

Vilnius, February 2021

AB „Pieno žvaigždės“ confirmation of the Management

# Interim financial statements for the 12 months 2020

We, Aleksandr Smagin, Chief Executive Officer and Audrius Statulevičius, Chief Financial Officer, hereby confirm that, to the best of our knowledge, Interim Financial Statements of the 12 months of 2020 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 Financial Officer / Audrius Statulevičius



# PIENO ŽVAIGŽDĒS

Interim financial  
statements

For the 12 months 2020



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# 1. Statement of financial position (Thousand EUR)

Prepared according to IFRS, not audited

	2020 12 31	2019 12 31
<b>Assets</b>		
Property, plant and equipment	47 834	47 222
Intangible assets	86	120
Investments available for sale	22	22
Long-term receivables	404	38
Deferred tax	1 209	1 511
<b>Total non-current assets</b>	<b>49 555</b>	<b>48 913</b>
Inventories	13 277	11 388
Receivables	6 525	10 110
Cash and cash equivalents	3 553	3 599
<b>Total current assets</b>	<b>23 355</b>	<b>25 097</b>
<b>Total assets</b>	<b>72 910</b>	<b>74 010</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	10 890	6 337
<b>Total equity</b>	<b>33 440</b>	<b>28 887</b>
<b>Liabilities</b>		
Government grants	1 336	1 004
Interest-bearing loans and borrowings	17 689	21 662
Deferred tax	-	-
<b>Total non-current liabilities</b>	<b>19 025</b>	<b>22 666</b>
Provisions		
Interest-bearing loans and borrowings	4 914	5 145
Income tax payable	-	-
Trade and other amounts payable	15 531	17 312
<b>Total current liabilities</b>	<b>20 445</b>	<b>22 457</b>
<b>Total liabilities</b>	<b>39 470</b>	<b>45 123</b>
<b>Total equity and liabilities</b>	<b>72 910</b>	<b>74 010</b>



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

Prepared according to IFRS, not audited

	<b>2020 01 01 – 2020 12 31</b>	<b>2019 01 01 – 2019 12 31</b>
Revenue	171 061	170 596
Cost of sales	(132 575)	(137 205)
<b>Gross profit</b>	<b>38 485</b>	<b>33 392</b>
Other operating income, net	525	625
Sales and administrative expenses	(30 016)	(29 318)
<b>Operating profit before finance costs</b>	<b>8 995</b>	<b>4 699</b>
Finance income	173	148
Finance expenses	(1 154)	(1 100)
<b>Finance income/expenses, net</b>	<b>(981)</b>	<b>(952)</b>
<b>Profit before tax</b>	<b>8 014</b>	<b>3 746</b>
Corporate income tax	(302)	364
<b>Net profit</b>	<b>7 712</b>	<b>4 110</b>
Earnings per share (EUR)	0,17	0,09

	<b>2020 10 01 – 2020 12 31</b>	<b>2019 10 01 – 2019 12 31</b>
Revenue	40 159	41 718
Cost of sales	(32 022)	(33 519)
<b>Gross profit</b>	<b>8 137</b>	<b>8 199</b>
Other operating income, net	126	188
Sales and administrative expenses	(7 036)	(8 280)
<b>Operating profit before finance costs</b>	<b>1 227</b>	<b>107</b>
Finance income	25	31
Finance expenses	(248)	(300)
<b>Finance income/expenses, net</b>	<b>(222)</b>	<b>(270)</b>
<b>Profit before tax</b>	<b>1 004</b>	<b>(163)</b>
Corporate income tax	418	364
<b>Net profit</b>	<b>1 422</b>	<b>201</b>
Earnings per share (EUR)	0,03	0,00



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

Prepared according to IFRS, not audited

	2020 12 31	2019 12 31
<b>Cash flows from operating activities</b>		
Net profit	7 712	4 110
Adjustments:		
Depreciation and amortisation	5 486	6 254
Amortisation of government grants	(144)	(167)
Result of disposal of property, plant and equipment	(31)	(131)
Change in financial instruments	(99)	(82)
Change in vacation reserve	417	185
Change in provision	243	117
Change in impairment loss of inventories	18	9
Interest income/expenses, net	787	856
Income tax	302	(364)
<b>Cash flows from ordinary activities before changes in the working capital</b>	<b>14 691</b>	<b>10 787</b>
Change in inventories	(1 907)	2 026
Change in receivables	3 342	1 739
Change in trade and other payable amounts	(2 283)	(1 473)
<b>Cash flows from operating activities</b>	<b>13 843</b>	<b>13 079</b>
Interest paid	(856)	(919)
Income tax paid	-	-
<b>Net cash flow from operating activities</b>	<b>12 987</b>	<b>12 160</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(5 961)	(7 662)
Acquisition of intangible assets	(29)	(53)
Proceeds on sale of property, plant and equipment	43	210
Acquisition of rental rights	-	-
Interest received	69	63
<b>Net cash flow used in investing activities</b>	<b>(5 878)</b>	<b>(7 442)</b>
<b>Cash flows from financing activities</b>		
Loans received	9 000	31 500
Repayment of borrowings	(12 920)	(35 460)
Dividends paid	(3 140)	(1 345)
Payment of finance lease liabilities	(546)	(651)
Government grants received	451	42
<b>Net cash from/(used in) financing activities</b>	<b>(7 155)</b>	<b>(5 914)</b>
Change in cash and cash equivalents	(46)	(1 196)
Beginning cash	3 599	4 795
<b>Ending cash</b>	<b>3 553</b>	<b>3 599</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 at 1 January 2019</b>	<b>13 089</b>	<b>7 891</b>	<b>0</b>	<b>1 570</b>	<b>0</b>	<b>630</b>	<b>2 950</b>	<b>26 130</b>
Profit allocation						(630)	630	0
Dividends							(1 353)	(1 353)
Change of share capital								0
Own shares buyback								0
Depreciation of revaluated part								0
Other income								0
Net profit for 2019							4 110	4 110
<b>As at 31 December 2019</b>	<b>13 089</b>	<b>7 891</b>	<b>0</b>	<b>1 570</b>	<b>0</b>	<b>0</b>	<b>6 337</b>	<b>28 887</b>
<b>As at 1 January 2020</b>	<b>13 089</b>	<b>7 891</b>	<b>0</b>	<b>1 570</b>	<b>0</b>	<b>0</b>	<b>6 337</b>	<b>28 887</b>
Profit allocation								0
Dividends							(3 159)	(3 159)
Change of share capital								0
Own shares buyback								0
Depreciation of revaluated part								0
Other income								0
Net profit for 2020							7 712	7 712
<b>As at 31 December 2020</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>



## 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

	<b>2020 01 01 – 2020 12 31</b>	<b>2019 01 01 – 2019 12 31</b>
Sales, Thousand EUR	171 061	170 596
Gross profit, Thousand EUR	38 485	33 392
EBITDA, Thousand EUR	14 337	10 789
Current ratio (at the end of period)	1,14	1,12
Book value per share (at the end of period), EUR	0,74	0,64
Net profit per share	0,17	0,09
	<b>2020 10 01 – 2020 12 31</b>	<b>2019 10 01 – 2019 12 31</b>
Sales, Thousand EUR	40 159	41 718
Gross profit, Thousand EUR	8 137	8 199
EBITDA, Thousand EUR	2 550	1 957
Current ratio (at the end of period)	1,14	1,12
Book value per share (at the end of period), EUR	0,74	0,64
Net profit per share	0,03	0,00





## Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable 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.

<b>Inventories, Thousand EUR</b>	<b>2020 12 31</b>	<b>2019 12 31</b>
Raw materials	5 303	5 306
Stored production	7 917	6 042
Goods for resale	57	40
<b>Total:</b>	<b>13 277</b>	<b>11 388</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 domestic market, and EU.

<b>Sales by geographical markets, Thousand EUR</b>	<b>2020 01 01 – 2020 12 31</b>	<b>2019 01 01 – 2019 12 31</b>
Lithuania	102 643	97 466
Other EU countries	36 242	46 396
Other non EU countries	32 176	26 735
<b>Total:</b>	<b>171 061</b>	<b>170 596</b>

<b>Sales by products groups, Thousand EUR</b>	<b>2020 01 01 – 2020 12 31</b>	<b>2019 01 01 – 2019 12 31</b>
Fresh milk products	126 066	118 903
Dry milk products	6 701	5 964
Cheese	25 584	33 534
Other products	12 711	12 196
<b>Total:</b>	<b>171 061</b>	<b>170 596</b>



Sales by geographical markets, Thousand EUR	2020 10 01 – 2020 12 31	2019 10 01 – 2019 12 31
Lithuania	24 557	23 607
Other EU countries	7 264	10 892
Other non EU countries	8 337	7 218
<b>Total:</b>	<b>40 159</b>	<b>41 718</b>

Sales by products groups, Thousand EUR	2020 10 01 – 2020 12 31	2019 10 01 – 2019 12 31
Fresh milk products	31 339	30 202
Dry milk products	2 126	1 413
Cheese	5 274	8 537
Other products	1 419	1 565
<b>Total:</b>	<b>40 159</b>	<b>41 718</b>

## Post balance sheet events

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

