



SIA “BANGA LTD” INTERIM REPORT

July - September 2022

STATEMENT OF THE MANAGEMENT BOARD

25 November 2022

Key events in Q3

The company's sales continue to increase and are up 55% in Q3 2022 compared to the same period in 2021. Total turnover of the company in the first 9 months of 2022 amounted to EUR 8,078,911.85, which is 37.8 percent above the indicator of the corresponding in 2021. Demand for canned fish products still remains high, which contributed to the price increase. Demand remains strong in the company's traditional markets in Europe, including Latvia and the Baltic States, as well as in Asia. In September, the company achieved its historically highest monthly sales volume - EUR 1.2 million. During the reporting period, sale of a new product - tuna - to the company's customers was commenced in effort to expand its product range.

During the reporting period, representatives of the company participated at international food fairs in Germany, France, Singapore, the Netherlands and Spain, attracting new customers, strengthening relations with existing customers and signing deals for 2023, including reservation of production capacity in the new factory building for customers.

Increase in raw material (oil, fish, tins and other packaging) and energy costs stabilised in Q3, and the planned procurement policy and cost control ensured a 16.8 per cent increase in the company's gross profit in the first 9 months of 2022 compared to 2021.

Traditionally, production staff are on vacation in July, so maintenance and repair works were carried out to prepare the factory for the new season. During the reporting period, the IFS Food certificate was prolonged for the company's production site.



In Q3 2022, the company continued to implement the investment project for production expansion - production buildings, warehouses, network infrastructure. The project is implemented in cooperation with the Rural Support Service and co-financed by the European Union's European Maritime and Fisheries Fund! The expansion works are ongoing along with the production process at 100% capacity, which is a major challenge for the production staff. The production equipment has been delivered by the end of the reporting period, and the overall project is complete by 75%. Production of products in the new building will start in Q1 2023.

The company's work intensity in Q4 allows us to forecast that the overall annual result will exceed the initial forecasts and, together with the increase in production capacity, provide solid basis for growth in 2023.

The company's performance and growth have also been recognised by the Latvian state and Talsi region, with the Ministry of Agriculture awarding the company the "Fish Processing Company of the Year 2022" incentive prize, and Talsi region winning the "Most Sustainable Company" nomination in the "Entrepreneurs of the Year Award" competition.

INCOME STATEMENT

EURO

	9 M 2021	9 M 2022
SALES	5 864 607	8 078 912
COST OF SALES *	-5 242 029	-7 351 953
DISTRIBUTION EXPENSES	-110 648	-127 020
ADMINISTRATION EXPENSES	-191 861	-300 020
OTHER OPERATING INCOME	322 440	112 465
OTHER OPERATING EXPENSES	-190 395	-107 387
OPERATING PROFIT	452 114	304 997
FINANCE INCOME **	61 867	100 032
FINANCE EXPENSES ***	-42 412	-92 767
INCOME TAX		-9 026
NET PROFIT	471 569	303 236

* including

DEPRECIATION	-185730	-227015
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** including

FOREIGN EXCHANGE	5 741	6 036
INTEREST INCOME	2 535	1 539
INCOME FROM EU PROJECT SUPPORT	53 591	41 897
OTHERS		5 523

*** including

FOREIGN EXCHANGE	-4 482	-3 675
INTEREST COSTS	-35 543	-42 063
OTHERS	-2 387	-550

BALANCE SHEET

	31/12/2021	30/9/2022
INTANGIBLE ASSETS	23 234	21 285
PROPERTY	724 217	902 333
OTHER	1 069 154	1 846 455
FINANCIAL ASSETS	30 722	30 721
INVENTORIES	1 440 577	2 492 829
RECEIVABLES	1 132 976	938 354
CASH	27 410	350 368
TOTAL ASSETS	4 448 290	6 582 345
OWNERS` EQUITY		
SHARE CAPITAL	547 565	547 565
LONG-TERM INVESTMENTS REVALUATION RESERVE	54 265	53 497
OTHER RESERVE	2	2
RETAINED EARNINGS	1 194 585	1 447 821
TOTAL EQUITY	1 796 417	2 048 885
LIABILITIES		
DEBT	841 635	2 793 928
OTHER LIABILITIES	529 637	551 633
ACCOUNTS PAYABLE	1 280 601	1 187 899
TOTAL LIABILITIES	2 651 873	4 533 460
TOTAL LIABILITIES & OWNERS` EQUITY	4 448 290	6 582 345

STATEMENT OF CHANGES IN EQUITY

EURO

	SHARE CAPITAL	LONG-TERM INVESTMENTS REVALUATION RESERVE	OTHER RESERVE	RETAINED EARNINGS	TOTAL EQUITY
BALANCE AT 31.12.2020	547 565	54 264	2	693 320	1 295 152
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				501 265	501 265
BALANCE AT 31.12.2021	547 565	54 265	2	1 194 585	1 796 417
EXCLUSION OF LONG-TERM INVESTMENTS		-768			-768
DIVIDENDS DECLARED				-50 000	-50 000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				303 236	303 236
BALANCE AT 30.09.2022	547 565	53 497	2	1 447 821	2 048 885

CASH FLOW STATEMENT

EURO

	9 M 2021	9 M 2022
OPERATING ACTIVITIES		
INCOME FROM SALE OF GOODS AND SERVICES	6 309 060	8 802 709
PAYMENTS TO SUPPLIERS AND EMPLOYEES	-5 872 758	-9 258 516
INTEREST PAID	-19 970	-41 199
INCOME TAX		-9 016
NET CASH FLOW FROM OPERATING ACTIVITIES	416 332	-506 022
INVESTING ACTIVITIES		
ACQUISITION OF PARTS OF RELATED OR ASSOCIATED COMPANIES	-23 500	
INVESTMENTS IN TANGIBLE AND INTANGIBLE ASSETS	-431 476	-1 212 094
LOANS GRANTED	-88 600	-76 400
REPAYMENT OF LOANS GRANTED	103 075	78 585
INTEREST RECEIVED	2 101	
CASH FLOW FROM INVESTING ACTIVITIES	-438 400	-1 209 909
FINANCING ACTIVITIES		
LOANS RECEIVED	520	2 500 700
SUPPORT FROM EU FUNDS RECEIVED	182 551	92 511
LOANS REPAYED	-159 539	-502 174
DIVIDENDS PAID		-50 000
CASH FLOW FROM FINANCING ACTIVITIES	23 532	2 041 037
RESULT OF FLUCTUATIONS IN FOREIGN EXCHANGE RATES	-900	-2 148
CHANGE IN CASH	564	322 958
CASH AT PERIOD-START	24 533	27 410
CASH AT PERIOD-END	25 097	350 368

FINANCIAL INDICATORS

Financial Indicator	Calculation formula	Result
Interest coverage Ratio (IRC)	EBITDA/Net finance Charges	7.00
Equity Ratio	Ratio of Adjusted Equity/Assets	31%
Net Debt to EBITDA	Net Debt/EBITDA	3.96
EBITDA	<p>Net profit for the Relevant Period calculated according to the most recent Financial Reports:</p> <ul style="list-style-type: none"> (a) before deducting any amount of tax on profits, gains or income paid or payable; (b) before deducting any Net Finance Charges; (c) before taking into account any exceptional items which are not in line with the ordinary course of business; (d) not including any accrued interest on Subordinated Debt; (e) before taking into account any gains or losses on any foreign exchange gains or losses; and (f) after adding back any amount attributable to the amortisation, depreciation or depletion of assets. 	616 474 EUR