

Vilnius, November 2021

AB „Pieno žvaigždės“ confirmation of the Management

Interim financial statements for the 9 months of 2021

We, Aleksandr Smagin, Chief Executive Officer and Audrius Statulevičius, Chief Financial Officer, hereby confirm that, to the best of our knowledge, Interim Financial Statements for the nine months of 2021 prepared in accordance with IFRS, give true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of AB “Pieno žvaigždės”.



Chief Executive Officer / Aleksandr Smagin



Chief Financial Officer / Audrius Statulevičius



PIENO ŽVAIGŽDĖS

Interim financial
statements

For the 9 monts of 2021



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1. Statement of financial position (Thousand EUR)

Prepared according to IFRS, not audited

	2021 09 30	2020 12 31
Assets		
Property, plant and equipment	47 865	47 834
Intangible assets	71	86
Investments available for sale	22	22
Long-term receivables	542	404
Deferred tax	1 209	1 209
Total non-current assets	49 709	49 555
Inventories	14 824	13 277
Receivables	11 342	6 666
Cash and cash equivalents	1 898	3 553
Total current assets	28 064	23 496
Total assets	77 773	73 051
Equity		
Share capital	13 089	13 089
Share premium	7 891	7 891
Own shares	-	-
Reserves	1 570	1 570
Retained earnings	7 055	10 890
Total equity	29 605	33 440
Liabilities		
Government grants	1 217	1 336
Interest-bearing loans and borrowings	23 222	16 510
Deferred tax	1 179	1 179
Total non-current liabilities	25 618	19 025
Provisions		
Interest-bearing loans and borrowings	3 517	4 914
Income tax payable	-	-
Trade and other amounts payable	19 033	15 672
Total current liabilities	22 550	20 586
Total liabilities	48 168	39 611
Total equity and liabilities	77 773	73 051



2. Statement of comprehensive income (Thousand EUR)

Prepared according to IFRS, not audited

	2021 01 01 – 2021 09 30	2020 01 01 – 2020 09 30
Revenue	132 902	130 902
Cost of sales	(107 211)	(100 554)
Gross profit	25 691	30 349
Other operating income, net	519	399
Sales and administrative expenses	(23 051)	(22 979)
Operating profit before finance costs	3 159	7 768
Finance income	51	148
Finance expenses	(727)	(906)
Finance income/expenses, net	(676)	(758)
Profit before tax	2 483	7 010
Corporate income tax	-	(720)
Profit for the year	2 483	6 290
Earnings per share (EUR)	0,06	0,14
	2021 07 01 – 2021 09 30	2020 07 01 – 2020 09 30
Revenue	46 832	45 970
Cost of sales	(38 045)	(35 155)
Gross profit	8 787	10 815
Other operating income, net	270	158
Sales and administrative expenses	(7 639)	(7 035)
Operating profit before finance costs	1 418	3 939
Finance income	23	50
Finance expenses	(254)	(303)
Finance income/expenses, net	(231)	(254)
Profit before tax	1 188	3 685
Corporate income tax	-	(720)
Profit for the year	1 188	2 965
Earnings per share (EUR)	0,03	0,07



3. Statement of cash flows (Thousand EUR)

Prepared according to IFRS, not audited

	2021 09 30	2020 09 30
Cash flows from operating activities		
Net profit	2 483	6 290
Adjustments:		
Depreciation and amortization	4 086	4 123
Amortisation of government grants	(119)	(104)
Result of disposal of property, plant and equipment	(177)	-
Change in financial instruments	-	(89)
Change in vacation reserve	-	32
Change in provision	-	1 220
Change in impairment loss of inventories	-	64
Interest income/expenses, net	526	687
Income tax	-	720
Cash flows from ordinary activities before changes in the working capital	6 799	12 943
Change in inventories	(1 547)	(875)
Change in receivables	(4 968)	(1 545)
Change in trade and other payable amounts	3 502	(543)
Cash flows from operating activities	3 786	9 980
Interest paid	(578)	(739)
Income tax paid	-	-
Net cash flow from operating activities	3 208	9 241
Cash flows from investing activities		
Acquisition of property, plant and equipment	(3 907)	(4 036)
Acquisition of intangible assets	(34)	(21)
Proceeds on sale of property, plant and equipment	563	39
Acquisition of rental rights	(291)	(561)
Interest received	52	52
Net cash flow used in investing activities	(3 617)	(4 527)
Cash flows from financing activities		
Loans received	9 000	1 000
Repayment of borrowings	(3 190)	(2 940)
Dividends paid	(6 269)	(3 134)
Payment of finance lease liabilities	(787)	(963)
Government grants received	-	476
Net cash from/(used in) financing activities	(1 246)	(5 561)
Change in cash and cash equivalents	(1 655)	(847)
Beginning cash	3 553	3 599
Ending cash	1 898	2 752



4. Statement on change in equity

Prepared according to IFRS, not audited

(Thousand EUR)	Share capital	Share premium	Own shares	Compulsory reserve	Revaluation reserve	Other reserves	Retained earnings	Total equity
As at 1 January 2020	13 089	7 891	0	1 570	0	0	6 337	28 887
Profit allocation								0
Dividends							(3 159)	(3 159)
Change of share capital								0
Own shares buyback								0
Depreciation of revaluated part								0
Other income								0
Net profit for 9 months Of 2020							6 290	6 290
As at 30 September 2020	13 089	7 891	0	1 570	0	0	9 468	32 018
As at 1 October 2020	13 089	7 891	0	1 570	0	0	9 468	32 018
Profit allocation								0
Dividends								0
Change of share capital								0
Own shares buyback								0
Depreciation of revaluated part								0
Other income								0
Net profit for the 4-th quarter of 2020							1 422	1 422
As at 31 December 2020	13 089	7 891	0	1 570	0	0	10 890	33 440
As at 1 January 2021	13 089	7 891	0	1 570	0	0	10 890	33 440
Profit allocation								0
Dividends							(6 318)	(6 318)
Change of share capital								0
Own shares buyback								0
Depreciation of revaluated part								0
Other income								0
Net profit for 9 months of 2021							2 483	2 483
As at 30 September 2021	13 089	7 891	0	1 570	0	0	7 055	29 605



5. Notes to the financial statements

AB Pieno Žvaigždės was established by way of merger of stock companies Mažeikių Pieninė, Pasvalio Sūrinė, Kauno Pienas and Panevėžio pienas. The main office of the Company is located in Vilnius and the branches – in Mažeikiai, Pasvalys, Kaunas and Panevėžys.

Ordinary shares of the Company are quoted in the NASDAQ Vilnius Stock Exchange.

The Company is engaged in production and sales of milk products to retail stores directly and through distributors.

Statement of compliance

These are the financial statements of a separate company AB Pieno Žvaigždės, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Main indicators of the Company's' performance

	2021 01 01 – 2021 09 30	2020 01 01 – 2020 09 30
Sales, Thousand EUR	132 902	130 902
Gross profit, Thousand EUR	25 691	30 349
EBITDA, Thousand EUR	7 126	11 787
Current ratio (at the end of period)	1,24	1,29
Book value per share (at the end of period), EUR	0,66	0,71
Net profit per share	0,06	0,14
	2021 07 01 – 2021 09 30	2020 07 01 – 2020 09 30
Sales, Thousand EUR	46 832	45 970
Gross profit, Thousand EUR	8 787	10 815
EBITDA, Thousand EUR	2 757	5 113
Current ratio (at the end of period)	1,24	1,29
Book value per share (at the end of period), EUR	0,66	0,71
Net profit per share	0,03	0,07



Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Inventories, Thousand EUR	2021 09 30	2020 12 31
Raw materials	6 555	5 303
Stored production	8 227	7 917
Goods for resale	42	57
Total:	14 824	13 277

Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment, which is subject to risks and rewards that are different from those of other segments. Company sales production mainly in domestic market, and EU.

Sales by geographical markets, Thousand EUR	2021 01 01 – 2021 09 30	2020 01 01 – 2020 09 30
Lithuania	80 767	78 086
Other EU countries	26 696	28 974
Other non EU countries	25 440	23 842
Total:	132 902	130 902

Sales by products groups, Thousand EUR	2021 01 01 – 2021 09 30	2020 01 01 – 2020 09 30
Fresh milk products	95 957	94 727
Dry milk products	6 018	4 575
Cheese	16 224	20 310
Other products	14 703	11 291
Total:	132 902	130 902



Sales by geographical markets, Thousand EUR	2021 07 01 – 2021 09 30	2020 07 01 – 2020 09 30
Lithuania	28 138	27 471
Other EU countries	8 561	9 425
Other non EU countries	10 133	9 074
Total:	46 832	45 970

Sales by products groups, Thousand EUR	2021 07 01 – 2021 09 30	2020 07 01 – 2020 09 30
Fresh milk products	32 680	32 438
Dry milk products	2 801	2 179
Cheese	5 843	6 739
Other products	5 508	4 614
Viso:	46 832	45 970

Post balance sheet events

There were no other significant events after the balance sheet date.

