



# Vilkyškių pieninė AB

Interim consolidated unaudited financial  
statements for the 6 months of 2022

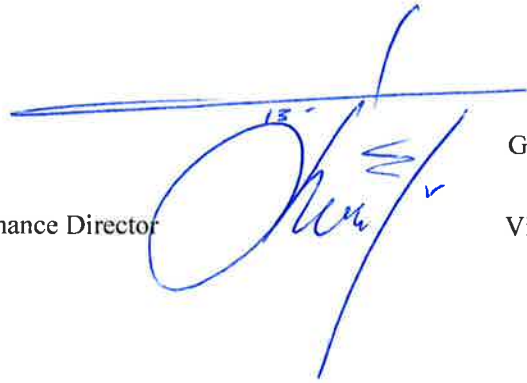
## **Contents**

Confirmation of Responsible Persons	2
Company details	3
Consolidated statement of financial position	4
Consolidated income statement	5
Consolidated statement of comprehensive income	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	10
Notes to the consolidated financial statements	11
“Vilvi group” Consolidated interim report for the 6 months of the year 2022	17

## Confirmation of Responsible Persons

Following the Article No. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, Gintaras Bertašius, General Director of Vilkyškių pieninė AB and Vilija Milaseviciute, Economic and Finance Director of Vilkyškių pieninė AB hereby confirm that, unaudited interim consolidated financial statements for the six months of 2022, prepared in accordance with International Financial Reporting Standards of the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss and cash flows of “Vilvi group“. We confirm that review of business development and results is correctly indicated in the consolidated financial statements.

General Director



Gintaras Bertašius

Economics and Finance Director

Vilija Milaševičiūtė



The financial statements were approved and signed by the Management on 31 August 2022.

## **Company details**

### **Vilkyškių pieninė AB**

Telephone: +370 441 55330  
Telefax number: +370 441 55242  
Company code: 277160980  
Registered office: LT-99254 P. Lukosaicio str. 14 Vilkyškiai, Pagegiai  
municipality, Lithuania

### **Board**

Gintaras Bertašius (Chairman)  
Sigitas Trijonis  
Rimantas Jancevičius  
Vilija Milaševičiūtė  
Andrej Cyba  
Linas Strėlis

### **Management**

Gintaras Bertašius, General Manager  
Vaidotas Juškys, Executive Director  
Sigitas Trijonis, Technical Director  
Rimantas Jancevičius, Director for Purchasing Raw Materials  
Arvydas Zaranka, Production Director  
Vilija Milaševičiūtė, Director for Economic and Financial Affairs  
Rita Juodikienė, Director for Corporate Governance and Quality

### **Banks**

SEB bank, AB  
Swedbank, AB  
Luminor Bank AB  
OP Corporate Bank plc Lithuanian branch

## Consolidated statement of financial position

Thousand EUR	Note	2022 06 30	2021 12 31
<b>Assets</b>			
Property, plant and equipment		47,334	48,771
Right-of-use assets		863	1,108
Intangible assets		4,179	4,186
Non-current amounts receivable	5	284	288
Deferred income tax assets		-	304
<b>Non-current assets</b>		<b>52,660</b>	<b>54,657</b>
Inventories	6	17,017	17,625
Trade and other amount receivables	7	21,197	14,271
Prepayments	8	929	622
Cash and cash equivalents	9	1,404	799
<b>Current assets</b>		<b>40,547</b>	<b>33,317</b>
<b>Total assets</b>		<b>93,207</b>	<b>87,974</b>
<b>Equity</b>			
Share capital	10	3,463	3,463
Share premium		3,301	3,301
Reserves		2,135	2,174
Retained earnings		36,410	30,510
<b>Equity attributable to owners of the Company</b>		<b>45,309</b>	<b>39,448</b>
<b>Non-controlling interest</b>		<b>203</b>	<b>133</b>
<b>Equity</b>		<b>45,512</b>	<b>39,581</b>
<b>Liabilities</b>			
Borrowings	11	18,034	17,050
Lease liabilities	11	318	403
Government grants	12	3,966	4,125
Trade and other payables		53	53
Deferred income tax liability		632	-
<b>Non-current liabilities</b>		<b>23,003</b>	<b>21,631</b>
Borrowings	11	3,408	6,420
Lease liabilities	11	258	290
Income tax payable		-	179
Trade and other payables	13	21,026	19,873
<b>Current liabilities</b>		<b>24,692</b>	<b>26,762</b>
<b>Liabilities</b>		<b>47,695</b>	<b>48,393</b>
<b>Total equity and liabilities</b>		<b>93,207</b>	<b>87,974</b>

## Consolidated income statement

Thousand EUR	Note	<b>01 01 2022- 30 06 2022</b>	<b>01 01 2021- 30 06 2021</b>	<b>01 04 2022- 30 06 2022</b>	<b>01 04 2021- 30 06 2021</b>
Revenue	1	112,824	67,835	62,377	36,182
Cost of sales	1	-99,115	-62,854	-54,092	-32,657
<b>Gross profit</b>	1	<b>13,709</b>	<b>4,981</b>	<b>8,285</b>	<b>3,525</b>
Other operating income		151	160	65	117
Distribution expenses		-2,278	-1,777	-1,261	-916
Administrative expenses		-2,145	-1,662	-1,145	-963
Other operating expenses		-83	-33	-41	-13
Other gain (loss) – net		73	199	70	182
<b>Results of operating activities</b>		<b>9,427</b>	<b>1,868</b>	<b>5,973</b>	<b>1,932</b>
Finance income		225	27	165	-31
Finance costs		-396	-383	-181	-192
<b>Finance costs, net</b>		<b>-171</b>	<b>-356</b>	<b>-16</b>	<b>-223</b>
<b>Profit (loss) before income tax</b>		<b>9,256</b>	<b>1,512</b>	<b>5,957</b>	<b>1,709</b>
Income tax		-936	32	-681	32
<b>Profit (loss) for the period</b>		<b>8,320</b>	<b>1,544</b>	<b>5,276</b>	<b>1,741</b>
Attributable to:					
Shareholders of the Company		8,250	1,531	5,219	1,727
Non-controlling interest		70	13	57	14
<b>Profit (loss) for the period</b>		<b>8,320</b>	<b>1,544</b>	<b>5,276</b>	<b>1,741</b>
Basic and diluted earnings per share (in EUR)	2	0.70	0.13	0.44	0.15

## Consolidated statement of comprehensive income

Thousand EUR	Note	<u>01 01 2022- 30 06 2022</u>	<u>01 01 2021- 30 06 2021</u>	<u>01 04 2022- 30 06 2022</u>	<u>01 04 2021- 30 06 2021</u>
<b>Profit (loss) for the period</b>		<b>8,320</b>	<b>1,544</b>	<b>5,276</b>	<b>1,741</b>
<b>Other comprehensive income</b>					
Change in fair value of hedging instruments		-	-	-	-
Effect of income tax		-	-	-	-
<b>Other comprehensive income for the period, net of income tax</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>8,320</b>	<b>1,544</b>	<b>5,276</b>	<b>1,741</b>
Attributable to:					
Shareholders of the Company		8,250	1,531	5,219	1,727
Non-controlling interest		70	13	57	14
<b>Total comprehensive income</b>		<b>8,320</b>	<b>1,544</b>	<b>5,276</b>	<b>1,741</b>

## Consolidated statement of changes in equity

Thousand EUR	Note	Equity attributable to owners of the Company							Total	Non-controlling interest	Total equity
		Share capital	Share premium	Revaluation reserve	Hedging reserve	Reserve for acquisition of own shares	Legal reserve	Retained earnings			
AT 1 January 2021		3,463	3,301	2,001	-	-	346	25,809	34,920	53	34,973
<b>Comprehensive income for the period</b>											
Profit (loss) for the period		-	-	-	-	-	-	1,531	1,531	13	1,544
<b>Other comprehensive income</b>											
Depreciation, write-off of revalued assets		-	-	-124	-	-	-	124	-	-	-
<b>Total other comprehensive income</b>		-	-	-124	-	-	-	124	-	-	-
<b>Total comprehensive income for the period</b>		-	-	-124	-	-	-	1,655	1,531	13	1,544
<b>Contributions by and distributions to owners:</b>											
Transfers to reserve for acquisition of own shares		-	-	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-955	-955	-	-955
Total contributions by and distributions to owners		-	-	-	-	-	-	-955	-955	-	-955
<b>Changes in the Group not resulting in a loss of control</b>											
Change (decrease) in minority interest		-	-	-	-	-	-	-	-	203	203
Total transactions with shareholders		-	-	-	-	-	-	-	-	203	203
At 30 June 2021	10	3,463	3,301	1,877	-	-	346	26,509	35,496	269	35,765

*(continued)*



## Consolidated statement of changes in equity (continued)

Thousand EUR	Note	Equity attributable to owners of the Company						Total	Non-controlling interest	Total equity	
		Share capital	Share premium	Revaluation reserve	Hedging reserve	Reserve for acquisition of own shares	Legal reserve				Retained earnings
At 1 July 2021		3,463	3,301	1,877	-	-	346	26,509	35,496	269	35,765
<b>Comprehensive income for the period</b>											
Profit (loss) for the period		-	-	-	-	-	-	4,005	4,005	-49	3,956
<b>Other comprehensive income</b>											
Depreciation, write-off of revalued assets		-	-	-49	-	-	-	49	-	-	-
<b>Total other comprehensive income</b>		-	-	-49	-	-	-	49	-	-	-
<b>Total comprehensive income for the period</b>		-	-	-49	-	-	-	4,054	4,005	-49	3,956
<b>Contributions by and distributions to owners:</b>											
Dividends		-	-	-	-	-	-	-53	-53	-	-53
Total contributions by and distributions to owners		-	-	-	-	-	-	-53	-53	-	-53
<b>Changes in the Group not resulting in a loss of control</b>											
Change (decrease) in minority interest		-	-	-	-	-	-	-	-	-87	-87
Total transactions with shareholders		-	-	-	-	-	-	-53	-53	-87	-140
At 31 December 2021	10	3,463	3,301	1,828	-	-	346	30,510	39,448	133	39,581

*(continued)*

## Consolidated statement of changes in equity (continued)

Thousand EUR	Note	Equity attributable to owners of the Company							Non-controlling interest	Total equity	
		Share capital	Share premium	Revaluation reserve	Hedging reserve	Reserve for acquisition of own shares	Legal reserve	Retained earnings			Total
At 1 January 2022		3,463	3,301	1,828	-	-	346	30,510	39,448	133	39,581
<b>Comprehensive income for the period</b>											
Profit (loss) for the period		-	-	-	-	-	-	8,250	8,250	70	8,320
Depreciation, write-off of revalued assets		-	-	-39	-	-	-	39	-	-	-
<b>Total other comprehensive income</b>		-	-	-39	-	-	-	39	-	-	-
<b>Total comprehensive income for the period</b>		-	-	-39	-	-	-	8,289	8,250	70	8,320
<b>Contributions by and distributions to owners:</b>											
Transfers to legal reserve		-	-	-	-	-	-	-	-	-	-
Transfers to reserve for acquisition of own shares		-	-	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-2,389	-2,389	-	-2,389
Total contributions by and distributions to owners		-	-	-	-	-	-	-2,389	-2,389	-	-2,389
<b>Changes in the Group not resulting in a loss of control</b>											
Change (decrease) in minority interest		-	-	-	-	-	-	-	-	-	-
Total transactions with shareholders		-	-	-	-	-	-	-2,389	-2,389	-	-2,389
At 30 June 2022	10	3,463	3,301	1,789	-	-	346	36,410	45,309	203	45,512

## Consolidated statement of cash flows

Thousand EUR	Note	2022 01 01- 2022 06 30	2021 01 01- 2021 06 30
<b>Cash flows from operating activities</b>			
Profit (loss) for the period		8,320	1,544
Adjustments for:			
Depreciation of property, plant and equipment	3	2,301	2,412
Amortization of intangible assets	4	7	8
Amortization and write-off of grants	12	-167	-371
Loss (gain) from disposal of property, plant and equipment		-58	88
Income tax expenses		936	-32
Finance costs, net		171	356
		<b>11,510</b>	<b>4,005</b>
Change in inventories		608	-1,891
Change in non-current amounts receivable		4	11
Change in trade and other receivables and prepayments		-8,365	-3,680
Change in trade and other payables		908	4,620
		<b>4,665</b>	<b>3,065</b>
Interest paid		-330	-314
Income tax paid		-	-
<b>Net cash flows generated from operating activities</b>		<b>4,335</b>	<b>2,751</b>
<b>Cash flows from investing activities</b>			
Payments for acquisition of property, plant and equipment		-573	-1,614
Payments for acquisition of intangible assets		-	-15
Proceeds from sale of property, plant and equipment		65	423
Acquisition of shares of the subsidiary		-	-250
Loans granted		-	-
Government grants received		8	-
Loans recovered		1,359	250
Change in cash flows from investing activities due to a business combination		-	-454
<b>Net cash flows generated from (used in) investing activities</b>		<b>859</b>	<b>-1,660</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		6,100	3,859
Repayments of borrowings		-8,128	-3,778
Lease payments		-172	-179
Dividends paid out		-2,389	-955
<b>Net cash flows generated from (used in) financing activities</b>		<b>-4,589</b>	<b>-1,053</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>605</b>	<b>38</b>
Cash and cash equivalents at 1 January	9	799	181
<b>Cash and cash equivalents at 30 June</b>	9	<b>1,404</b>	<b>219</b>

## Notes to the consolidated financial statements

### General information

Vilkyškių pieninė AB was established in 1993. Company's core line of business is production and sale of different types of cheese, whey products and cream. Business activities are conducted in the main production buildings located in Vilkyškiai, Pagėgiai region municipality.

The Parent Company has no branches or representative offices.

“Vilvi Group” consists of the following companies (hereinafter “the Group”):

The following companies	Company's address	Part of shares owned by the Company (%)		Main business activities
		2021 06 30	2020 12 31	
“Modest” AB	Gaurės st. 23, Tauragė	99,7	99,7	Milk processing and production of milk products
Kelmės pieninė AB	Gaurės g. 23, Tauragė	100	100	Milk processing and production of milk products
“Kelmės pienas” UAB	Raseinių g. 2, Kelmė	100	100	Milk processing and production of milk products
“Pieno logistika” AB	Pagojo st. , Pagojo village, Kelmės district.	58,9	58,9	Lease of buildings
“Baltic Dairy Board“ SIA(*)	Stacijas str. 1, Bauska, Latvia	70	-	Recycling of milk / whey and production of dairy ingredients

At 30 June 2022 the Group had 871 employees (31 December 2021 - 867).

Vilkyškių pieninė AB is a Lithuanian company listed on AB Nasdaq OMX Vilnius Stock Exchange. As at 30 June 2022, the Company's shareholder structure was as follows:

Shareholder	Shares	Nominal value in EUR	Total value EUR
Swisspartners Versicherung AG Zweigniederlassung Österreich	6,994,316	0.29	2,028,352
Multi Asset Selection Fund	2,035,729	0.29	590,361
Other minority shareholders	2,912,955	0.29	844,757
<b>Total capital</b>	<b>11,943,000</b>	<b>0.29</b>	<b>3,463,470</b>

As from April 2018, Mr Gintaras Bertašius, the main shareholder of Vilkyškių Pieninė AB, together with related persons concluded a joint life insurance policy with Swisspartners Versicherung AG Zweigniederlassung Österreich, by contributing in total 6,067,206 (50.8%) of ordinary registered shares held in Vilkyškių Pieninė AB. The insurance company had irrevocably granted powers to exercise all non-property rights of a shareholder, including the right to vote at the meeting of shareholders of the issuer, to Mr Gintaras Bertašius and the related persons for the entire validity period of the insurance policy.

The Company's ultimate controlling party is Mr Gintaras Bertašius and persons related to him (R. Bertašienė, G. Jozūnienė).

## **Basis for preparation**

### **Statement of compliance**

These are interim consolidated financial statements (hereinafter - financial statements or consolidated financial statements) of “Vilvi group“, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the consolidated annual financial statements for the year 2021. There have been no other significant IFRS changes that could have impact on financial statements of the Group.

A detailed description of the accounting policies presented in the consolidated financial statements for the year ended 2021 December 31.

The interim consolidated financial statements for the 6 months 2022 are unaudited.

### **Measurement basis**

The financial statements have been prepared on a historical cost basis except for:

- buildings that are a part of property, plant and equipment and measured at fair value, less any subsequent accumulated depreciation and impairment losses;
- buildings that a part of investment property and measures at fair value.

### **Functional and presentation currency**

All amounts in these financial statements are presented in the euros (EUR) and they have been rounded to the nearest thousand.

### **Foreign currency transactions**

Foreign currency transactions are translated into the euros using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated in the euros using the exchange rate prevailing at the date of the preparation of the statement of financial position. All foreign currency transactions have been translated in accordance with the provisions of the Law on Accounting using the exchange rate of the euro against the foreign currency prevailing at the date of the transaction.

Foreign exchange differences arising from the settlement of such transactions are recognised in the statement of profit or loss. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated into the euros using the official exchange rate prevailing at the date of the transaction.

### **Consolidation**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the Group’s consolidated financial statements from the date on which the Group obtains control, and continue to be included until the date that such control ceases.

All intra-group transactions and balances are eliminated for the purpose of the consolidated financial statements.

## Summary of significant accounting policies

### 1 Segment information

The Group has several operating segments which are as described below.

The segments represent different product groups, which are managed separately because they require different technology and marketing strategies. The Board and the General Manager review internal management reports prepared for each product group on a monthly basis.

The following summary describes the products in each operating segment of the Group:

- *Cheese, cheese products and other.* The segment comprises cheese, cheese products, industrial cream, “Baltic Dairy Board“ SIA production and other;
- *Dry milk products.* The segment comprises WPC, skimmed-milk, permeate and whey powder produced by the subsidiaries;
- *Fresh milk products.* The segment comprises fresh milk products produced by the subsidiaries (kefir, yoghurt, sour milk, butter, curd products);

Results of operations of the operating segments as at 30 June 2022:

Thousand EUR	Cheese, cheese products and other	Dry milk products	Fresh milk products	Total
Sales	82,049	19,059	11,716	112,824
Cost of sales	-72,672	-15,537	-10,906	-99,115
Gross profit	9,377	3,522	810	13,709

Results of operations of the operating segments as at 30 June 2021:

Thousand EUR	Cheese, cheese products and other	Dry milk products	Fresh milk products	Total
Sales	47,518	11,033	9,284	67,835
Cost of sales	-45,532	-8,980	-8,342	-62,854
Gross profit	1,986	2,053	942	4,981

Disclosure by geographical location:

Thousand EUR	01 01 2022- 30 06 2022	01 01 2021- 30 06 2021
Lithuania	11,996	11,333
European Union, except for Lithuania	69,286	31,288
Other countries	31,542	25,214
	<b>112,824</b>	<b>67,835</b>

## 2 Earnings per share

	<b>01 01 2022- 30 06 2022</b>	<b>01 01 2021- 30 06 2021</b>
Number of issued shares calculated based on the weighted average unit cost method, in thousands	11,943	11,943
Net profit (loss) attributable to holders of ordinary shares of the Parent Company in thousand EUR	8,320	1,544
Basic earnings (loss) per share (in EUR)	<u>0.70</u>	<u>0.13</u>

## 3 Property, plant and equipment

Depreciation is recognized in production, distribution, administrative and other operating expenses of profit (loss) statement.

On 30 June 2022 depreciation amounted to 2,301 thousand EUR (on 30 June 2021 – 2,412 thousand EUR).

## 4 Intangible assets

Amortization is calculated in administrative expenses of profit (loss) statement.

On 30 June 2022 amortization amounted to 7 thousand EUR (on 30 June 2021 - 8 thousand EUR).

## 5 Non-current amounts receivable

Thousand EUR	<b>30 06 2022</b>	<b>31 12 2021</b>
<b>Financial instruments</b>		
Loans granted to related parties	-	13
	<u>-</u>	<u>13</u>
<b>Non-financial assets</b>		
Prepayments to related parties (a)*	210	214
Non-current amounts receivable from farmers (b)	73	59
Other non-current amounts receivable	1	2
	<u>284</u>	<u>288</u>

(a) \* The prepayment must be settled in full by 31 December 2023. The outstanding balance of the prepayment is subject to an administration fee.

(b) Non-current amounts receivable from farmers comprise prepayments made to milk suppliers for milk. These prepayments are subject to an administration fee.

## 6 Inventories

Thousand EUR	<b>30 06 2022</b>	<b>31 12 2021</b>
Finished products	12,841	13,656
	<u>12,841</u>	<u>13,656</u>
Raw materials	379	349
Consumables	3,386	3,208
Work in progress	342	343
Non - current assets held for resale	69	69
	<u>17,017</u>	<u>17,625</u>

Raw materials include milk and other materials used in the production.

As at 30 June 2022, the Group's inventories with the net book amount of up to EUR 9,906 thousand (31 December 2021: up to EUR 7,404 thousand) have been pledged to financial institutions.

## 7 Trade and other receivables

Thousand EUR	Note	30 06 2022	31 12 2021
Trade receivables		16,570	10,630
Impairment losses		-59	-59
Loans granted to related parties, including interest charged and administration fee		129	1,640
<b>Financial assets</b>		<b>16,640</b>	<b>12,211</b>
Taxes receivable (other than income tax)		4,476	2,025
Other receivables from related parties		81	12
Other receivables		-	23
<b>Total trade and other receivables</b>		<b>21,197</b>	<b>14,271</b>

Taxes receivable mostly consist of VAT receivable.

Trade and other receivables are non-interest bearing and are settled with the term of 30 days.

Trade receivables with the carrying amount of not less than EUR 50 thousand have been pledged to Luminor Bank AB. As at 30 June 2022, the amount receivable pledged was equal to thousand EUR 183 (30 June 2021: EUR 127 thousand).

## 8 Prepayments

Thousand EUR	30 06 2022	31 12 2021
Prepayments (a)	929	600
Prepayments to related parties	-	22
	<b>929</b>	<b>622</b>

(a) Prepayments consist of prepayments made to the companies for goods and services and to farmers for milk.

## 9 Cash and cash equivalents

Thousand EUR	30 06 2022	31 12 2021
Cash at bank	1,377	764
Cash on hand	27	35
	<b>1,404</b>	<b>799</b>

Cash inflows into bank accounts were pledged to secure repayment of bank borrowings.

## 10 Capital

As at 30 June 2022, the Parent Company's authorised share capital was divided into 11,943,000 ordinary shares with the nominal value of EUR 0.29 each. All the shares are fully paid.

Pursuant to the Law on Companies, the holders of ordinary shares have one vote per share at the Company's shareholders' meeting, the right to receive dividends, and the right to receive payments in the event of liquidation of the company.



## 11 Borrowings and lease liabilities

Thousand EUR	30 06 2022	31 12 2021
Non-current borrowings	18,352	17,453
Current borrowings and lease liabilities	3,666	6,710
<b>Total borrowings</b>	<b>22,018</b>	<b>24,163</b>

During the first half of this year, the term of the factoring agreement has been extended with UAB „Luminor lizingas”, the terms of the factoring agreement with UAB „Swedbank lizingas” were agreed. New factoring contract with UAB „Citadele Factoring” was signed.

## 12 Government grants

Thousand EUR	30 06 2022	31 12 2021
Opening net book amount	4,125	4,664
Grants received	9	51
Grant receivable	-	-
Amortisation recognised in profit or loss and write-off of grants	-168	-486
Write-off of grants upon disposal of assets	-	-104
Closing net book amount	<b>3,966</b>	<b>4,125</b>

## 13 Trade and other payable amounts

Thousand EUR	30 06 2022	31 12 2021
<b>Financial instruments</b>		
Trade payables	14,696	12,980
Trade payables to related parties	18	47
	<b>14,714</b>	<b>13,027</b>
<b>Non-financial instruments</b>		
Employment-related liabilities (a)	2,580	2,600
Advance amounts received	556	302
Dividends payable	74	74
Taxes payable (other than income tax)	3,035	3,599
Accrued expenses and provisions	67	271
	<b>6,312</b>	<b>6,846</b>
	<b>21,026</b>	<b>19,873</b>

(a,b) Obligations relating to an employment relationship consist of salaries, fees payable, holiday reserves and payable VAT taxes.

## 14 Subsequent events

No significant events have occurred.

# “Vilvi group” Consolidated interim report for the 6 months of the year 2022

## I. Issuer Overview

### 1. Accounting period for which the interim report has been prepared

The report has been prepared for 6 months of the year 2022.

### 2. Issuer Information and Contact Details

Name of Issuer	AB Vilkyškių pieninė (hereinafter – Company or Issuer)
Legal Form	Public limited company (Lith. Akcinė bendrovė)
Date and place of registration	18 May 1993, VĮ Registrų centras
Date and place of re-registration	30 December 2005, VĮ Registrų centras
Head office address	P.Lukošaičio str. 14, Vilkyškiai, LT-99254, Pagegiai municipality
Registration No.	060018
Company Register Code	277160980
Telephone	+370 441 55330
Fax	+370 441 55242
E-mail	<a href="mailto:info@vilvi.eu">info@vilvi.eu</a>
Website	<a href="http://www.vilvigroup.lt">www.vilvigroup.lt</a>

### 3. Subsidiary Company Data and Contact Details:

#### “Modest” AB

Name of subsidiary	“Modest” AB (hereinafter – “Modest” AB)
Legal form	Public limited company
Date of registration	25 March 1992
Date of re-registration	31 December 2009, VĮ Registrų centras
Registration No.	017745
Company register code	121313693
Head office	Gaurės str. 23, LT-72340 Tauragė
Telephone	+370 446 72693
Fax	+370 446 72734
E-mail	<a href="mailto:modest@vilvi.eu">modest@vilvi.eu</a>
Website	<a href="http://www.vilvigroup.lt">www.vilvigroup.lt</a>

#### AB Kelmės pieninė

Name of subsidiary	Kelmės pieninė AB (hereinafter – Kelmės pieninė AB)
Legal form	Public limited company
Date of registration	3 August 1993, VĮ Registrų centras
Date of re-registration	4 July 2007
Head office	Gaurės g. 23, LT-72340 Tauragė
Registration No.	110109
Company register code	162403450
Telephone	+370 427 61246
Fax	+370 427 61235
E-mail	<a href="mailto:kelmepienine@vilvi.eu">kelmepienine@vilvi.eu</a>
Website	<a href="http://www.vilvigroup.lt">www.vilvigroup.lt</a>

**“Kelmės pienas” UAB**

Name of Kelmės pieninė AB subsidiary	“Kelmės pienas” UAB (hereinafter – “Kelmės pienas” UAB)
Legal form	Limited liability company
Date of registration	17 November 2020, VĮ Registrų centras
Head office	Raseinių str. 2, LT-86160 Kelmė
Company register code	305658215
Telephone	+370 427 61246
E-mail	kelmespienas@vilvi.eu
Website	<a href="http://www.vilvigroup.lt">www.vilvigroup.lt</a>

**“Pieno logistika” AB**

Name of subsidiary	“Pieno logistika” AB (hereinafter – “Pieno logistika” AB)
Legal form	Public limited company
Data and place of registration	10 December 2013, Šiauliai Division of VĮ Registrų centras
Head office	Pagojo str. 1, Pagojo km., Kelmės raj.
Company register code	303203457
Telephone	+370 427 61246
Fax	+370 427 61235
E-mail	stasys.stanevicius@vilkyskiu.lt
Website	<a href="http://www.vilvigroup.lt">www.vilvigroup.lt</a>

**“Baltic Dairy Board” SIA**

Name of subsidiary	“Baltic Dairy Board” SIA (hereinafter – “Baltic Dairy Board” SIA)
Legal form	Limited liability company
Data and place of registration	21 July 2008, Commercial Registry of Republic of Latvia
Head office	Stacijas str. 1, Bauska, LV-3901, Latvia
Company register code	43603036823
Telephone	+371 63026899
E-mail	info@bdb.lv
Website	<a href="http://www.bdb.lv/">http://www.bdb.lv/</a>

**4. Main Types of Activity**

The main business activity of “Vilvi Group” is production and sale of dairy products (EVRK 10.51).

The main business activity of Vilkyškių pieninė AB is production and sale of fermented cheese, cream and whey products.

Subsidiary company “Modest” AB makes mozzarella cheese, mould cheese, smoked, melt cheese and other cheese products.

Subsidiary company Kelmės pieninė AB produces dry milk products – WPC, SMP, permeate and whey powder.

“Kelmės pienas” UAB produces fresh dairy products: kefir, sour cream, yogurts, cottage cheese, glazed curd bars, butter.

Subsidiary company “Pieno logistika” AB mainly engages in the lease of buildings.

Subsidiary company “Baltic Dairy Board” SIA produces high value-added dairy ingredients (GOS) and milk and whey separation.

**5. Agreements with Brokerages for Public Issue**

Vilkyškių pieninė AB has an underwriting agreement with FMĮ Orion Securities UAB brokerage (address A. Tumėno str. 4, B korp., LT-01109, Vilnius) on the accounting of Vilkyškių pieninė AB, Kelmės pieninė AB an

“Modest” AB shareholders and services associated with the accounting of the Company’s securities. FMI Finasta AB brokerage manages shareholder accounts for “Pieno logistika” AB.

## **6. Trading in the Issuer’s Securities on Regulated Exchanges**

The name of securities: Vilkyškių pieninė AB common registered shares. The number of securities issued: 11,943,000 units. Share face value: EUR 0.29 per share.

The Company’s issue is included in the Official List of AB NASDAQ OMX Vilnius. The ISIN code of the securities: LT0000127508, Ticker symbol: VLP1L.

The Company’s shares have been listed since 17 May 2006.

The securities of the subsidiary companies are not publicly traded.

## **II. OVERVIEW OF OPERATIONS**

“Vilvi Group” produces a wide range of delicious dairy products based on original recipes, many of them acknowledged for their taste and quality at international trade fairs. We are proudly continuing the long-standing traditions of cheese production that originated in the picturesque region of Lithuania surrounded by wonderful nature. The lush flood-meadows of the Nemunas River inspire us to create and share what nature has so generously bestowed on us.

**Our mission** is to provide people across the whole world more opportunities to enjoy dairy products.

### **Our Values:**

**Quality** – we produce high-quality dairy products and abide by the highest standards.

**Innovations** – we continually delight our consumers by introducing new products and providing opportunities to experience new taste sensations. We constantly invest in new technologies and expand our product range. We are interested in creating and sharing the results of our work. After all, it is how new traditions are being born, is not it?

**Competence** – in the hands of our dairy masters dairy foods turn into exclusive and original high-quality products.

**Honesty** – we are open and reliable. Our customers’ trust and respect are extremely important to us. The basis of our activity includes the time-proved relations with our business partners and professionalism of our employees.

## **7. Patents & Licenses**

Product quality, customer needs satisfaction and food safety requirements are priorities at “Vilvi Group”. To maintain high product quality, quality management and food safety systems are constantly monitored, revised and improved.

On 8 May 2000, Vilkyškių pieninė AB received a license to export its products to the European Union member states. The Company operates a quality management system (HACCP system).

Vilkyškių pieninė AB has obtained certification of its Quality Management and Food Safety systems under the international standard ISO 22000/ FSSC 22000. This certification scheme is part of the Global Food Safety Initiative (GFSI) and is equivalent to such internationally recognized standards as BRC and IFS.

Until 2013, Kelmės pieninė AB worked in accordance with ISO 22000/ FSSC 22000 standards, but in 2015 it extended the scope of certification and now covers the processing of all products. From 2021, part of the fresh milk products business was transferred to “Kelmės pienas“ UAB. The food safety management system certificates ISO 22000/FSSC 22000 related to the production of fresh milk products have been amended accordingly.

“Modest” AB is also certified under iso 22000/FSSC 22000 certification scheme for product development, production and sale.

In order to attract buyers in Islamic countries, Vilkyškių pieninė AB, “Modest” AB and Kelmės pieninė AB (dry milk products) have been certified according to Halal rules. From year 2015 certification for Halal products continues every year. Halal products are associated with product safety, health, quality, ecology. These products are used by people of other religions as well.

In 2017, factory of dry milk products of Kelmės pieninė was registered and started to operating. It received the veterinary approval number, which granted the right to export production to all EU and other third countries. The factory has established a physicochemical research laboratory equipped with state-of-the-art ultra-reliable equipment for ensuring the quality control of products. The laboratory carries out research using analyzers operating on the basis of infra-red analyzers and using reference (classical) methods of investigation.

In 2018 Kelmės pieninė AB, dry milk products certified according to ISO 22000/FSSC 22000 Certification Scheme.

In 2019 the laboratory of Vilkyškių pieninė AB received Food business operator laboratory approval permit.

In 2020, Kosher certificate issued to Kelmės pieninė AB, dry milk products. All “Vilvi Group” companies were certified according to the updated ISO 22000/FSSC 22000 certification schemes.

The quality management and food safety systems are subject to continuous monitoring, review and improvements with a view to maintaining the high quality of the Company’s products. Every year “Vilvi Group” audits according to ISO 22000 / FSSC 22000 certification schemes.

On June 9, 2022 IFS Food Version 7 standard has been installed in UAB „Kelmės pienas“. The assessment of auditors of RINA, international audit company in - Higher Level (97.1 percent), confirms the compliance with the highest requirements of safety and quality on food products and production. Food producing companies having IFS obtain wide opportunities to expand their business on new markets, gaining higher competitive advantage and consumer confidence. Business productivity and brand image improves.

## **8. Human Resources**

One of the strategic directions of Vilvi Group is to develop business according Sustainable business principles, applying high business ethics standards, be socially responsible with employees, partners and suppliers. Basic human values honesty, tolerance, cooperation and security are of utmost importance. Cooperation is based on trust, conscientiousness, responsibility, equality and honesty. Personnel policy is directed towards promotion of cooperation, openness, personal and professional growth. In the companies of the Group knowledge sharing, skills development is achieved via internal and external training, employees are encouraged to offer ideas and participate in the development of business processes.

Vilvi Group takes care of health and wellbeing of its employees. Employees receive complementary health insurance, in the premises of the company can check their eyes and get vaccinated. Work safety and medicine specialists continuously monitor and ensure that work places meet the requirements of safety and health according the norms and the law.

Psychosocial risk factors and stress management get special attention. Psychosocial factors are evaluated and analysed in order to measure the environment variables and preventative stress management plan is prepared. Taking into account the pandemic situation in the country the company takes measures to protect the employees from the threat of the virus. Hands and surfaces are disinfected, premises are ventilated periodically, personnel keep safe distance.

In the companies of the Group employee careers are planned, Career Management System is established which evaluates perspectives of the employees to follow certain career path.

To enrol qualified employees there is intense cooperation with educational and employment establishments, professional guidance and career planning presentations are organized, the company participates in career events, thematic lectures and organizes sightseeing tours to its production sites.

Vilvi Group has approved Remuneration system that ensures equal, transparent pay for work.

Confidential information directly related to business and personal employee data is protected by implementing General Data Protection Regulation (GDPR) by approved rules IT Security Policy, Personal Data Handling Rules and others.

## **9. Environmental Protection**

“Vilvi Group” has an environmental protection policy aimed at reducing the environmental impact of its operations, ensuring integrated pollution prevention measures, minimizing the use of resources and waste generation, so that its operations do not affect air, water and soil. “Vilvi Group” performs regular environmental impact analysis and assessment.

Based on the European Parliament and Council IPPC Directive 2008/1/EC, Vilkyškių pieninė AB is attributable to the Annex I installations and is required to have an IPPC permit. The Company obtained its first IPPC permit from the Klaipėda Regional Environmental Protection Department on 10 August 2004, which was renewed on 4 December 2020.

Kelmės pieninė AB IPPC permit was revoked according to the criteria of the Order of the Minister of the Environment of the Republic of Lithuania D1-330 "On the Rules for Updating and Eliminating the Issues of Integrated Pollution Prevention and Control Authorization". The activities performed by the company do not meet the criteria specified in the annexes to the order, therefore the IPPC permit is revoked, instead of it was issued boiler pollution permit No. TL-Š.3-20/2020 in accordance with the provisions of Paragraphs 40 and 41 of the Rules. From 2021, a part of the fresh milk products business was transferred to “Kelmės pienas“ UAB. Accordingly, the Environmental Protection Agency transferred the boiler pollution permit to “Kelmės pienas“ UAB .

“Modest” AB IPPC permit was revoked according to the criteria of the Order of the Minister of the Environment of the Republic of Lithuania D1-330 "On the Rules for Updating and Eliminating the Issues of Integrated Pollution Prevention and Control Authorization". The activities performed by the company do not meet the criteria specified in the annexes to the order, therefore the IPPC permit is not required.

Based on the existing legal requirements, programmes have been put in place at Vilkyškių pieninė AB to monitor the impact of water source and fuel storage on underground waters and to monitor air pollutant emissions and sources of wastewater.

In 2015 Vilkyškių pieninė AB finished modernisation of its wastewater treatment plant in order to boost treatment efficacy. This is being done in line with the main national strategies and legal acts on wastewater treatment: the Baltic Marine Environment Protection Strategy, the Lithuanian Law on Waters, the National Long-Term Development Strategy and the National Sustainable Development Strategy.

Production wastewater is treated at the Company’s own combined biomechanical treatment facility. The resulting sludge is given to local waste management bodies and is used as fertilizer in agriculture. Wastewater treatment efficacy has been estimated to be up to 99 percent. In 2020, an automatic wastewater disposal control system was installed to prevent excess sewage sludge from entering the environment together with treated waste water.

Production wastewater generated by “Kelmės pienas” UAB, during the production of fresh milk products is discharged into *Kelmės vanduo* UAB water treatment facilities.

Kelmės pieninė AB produces powdery, dusty products therefore it is very important to minimize hard particle and waste emissions to air and environment. Air polluted with hard particles is directed towards filters and cleaned there is emitted to environment. According to drying factory equipment manufacturers’ data whey, permeate, skimmed milk are odorless materials therefore no odors are released into environment.

“Modest” AB has implemented the best available techniques (BAT), and its running costs and emissions are in line with the prescribed EU levels. Wastewater of “Modest” AB is discharged into the urban wastewater system operated by Tauragės vandenys UAB. Monitoring is carried out by Tauragės vandenys UAB. Wastewater meter was installed in order to account wastewater more accurately. Rainwater is collected and cleaned with oil product filter and afterwards released to Beržė river.

The Companies of the “Vilvi Group” invest in environment-friendly solutions. They responsibly choose packaging designs and materials. Each product packaging is labelled with information how to properly dispose and sort it after product is consumed.

Production waste is managed and accounted according to approved environment requirements in GPAIS (product, packaging, and waste accounting information system).

In all Companies of the Group waste is disposed according to Republic of Lithuania regulatory norms therefore there is no negative impact on environment.

## 10. “Vilvi Group” Results of Operations

In addition to the key indicators defined and applied in the financial statements in accordance with International Financial Reporting Standards (IFRS), AB Vilkyškių Pieninė also presents financial performance indicators not provided for in IFRS - alternative performance indicators (API), which the Company considers important, provide additional information to investors and other users of the financial statements. Alternative performance indicators should be treated as additional information prepared in accordance with IFRS. Taking into account the Guidelines on Alternative Performance Indicators published by the European Securities and Markets Authority (ESMA/2015/1415), AB Vilkyškių pieninė provides comparable historical API data, the procedure for their calculation and what useful information they provide.

	6 months of 2020	6 months of 2021	6 months of 2022
Revenue (EUR tho)	55,784	67,835	112,824
Gross profit (EUR tho)	4,309	4,981	13,709
Gross profit margin, pct	7.7%	7.3%	12.2%
EBITDA (EUR tho)	3,324	3,917	11,568
EBITDA margin, pct	6.0%	5.8%	10.3%
EBIT (operating profit) (EUR tho)	1,364	1,868	9,427
EBIT margin, pct	2.4%	2.8%	8.4%
EBT (profit before tax) (EUR tho)	779	1,512	9,256
EBT margin, pct	1.4%	2.2%	8.2%
Net profit (EUR tho)	1,232	1,544	8,320
Net profit margin, pct	2.2%	2.3%	7.4%
Net profit per share (EUR)	0.10	0.13	0.70
Share market price and net profit per share ratio - P/E ratio	18.32	23.67	6.01
Return on equity (ROE), pct	3.9%	4.4%	19.6%
Return on assets (ROA), pct	1.6%	1.9%	9.2%
Return on capital employed (ROCE), pct	2.8%	3.8%	13.8%
Debt ratio	0.58	0.59	0.51
Debt to equity ratio	0.76	0.75	0.48
Liquidity ratio	0.73	0.70	1.64
Turnover of assets	0.73	0.77	1.21
The capital to assets ratio	0.42	0.40	0.49
Financial debt (EUR tho)	24,623	26,589	22,018
Net debt (EUR tho)	24,477	26,370	20,614
Net debt /EBITDA	7.36	6.73	1.78

**Gross profit** is indicator that is in company's profit/loss statement. It is sales revenue minus cost of goods sold. Usually, this profit is biggest among other profit types.

**Gross profit margin** shows how much profit is for one unit of sales revenue. Indicator is calculated by dividing gross profit by sales revenue.

**EBITDA** – earnings before interest, taxes, depreciation and amortization, it shows company's earnings before evaluating the effect of company's financial policies as well as profit tax. Vilkyškių pieninė AB calculates this indicator by adding long-term assets depreciation, amortization to and subtracting subsidies from operating profit. When calculating EBITDA elements that are not directly influenced by activities of the company may be eliminated.

**EBITDA margin** is a profitability indicator that can be used to compare the profitability of companies (in the same sector), to monitor changes in the profitability of the same company. The higher the value of the indicator is, the higher the profitability of the company is. The indicator is calculated by dividing EBITDA by revenue.

**EBIT (operating profit)** is profit before interest and taxes. It shows the company's profit earned during the operating and investment cycle (before assessing the impact of the company's financing policy on profit and before deducting the income tax). This indicator reflects the company's ability to generate cash flow. The indicator is calculated by adding financial operating expenses to pre-tax profit and deducting the financial activity income

**EBIT margin** is indicator that shows operating effectiveness, it is calculated by dividing operating profit by sales revenue.

**EBT (profit before tax)** is profit before taxation. The indicator is calculated by adding profit tax expense to net profit.

**EBT margin** is calculated by dividing EBT by income. Shows the company's profit before taxes to sales ratio. A higher value of the indicator indicates a higher profitability of the company.

**Net profit (loss)** is the financial indicator which is calculated by deducting all expenses and taxes from income.

**Net profit margin** is indicator of a company's profitability. Calculated by dividing net profit by income.

**Net profit per share** is one of the most popular stock valuation indicators that shows the company's profit per share. The indicator is calculated by dividing net profit by the number of shares in the stock turnover.

**The P / E ratio** is the ratio of the stock market price to profit per share. The indicator shows how much the company's shares cost as compared to the net profit. The P / E indicator provides information on whether a company is expensive as compared to its earned profits. The higher the net profit is, the lower the P / E ratio is, and, therefore, the more attractive such shares are for investment. The indicator is calculated by dividing the market price of the share by the net profit per share.

**Return on equity (ROE)** is the net profit to equity ratio. The indicator shows how efficiently the company uses shareholders' assets to earn profit. This indicator is important for shareholders in assessing the return on their investment in the company in the previous period. The higher the return on equity is, the more efficient the company's operations are, the more profit it earns for its shareholders. The ratio is calculated by dividing net profit by the average of equity at the beginning and end of the reporting period.

**Return on assets (ROA)** is the net profit to assets ratio. Return on assets shows how much net profit a company earns per euro of assets. This value can be used as a measure of the efficiency of the use of a company's assets. The higher the ROA value is, the more efficiently the assets are employed, the more profit is earned. The indicator is calculated by dividing the net profit by the average of the assets at the beginning and end of the reporting period.



**Return on capital employed (ROCE)** is the profitability indicator measuring the return on funds necessary for the company's continuous operations. It is often compared to the interest rates on loans in the market at that time. The company's ROCE ratio is considered to be higher than the price of borrowed capital at that time. The indicator is calculated by dividing EBIT by the difference between total assets and short-term liabilities

**Debt ratio** reflects the part of the company's assets that has acquired with borrowed funds. The indicator is calculated by dividing all liabilities of the company by assets.

**Debt to equity ratio.** This is one of the key indicators of financial leverage. The debt to equity ratio shows the amount of short-term and long-term debt in euros per euro of equity. The indicator is calculated by dividing the financial debt by the equity.

**The liquidity ratio** shows the company's ability to meet its short-term liabilities by using its owned short-term assets. The higher the ratio is, the better the liquidity position is. The indicator is calculated by dividing short-term assets by short-term liabilities.

**Turnover of assets.** It is an efficiency indicator that shows the sales revenue to assets ratio. This indicator shows how efficiently a company uses its capital. A higher value indicates a higher degree of overall asset management efficiency and vice versa. The indicator is calculated by dividing the sales revenue by total assets.

**The capital to assets ratio** shows the proportion between private capital and total assets. This indicator shows the share of private capital in the capital structure. The lower this ratio is, the more the company is dependent on borrowed funds. The ratio is calculated by dividing private capital by total assets.

**Financial debt** is the sum of short-term and long-term debt, which shows the amount of indebtedness of the company. The indicator is calculated by adding long-term and short-term lease liabilities to long-term and short-term loans.

**Net debt** is all the financial liabilities of the company with the deduction of the available cash and cash equivalents. This indicator can be used during in a credit rating review. The indicator is calculated by deducting cash and cash equivalents from financial debt.

**Net debt / EBITDA** shows the company's ability to repay debts from earned profits. This indicator can also be used in a credit rating review. The indicator is calculated by dividing net debt by EBITDA.

At first half of 2022, **sales revenue** came to 112.8 MEUR (66.3 percent more than in 6 months of 2021). At reporting period **EBITDA** was 11.6 MEUR (three times as much as in previous year same period). EBITDA margin was 10.3 percent in 6 months of 2022, then in previous year same period was 5.8 percent. **Operating profit (EBIT)** was 9.4 MEUR at reporting period or five times as much as in previous year same period. EBIT margin was 8.4 percent. At first half of 2022 **net profit** was 8.3 MEUR (five times as much as in previous year same period).

**Raw milk purchases by "Vilvi Group":**

	6 months of 2020	6 months of 2021	6 months of 2022
Basic indicators milk, tonnes	132,177	145,740	153,478
Cost of basic indicators milk, EUR tho	32,398	39,463	62,557
Milk price, EUR/t	245	271	408

In 6 months of 2022, a total of 153 tho tonnes of milk were purchased and increase by 5.3 percent as compared with 6 months of 2021. The price of milk increased by 50.6 percent from the same period previous year.

**“Vilvi Group” production output, intended for sale, tonnes:**

	<b>6 months of 2020</b>	<b>6 months of 2021</b>	<b>6 months of 2022</b>
Cheese, cheese products and other	17,402	20,657	26,922
Fresh milk products	7,009	7,208	7,715
Dry milk products	9,105	10,324	10,838

In 6 months of 2022, cheese and cheese product and other production amounted to 26.9 tho tonnes, up by 30.3 percent comparing to the same period last year. Production of fresh milk products was 7.7 tho tonnes, up by 7 percent comparing to 6 months of 2021. Production of dry milk products amounted to 10.8 tho tonnes in 6 months of 2022 up by 5 percent comparing to the same period last year.

**11.Sales and marketing**

The decrease in international raw milk production and increase in demand of milk products has conditioned sales prices in exports markets being high. High exports prices let to absorb European raw milk prices, elevated energy, logistics and other material components prices and create greater added value

Since the prices in different regions changed differently, wide market geography of „Vilvi Group“ let diversify sales according to price levels in a specific country and reach the maximum result.

**Sales by product segment, EUR thousand:**

	<b>6 months of 2020</b>	<b>6 months of 2021</b>	<b>6 months of 2022</b>
Cheese, cheese products and other	36,908	47,518	81,842
Fresh milk products	8,957	9,284	11,925
Dry milk products	9,919	11,033	19,057
<b>Total revenue</b>	<b>55,784</b>	<b>67,835</b>	<b>112,824</b>

**Cheese, cheese products and other** sales revenue in 2022 in the first half accounted for 72.5 percent of total sales. H1 2022 cheese, cheese products and other sold 72.2 percent more compared to 2021 the same period. This requires a recovering HoReCa sector, which has led to increased sales of cheese and cheese products, as well as increased demand for cream and the price.

Income of **dry milk products** in H1 2022 increased by 72.7 percent. comparing 2021 during the same period, This requires not only increased production volumes, but also growing orders from existing and new customers from Poland, Great Britain, Korean Republic, Egypt, ecc.

Sales of **fresh milk products** in H1 2022 grew insignificantly (28.4%) compared to 2021 during the relevant period.

In H1 2022 exports amounted to 89,4% of total group sales. As in the previous years the largest part of export are sales of cheese, cheese products, cream and dry milk products.

**“Vilvi Group” sales revenue by geographical segments, EUR thousand:**

	<b>6 months of 2020</b>	<b>6 months of 2021</b>	<b>6 months of 2022</b>
European Union	30,581	31,288	69,286
Lithuania	9,931	11,333	11,996
Other countries	15,272	25,214	31,542
<b>Total revenue</b>	<b>55,784</b>	<b>67,835</b>	<b>112,824</b>

Vilvi Group sales revenue for the first half of 2022 grew insignificantly in the Lithuanian market but increased by 78.5 % in export markets compared to 2021 the same period. Exports to EU countries increased most significantly.

## 12. Exhibitions and Awards

In February, Vilkyškių pieninė AB traditionally took part in the international exhibition of food industry “Gulfood 2022” in Dubai, The United Arab Emirates. The main focus was on mozzarella cheese and milk/whey powder.

## 13. Risk Factors Associated with Issuer’s Business

### Key risks in the business of “Vilvi Group”:

The Group operates in the business of dairy processing. The main factors that may pose business risks for the Company are possible changes in the raw material and product markets, competition, as well as changes in the legal, political, technological and social environment that are directly or indirectly related to “Vilvi Group” business.

POLITICAL FACTORS	ECONOMIC FACTORS	SOCIAL FACTORS	TECHNOLOGICAL FACTORS
<b>External risk</b>			
Economic anomalies.	Negative demand and/or price changes in cheese, dry milk products and fresh milk products markets.	Social circumstances in the country, drop in the purchasing power of inhabitants.	High market supply milk products and high competition may provoke negative and risky technological factors.
Home country and other countries policies and disturbances.	Sale of goods risk arises either because of to large or to small inventory levels of fresh milk products. In the first case it may be that goods will need to be sold with discount as they have shorter validity term. In another case if the orders are not met fines may be imposed.	Migration of young employees from regions to cities.	Raw material/food counterfeiting, intentional contamination.
Policies and demotion of milk consumption and perceived milk unhealthiness.	Unfair competition.	Emigration to more developed countries.	Relationships with suppliers. It is necessary to select trusted suppliers by performing their evaluation.
	Cyber attacks.		
Frequent change of laws and sanctions.	Diseases of humans and animals.	Aging and low-income society.	
	Natural cataclysms, ecological disasters and pandemics.		
<b>Internal risk</b>			
Cyber security requirements violation, browsing forbidden internet sites for personal needs.	Production theft.	Lack of personnel due to emigration.	Intentional or unintentional contamination, damage. Non-compliance to specifications of product production
	Negligent attitude towards duties.	Lack of high qualification employees.	Methods of production and products sensitivity.
	Fraud seeking financial gain.	Violation of hygiene requirements.	Violation of temperature requirements
	Downtime due to the pandemic.		Production of matured cheese is lengthy process that may take 1-3 month. This does not allow to quickly react to rapid changes in cheese market which in turn may affect cashflow and operating results.

In addition to the above risks, The Group companies are also at credit risks. The risk of breach of contract by business partners is subject to certain control procedures. In the end of 2021, for 2 years term, the Company obtained credit insurance for its overseas customers with the insurer *Euler Hermes*. The risk of each client is assessed individually.

Credit risk associated with cash in banks is limited, as the Company works only with Lithuania’s largest banks (mainly AB “Swedbank”). On 30 June 2022, the Company’s debt-to-assets ratio was 0.51. The balance of

outstanding loans on 30 June 2022 was 20,614 tEUR. Repayment is performed under the established schedule, without any delays.

#### **14. Competition**

According to the research of „Verslo žinios” which includes TOP 1000 of Lithuanian companies Vilkyškių pieninė AB is the third largest company among Lithuanian dairy companies. Main competitors are Rokiškio sūris AB and Žemaitijos pienas AB.

On foreign markets, “Vilvi Group” has to compete against local manufacturers, who have the advantage of lower transportation costs. However, “Vilvi Group” compensates it by offering a range of higher value-added cheese and other products.

„Vilvi Group” offers industrial products in dry milk product segment, which are oriented to exports. Company has developed its own brand GymOn of whey protein powder concentrate for athletes that is offered to end-consumer. This product is distributed to supermarkets, sports shops, pharmacies and sold via own internet shop [www.gymon.lt](http://www.gymon.lt). It is also sold via Amazon online platform to reach Western European consumers, it is offered in German, Spanish, Italian and French Amazon platforms.

#### **15. Key Events After Fiscal Year-End**

No significant events have occurred.

### **III. Other information about issuer**

#### **16. Structure of Issuer’s Share Capital**

“Vilvi Group” Share Capital:

Company name	Type of share	Number of shares	Share face value, EUR	Total face value, EUR
Vilkyškių pieninė AB	Common registered shares	11,943,000	0.29	3,463,470
Kelmės pieninė AB	Common registered shares	2,457,070	0.29	712,550
“Modest” AB	Common registered shares	5,617,118	0.29	1,628,964
Pieno logistika AB	Common registered shares	371,333	0.29	107,687
“Kelmės pienas” UAB	Common registered shares	2,500	1.00	2,500
“Baltic Dairy Board“ SIA	Common registered shares	777,778	1.00	777,778

#### **17. Information on Treasury Stock**

The Company does not hold it’s own shares.

#### **18. Rights of Shareholders**

Shareholders have these non-proprietary rights:

- to attend and vote in general meetings of shareholders;
- to receive information about the Company as set out in Article 18 (1) of the Law on Public Companies;
- to lodge a claim in a court of law for compensation of damages caused to the Company through inaction or inappropriate actions of the Company’s director, also in other cases set out by the law;
- other non-proprietary rights stipulated by legal acts.

Shareholders have the following proprietary rights:

- to receive a share of the Company’s profit (dividend);
- to receive a share of the assets of the Company in liquidation;
- to be granted shares free of charge where the Company’s share capital is increased from its own capital, save exceptions set out by the Law on Public Companies;

- to have priority to buy new shares and share options in the Company, except for cases where a general meeting of shareholder has legitimately voted to revoke this right for all;
- to transfer all or part of their shares to other persons, using a procedure set out in the Law on Public Companies;
- other proprietary rights granted by the law.

None of the Company's shareholders has any special control rights. The rights of all shareholders are equal. One common registered share grants one vote in a general meeting of shareholders.

## 19. Restrictions on Transfer of Securities

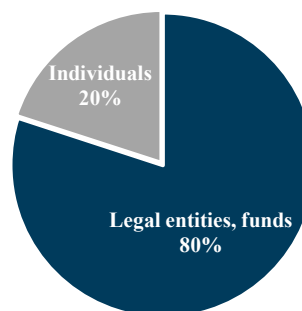
There are no restrictions on the transfer of securities.

## 20. Information about Shareholders

The total number of shareholders of Vilkyškių pieninė AB on 30 June 2022 was 1339. The following are the major shareholders, who own more than 5 percent of the Issuer's stock:

Shareholder	Number of shares held, units	Percent of share capital, pct	Share of votes at shareholder meetings, pct
Swisspartners Versicherung AG Zweigniederlassung Österreich	6.994.316	59%	59%
Multi Asset Selection Fund	2,035,729	17%	17%
Minority shareholders	2.912.955	24%	24%
<b>Total stock</b>	<b>11,943,000</b>	<b>100%</b>	<b>100%</b>

Vilkyškių pieninė AB shareholder structure by legal subject



## Kelmės pieninė AB shareholders

Shareholder	Number of shares held, units	Percent of share capital, pct	Share of votes at shareholder meetings, pct
Vilkyškių pieninė AB	2,457,070	100%	100%
<b>Total stock</b>	<b>2,457,070</b>	<b>100%</b>	<b>100%</b>

**“Kelmės pienas” UAB shareholders**

Shareholder	Number of shares held, units	Percent of share capital, pct	Share of votes at shareholder meetings, pct
Kelmės pieninė AB	2,500	100%	100%
<b>Total stock</b>	<b>2,500</b>	<b>100%</b>	<b>100%</b>

**“Modest” AB shareholders**

Shareholder	Number of shares held, units	Percent of share capital, pct	Share of votes at shareholder meetings, pct
Vilkyškių pieninė AB	5,601,277	99.7%	99.7%
Minority shareholders	15,841	0.3%	0.3%
<b>Total stock</b>	<b>5,617,118</b>	<b>100%</b>	<b>100%</b>

**“Pieno logistika” AB shareholders**

Shareholder	Number of shares held, units	Percent of share capital, pct	Share of votes at shareholder meetings, pct
Vilkyškių pieninė AB	218,781	58.9%	58.9%
Minority shareholders	152,552	41.1%	41.1%
<b>Total stock</b>	<b>371,333</b>	<b>100%</b>	<b>100%</b>

**“Baltic Dairy Board” SIA shareholders**

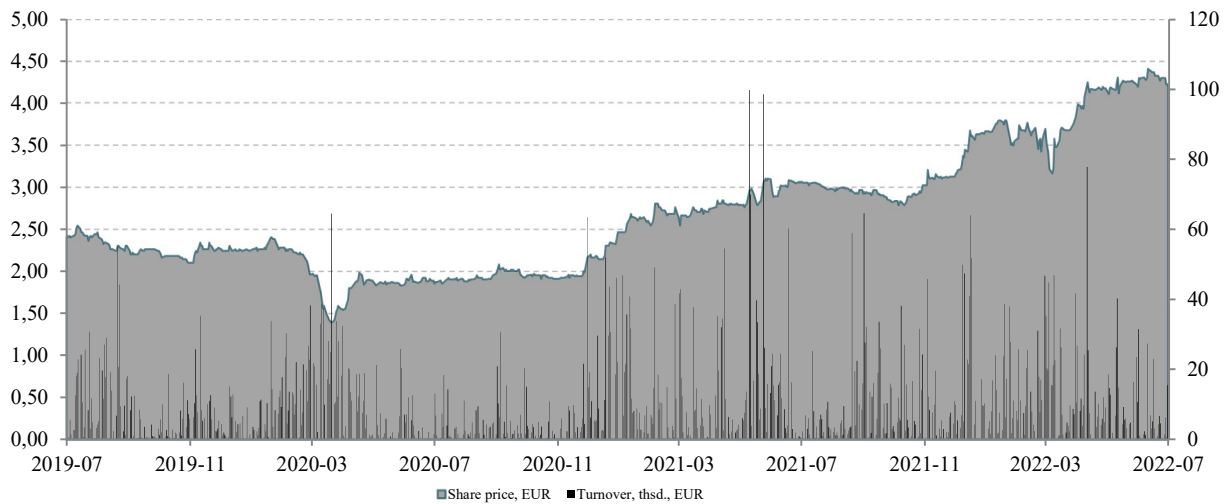
Shareholder	Number of shares held, units	Percent of share capital, pct	Share of votes at shareholder meetings, pct
AB Vilkyškių pieninė	544,446	70.0%	70.0%
KIK Asset Management SIA	233,332	30.0%	30.0%
<b>Total stock</b>	<b>777,778</b>	<b>100%</b>	<b>100%</b>

**21. Agreements Between Shareholders, Known to Issuer, Which May Lead to Restrictions on Securities Transfers or Voting Rights**

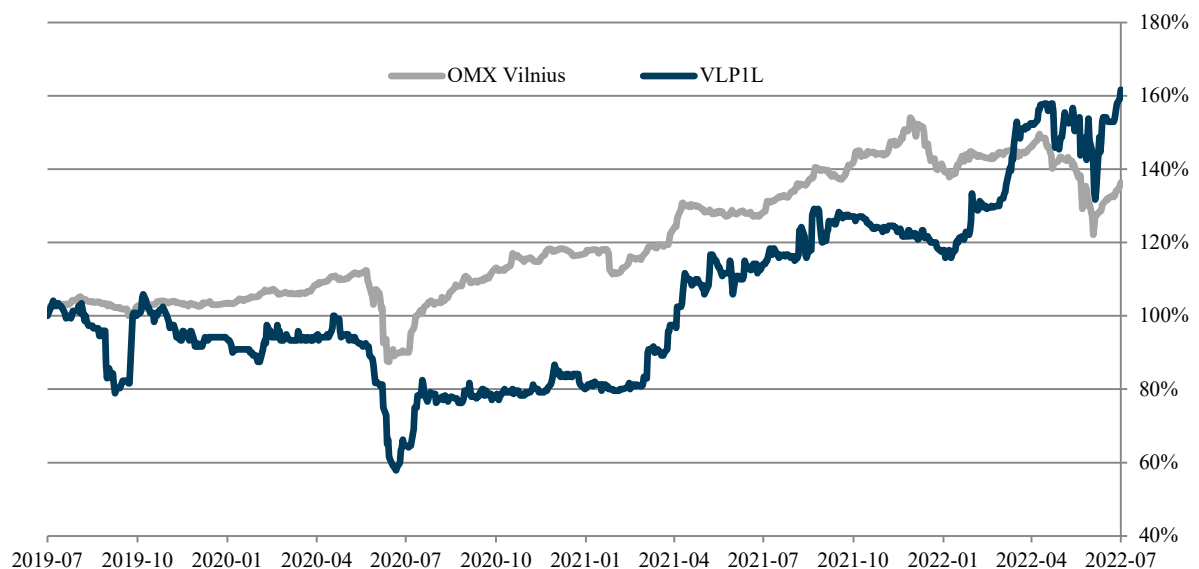
The Company is not aware of any direct agreements between shareholders that might result in restrictions on the transfer of securities and/or on voting rights.

## 22. Trading in Issuer's Securities on Regulated Markets

The change of price of Vilkyškių pieninė AB shares and trade volume in June 2019 – June 2022.



Comparison of Vilkyškių pieninė AB share price and OMX Vilnius Index June 2019 – June 2022.



## 23. Dividend

Vilkyškių pieninė AB approved a dividend policy in 2012. The following is an extract from that dividend policy:

### Dividend and amount of dividend

1. The Law on Public Companies of the Republic of Lithuania stipulates that the dividend constitutes a share of profit payable to a shareholder in proportion to the face value of the stock held by the shareholder.
2. The Company's shareholders cannot vote to pay a dividend at a general meeting of shareholders, if 1) the Company is insolvent 2) the distributed result for the fiscal year ended is negative 3) the Company's equity is smaller than the sum of its authorised capital and reserves, or in cases where it would become smaller following a dividend payout.

3. The Company's board shall submit to the General Meeting of Shareholders an amount of dividend based on the audited net profit result for the fiscal year ended.
4. If the Company has been profitable, the Company's board shall allocate a certain part of revenue for dividend as set out in Clause 2.6, reinvesting the rest of the revenue so as to increase the Company's capitalisation.
5. The Company shall pay dividend in cash.
6. The Company's board should establish the amount of dividend after taking into account the consolidated net profit of the Company for the year ended. The dividend amount must be not less than 25 percent of the consolidated net profit of the Company for the year ended, but not larger than the Company's annual consolidated net profit
7. The Company reserves the right to diverge from the criteria for the amount of dividend, provided it gives reasons for such divergence.

Vilkyškių pieninė AB dividend payments in the past 5 years:

<b>Dividend</b>	<b>2018 (for 2017)</b>	<b>2019 (for 2018)</b>	<b>2020 (for 2019)</b>	<b>2021 (for 2020)</b>	<b>2022 (for 2021)</b>
Dividend (EUR)	1,672,020	-	-	955,440	2,388,600
Dividend per share (EUR)	0.14	-	-	0.08	0.20
Number of shares	11,943,000	11,943,000	11,943,000	11,943,000	11,943,000

Kelmės pieninė AB dividend payments in the past 5 years:

<b>Dividend</b>	<b>2018 (for 2017)</b>	<b>2019 (for 2018)</b>	<b>2020 (for 2019)</b>	<b>2021 (for 2020)</b>	<b>2022 (for 2021)</b>
Dividend (EUR)	786,262	1,719,949	5,651,261	7,371,210	3,931,312
Dividend per share (EUR)	0.32	0.70	2.30	3.00	1.60
Number of shares	2,457,070	2,457,070	2,457,070	2,457,070	2,457,070

“Modest” AB and “Pieno logistika” AB did not pay any dividend in the last five years.

## 24. Employees

On 30<sup>th</sup> of June 2022 the number of employees working for the Group of Vilkyškių pieninė AB amounted to 871.

Employee category	Number of employees	Education				Average monthly salary (EUR)
		higher	vocational	secondary	secondary incomplete	
Managers	29	21	8	-	-	4,664
Specialists	318	122	86	106	4	1,637
Workers	524	16	160	304	44	1,112
	<b>871</b>	<b>159</b>	<b>254</b>	<b>410</b>	<b>48</b>	<b>1,421</b>

On 30<sup>th</sup> of June 2021 the number of employees working for the Group of Vilkyškių pieninė AB amounted to 860.

Employee category	Number of employees	Education				Average monthly salary (EUR)
		higher	vocational	secondary	secondary incomplete	
Managers	30	24	5	1	-	4,192
Specialists	313	120	85	100	8	1,396
Workers	517	14	159	298	46	956
	<b>860</b>	<b>158</b>	<b>249</b>	<b>399</b>	<b>54</b>	<b>1,226</b>



Employees work on the basis of labour contracts, while their rights and duties are set out in their job descriptions. Employees do not have any special rights or duties, and all work is organized in compliance with the Labour Code of the Republic of Lithuania.

## 25. Vilkyškių pieninė AB Group Governing Bodies

According to the Articles of Association of Vilkyškių pieninė AB, the Company’s governing bodies are the General Meeting of Shareholders, the Board and the Chief Executive Officer. No supervisory council is set up. The Board of the Company represents the shareholders and performs oversight and control functions. The decisions taken by the General Meeting of Shareholders, where they concern issues falling within the remit of the General Meeting of Shareholders as specified in the Articles of Association, are binding to all shareholders, the Board, the CEO and other employees of the Company.

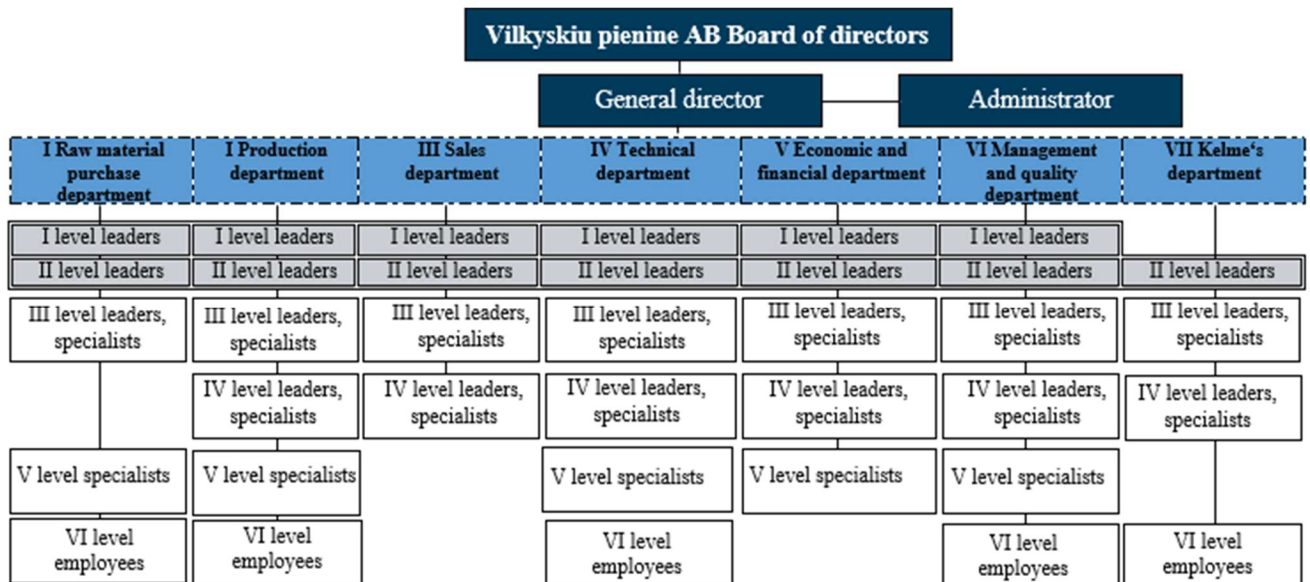
Board members are elected for a term of four years. The Chairman of the Board is elected for a tenure of four years by the Board from among its own members. Members of the Board are elected by a General Meeting of Shareholders in accordance with the Law on Public Companies.

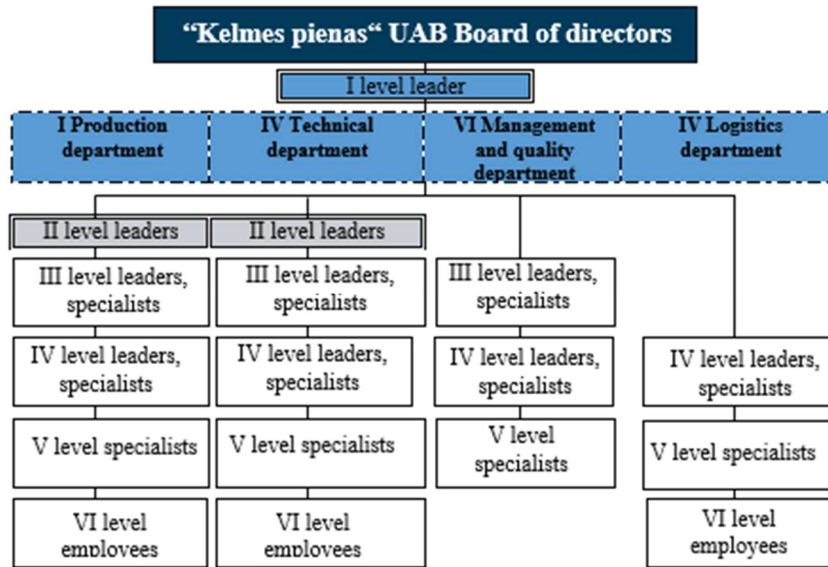
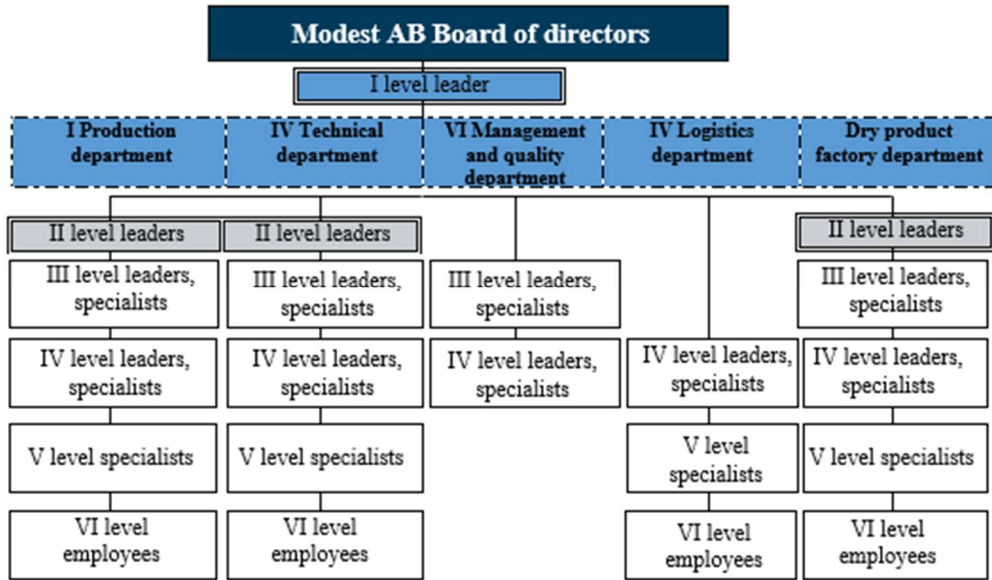
The Board sets up two committees – Audit Committee and Salaries Committee – each consisting of three members.

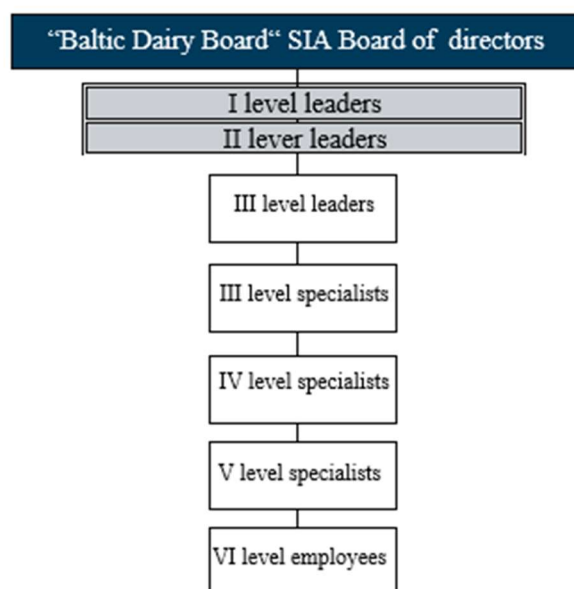
The Board elects and dismisses the Chief Executive Officer. The CEO is the head of the Company. The head of the Company is a single governing body in charge of organising the current business operations of the Company.

Under the Articles of association of Kelmės pieninė AB, “Modest” AB, “Kelmės pienas” UAB and SIA “Baltic Dairy Board” the companies are governed by a general meeting of shareholders, the Board and the director.

### The structure of “Vilvi Group” management







One-person management body "Pieno logistika" AB – Director.

## 26. Procedure of Amendments to Company Articles

Amendments to the group's Articles of Association can be adopted at a General Meeting of Shareholders. Decisions on changes to the Articles are considered adopted, if approved by two-thirds of shareholder votes.

## 27. Activities of the Board

In the course of 6 months of 2022, a total of 6. Board meetings were held, with the required quorum present at each of them. The Board approved the 2021 annual financial statements and annual report; it called an ordinary meeting of shareholders and offered the distribution of the 2021 profit for an ordinary meeting of shareholders.

In regular meetings the Board discussed business development opportunities, granting/extension of loans and other current issues.

Kelmės pieninė AB, "Kelmės pienas" UAB, "Modest" AB and "Baltic Dairy Board" SIA hold their board meetings regularly to discuss issues within the remit of the board of directors.

## 28. Board & Administration Members

### Vilkyškių pieninė AB Board Members

**Gintaras Bertašius** – a Board Chairman since 30 January 2006, re-elected for a four-year term on 29 April 2022, CEO of Vilkyškių pieninė AB. Has higher education diploma in mechanical engineering. Membership in other companies' governing bodies: board chairman of "Modest" AB, Kelmės pieninė and "Kelmės pienas" UAB; a member of the board of "Baltic Dairy Board" SIA. On 30 June 2022 he did not hold company shares of Vilkyškių pieninė AB, however he exercises the 58.56 percent voting rights in shareholder's meetings (joint life insurance policy has been drawn up at Swisspartners Versicherung AG Zweigniederlassung Österreich which has taken over ownership rights to 6,994,316 shares of AB Vilkyškių pieninė).

**Sigitas Trijonis** – a Board Member since 30 January 2006, re-elected for a four-year term on 29 April 2022, Chief Technology Officer of Vilkyškių pieninė AB. Has higher education degree in mechanical engineering. As of 30 June 2022, he held 425,607 shares of Vilkyškių pieninė AB, 3.56 percent of the stock and voting rights. Has no seats in other companies' governing bodies.

**Rimantas Jancevičius** – a Board Member since 30 January 2006, re-elected for a four-year term on 29 April 2022. Has a college diploma as livestock engineer. Chief Purchasing Officer at Vilkyškių pieninė AB. As of 30

June 2022, he held 339,863 shares of Vilkyškių pieninė AB, 2.85 percent of the stock and voting rights. Has no seats in other companies' governing bodies.

**Vilija Milaševičiūtė** – a Board Member since 30 April 2009, re-elected for a four-year term on 29 April 2022. Has higher education in finance and credit. Chief Economics and Financial Officer of Vilkyškių pieninė AB. Membership in other companies' governing bodies: A board member of “Modest” AB, Kelmės pieninė AB, “Kelmės pienas” UAB and Šilumos tinklai UAB (CRN 179478621, address: Paberžių str. 16, 72324 Tauragė). As of 30 June 2022, she held 9,588 shares of Vilkyškių pieninė AB, 0.08 percent of the stock and voting rights.

**Linus Strėlis** – a Board Member since 7 March 2008, re-elected for a four-year term on 29 April 2022. Has higher education. Membership in other companies' governing bodies: Director of LS Capital UAB (CRN 133118295, address: V. Kudirkos str. 9, Kaunas) and Biglis UAB (CRN 133688345, address: V. Kudirkos str. 9, LT-50283 Kaunas), council chairman of Association of Social Enterprises (Socialinių imonių asociacija) (CRN 300542018, address: Raudondvario pl. 107, Kaunas), board member of Uomega AB (CRN 126334727, address: Metalo str. 5, LT-28216 Utena) and East West Agro AB (CRN 300588407, address: Tikslu str. 10, Kumpiai, LT-54311 Kauno r.), a member of the supervisory board in SIA Preses nams. A member of EISME fund committee of Lords LB Asset Management UAB (CRN 301849625, address: Jogailos str. 4, LT-01116 Vilnius.). As of 30 June 2022, did not have any shares in Vilkyškių pieninė AB.

**Andrej Cyba** – a Board Member since 7 March 2008, re-elected for a four-year term on 29 April 2022. Has higher degree in business administration and management. Membership in other companies' governing bodies: Business Development Manager of INVL Asset Management UAB (CRN 126263073, address: Gynėjų str. 14, LT-01109 Vilnius); chairman of the Board in FMĮ INVL Finasta UAB (CRN 304049332, address: Gynėjų str. 14, LT-01109 Vilnius) and “Baltic Dairy Board“ SIA; chairman of the supervisory Board at IPAS INVL Asset Management (CRN 40003605043, address: Smilšu iela 7-1, LV1050, Rīga) and AS Pirmais atklātais pensiju fonds (CRN 40003377918, address: Rīga, Smilšu iela 7-1, LV-1050); board member and Chairman of the Audit Committee of Auga Group AB (CRN 126264360, address: Konstitucijos pr. 21C, Quadrum North, LT-08130 Vilnius); CEO of PEF GP1 UAB (CRN 302582709, address: Maironio str. 11, Vilnius), PEF GP2 UAB (CRN 302582716, address: Maironio str. 11, Vilnius), Piola UAB (CRN 120974916, address: Mindaugo str. 16-52, LT-03225 Vilnius) and “Ymmalu” UAB (CRN 305765142, address: Šaltinių str. 24-10, LT-03233, Vilnius). As of 30 June 2022, did not have any shares in Vilkyškių pieninė AB.

### **Vilkyškių pieninė AB Members of Administration**

**Gintaras Bertausius** – CEO and Chairman of the Board. Works at the Company since 1993. Has higher education diploma as mechanical engineer. Membership in other companies' governing bodies: board chairman of “Modest” AB, “Kelmės pienas” UAB and Kelmės pieninė AB, a member of the board of “Baltic Dairy Board“ SIA. On 30 June 2022 he did not hold company shares of Vilkyškių pieninė AB, however he exercises the 58.56 percent voting rights in shareholder's meetings (joint life insurance policy has been drawn up at Swisspartners Versicherung AG Zweigniederlassung Österreich which has taken over ownership rights to 6,994,316 shares of AB Vilkyškių pieninė).

**Vilija Milaševičiūtė** – Chief Economics and Financial Officer, a Board Member, working at the Company since 2000. Has higher education in finance and credit. Membership in other companies' governing bodies: a board member of “Modest” AB, Kelmės pieninė AB, “Kelmės pienas” UAB and Šilumos tinklai UAB (CRN 179478621, address: Paberžių str. 16, 72324 Tauragė). As of 30 June 2022, she held 9,588 shares of Vilkyškių pieninė AB, 0.08 percent of the stock and voting rights.

**Vaidotas Juškys** – Executive Officer, working at the Company since 2010. Has a higher education in IT. As of 30 June 2022, he held 12,279 shares of Vilkyškių pieninė AB, 0.10 percent of the stock and voting rights. Has no seats in other companies' governing bodies.

**Sigitas Trijonis** – Chief Technology Officer, a Board Member, working at the Company since 1993. Has higher education in mechanical engineer. As of 30 June 2022, held 425,607 shares of Vilkyškių pieninė AB, 3.56 percent of the stock and voting rights. Has no seats in other companies' governing bodies.

**Rimantas Jancevičius** – Chief Purchasing Officer, a Board Member, working at the Company since 1996. Has college diploma as livestock engineer. As of 30 June 2022, he held 339,863 shares of Vilkyškių pieninė AB, 2.85 percent of the stock and voting rights. Has no seats in other companies' governing bodies.

**Arvydas Zaranka** – Chief Production Officer, working at the Company since 1995. Has college degree in dairy technology. Membership in other companies' governing bodies: a board member of "Modest" AB. As of 30 June 2022, held 1,933 shares of Vilkyškių pieninė AB, 0.02 percent of the stock and voting rights.

**Rita Juodikienė** – Management and quality director. Working at the company since 2002. Has a master degree in business management. Membership in other companies' governing bodies: a board member of Kelmės pieninė AB and "Kelmės pienas" UAB. As of 30 June 2022, held 2,175 shares of Vilkyškių pieninė AB, 0.02 percent of the stock and voting rights.

#### **Members of Kelmės pieninė AB board and administration**

**Gintaras Bertašius** – Chairman of the Board, re-elected for a four-year term on 29 April 2020. Participation in the governing bodies of other companies: board chairman and CEO of Vilkyškių pieninė AB, "Modest" AB, and "Kelmės pienas" UAB, a member of the board of "Baltic Dairy Board" SIA. Holds higher education degree in mechanical engineering. On 30 June 2022 he did not hold company shares of Vilkyškių pieninė AB, however he exercises the 58.56 percent voting rights in shareholder's meetings (joint life insurance policy has been drawn up at Swisspartners Versicherung AG Zweigniederlassung Österreich which has taken over ownership rights to 6,994,316 shares of AB Vilkyškių pieninė).

**Vilija Milaševičiūtė** – a member of the board, re-elected for a four-year term on 29 April 2020. Holds higher degree in finance and credit. Participation in the governing bodies of other companies: Chief Economics and Financial Officer and a board member of Vilkyškių pieninė AB, a board member of "Modest", AB "Kelmės pienas" UAB and Šilumos tinklai UAB (CRN 179478621, address: Paberžių str. 16, 72324 Tauragė). As of 30 June 2022, she held 9,588 shares of Vilkyškių pieninė AB, 0.08 percent of the stock and voting rights.

**Rita Juodikienė** – a member of the Board, re-elected for a four-year term on 29 April 2020. Has master degree in business management. Participation in the governing bodies of other companies: Quality and management director of Vilkyškių pieninė AB and a board member of "Kelmės pienas" UAB. As of 30 June 2022, held 2,175 shares of Vilkyškių pieninė AB, 0.02 percent of the stock and voting rights.

**Jolita Valantinienė** - CEO of Kelmės pieninė AB, working at the company since 2017. Has master degree in management and business administration. Participation in the governing bodies of other companies: CEO of "Kelmės pienas" UAB. As of 30 June 2022, did not have any shares in Vilkyškių pieninė AB.

#### **Members of "Kelmės pienas" UAB board and administration**

**Gintaras Bertašius** – Chairman of the Board. Participation in the governing bodies of other companies: board chairman and CEO of Vilkyškių pieninė AB, "Modest" AB and Kelmės pieninė AB, a member of the board of "Baltic Dairy Board" SIA. Holds higher education degree in mechanical engineering. On 30 June 2022 he does not hold company shares of Vilkyškių pieninė AB, however he exercises the 58.56 percent voting rights in shareholder's meetings (joint life insurance policy has been drawn up at Swisspartners Versicherung AG Zweigniederlassung Österreich which has taken over ownership rights to 6,994,316 shares of AB Vilkyškių pieninė).

**Vilija Milaševičiūtė** – a member of the board, re-elected for a four-year term on 29 April 2020. Holds higher degree in finance and credit. Participation in the governing bodies of other companies: Chief Economics and Financial Officer and a board member of Vilkyškių pieninė AB, a board member of "Modest" AB, Kelmės pieninė AB and Šilumos tinklai UAB (CRN 179478621, address: Paberžių str. 16, 72324 Tauragė). As of 30 June 2022, she held 9,588 shares of Vilkyškių pieninė AB, 0.08 percent of the stock and voting rights.

**Rita Juodikienė** – a member of the Board, re-elected for a four-year term on 29 April 2020. Has master degree in business management. Participation in the governing bodies of other companies: Quality and management director of Vilkyškių pieninė AB and a board member of Kelmės pieninė AB. As of 30 June 2022, held 2,175 shares of Vilkyškių pieninė AB, 0.02 percent of the stock and voting rights.

**Jolita Valantinienė** - CEO of “Kelmės pienas” UAB. Has master degree in management and business administration. Participation in the governing bodies of other companies: CEO of Kelmės pieninė AB. As of 30 June 2022, did not have any shares in Vilkyškių pieninė AB.

#### **Members of “Modest” AB board and administration**

**Gintaras Bertašius** – Chairman of the Board. Holds higher education degree in mechanical engineering. Participation in the governing bodies of other companies: board chairman and CEO of AB Vilkyškių pieninė AB, a board chairman at Kelmės pieninė AB and “Kelmės pienas” UAB, a member of the board of “Baltic Dairy Board“ SIA. On 30 June 2022 he does not hold company shares of Vilkyškių pieninė AB, however he exercises the 58.56 percent voting rights in shareholder’s meetings (joint life insurance policy has been drawn up at Swisspartners Versicherung AG Zweigniederlassung Österreich which has taken over ownership rights to 6,994,316 shares of AB Vilkyškių pieninė).

**Arvydas Zaranka** – a member of the board, re-elected for a four-year term on 5 April 2017. Participation in the governing bodies of other companies: Chief Production Officer of AB Vilkyškių pieninė. Has college degree in dairy technology. As of 30 June 2022, held 1,933 shares in Vilkyškių pieninė AB, i.e., 0.02 percent of share capital and voting rights.

**Vilija Milaševičiutė** – a member of the board, re-elected for a four-year term on 5 April 2017. Participation in the governing bodies of other companies: Chief Economics and Financial Officer and board member in Vilkyškių pieninė AB, Kelmės pieninė AB, “Kelmės pienas” UAB and Šilumos tinklai UAB (CRN 179478621, address: Paberžių str. 16, 72324 Tauragė). Has higher education in finance and credit. As of 30 June 2022, she held 9,588 shares of Vilkyškių pieninė AB, 0.08 percent of the stock and voting rights.

**Matas Pozingis** – CEO of “Modest” AB, working at the company since 2020. Has higher education degree in management and business administration. As of 30 June 2022, did not have any shares in Vilkyškių pieninė AB. Has no seats in other companies’ governing bodies.

#### **“Baltic Dairy Board“ SIA board and administration**

**Andrej Cyba** – Chairman of the Board. Has higher degree in business administration and management. Membership in other companies’ governing bodies: Business Development Manager of INVL Asset Management UAB (CRN 126263073, address: Gynėjų str. 14, LT-01109 Vilnius); chairman of the Board in FMĮ INVL Finasta UAB (CRN 304049332, address: Gynėjų str. 14, LT-01109 Vilnius); chairman of the supervisory Board at IPAS INVL Asset Management (CRN 40003605043, address: Smilšu iela 7-1, LV1050, Rīga) and AS Pirmais atklātais pensiju fonds (CRN 40003377918, address: Rīga, Smilšu iela 7-1, LV-1050); board member and Chairman of the Audit Committee of Auga Group AB (CRN 126264360, address: Konstitucijos pr. 21C, Quadrum North, LT-08130 Vilnius); CEO of PEF GP1 UAB (CRN 302582709, address: Maironio str. 11, Vilnius), PEF GP2 UAB (CRN 302582716, address: Maironio str. 11, Vilnius), Piola UAB (CRN 120974916, address: Mindaugo str. 16-52, LT-03225 Vilnius) and “Ymmalu” UAB (CRN 305765142, address: Šaltinių str. 24-10, LT-03233, Vilnius). As of 30 June 2022, did not have any shares in Vilkyškių pieninė AB.

**Gintaras Bertašius** – a member of the Board. Holds higher education degree in mechanical engineering. Participation in the governing bodies of other companies: board chairman and CEO of AB Vilkyškių pieninė AB, a board chairman at Kelmės pieninė AB, “Kelmės pienas” UAB, and “Modest” AB. On 30 June 2022 he does not hold company shares of Vilkyškių pieninė AB, however he exercises the 58.56 percent voting rights in shareholder’s meetings (joint life insurance policy has been drawn up at Swisspartners Versicherung AG Zweigniederlassung Österreich which has taken over ownership rights to 6,994,316 shares of AB Vilkyškių pieninė).

**Kaspars Kazāks** - CEO and member of the Board, chairs and represents the company since 2008. Participation in the governing bodies of other companies: board member in “KIK Asset Management“ SIA (CRN 43603083832, address: Mazā Salātu str. 4-7, Bauska, Latvia). As of 30 June 2022, did not have any shares in Vilkyškių pieninė AB.

#### **Committees**

Members of the Audit Committee: Aušra Lobinienė (The Head of Internal Audit of Tauragė Credit Union), Vilma Morkaitienė (chief accountant of Bonus Modus UAB) and Milana Buivydienė (Vilkyškių pieninė AB employee). None of the Committee members hold senior positions in the Company's administration or have shares in the Company.

No committees are formed in subsidiary companies.

#### **29. Agreements Enacted by Change of Control, Where Issuer is a Party**

There are no agreements, to which the Issuer is a party, that would take effect if control of the Issuer changed

#### **30. Information about Agreements Between the Issuer and its Governing Members or Employees on Compensation Payouts in Case of Their Resignation, Unfair Dismissal or Discharge Upon Change in the Control of the Issuer**

The Board Rules of Procedure do not provide for any compensation or payouts if a member of the Board resigns before the Board's term has expired. All employees are employed and dismissed in conformity with the provisions of the Lithuanian Labour Code.

#### **31. Information About Detrimental Acts Concluded by the Issuer that Could Affect Issuer's Operations**

The Issuer has not concluded any detrimental transactions that had or could in the future have any negative impact on the Issuer's operations or results. Nor has the Issuer concluded any transactions involving conflict of interest on behalf of the Issuer's top management, major shareholders or other related parties.

### **IV. Information About Compliance to Management Code**

Vilkyskiu Pienine AB essentially follows Corporate Governance Code for the Companies Listed on AB NASDAQ OMX Vilnius. There is no Supervisory Council in company. The governing bodies of the Company are the General Shareholder's Meeting, the Board and the General Manager. The Board consists of six members who are elected for the term of four years. Nomination and Remuneration Committee is established by the Management Board. The members of Audit Committee and the regulations of activity of the committee is approved by General Meeting of Shareholders. Each committee of the company is composed of three members.

### **V. Summary of significant events**

On the 10th day of each month, sales figures for the preceding months are published.

The following decisions were taken at the Ordinary General Meeting of Shareholders of Vilkyškių pieninė AB which was held on the 29 April 2022:

**Item 1 of the Agenda:** Approval of Company's Consolidated annual report for the year 2021.

Resolution: The Consolidated annual report of the Company for the year 2021 has been approved.

**Item 2 of the Agenda:** Auditor's Report regarding the Company's consolidated and separated financial Statements for 2021.

Heard.

**Item 3 of the Agenda:** Approval of Company's separated and consolidated financial statement for the year 2021.

Resolution: Company's separated and consolidated financial statements for the year 2021 has been approved.

**Item 4 of the Agenda:** Net Profit (loss) appropriation for the year 2021.

Resolution: The audited net profit (loss) allocation under IAS has been approved for the year 2021 as follows:

	thousand EUR
1) Non-appropriated profit (loss) at the end of the year 2020	18,954
2) Approved by shareholders dividends of the year 2020	(955)
3) Transfers from the reserve to purchase own shares	-
4) Non-appropriated profit (loss) at the beginning of the current financial year after dividends payout and transfer from reserves	17,999
5) Net profit (loss) of the reporting period	10,774
6) Transfers from reserves	68
7) Net profit to be appropriated at the end of the current financial year	28,841
8) Total profit (loss) to be appropriated:	
-portion of the profit allocated to the legal reserve	-
-portion of the profit allocated for payment of the dividends	(2,389)
-portion of the profit allocated to the other reserves	-
9) Non-appropriated profit (loss) at the end of the current financial year carried forward to next financial year	26,452

**0.2 Eur per one ordinary share.**

**Item 5 of the Agenda:** Approval of supplemented Remuneration policy of Vilkyškių pieninė AB.

Resolution: Supplemented Remuneration policy of Vilkyškių pieninė AB has been approved.

**Item 6 of the Agenda:** The election of the Board members for 4 years term.

As members of Company Board the following have been elected: Gintaras Bertašius, Sigitas Trijonis, Rimantas Jancevičius, Vilija Milaševičiūtė, Andrej Cyba, Linas Strėlis.

**Item 7 of the Agenda:** the election of Members of the Audit Committee.

Milana Buivydienė, Aušra Lobinienė, Vilma Morkaitienė have been elected as Members of the Audit Committee.

**Item 8 of the Agenda:** On the granting of powers to the Chief Executive Officer of Vilkyškių pieninė AB.

Resolution: The CEO of AB Vilkyškių pieninė is authorised (with the right to sub-delegate) to notify the Register of Legal Entities of the Republic of Lithuania of the election of new members of the Board, to register the changed data in the Register of Legal Entities of the Republic of Lithuania and to perform all other related actions.