trade debtors**

Customers' debts	266 885	189 555
Accruals for bad and doubtful debtors	(55 306)	(55 306)
	<b>211 579</b>	<b>134 249</b>



Notes (continued)

(10) Trade debtors (continued)

Accruals for bad and doubtful debtors

	Customers' debts EUR	Total EUR
<b>31 December 2019</b>	<b>55 306</b>	18 404
Decrease	0	(1 234)
Increase	0	38 136
<b>30 september 2020</b>	<b>55 306</b>	<b>55 306</b>

(11) Other debtors

	30.09.2020. EUR	31.12.2019. EUR
Expense reports of personnel	56	52
Utility services	12	42
Other debtors	6 206	10 951
	<b>6 274</b>	<b>11 045</b>

(12) Cash and bank

	30.09.2020 EUR	31.12.2019. EUR
Cash at bank	86 323	4 377
Cash a hand	948	792
	<b>87 271</b>	<b>5 169</b>

(13) Share capital

The Company's share capital amounts to 918 144 EUR as of 30. September 2020 and it consists of 918 144 shares. The nominal value of each share is 1. 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.

	% from share capital	30.09.2020 Amount of sares	EUR	% from share capital	31.12.2019 Amount of shares	EUR
Bearer shares – public	71.5%	656 356	656 356*	71.5%	656 356	918 898
Closed-issue shares (ordinary shares with voting rights)	28.5%	261 788	261 788*	28.5%	261 788	366 503
	<b>100%</b>	<b>918 144</b>	<b>918 144</b>	<b>100%</b>	<b>918 144</b>	<b>1 285 401</b>

Shareholders as of 30 september 2020 and their positions

	Position in Company	% from share capital
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%
		100%

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

\*Decrease in the value of shares from 1.40 EUR to 1.00 EUR

**Notes** (continued)

**(14)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

**(15)Loans from credit**

	<b>30.09.2020.</b> <b>EUR</b>	<b>31.12.2019.</b> <b>EUR</b>
Borrowing from SIA "Gutta"		
- short-term part – repayable within 1 year	90 000	0
Borrowing from AS Luminor (credit line):		
- short-term part – repayable within 1 year	0	23 002
	<u><b>90 000</b></u>	<u><b>23 002</b></u>

Notes (continued)

**(15) Advances from customers**

	<b>30.09.2020.</b>	<b>31.12.2019.</b>
	<b>EUR</b>	<b>EUR</b>
Latvian customers	4 632	2 933
Foreign customers	1 409	100
	<u><b>6 041</b></u>	<u><b>3 033</b></u>

**(16) Trade creditors**

Latvian creditors	120 331	93 996
Foreign creditors	13 781	14 809
	<u><b>134 113</b></u>	<u><b>108 805</b></u>

**(17) Accounts payable to affiliated companies**

AS "Kurzemes atslēga"	18 956	23 544
	<u><b>18 956</b></u>	<u><b>23 544</b></u>

**(18)**

**Taxes and the state compulsory social insurance contributions**

Corporate income tax	0	18
Value added tax	23 009	2934
Personal income tax	10 061	5 615
State compulsory social insurance contributions	45 980	16 283
Other tax	144	311
	<u><b>80 635</b></u>	<u><b>25 161</b></u>

**(19) Other creditors**

Salaries	25 421	26 920
Damage to health liability	1 320	1 323
Other creditors	1 543	432
	<u><b>28 284</b></u>	<u><b>28 675</b></u>

**(20) Accrued liabilities**

Accrued liabilities – unused annual leaves	28 942	28 942
Accrued liabilities	7 142	11 006
	<u><b>36 083</b></u>	<u><b>39 948</b></u>

**Notes** (continued)**(22) Management remuneration**

	<b>30.09.2020</b>	<b>31.12.2019</b>
	<b>EUR</b>	<b>EUR</b>
Members of the Board		
· salary	8 650	11 070
· state compulsory social insurance contributions	1 973	2 520
	<u>10 623</u>	<u>13 590</u>
Members of the Supervisory Council		
· salary	6 327	8 892
· state compulsory social insurance contributions	1 524	2 142
	<u>7 851</u>	<u>11 034</u>

**(23) Related party transactions**

The related parties of the Company are AS "Kurzemes atslēga" and Liepājas rajona SIA "Gutta".

The Company engaged in the following transactions with related parties:

**(a) Sale of goods and rendering of services**

	<b>30.09. 2020</b>	<b>31.12.2019</b>
	<b>EUR</b>	<b>EUR</b>
Sale of goods:		
- Liepājas rajona SIA firma "Gutta"	5 571	31 318
AS Kurzemes atslēga	898	0
Rendering of services:		
- AS "Kurzemes atslēga"	0	120
- Liepājas rajona SIA firma "Gutta"	323	3418
	<u>6 792</u>	<u>34 856</u>

**(b) Purchase of goods and services**

	<b>30.09.200</b>	<b>31.12.2019</b>
Purchase of goods:		
- AS "Kurzemes atslēga"	89 899	152 409
- Liepājas rajona SIA firma "Gutta"	825	3 391
Purchase of services:		
- AS "Kurzemes atslēga"	1656	2 212
- Liepājas rajona SIA firma "Gutta"	0	1 610
	<u>92380</u>	<u>159 622</u>

**(a) Debtors arising from transactions with related parties**

	<b>30.09.2020.</b>	<b>31.12.2019</b>
	<b>EUR</b>	<b>EUR</b>
Associated companies		120
	<u>0</u>	<u>120</u>

**(b) Creditors arising from transactions with related parties**

Associated companies	18 956	23 544
	<u>18 956</u>	<u>23 544</u>

#### **(24) Subsequent events**

After the end of the reporting period limitations arising from the spread of the coronavirus have been put in place in the Republic of Latvia and in other countries. The development of the situation is not predictable therefore an economic uncertainty prevails. The management of the Company is constantly contemplating the situation. The Company complies with all legal restrictions. Since the Company's production is related to machinery, remote work is not possible. There is a visible tendency of falling sales and the debtors' payment discipline is deteriorating. The management of the Company considers that the spread of the coronavirus will have a limited effect on the operations of the Company.

Except for the above, there are no subsequent events since the last date of the reporting year, which would have a significant effect on the financial position of the Company as at 30 September 2020..

The Financial statements set out on pages 7 to 21 were signed on 17 November 2020 by:

---

Pēteris Frīdenbergs  
Chairman of the Board

---

Aiga Ozola  
Member of the Board

---

Voldemārs Magone  
Member of the Board