



# SIA “BANGA LTD” INTERIM REPORT

JANUARY - MARCH 2023

# STATEMENT OF THE MANAGEMENT BOARD

30 May 2023

## Key events in Q1

The Company's economic performance in Q1 2023 continued to show an increase in sales, which increased by 23.8 per cent compared to the corresponding period of 2022. The positive result in sales of the company's products was achieved despite the traditional decline in market demand in January and February. As a part of the Company's sustainable sales strategy, cooperation with new partners (e.g., in Estonia, Poland, the UK, Asia, etc.), and outsourcing cooperation with other manufacturers in Latvia was commenced. The flexible pricing policy and the wide range of customers in different regions, as well as the stabilisation of raw material and energy prices, led to a 76.3 per cent increase in gross margin in Q1 2023 compared to Q1 2022. In order to ensure a more efficient production process and to reduce the prime cost of end products, changes in the range of products was introduced in the previous reporting period, which enabled us to increase the number of units produced by 30 percent! The company's range of products has been expanded to include new salmon and Atlantic fish products.

During the reporting period, works within the framework of the investment project implemented in cooperation with the Rural Support Service - the 8th round of expansion of the canned fish production plant - were completed, i.e., the general construction works of the new production unit, network construction, and equipment installation, and test production of the products was commenced. Commencement of production in the new unit will enable the company both to further increase production volumes and to provide output for the new growth markets. The first batches of products in new packaging have already been shipped to customers in April.



The completion of the investment project is also reflected in the balance sheet items - land, buildings, structures and technological equipment and machinery, bringing the total value of property, plant and equipment to EUR 3.37 million.

During the reporting period, warehouse of the finished products was expanded, which provides additional volume for storage of finished products, including for sales during the summer months - the period of technological interruption in production. The balance of end products at the end of the reporting period amounted to EUR 1.7 million representing 83% over the indicators at the beginning of the year.

As a part of sustainable staff policy, from 1 January 2023, staff salaries were increased within the limits of 10% depending on the employee's category and contribution to the development of company. The company employs people from both Talsi Municipality and Tukums Municipality, as well as Ukrainian war refugees.

Economic performance in the first quarter of 2023 resulted in profit of EUR 386,452. The profit indicator was significantly affected by exceptional revenue received under the European Maritime, Fisheries and Aquaculture Fund for partial reimbursement of additional costs, which amounted to more than 135 thousand euro. Excluding the compensation component for cost increases, the profit was EUR 250 827, or 2.17 times more than in Q1 2022.

Within the framework of further period of the 2022/2023 season, the Company plans to fully start producing in the new production unit, implement marketing activities at industry exhibitions, continue development of new products, complete the audit of the Company's 2022 annual financial statements and list the Company's issued bonds on Nasdaq Riga Stock Exchange Firth North.

# INCOME STATEMENT

EURO

	Q1 2023	Q1 2022
<b>SALES</b>	<b>3 129 336</b>	<b>2 528 687</b>
COST OF SALES *	-2 710 521	-2 289 458
DISTRIBUTION EXPENSES	-37 279	-51 067
ADMINISTRATION EXPENSES	-109 036	-75 408
OTHER OPERATING INCOME	567 218	97 992
OTHER OPERATING EXPENSES	-428 846	-101 404
<b>OPERATING PROFIT</b>	<b>410 872</b>	<b>109 342</b>
FINANCE INCOME **	23 085	21 149
FINANCE EXPENSES ***	-50 254	-12 379
INCOME TAX	-16	-2 373
<b>NET PROFIT</b>	<b>383 687</b>	<b>115 739</b>

\* included

DEPRECIATION	97 791	71 564
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\*\* included

FOREIGN EXCHANGE	2 946	316
INTEREST INCOME	749	771
INCOME FROM EU PROJECT SUPPORT	19 390	20 062

\*\*\* included

FOREIGN EXCHANGE	-4 500	-323
INTEREST COSTS	-44 846	-11 880
OTHERS	-908	-176

# BALANCE SHEET

	31/3/2023	31/3/2022
INTANGIBLE ASSETS	20 387	22 584
PROPERTY	1 671 768	723 047
MACHINERY	1 134 606	743 860
OTHER FIXED ASSETS AND INVENTORY	444 413	306 819
CREATION OF FIXED ASSETS AND CONSTRUCTION EXPENSES	11 414	73 013
ADVANCE PAYMENTS FOR FIXED ASSETS	107 191	93 285
FINANCIAL ASSETS	30 722	30 721
INVENTORIES	3 149 681	1 565 318
RECEIVABLES	1 027 478	742 611
CASH	167 915	29 207
<b>TOTAL ASSETS</b>	<b>7 765 575</b>	<b>4 330 465</b>
<b>OWNERS` EQUITY</b>		
SHARE CAPITAL	547 565	547 565
LONG-TERM INVESTMENTS REVALUATION RESERVE	53 497	54 265
OTHER RESERVE	2	2
RETAINED EARNINGS	2 127 714	1 310 324
<b>TOTAL EQUITY</b>	<b>2 728 778</b>	<b>1 912 156</b>
<b>LIABILITIES</b>		
DEBT LONG-TERM	2 997 585	505 917
DEBT SHORT-TERM	110 700	247 047
OTHER LIABILITIES	811 933	587 320
ACCOUNTS PAYABLE	1 116 579	1 078 025
<b>TOTAL LIABILITIES</b>	<b>5 036 797</b>	<b>2 418 309</b>
<b>TOTAL LIABILITIES &amp; OWNERS` EQUITY</b>	<b>7 765 575</b>	<b>4 330 465</b>

# STATEMENT OF CHANGES IN EQUITY

EURO

	SHARE CAPITAL	LONG-TERM INVESTMENTS REVALUATION RESERVE	OTHER RESERVE	RETAINED EARNINGS	TOTAL EQUITY
<b>BALANCE AT 31.12.2021</b>	<b>547 565</b>	<b>54 265</b>	<b>2</b>	<b>1 194 585</b>	<b>1 796 417</b>
EXCLUSION OF LONG-TERM INVESTMENTS		-768			-768
DIVIDENDS DECLARED				-50 000	-50 000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				599 443	599 443
<b>BALANCE AT 31.12.2022</b>	<b>547 565</b>	<b>53 497</b>	<b>2</b>	<b>1 744 028</b>	<b>2 345 092</b>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				383 686	383 686
<b>BALANCE AT 31.03.2023</b>	<b>547 565</b>	<b>53 497</b>	<b>2</b>	<b>2 127 714</b>	<b>2 728 778</b>

# CASH FLOW STATEMENT

EURO

	Q1 2023	Q1 2022
<b>OPERATING ACTIVITIES</b>		
INCOME FROM SALE OF GOODS AND SERVICES	3 393 275	3 190 701
PAYMENTS TO SUPPLIERS AND EMPLOYEES	-3 471 968	-2 907 889
INTEREST PAID	-34 800	-5 076
INCOME TAX	-246	-51
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-113 739</b>	<b>277 685</b>
<b>INVESTING ACTIVITIES</b>		
ACQUISITION OF PARTS OF RELATED OR ASSOCIATED COMPANIES		
INVESTMENTS IN TANGIBLE AND INTANGIBLE ASSETS	-287 333	-236 989
LOANS GRANTED	-14 929	-16 700
REPAYMENT OF LOANS GRANTED	16 700	18 185
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-285 562</b>	<b>-235 504</b>
<b>FINANCING ACTIVITIES</b>		
LOANS RECEIVED	0	-87 474
SUPPORT FROM EU FUNDS RECEIVED	135 626	82 629
LOANS REPAYED	0	-35 546
DIVIDENDS PAID		
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>135 626</b>	<b>-40 391</b>
RESULT OF FLUCTUATIONS IN FOREIGN EXCHANGE RATES	-245	7
<b>CHANGE IN CASH</b>	<b>-263 920</b>	<b>1 797</b>
<b>CASH AT PERIOD-START</b>	<b>431 835</b>	<b>27 410</b>
<b>CASH AT PERIOD-END</b>	<b>167 915</b>	<b>29 207</b>

# FINANCIAL INDICATORS

Financial Indicator	Calculation formula	Result
Interest coverage Ratio (IRC)	EBITDA/Net finance Charges	7.0
Equity Ratio	Ratio of Adjusted Equity/Assets	35%
Net Debt to EBITDA	Net Debt/EBITDA	2.6
EBITDA	<p>Net profit for the Relevant Period calculated according to the most recent Financial Reports:</p> <ul style="list-style-type: none"> <li>(a) before deducting any Net Finance Charges;</li> <li>(b) before taking into account any exceptional items which are not in line with the ordinary course of business;</li> <li>(c) not including any accrued interest on Subordinated Debt;</li> <li>(d) before taking into account any gains or losses on any foreign exchange gains or losses; and</li> <li>(e) after adding back any amount attributable to the amortisation, depreciation or depletion of assets.</li> </ul>	1 122 059 EUR