

Vilnius, May 2022

AB „Pieno žvaigždės“ confirmation of the Management

Interim financial statements for the 3 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 of the 3 months of 2022 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 2022



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1. Statement of financial position (Thousand EUR)

Prepared according to IFRS, not audited

	2022 03 31	2021 12 31
Assets		
Property, plant and equipment	48 797	49 367
Intangible assets	59	68
Investments available for sale	22	22
Long-term receivables	341	317
Deferred tax	1 454	1 454
Total non-current assets	50 673	51 228
Inventories	18 862	17 038
Receivables	10 094	6 619
Cash and cash equivalents	1 200	1 736
Total current assets	30 156	25 393
Total assets	80 829	76 621
Equity		
Share capital	13 089	13 089
Share premium	7 891	7 891
Own shares	-	-
Reserves	1 570	1 570
Retained earnings	3 330	5 794
Total equity	25 880	28 344
Liabilities		
Government grants	1 149	1 189
Interest-bearing loans and borrowings	17 361	17 361
Deferred tax	1 212	1 212
Total non-current liabilities	19 722	19 762
Provisions		
Interest-bearing loans and borrowings	11 544	5 907
Income tax payable	-	-
Trade and other amounts payable	23 683	22 608
Total current liabilities	35 227	28 515
Total liabilities	54 949	48 277
Total equity and liabilities	80 829	76 621



2. Statement of comprehensive income (Thousand EUR)

Prepared according to IFRS, not audited

	2022 01 01 - 2022 03 31	2021 01 01 - 2021 03 31
Revenue	46 965	40 173
Cost of sales	(41 675)	(32 192)
Gross profit	5 290	7 981
Other operating income, net	84	154
Sales and administrative expenses	(7 613)	(7 430)
Operating profit before finance costs	(2 239)	705
Finance income	9	14
Finance expenses	(233)	(222)
Finance income/expenses, net	(224)	(208)
Profit before tax	(2 463)	497
Corporate income tax	-	-
Net profit	(2 463)	497
Earnings per share (EUR)	(0,05)	0,01



3. Statement of cash flows (Thousand EUR)

Prepared according to IFRS, not audited

	2022 03 31	2021 03 31
Cash flows from operating activities		
Net profit	(2 463)	497
Adjustments:		
Depreciation and amortisation	1 442	1 341
Amortisation of government grants	(40)	(40)
Result of disposal of property, plant and equipment	(20)	-
Change in financial instruments	-	-
Change in vacation reserve	235	361
Change in impairment loss of inventories	-	-
Interest income/expenses, net	187	208
Income tax	-	-
Cash flows from ordinary activities before changes in the working capital	(659)	2 367
Change in inventories	(1 824)	(805)
Change in receivables	(3 611)	(2 372)
Change in trade and other payable amounts	1 002	2 466
Cash flows from operating activities	(5 092)	1 656
Interest paid	(196)	(223)
Income tax paid	-	-
Net cash flow from operating activities	(5 288)	1 433
Cash flows from investing activities		
Acquisition of property, plant and equipment	(777)	(1 614)
Acquisition of intangible assets	(1)	(21)
Proceeds on sale of property, plant and equipment	48	22
Acquisition of rental rights	-	-
Granted / recovered loans	-	(112)
Interest received	11	15
Net cash flow used in investing activities	(719)	(1 710)
Cash flows from financing activities		
Loans received	7 000	2 000
Repayment of borrowings	(1 230)	(3 000)
Dividends paid	-	-
Payment of finance lease liabilities	(299)	(259)
Government grants received	-	-
Net cash from/(used in) financing activities	5 471	(1 259)
Change in cash and cash equivalents	(536)	(1 536)
Beginning cash	1 736	3 553
Ending cash	1 200	2 017



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 2021	13 089	7 891	0	1 570	0	0	10 890	33 440
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	458
As at 31 March 2021	13 089	7 891	0	1 570	0	0	11 387	33 937
As at 1 April 2021	13 089	7 891	0	1 570	0	0	11 387	33 937
Profit allocation								0
Dividends							(6 319)	(6 319)
Change of share capital								0
Own shares buyback								0
Depreciation of revaluated part								0
Other income								0
Net profit for 2021 2Q-4Q							726	7 254
As at 31 December 2021	13 089	7 891	0	1 570	0	0	5 794	28 344
As at 1 January 2022	13 089	7 891	0	1 570	0	0	5 794	28 344
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 2022 1Q							(2 464)	(2 464)
As at 31 March 2022	13 089	7 891	0	1 570	0	0	3 330	25 880



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

	2022 01 01 – 2022 03 31	2021 01 01 – 2021 03 31
Sales, Thousand EUR	46 965	40 173
Gross profit, Thousand EUR	5 290	7 981
EBITDA, Thousand EUR	(836)	2 006
Current ratio (at the end of period)	0,86	1,13
Book value per share (at the end of period), EUR	0,57	0,75
Net profit per share	(0,05)	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.

Inventories, Thousand EUR	2022 03 31	2021 12 31
Raw materials	7 918	7 556
Stored production	10 915	9 475
Goods for resale	29	7
Total:	18 862	17 038

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	2022 01 01 – 2022 03 31	2021 01 01 – 2021 03 31
Lithuania	25 430	25 080
Other EU countries	11 188	7 803
Other non EU countries	10348	7 290
Total:	46 966	40 173

Sales by products groups, Thousand EUR	2022 01 01 – 2022 03 31	2021 01 01 – 2021 03 31
Fresh milk products	35 278	31 326
Dry milk products	4 186	1 463
Cheese	5 430	5 134
Other products	2 072	2 249
Total:	46 966	40 173

Post balance sheet events

There are no material post-statement events.

