

Vilnius, May 2021

AB „Pieno žvaigždės“ confirmation of the Management

# Interim financial statements for the 3 months of 2021

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 3 months of 2021 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 ŽVAIGŽDĖS

Interim financial  
statements

For the 3 months of 2021



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# 1. Statement of financial position (Thousand EUR)

Prepared according to IFRS, not audited

	2021 03 31	2020 12 31
<b>Assets</b>		
Property, plant and equipment	48 237	48 088
Intangible assets	92	121
Investments available for sale	22	22
Long-term receivables	468	68
Deferred tax	1 209	1 511
<b>Total non-current assets</b>	<b>50 028</b>	<b>49 810</b>
Inventories	14 082	11 234
Receivables	8 946	12 894
Cash and cash equivalents	2 016	6 972
<b>Total current assets</b>	<b>25 044</b>	<b>31 100</b>
<b>Total assets</b>	<b>75 072</b>	<b>80 910</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	11 387	6 796
<b>Total equity</b>	<b>33 937</b>	<b>29 346</b>
<b>Liabilities</b>		
Government grants	1 297	972
Interest-bearing loans and borrowings	16 586	21 018
Deferred tax	1 179	818
<b>Total non-current liabilities</b>	<b>19 062</b>	<b>22 808</b>
Provisions		
Interest-bearing loans and borrowings	3 715	10 815
Income tax payable	-	-
Trade and other amounts payable	18 358	17 941
<b>Total current liabilities</b>	<b>22 073</b>	<b>28 756</b>
<b>Total liabilities</b>	<b>41 135</b>	<b>51 564</b>
<b>Total equity and liabilities</b>	<b>75 072</b>	<b>80 910</b>



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

Prepared according to IFRS, not audited

	2021 01 01 – 2021 03 31	2020 01 01 – 2020 03 31
Revenue	40 173	41 889
Cost of sales	(32 192)	(33 439)
<b>Gross profit</b>	<b>7 981</b>	<b>8 450</b>
Other operating income, net	154	112
Sales and administrative expenses	(7 430)	(7 860)
<b>Operating profit before finance costs</b>	<b>705</b>	<b>702</b>
Finance income	14	50
Finance expenses	(222)	(294)
<b>Finance income/expenses, net</b>	<b>(208)</b>	<b>(244)</b>
<b>Profit before tax</b>	<b>497</b>	<b>458</b>
Corporate income tax	-	-
<b>Net profit</b>	<b>497</b>	<b>458</b>
Earnings per share (EUR)	0,01	0,01



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

Prepared according to IFRS, not audited

	2021 03 31	2020 03 31
<b>Cash flows from operating activities</b>		
Net profit	497	458
Adjustments:		
Depreciation and amortisation	1 341	1 452
Amortisation of government grants	(40)	(32)
Result of disposal of property, plant and equipment	-	-
Change in financial instruments	-	(30)
Change in vacation reserve	361	176
Change in impairment loss of inventories	-	599
Interest income/expenses, net	208	226
Income tax	-	-
<b>Cash flows from ordinary activities before changes in the working capital</b>	<b>2 367</b>	<b>2 849</b>
Change in inventories	(805)	153
Change in receivables	(2 372)	(3 420)
Change in trade and other payable amounts	2 466	453
<b>Cash flows from operating activities</b>	<b>1 656</b>	<b>35</b>
Interest paid	(223)	(243)
Income tax paid	-	-
<b>Net cash flow from operating activities</b>	<b>1 433</b>	<b>(208)</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(1 614)	(2 059)
Acquisition of intangible assets	(21)	(17)
Proceeds on sale of property, plant and equipment	22	6
Acquisition of rental rights	-	-
Granted / recovered loans	(112)	
Interest received	15	17
<b>Net cash flow used in investing activities</b>	<b>(1 710)</b>	<b>(2 053)</b>
<b>Cash flows from financing activities</b>		
Loans received	2 000	7 000
Repayment of borrowings	(3 000)	(980)
Dividends paid	-	-
Payment of finance lease liabilities	(259)	(386)
Government grants received	-	-
<b>Net cash from/(used in) financing activities</b>	<b>(1 259)</b>	<b>5 634</b>
Change in cash and cash equivalents	(1 536)	3 373
Beginning cash	3 553	3 599
<b>Ending cash</b>	<b>2 017</b>	<b>6 972</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 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								0
Change of share capital								0
Own shares buyback								0
Depreciation of revaluated part								0
Other income								0
Net profit for 2020 1Q							458	458
<b>As at 31 March 2020</b>	<b>13 089</b>	<b>7 891</b>	<b>0</b>	<b>1 570</b>	<b>0</b>	<b>0</b>	<b>6 795</b>	<b>29 345</b>
<b>As at 1 April 2020</b>	<b>13 089</b>	<b>7 891</b>	<b>0</b>	<b>1 570</b>	<b>0</b>	<b>0</b>	<b>6 795</b>	<b>29 345</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 2Q-4Q							7 254	7 254
<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>
<b>As at 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								0
Change of share capital								0
Own shares buyback								0
Depreciation of revaluated part								0
Other income								0
Net profit for 2021 1Q							497	497
<b>As at 31 March 2021</b>	<b>13 089</b>	<b>7 891</b>	<b>0</b>	<b>1 570</b>	<b>0</b>	<b>0</b>	<b>11 387</b>	<b>33 937</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>2021 01 01 – 2021 03 31</b>	<b>2020 01 01 – 2020 03 31</b>
Sales, Thousand EUR	40 173	41 889
Gross profit, Thousand EUR	7 981	8 450
EBITDA, Thousand EUR	2 006	2 122
Current ratio (at the end of period)	1,13	1,08
Book value per share (at the end of period), EUR	0,75	0,65
Net profit per share	0,01	0,01

### 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>2021 03 31</b>	<b>2020 12 31</b>
Raw materials	5 540	5 417
Stored production	8 515	5 789
Goods for resale	27	28
<b>Total:</b>	<b>14 082</b>	<b>11 234</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>2021 01 01 – 2021 03 31</b>	<b>2020 01 01 – 2020 03 31</b>
Lithuania	25 080	24 417
Other EU countries	7 803	9 905
Other non EU countries	7 290	7 567
<b>Total:</b>	<b>40 173</b>	<b>41 889</b>

<b>Sales by products groups, Thousand EUR</b>	<b>2021 01 01 – 2021 03 31</b>	<b>2020 01 01 – 2020 03 31</b>
Fresh milk products	31 326	30 910
Dry milk products	1 463	1 288
Cheese	5 134	7 780
Other products	2 249	1 911
<b>Total:</b>	<b>40 173</b>	<b>41 889</b>

## Post balance sheet events

At the time of preparation of the financial statements, the Republic of Lithuania (as in many countries of the world) was quarantined due to the threat of the spread of coronavirus (COVID-19). The quarantine announced did not directly affect the activities of the Company. The Company continues to process raw milk and produce and sell various dairy products.

At the time of reporting, all risks connected with spread of coronavirus did not adversely affect the operations and sales revenues of the Company. However, we are not yet able to assess whether it may have a negative impact in the future.

