

JSC DITTON PIEVADĶĒŽU RŪPNĪCA

FINANCIAL REPORT FOR 9 MONTHS OF YEAR 2021 (01.01.2021 – 30.09.2021)

(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

2021

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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	01.01.2021 – 30.09.2021

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 14.01.2019 (elected since 15.01.2014)

Member of the Management Board

Jevgēnijs Koršēnkovs (until 22.07.2021)

Information on shares owned by Members of the Management Board

Members of the Management Board	Share ownership*	
	Quantity of shares	%
Rolands Zarāns	no shares	-
Jevgēnijs Koršēnkovs	no shares	-

THE COUNCIL

Chairman of the Council

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

Members of the Council

Genādijs Zavadskis, re-elected 18.06.2020 (elected 15.02.2017)

Otto Dzenis, elected 18.06.2020.

Aleksandrs Sokolovs, elected 18.06.2020.

Information on shares owned by Members of the Council

Members of the Council	Share ownership*	
	Quantity of shares	%
Boriss Matvejevs	no shares	-
Genādijs Zavadskis	no shares	-
Oto Dzenis	no shares	-
Aleksandrs Sokolovs	700,000	9,46**

For more detailed information on professional background of Members of the Management Board and of the Council, please refer to our website: www.dpr.lv.

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MAJOR SHAREHOLDERS (OVER 5%)*

NAME	Ownership interest %
Vladislavs Driksne	19,92
MAX Invest Holding Ltd.	13,63
Maleks S Ltd.	13,56
DVINSK MNG Ltd.	9,46

* Note:

1) The Company does not keep any Shareholder Register. Information presented is provided and updated in accordance with the lists of shareholders of the JSC Diton pievadķēžu rūpnīca as at 31.05.2021, which is prepared by Nasdaq CSD SE for shareholders' meeting due to the Commercial Law and the Financial Instruments Market Law of the Republic of Latvia, taking into account the shareholders' notifications of the acquisition and disposal major holding in the Issuer's equity in accordance with the section 61 of the Financial Instruments Market Law.

2) As at 30.09.2020, the Company has no information at its disposal on distribution of stocks (20%) among heirs of E. Zavadskis and their records in financial instruments accounts pursuant to the section 125 of the Financial Instruments Market Law.

** Note:

Beneficiary of the shareholder DVINSK MNG, Ltd.

SHARE PRICE DEVELOPMENT



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STATEMENT ABOUT MANAGEMENT LIABILITY

The Management board declares that the interim report for 9 months of the year 2021 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 2021 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 Management states herewith that the information set out in the Management statement to the financial statements for the year I half of the year 2021 has no significant changes and is up to date.

Chairman of the Management board
of JSC Ditton pievadķēžu rūpnīca

Rolands Zarāns

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BALANCE SHEET

ASSETS	30.09.2021. EUR	30.09.2020 EUR
Long-term investments		
Intangible investments		
Concessions, patents, licenses, trademarks and similar rights	-	2 820
Total intangible investments	-	2 820
Fixed assets		
Immovable property:		
Land	2 061 350	1 972 722
Buildings and structures and permanent crop	1 863 203	1 170 867
Investment properties - land	-	88 628
Investment properties - buildings	-	834 777
Technological equipment and devices	2 130 623	2 376 585
Other fixed assets and inventory	17 277	26 480
Costs of the establishment of fixed assets and unfinished building objects	-	-
Total fixed assets	6 072 453	6 470 059
Long-term financial investments		
Other securities and investments	-	-
Total long-term financial investments	-	-
Total long-term investments	6 072 453	6 472 879
Current assets		
Inventories		
Raw materials, consumables and supplies	590 126	485 470
Work in progress	175 508	154 082
Finished products and goods for sale	338 007	378 620
Advance payments for inventories	110 302	24 773
Total inventories	1 213 943	1 042 945
Debtors		
Trade receivables	632 125	507 772
Other debtors	30 753	19 052
Next period costs	634	478
Total debtors	663 512	527 302
Cash	4 359	21 036
Total current assets	1 881 814	1 591 283
<u>TOTAL ASSETS</u>	<u>7 954 267</u>	<u>8 064 162</u>

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BALANCE SHEET

LIABILITIES	30.09.2021	30.09.2020
	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	(9 370 970)	(9 345 727)
Loss / profit for the fiscal period	294 837	33 625
Total equity	1 453 118	1 217 149
Creditors		
Long-term creditors:		
Loans from credit institutions	4 135 577	4 282 577
Other loans	100 000	3 700
Next period income	1 133 515	1 216 999
Total long-term creditors	5 369 092	5 503 276
Short-term creditors:		
Loans from credit institutions	90 384	197 408
Other loans	-	11 100
Prepayments received from purchasers	6 121	54 155
Accounts payable to suppliers and contractors	479 822	408 599
Taxes and State mandatory social insurance payments	365 284	518 659
Other creditors	78 787	67 009
Deferred income	20 871	20 871
Accrued liabilities	90 788	65 936
Total short-term creditors	1 132 057	1 343 737
Total creditors	6 501 149	6 847 013
<u>TOTAL LIABILITIES</u>	<u>7 954 267</u>	<u>8 064 162</u>

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INCOME STATEMENT

	30.09.2021.	30.09.2020
	EUR	EUR
Net turnover	3 907 229	3 280 561
Production costs of goods sold, purchase costs of goods sold or services rendered	2 969 437	2 599 955
Gross profit	937 793	680 606
Sales costs	561	528
Administrative expenses	(487 651)	(477 671)
Other income from operating activities	89 763	104 160
Other costs of operating activities	(98 196)	(132 673)
Other interest receivable and similar income	1 521	803
Interest payments and similar expenses	(147 831)	(141 072)
• <i>from other persons</i>	<i>(147 831)</i>	<i>(141 072)</i>
Loss / profit before corporate income tax	294 837	33 625
Corporate income tax	-	-
Loss / profit for the fiscal period	<u>294 837</u>	<u>33 625</u>
Loss / profit per share	0.040	0.005

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CASH FLOW STATEMENT

	30.09.2021 EUR	30.09.2020 EUR
I. Cash flows from operating activities		
1. Profit or loss before enterprise income tax	294 837	33 625
<i>Adjustments to:</i>		
Depreciation of fixed assets	303 292	317 032
Deprecation of intangible assets	1 611	3 624
Next period income recognition	(62 613)	-
Interest payments and similar income	147 831	141 072
		-
2. Profit or loss before adjustments to fixed assets and short-term creditors	684 958	495 353
<i>Adjustments to:</i>		
Increase or decrease in accounts receivables	(227 971)	132 641
Increase or decrease in inventories	(273 195)	(124 522)
Increase or decrease in accounts payable to suppliers, contractors and other creditors	(148 558)	(158 895)
3. Gross cash flows from operating activities	35 234	344 577
Net cash used in operating activities	<u>35 234</u>	<u>344 577</u>
II. Cash flows from investing activities		
Purchases of fixed and intangible investments	-	(2 533)
Proceeds from sale of fixed assets and intangible investments	-	-
Net cash flows used in investing activities	=	<u>(2 533)</u>
III. Cash flows from financing activities		
Net change in borrowings	16 300	(190 299)
Interest payments and similar expenses	(147 831)	(141 072)
Purchase of fixed assets	(7 094)	-
Net cash used in financing activities	<u>(138 625)</u>	<u>(331 371)</u>
Net cash flow of the fiscal period	<u>(103 391)</u>	10 673
Cash and cash equivalents at the beginning of the fiscal period	<u>107 750</u>	<u>10 363</u>
Cash and cash equivalents at the end of the fiscal period	<u>4 359</u>	<u>21 036</u>

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STATEMENT OF CHANGES IN EQUITY
for the period from 01.01.2021 till 30.09.2021

	Equity capital	Reserves	Uncovered losses	Profit or loss of fiscal period	Total
	EUR	EUR	EUR	EUR	EUR
As at 1 January 2020	10 360 000	169 251	(9 345 727)	-	1 183 524
Reserves	-	-	-	-	-
Profit of 9 months period 2020	-	-	-	33 625	33 625
At 30 September 2020	10 360 000	169 251	(9 345 727)	33 625	1 217 149
At 1 January 2021	10 360 000	169 251	(9 370 970)	-	1 158 281
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

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 2021, its` operating results and cash flows for 9 months ended 30 September 2021.

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 2021 has not been audited by sworn auditor.

The interim report has been prepared in *euros*.

Significant events of the Company's economic activity, market trends and development of the Company, as well as the Company's risks, which are indicated in the report of the Board in the Company's Financial Signature for 6 months of 2021, are current and valid.

The risks of a decline in the Company's performance increased due to the resumption and significant increase of the COVID19 pandemic and due to restrictions imposed by public administrations and quarantine measures, which have a negative impact on global and regional economic activity.

Explanations and analyses on separate items of financial reports

Production of driving chains in 9 months of 2021 (thousand euros)

The value of the produced driving chains in these 9 months reached € 3 134 thousand, what is by € 574 thousand higher than the index of the same period of the previous year.

Production of driving chains in 9 months of 2021 (thousand meters)

The index of the produced driving chains is by 34 thousand meters higher than in 9 months of 2020.

Sales (net-turnover) in 9 months of 2021 (thousand euros)

The net-turnover of the fiscal period is fulfilled by € 3 907 thousand, being by € 627 thousand or 19 per cent higher than the index in the same period of the previous year.

Core product sales in 9 months of 2021 (thousand euros)

Core product sales amounting to € 2 171 thousand in the reporting period are by € 485 thousand or 18 per cent higher than the result of the same period in the previous year.