

**JOINT STOCK COMPANY „PATA SALDUS”**

(UNIFIED REGISTRATION NUMBER 40003020121)

**FINANCIAL REPORT FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

PREPARED IN ACCORDANCE WITH

THE LAW OF THE REPUBLIC OF LATVIA ON ANNUAL REPORTS

**Saldus, 2020**

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## General Information

Name of the Company	<b>Joint Stock Company “PATA Saldus”</b>		
Legal status of the Company	Joint Stock Company		
Number, place and date of registration	40003020121, August 26, 1991, Riga		
Address	Kuldīgas iela 86C, Saldus, Saldus novads, LV-3801		
Type of operations	Forestry, commercial timber preparation and related services; production of board lumber, etc. NACE 2.red. 1610 – sawmilling and planing of wood		
Members of the Board	Gatis Zommers – Chairman of the Board Jānis Mierkalns – Member of the Board Ilze Bukulde - Member of the Board		
Members of the Council	Uldis Mierkalns – Chairman of the Council Jānis Bertrāns - Deputy Chairman of the Council Inga Mierkalna - Member of the Council Inga Jākobsone - Member of the Council		
Shareholders who owns 5% and more of total shares with voting rights	Saldus MRU SIA	44.38%	343 666 shares
	Kubit SIA	27.82%	215 394 shares
	PATA SIA	22.93%	177 516 shares
Subsidiary enterprises			
1. Name of the Company	SIA “PAKUĻU SPORTA BĀZE” (100%)		
Legal status of the Company	Limited Liability Company		
Number and date of registration in the commercial register	48503009010, November 21, 2002		
Address	“Mežvidi”, Novadnieku pag. Saldus rajons LV 3801		
The main areas of activities of the Company	Other sports activities		
Owner of the Company	JSC “PATA Saldus” – 100%		
Reporting period	January 1 – September 30, 2020		
2. Name of the Company	ООО “Деревообрабатывающий комбинат № 3” (100%)		
Legal status of the Company	Limited Liability Company (ООО - Общество с ограниченной ответственностью)		
Registration number, date and place	1066027046337 October 9, 2006		
Address	Russia: 180005, Россия, г. Псков, Зональное шоссе, д. 44-А		
The main areas of activities of the Company	Woodworking, production of board lumber		
Owner of the Company	JSC “PATA Saldus” – 100%		
Reporting period	January 1 – September 30, 2020		

Parent Company

Name of the Company	SIA “PATA” (67%)
Legal status of the Company	Limited Liability Company
Number and date of registration in the commercial register	40003448619, June 10, 1999
Address	Miera iela 2, Incukalns, Inčukalna nov., LV-2141
The main areas of activities of the Company	Wholesale of wood, silviculture and other forestry activities
Owner of the Company	Uldis Mierkalns – 100%
Reporting period	January 1 – September 30, 2020

Name and address of the Auditor

SIA “Nexia Audit Advice”  
Certified Auditor's Licence No. 134  
Number of registration No. 40003858822  
Grēcinieku iela 9-3, Rīga,  
LV-1004, Latvia

Certified Auditor Svetlana Šemele-Baikova  
LZRA Certificate No. 212

## Statement of Management Responsibility

Management is responsible for preparing financial statements based on the initial accounting records of each year of account, which truly reflects the company's financial position at the end of the year of account, as well as results of operations and cash flows for the period.

The Management confirms that, in preparing this report for the period ending on 30 September 2020, proper accounting methods were used, their application was consistent, reasonable and prudent decisions were taken. The Management confirms that the relevant International Accounting Standards have been observed and the financial statements have been prepared in accordance with the principle of continuation. The Management is responsible for keeping proper accounting records, the company's resources conservation as well as fraud prevention and prevention of other irregularities.

November 30, 2020

Board:

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Gatis Zommers  
Chairman of the Board

Jānis Mierkalns  
Member of the Board

Ilze Bukulde  
Member of the Board

## Income Statement

	2020.09.30 EUR	2019.09.30 EUR
Revenue	40 758 771	45 599 391
Costs of goods sold or services provided	(36 816 014)	(45 898 225)
<b>Gross profit or losses</b>	<b>3 942 757</b>	<b>(298 834)</b>
Distribution expenses	(173)	0
Administrative expenses	(205 316)	(258 965)
Other operating income	758 808	771 154
Other operating expenses	(622 662)	(515 773)
Interest and similar income, incl.	1 073	0
a) from other parties	1 073	0
Interest and similar expenses, incl.	(369 879)	(261 405)
a) for other parties	(369 879)	(261 405)
<b>Profit or loss before corporate income tax</b>	<b>3 504 608</b>	<b>(563 823)</b>
<b>Profit or loss after corporate income tax</b>	<b>3 504 608</b>	<b>(563 823)</b>
<b>Profit or loss for the period</b>	<b>3 504 608</b>	<b>(563 823)</b>
<b>Profit/loss on share (EUR)</b>	<b>4,23</b>	<b>(0,68)</b>

November 30, 2020

Board:

Gatis Zommers  
 Chairman of the Board

Jānis Mierkalns  
 Member of the Board

Ilze Bukulde  
 Member of the Board

## Balance Sheet

### ASSETS

	2020.09.30	2019.12.31
	EUR	EUR
<b>NON-CURRENT ASSETS</b>		
<b>Intangible assets</b>		
Concessions, patents, licences, trademarks and similar rights	44 283	34 997
<b>Total intangible assets</b>	<b>44 283</b>	<b>34 997</b>
<b>Fixed assets</b>		
Immovable properties		
a) land plots, buildings and engineering structures	5 479 826	5 698 660
Fauna and flora		
b) biological assets	710 194	710 194
Technological equipment and machinery	11 659 918	12 872 087
Other fixed assets	62 194	83 425
Fixed assets under development and construction in progress	553 735	232 204
<b>Total fixed assets</b>	<b>18 465 867</b>	<b>19 596 570</b>
<b>Non-current financial investments</b>		
Investments in group companies	956 739	956 739
Receivables from group companies	685 887	717 448
Other securities and investments	8 540	8 540
<b>Total non-current financial investments</b>	<b>1 651 166</b>	<b>1 682 727</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>20 161 316</b>	<b>21 314 294</b>
<b>CURRENT ASSETS</b>		
<b>Inventories</b>		
Raw materials and consumables	2 044 387	1 951 591
Work in progress	1 189 939	1 184 158
Finished goods and goods for sale	1 010 188	1 829 479
Fauna and flora		
a) biological assets	1 310 607	1 319 691
Advances for inventories	54 459	18 052
<b>Total inventories</b>	<b>5 609 580</b>	<b>6 302 971</b>
<b>Account receivable</b>		
Trade receivables	934 247	863 344
Receivables from group companies	12 774 497	9 768 146
Other receivables	126 366	106 510
Deferred expenses	245 292	213 349
<b>Total receivables</b>	<b>14 080 402</b>	<b>10 951 349</b>
<b>Cash and cash equivalents</b>	2 357	1 262
<b>TOTAL CURRENT ASSETS</b>	<b>19 692 339</b>	<b>17 255 582</b>
<b>TOTAL ASSETS</b>	<b>39 853 655</b>	<b>38 569 876</b>

November 30, 2020

Board:

Gatis Zommers Chairman of the Board	Jānis Mierkalns Member of the Board	Ilze Bukulde Member of the Board
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## Balance Sheet (continued)

### EQUITY AND LIABILITIES

	2020.09.30	2019.12.31
	EUR	EUR
<b>EQUITY</b>		
Share capital	579 916	579 916
Share premium	2 828	2 828
Revaluation reserve of non-current investments	1 370 057	1 370 057
Reserves:		
f) other reserves	3 741 168	3 741 168
Retained earnings:		
a) retained earnings from the previous year	7 738 621	9 603 880
b) current year profit or losses	3 504 608	(1 865 259)
<b>TOTAL EQUITY</b>	<b>16 937 198</b>	<b>13 432 590</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans from credit institutions	11 096 506	11 654 743
Other loans	1 635 218	2 091 280
Deferred income	1 825 365	2 038 501
<b>Total non-current liabilities</b>	<b>14 557 089</b>	<b>15 784 524</b>
<b>Current liabilities</b>		
Loans from credit institutions	1 196 420	1 446 265
Other loans	382 125	484 044
Prepayments received from customers	37 347	37 410
Trade payables	5 503 849	5 473 385
Payables to group companies	0	789 005
Taxes and state social insurance payments	290 415	220 000
Other creditors	307 371	211 911
Deferred income	284 180	284 180
Accrued liabilities	357 661	406 562
<b>Total current liabilities</b>	<b>8 359 368</b>	<b>9 352 762</b>
<b>TOTAL LIABILITIES</b>	<b>22 916 457</b>	<b>25 137 286</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>39 853 655</b>	<b>38 569 876</b>

November 30, 2020

Board:

Gatis Zommers Chairman of the Board	Jānis Mierkalns Member of the Board	Ilze Bukulde Member of the Board
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## Cash Flow Statement

	9 Month of 2020	9 Month of 2019
	EUR	EUR
<b>Cash flow from operating activities</b>		
<b>Profit (+) or loss (-) before corporate income tax</b>	<b>3 504 608</b>	<b>(563 823)</b>
Adjustments for:		
Depreciation and impairment of fixed assets	1 498 817	1 578 939
Depreciation and impairment of intangible assets	11 292	20 231
Profit (-) or loss (+) from fluctuations of foreign currency rates	31 793	(14 966)
Impairment of non-current and current financial investments	(213 136)	(196 411)
Interest and similar expenses	371 744	261 405
<b>Profit or loss prior to changes in current assets and current liabilities</b>	<b>5 205 118</b>	<b>1 085 375</b>
Adjustments for:		
Increase (+) or decrease (-) of account receivable	(3 129 285)	(722 798)
Increase (+) or decrease (-) of inventory	693 391	2 812 721
Increase (+) or decrease (-) of account payables and other liabilities	(644 300)	(1 988 044)
<b>Gross cash flow from operating activities</b>	<b>2 124 924</b>	<b>1 187 254</b>
Interest payments	(373 355)	(263 841)
<b>Net cash flow generated from operating activities</b>	<b>1 751 569</b>	<b>923 413</b>
<b>Cash flow from investing activities</b>		
Income from selling fixed assets and intangible assets	55 575	0
Acquisition of fixed assets and intangible assets	(122 242)	(296 039)
Prepayments for fixed assets under development and construction in progress	(317 744)	(1 319 343)
Loans issued	0	(2 261)
<b>Net cash flow generated from investing activities</b>	<b>(384 411)</b>	<b>(1 617 643)</b>
<b>Cash flow from financing activities</b>		
Loans received	0	1 288 00
Repayment of loans	(1 345 222)	(996 197)
Changes in credit lines	118 487	648 638
Finance lease payments	(139 328)	(126 075)
Dividends paid	0	(119 377)
<b>Net cash flow generated from financing activities</b>	<b>(1 366 063)</b>	<b>694 989</b>
<b>Net cash flow in the financial year</b>	<b>1 095</b>	<b>759</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>1 262</b>	<b>136</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b>2 357</b>	<b>895</b>

Cash flow statement is prepared using the indirect method in accordance with Rules of The Cabinet of Ministers No. 775

November 30, 2020

Board:

Gatis Zommers  
 Chairman of the Board

Jānis Mierkalns  
 Member of the Board

Iļze Bukulde  
 Member of the Board

## Statement of Changes in Equity

	Share capital	Share premium	Revaluation reserves of non-current investments	Other reserves	Retained earnings from the previous year	Current year profit or losses	Total equity
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>December 31, 2018</b>	<b>579 916</b>	<b>2 828</b>	<b>1 370 057</b>	<b>3 741 168</b>	<b>4 661 144</b>	<b>5 300 866</b>	<b>15 655 979</b>
Distribution of profit of the year 2018	0	0	0	0	5 181 489	(5 300 866)	(119 377)
Current year profit or losses	0	0	0	0	0	(563 823)	(563 823)
<b>September 30, 2019</b>	<b>579 916</b>	<b>2 828</b>	<b>1 370 057</b>	<b>3 741 168</b>	<b>9 842 633</b>	<b>(563 823)</b>	<b>14 972 779</b>
<b>December 31, 2019</b>	<b>579 916</b>	<b>2 828</b>	<b>1 370 057</b>	<b>3 741 168</b>	<b>9 603 880</b>	<b>(1 865 259)</b>	<b>13 432 590</b>
Distribution of profit of the year 2019	0	0	0	0	(1 865 259)	1 865 259	0
Current year profit or losses	0	0	0	0	0	3 504 608	3 504 608
<b>September 30, 2020</b>	<b>579 916</b>	<b>2 828</b>	<b>1 370 057</b>	<b>3 741 168</b>	<b>7 738 621</b>	<b>3 504 608</b>	<b>16 937 198</b>

November 30, 2020

Board:

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