

Vilnius, November 2020

AB „Pieno žvaigždės“ confirmation of the Management

Interim financial statements for the 9 months of 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 for the nine 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 9 monts of 2020



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

	2020 09 30	2019 12 31
Assets		
Property, plant and equipment	47 743	47 222
Intangible assets	93	120
Investments available for sale	22	22
Long-term receivables	578	38
Deferred tax	1 511	1 511
Total non-current assets	49 947	48 913
Inventories	12 199	11 388
Receivables	10 435	10 110
Cash and cash equivalents	2 752	3 599
Total current assets	25 386	25 097
Total assets	75 333	74 010
Equity		
Share capital	13 089	13 089
Share premium	7 891	7 891
Own shares	-	-
Reserves	1 570	1 570
Retained earnings	9 584	6 337
Total equity	32 134	28 887
Liabilities		
Government grants	1 376	1 004
Interest-bearing loans and borrowings	18 620	18 620
Deferred tax	3 455	3 042
Total non-current liabilities	23 451	22 666
Provisions		
Interest-bearing loans and borrowings	1 990	4 019
Income tax payable	720	-
Trade and other amounts payable	17 038	18 438
Total current liabilities	19 748	22 457
Total liabilities	43 199	45 123
Total equity and liabilities	75 333	74 010



2. Statement of comprehensive income (Thousand EUR)

Prepared according to IFRS, not audited

	2020 01 01 – 2020 09 30	2019 01 01 – 2019 09 30
Revenue	130 902	128 878
Cost of sales	(100 554)	(103 685)
Gross profit	30 349	25 193
Other operating income, net	399	437
Sales and administrative expenses	(22 979)	(21 039)
Operating profit before finance costs	7 768	4 592
Finance income	148	117
Finance expenses	(906)	(800)
Finance income/expenses, net	(758)	(683)
Profit before tax	7 010	3 909
Corporate income tax	(720)	-
Profit for the year	6 290	3 909
Earnings per share (EUR)	0,14	0,09

	2020 07 01 – 2020 09 30	2019 07 01 – 2019 09 30
Revenue	45 970	44 731
Cost of sales	(35 155)	(35 240)
Gross profit	10 815	9 491
Other operating income, net	158	149
Sales and administrative expenses	(7 035)	(6 527)
Operating profit before finance costs	3 939	3 113
Finance income	50	47
Finance expenses	(303)	(275)
Finance income/expenses, net	(254)	(228)
Profit before tax	3 685	2 885
Corporate income tax	(720)	-
Profit for the year	2 965	2 885
Earnings per share (EUR)	0,07	0,06



3. Statement of cash flows (Thousand EUR)

Prepared according to IFRS, not audited

	2020 09 30	2019 09 30
Cash flows from operating activities		
Net profit	6 290	3 909
Adjustments:		
Depreciation and amortization	4 123	4 370
Amortisation of government grants	(104)	(130)
Result of disposal of property, plant and equipment	-	(112)
Change in financial instruments	(89)	(25)
Change in vacation reserve	32	(23)
Change in provision	1 220	-
Change in impairment loss of inventories	64	(234)
Interest income/expenses, net	687	582
Income tax	720	-
Cash flows from ordinary activities before changes in the working capital	12 943	8 337
Change in inventories	(875)	1 818
Change in receivables	(1 545)	(2 580)
Change in trade and other payable amounts	(543)	(1 315)
Cash flows from operating activities	9 980	6 260
Interest paid	(739)	(630)
Income tax paid	-	-
Net cash flow from operating activities	9 241	5 630
Cash flows from investing activities		
Acquisition of property, plant and equipment	(4 036)	(6 341)
Acquisition of intangible assets	(21)	(51)
Proceeds on sale of property, plant and equipment	39	184
Acquisition of rental rights	(561)	-
Interest received	52	48
Net cash flow used in investing activities	(4 527)	(6 160)
Cash flows from financing activities		
Loans received	1 000	35 500
Repayment of borrowings	(2 940)	(33 517)
Dividends paid	(3 134)	(1 345)
Payment of finance lease liabilities	(963)	-
Government grants received	476	42
Net cash from/(used in) financing activities	(5 561)	680
Change in cash and cash equivalents	(847)	150
Beginning cash	3 599	4 795
Ending cash	2 752	4 945



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 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 9 months Of 2019							3 909	3 909
As at 30 September 2019	13 089	7 891	0	1 570	0	0	6 136	28 686
As at 1 October 2019	13 089	7 891	0	1 570	0	0	6 136	28 686
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 the 4-th quarter of 2019							201	201
As at 31 December 2019	13 089	7 891	0	1 570	0	0	6 337	28 887
As at 1 January 2020	13 089	7 891	0	1 570	0	0	6 337	28 887
Profit allocation								0
Dividends							(3 159)	(3 159)
Change of share capital								0
Own shares buyback								0
Depreciation of revaluated part								0
Other income							116	116
Net profit for 9 months of 2020							6 290	6 290
As at 30 September 2020	13 089	7 891	0	1 570	0	0	9 584	32 134



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

	2020 01 01 – 2020 09 30	2019 01 01 – 2019 09 30
Sales, Thousand EUR	130 902	128 878
Gross profit, Thousand EUR	30 349	25 193
EBITDA, Thousand EUR	11 787	8 832
Current ratio (at the end of period)	1,29	1,29
Book value per share (at the end of period), EUR	0,71	0,64
Net profit per share	0,14	0,09

	2020 07 01 – 2020 09 30	2019 07 01 – 2019 09 30
Sales, Thousand EUR	45 970	44 731
Gross profit, Thousand EUR	10 815	9 491
EBITDA, Thousand EUR	5 113	4 401
Current ratio (at the end of period)	1,29	1,29
Book value per share (at the end of period), EUR	0,71	0,64
Net profit per share	0,07	0,06



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	2020 09 30	2019 12 31
Raw materials	5 284	5 306
Stored production	6 832	6 042
Goods for resale	83	40
Total:	12 199	11 388

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	2020 01 01 – 2020 09 30	2019 01 01 – 2019 09 30
Lithuania	78 086	73 859
Other EU countries	28 974	35 503
Other non EU countries	23 842	19 517
Total:	130 902	128 878

Sales by products groups, Thousand EUR	2020 01 01 – 2020 09 30	2019 01 01 – 2019 09 30
Fresh milk products	94 727	88 700
Dry milk products	4 575	4 552
Cheese	20 310	24 996
Other products	11 291	10 630
Total:	130 902	128 878



Sales by geographical markets, Thousand EUR	2020 07 01 – 2020 09 30	2019 07 01 – 2019 09 30
Lithuania	27 471	25 224
Other EU countries	9 425	11 338
Other non EU countries	9 074	8 169
Total:	45 970	44 731

Sales by products groups, Thousand EUR	2020 07 01 – 2020 09 30	2019 07 01 – 2019 09 30
Fresh milk products	32 438	30 387
Dry milk products	2 179	2 435
Cheese	6 739	7 744
Other products	4 614	4 165
Viso:	45 970	44 731

Post balance sheet events

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

