

Vilnius, November 2022

AB „Pieno žvaigždės“ confirmation of the Management

# Interim financial statements for the 9 months of 2022

We, Aleksandr Smagin, Chief Executive Officer, and Audrius Statulevičius, Chief Financial Officer, hereby confirm that, to the best of our knowledge, Interim Financial Statements for the nine months of 2022 prepared in accordance with IFRS, give a 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 Financial Officer / Audrius Statulevičius



# PIENO ŽVAIGŽDĒS

Interim financial  
statements

For the 9 months of 2022



# Table of content

1. Statement of financial position .....	4
2. Statement of comprehensive income .....	5
3. Statement of cash flows .....	6
4. Statement on change in equity .....	7
5. Notes to the financial statements.....	8



# 1. Statement of financial position (Thousand EUR)

Prepared according to IFRS, not audited

	2022 09 30	2021 12 31
<b>Assets</b>		
Property, plant and equipment	46 803	49 367
Intangible assets	57	68
Investments available for sale	22	22
Long-term receivables	395	317
Deferred tax	1 454	1 454
<b>Total non-current assets</b>	<b>48 731</b>	<b>51 228</b>
Inventories	20 012	17 038
Receivables	11 310	6 619
Cash and cash equivalents	631	1 736
<b>Total current assets</b>	<b>31 953</b>	<b>25 393</b>
<b>Total assets</b>	<b>80 684</b>	<b>76 621</b>
<b>Equity</b>		
Share capital	13 089	13 089
Share premium	7 891	7 891
Own shares	-	-
Reserves	1 570	1 570
Retained earnings	3 173	5 794
<b>Total equity</b>	<b>25 723</b>	<b>28 344</b>
<b>Liabilities</b>		
Government grants	1 387	1 189
Interest-bearing loans and borrowings	17 743	17 361
Deferred tax	1 212	1 212
<b>Total non-current liabilities</b>	<b>20 342</b>	<b>19 762</b>
Provisions		
Interest-bearing loans and borrowings	11 943	5 907
Income tax payable	-	-
Trade and other amounts payable	22 676	22 608
<b>Total current liabilities</b>	<b>34 619</b>	<b>28 515</b>
<b>Total liabilities</b>	<b>54 961</b>	<b>48 277</b>
<b>Total equity and liabilities</b>	<b>80 684</b>	<b>76 621</b>



## 2. Statement of comprehensive income (Thousand EUR)

Prepared according to IFRS, not audited

	<b>2022 01 01 – 2022 09 30</b>	<b>2021 01 01 – 2021 09 30</b>
Revenue	157 166	132 902
Cost of sales	(136 395)	(107 211)
<b>Gross profit</b>	<b>20 771</b>	<b>25 691</b>
Other operating income, net	1 883	519
Sales and administrative expenses	(24 537)	(23 051)
<b>Operating profit before finance costs</b>	<b>(1 883)</b>	<b>3 159</b>
Finance income	279	51
Finance expenses	(767)	(727)
<b>Finance income/expenses, net</b>	<b>(738)</b>	<b>(676)</b>
<b>Profit before tax</b>	<b>(2 621)</b>	<b>2 483</b>
Corporate income tax	-	-
<b>Profit for the year</b>	<b>(2 621)</b>	<b>2 483</b>
Earnings per share (EUR)	-0,06	0,06

	<b>2022 07 01 – 2022 09 30</b>	<b>2021 07 01 – 2021 09 30</b>
Revenue	55 430	46 832
Cost of sales	(48 365)	(38 045)
<b>Gross profit</b>	<b>7 066</b>	<b>8 787</b>
Other operating income, net	22	270
Sales and administrative expenses	(8 640)	(7 639)
<b>Operating profit before finance costs</b>	<b>(1 552)</b>	<b>1 418</b>
Finance income	10	23
Finance expenses	(265)	(254)
<b>Finance income/expenses, net</b>	<b>(255)</b>	<b>(231)</b>
<b>Profit before tax</b>	<b>(1 808)</b>	<b>1 188</b>
Corporate income tax	-	-
<b>Profit for the year</b>	<b>(1 808)</b>	<b>1 188</b>
Earnings per share (EUR)	-0,04	0,03



### 3. Statement of cash flows (Thousand EUR)

Prepared according to IFRS, not audited

	2021 09 30	2021 09 30
<b>Cash flows from operating activities</b>		
Net profit	(2 621)	2 483
Adjustments:		
Depreciation and amortization	4 402	4 086
Amortisation of government grants	(122)	(119)
Result of disposal of property, plant and equipment	(1 990)	(177)
Change in financial instruments	-	-
Change in vacation reserve	(242)	-
Change in provision	-	-
Change in an impairment loss of inventories	979	-
Interest income/expenses, net	601	526
Income tax	-	-
<b>Cash flows from ordinary activities before changes in the working capital</b>	<b>1 007</b>	<b>6 799</b>
Change in inventories	(3 953)	(1 547)
Change in receivables	(4 841)	(4 968)
Change in trade and other payable amounts	442	3 502
<b>Cash flows from operating activities</b>	<b>(7 345)</b>	<b>3 786</b>
Interest paid	(629)	(578)
Income tax paid	-	-
<b>Net cash flow from operating activities</b>	<b>(7 974)</b>	<b>3 208</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(1 829)	(3 907)
Acquisition of intangible assets	(20)	(34)
Proceeds on sale of property, plant and equipment	2 822	563
Acquisition of rental rights	-	(291)
Interest received	33	52
<b>Net cash flow used in investing activities</b>	<b>1 006</b>	<b>(3 617)</b>
<b>Cash flows from financing activities</b>		
Loans received	10 239	9 000
Repayment of borrowings	(3 690)	(3 190)
Dividends paid	(1)	(6 269)
Payment of finance lease liabilities	(1 005)	(787)
Government grants received	320	-
<b>Net cash from/(used in) financing activities</b>	<b>5 863</b>	<b>(1 246)</b>
Change in cash and cash equivalents	(1 105)	(1 655)
Beginning cash	1 736	3 553
<b>Ending cash</b>	<b>631</b>	<b>1 898</b>



## 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
<b>As of 1 January 2021</b>	<b>13 089</b>	<b>7 891</b>	<b>0</b>	<b>1 570</b>	<b>0</b>	<b>0</b>	<b>10 890</b>	<b>33 440</b>
Profit allocation								0
Dividends							(6 318)	(6 318)
Change of share capital								0
Own shares buyback								0
Depreciation of revaluated part								0
Other income								0
Net profit for 9 months Of 2021							2 483	2 483
<b>As of 30 September 2021</b>	<b>13 089</b>	<b>7 891</b>	<b>0</b>	<b>1 570</b>	<b>0</b>	<b>0</b>	<b>7 055</b>	<b>29 605</b>
<b>As of 1 October 2021</b>	<b>13 089</b>	<b>7 891</b>	<b>0</b>	<b>1 570</b>	<b>0</b>	<b>0</b>	<b>7 055</b>	<b>29 605</b>
Profit allocation								0
Dividends							(1)	(1)
Change of share capital								0
Own shares buyback								0
Depreciation of revaluated part								0
Other income								0
Net profit for the 4-th quarter of 2021							(1 260)	(1 260)
<b>As of 31 December 2021</b>	<b>13 089</b>	<b>7 891</b>	<b>0</b>	<b>1 570</b>	<b>0</b>	<b>0</b>	<b>5 794</b>	<b>28 344</b>
<b>As of 1 January 2022</b>	<b>13 089</b>	<b>7 891</b>	<b>0</b>	<b>1 570</b>	<b>0</b>	<b>0</b>	<b>5 794</b>	<b>28 344</b>
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 2021							(2 621)	(2 621)
<b>As of 30 September 2022</b>	<b>13 089</b>	<b>7 891</b>	<b>0</b>	<b>1 570</b>	<b>0</b>	<b>0</b>	<b>3 173</b>	<b>25 723</b>



## 5. Notes to the financial statements

AB Pieno Žvaigždės was established by way of the 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 producing and selling 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

	<b>2022 01 01 – 2022 09 30</b>	<b>2021 01 01 – 2021 09 30</b>
Sales, Thousand EUR	157 166	132 902
Gross profit, Thousand EUR	20 771	25 691
EBITDA, Thousand EUR	2 397	7 126
Current ratio (at the end of the period)	0,92	1,24
Book value per share (at the end of the period), EUR	0,57	0,66
Net profit per share	-0,06	0,06
	<b>2022 07 01 – 2022 09 30</b>	<b>2021 07 01 – 2021 09 30</b>
Sales, Thousand EUR	55 430	46 832
Gross profit, Thousand EUR	7 066	8 787
EBITDA, Thousand EUR	(96)	2 757
Current ratio (at the end of the period)	0,92	1,24
Book value per share (at the end of the period), EUR	0,57	0,66
Net profit per share	-0,04	0,03



## Inventories

Inventories are stated at the lower 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 manufacturing inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

<b>Inventories, Thousand EUR</b>	<b>2022 09 30</b>	<b>2021 12 31</b>
Raw materials	8 487	7 556
Stored production	11 456	9 475
Goods for resale	69	7
<b>Total:</b>	<b>20 012</b>	<b>17 038</b>

## 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 the domestic market and EU.

<b>Sales by geographical markets, Thousand EUR</b>	<b>2022 01 01 – 2022 09 30</b>	<b>2021 01 01 – 2021 09 30</b>
Lithuania	86 771	80 767
Other EU countries	43 289	26 696
Other non-EU countries	27 106	25 440
<b>Total:</b>	<b>157 166</b>	<b>132 902</b>

<b>Sales by products groups, Thousand EUR</b>	<b>2022 01 01 – 2022 09 30</b>	<b>2021 01 01 – 2021 09 30</b>
Fresh milk products	112 812	95 957
Dry milk products	11 300	6 018
Cheese	18 452	16 224
Other products	14 602	14 703
<b>Total:</b>	<b>157 166</b>	<b>132 902</b>



Sales by geographical markets, Thousand EUR	2022 07 01 – 2022 09 30	2021 07 01 – 2021 09 30
Lithuania	32 410	28 138
Other EU countries	15 570	8 561
Other non-EU countries	7 450	10 133
<b>Total:</b>	<b>55 430</b>	<b>46 832</b>

Sales by products groups, Thousand EUR	2022 07 01 – 2022 09 30	2021 07 01 – 2021 09 30
Fresh milk products	38 992	32 680
Dry milk products	2 767	2 801
Cheese	7 448	5 843
Other products	6 223	5 508
<b>Total:</b>	<b>55 430</b>	<b>46 832</b>

## Post balance sheet events

There were no other significant events after the balance sheet date.

