

Vilnius, May 2020

AB „Pieno žvaigždės“ confirmation of the Management

Interim financial statements for the 3 months 2020

We, Aleksandr Smagin, Chief Executive Officer and Audrius Statulevičius, Chief Financial Officer, hereby confirm that, to the best of our knowledge, Interim Financial Statements of the 3 months of 2020 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 ŽVAIGŽDĒS

Interim financial
statements

For the 3 months 2020



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1. Statement of financial position (Thousand EUR)

Prepared according to IFRS, not audited

	2020 03 31	2019 12 31
Assets		
Property, plant and equipment	48 088	47 222
Intangible assets	121	120
Investments available for sale	22	22
Long-term receivables	68	38
Deferred tax	1 511	1 511
Total non-current assets	49 810	48 913
Inventories	11 234	11 388
Receivables	12 894	10 110
Cash and cash equivalents	6 972	3 599
Total current assets	31 100	25 097
Total assets	80 910	74 010
Equity		
Share capital	13 089	13 089
Share premium	7 891	7 891
Own shares	-	-
Reserves	1 570	1 570
Retained earnings	6 796	6 337
Total equity	29 346	28 887
Liabilities		
Government grants	972	1 004
Interest-bearing loans and borrowings	21 018	20 844
Deferred tax	818	818
Total non-current liabilities	22 808	22 666
Provisions		
Interest-bearing loans and borrowings	10 815	5 145
Income tax payable	-	-
Trade and other amounts payable	17 941	17 312
Total current liabilities	28 756	22 457
Total liabilities	51 564	45 123
Total equity and liabilities	80 910	74 010



2. Statement of comprehensive income (Thousand EUR)

Prepared according to IFRS, not audited

	2020 01 01 - 2020 03 31	2019 01 01 - 2019 03 31
Revenue	41 889	39 259
Cost of sales	(33 439)	(32 756)
Gross profit	8 450	6 503
Other operating income, net	112	105
Sales and administrative expenses	(7 860)	(6 729)
Operating profit before finance costs	702	(120)
Finance income	50	45
Finance expenses	(294)	(266)
Finance income/expenses, net	(244)	(221)
Profit before tax	458	(341)
Corporate income tax	-	-
Net profit	458	(341)
Earnings per share (EUR)	0,01	-0,01



3. Statement of cash flows (Thousand EUR)

Prepared according to IFRS, not audited

	2020 03 31	2019 03 31
Cash flows from operating activities		
Net profit	458	(341)
Adjustments:		
Depreciation and amortisation	1 452	1 530
Amortisation of government grants	(32)	(46)
Result of disposal of property, plant and equipment	-	(13)
Change in financial instruments	(30)	(12)
Change in vacation reserve	176	(182)
Change in impairment loss of inventories	599	-
Interest income/expenses, net	226	194
Income tax	-	-
Cash flows from ordinary activities before changes in the working capital	2 849	1 130
Change in inventories	153	562
Change in receivables	(3 420)	(3 664)
Change in trade and other payable amounts	453	(1 398)
Cash flows from operating activities	35	(3 370)
Interest paid	(243)	(210)
Income tax paid	-	-
Net cash flow from operating activities	(208)	(3 580)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(2 059)	(813)
Acquisition of intangible assets	(17)	(29)
Proceeds on sale of property, plant and equipment	6	14
Acquisition of rental rights	-	-
Interest received	17	16
Net cash flow used in investing activities	(2 053)	(812)
Cash flows from financing activities		
Loans received	7 000	1 329
Repayment of borrowings	(980)	(1 500)
Dividends paid	-	(1)
Payment of finance lease liabilities	(386)	(3)
Government grants received	-	42
Net cash from/(used in) financing activities	5 634	(133)
Change in cash and cash equivalents	3 373	(4 525)
Beginning cash	3 599	4 795
Ending cash	6 972	270



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 2019	13 089	7 891	0	1 570	0	630	2 950	26 130
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 2019							(340)	(340)
As at 31 March 2019	13 089	7 891	0	1 570	0	630	2 610	25 790
As at 1 April 2019	13 089	7 891	0	1 570	0	630	2 610	25 790
Profit allocation						(630)	630	0
Dividends							(1 353)	(1 353)
Change of share capital								0
Own shares buyback								0
Depreciation of revaluated part								0
Other income								0
Net profit for 2019							4 450	4 450
As at 31 December 2019	13 089	7 891	0	1 570	0	0	6 337	28 887
As at 1 January 2020	13 089	7 891	0	1 570	0	0	6 337	28 887
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 2020							458	458
As at 31 March 2020	13 089	7 891	0	1 570	0	0	6 795	29 345



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

	2020 01 01 – 2020 03 31	2019 01 01 – 2019 03 31
Sales, Thousand EUR	41 889	39 259
Gross profit, Thousand EUR	8 450	6 503
EBITDA, Thousand EUR	2 122	1 364
Current ratio (at the end of period)	1,08	0,90
Book value per share (at the end of period), EUR	0,65	0,57
Net profit per share	0,01	-0,01

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	2020 03 31	2019 12 31
Raw materials	5 417	5 306
Stored production	5 789	6 042
Goods for resale	28	40
Total:	11 234	11 388

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	2020 01 01 – 2020 03 31	2019 01 01 – 2019 03 31
Lithuania	24 417	22 198
Other EU countries	9 905	12 788
Other non EU countries	7 567	4 273
Total:	41 889	39 259

Sales by products groups, Thousand EUR	2020 01 01 – 2020 03 31	2019 01 01 – 2019 03 31
Fresh milk products	30 910	27 729
Dry milk products	1 288	1 112
Cheese	7 780	8 827
Other products	1 911	1 591
Total:	41 889	39 259

Post balance sheet events

At the time of preparation of the financial statements, the Republic of Lithuania (as in many countries of the world) was quarantined due to the threat of the spread of coronavirus (COVID-19). The quarantine announced did not directly affect the activities of the Company. The Company continues to process raw milk and produce and sell various dairy products.

At the time of reporting, all risks connected with spread of coronavirus did not adversely affect the operations and sales revenues of the Company. However, we are not yet able to assess whether it may have a negative impact in the future.

