

JSC DITTON PIEVADĶĒŽU RŪPNĪCA

FINANCIAL REPORT FOR 9 MONTHS OF YEAR 2020 (01.01.2020 – 30.09.2020)

(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

2020

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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	01.01.2020 – 30.09.2020

Persons in charge for drawing up of the financial report:

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

Ms. Natalja Redzoba, 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

Natalja Redzoba, re-elected 10.01.2017 (elected since 29.08.2003)

Information on shares owned by Members of the Management board

Members of the Management board	Share ownership*	
	Quantity of shares	%
Rolands Zarāns	no shares	-
Natalja Redzoba	no shares	-

THE COUNCIL

Chairman of the Council

Boriss Matvejevs, re-elected 15.02.2017 (elected since 05.05.2005)

Deputy Chairman of the Council

Georgijs Sorokins, re-elected 15.02.2017 (elected since 06.11.2000)

Members of the Council

Anželina Titkova, re-elected 15.02.2017 (elected 14.08.2009)

Genādijs Zavadskis, elected 15.02.2017

Vadims Kazačonoks, elected 15.02.2017

Information on shares owned by Members of the Council

Members of the Council	Share ownership*	
	Quantity of shares	%
Boriss Matvejevs	no shares	-
Georgijs Sorokins	5 768	0,08
Anželina Titkova	no shares	-
Genādijs Zavadskis	no shares	-
Vadims Kazačonoks	no shares	-

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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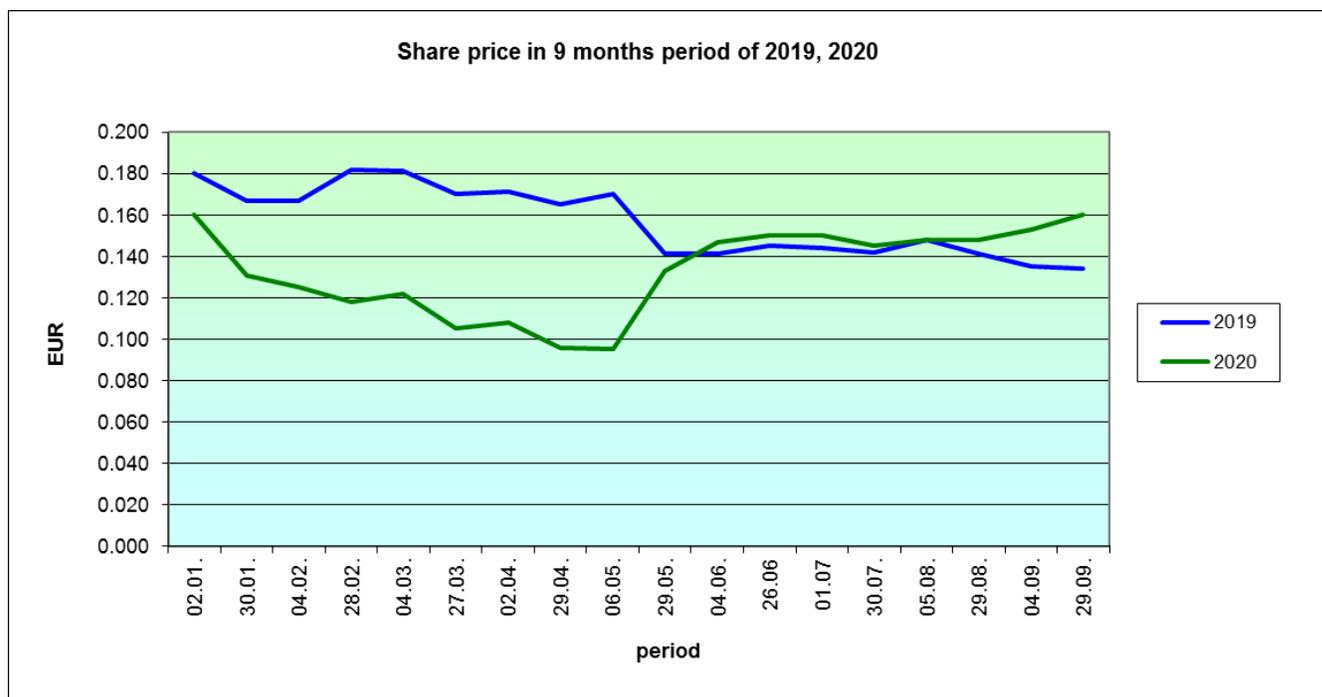
MAJOR SHAREHOLDERS (OVER 5%)*

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 Ditton pievadķēžu rūpnīca as at 27.05.2019, which is prepared by Nasdaq CSD 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 30.09.2019, 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.

SHARE PRICE DEVELOPMENT



JSC DITTON PIEVADĶĒŽU RŪPNĪCA
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STATEMENT ABOUT MANAGEMENT LIABILITY

The Management board declares that the interim report for 9 months of the year 2020 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 2020 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 2020 has no significant changes and is up to date.

Chairman of the Management board
of JSC Ditton pievadķēžu rūpnīca

Rolands Zarāns

JSC DITTON PIEVADĶĒŽU RŪPNĪCA
FINANCIAL REPORT FOR 9 MONTHS OF 2020

BALANCE SHEET

ASSETS	30.09.2020.	30.09.2019
	EUR	EUR
Long-term investments		
Intangible investments		
Concessions, patents, licenses, trademarks and similar rights	2 820	7 653
Total intangible investments	2 820	7 653
Fixed assets		
Immovable property:		
Land	1 972 722	1 972 722
Buildings and structures and permanent crop	1 170 867	1 255 405
Investment properties - land	88 628	88 628
Investment properties - buildings	834 777	892 681
Technological equipment and devices	2 376 585	2 626 767
Other fixed assets and inventory	26 480	37 565
Costs of the establishment of fixed assets and unfinished building objects	-	12 649
Total fixed assets	6 470 059	6 886 417
Long-term financial investments		
Other securities and investments	-	-
Total long-term financial investments	-	-
Total long-term investments	6 472 879	6 894 070
Current assets		
Inventories		
Raw materials, consumables and supplies	485 470	418 108
Work in progress	154 082	162 377
Finished products and goods for sale	378 620	173 546
Advance payments for inventories	24 773	89 098
Total inventories	1 042 945	843 129
Debtors		
Trade receivables	507 772	588 445
Other debtors	19 052	31 480
Next period costs	478	400
Total debtors	527 302	620 325
Cash	21 036	113 823
Total current assets	1 591 283	1 577 277
<u>TOTAL ASSETS</u>	<u>8 064 162</u>	<u>8 471 347</u>

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BALANCE SHEET

LIABILITIES	30.09.2020	30.09.2019
	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	(9 345 727)	(9 228 221)
Loss / profit for the fiscal period	33 625	(159 455)
Total equity	1 217 149	1 141 575
Creditors		
Long-term creditors:		
Loans from credit institutions	4 282 577	4 678 577
Other loans	3 700	-
Next period income	1 216 999	1 300 483
Total long-term creditors	5 503 276	5 979 060
Short-term creditors:		
Loans from credit institutions	197 408	107 743
Other loans	11 100	-
Prepayments received from purchasers	54 155	35 711
Accounts payable to suppliers and contractors	408 599	543 062
Taxes and State mandatory social insurance payments	518 659	497 338
Other creditors	67 009	69 333
Deferred income	20 871	20 871
Accrued liabilities	65 936	76 654
Total short-term creditors	1 343 737	1 350 712
Total creditors	6 847 013	7 329 772
<u>TOTAL LIABILITIES</u>	<u>8 064 162</u>	<u>8 471 347</u>

JSC DITON PIEVADĶĒŽU RŪPNĪCA
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INCOME STATEMENT

	30.09.2020.	30.09.2019
	EUR	EUR
Net turnover	3 280 561	3 742 257
Production costs of goods sold, purchase costs of goods sold or services rendered	2 599 955	3 265 854
Gross profit	680 606	476 403
Sales costs	528	575
Administrative expenses	(477 671)	(483 144)
Other income from operating activities	104 160	111 976
Other costs of operating activities	(132 673)	(114 820)
Other interest receivable and similar income	803	-
Interest payments and similar expenses	(141 072)	(149 294)
• <i>from other persons</i>	<i>(141 072)</i>	<i>(149 294)</i>
Loss / profit before corporate income tax	33 625	(159 455)
Corporate income tax	-	-
Loss / profit for the fiscal period	<u>33 625</u>	<u>(159 455)</u>
Loss / profit per share	0.005	(0.022)

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CASH FLOW STATEMENT

	30.09.2020.	30.09.2019
	EUR	EUR
I. Cash flows from operating activities		
1. Profit or loss before enterprise income tax	33 625	(159 455)
<i>Adjustments to:</i>		
Depreciation of fixed assets	317 032	309 806
Deprecation of intangible assets	3 624	3 625
Next period income recognition	-	(62 613)
Interest payments and similar income	141 072	149 294
Income from sales of fixed assets	-	(1 600)
2. Profit or loss before adjustments to fixed assets and short-term creditors	495 353	239 057
<i>Adjustments to:</i>		
Increase or decrease in accounts receivables	132 641	59 108
Increase or decrease in inventories	(124 522)	150 762
Increase or decrease in accounts payable to suppliers, contractors and other creditors	(158 895)	23 415
3. Gross cash flows from operating activities	344 577	472 342
Net cash used in operating activities	<u>344 577</u>	<u>472 342</u>
II. Cash flows from investing activities		
Purchases of fixed and intangible investments	(2 533)	(60 599)
Proceeds from sale of fixed assets and intangible investments	-	1 600
Net cash flows used in investing activities	<u>(2 533)</u>	<u>(58 999)</u>
III. Cash flows from financing activities		
Net change in borrowings	(190 299)	(208 701)
Interest payments and similar expenses	(141 072)	(149 294)
Net cash used in financing activities	<u>(331 371)</u>	<u>(357 995)</u>
Net cash flow of the fiscal period	10 673	55 348
Cash and cash equivalents at the beginning of the fiscal period	<u>10 363</u>	<u>58 475</u>
Cash and cash equivalents at the end of the fiscal period	<u>21 036</u>	<u>113 823</u>

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STATEMENT OF CHANGES IN EQUITY
for the period from 01.01.2020 till 30.09.2020

	Equity capital	Reserves	Uncovered losses	Profit or loss of fiscal period	Total
	EUR	EUR	EUR	EUR	EUR
As at 1 January 2019	10 360 000	169 251	(9 228 221)	-	1 301 030
Reserves	-	-	-	-	-
Profit of 9 months period 2019	-	-	-	(159 455)	(159 455)
At 30 September 2019	10 360 000	169 251	(9 228 221)	(159 455)	1 141 575
At 1 January 2020	10 360 000	169 251	(9 345 727)	-	1 183 524
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

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 2020, its` operating results and cash flows for 9 months ended 30 September 2020.

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 2020 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 2020, 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 2020 (thousand euros)

The value of the produced driving chains in these 9 months reached € 2 506 thousand, what is by € 141 thousand lower than the index of the same period of the previous year.

Production of driving chains in 9 months of 2020 (thousand meters)

The index of the produced driving chains is by 281 thousand meters lower than in 9 months of 2019.

Sales (net-turnover) in 9 months of 2020 (thousand euros)

The net-turnover of the fiscal period is fulfilled by € 3 281 thousand, being by € 461 thousand or 12 per cent lower than the index in the same period of the previous year.

Core product sales in 9 months of 2020 (thousand euros)

Core product sales amounting to € 2 911 thousand in the reporting period are by € 51 thousand or 2 per cent lower than the result of the same period in the previous year.