

JSC DITTON PIEVADĶĒŽU RŪPNĪCA

FINANCIAL REPORT FOR 9 MONTHS OF YEAR 2022 (01.01.2022 – 30.09.2022)

(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

2022

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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	01.01.2022 – 30.09.2022

Persons in charge for drawing up of the financial report:

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

Mr. Boriss Matvejevs, phone +371 65402333, email: dpr@dpr.lv

INFORMATION ON MANAGEMENT BOARD AND COUNCIL MEMBERS

THE MANAGEMENT BOARD

Chairman of the Management Board

Rolands Zarāns, re-elected on 14.01.2019 (elected since 15.01.2014).

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

Members of the Management Board	Owned shares *	
	Number	%
Rolands Zarāns	none	none

COUNCIL

Chairman of the Council

Boriss Matvejevs, re-elected on 18.06.2020 (elected since 05.05.2005).

Members of the Council

Genādijs Zavadskis, re-elected on 18.06.2020 (elected since 05.02.2017).

Aleksandrs Sokolovs, elected on 18.06.2020.

Information about the shares owned by the members of the Council

Members of the Council	Owned shares*	
	Number	%
Boriss Matvejevs	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 25.08.2022

**beneficiary of the Shareholder DVINSK MNG, Ltd.

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

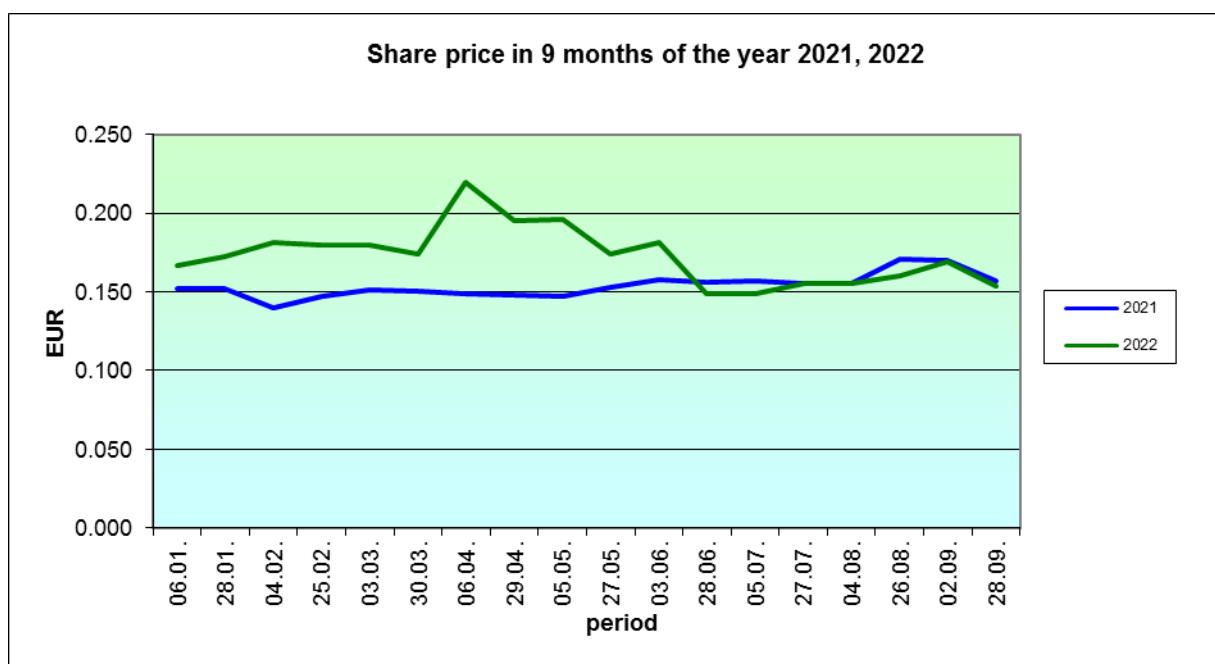
Given name, surname or Name	Shareholding, %
Vladislavs Driksne	19,92
MAX Invest Holding SIA	13,63
Maleks S SIA	13,56
DVINSK MNG SIA	9,46
Eduards Zavadskis	6,67
Marina Zavadska	6,67
Karolīna Marija Zavadska	6,67

**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 25.08.2022, 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.*

(2) Information about M. Zavadska's and K. M. Zavadska's shares is provided in accordance with the October 24, 2022 "Notice of significant participation" of these persons.

(3) As of September 30, 2022 The company does not have information about the distribution of shares between the heirs of V. Driksne (19.92%) and E. Zavadska (6.67%), their entries in their financial instrument accounts in accordance with Article 125 of the Financial Instruments Market Law.

SHARE PRICE DEVELOPMENT



STATEMENT ABOUT MANAGEMENT LIABILITY

The Management board declares that the interim report for 9 months of the year 2022 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 2022 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 2022 has not changed significantly and is relevant for the Company in the period until September 30, 2022.

At the same time, the Company's Board draws attention to the fact that, due to reasons beyond the control of the Company, the Company suspended its production activity from October 3, 2022 and partially resumed it from November 14, 2022.

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 2022 annual report of the Company.

Chairman of the Management board
of JSC Ditton pievadķēžu rūpnīca

Rolands Zarāns

JSC DITON PIEVADĶĒŽU RŪPNĪCA
FINANCIAL REPORT FOR 9 MONTHS OF 2022

BALANCE SHEET

ASSETS	30.09.2022.	30.09.2021
	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	1 720 761	1 863 203
Investment properties - land	-	-
Investment properties - buildings	-	-
Technological equipment and devices	1 856 597	2 130 623
Other fixed assets and inventory	8 032	17 277
Costs of the establishment of fixed assets and unfinished building objects	-	-
Total fixed assets	5 646 740	6 072 453
Long-term financial investments		
Other securities and investments	-	-
Total long-term financial investments	-	-
Total long-term investments	5 646 740	6 072 453
Current assets		
Inventories		
Raw materials, consumables and supplies	375 494	590 126
Work in progress	206 839	175 508
Finished products and goods for sale	262 353	338 007
Advance payments for inventories	67 979	110 302
Total inventories	912 665	1 213 943
Debtors		
Trade receivables	601 533	632 125
Other debtors	21 954	30 753
Next period costs	593	634
Total debtors	624 080	663 512
Cash	283 605	4 359
Total current assets	1 820 350	1 881 814
<u>TOTAL ASSETS</u>	<u>7 467 090</u>	<u>7 954 267</u>

JSC DITON PIEVADĶĒŽU RŪPNĪCA
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BALANCE SHEET

LIABILITIES	30.09.2022	30.09.2021
	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	(9 240 236)	(9 370 970)
Loss / profit for the fiscal period	199 843	294 837
Total equity	1 488 858	1 453 118
 Creditors		
Long-term creditors:		
Loans from credit institutions	3 811 577	4 135 577
Other loans	-	100 000
Next period income	1 050 031	1 133 515
Total long-term creditors	4 861 608	5 369 092
 Short-term creditors:		
Loans from credit institutions	104 384	90 384
Other loans	100 000	-
Prepayments received from purchasers	59 641	6 121
Accounts payable to suppliers and contractors	450 348	479 822
Taxes and State mandatory social insurance payments	222 759	365 284
Other creditors	71 115	78 787
Deferred income	20 871	20 871
Accrued liabilities	87 506	90 788
Total short-term creditors	1 116 624	1 132 057
Total creditors	5 978 232	6 501 149
 <u>TOTAL LIABILITIES</u>	 <u>7 467 090</u>	 <u>7 954 267</u>

JSC DITON PIEVADĶĒŽU RŪPNĪCA
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INCOME STATEMENT

	30.09.2022.	30.09.2021
	EUR	EUR
Net turnover	3 756 318	3 907 229
Production costs of goods sold, purchase costs of goods sold or services rendered	3 003 350	2 969 437
Gross profit	752 967	937 793
Sales costs	582	561
Administrative expenses	(473 501)	(487 651)
Other income from operating activities	204 334	89 763
Other costs of operating activities	(127 996)	(98 196)
Other interest receivable and similar income	204 334	1 521
Interest payments and similar expenses	(127 996)	(147 831)
• <i>from other persons</i>	<i>(127 996)</i>	<i>(147 831)</i>
Loss / profit before corporate income tax	199 843	294 837
Corporate income tax	-	-
Loss / profit for the fiscal period	<u>199 843</u>	<u>294 837</u>
Loss / profit per share	0.027	0.040

JSC DITON PIEVADĶĒŽU RŪPNĪCA
FINANCIAL REPORT FOR 9 MONTHS OF 2022

CASH FLOW STATEMENT

	30.09.2022	30.09.2021
	EUR	EUR
I. Cash flows from operating activities		
1. Profit or loss before enterprise income tax	199 843	294 837
<i>Adjustments to:</i>		
Depreciation of fixed assets	303 619	303 292
Deprecation of intangible assets	-	1 611
Next period income recognition	(62 613)	(62 613)
Interest payments and similar income	156 571	147 831
2. Profit or loss before adjustments to fixed assets and short-term creditors	597 420	684 958
<i>Adjustments to:</i>		
Increase or decrease in accounts receivables	(39 454)	(227 971)
Increase or decrease in inventories	118 391	(273 195)
Increase or decrease in accounts payable to suppliers, contractors and other creditors	(148 672)	(148 558)
3. Gross cash flows from operating activities	527 685	35 234
Net cash used in operating activities	<u>527 685</u>	<u>35 234</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)	16 300
Interest payments and similar expenses	(156 571)	(147 831)
Purchase of fixed assets	-	(7 094)
Expenses from liquidation of fixed assets	22 522	-
Net cash used in financing activities	<u>(377 049)</u>	<u>(138 625)</u>
Net cash flow of the fiscal period	150 636	(103 391)
Cash and cash equivalents at the beginning of the fiscal period	<u>132 969</u>	<u>107 750</u>
Cash and cash equivalents at the end of the fiscal period	<u>283 605</u>	<u>4 359</u>

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STATEMENT OF CHANGES IN EQUITY
for the period from 01.01.2022 till 30.09.2022

	Equity capital	Reserves	Uncovered losses	Profit or loss of fiscal period	Total
	EUR	EUR	EUR	EUR	EUR
As at 1 January 2021	10 360 000	169 251	(9 370 970)	-	1 158 281
Reserves	-	-	-	-	-
Profit of 9 months period 2021	-	-	-	294 837	294 837
At 30 September 2021	10 360 000	169 251	(9 370 970)	294 837	1 453 118
At 1 January 2022	10 360 000	169 251	(9 240 236)	-	1 289 015
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

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 2022, its` operating results and cash flows for 9 months ended 30 September 2022.

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 2022 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, 2022 and which were indicated in the Board's report included in the Company's Financial Report for the 6 months of 2022, are current and valid.

At the same time, the Company's Board draws attention to the fact that, due to reasons beyond the control of the Company, the Company suspended its production activity from October 3, 2022 and partially resumed it from November 14, 2022. 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 2022 annual report of the Company.

Explanations and analyses on separate items of financial reports

Production of driving chains in 9 months of 2022 (thousand euros)

The value of the produced driving chains in these 9 months reached € 2 504 thousand, what is by € 630 thousand smaller than the index of the same period of the previous year.

Production of driving chains in 9 months of 2022 (thousand meters)

The index of the produced driving chains is by 254 thousand meters smaller than in 9 months of 2021.

Sales (net-turnover) in 9 months of 2022 (thousand euros)

The net-turnover of the fiscal period is fulfilled by € 3 756 thousand, being by € 151 thousand or 4 per cent smaller than the index in the same period of the previous year.

Core product sales in 9 months of 2022 (thousand euros)

Core product sales amounting to € 2 977 thousand in the reporting period are by € 195 thousand or 6 per cent smaller than the result of the same period in the previous year.