

THE REPORT OF COUNCIL OF AS VALMIERAS STIKLA ŠĶIEDRA FOR YEAR 2020

July 15, 2021

The year 2020 was full of challenges for the group of the AS VALMIERAS STIKLA ŠĶIEDRA (hereinafter – the Company). Despite the influence of COVID-19, the Company was able to perform successfully Legal protection proceeding plan in year 2020. The first quarter of 2020 was very successful in terms of profitability, but after the outbreak of the global pandemic, the market changed and also the Company felt the impact – the Company faced with decline in sales. Because of that, the Company was forced to reduce the production capacities and lower the general price level. After the end of third quarter of 2020 the market remained more stable and gradually recovered and the Company was able to start to return to normal capacity.

During the 2020, the Company successfully negotiated with its financiers to restructure its debt obligations. The Project was closed in first quarter of 2021.

In 2020, the following business experts with substantial experience in international business act as members of the Council of AS VALMIERAS STIKLA ŠĶIEDRA (“Company”): Mr. Heinz-Jürgen Preiss-Daimler (until 04.02.2020.), Mr. Peter Theis Klauberg, Mr. Stefan Alexander Preiss-Daimler, Mr. Ainārs Ozols and Mr. Andris Oskars Brutāns. 6 meetings were held by the Council in year 2020.

The main issues discussed at the 2020 Council meetings were, inter alia:

- Decision on sale of assets of P-D Valmiera Glass USA Corp.;
- Legal Protection Process (LPP);
- P-D Valmiera Glass USA Corp. insolvency proceedings (Chapter 11);
- Negotiations with Latvian financial institutions;

The Council, during the 2020 meetings, reviewed the quarterly reports prepared by the Management Board on the activities of the Company and its subsidiaries, reviewed and approved the annual financial report for 2019. The Council gave instructions and made proposals to the Management Board on improvements in the Company's operations.

During the reporting period, the Council regularly received reports from the Management Board on the Company's operations, economic and financial condition. The Council has supervised the activities of the Management Board in all main directions and ensured that the Company operates in accordance with regulatory requirements, the Company's Articles of Association, resolutions of the General Meeting of Shareholders, as well as the principles of Corporate Governance and Sustainability nonfinancial reporting. The Council has also examined and approved the submitted budget of the Company.

The Council adopted the recommendations of the Management Board and the Audit Committee on the election of the Company's auditors for the audit of the 2020 financial Statements. The Company's annual report for 2019 has been audited by the international audit Company AS KPMG Baltics. The Council confirmed the separate and consolidated financial Statements (all details and assessments are described in the financial Statements).

Despite all challenges during the year, the Council thanks the staff and the Management Board on their performance in 2020 and wishes them success and growth in the future.