



VILVI GROUP

THE RESULTS OF H1 2021



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1. MAIN EVENTS DURING H1 2021

- In 2021, a part of the fresh milk products business was transferred to AB Kelmės pieninės subsidiary UAB " Kelmės pienas" as a complex with the aim to continue economic activities. The decision regarding the spin-off activities was made in order to restructure the operations of the Group companies, ensure efficiency, optimization and diversification of operations. Following the transfer of business, Kelmės Pieninė AB will continue its activities of production of dry milk products.
- On 01/04/2021, Vilkyškių pieninė AB, has completed the procurement of 70% of the qualifying holding of SIA Baltic Dairy Board. Investing into SIA Baltic Dairy Board, Vilkyškių pieninė AB aims to strengthen and develop the assortment of the group's high value-added dairy ingredients. SIA Baltic Dairy Board is a Latvian company, specialising in producing and selling high value-added dairy ingredients, milk and whey separation. Also develops and manufactures products for the production of baby food (galactooligosaccharide products).

ACHIEVEMENTS:

- In Europe's largest independent brand study "Sustainable Brand Index" Vilkyškių pieninė brand fell among the most sustainable brands in Lithuania – ranked honorable 10th, while in the food category is **3th**. A total of 50 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.

PRODUCT NEWS:

- **GymON** product line has been complemented by a new product balanced for women – **GymON FITWAY**. It is a raspberry and white chocolate flavor, a special technology-dressed lactose-free protein with L-carnitine and dietary fiber. The product is designed for women who seek to balance nutrition or control body weight, as well as those who want to maintain their physical shape and recover faster after a workout.
- We have updated the packaging of **VILVI MOZZARELLA**, **VILVI MASCARPONE**, „**Vilkyškių**“ **curd spreads** and melted Memel blue cheeses. New packaging of melted cheese is more attractive to consumers due to the consumption situations identified on them and the clearly identified taste (classic, tender, spicy) that facilitates the choice.



EXHIBITIONS:

- In February, Vilkyškių pieninė AB traditionally took part in the international exhibition of food industry “Gulfood 2021” in Dubai, The United Arab Emirates. The main focus was on mozzarella cheese and milk/whey powder.

EXTENDED/ISSUED CERTIFICATES DURING H1 2021:

- Kosher certificate for the production of dry milk products of Kelmės pieninė AB was renewed;
- HALAL certificates have been renewed for Kelmės pieninė AB, “Modest“ AB and Vilkyškių pieninė AB;
- Kelmės pieninė AB and “Modest“ AB have re-certification audit according to the ISO 22000:2005/FSSC 22000 Certification Scheme.



MARKETS:

- Comparing H1 2020-2021 sales data, we can say that sales return to pre-pandemic level. The Group's sales revenue grew and was 21.6% higher than in the same period last year. H1 2021, the increase in the volume of products sold was due to a significant increase in sales of cheeses and cheese products in export markets. Sales of cheeses and cheese products in Israel, Saudi Arabia, Chile and China, which started to grow at the end of 2020, increased even more in 2021 (12 percent).
- The Group's sales in 2021, as at the end of 2020, were positively affected by the recovering HoReCa sector, which led to more sales of cheese and cheese products in export markets, as well as increased demand and price for industrial cream.
- Special attention was given to existing customers, and the abundance of sales directions ensured stable sales volumes and pricing
- Compared to the first half of 2020, sales revenues from dry milk products increased 11.2%. This was influenced not only by the increased production volumes but also by the continuing growth of orders from existing and new customers from India, Italy, China and others.

2. MAIN FINANCIAL INDICATORS

	H1 2017	H1 2018	H1 2019	H1 2020	H1 2021
Revenue (Thousands EUR)	56,870	47,467	53,581	55,784	67,835
EBITDA (Thousands EUR)	5,913	2,447	1,208	3,324	3,917
EBITDA margin (%)	10.4%	5.2%	2.3%	6.0%	5,8%
Net profit (loss) (Thousands EUR)	3,818	240	-761	1,232	1,544
Net profit margin (%)	6.7%	0.5%	-1.4%	2.2%	2.3%
Quantity of purchased basic indicators milk, t	119,981	128,393	125,330	132,177	145,740
Profit per share (EUR)	0.32	0.02	-0.06	0.10	0.13
Net financial debt (Thousands EUR)	30,412	32,987	29,198	23,641	25,857

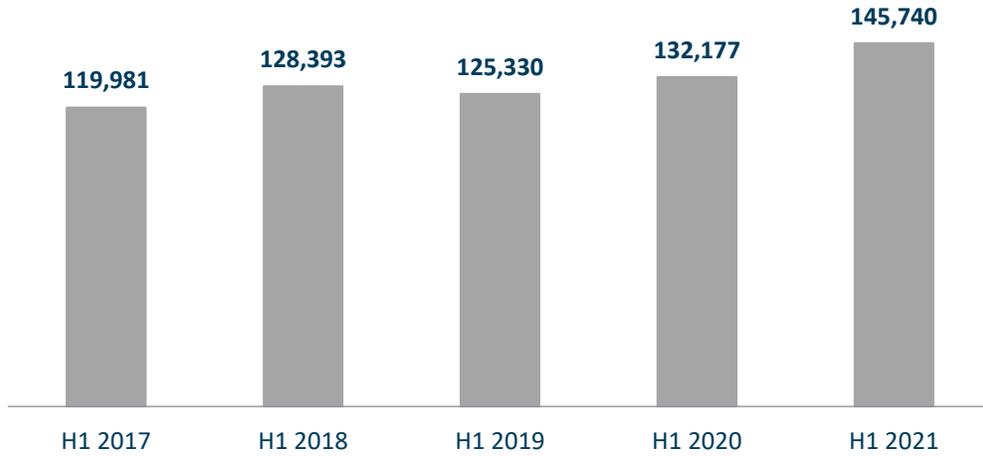
At first six months of 2021, **sales revenue** came to EUR 67.8 MEUR or 21,6 percent more than in 6 months of 2020.

At reporting period **EBITDA** was 3.9 MEUR or 17.8 % more than in previous year same period.

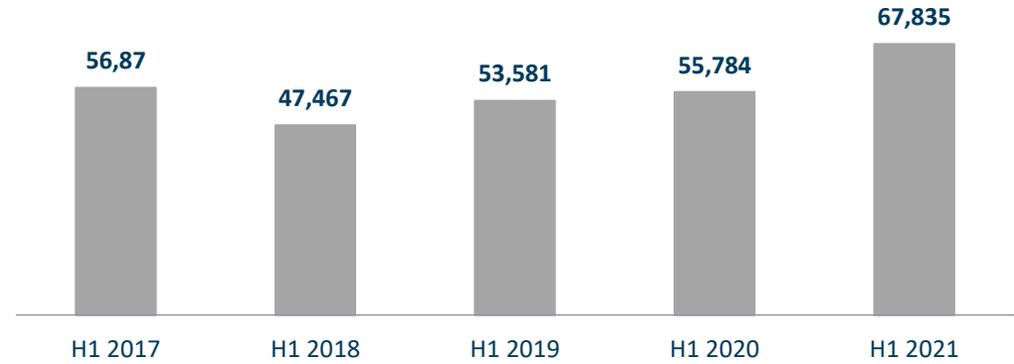
In 6 months of 2021 **net profit** was 1.5 MEUR (H1 2020 net profit was 1.2 MEUR).

In 6 months of 2021, a total of 145.7 tho tones of basic indicators milk was purchased, and increase by 10.3 percent as compared with 6 months of 2020.

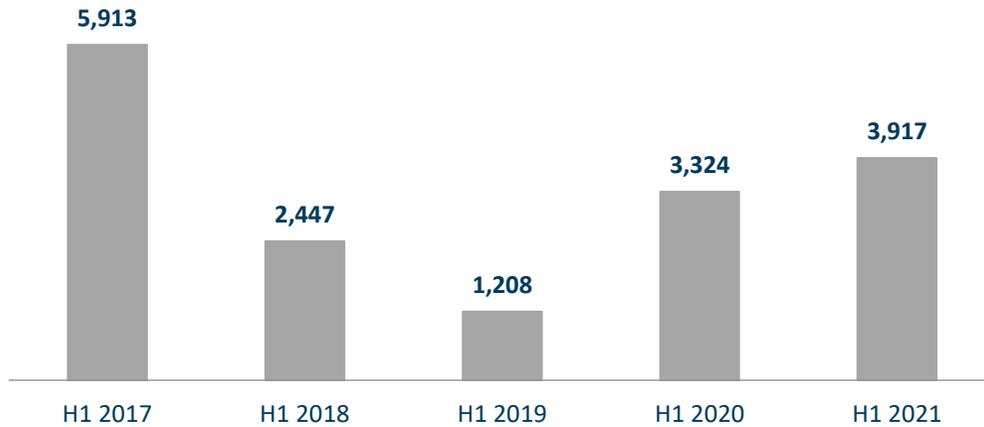
QUANTITY OF PURCHASED MILK, T



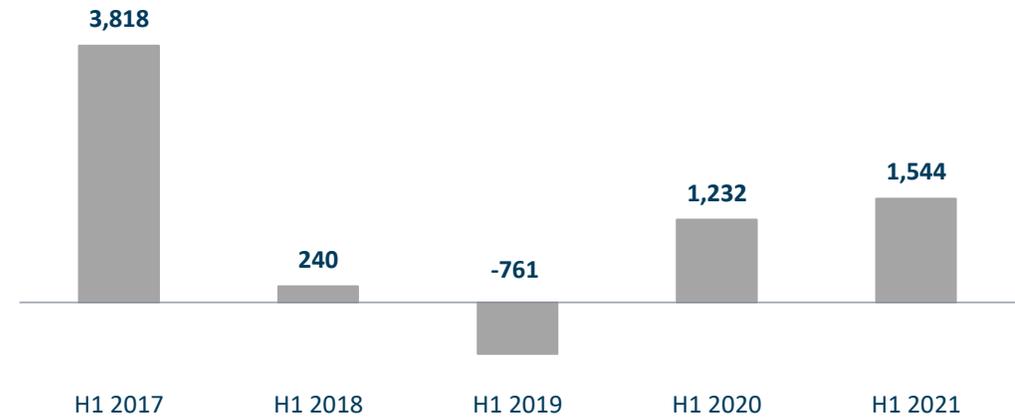
REVENUE, THOUSANDS EUR



EBITDA, THOUSANDS EUR



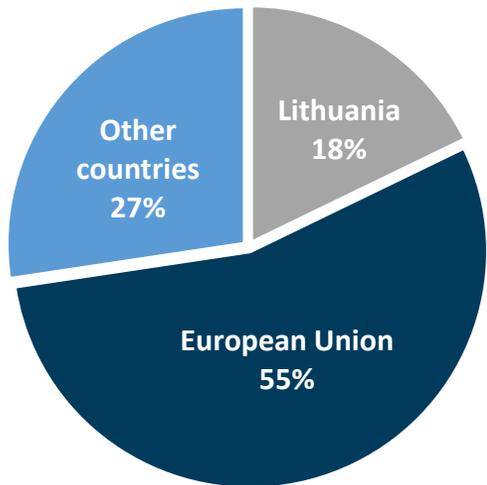
NET PROFIT (LOSS), THOUSANDS EUR



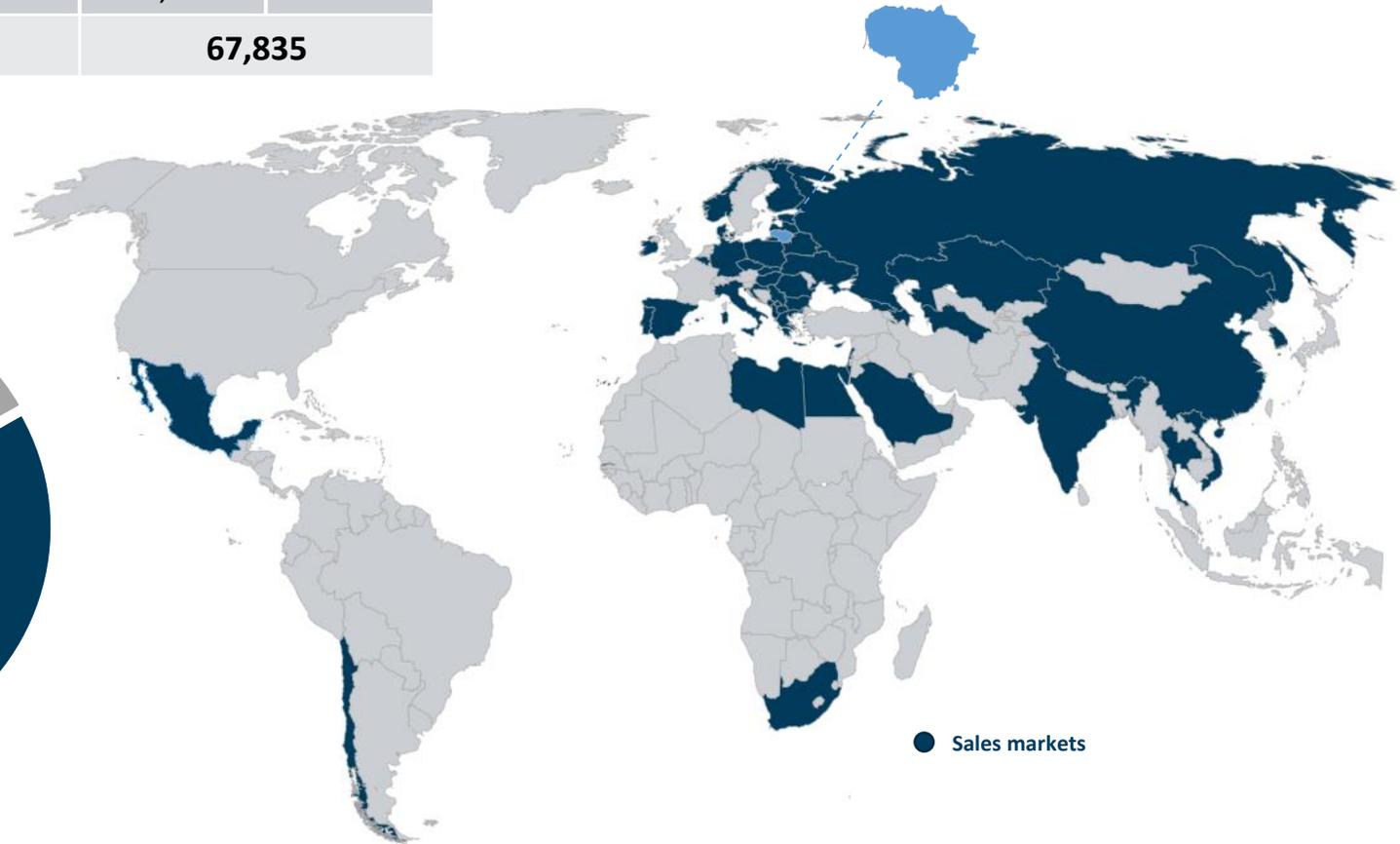
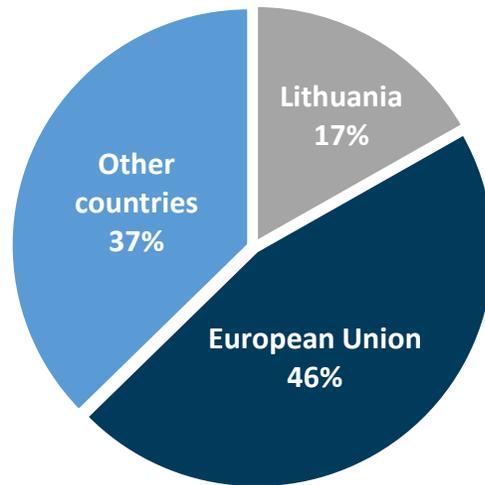
3. SALES REVENUE BY MARKETS

(Thousand EUR)	H1 2020		H1 2021	
Lithuania	9,931	18%	11,333	17%
European Union	30,581	55%	31,288	46%
Other countries	15,272	27%	25,214	37%
Total revenue:	55,784		67,835	

H1 2020



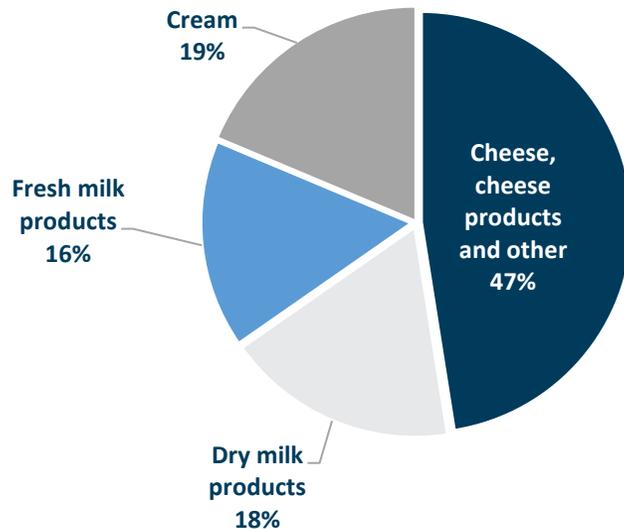
H1 2021



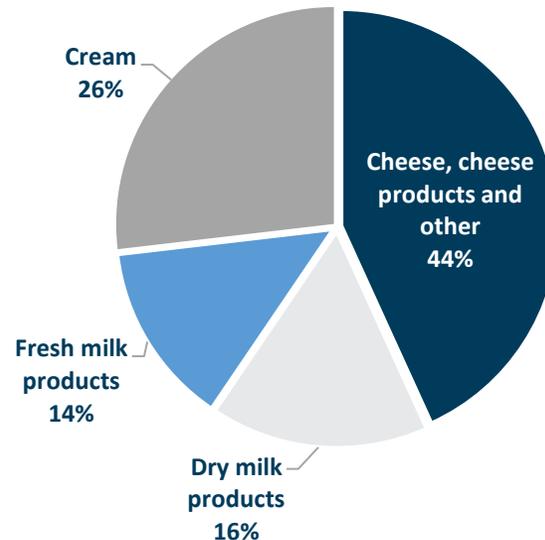
4. SALES REVENUE BY OPERATING SEGMENTS

(Thousand EUR)	H1 2020		H1 2021	
Cheese, cheese products and other	26,504	47%	29,642	44%
Dry milk products	9,919	18%	11,033	16%
Fresh milk products	8,957	16%	9,284	14%
Cream	10,404	19%	17,876	26%
Total:	55,784		67,835	

Q1 2020



H1 2021



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 (kephir, yoghurt, sour milk, butter, curd products);
- **Cream.** Industrial cream produced by the subsidiary and Parent company.

5. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Thousand EUR	2021.06.30	2020.12.31
ASSETS		
Property, plant and equipment	51,965	46,207
Right-of-use assets	1,052	968
Intangible assets	6,942	6,935
Non-current amounts receivable	216	226
Deferred income tax assets	921	890
Non-current assets	61,096	55,226
Inventories	13,583	11,693
Trade and other receivables	12,646	9,062
Prepayments	602	736
Cash and cash equivalents	219	181
Current assets	27,050	21,672
Total assets	88,146	76,898
Share capital	3,463	3,463
Share premium	3,301	3,301
Reserves	2,223	2,347
Retained earnings	26,509	25,809
Total equity attributable to owners of the Company	35,496	34,920
Non-controlling interest	269	53
Total equity	35,765	34,973
Borrowings	7,807	2,951
Lease liabilities	355	323
Government grants	5,583	4,664
Non-current liabilities	13,745	7,938
Borrowings	18,050	18,083
Lease liabilities	377	303
Income tax payable	-	1
Trade and other payables	20,209	15,600
Current liabilities	38,636	33,987
Total liabilities	52,381	41,925
Total equity and liabilities	88,146	76,898

6. CONSOLIDATED INCOME STATEMENT

Thousand EUR	2021.01.01- 2021.06.30	2020.01.01- 2020.06.30	2021.04.01- 2021.06.30	2020.04.01- 2020.06.30
Revenue	67,835	55,784	36,182	26,681
Cost of sales	-62,854	-51,475	-32,657	-24,334
Gross profit (loss)	4,981	4,309	3,525	2,347
Other operating income	336	92	300	41
Distribution expenses	-1,777	-1,488	-916	-742
Administrative expenses	-1,662	-1,498	-963	-855
Other operating expenses	-40	-51	-14	-28
Results of operating activities	1,868	1,364	1,932	763
Finance income	27	20	-31	3
Finance costs	-383	-605	-192	-309
Finance costs, net	-356	-585	-223	-306
Profit (loss) before income tax	1,512	779	1,709	457
Income tax expenses	32	453	32	273
Profit (loss) for the period	1,544	1,232	1,741	730
Attributable to:				
Shareholders of the Company	1,531	1,233	1,727	730
Non-controlling interest	13	-1	14	0
Profit (loss) for the period	1544	1,232	1,741	730
Basic and diluted earnings per share (in EUR)	0.13	0.10	0.15	0.06

7. CONSOLIDATED STATEMENT OF CASH FLOWS

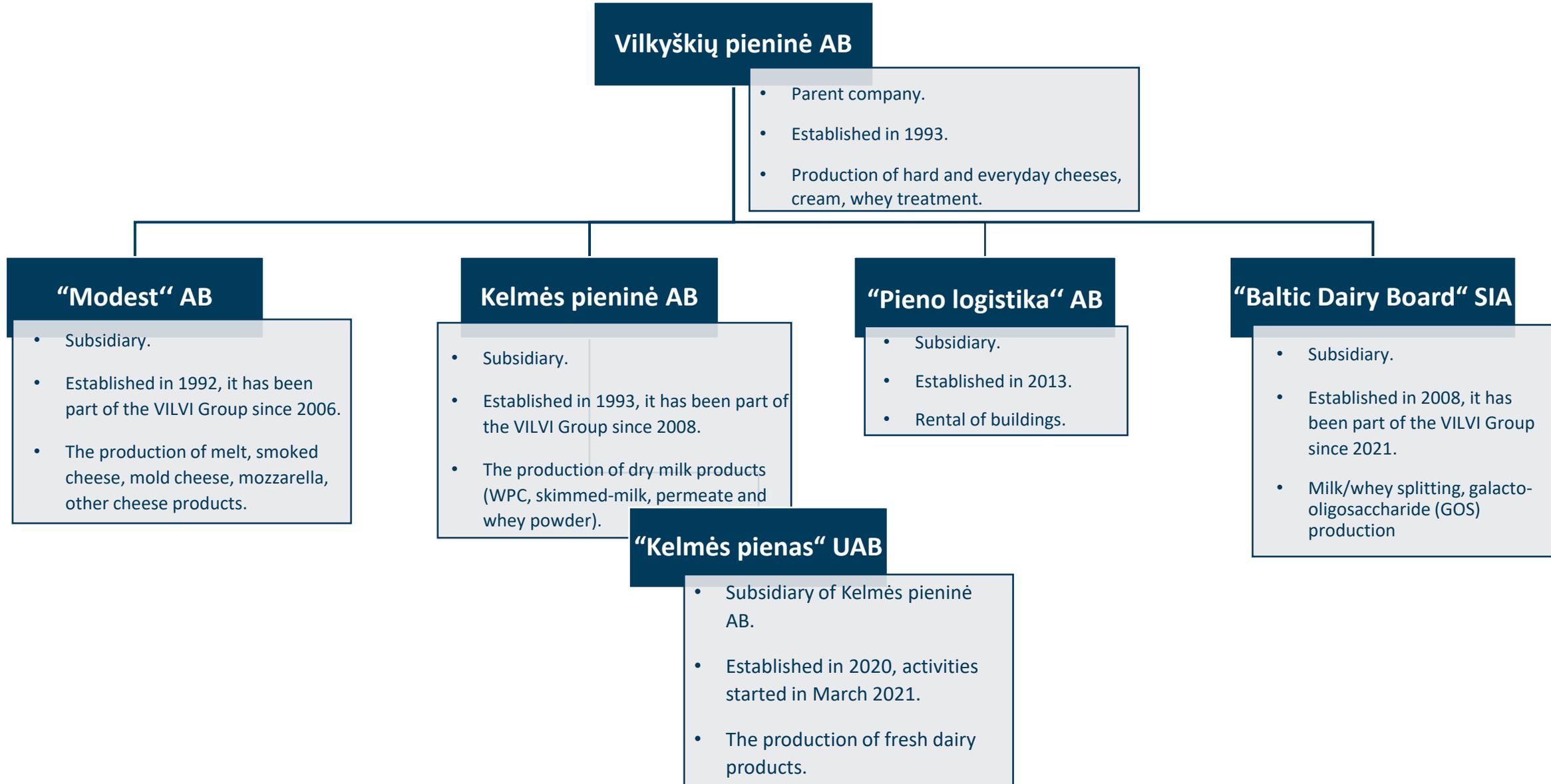
Thousand EUR	2021.01.01-2021.06.30	2020.01.01-2020.06.30
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) for the period	1,544	1,232
Adjustments for:		
Depreciation of property, plant and equipment	2,412	2,242
Amortization of intangible assets	8	6
Amortization and write-off of grants	-371	-288
Loss (gain) from disposal of property, plant and equipment	88	1
Income tax expenses	-32	-453
Finance costs, net	356	585
	4,005	3,325
Change in inventories	-1,891	-232
Change in non-current amounts receivable	11	8
Change in trade and other receivables and prepayments	-3,680	1,103
Change in trade and other payables	4,620	581
	3,065	4,785
Interest paid	-314	-501
Income tax paid	-	-
Net cash flows generated from operating activities	2,751	4,284
Investing activities		
Payments for acquisition of property, plant and equipment	-1,614	-1,421
Payments for acquisition of intangible assets	-15	-12
Proceeds from sale of property, plant and equipment	423	2
Acquisition of shares of the subsidiary	-250	-
Loans granted	-	-150
Loans recovered	250	-
Change in cash flows from investing activities due to a business combination	-454	-
Net cash flows generated from (used in) investing activities	-1,660	1,581
Financing activities		
Proceeds from borrowings	3,859	2,251
Repayments of borrowings	-3,778	-4,913
Lease payments	-179	-193
Dividends paid out	-955	-
Net cash flows generated from (used in) financing activities	-1,053	-2,855
Net increase (decrease) in cash and cash equivalents	38	-152
Cash and cash equivalents at 1 January	181	298
Cash and cash equivalents at 30 June	219	146

ADDITIONAL INFORMATION

8. ABOUT THE COMPANY

- ✓ Company was established in 1993.
- ✓ On the 30th of June 2021 the Group had 860 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. STRUCTURE OF VILVI GROUP



10. BOARD

Gintaras Bertašius,
Chair of the Board, CEO of AB Vilkyškių pieninė AB

Vilija Milaševičiutė,
Member of the board, Chief Economics and Financial Officer

Rimantas Jancevičius,
Member of the board, Chief Purchasing Officer at Vilkyškių pieninė AB

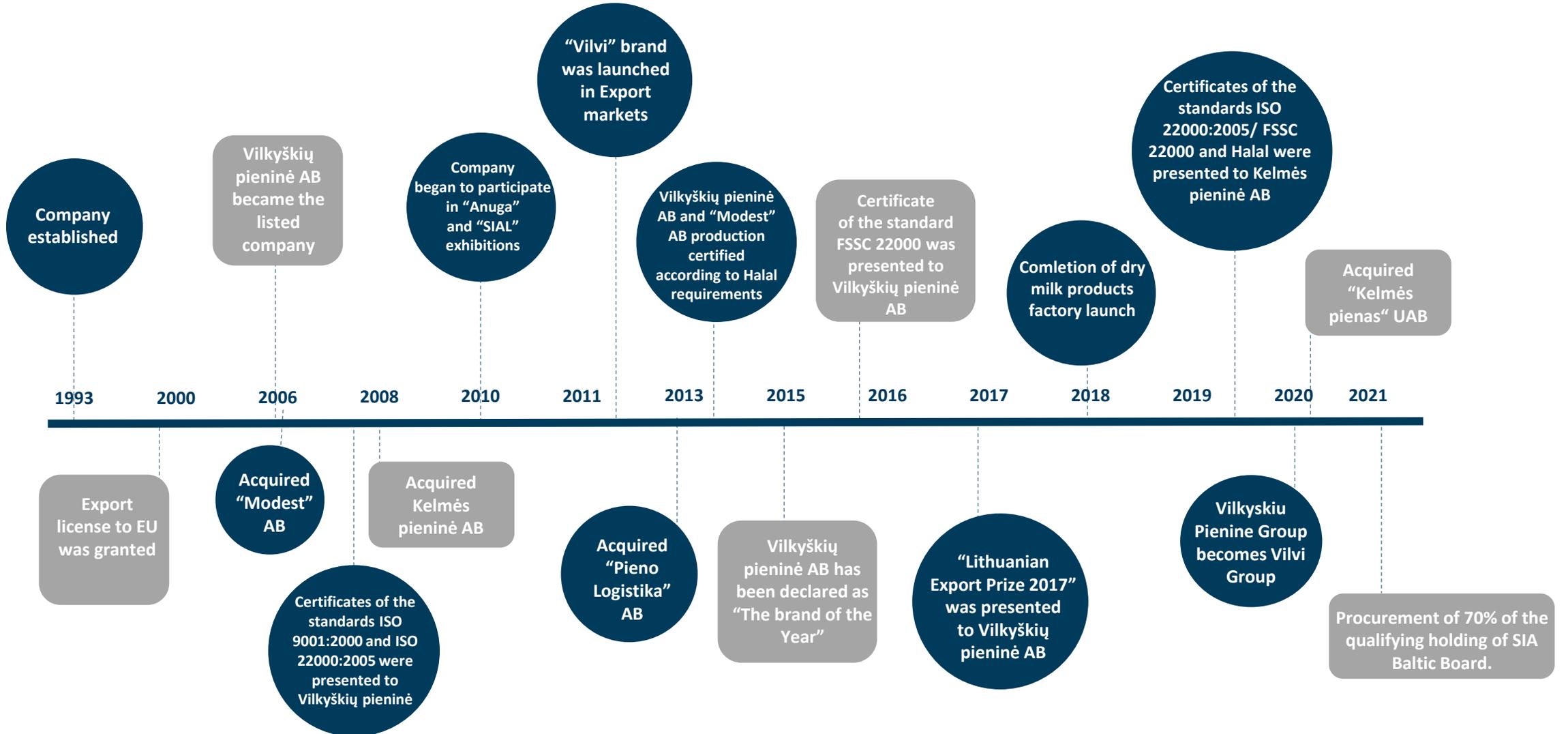
Sigitas Trijonis,
Member of the board, Chief Technology Officer of Vilkyškių pieninė AB

Linas Strėlis,
Independent member of the Board

Andrej Cyba,
Independent member of the Board

Board members re-elected for a four-year term on 27 April 2018

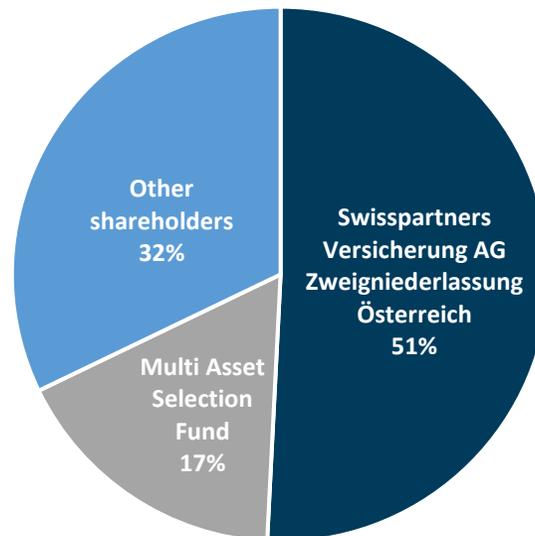
10. SHORT HISTORY OF THE COMPANY



11. SHAREHOLDERS

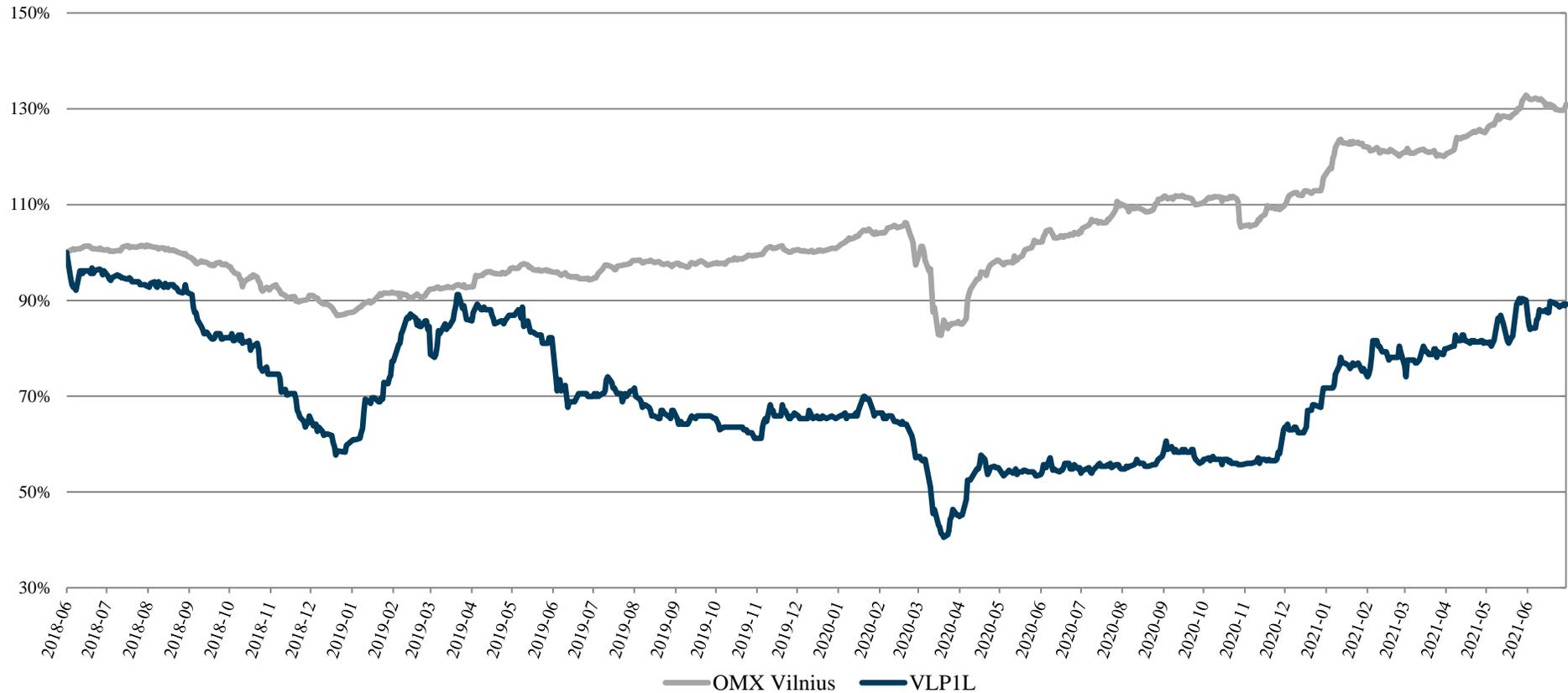
Shareholder	Shares	Ownership interest
Swisspartners Versicherung AG Zweigniederlassung Österreich	6.067.206	51%*
Multi Asset Selection Fund	2.035.729	17%
Other shareholders	3.840.065	32%
Capital in total:	11.943.000	100%

*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 **2018 June – 2021 June.**



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