

Vilnius, October 2023

AB „Pieno žvaigždės“ confirmation of the Management

Interim financial statements for the 9 months of 2023

We, Aleksandr Smagin, Chief Executive Officer and Ramutė Plaušiniene, Chief Accountant, hereby confirm that, to the best of our knowledge, Interim Financial Statements of the 9 months of 2023 prepared in accordance with IFRS, give true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of AB “Pieno žvaigždės”.



Chief Executive Officer / Aleksandr Smagin



Chief Accountant / Ramutė Plaušiniene



PIENO ŽVAIGŽDĒS

Interim financial
statements

For the 9 months of 2023



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1. Statement of financial position (Thousand EUR)

Prepared according to IFRS, not audited

	2023 09 30	2022 12 31
Assets		
Property, plant and equipment	43 483	45 411
Intangible assets	54	51
Investments available for sale	22	22
Long-term receivables	427	411
Deferred tax	2 337	2 336
Total non-current assets	46 323	48 231
Inventories	14 248	19 650
Receivables	9 673	7 526
Cash and cash equivalents	4 677	272
Total current assets	28 598	27 448
Total assets	74 921	75 679
Equity		
Share capital	13 089	13 089
Share premium	7 891	7 891
Own shares	-	-
Reserves	1 570	1 570
Retained earnings	13 051	474
Total equity	35 601	23 024
Liabilities		
Government grants	1 216	1 007
Interest-bearing loans and borrowings	12 118	638
Deferred tax	1 495	1 495
Total non-current liabilities	14 829	3 140
Provisions		
Interest-bearing loans and borrowings	4 988	29 546
Income tax payable	-	-
Trade and other amounts payable	19 503	19 969
Total current liabilities	24 491	49 515
Total liabilities	39 320	52 655
Total equity and liabilities	74 921	75 679



2. Statement of comprehensive income (Thousand EUR)

Prepared according to IFRS, not audited

	2023 01 01 – 2023 09 30	2022 01 01 – 2022 09 30
Revenue	153 010	157 166
Cost of sales	(113 999)	(136 395)
Gross profit	39 011	20 771
Other operating income, net	122	1 883
Sales and administrative expenses	(25 124)	(24 537)
Operating profit before finance costs	14 009	(1 883)
Finance income	26	279
Finance expenses	(1 458)	(767)
Finance income/expenses, net	(1 432)	(738)
Profit before tax	12 577	(2 621)
Corporate income tax	-	-
Net profit	12 577	(2 463)
Earnings per share (EUR)	0,28	(0,05)

	2023 07 01 – 2023 09 30	2022 07 01 – 2022 09 30
Revenue	54 880	55 430
Cost of sales	(40 558)	(48 365)
Gross profit	14 322	7 066
Other operating income, net	26	22
Sales and administrative expenses	(8 749)	(8 640)
Operating profit before finance costs	5 599	(1 552)
Finance income	8	10
Finance expenses	(490)	(265)
Finance income/expenses, net	(482)	(255)
Profit before tax	5 117	(1 808)
Corporate income tax	-	-
Net profit	5 117	(1 808)
Earnings per share (EUR)	0,11	(0,04)



3. Statement of cash flows (Thousand EUR)

Prepared according to IFRS, not audited

	2023 09 30	2022 09 30
Cash flows from operating activities		
Net profit	12 577	(2 621)
Adjustments:		
Depreciation and amortization	4 310	4 402
Amortization of government grants	(126)	(122)
Result of disposal of property, plant and equipment	(48)	(1 990)
Change in financial instruments	-	-
Change in vacation reserve	361	(242)
Change in impairment loss of inventories	(400)	979
Interest income/expenses, net	1 288	601
Income tax	-	-
Cash flows from ordinary activities before changes in the working capital	17 962	1 007
Change in inventories	5 801	(3 953)
Change in receivables	(2 065)	(4 841)
Change in trade and other payable amounts	(590)	442
Cash flows from operating activities	21 108	(7 345)
Interest paid	(1 311)	(629)
Income tax paid	-	-
Net cash flow from operating activities	19 797	(7 974)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(2 143)	(1 829)
Acquisition of intangible assets	(29)	(20)
Proceeds on sale of property, plant and equipment	52	2 822
Acquisition of rental rights	-	-
Granted / recovered loans	5	-
Interest received	23	33
Net cash flow used in investing activities	(2 092)	1 006
Cash flows from financing activities		
Loans received	-	10 239
Repayment of borrowings	(12 336)	(3 690)
Dividends paid	(1)	(1)
Payment of finance lease liabilities	(963)	(1 005)
Government grants received	-	320
Net cash from/(used in) financing activities	(13 300)	5 863
Change in cash and cash equivalents	(4 405)	(1 105)
Beginning cash	272	1 736
Ending cash	4 677	631



4. Statement on change in equity

Prepared according to IFRS, not audited

(Thousand EUR)	Share capital	Share premium	Own shares	Compulsory reserve	Revaluation reserve	Other reserves	Retained earnings	Total equity
As of 1 January 2022	13 089	7 891	0	1 570	0	0	5 794	28 344
Profit allocation								0
Dividends								0
Change of share capital								0
Own shares buyback								0
Depreciation of revaluated part								0
Other income								0
Net profit for 9 months of 2022							(2 621)	(2 621)
As of 30 September 2022	13 089	7 891	0	1 570	0	0	3 173	25 723
As of 1 October 2022	13 089	7 891	0	1 570	0	0	3 173	25 723
Profit allocation								
Dividends								
Change of share capital								
Own shares buyback								
Depreciation of revaluated part								
Other income								
Net profit for the 4-th quarter of 2022							(2 699)	(2 699)
As of 31 December 2022	13 089	7 891	0	1 570	0	0	474	23 024
As of 1 January 2023	13 089	7 891	0	1 570	0	0	474	23 024
Profit allocation								0
Dividends								0
Change of share capital								0
Own shares buyback								0
Depreciation of revaluated part								
Other income								
Net profit for 9 months of 2023							12 577	12 577
As of 30 September 2023	13 089	7 891	0	1 570	0	0	13 051	35 601



5. Notes to the financial statements

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

Ordinary shares of the Company are quoted in the NASDAQ Vilnius Stock Exchange. The Company is engaged in production and sales of milk products to retail stores directly and through distributors.

Statement of compliance

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

Main indicators of the Company's' performance

	2023 01 01 – 2023 09 30	2022 01 01 – 2022 09 30
Sales, Thousand EUR	153 010	157 166
Gross profit, Thousand EUR	39 011	20 771
EBITDA, Thousand EUR	18 193	2 397
Current ratio (at the end of period)	1,17	0,92
Book value per share (at the end of period), EUR	0,79	0,57
Net profit per share	0,28	(0,06)

	2023 07 01 – 2023 09 30	2022 07 01 – 2022 09 30
Sales, Thousand EUR	54 880	55 430
Gross profit, Thousand EUR	14 321	7 066
EBITDA, Thousand EUR	6 999	(96)
Current ratio (at the end of period)	1,17	0,92
Book value per share (at the end of period), EUR	0,79	0,57
Net profit per share	0,11	(0,04)



Inventories

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

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

Inventories, Thousand EUR	2023 09 30	2022 12 31
Raw materials	6 957	8 398
Stored production	7 192	11 232
Goods for resale	99	20
Total:	14 248	19 650

Segment reporting

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

Sales by geographical markets, Thousand EUR	2023 01 01 – 2023 09 30	2022 01 01 – 2022 09 30
Lithuania	92 238	86 771
Other EU countries	34 564	43 242
Other non-EU countries	26 208	27 153
Total:	153 010	157 166

Sales by products groups, Thousand EUR	2023 01 01 – 2023 09 30	2022 01 01 – 2022 09 30
Fresh milk products	107 175	99 589
Dry milk products	8 552	11 300
Cheese	16 980	18 452
Other products	20 303	27 825
Total:	153 010	157 166



Sales by geographical markets, Thousand EUR	2023 07 01 – 2023 09 30	2022 07 01 – 2022 09 30
Lithuania	33 340	32 410
Other EU countries	13 335	15 564
Other non-EU countries	8 205	7 456
Total:	54 880	55 430

Sales by products groups, Thousand EUR	2023 07 01 – 2023 09 30	2022 07 01 – 2022 09 30
Fresh milk products	36 207	35 114
Dry milk products	3 852	2 767
Cheese	5 833	7 448
Other products	8 987	10 101
Total:	54 880	55 430

Post balance sheet events

There are no material post-statement events.

