



VILVI GROUP

THE RESULTS OF 12 MONTHS OF 2020

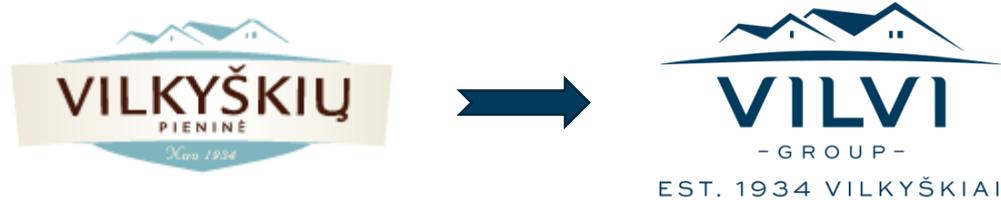


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1. MAIN EVENTS DURING 12 MONTHS OF 2020

- In order to strengthen the brand's global recognizability, it was decided to unify the business group's identity in all of the markets across the world. Since September 15, 2020 AB Vilkyškiu Pienine Group begins operations under the **Vilvi Group** brand name uniting the whole group.



- In Q3 2020 the company has completed dry milk products project. It has finished warehouse construction and surrounding infrastructure works.

ACHIEVEMENTS:

- In Europe's largest independent brand study "Sustainable Brand Index" Vilkyškių pieninė brand fell among the most sustainable brands in Lithuania – ranked honorable 12th, while in the food and beverage category among the 19 brands studied there is in **TOP-5**. A total of 49 brands were involved in the investigation, selected on the basis of market share, turnover and brand awareness. As many as 1200 respondents rated the environmental and social responsibility of enterprises in the study.
- On February 28, “Modest” AB received an official “Maxima’s” message of thanks for the cherished production of Tauragė Region, which is willingly purchased and appreciated by the customers of the largest trading network in Lithuania.

PRODUCT NEWS:

- We introduced a new line of cheeses with Vilvi brand – **VILVI MEMEL** to consumers. For 10 years, we mark the exported products on behalf of VILVI. It has become a symbol of our success, so we also chose this brand for production on the local market.
- This category of cheeses consists of the highly familiar and valued hard cheese Prussia, which became **Memel Prussia**, as well as two news from the former Žalgiris recipe – 12 months maturing **Memel Reserve** and 18 months maturing **Memel Grand Reserve**. The line of these cheeses also includes **Memel Blue** – one of the most popular cheese in molded cheese category in Lithuania and, of course, our colors cheeses – **Memel Piquant**.

- In the category of everyday cheeses, **VILVI** also becomes the main brand, and the name of the cheese itself is equal to that of **TILSIT** and **GOUDA**. Renewed cheese packaging is characterized by a modern, but everyday design, bright and competitive colors, emphasizes one of the main features of Vilkyškių pieninė cheeses - taste



EXHIBITIONS:

- In February, Vilkyškių pieninė AB traditionally took part in the international exhibition of food industry “Gulfood 2020” in Dubai, The United Arab Emirates. The main focus was on mozzarella cheese and milk/whey powder.

EXTENDED/ISSUED CERTIFICATES DURING 12 months of 2020:

- Kosher certificate issued to Kelmės pieninė AB Tauragė Devision (drying department of dry milk products);
- Kelmės pieninė AB Tauragė Devision (drying department of dry milk products), Modest AB and Vilkyškių pieninė AB have extended Halal certificate;
- “Modest” AB and and Kelmės pieninė AB Tauragė Devision (drying department of dry milk products) have Surveillance audit according to the ISO 22000:2005/FSSC 22000 Certification Scheme.
- Kelmės pieninė AB and Vilkyškių pieninė AB have Surveillance audit according to the ISO 22000:2018/FSSC 22000 Certification Scheme.

MARKETS:

- Despite the COVID-19 pandemic, in 12 months of 2020 sales revenue increased compared to last year. The growth was determined by consistent work with European Union customers and the search for new buyers in Asia, South and Central America regions.
- Diversification of markets in Europe, Asia, South and Central America helped to avoid a significant drop in cheese sales due to restrictions on the HoReCa sector during COVID-19 quarantine.
- Sales of dry milk products were not affected by the pandemic, on the contrary – 2020 sales increased. In 12 months of 2020 dry milk products sales were 38% higher than last year. This is a result of increased production volume and sales growth in the Asian, African and European regions and by the active search for new markets – Q1 2020 successfully launched in the Chinese and Australian markets.
- Although the prices of most products fell about 15% due to the COVID-19 pandemic, however by the end of Q2 prices recovered after balancing consumption. Since Q3 2020 prices of cream, cheese and cheese products, curd products growth in both domestic and foreign markets.

2. MAIN FINANCIAL INDICATORS

	2016	2017	2018	2019	2020
Revenue (Thousands EUR)	90,490	113,939	103,162	114,581	120,873
EBITDA (Thousands EUR)	8,413	10,882	3,140	3,698	8,227
EBITDA margin (%)	9.3%	9.5%	3.0%	3.2%	6.8%
Net profit (loss) (Thousands EUR)	4,455	6,686	-1,186	-446	3,828
Net profit margin (%)	5.0%	5.9%	-1.1%	-0.4%	3.2%
Quantity of purchased basic indicators milk, t	243,633	249,992	267,785	268,555	287,370
Profit per share (EUR)	0.37	0.56	-0.10	-0.04	0.32
Net financial debt (Thousands EUR)	30,308	28,097	27,824	26,940	17,968

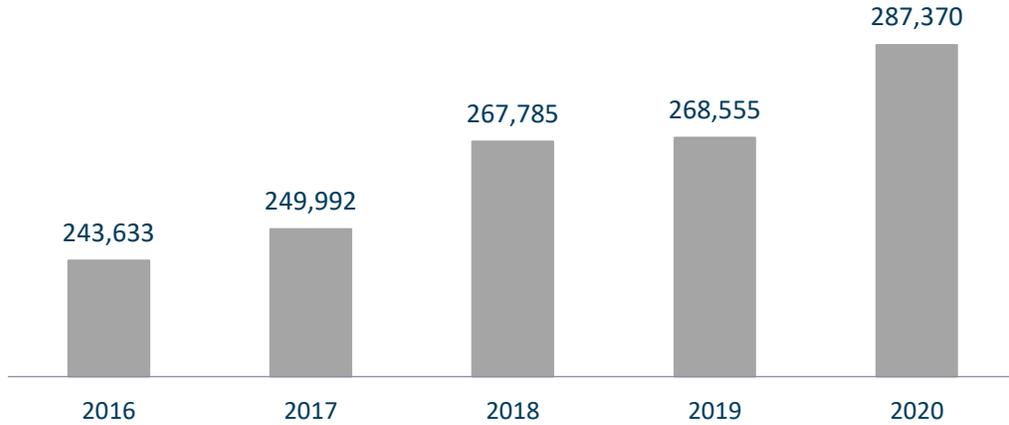
In 2020 sales revenue came to EUR 120.9 MEUR (5.5 percent more than in 12 months of 2019).

At reporting period EBITDA was 8.2 MEUR or 4.5 MEUR more than in previous year.

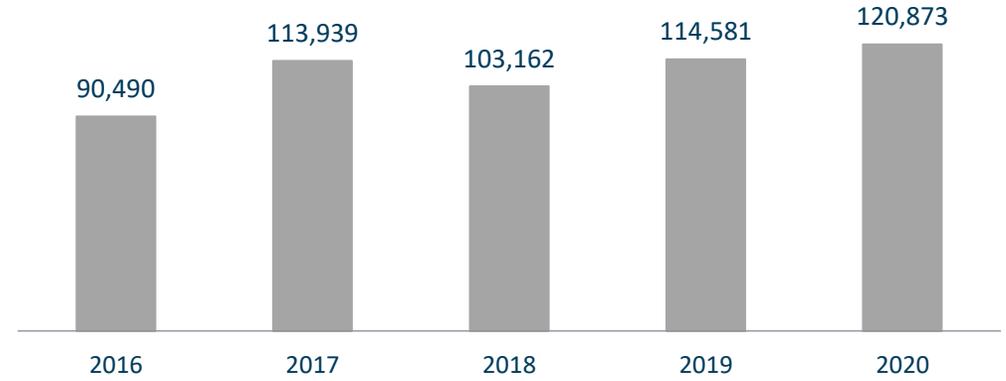
In 12 months of 2020 net profit was 3.8 MEUR then 2019 net loss was 0.4 MEUR.

In 12 months of 2020, a total of 287.4 thousand tones of basic indicators milk was purchased and increase by 7.0 percent as compared with 12 months of 2019.

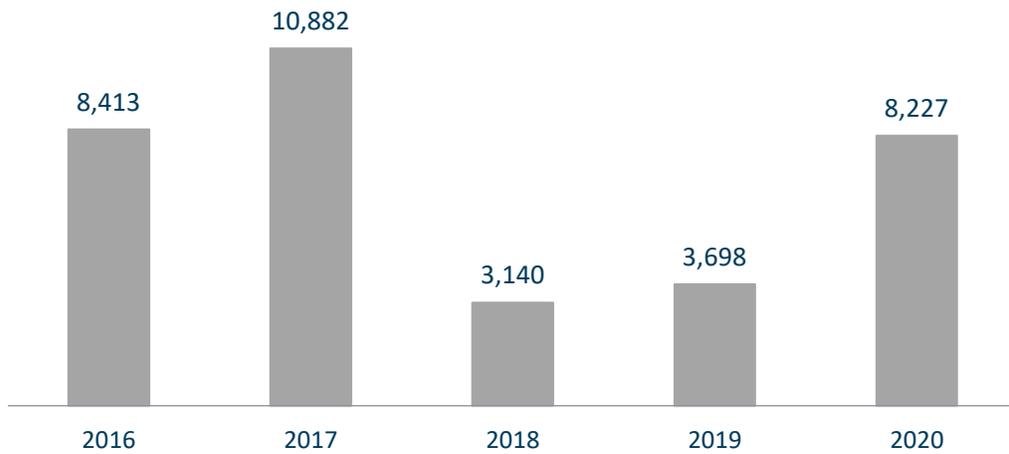
QUANTITY OF PUCHASED MILK, T



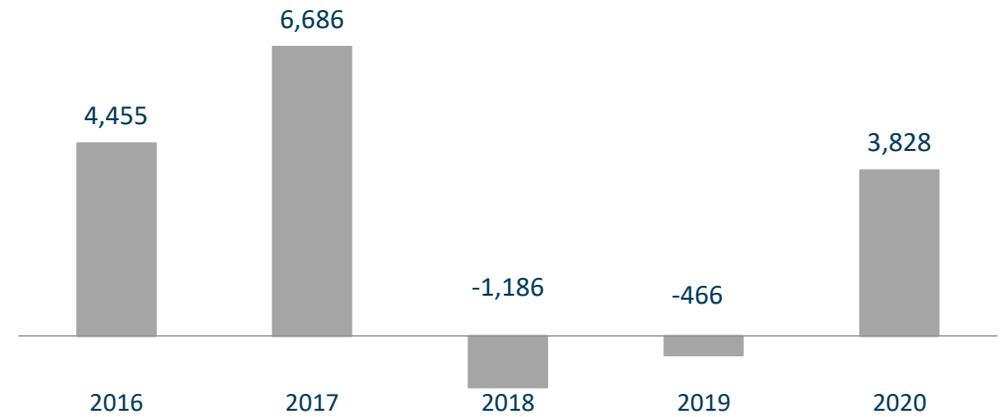
REVENUE, THOUSANDS EUR



EBITDA, THOUSANDS EUR

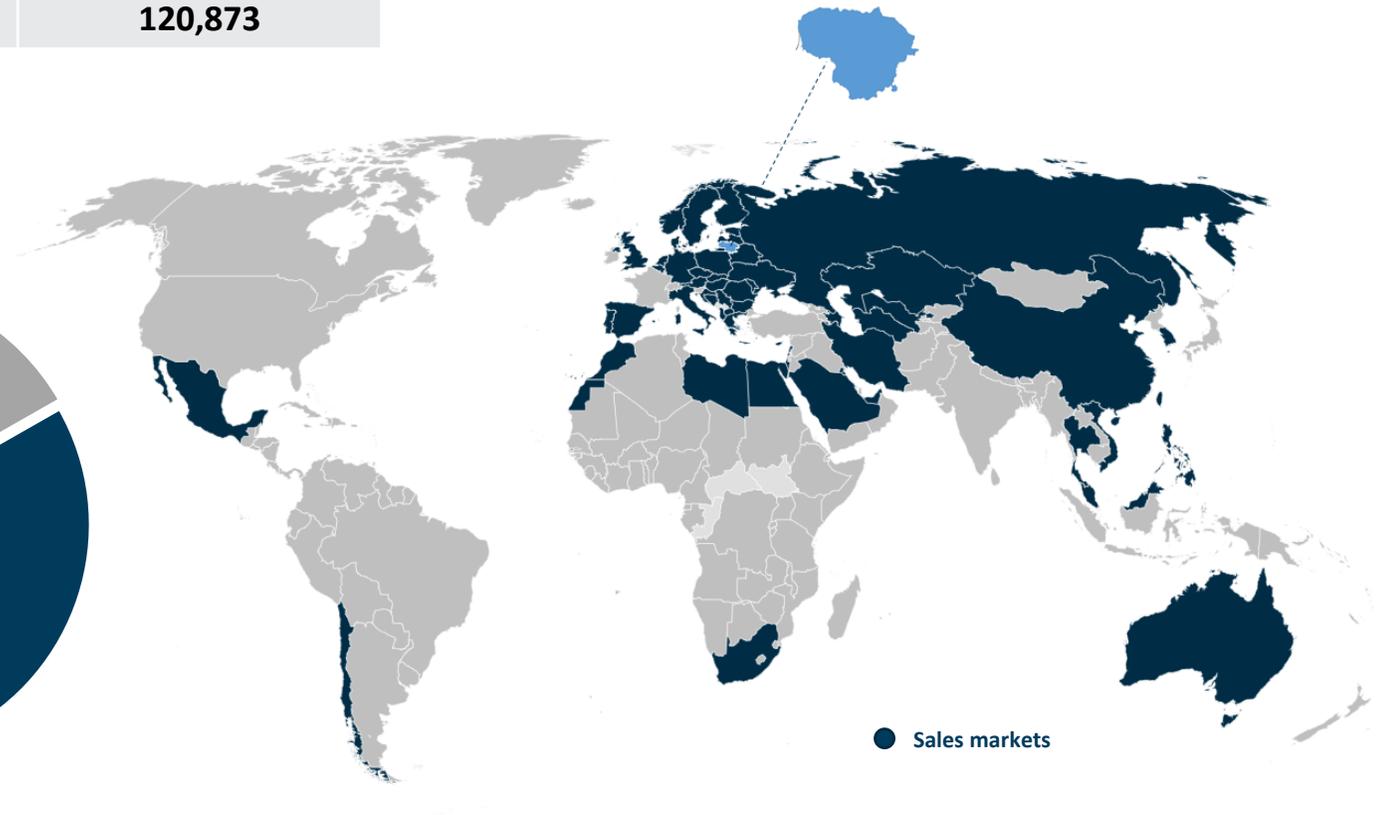
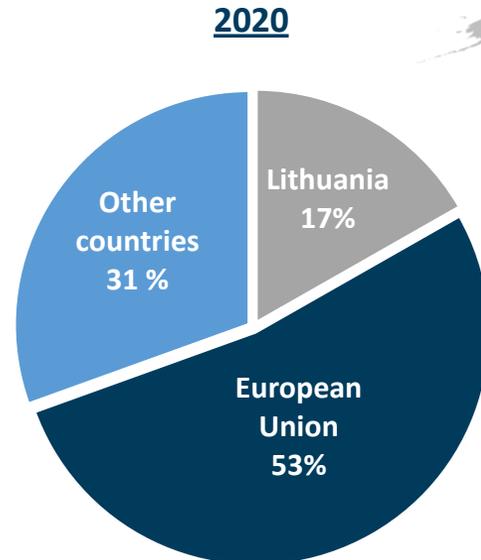
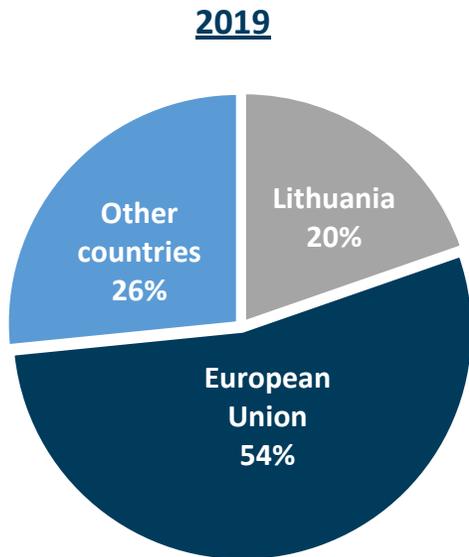


NET PROFIT (LOSS), THOUSANDS EUR



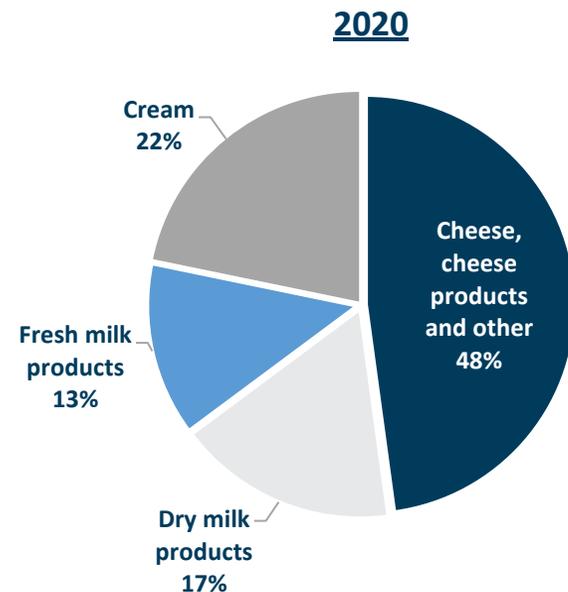
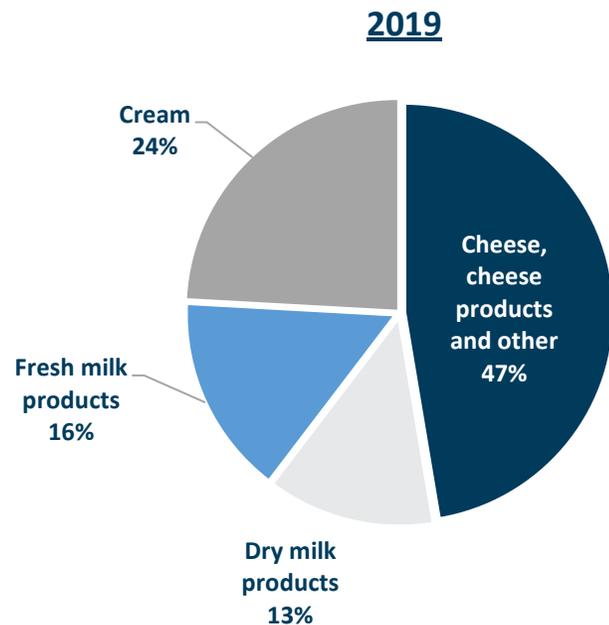
3. SALES REVENUE BY MARKETS

(Thousand EUR)	2019		2020	
Lithuania	22,526	20%	20,234	17%
European Union	61,591	54%	63,745	53%
Other countries	30,464	26%	36,894	30%
Total revenue:	114,581		120,873	



4. SALES REVENUE BY OPERATING SEGMENTS

(Thousand EUR)	2019		2020	
Cheese, cheese products and other	54,270	47%	57,841	48%
Dry milk products	14,869	13%	20,487	17%
Fresh milk products	17,803	16%	16,252	13%
Cream	27,639	24%	26,293	22%
Total:	114,581		120,873	



THE SEGMENT COMPRISES:

- **Cheese, cheese products and other.** Cheese, cheese products and other products produced by the subsidiary and Parent company;
- **Dry milk products.** WPC, skimmed-milk, permeate and whey powder produced by the subsidiary;
- **Fresh milk products.** Fresh milk products produced by the subsidiary (milk, kephir, yoghurt, sour milk, butter, curd products);
- **Cream.** Cream produced by the subsidiary and Parent company.

5. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Thousand EUR	2020.12.31	2019.12.31
ASSETS		
Property, plant and equipment	46,156	48,452
Right-of-use assets	1,017	1,303
Intangible assets	6,935	6,936
Non-current amounts receivable	229	358
Deferred income tax assets	891	159
Non-current assets	55,228	57,208
Inventories	11,689	11,161
Trade and other receivable	8,998	8,699
Prepayments	751	679
Cash and cash equivalents	179	298
Current assets	21,617	20,837
Total assets	76,845	78,045
EQUITY		
Share capital	3,463	3,463
Share premium	3,301	3,301
Reserves	2,347	2,455
Retained earnings	25,765	21,831
Total equity attributable to owners of the Company	34,876	31,050
Non-controlling interest	53	51
Total equity	34,929	31,101
LIABILITIES		
Borrowings liabilities	13,183	12,308
Lease liabilities	323	642
Government grants	4,664	5,243
Deferred income tax liability	-	-
Non-current liabilities	18,170	18,193
Borrowings liabilities	4,964	14,142
Lease liabilities	303	391
Income tax payable	-	-
Trade and other payables	18,479	14,218
Current liabilities	23,746	28,751
Total liabilities	41,916	46,944
Total equity and liabilities	76,845	78,045

6. CONSOLIDATED INCOME STATEMENT

Thousand EUR	2020.01.01- 2020.12.31	2019.01.01- 2019.12.31	2020.10.01- 2020.12.31	2019.10.01- 2019.12.31
Revenue	120,873	114,581	32,397	32,319
Cost of sales	-109,025	-107,49	-29,496	-30,108
Gross profit (loss)	11,848	7,096	2,901	2,211
Other operating income	303	322	77	51
Distribution costs	-4,374	-4,568	-1,099	-1,256
Administrative expenses	-3,255	-2,916	-960	-883
Other operating expenses	-233	-140	-28	-33
Results of operating activities	4,289	-206	891	90
Finance income	26	20	2	2
Finance costs	-1,219	-1,262	-345	-399
Net finance costs	-1,193	-1,242	-343	-397
Profit (loss) before income tax	3,096	-1,448	548	-307
Income tax expenses	732	1,002	173	282
Profit (loss) for the period	3,828	-446	721	-25
Attributable to:				
Owners of the Company	3,826	-446	720	-25
Non-controlling interest	2	-	1	0
Profit (loss) for the year	3,828	-446	721	-25
Basic earnings (losses) per share (EUR)	0.32	-0.04	0.06	-

7. CONCOLIDATED STATEMENT OF CASH FLOWS

Thousand EUR	2020.01.01- 2020.12.31	2019.01.01- 2019.12.31
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) for the year	3,828	-446
Adjustments for:		
Depreciation of property, plant and equipment	4,504	4,473
Amortization of intangible assets	13	12
Amortization and write-off of grants	-579	-581
Change in allowance in inventory	-39	-894
Gain (loss) from disposal of property, plant and equipment	-7	-56
Income tax expenses	-732	-1,002
Interest expenses, net	1,193	1,242
	8,181	2,748
Change in inventories	-493	4,959
Change in non-current amounts receivable	129	-44
Change in trade and other receivables and prepayments	-372	-1,682
Change in trade and other payables	4,261	-2,672
	11,706	3,309
Interest paid	-908	-833
Income tax paid	-	-8
Net cash flows generated from operating activities	10,798	2,468
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for acquisition of plant and equipment	-2,133	-2,058
Payments for acquisition of intangible assets	-12	-15
Proceeds from sale of plant and equipment	70	118
Loans recovered	-210	-150
Government grants received	-	376
Loans recovered	70	103
Net cash flows used in investing activities	-2,215	-1,626
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans received	5,000	4,758
Repayments of borrowings	-13,302	-5,258
Financial lease	-400	-451
Net cash flows generated from financing activities	-8,702	-951
Net increase (decrease) in cash and cash equivalents	-119	-109
Cash and cash equivalents at 1 January	298	407
Cash and cash equivalents at 30 September	179	298

ADDITIONAL INFORMATION

8. ABOUT THE COMPANY

- ✓ Vilkyškių pieninė AB was established in 1993.
- ✓ On the 31th of December 2020 the Group had 830 employees.
- ✓ The production of dairy products is the core of Group business.
- ✓ Company's share capital amounts to 3.5 million EUR.
- ✓ 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.
- ✓ Standards: ISO 22000:2005 and FSSC 22000.

9. VILVI GROUP



VILKYŠKIŲ PIENINĖ AB

- Established in 1993
- The production of fermented cheese, cream products and whey processing.



“MODEST“ AB

- Established in 1992
- The production of melt, smoked cheese, mold cheese, mozzarella, other cheese products.



KELMĖS PIENINĖ AB

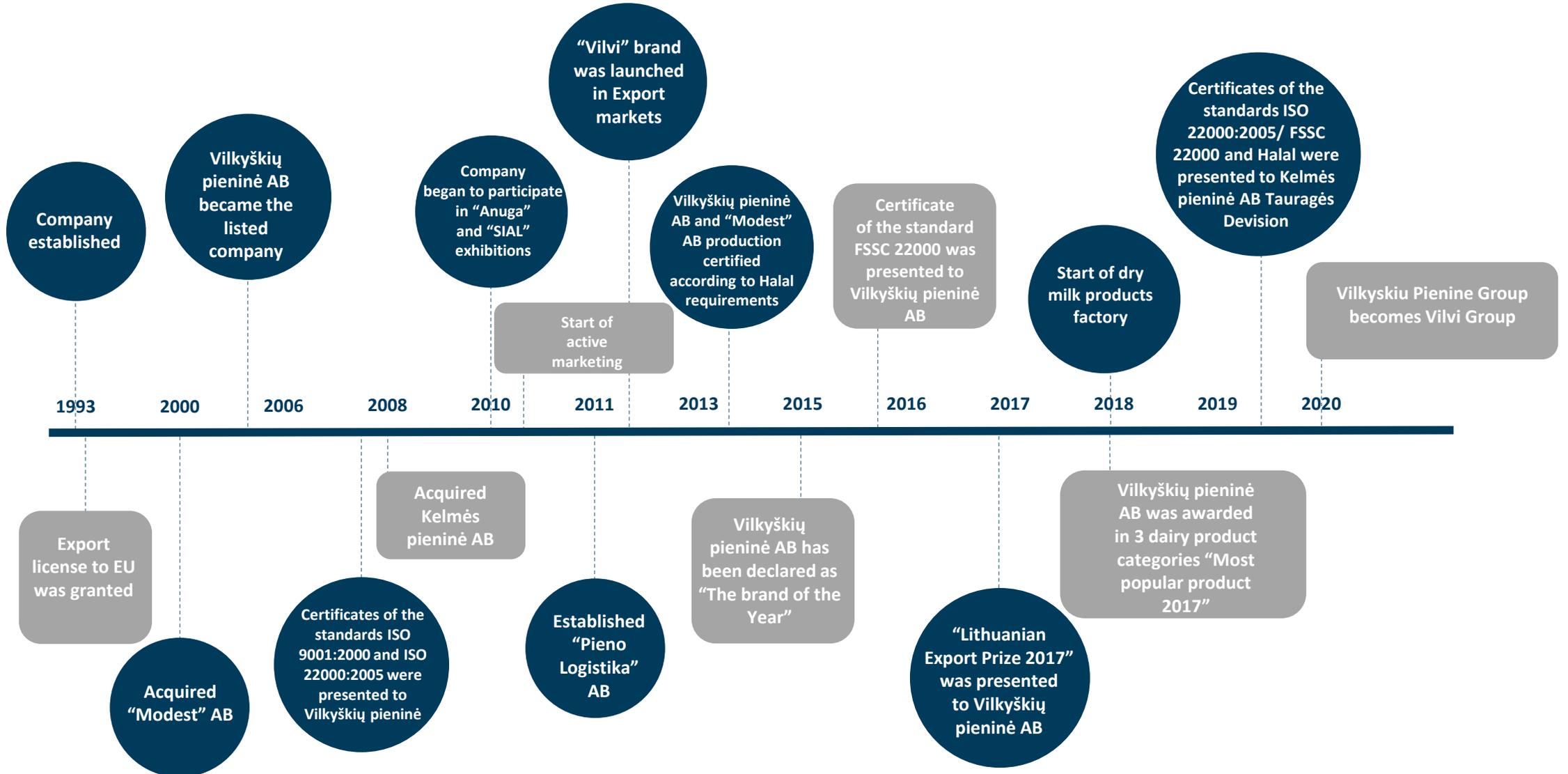
- Established in 1993
- The production of fresh dairy products.
- Established in 2018
- The production of dry milk products (WPC, skimmed-milk, permeate and whey powder).



“PIENO LOGISTIKA“ AB

- Established in 2013
- Rental of buildings.

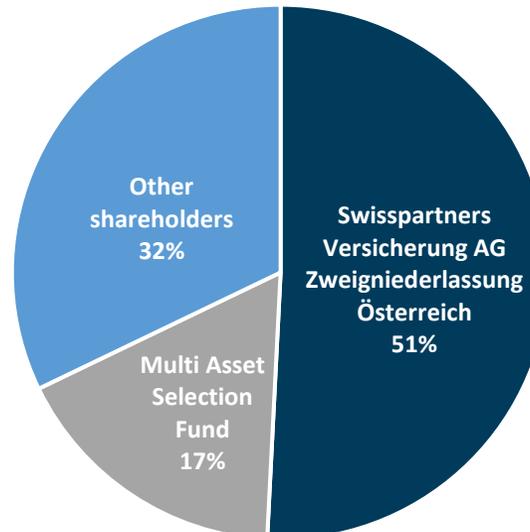
10. SHORT HISTORY OF THE COMPANY



11. SHAREHOLDERS

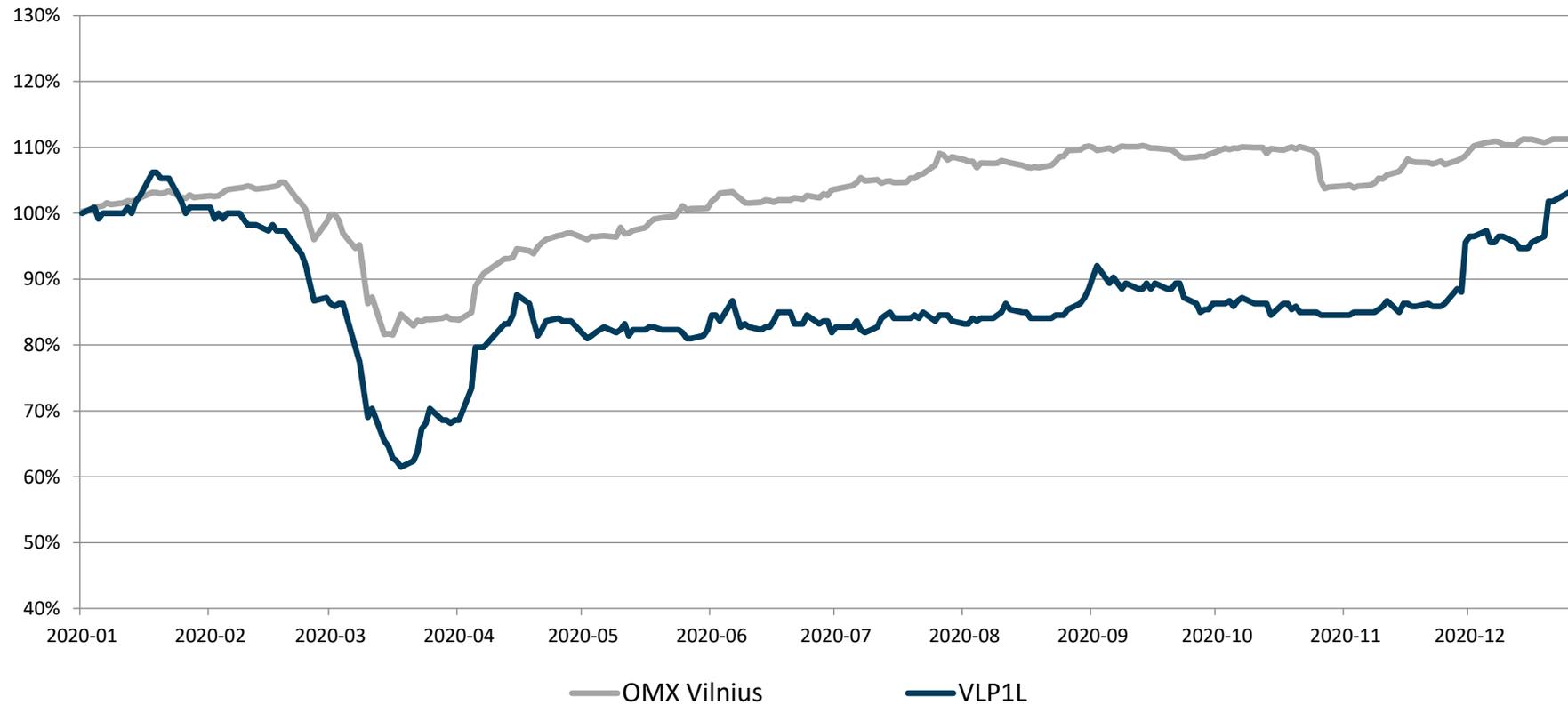
Shareholder	Shares	Ownership interest
Swisspartners Versicherung AG Zweigniederlassung Österreich	6.067.206	51%*
Multi Asset Selection Fund	2.035.729	17%
Other shareholders	3.840.065	32%
Capital in total:	11.943.000	100%

*Swisspartners Versicherung AG Zweigniederlassung Österreich has granted G. Bertašius (CEO at Vilkyškių pieninė AB) permission to exercise all the non-property rights of the shareholder, including the right to vote at the issuer's shareholders' meetings.



12. SHARE PRICE DATA

Vilkyškių pieninė AB share price and OMX Vilnius indexes comparison **2020**
January – 2020 December.



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