

Vilnius, February 2020

AB „Pieno žvaigždės“ confirmation of the Management

Interim financial statements for the 12 months 2019

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 2019 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 monts 2019



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1. Statement of financial position (Thousand EUR)

Prepared according to IFRS, not audited

	2019 12 31	2018 12 31
Assets		
Property, plant and equipment	47 222	42 098
Intangible assets	120	136
Investments available for sale	22	22
Long-term receivables	38	683
Deferred tax	1 511	1 147
Total non-current assets	48 913	44 086
Inventories	11 388	13 423
Receivables	9 986	11 166
Cash and cash equivalents	3 599	4 795
Total current assets	30 079	29 384
Total assets	73 886	73 470
Equity		
Share capital	13 089	13 089
Share premium	7 891	7 891
Own shares	-	-
Reserves	1 570	2 200
Retained earnings	6 272	2 950
Total equity	28 822	26 130
Liabilities		
Government grants	1 004	1 129
Interest-bearing loans and borrowings	18 620	13 500
Deferred tax	883	883
Total non-current liabilities	22 731	15 512
Provisions		
Interest-bearing loans and borrowings	5 144	13 217
Income tax payable	-	-
Trade and other amounts payable	17 189	18 611
Total current liabilities	22 333	31 828
Total liabilities	45 064	47 340
Total equity and liabilities	73 886	73 470



2. Statement of comprehensive income (Thousand EUR)

Prepared according to IFRS, not audited

	2019 01 01 – 2019 12 31	2018 01 01 – 2018 12 31
Revenue	170 596	168 662
Cost of sales	(137 205)	(138 862)
Gross profit	33 392	29 800
Other operating income, net	625	523
Sales and administrative expenses	(29 383)	(27 830)
Operating profit before finance costs	4 009	1 970
Finance income	185	161
Finance expenses	(1 137)	(1 163)
Finance income/expenses, net	(952)	(1 001)
Profit before tax	3 681	1 491
Corporate income tax	364	706
Profit for the year	4 045	2 198
Earnings per share (EUR)	0,09	0,05
	2019 10 01 – 2019 12 31	2018 10 01 – 2018 12 31
Revenue	41 718	37 820
Cost of sales	(33 519)	(32 475)
Gross profit	8 199	5 345
Other operating income, net	188	140
Sales and administrative expenses	(8 344)	(7 002)
Operating profit before finance costs	(146)	(1 657)
Finance income	68	24
Finance expenses	(337)	(287)
Finance income/expenses, net	(270)	(263)
Profit before tax	(228)	(1 780)
Corporate income tax	364	706
Profit for the year	136	(1 074)
Earnings per share (EUR)	0,00	(0,02)



3. Statement of cash flows (Thousand EUR)

Prepared according to IFRS, not audited

	2019 12 31	2018 12 31
Cash flows from operating activities		
Net profit	4 045	2 198
Adjustments:		
Depreciation and amortisation	6 254	6 803
Amortisation of government grants	(167)	(121)
Result of disposal of property, plant and equipment	(131)	(118)
Change in financial instruments	(82)	(28)
Change in vacation reserve	185	187
Change in impairment loss of inventories	(226)	(1 016)
Interest income/expenses, net	856	886
Income tax	(364)	(706)
Cash flows from ordinary activities before changes in the working capital	10 486	8 237
Change in inventories	2 262	3 671
Change in receivables	1 709	1 098
Change in trade and other payable amounts	(1 616)	2 887
Cash flows from operating activities	12 841	15 893
Interest paid	(919)	(936)
Income tax paid	-	-
Net cash flow from operating activities	11 922	14 957
Cash flows from investing activities		
Acquisition of property, plant and equipment	(7 385)	(5 170)
Acquisition of intangible assets	(53)	(102)
Proceeds on sale of property, plant and equipment	210	134
Acquisition of rental rights	(690)	
Interest received	63	50
Net cash flow used in investing activities	(7 855)	(5 088)
Cash flows from financing activities		
Loans received	35 500	3 922
Repayment of borrowings	(39 460)	(9 892)
Dividends paid	(1 345)	(3)
Payment of finance lease liabilities	-	(14)
Government grants received	42	657
Net cash from/(used in) financing activities	(5 263)	(5 330)
Change in cash and cash equivalents	(1 196)	4 539
Beginning cash	4 795	256
Ending cash	3 599	4 795



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 at 1 January 2018	13 089	7 891	0	1 570	0	630	752	23 932
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 2018							2 198	2 198
As at 31 December 2018	13 089	7 891	0	1 570	0	630	2 950	26 130
As at 1 January 2019	13 089	7 891	0	1 570	0	630	2 950	26 130
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							4 045	4 045
As at 31 December 2019	13 089	7 891	0	1 570	0	0	6 272	28 822



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

	2019 01 01 – 2019 12 31	2018 01 01 – 2018 12 31
Sales, Thousand EUR	170 596	168 662
Gross profit, Thousand EUR	33 392	29 800
EBITDA, Thousand EUR	10 724	9 175
Current ratio (at the end of period)	1,12	0,92
Book value per share (at the end of period), EUR	0,64	0,58
Net profit per share	0,09	0,05
	2019 10 01 – 2019 12 31	2018 10 01 – 2018 12 31
Sales, Thousand EUR	41 718	37 820
Gross profit, Thousand EUR	8 199	5 345
EBITDA, Thousand EUR	1 892	(29)
Current ratio (at the end of period)	1,12	0,92
Book value per share (at the end of period), EUR	0,64	0,58
Net profit per share	0,00	(0,02)



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.

Inventories, Thousand EUR	2019 12 31	2018 12 31
Raw materials	5 306	4 707
Stored production	6 042	8 707
Goods for resale	40	9
Total:	11 388	13 423

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	2019 01 01 – 2019 12 31	2018 01 01 – 2018 12 31
Lithuania	97 466	92 780
Other EU countries	51 323	55 223
Other non EU countries	21 807	20 659
Total:	170 596	168 662

Sales by products groups, Thousand EUR	2019 01 01 – 2019 12 31	2018 01 01 – 2018 12 31
Fresh milk products	118 903	113 548
Dry milk products	5 964	7 155
Cheese	33 534	38 238
Other products	12 196	9 721
Total:	170 596	168 662



Sales by geographical markets, Thousand EUR	2019 10 01 – 2019 12 31	2018 10 01 – 2018 12 31
Lithuania	23 607	21 177
Other EU countries	12 087	11 482
Other non EU countries	6 024	5 157
Total:	41 718	37 816

Sales by products groups, Thousand EUR	2019 10 01 – 2019 12 31	2018 10 01 – 2018 12 31
Fresh milk products	30 202	26 153
Dry milk products	1 413	1 915
Cheese	8 537	8 859
Other products	1 565	890
Viso:	41 718	37 816

Post balance sheet events

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

