

JSC DITTON PIEVADĶĒŽU RŪPNĪCA

FINANCIAL REPORT

FOR 9 MONTHS OF THE YEAR 2023

(01.01.2023 – 30.09.2023)

(Not subject to audit by the independent sworn auditor)

**Prepared in accordance with Financial Instruments Market Law and Law On the Annual
Financial Statements and Consolidated Financial Statements of the Republic of Latvia**

Daugavpils

2023

Contents

Information about the Company	3-5
Statement about management liability	6
Balance sheet	7-8
Income statement.....	9
Cash flow statement	10
Statement of changes in equity	11
<i>Appendixes</i>	
<i>Explanatory notes</i>	12
<i>Explanations and analyses on separate items of financial reports</i>	13

INFORMATION ABOUT THE COMPANY

Company name	Ditton pievadķēžu rūpnīca
Legal status	Joint Stock Company
Registration number	40003030187
Registration in Register of Enterprises	Rīga, 03.10.1991
Registration in Commercial Register Office	Rīga, 29.08.2003
Legal address	Višķu St. 17, Daugavpils, LV-5410, Latvia
Mailing address	Višķu St. 17, Daugavpils, LV-5410, Latvia
Fixed capital	10,360,000 EUR
Number of public bearer shares*	7 400 000
Nominal value of one share	1.40 EUR
Chief accountant	Jūlija Lavrecka
Reporting period	01.01.2023 – 30.09.2023

Persons in charge for drawing up of the financial report:

Ms. Jūlija Lavrecka, phone +371 65402316, e-mail: dpr@dpr.lv

* In accordance with the provisions of Article 228 of the Commercial Law (as amended by the edition of the Law as at 16.06.2022, which enters into force on 01.07.2023), the name of the bearer share from 01.07.2023 is dematerialized share

INFORMATION ON MANAGEMENT BOARD AND COUNCIL MEMBERS

THE MANAGEMENT BOARD

Chairman of the Management Board

Raimonds Bruževičs, elected as a chairman on 13.09.2023 (elected since 03.04.2023).
Jānis Tarvids, elected since 13.09.2023.

Information about the shares held by the members of the Management Board

Members of the Management Board	Owned shares *	
	Number	%
Raimonds Bruževičs	1900	0,03
Jānis Tarvids	none	none

COUNCIL

Chairman of the Council

Natalja Ignatova (elected since 24.02.2023)

Members of the Council

Vadīms Kazačonoks (elected since 24.02.2023)

Oļegs Isupovs (elected since 24.02.2023)

Genādijs Zavadskis, re-elected on 24.02.2023 (elected since 05.02.2017).

Aleksandrs Sokolovs, re-elected on 24.02.2023, elected since 18.06.2020).

Information about the shares owned by the members of the Council

Members of the Council	Owned shares*	
	Number	%
Natalja Ignatova	none	none
Oļegs Isupovs	996	
Vadīms Kazačonoks	none	none
Genādijs Zavadskis	none	none
Aleksandrs Sokolovs	700 000	9,46**

Information about the professional experience of the members of the Management Board and Council of the JSC Ditton pievadķēžu rūpnīca (hereafter – Company) can be found on the website www.dpr.lv.

* at 30.10.2023

**beneficiary of the Shareholder DVINSK MNG, Ltd.

JSC DITTON PIEVADĶĒŽU RŪPNĪCA
FINANCIAL REPORT FOR 9 MONTHS OF 2023

SHAREHOLDERS OWNING MORE THAN 5% OF THE COMPANY'S TOTAL SHARE CAPITAL*

Given name, surname or Name	Shareholding, %
<i>Vladislavs Driksne</i>	14,94
MAX Invest Holding SIA	13,63
Maleks S SIA	13,56
DVINSK MNG SIA	9,46
<i>Eduards Zavadskis</i>	6,67
Karolīna Marija Zavadska	6,67
Marina Zavadska	6,67

**Note: (1) The Company is not keeping a share owner and/or a shareholder register. The above information is provided and updated on the basis of the shareholders list of AS Ditton pievadķēžu rūpnīca dated 30.10.2023, which was received from Nasdaq CSD under the Commercial Law of the RoL and the Law on the Financial Instruments Market, taking into consideration the statements of shareholders on the acquisition or loss of their holdings submitted to the Company under Section 61 of the Law on Financial Instruments Market.*

(3) As of October 30, 2023 the Company does not have information about the distribution of shares between the heirs of E. Zavadska (6.67%) and V. Driksne (14.94%), their entries in their financial instrument accounts in accordance with Article 125 of the Financial Instruments Market Law.

SHARE PRICE DEVELOPMENT

Share price development in 9 months of the year 2022, 2023



JSC DITTON PIEVADĶĒŽU RŪPNĪCA
FINANCIAL REPORT FOR 9 MONTHS OF 2023

STATEMENT ABOUT MANAGEMENT LIABILITY

The Management board declares that the interim report for 9 months of the year 2023 has been prepared in compliance with the existing legislative requirements of the Republic of Latvia and of the European Union, incl. internal procedures and regulations.

The Management board declares that according to the information at its disposal, financial report gives a true and fair view of the assets, liabilities, financial standing and profits of the Company, incl. changes in equity.

The Management board assures that this financial report for 9 months of 2023 contains truthful information and that revenue recognition principle and assessment methods applied by its preparation are consistent with those applied in the last Annual Report.

The Board of the Company declares that the information presented in the Management Report of the I half-year report of 2023 has not changed significantly and is relevant for the Company in the period until September 30, 2023.

At the same time, the Management Board of the Company draws attention to and supplements the information in the section on the audit of State Revenue Services. In August the Company has declared costs in its accounting reports in relation to the amounts calculated by the State Revenue Services, and those events caused losses of 836,510 euros.

It is clear that the aforementioned will directly affect the Company's final annual performance results and financial position. It will be analysed and reflected concretely and reasoned in the report of the Board prepared for the 2023 annual report of the Company.

Chairman of the Management board
of JSC Ditton pievadķēžu rūpnīca

Raimonds Bruževičs

JSC DITTON PIEVADĶĒŽU RŪPNĪCA
FINANCIAL REPORT FOR 9 MONTHS OF 2023

BALANCE SHEET

ASSETS	30.09.2023	30.09.2022
	EUR	EUR
Long-term investments		
Intangible investments		
Concessions, patents, licenses, trademarks and similar rights	-	-
Total intangible investments	-	-
Fixed assets		
Immovable property:		
Land	2 061 350	2 061 350
Buildings and structures and permanent crop	1 578 320	1 720 761
Investment properties - land	-	-
Investment properties - buildings	-	-
Technological equipment and devices	1 632 181	1 856 597
Other fixed assets and inventory	585	8 032
Costs of the establishment of fixed assets and unfinished building objects	-	-
Total fixed assets	5 272 436	5 646 740
Long-term financial investments		
Other securities and investments	-	-
Total long-term financial investments	-	-
Total long-term investments	5 272 436	5 646 740
Current assets		
Inventories		
Raw materials, consumables and supplies	355 483	375 494
Work in progress	172 675	206 839
Finished products and goods for sale	187 760	262 353
Advance payments for inventories	51 161	67 979
Total inventories	767 079	912 665
Debtors		
Trade receivables	292 584	601 533
Other debtors	3 952	21 954
Next period costs	-	593
Total debtors	296 536	624 080
Cash	12 388	283 605
Total current assets	1 076 003	1 820 350
<u>TOTAL ASSETS</u>	<u>6 348 439</u>	<u>7 467 090</u>

JSC DITTON PIEVADĶĒŽU RŪPNĪCA
FINANCIAL REPORT FOR 9 MONTHS OF 2023

BALANCE SHEET

LIABILITIES	30.09.2023	30.09.2022
	EUR	EUR
Equity		
Stock capital	10 360 000	10 360 000
Reserves:		
Other reserves	169 251	169 251
Uncovered losses brought forward from the previous years	(9 287 422)	(9 370 970)
Loss / profit for the fiscal period	(1 108 986)	199 843
Total equity	132 843	1 488 858
Creditors		
Long-term creditors:		
Loans from credit institutions	-	3 811 577
Other loans	-	-
Next period income	966 548	1 050 031
Total long-term creditors	966 548	4 861 608
Short-term creditors:		
Loans from credit institutions	-	104 384
Other loans	3 861 961	100 000
Prepayments received from purchasers	286 460	59 641
Accounts payable to suppliers and contractors	362 350	450 348
Taxes and State mandatory social insurance payments	366 131	222 759
Other creditors	242 143	71 115
Deferred income	20 871	20 871
Accrued liabilities	109 132	87 506
Total short-term creditors	5 249 048	1 116 624
Total creditors	6 215 596	5 978 232
<u>TOTAL LIABILITIES</u>	<u>6 348 439</u>	<u>7 467 090</u>

JSC DITON PIEVADĶĒŽU RŪPNĪCA
FINANCIAL REPORT FOR 9 MONTHS OF 2023

INCOME STATEMENT

	30.09.2023	30.09.2022
	EUR	EUR
Net turnover	2 458 778	3 756 318
Production costs of goods sold, purchase costs of goods sold or services rendered	2 026 268	3 003 350
Gross profit	432 510	752 967
Sales costs	208	582
Administrative expenses	(555 699)	(473 501)
Other income from operating activities	65 915	204 334
Other costs of operating activities	(997 614)	(127 996)
Other interest receivable and similar income	-	204 334
Interest payments and similar expenses	(52 713)	(127 996)
• <i>from other persons</i>	<i>(52 713)</i>	<i>(127 996)</i>
Loss / profit before corporate income tax	(1 107 810)	199 843
Corporate income tax	(1 176)	-
Loss / profit for the fiscal period	<u>(1 108 986)</u>	<u>199 843</u>
Loss / profit per share	(0.149)	0.027

JSC DITTON PIEVADĶĒŽU RŪPNĪCA
FINANCIAL REPORT FOR 9 MONTHS OF 2023

CASH FLOW STATEMENT

	30.09.2023 EUR	30.09.2022 EUR
I. Cash flows from operating activities		
1. Profit or loss before enterprise income tax	(1 108 986)	199 843
<i>Adjustments to:</i>		
Depreciation of fixed assets	273 786	303 619
Deprecation of intangible assets	-	-
Next period income recognition	(62 613)	(62 613)
Interest payments and similar income	257 066	156 571
2. Profit or loss before adjustments to fixed assets and short-term creditors	317 191	597 420
<i>Adjustments to:</i>		
Increase or decrease in accounts receivables	(26 041)	(39 454)
Increase or decrease in inventories	257 066	118 391
Increase or decrease in accounts payable to suppliers, contractors and other creditors	(317 191)	(148 672)
3. Gross cash flows from operating activities	548 216	527 685
Net cash used in operating activities	<u>548 216</u>	<u>527 685</u>
II. Cash flows from investing activities		
Purchases of fixed and intangible investments	-	-
Proceeds from sale of fixed assets and intangible investments	-	-
Net cash flows used in investing activities	-	-
III. Cash flows from financing activities		
Net change in borrowings	-	(243 000)
Interest payments and similar expenses	(52 713)	(156 571)
Purchase of fixed assets	-	-
Expenses from liquidation of fixed assets	-	22 522
Net cash used in financing activities	<u>(52 713)</u>	<u>(377 049)</u>
Net cash flow of the fiscal period	(349 597)	150 636
Cash and cash equivalents at the beginning of the fiscal period	<u>361 985</u>	<u>132 969</u>
Cash and cash equivalents at the end of the fiscal period	<u>12 388</u>	<u>283 605</u>

JSC DITTON PIEVADĶĒŽU RŪPNĪCA
FINANCIAL REPORT FOR 9 MONTHS OF 2023

STATEMENT OF CHANGES IN EQUITY
for the period from 01.01.2023 till 30.09.2023

	Equity capital	Reserves	Uncovered losses	Profit or loss of fiscal period	Total
	EUR	EUR	EUR	EUR	EUR
As at 1 January 2022	10 360 000	169 251	(9 240 236)	-	1 289 015
Reserves	-	-	-	-	-
Profit of 9 months period 2022	-	-	-	199 843	199 843
At 30 September 2022	10 360 000	169 251	(9 240 236)	199 843	1 488 858
At 1 January 2023	10 360 000	169 251	(9 287 422)	-	1 241 829
Profit of 9 months period 2023	-	-	-	(1 108 986)	(1 108 986)
At 30 September 2023	10 360 000	169 251	(9 287 422)	(1 108 986)	132 843

Appendix

Explanatory notes

Accounting policies and methods applied in present interim financial statements are consistent with those applied in the last Annual Report.

These financial statements of the JSC DITTON pievadķēžu rūpnīca prepared on the basis of source documents present fairly the financial position of the JSC as at 30 September 2023, its` operating results and cash flows for 9 months ended 30 September 2023.

This financial report has been prepared in compliance with statutory regulations of the Republic of Latvia on a going concern basis. Appropriate accounting policies have been applied consistently to each category.

The interim financial report for 9 months of 2023 has not been audited by sworn auditor.

The interim report has been prepared in *euros*.

The significant events of the Company's economic activity, market trends and the development of society, as well as the risks of society, which were valid until September 30, 2023 and which were indicated in the Board's report included in the Company's Financial Report for the 6 months of 2023, are current and valid.

At the same time, the Management Board of the Company draws attention to and supplements the information in the section on the audit of State Revenue Services. In August the Company has declared costs in its accounting reports in relation to the amounts calculated by the State Revenue Services, and those events caused losses of 836,510 euros.

It is clear that the aforementioned will directly affect the Company's final annual performance results and financial position. It will be analysed and reflected concretely and reasoned in the report of the Board prepared for the 2023 annual report of the Company.

Explanations and analyses on separate items of financial reports

Production of driving chains in 9 months of 2023 (thousand euros)

The value of the produced driving chains in these 9 months reached € 1 524 thousand, what is by € 980 thousand smaller than the index of the same period of the previous year.

Production of driving chains in 9 months of 2023 (thousand meters)

The index of the produced driving chains is by 157 thousand meters smaller than in 9 months of 2022.

Sales (net-turnover) in 9 months of 2023 (thousand euros)

The net-turnover of the fiscal period is fulfilled by € 2 459 thousand, being by € 1 298 thousand or 65 per cent smaller than the index in the same period of the previous year.

Core product sales in 9 months of 2023 (thousand euros)

Core product sales amounting to € 1 810 thousand in the reporting period are by € 1 167 thousand or 61 per cent smaller than the result of the same period in the previous year.