



VILVI GROUP

THE RESULTS OF 9 MONTHS OF 2020

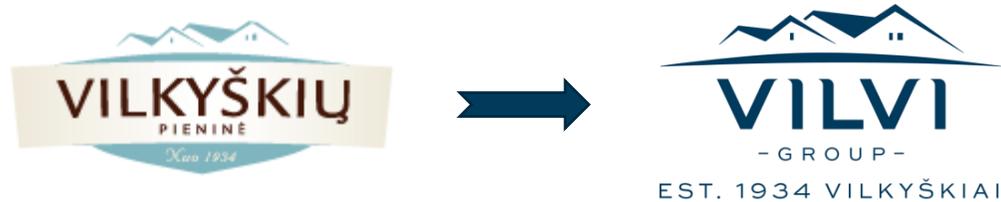


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1. MAIN EVENTS DURING 9 MONTHS OF 2020

- 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**.



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 9 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 9 months of 2020 sales revenue increased compared to the same period 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 – Q3 2020 sales increased.
- In 9 months of 2020 dry milk products sales were 40% higher than same period 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. Q3 2020 prices of cream, cheese and cheese products, curd products growth in both domestic and foreign markets.

2. MAIN FINANCIAL INDICATORS

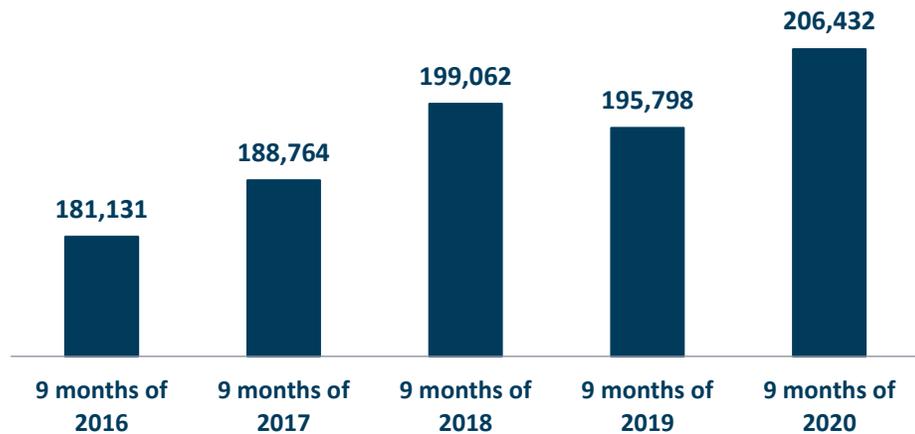
| | 9 months of 2016 | 9 months of 2017 | 9 months of 2018 | 9 months of 2018 | 9 months of 2018 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Revenue (Thousands EUR) | 64,402 | 87,075 | 76,165 | 82,262 | 88,476 |
| EBITDA (Thousands EUR) | 4,533 | 9,488 | 3,898 | 2,586 | 6,348 |
| EBITDA margin (%) | 7.0% | 10.9% | 5.1% | 3.1% | 7.2% |
| Net profit (loss) (Thousands EUR) | 2,240 | 6,276 | 513 | -421 | 3,107 |
| Net profit margin (%) | 3.5% | 7.2% | 0.7% | -0.5% | 3.5% |
| Quantity of purchased basic indicators milk, t | 181,131 | 188,764 | 199,062 | 195,798 | 206,432 |
| Profit per share (EUR) | 0.19 | 0.53 | 0.04 | -0.04 | 0.26 |
| Net financial debt (Thousands EUR) | 29,003 | 29,167 | 31,599 | 29,283 | 21,848 |

At first nine months of 2020, **sales revenue** came to EUR 88.5 MEUR (7.6 percent more than in 9 months of 2019). At reporting period **EBITDA** was 6.3 MEUR or 3.8 MEUR more than in previous year same period.

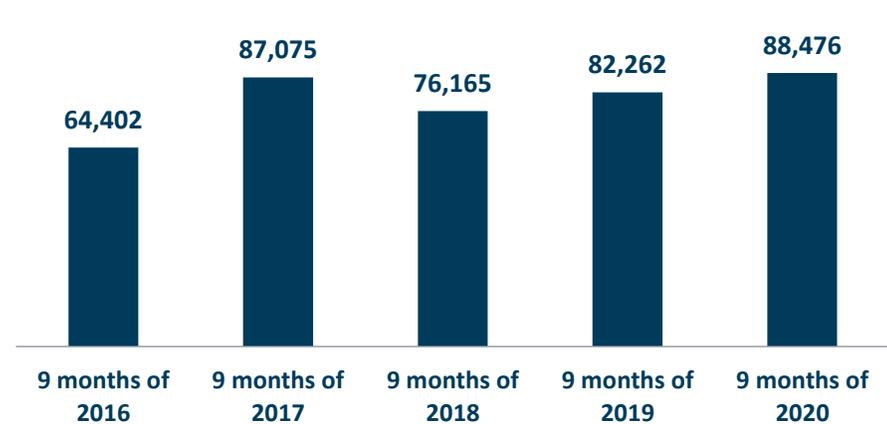
In 9 months of 2020 **net profit** was 3.1 MEUR then same period of 2019 net loss was 0.4 MEUR.

In 9 months of 2020, a total of 206.4 tho tones of basic indicators milk was purchased, and increase by 5.4 percent as compared with 9 months of 2019.

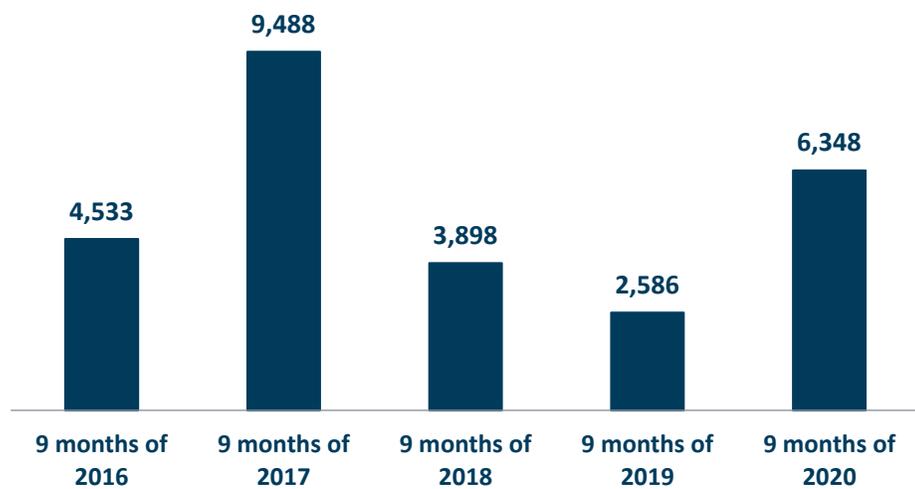
QUANTITY OF PURCHASED BASIC INDICATORS MILK, T



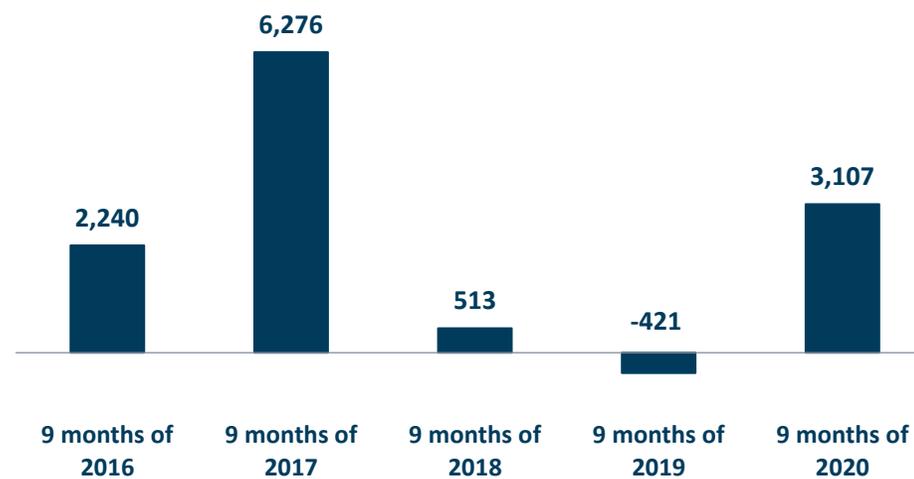
REVENUE, THOUSANDS EUR



EBITDA, THOUSANDS EUR



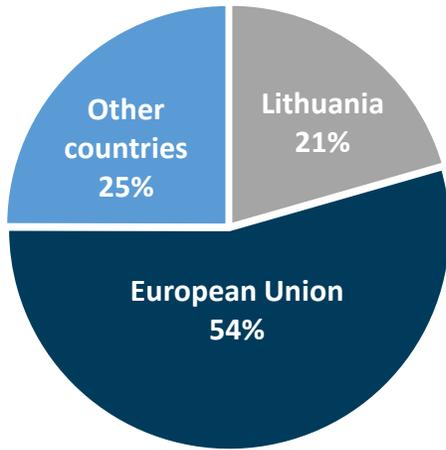
NET PROFIT (LOSS), THOUSANDS EUR



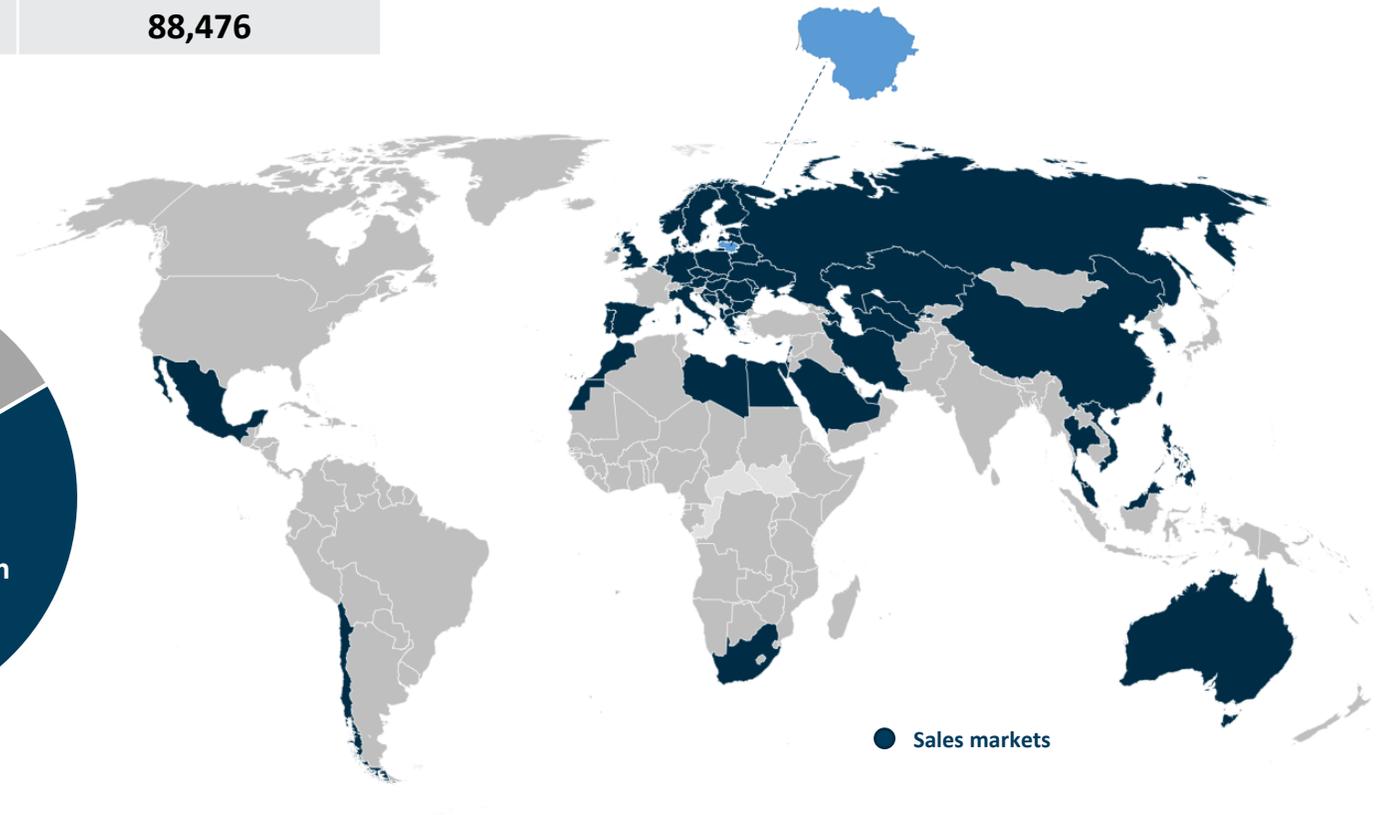
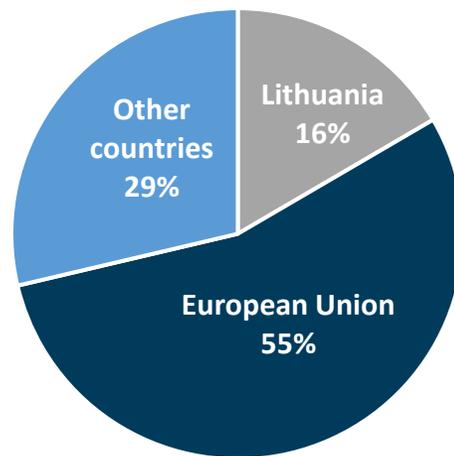
3. SALES REVENUE BY MARKETS

| (Thousand EUR) | 9 months of 2019 | | 9 months of 2020 | |
|-----------------------|------------------|-----|------------------|-----|
| Lithuania | 16,905 | 21% | 14,655 | 16% |
| European Union | 44,817 | 54% | 48,436 | 55% |
| Other countries | 20,540 | 25% | 25,385 | 29% |
| Total revenue: | 82,262 | | 88,476 | |

9 months of 2019



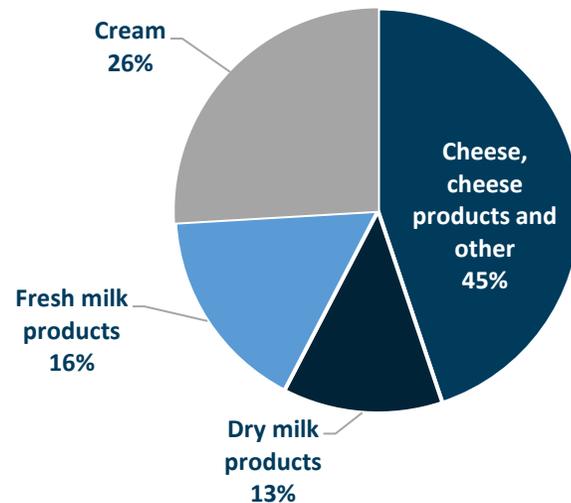
9 months of 2020



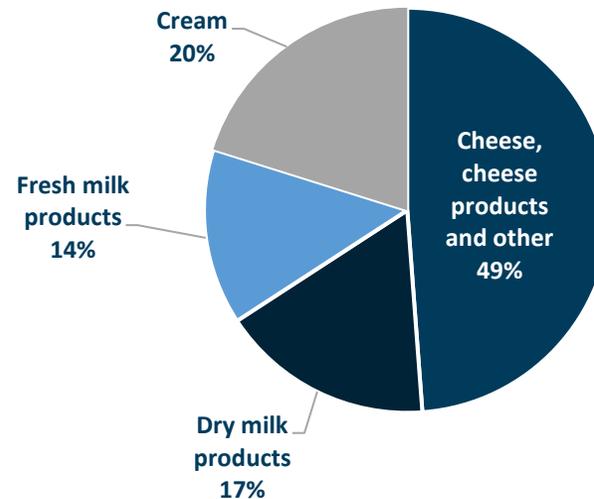
4. SALES REVENUE BY OPERATING SEGMENTS

| (Thousand EUR) | 9 months of 2019 | | 9 months of 2020 | |
|-----------------------------------|------------------|-----|------------------|-----|
| Cheese, cheese products and other | 37,007 | 45% | 43,188 | 49% |
| Dry milk products | 10,527 | 13% | 15,031 | 17% |
| Fresh milk products | 13,570 | 16% | 12,436 | 14% |
| Cream | 21,158 | 26% | 17,821 | 20% |
| Total: | 82,262 | | 88,476 | |

9 months of 2019



9 months of 2020



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 | 2020.09.30 | 2019.12.31 |
|---|---------------|---------------|
| ASSETS | | |
| Property, plant and equipment | 46,698 | 48,452 |
| Right-of-use assets | 1,103 | 1,303 |
| Intangible assets | 6,938 | 6,936 |
| Non-current amounts receivable | 257 | 358 |
| Deferred income tax assets | 718 | 159 |
| Non-current assets | 55,714 | 57,208 |
| Inventories | 10,272 | 11,161 |
| Trade and other receivable | 9,935 | 8,699 |
| Prepayments | 673 | 679 |
| Cash and cash equivalents | 938 | 298 |
| Current assets | 21,818 | 20,837 |
| Total assets | 77,532 | 78,045 |
| EQUITY | | |
| Share capital | 3,463 | 3,463 |
| Share premium | 3,301 | 3,301 |
| Reserves | 2,374 | 2,455 |
| Retained earnings | 25,018 | 21,831 |
| Total equity attributable to owners of the Company | 34,156 | 31,050 |
| Non-controlling interest | 52 | 51 |
| Total equity | 34,208 | 31,101 |
| LIABILITIES | | |
| Borrowings liabilities | 10,736 | 12,308 |
| Lease liabilities | 402 | 642 |
| Government grants | 4,810 | 5,243 |
| Deferred income tax liability | - | - |
| Non-current liabilities | 15,948 | 18,193 |
| Borrowings liabilities | 12,050 | 14,142 |
| Lease liabilities | 337 | 391 |
| Income tax payable | - | - |
| Trade and other payables | 14,989 | 14,218 |
| Current liabilities | 27,376 | 28,751 |
| Total liabilities | 43,324 | 46,944 |
| Total equity and liabilities | 77,532 | 78,045 |

6. CONSOLIDATED INCOME STATEMENT

| Thousand EUR | 2020.01.01- 2020.09.30 | 2019.01.01- 2019.09.30 | 2020.07.01- 2020.09.30 | 2019.07.01- 2019.09.30 |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| Revenue | 88,476 | 82,262 | 32,692 | 28,681 |
| Cost of sales | -79,529 | -77,377 | -28,644 | -26,468 |
| Gross profit (loss) | 8,947 | 4,885 | 4,048 | 2,213 |
| Other operating income | 226 | 271 | 134 | 76 |
| Distribution costs | -3,275 | -3,312 | -1,197 | -1,157 |
| Administrative expenses | -2,295 | -2,033 | -797 | -688 |
| Other operating expenses | -205 | -107 | -154 | -28 |
| Results of operating activities | 3,398 | -296 | 2,034 | 416 |
| Finance income | 24 | 18 | 4 | 3 |
| Finance costs | -874 | -863 | -269 | -304 |
| Net finance costs | -850 | -845 | -265 | -301 |
| Profit (loss) before income tax | 2,548 | -1,141 | 1,769 | 115 |
| Income tax expenses | 559 | 720 | 106 | 225 |
| Profit (loss) for the period | 3,107 | -421 | 1,875 | 340 |
| Attributable to: | | | | |
| Owners of the Company | 3,106 | -421 | 1,873 | 339 |
| Non-controlling interest | 1 | 0 | 2 | 1 |
| Profit (loss) for the year | 3,107 | -421 | 1,875 | 340 |
| Basic earnings (losses) per share (EUR) | 0.26 | -0.04 | 0.16 | 0.03 |

7. CONSOLIDATED STATEMENT OF CASH FLOWS

| Thousand EUR | 2020.01.01- 2020.09.30 | 2019.01.01- 2019.09.30 |
|---|---------------------------|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit (loss) for the year | 3,107 | -421 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 3,373 | 3,310 |
| Amortization of intangible assets | 10 | 9 |
| Amortization and write-off of grants | -433 | -437 |
| Change in allowance in inventory | 19 | -894 |
| Gain (loss) from disposal of property, plant and equipment | 14 | -55 |
| Income tax expenses | -559 | -720 |
| Interest expenses, net | 850 | 845 |
| | 6,381 | 1,637 |
| Change in inventories | 868 | 2,128 |
| Change in non-current amounts receivable | 101 | 37 |
| Change in trade and other receivables and prepayments | -1,203 | -3,024 |
| Change in trade and other payables | 999 | -258 |
| | 7,146 | 520 |
| Interest paid | -739 | -601 |
| Income tax paid | - | -8 |
| Net cash flows generated from operating activities | 6,407 | -89 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for acquisition of plant and equipment | -1,724 | -1,710 |
| Payments for acquisition of intangible assets | -12 | -14 |
| Proceeds from sale of plant and equipment | 2 | 114 |
| Loans recovered | -150 | - |
| Government grants received | - | 376 |
| Loans recovered | 70 | 103 |
| Net cash flows used in investing activities | -1,814 | -1,131 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Loans received | 2,067 | 5,755 |
| Repayments of borrowings | -5,730 | -4,258 |
| Financial lease | -290 | -306 |
| Net cash flows generated from financing activities | -3,953 | 1,191 |
| Net increase (decrease) in cash and cash equivalents | 640 | -29 |
| Cash and cash equivalents at 1 January | 298 | 407 |
| Cash and cash equivalents at 30 September | 938 | 378 |

ADDITIONAL INFORMATION

8. ABOUT THE COMPANY

- ✓ Vilkyškių pieninė AB was established in 1993.
- ✓ On the 30th of September 2020 the Group had 820 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, whey products.



“MODEST“ AB

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



KELMĖS PIENINĖ AB

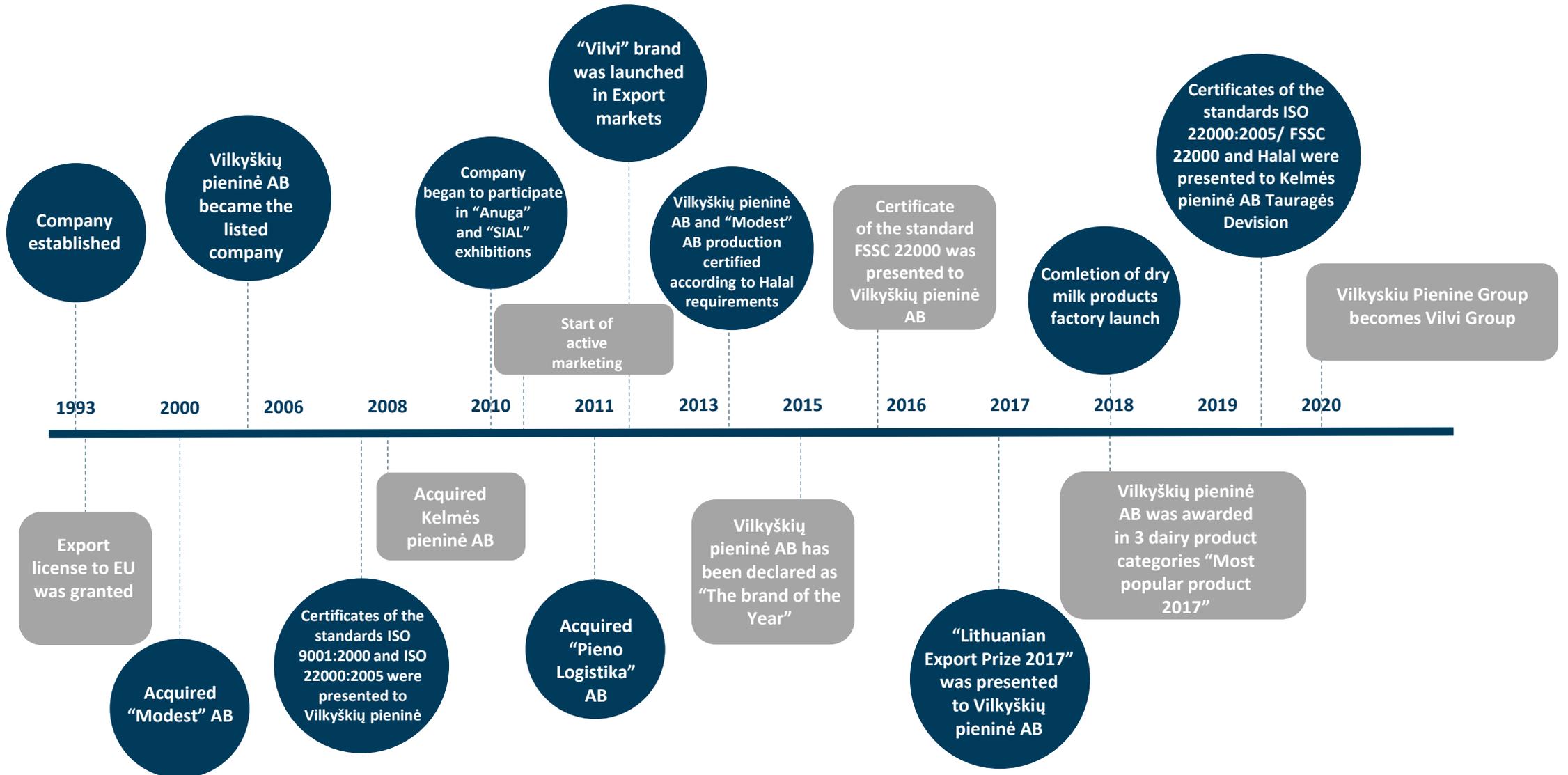
- Established in 1993
- The production of fresh dairy products.
- Established in 2018
- The production of dry milk products (WPC, skimmed-milk, permeate and whey powder).



“PIENO LOGISTIKA“ AB

- Established in 2013
- Rental of buildings.

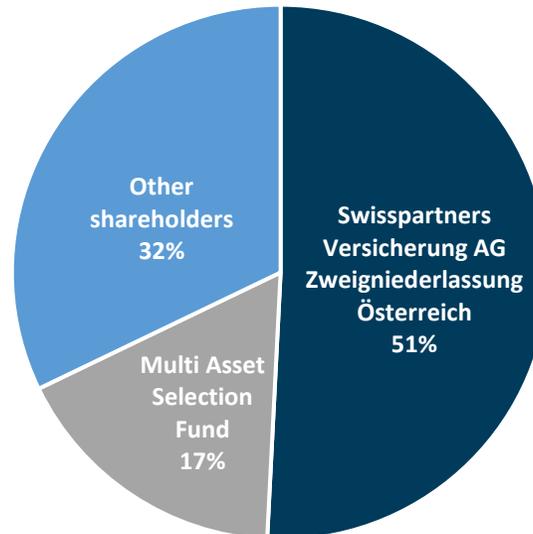
10. SHORT HISTORY OF THE COMPANY



11. SHAREHOLDERS

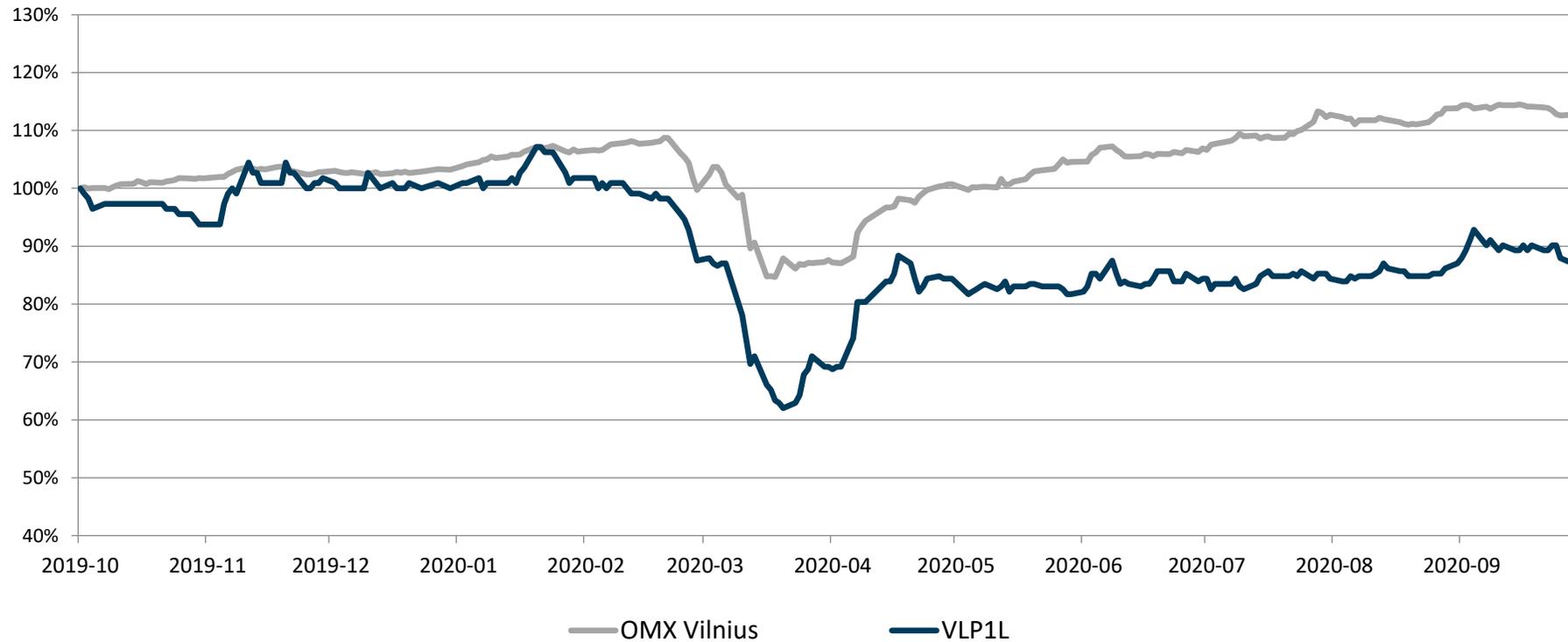
| Shareholder | Shares | Ownership interest |
|---|-------------------|--------------------|
| Swisspartners Versicherung AG Zweigniederlassung Österreich | 6.067.206 | 51%* |
| Multi Asset Selection Fund | 2.035.729 | 17% |
| Other shareholders | 3.840.065 | 32% |
| Capital in total: | 11.943.000 | 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 **2019**
October – 2020 September.



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