ROKIŠKIO SŪRIS

ENDORSEMENT BY THE RESPONSIBLE PERSONS

07/04/2021

Pursuing Article 22 of the Law on Securities of the Republic of Lithuania and in accordance with the rules of preparation and submission of periodical and supplementary information, we, the undersigned – the Chief Executive Officer Dalius Trumpa and the Chief Financial Officer Antanas Kavaliauskas – approve that to our knowledge the audited financial statements of the year 2020 as well as annual consolidated financial statements of Rokiskio suris AB for the year 2020, are formed in accordance with the applicable accounting standards, they are true and show fair assets, obligations, financial state, profit and cash flows of the Company and total consolidated group. Also, to our best knowledge both the Company's annual report and the consolidated annual report make fair overview of the operations and business development, current state of the company Rokiskio suris AB and the overall group of Rokiskio suris AB, including description of the main risks and uncertainties.

Chief Executive Officer	Dalius Trumpa
Chief Financial Officer	Antanas Kavaliauskas

ROKIŠKIO SŪRIS AB

CONSOLIDATED AND SEPARATE

FINANCIAL STATEMENTS,

CONSOLIDATED ANNUAL REPORT AND

INDEPENDENT AUDITOR’S REPORT

31 December 2020

Translation note:

This version of the accompanying documents is a translation from the original, which was prepared in Lithuanian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the accompanying documents takes precedence over this translation.

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Independent auditor's report

To the shareholders of Rokiškio Sūris AB

Report on the audit of the separate and consolidated financial statements

Our opinion

In our opinion, the separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of Rokiškio Sūris AB (the "Company") and its subsidiaries (together - the "Group") as at 31 December 2020 and the Company's and the Group's separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 6 April 2021.

What we have audited

The Company's and the Group's separate and consolidated financial statements comprise:

- the separate and consolidated balance sheet as at 31 December 2020;
- the separate and consolidated statements of income and comprehensive income for the year then ended;
- the separate and consolidated statement of changes in equity for the year then ended;
- the separate and consolidated statement of cash flows for the year then ended; and
- the notes to the separate and consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

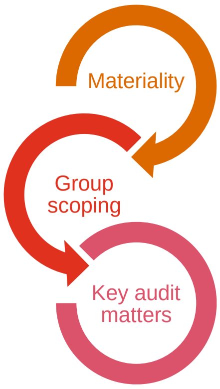
We are independent of the Company and the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the Law of the Republic of Lithuania on the Audit of Financial Statements that are relevant to our audit of the separate and consolidated financial statements in the Republic of Lithuania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Law of the Republic of Lithuania on the Audit of Financial Statements.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company and the Group are in accordance with the applicable law and regulations in the Republic of Lithuania and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014 considering the exemptions of Regulation (EU) No 537/2014 endorsed in the Law of the Republic of Lithuania on the Audit of Financial Statements.

The non-audit services that we have provided to the Company and the Group, in the period from 1 January 2020 to 31 December 2020, are disclosed in note 32 to the financial statements.

Our audit approach

Overview



- Overall Group materiality is EUR 1.7 million
- Overall Company materiality is EUR 1.5 million

- We tailored our audit scope based on the risk and size of entities within the Group and performed a full scope audit of the Company and two subsidiaries. At the Group level we tested the consolidation process and performed selected audit procedures over the subsidiary not covered by the above procedures to be able to report on the consolidated financial statements as a whole.

- Revenue recognition
- Valuation of accounts receivable and loans granted
- Inventory write-down to net realisable value

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the separate and consolidated financial statements (together “the financial statements”). In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company and Group materiality for the separate and consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the financial statements as a whole.

Overall Company materiality	EUR 1.5 million (2019: EUR 1.5 million)
Overall Group materiality	EUR 1.7 million (2019: EUR 1.6 million)
How we determined it	0.8% of the Group’s and Company’s revenue, respectively

Rationale for the materiality benchmark applied	Significant fluctuations in the Company's and the Group's profit depend on the prevailing trends in global dairy markets, and therefore, the profits for the last years have been volatile. We have, therefore, chosen revenue as a benchmark for determining the materiality because, in our view, it provides more consistent information year-on-year basis, reflecting the Group's and the Company's size and growth, and is one of the key measures of performance that the stakeholders observe.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above EUR 84 thousand as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition *Refer to note 2.17 and note 5 'Segment reporting' in the financial statements* The Group's and the Company's revenue in 2020 amounted to EUR 210.8 million and EUR 189.9 million, respectively, and mostly consisted of sales of goods. The Company recognises revenues from sales of goods based on the quantity of goods dispatched and the agreed prices. Revenue is recognised only at point of time, when control of goods has been transferred to the customer based on the agreed delivery terms. Revenue is recognised net of discounts or other sales incentives provided. Although revenue recognition involves only limited judgement, due to the size and volume of transactions it continues to be an audit area which requires significant time and resources and is therefore considered to be a key audit matter.	We audited revenue recognition through a combination of controls testing and substantive procedures. We evaluated the design and tested, based on a selected sample of relevant information tested, operating effectiveness of key controls in relation to the recognition of revenue, with particular focus on controls over the matching of invoices to related shipping documents and to the agreed prices as indicated in the sale orders or agreements. We read the accounting policy for revenue recognition in respect of all material revenue streams and assessed its compliance with the International Financial Reporting Standards as adopted by the European Union. We also performed the following tests of details: • We obtained a sample of transactions conducted with customers during the year and either obtained third party confirmations of the transactions or reconciled the transactions to the signed agreement or sale order, the shipping documents, the invoices and subsequent receipts of payments from the customers. • We selected a sample of transactions conducted before and after the year-end and evaluated whether revenue was recognised in an

appropriate period based on the transfer of control according to the delivery terms and shipping documents.

- We assessed the accounting treatment for various sales incentives paid to retail chains, such as publication of advertisements in a supermarket's newspaper, listing fees etc.
- We selected a sample of credit invoices, discounts and returns after the year-end and checked whether they were recorded in the appropriate period.
- Our work also included testing a sample of revenue journal entries to identify whether they have been recorded in the General Ledger with any unusual corresponding entries.

Valuation of accounts receivable and loans granted

Refer to note 2.8, note 4 'Critical accounting estimates and judgments', note 20 'Trade and other receivables', and note 18 'Loans granted' in the financial statements.

As at 31 December 2020, the Group's and the Company's trade receivables amounted to EUR 34.4 million and EUR 38.2 million, respectively, including the credit loss allowance of EUR 0,991 million, and loans granted amounted to EUR 5.3 million and EUR 5.5 million, respectively.

In accordance with IFRS 9 'Financial Instruments', the Group's management assesses expected credit losses in relation to trade receivables on a forward-looking basis and recognises an allowance for credit losses at each reporting date. The estimate of expected credit losses represents an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, and reflects all reasonable and supportable information that is available at each reporting date about past events, current conditions and forecasts of future economic conditions.

To measure the expected credit losses, the management has grouped trade receivables based on shared credit risk characteristics and the days past due to assess them on a collective or individual basis. The collective assessment was based on the payment

We performed the following procedures for testing the management's assessment of expected credit losses in relation to trade receivables:

- We evaluated the methodology used by the Group's management to assess its compliance with the requirements of IFRS 9.
- We obtained the ageing analysis of trade receivables as at 31 December 2020 and tested its reliability on the basis of a selected sample of invoices.
- We examined the accuracy of management's classification of trade receivables for their further assessment on a collective or individual basis depending on the credit risk characteristics and the ageing of receivables.
- We examined, on a sample basis the models and calculations used for the assessment of credit losses on a collective or individual basis.
- We analysed, on a sample basis, whether the ratio of unpaid balances of a customer at the year end to the annual receipts from the customer indicates any potential impairment issues.
- For debtors with significant amounts overdue more than 90 days, we examined their credit ratings at a credit insurance agency and assessed whether the probability of default assigned by the Company aligned with these ratings.
- For the sample of the amounts overdue more than 90 days, we obtained the data about

profiles of sales over a period of 36 months before 31 December 2020 and the corresponding historical credit losses experienced within this period. Expected credit losses for significant trade receivables overdue for more than 90 days were evaluated individually based on external information from credit insurance agency, collaterals received as security for repayment, and past history of default. The degree of accuracy of the management's estimate will be confirmed or rebutted depending on the future developments that are inherently uncertain. We focused on assessing the allowance for credit losses in relation to trade receivables as the estimation process is complicated and requires significant management's judgements, and the amount of allowance is significant. The expected credit losses for loans granted were calculated in view of the fair value of the collateral, which was not lower than the balance of loans granted as at 31 December 2020.	payments received after the year end to determine whether the payment patterns were consistent with the management's estimates as at year end. We also enquired whether there was any collateral received or insurance paid in respect of the related receivables, and whether those were appropriately reflected in the calculation of the expected credit losses. • We read the minutes of the Credit Committee containing the results of regular analysis of possible indicators of default or increase in credit risk. We tested the management's estimates of expected credit losses in relation to loans granted to see whether the fair value of the collateral was not lower than the balance of loans granted, by comparing, on sample basis, the carrying amount of the collateral as at 31 December 2020 with the sale transactions of similar assets in the market.
Inventory write-down to net realisable value *Refer to note 2.9, note 4 'Critical accounting estimates and judgments' and note 19 'Inventory' in the financial statements* The Group's and the Company's inventory balance amounted to EUR 69.6 million and EUR 66.8 million, respectively, as at 31 December 2020. We focused on this area due to the size of the inventory balance and because the management's assessment of the net realisable value of finished goods involves estimates about their potential selling price at the balance sheet date. The Group's and the Company's inventory write-down to net realisable value amounted to EUR 1.49 million as at 31 December 2020.	We obtained the Company's and the Group's policies and methodology in respect of inventory write-downs to net realisable value, evaluated their compliance with the requirements of IFRSs. We compared, on a sample basis, the cost of finished goods with their net realisable value, which was based on selling price in transactions that occurred after the balance sheet date and deducted estimated transportation costs. We assessed whether the inventory allowance recognised by the management was within our internally developed estimated range. We evaluated the balance of non-realised items of finished goods at the end of the audit and tested it individually to identify slow-moving inventory items.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Accordingly, based on the size and risk characteristics, we performed a full scope audit of the financial information for the following entities within the Group: Rokiškio Pienas UAB, Rokiškio Pieno Gamyba

UAB, Rokiškio Sūris AB (parent company). At the Group level we tested the consolidation process to be able to report on the consolidated financial statements as a whole.

Reporting on other information including the consolidated annual report

Management is responsible for the other information. The other information comprises the consolidated annual report, including the corporate governance report, the remuneration report and the social responsibility report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information, including the consolidated annual report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the consolidated annual report, we considered whether the consolidated annual report includes the disclosures required by the Law of the Republic of Lithuania on Consolidated Financial Reporting by Groups of Undertakings, the Law of the Republic of Lithuania on Financial Reporting by Undertakings.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the consolidated annual report for the financial year for which the financial statements are prepared, is consistent with the financial statements; and
- the consolidated annual report has been prepared in accordance with the Law of the Republic of Lithuania on Consolidated Financial Reporting by Groups of Undertakings and the Law of the Republic of Lithuania on Financial Reporting by Undertakings.

The Company and the Group presented the remuneration and social responsibility report accompanying the annual report.

In addition, in light of the knowledge and understanding of the Company and the Group and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the consolidated annual report which we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s and the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s and the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the Company and the Group in 1996. Our appointment has been renewed annually by shareholders resolution representing a total period of uninterrupted engagement appointment of 25 years.

The key audit partner on the audit resulting in this independent auditor’s report is Rimvydas Jogėla.

On behalf of PricewaterhouseCoopers UAB

Rimvydas Jogėla
Partner
Auditor's Certificate No.000457

Vilnius, Republic of Lithuania
7 April 2021

The auditor's electronic signature is used herein to sign only the Independent Auditor's Report

(All tabular amounts are in EUR '000 unless otherwise stated)

Income statement

		Group		Company	
	Notes	**2020**	**2019**	**2020**	**2019**
Sales	5	210,829	210,423	189,870	190,502
Cost of sales	10	(189,441)	(188,521)	(174,799)	(173,222)
Gross profit		21,388	21,902	15,071	17,280
Selling and marketing expenses	6,10	(10,692)	(13,554)	(9,528)	(11,902)
General and administrative expenses	7,10	(6,832)	(4,557)	(4,989)	(3,373)
Other income	8	292	359	2,900	3,180
Other (losses)/gains	9	15	(49)	13	(54)
Operating profit/(loss)		4,171	4,101	3,467	5,131
Finance costs	11	(199)	(187)	(199)	(187)
Profit/(loss) before income tax		3,972	3,914	3,268	4,944
Income tax	12	89	187	61	182
Profit/(loss) for the year		4,061	4,101	3,329	5,126
Profit/(loss) for the year attributable to:					
Owners of the Company		4,061	4,101		
Non-controlling interest			-		
		4,061	4,101		
Basic and diluted earnings/(deficit) per share (in EUR per share)	13	0.12	0.12	0.10	0.15

The accompanying notes are an integral part of these annual financial statements.

These financial statements were authorised for issue on 7 April 2021 by the Board of Directors and signed on behalf of the Board of Directors by the Managing Director and the Finance Director.

Dalius Trumpa
Managing Director

Antanas Kavaliauskas
Finance Director

(All tabular amounts are in EUR '000 unless otherwise stated)

Statement of comprehensive income

	Notes	Group		Company	
		2020	2019	2020	2019
Profit/(loss) for the year		4,061	4,101	3,329	5,126
Other comprehensive income					
Gain on revaluation of property, plant and equipment		16,453	-	10,131	-
Deferred income tax on revaluation		(2,468)	-	(1,519)	-
Other comprehensive income for the year		-	-	-	-
Total comprehensive income/(loss) for the year		18,046	4,101	11,941	5,126
Total comprehensive income/(loss) for the year attributable to:					
Owners of the Company		18,046	4,101	11,941	5,126
Non-controlling interest		-	-	-	-
		18,046	4,101	11,941	5,126

The accompanying notes are an integral part of these annual financial statements.

(All tabular amounts are in EUR ’000 unless otherwise stated)

Balance sheet

		Group At 31 December		Company At 31 December	
	Notes	2020	2019	2020	2019
ASSETS					
Non-current assets					
Property, plant and equipment	14	73,862	58,750	49,259	37,824
Intangible assets	15	82	44	37	44
Investments in subsidiaries	16	169	159	5,054	5,054
Prepayments	20	879	639	879	629
Loans granted	18	1,654	2,702	1,608	2,629
		76,646	62,294	56,837	46,180
Current assets					
Inventories	19	69,564	59,519	66,795	56,939
Loans granted	18	3,642	2,847	3,901	3,548
Trade and other receivables	20	40,354	39,871	42,149	45,286
Prepaid income tax		1,030	1,549	84	530
Cash and cash equivalents	21	5,834	2,988	4,922	1,567
		120,424	106,774	117,851	107,870
Total assets		197,070	169,068	174,688	154,050
EQUITY					
Attributable to owners of the Company					
Share capital	22	10,402	10,402	10,402	10,402
Share premium		18,073	18,073	18,073	18,073
Reserve for acquisition of treasury shares	24	10,850	10,850	10,850	10,850
Treasury shares	23	(2,251)	(2,251)	(2,251)	(2,251)
Other reserves	24	27,716	15,138	17,417	10,240
Retained earnings		80,638	78,559	74,432	73,169
Total equity		145,428	130,771	128,923	120,483
LIABILITIES					
Non-current liabilities					
Deferred income tax liability	17	3,711	1,525	2,116	841
Deferred income	26	2,601	2,562	1,705	1,458
Non-current provisions	28	683	683	307	307
		6,995	4,770	4,128	2,606
Current liabilities					
Borrowings	25	26,820	15,424	26,820	15,424
Deferred income	26	420	519	213	308
Trade and other payables	27	16,723	16,900	14,000	14,625
Current provisions	28	684	684	604	604
		44,647	33,527	41,637	30,961
Total liabilities		51,642	38,297	45,765	33,567
Total equity and liabilities		197,070	169,068	174,688	154,050

The accompanying notes are an integral part of these annual financial statements.

(All tabular amounts are in EUR ’000 unless otherwise stated)

The Company’s statement of changes in equity

	Notes	Share capital	Share premium	Reserve for acquisition of treasury shares	Treasury shares	Other reserves	Retained earnings	Total
Balance at 1 January 2019		**10,402**	**18,073**	**10,850**	**(2,108)**	**11,988**	**69,801**	**119,006**
Comprehensive income								
Profit/(loss) for the year		-	-	-	-	-	5,126	5,126
Transfer to retained earnings (transfer of depreciation of revalued assets and disposals of revalued assets, net of deferred income tax)	24	-	-	-	-	(1,748)	1,748	-
Total comprehensive income for 2019		**-**	**-**	**-**	**-**	**(1,748)**	**6,874**	**5,126**
Transactions with owners								
Acquisition of treasury shares		-	-	-	(143)	-	-	(143)
Transfer to reserves		-	-	-	-	-	-	-
Dividends for 2018	24	-	-	-	-	-	(3,506)	(3,506)
Total transactions with owners for 2019		**-**	**-**	**-**	**(143)**	**-**	**(3,506)**	**(3,649)**
Balance at 31 December 2019		**10,402**	**18,073**	**10,850**	**(2,251)**	**10,240**	**73,169**	**120,483**
Profit/(loss) for the year		-	-	-	-	-	3,329	3,329
Transfer to retained earnings (transfer of depreciation of revalued assets and disposals of revalued assets, net of deferred income tax)	24	-	-	-	-	(1,435)	1,435	-
Gain on revaluation of property, plant and equipment, net of deferred tax		-	-	-	-	8,612	-	8,612
Total comprehensive income for 2020		**-**	**-**	**-**	**-**	**7,177**	**4,764**	**11,941**
Transactions with owners								
Acquisition of treasury shares		-	-	-	-	-	-	-
Transfer to reserves		-	-	-	-	-	-	-
Dividends for 2019	24	-	-	-	-	-	(3,501)	(3,501)
Total transactions with owners for 2020		**-**	**-**	**-**	**-**	**-**	**(3,501)**	**(3,501)**
Balance at 31 December 2020		**10,402**	**18,073**	**10,850**	**(2,251)**	**17,417**	**74,432**	**128,923**

The accompanying notes are an integral part of these annual financial statements.

(All tabular amounts are in EUR ’000 unless otherwise stated)

The Group’s statement of changes in equity

	Notes	Attributable to owners of the Company						
		Share capital	Share premium	Reserve for acquisition of treasury shares	Treasury shares	Other reserves	Retained earnings	Total
Balance at 1 January 2019		**10,402**	**18,073**	**10,850**	**(2,108)**	**17,391**	**75,711**	**130,319**
Comprehensive income								
Profit/(loss) for the year		-	-	-	-	-	4,101	4,101
Transfer to retained earnings (transfer of depreciation of revalued assets and disposals of revalued assets, net of deferred income tax)	24	-	-	-	-	(2,253)	2,253	-
Total comprehensive income for 2019		**-**	**-**	**-**	**-**	**(2,253)**	**6,354**	**4,101**
Transactions with owners								
Acquisition of treasury shares		-	-	-	(143)	-	-	(143)
Transfer to reserves		-	-	-	-	-	-	-
Dividends relating to 2019	24	-	-	-	-	-	(3,506)	(3,506)
Total transactions with owners for 2019		**-**	**-**	**-**	**(143)**	-	**(3,506)**	**(3,649)**
Balance at 31 December 2019		**10,402**	**18,073**	**10,850**	**(2,251)**	**15,138**	**78,559**	**130,771**
Comprehensive income								
Profit/(loss) for the year		-	-	-	-	-	4,061	4,061
Transfer to retained earnings (transfer of depreciation of revalued assets and disposals of revalued assets, net of deferred income tax)	24	-	-	-	-	(1,407)	1,519	112
Gain on revaluation of property, plant and equipment, net of deferred tax						13,985	-	13,985
Total comprehensive income for 2019		**-**	**-**	**-**	**-**	**12,578**	**5,580**	**18,158**
Transactions with owners								
Acquisition of treasury shares		-	-	-	-	-	-	-
Transfer to reserves		-	-	-	-	-	-	-
Dividends relating to 2019	24	-	-	-	-	-	(3,501)	(3,501)
Total transactions with owners for 2020		**-**	**-**	**-**	**-**	-	**(3,501)**	**(3,501)**
Balance at 31 December 2020		**10,402**	**18,073**	**10,850**	**(2,251)**	**27,716**	**80,638**	**145,428**

The accompanying notes are an integral part of these annual financial statements.

(All tabular amounts are in EUR '000 unless otherwise stated)

Statement of cash flows

	Notes	Group Year ended 31 December		Company Year ended 31 December	
		2020	2019	2020	2019
Cash flows from operating activities					
Cash generated from/(used in) operations	30	1,800	(2,112)	(1,140)	(7,662)
Interest paid		(199)	(187)	(199)	(187)
Income tax paid		-	(78)	-	(17)
Net cash generated from/(used in) operating activities		1,601	(2,221)	(1,339)	(7,866)
Cash flows from investing activities					
Purchases of property, plant and equipment	14	(8,153)	(9,681)	(7,346)	(5,544)
Purchases of intangible assets	15	(45)			
Prepayments for purchases of property, plant and equipment		(195)	269	(185)	(24)
Loans granted to employees		(50)	(35)	(50)	(35)
Other loans granted		(540)	(765)	(540)	(765)
Proceeds from sale of property, plant and equipment	30	213	168	154	104
Government grants received	26	417	1,696	417	1,022
Other loan repayments received		1,219	12,662	1,219	12,659
Interest received		254	363	251	363
Dividends received	31	-	-	2,649	2,818
Net cash (used in)/generated from investing activities		(6,880)	4,677	(3,431)	10,598
Cash flows from financing activities					
Dividends paid	24	(3,501)	(3,506)	(3,501)	(3,506)
Purchase of treasury shares	23	-	(143)	-	(143)
Loans received		11,626	1,562	11,626	1,562
Net cash (used in)/generated from financing activities		8,125	(2,087)	8,125	(2,087)
Net (decrease)/increase in cash and cash equivalents		**2,846**	**369**	**3,355**	**645**
Cash and cash equivalents at the beginning of the year	21	2,988	2,619	1,567	922
Cash and cash equivalents at the end of the year	**21**	**5,834**	**2,988**	**4,922**	**1,567**

The accompanying notes are an integral part of these annual financial statements.

(All tabular amounts are in EUR '000 unless otherwise stated)

Notes to the financial statements

1. General information

Rokiškio Sūris AB ("the Company") is a public limited liability company based in Rokiškis. The Company's code is 173057512, address: Pramonės g. 3, LT-42150 Rokiškis, Lithuania.

The Company's core line of business is the production and trade in fermented cheese, whey products and skimmed milk powder.

The shares of Rokiškio Sūris AB are quoted on the Baltic Main List (ticket: RSU1L) of Nasdaq Vilnius stock exchange.

The consolidated group ("the Group") consists of the four subsidiaries (2019: four subsidiaries). Information on the Group companies and branches is presented below:

Subsidiaries	Group's ownership interest (%) as at 31 December	
	2020	**2019**
Rokiškio Pienas UAB	100.00	100.00
Rokiškio Pieno Gamyba UAB	100.00	100.00
Jekabpils Piena Kombinats SIA	100.00	100.00
*Kaunata SIA**	60.00	60.00

* This subsidiary was not consolidated in the Group's financial statements as it was not material (see information below).

Kaunata SIA, company code 240300369, VAT payer's code: LV42403003695, address: S. Rogs, Kaunatas pag. Rezekne novads.
Results of operations for the year ended 31 December 2020 (unaudited) are as follows:
Total assets: EUR 281,144;
Property, plant and equipment: EUR 32,685;
Results of operations: EUR (18,119).
Core line of business of the subsidiary: collection and realisation of milk. The company is the main supplier of raw milk to company Jekabpils Piena Kombinats SIA (subsidiary of Rokiškio Sūris AB).
Kaunata SIA was accounted for at cost.

All the above-listed subsidiaries have been registered in Lithuania, except for Jekabpils Piena Kombinats SIA and Kaunata SIA which have been registered in Latvia.

The Group's and the Company's main line of business is the production of fermented cheese and a wide range of milk products.

The average number of the Company's employees during the year ended 31 December 2020 was 883 (2019: 934). The average number of the Group's employees during the year ended 31 December 2020 was 1,386 (2019: 1,453).

2. Accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Pursuant to the Law on Companies of the Republic of Lithuania, the annual financial statements prepared by the management must be approved by the general meeting of shareholders. The shareholders of the Company have a statutory right to approve these financial statements or not to approve them and to require preparation of a new set of financial statements. The financial year of the Company and other Group companies coincides with the calendar year.

These financial statements include the consolidated financial statements of the Group and the separate financial statements of the Company.

The financial statements have been prepared under the historical cost convention, as modified for available-for-sale financial assets measured at fair value and property, plant and equipment measured at revalued amount.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates (Note 4).

Amendments to standards and interpretations effective in 2020

a) The following new standards, amendments to standards and interpretations are effective from 2020, but do not have a significant impact on the Company and the Group:

Amendments to the Conceptual Framework for Financial Reporting. The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance - in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

Definition of a business – Amendments to IFRS 3. The amendments revise the definition of a business. A business must have inputs and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present, including for early stage companies that have not generated outputs. An organised workforce should be present as a condition for classification as a business if are no outputs. The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. An entity can apply a 'concentration test'. The assets acquired would not represent a business if substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets).

Definition of materiality – Amendments to IAS 1 and IAS 8. The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Interest rate benchmark reform – Amendments to IFRS 9, IAS 39 and IFRS 7. The amendments were triggered by replacement of benchmark interest rates such as LIBOR and other inter-bank offered rates ('IBORs'). The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by the IBOR reform. Cash flow hedge accounting under both IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement requires the future hedged cash flows to be 'highly probable'. Where these cash flows depend on an IBOR, the relief provided by the amendments requires an entity to assume that the interest rate on which the hedged cash flows are based does not change as a result of the reform. Both IAS 39 and IFRS 9 require a forward-looking prospective assessment in order to apply hedge accounting. While cash flows under IBOR and IBOR replacement rates are currently expected to be broadly equivalent, which minimises any ineffectiveness, this might no longer be the case as the date of the reform gets closer. Under the amendments, an entity may assume that the interest rate benchmark on which the cash flows of the hedged item, hedging instrument or hedged risk are based, is not altered by IBOR reform. IBOR reform might also cause a hedge to fall outside the 80–125% range required by retrospective test under IAS 39. IAS 39 has therefore been amended to provide an exception to the retrospective effectiveness test such that a hedge is not discontinued during the period of IBOR-related uncertainty solely because the retrospective effectiveness falls outside this range. However, the other requirements for hedge accounting, including the prospective assessment, would still need to be met. In some hedges, the hedged item or hedged risk is a non-contractually specified IBOR risk component. In order for hedge accounting to be applied, both IFRS 9 and IAS 39 require the designated risk component to be separately identifiable and reliably measurable. Under the amendments, the risk component only needs to be separately identifiable at initial hedge designation and not on an ongoing basis. In the context of a macro hedge, where an entity frequently resets a hedging relationship, the relief applies from when a hedged item was initially designated within that hedging relationship. Any hedge ineffectiveness will continue to be recorded in profit or loss under both IAS 39 and IFRS 9. The amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present. The amendments require entities to provide additional information to investors about their hedging relationships that are directly affected by these uncertainties, including the nominal amount of hedging instruments to which the reliefs are applied, any significant assumptions or judgements made in applying the reliefs, and qualitative disclosures about how the entity is impacted by IBOR reform and is managing the transition process.

COVID-19-related rent concessions – Amendments to IFRS 16. The amendments provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payments affects only payments due on or before 30 June 2021; and there is no substantive change to other terms and conditions of the lease. If a lessee chooses to apply the practical expedient to a lease, it would apply the practical expedient consistently to all lease contracts with similar characteristics and in similar circumstances. The amendment is to be applied retrospectively in accordance with IAS 8, but lessees are not required to restate prior period figures or to provide the disclosure under paragraph 28(f) of IAS 8.

b) New and amended standards and interpretations mandatory for the Company's accounting periods beginning on or after 30 June 2021:

Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The amendments cover the following areas:

• *Accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform*: For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis. Insurers applying the temporary exemption from IFRS 9 are also required to apply the same practical expedient. IFRS 16 was also amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform.

• *End date for Phase 1 relief for non contractually specified risk components in hedging relationships*: The Phase 2 amendments require an entity to prospectively cease to apply the Phase 1 reliefs to a non-contractually specified risk component at the earlier of when changes are made to the non-contractually specified risk component, or when the hedging relationship is discontinued. No end date was provided in the Phase 1 amendments for risk components.

• *Additional temporary exceptions from applying specific hedge accounting requirements*: The Phase 2 amendments provide some additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

• *Additional IFRS 7 disclosures related to IBOR reform:* The amendments require disclosure of: (i) how the entity is managing the transition to alternative benchmark rates, its progress and the risks arising from the transition; (ii) quantitative information about derivatives and non-derivatives that have yet to transition, disaggregated by significant interest rate benchmark; and (iii) a description of any changes to the risk management strategy as a result of IBOR reform.

Amendments to IFRS 17 and an amendment to IFRS 4. The amendments include a number of clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard. The following amendments to IFRS 17 were made:

• *Effective date:* The effective date of IFRS 17 (incorporating the amendments) has been deferred by two years to annual reporting periods beginning on or after 1 January 2023; and the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 has also been deferred to annual reporting periods beginning on or after 1 January 2023.

• *Expected recovery of insurance acquisition cash flows*: An entity is required to allocate part of the acquisition costs to related expected contract renewals, and to recognise those costs as an asset until the entity recognises the contract renewals. Entities are required to assess the recoverability of the asset at each reporting date, and to provide specific information about the asset in the notes to the financial statements.

• *Contractual service margin attributable to investment services*: Coverage units should be identified, considering the quantity of benefits and expected period of both insurance coverage and investment services, for contracts under the variable fee approach and for other contracts with an 'investment-return service' under the general model. Costs related to investment activities should be included as cash flows within the boundary of an insurance contract, to the extent that the entity performs such activities to enhance benefits from insurance coverage for the policyholder.

• *Reinsurance contracts held – recovery of losses*: When an entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or on addition of onerous underlying contracts to a group, an entity should adjust the contractual service margin of a related group of reinsurance contracts held and recognise a gain on the reinsurance contracts held. The amount of the loss recovered from a reinsurance contract held is determined by multiplying the loss recognised on underlying insurance contracts and the percentage of claims on underlying insurance contracts that the entity expects to recover from the reinsurance contract held. This requirement would apply only when the reinsurance contract held is recognised before or at the same time as the loss is recognised on the underlying insurance contracts.

- *Other amendments*: Other amendments include scope exclusions for some credit card (or similar) contracts, and some loan contracts; presentation of insurance contract assets and liabilities in the statement of financial position in portfolios instead of groups; applicability of the risk mitigation option when mitigating financial risks using reinsurance contracts held and non-derivative financial instruments at fair value through profit or loss; an accounting policy choice to change the estimates made in previous interim financial statements when applying IFRS 17; inclusion of income tax payments and receipts that are specifically chargeable to the policyholder under the terms of an insurance contract in the fulfilment cash flows; and selected transition reliefs and other minor amendments.

The Company and the Group has decided not to early adopt these standards, amendments and interpretations.

The Company and the Group is currently assessing the impact of the new standards and amendments on its financial statements.

(c) Standards, interpretations and amendments that have not yet been adopted by the European Union and that have not been early adopted by the Company and the Group:

IFRS 14, Regulatory deferral accounts;

Sale or contribution of assets between an investor and its associate or joint venture;

IFRS 17, Insurance contracts;

Classification of liabilities as current or non-current – Amendments to IAS 1;

Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.

The Company and the Group is currently assessing the impact of the new standards on its financial statements.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(b) Transactions and minority interest

The group treats transactions with non-controlling interest as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.
When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.
In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.3 Stand-alone financial statements

Subsidiaries in the stand-alone financial statements are accounted at cost less impairment charge – that is the income from the investment is recognized in full where Company receives distributions from accumulated profits of the investee. Distributions received from accumulated profits arising before the date of acquisition are tested for impairment.

2.4 Foreign currency translation

(a) Functional and presentation currency

The items shown in the financial statements of the Company and each entity of the Group are valued by the currency of the original economic environment wherein a specific company operates (hereinafter the "functional currency"). These financial statements have been presented in euros (EUR), which is the Company's (and the Group's each entity's) functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.5 Property, plant, and equipment

Property, plant and equipment is shown at revalued amount, based on periodic valuations of assets, less subsequent accumulated depreciation and impairment.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income and shown as revaluation reserve in shareholders' equity (other reserves). Decreases in the carrying amount on subsequent revaluations that offset previous increases of the carrying amount of the same asset are charged in other comprehensive income and debited against revaluation reserve in equity all other decreases are charged to the income statement. Increases in the carrying amount on subsequent revaluations that offset previous decreases of the carrying amount are recognised in the income statement; all other increases in the carrying amount on revaluation of property, plant and equipment are recognised in other comprehensive income and added to revaluation reserve in shareholders' equity. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement, and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings net of deferred income tax.

Subsequent costs are included in the asset's carrying amount or recognised as separate assets only when it is probable that future economic benefits associated with the item will flow to the Company or the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives at the Group.

Useful lives of property, plant and equipment are given in the table below:

Buildings	7-75 years
Plant and machinery	2-25 years
Motor vehicles	2-10 years
Equipment and other property, plant and equipment	2-25 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Construction in progress is transferred to appropriate group of property plant and equipment when it is completed and ready for its intended use.

When property is retired or otherwise disposed, the cost and related depreciation are removed from the financial statements and any related gains or losses are determined by comparing proceeds with carrying amount and are included in operating profit.

2.6 Intangible assets

(a) Computer software
Software assets expected to provide economic benefit to the Company and the Group in future periods are valued at acquisition cost less subsequent amortisation. Software is amortised on the straight-line basis over the useful life of 1 to 5 years.

(b) Contractual customer relationships
Contractual customer relationships recognized as intangible asset upon business acquisition are accounted for at cost less accumulated amortization and impairment. Contractual customer relationships are amortised on the straight-line basis over the estimated useful life of 2 years.

2.7 Impairment of non-financial assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.8 Financial assets

(a) Following the adoption of IFRS 9, Financial Instruments, the Group and the Company classifies its financial assets into the following 3 new categories:

- financial assets subsequently measured at amortised cost;
- financial assets subsequently measured at fair value through other comprehensive income; and
- financial assets subsequently measured at fair value through profit or loss.

Subsequent to initial recognition, financial assets are classified into the aforementioned categories based on the business model the Group and the Company apply when managing their financial assets. The business model applied to the financial assets of the Group and the Company is determined at a level that reflects how all financial assets of the Group and the Company are managed together to achieve a particular business objective of the Group and the Company. The intentions of the Group and the Company's management regarding individual items of instruments have no effect on the adopted business model. The Group and the Company and the Company may adopt more than one business model to manage its financial assets.

The business model for managing of financial assets is based not merely on an assertion, but also on facts that are observable in the activities that the Group and the Company and the Company undertakes in order to achieve the objectives of the business model. In determining the business model applicable for managing financial assets, the Group and the Company makes its decision in view of not individual factors or activity, but in view of all evidence that is available in the course of the assessment.

The Group and the Company and the Company recognises a financial asset in its statement of financial position only when the Group and the Company becomes a party to the contractual provisions of the instrument. The purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting.

At initial recognition, the Group and the Company measures financial assets at fair value, except for trade receivables that do not have a significant financing component. Transaction costs comprise all charges and commission that the Group and the Company would not have paid if it had not entered into an agreement on the financial instrument.

If the fair value of the financial asset at initial recognition differs from the transaction price, the difference is recognised in profit or loss.

In view of the business model applied for managing the Group and the Company of financial assets, the accounting for financial assets is as follows:

Financial assets measured at amortised cost

Loans granted by the Company and the Group and the Company and amounts receivable are accounted for under the business model the purpose of which is to hold financial assets in order to collect contractual cash flows that can contain cash flows related to the payment of the principal amount and interest inflows.

Loans and amounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the date of the statement of financial position. These are classified as non-current assets.

Loans and receivables are initially recognised at cost (the fair value of consideration receivable) and subsequently carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when these assets are derecognised, impaired or amortised.

Financial assets at fair value through profit or loss

The Group and the Company measures financial assets, which are stated at fair value in subsequent periods, through profit or loss, using the business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

The Group and the Company does not have any financial assets held for trading and acquired for the purpose of selling in the near term and attributes to this category only financial assets arising from the disposal of business or investments classified as non-equity contingent consideration.

(b) Effective interest method

The effective interest method is used in the calculation of the amortised cost of a financial asset and in the allocation of the interest revenue in profit or loss over the relevant period.
The effective interest rate is the rate that exactly discounts estimated future cash inflows through the expected life of the financial asset to the gross carrying amount of the financial asset that shows the amortised cost of the financial asset, before adjusting for any loss allowance. When calculating the effective interest rate, the Group and the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

There is an assumption that the cash flows and the expected life of a Group and the Company of similar financial instruments can be estimated reliably. However, when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or Group and the Company of financial instruments), the Group and the Company uses the contractual cash flows over the full contractual term of the financial instrument (or Group and the Company of financial instruments).

(c) Expected credit losses

Credit losses incurred by the Group and the Company are calculated as the difference between all contractual cash flows that are due to the Group and the Company in accordance with the contract and all the cash flows that the Group and the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. The Group and the Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument, including cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit losses show the weighted average of credit losses with the respective risks (probability) of a default occurring as the weights.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the period from the date of initial recognition of a financial asset to the subsequent date of settlement of the financial asset or ultimate write-off of the financial asset.

The Group and the Company seeks for lifetime expected credit losses to be recognised before a financial instrument becomes past due. Typically, credit risk increases significantly before a financial instrument becomes past due or other lagging borrower-specific factors (for example, a modification or restructuring) are observed. Consequently when reasonable and supportable information that is more forward-looking than past due information is available without undue cost or effort, it must be used to assess changes in credit risk.
Expected credit losses are recognised by taking into consideration individually or collectively assessed credit risk of loans granted and trade receivables. Credit risk is assessed based on all reasonable and verifiable information including future oriented information.

The lifetime expected credit losses of trade receivables are assessed based on both the collective and individual assessment basis. The Group and the Company's management decides on the performance of the assessment on an individual basis reflecting the possibility of obtaining information on the credit history of a particular borrower, its financial position as at the date of assessment, including forward-looking information that would allow to timely determine whether there has been a significant increase in the credit risk of that particular borrower, thus enabling making judgment on the recognition of lifetime expected credit losses in respect of that particular borrower. In the absence of reliable sources of information on the credit history of a particular borrower, its financial position as at the date of assessment, including forward-looking information, the Group and the Company assesses the debt on a collective basis.

The lifetime expected credit losses of trade receivables are recognised at the recognition of amounts receivable.

When granting the loan the Group and the Company assesses and recognises 12-month expected credit losses. In subsequent reporting periods, in case there is no significant increase in credit risk related to the lender, the Group and the Company adjusts the balance of 12-month expected credit losses in view of the outstanding balance of the loan at the assessment date. Having determined that the financial position of the lender has deteriorated significantly compared to the financial position that existed upon the issue of the loan, the Group and the Company records all lifetime expected credit losses of the loan. The latest point at which the Group and the Company recognises all lifetime expected credit losses of the loan granted is identified when the borrower is late to pay a periodic amount or the total debt for more than 30 days. In case of other evidence available, the Group and the Company accounts for all lifetime expected credit losses of the loan granted regardless of the more than 30 days past due assumption.

Loans for which lifetime expected credit losses were calculated are considered credit-impaired financial assets.

(d) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

a) significant financial difficulty of the borrower;
b) a breach of contract, such as a default or event that is past due for more than 90 days;
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
e) the disappearance of an active market for that financial asset because of financial difficulties;
f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The combined effect of several events that may occur simultaneously or subsequently throughout the term of validity of the agreement on the financial assets may have caused financial assets to become credit-impaired.

The lifetime expected credit losses of loans receivable and trade receivables is recognised in profit or loss through the contra account of doubtful receivables.

The Group and the Company writes off the loans receivable and trade receivables when it loses the right to receive contractual cash flows from financial assets.

(e) Derecognition of financial assets

The Group and the Company derecognises financial assets in case of the following:

- the rights to receive cash flows from the asset have expired;

- the Group and the Company has retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
- the Group and the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset:
    - if the Group and the Company has not retained control, it shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer;
    - if the Group and the Company has retained control, it shall continue to recognise the financial asset to the extent of its continuing involvement in the financial asset.

Whether the Group and the Company has retained control of the transferred asset depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the Group and the Company has not retained control. In all other cases, the Group and the Company has retained control.

2.9 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined by the first-in first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related indirect production overheads, but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.10 Prepayments

Prepayments made are cash paid for the right to receive future good or service, not cash or a financial asset. The Company has prepayments for the Milk supply and for property, plant and equipment. All such items are not financial instruments under IFRS 7.

2.11 Cash and cash equivalents

Cash and cash equivalents are carried at nominal value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and at bank and bank overdrafts. Bank overdrafts are included in borrowings in current liabilities on the balance sheet.

2.12 Share capital

(a) Ordinary shares

Cash and cash equivalents are carried at nominal value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and at bank and bank overdrafts. Bank overdrafts are included in borrowings in current liabilities on the balance sheet.

(b) Treasury shares

Where the Company or its subsidiaries purchase the Company's equity share capital, the consideration paid, including any attributed incremental external costs, is deducted from shareholders' equity as treasury shares until they are sold, reissued or cancelled. No gain or loss is recognised in the income statement on the sale, issuance or cancellation of treasury shares. Where such shares are subsequently sold or reissued, any consideration received is presented in the consolidated financial statements as a change in shareholders' equity.

2.13 Reserves

(a) Other reserves

Other reserves are established upon the decision of annual general meeting of shareholders on profit appropriation. This reserve may be used only for the purposes approved by annual general meeting of shareholders.

Legal reserve is included into other reserves. A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of 5 per cent of net profit are required until the reserve reaches 10 per cent of the share capital. The legal reserve cannot be used for payment of dividends and it is established to cover future losses only.

Revaluation reserve is included into other reserves.

(b) Reserve for acquisition of treasury shares

This reserve is maintained as long as the Group is involved in acquisition/disposal of its treasury shares. This reserve is compulsory under the Lithuanian regulatory legislation and should not be lower than the acquisition cost of treasury shares acquired.

2.14 Financial liabilities

(a) Financial liabilities

Liabilities are classified as financial liabilities at fair value through profit or loss, or other financial liabilities. The Group does not have any financial liabilities at fair value through profit or loss.

(b) Other financial liabilities

Other financial liabilities, including borrowings, are recognised at fair value, less transaction costs.

In subsequent periods, other financial liabilities are measured at amortised cost using the effective interest rate method. Interest expenses are recognised using the effective interest rate method.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

If a financing agreement concluded before the balance sheet date proves that the liability was non-current by its nature as of the date of the balance sheet, that financial liability is classified as non-current.

(c) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is settled, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amounts is recognised in the statement of comprehensive income.

2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.
Profit is taxable at a rate of 15 per cent in accordance with the Lithuanian regulatory legislation on taxation.

Deferred income tax is recognised using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are recognised on all temporary differences that will increase the taxable profit in future, whereas deferred tax assets are recognised to the extent it is probable that they will reduce the taxable profit in future. However the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.16 Employee benefits

(a) Social security contributions

The Group pays social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution plan is a plan under which the Group pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. Social security contributions are recognised as expenses on an accrual basis and are included in payroll expenses.

(b) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing where contractually obliged or where there is a past practice that has created a constructive obligation.

2.17 Revenue recognition

The Company and the Group manufactures and sells a range of cheese and milk products in the wholesale market. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The goods are often sold with retrospective volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue from transportation services is recognised in the period when services are performed.

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.19 Earnings per share

Basic earnings per share are calculated by dividing net profit attributed to the shareholders from average weighted number of ordinary registered shares in issue, excluding ordinary registered shares purchased by the Company and the Group and held as treasury shares.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors that makes strategic decisions.
The Group's management distinguished the following operating segments of the Group: hard cheese, semi-hard cheese, butter, milk cream, sour cream, sour milk, yogurt, curd, curd cheese and other. These segments were combined into two main reportable segments based on the similar nature of products production process types of customers and the method of distribution.

2.21 Government grants and subsidies

Government grants are recognised at fair value where there is sufficient evidence that the grant will be received and the Group and the Company will comply with all attached conditions.

Government grants received to finance acquisition of property plant and equipment are included in non-current deferred income in the balance sheet. They are recognised as income on a straight-line basis over the useful life of property plant and equipment concerned.

2.22 Provisions

Provisions for restructuring costs and legal claims are recognised when: the Group and the Company have a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of expenditures expected to be required to settle the obligation using pre-tax rate that reflects current market assessments of the time value of money and the risks specified to the obligation. The increase in the provision due to passage of time is recognised as operating expenses.

2.23 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

3. Financial risk management

3.1 Financial risk factors

The Group's and the Company's activities expose them to a variety of financial risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.
Risk management is carried out by the Company's management. There are no written principles for overall risk management in place.

(a) Market risk

(i) Foreign exchange risk

The Company and the Group operate internationally, however, their exposure to foreign exchange risk is set at minimum level, since sales outside Lithuania are performed mostly in the euros.

(ii) Cash flow and fair value interest rate risk

The Company's and the Group's interest rate risk arises from interest-bearing loans and borrowings. Borrowings with variable interest rates expose the Group to cash flow interest rate risk. Borrowings with fixed interest rates expose the Group to fair value interest rate risk. In 2019 and 2020, loans granted by the Group at a fixed interest rate were denominated in the euros. In 2019 and 2020, the Company and the Group did not have borrowings with variable interest rates. Borrowings were denominated in the euros.

As at 31 December 2020 the Company's and the Group's net assets sensitive to changes in interest rate amounted to EUR 1,844 thousand (2019: EUR 1,406 thousand).

(All tabular amounts are in EUR '000 unless otherwise stated)

(b) Credit risk

Credit risk arises from cash at bank, loans granted, and trade receivables.

As at 31 December 2020, the Company's and the Group's all cash balances were held at banks that had external credit ratings from 'A+' to 'BBB', as set by the rating agency Fitch Ratings (31 December 2019: from 'A+' to 'BBB').
While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

i) Maximum exposure to credit risk
The table below summarises the Company's and the Group's credit risk exposures relating to on-balance sheet items. Maximum exposure to credit risk before collateral held or other credit enhancements as at 31 December:

	Group		Company	
	2020	**2019**	**2020**	**2019**
Cash and cash equivalents at banks	5,834	2,988	4,922	1,567
Trade receivables	40,354	39,871	42,149	45,286
Loans granted	5,296	5,549	5,509	6,177
	51,484	48,408	52,580	53,030

ii) Credit quality of financial assets

The Group does not classify amounts receivable and other financial assets exposed to credit risk according to credit quality. Credit risk is managed through established credit limits for a major customers and monitoring of overdue receivables and loans. Credit limits and overdue receivables are continuously monitored by the Company's and the Group's management.
The table below presents credit limits, if management has established for the major customers and amounts receivable from them before allowance as at 31 December 2020.

	Group		Company	
	Credit limit	Amount receivable	Credit limit	Amount receivable
Customer A	4,345	2,954	-	-
Customer B	4,000	2,939	4,000	2,939
Customer C	3,000	2,566	3,000	2,566
Customer D	3,800	2,218	3,800	2,218
Customer E	2,000	1,743	2,000	1,743
Customer F	2,700	1,389	2,700	1,389
Customer G	1,200	828	-	-
Customer H	4,000	810	4,000	810

The table below presents credit limits established for the major customers and amounts receivable from them as at 31 December 2019.

	Group		Company	
	Credit limit	Amount receivable	Credit limit	Amount receivable
Customer A	4,000	3,642	4,000	3,642
Customer B	4,000	3,587	4,000	3,587
Customer C	4,000	2,744	4,000	2,744
Customer D	4,000	2,713	4,000	2,713
Customer E	4,345	2,019	2,300	2,305
Customer F	2,300	2,305	1,500	1,334
Customer G	1,500	1,334	1,300	1,239
Customer H	1,300	1,239	-	-

(All tabular amounts are in EUR '000 unless otherwise stated)

The table below summaries concentration of the loans granted:

	Group		Company	
	2020	2019	2020	2019
in excess of EUR 1,000 thousand	3,481	3,983	3,481	3,983
in excess of EUR 500 thousand, but not in excess of EUR 1,000 thousand	-	568	-	1,293
not in excess of EUR 500 thousand	1,815	998	2,028	901
	5,296	5,549	5,509	6,177

Loans in excess of EUR 1,000 thousand were granted to two business entities.

iii) Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables.
To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2020 or 31 December 2019 respectively and the corresponding historical credit losses experienced within this period. The forward looking analysis lead to the conclusion that an adjustment of historical loss rates is not necessary.

On that basis, the loss allowance as at 31 December 2020 and 31 December 2019 was determined as follows for trade receivables grouped (collective model) based on shared characteristics:

Group 31 December 2020	Not yet due	Less than 30 days past due	More than 30 days past due	More than 90 days past due	More than 180 days past due	More than 365 days past due	Total
Expected loss rate	0.15%	0.69%	0.92%	0.66%	0.66%	0.66%	
Gross carrying amount – trade receivables	24,739	6,043	1,629	30	167	16	32,624
Loss allowance	35	42	15	2	1	1	96

Group 31 December 2019	Not yet due	Less than 30 days past due	More than 30 days past due	More than 90 days past due	More than 180 days past due	More than 365 days past due	Total
Expected loss rate	0.06%	0.08%	0.36%	2.43%	3.95%	4.11%	
Gross carrying amount – trade receivables	21,753	6,640	3,436	101	5	8	31,943
Loss allowance	68	8	17	2	-	-	96

(All tabular amounts are in EUR '000 unless otherwise stated)

Company 31 December 2020	Not yet due	Less than 30 days past due	More than 30 days past due	More than 90 days past due	More than 180 days past due	More than 365 days past due	Total
Expected loss rate	0.15%	0.45%	0.61%	0.65%	0.65%	0.65%	
Gross carrying amount – trade receivables	24,426	9,359	2,449	30	167	16	36,447
Loss allowance	35	42	15	2	1	1	96

Company 31 December 2019	Not yet due	Less than 30 days past due	More than 30 days past due	More than 90 days past due	More than 180 days past due	More than 365 days past due	Total
Expected loss rate	0.06%	0.08%	0.36%	2.43%	3.95%	4.11%	
Gross carrying amount – trade receivables	23,102	10,810	4,534	101	5	8	38,560
Loss allowance	68	8	17	2	-	-	96

ECL for significant trade receivables overdue for more than 90 days is evaluated individually based on external information from credit insurance agency, collaterals received as security of repayment and past history of default. For such trade receivables the loss allowance as at 31 December 2020 and 31 December 2019 was determined as follows:

Group 31 December 2020	Not yet due	Less than 30 days past due	More than 30 days past due	More than 90 days past due	More than 180 days past due	More than 365 days past due	Total
Gross carrying amount – trade receivables	678	250	369	492	1,476	463	3,731
						Expected loss rate	24%
						Loss allowance	895

Group 31 December 2019	Not yet due	Less than 30 days past due	More than 30 days past due	More than 90 days past due	More than 180 days past due	More than 365 days past due	Total
Gross carrying amount – trade receivables	1,046	339	1,257	662	1,216	140	4,660
						Expected loss rate	19%
						Loss allowance	895

Company 31 December 2020	Not yet due	Less than 30 days past due	More than 30 days past due	More than 90 days past due	More than 180 days past due	More than 365 days past due	Total
Gross carrying amount – trade receivables	678	250	369	492	1,476	463	3,731
						Expected loss rate	24%
						Loss allowance	895

(All tabular amounts are in EUR '000 unless otherwise stated)

Company 31 December 2019	Not yet due	Less than 30 days past due	More than 30 days past due	More than 90 days past due	More than 180 days past due	More than 365 days past due	Total
Gross carrying amount – trade receivables	1,046	339	1,257	662	1,216	140	4,660
						Expected loss rate	19%
						Loss allowance	895

The Group has followed the three-stage model for impairment of financial assets other than trade receivables and considered all its loans granted at amortised cost to have Stage 1 credit risk. The ECL model is based on the financial information of the Company's and the Group's debtors and the assessment of collaterals as security of loan repayment. The Company and the Group carried out an assessment of collaterals as security of loan repayment and determined that the credit losses determined based on probability of default within 12 months resulted in immaterial impairment loss.

(c) Liquidity risk

Prudent liquidity risk management allows maintaining sufficient cash and availability of funding under committed credit facilities.

The table below summarises the Group's and the Company's financial liabilities. The financial liabilities are classified into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows. Accounts payable and other financial liabilities due within 3 months or less are equal to their carrying amounts as the impact of discounting is insignificant.

Company **At 31 December 2020**	**Less than 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**After 5 years**
Borrowings from banks and other financial liabilities	26,820	-	-	-
Trade payables	11,628	-	-	-
	38,448	**-**	**-**	**-**

At 31 December 2019	**Less than 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**After 5 years**
Borrowings from banks and other financial liabilities	15,424	-	-	-
Trade payables	12,496	-	-	-
	27,920	**-**	**-**	**-**

(All tabular amounts are in EUR '000 unless otherwise stated)

Group At 31 December 2020	Less than 3 months	From 3 to 12 months	From 1 to 5 years	After 5 years
Borrowings from banks and other financial liabilities	26,820	-	-	-
Trade payables	13,465	-	-	-
	40,285	**-**	**-**	**-**

At 31 December 2019	Less than 3 months	From 3 to 12 months	From 1 to 5 years	After 5 years
Borrowings from banks and other financial liabilities	15,424	-	-	-
Trade payables	13,924	-	-	-
	29,348	**-**	**-**	**-**

3.2 Capital risk management

The Company's and the Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group and Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company and the Group define their capital as equity and debt, less cash and cash equivalents.

As at 31 December , the Group's and the Company's capital structure was as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
Borrowings	26,820	15,424	26,820	15,424
Less: cash and cash equivalents	(5,834)	(2,988)	(4,922)	(1,567)
Net debt	20,986	12,436	21,898	13,857
Shareholders' equity	145,428	130,771	128,923	120,483
Total capital	166,414	143,207	150,821	134,340

Pursuant to the Lithuanian Law on Companies the authorised share capital of a public company must be not less than EUR 40 thousand (the authorised share capital of a private company must not be less than EUR 2.5 thousand) and the shareholders' equity should not be lower than 50 per cent of the company's registered share capital. As at 31 December 2020 and 31 December 2019, the Company and its subsidiaries registered in Lithuania complied with these requirements.

3.3 Fair value estimation

Trade payables and trade receivables accounted for in the balance sheet should be settled within a period shorter than three months therefore it is deemed that their fair value equals to their carrying amount less impairment. Interest rate on the borrowings received by the Company is subject to repricing at least every six months therefore it is deemed that their fair value equals their carrying amount. Companies and Group issued loans fair value disclosed in Note 18. Property, plant and equipment fair value disclosed in Note 14.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The three levels of the fair value hierarchy have been defined as follows:
Level 1 includes the fair value of assets which is established based on quoted prices (unadjusted) in active markets for identical assets.
Level 2 includes the fair value of assets which is established based on other directly or indirectly observable inputs.
Level 3 includes the fair value of assets which is established based on unobservable inputs.

4. Critical accounting estimates and judgements

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1.

Estimates of useful lives of property, plant and equipment

The Company and the Group have old buildings and machinery, where the useful lives are estimated based on the expected product lifecycles. However, economic useful lives may differ from the currently estimated as a result of technical innovations and actions of competitors.

Revaluation of property, plant and equipment

The valuation of property, plant and equipment, except for motor vehicles, at the Group and the Company as at 31 December 2020 was conducted by independent property valuer Ober-Haus UAB. The fair value estimation was based on the comparable sales price method. The valuation of other categories of assets was based on the replacement cost method. The valuation of motor vehicles was conducted by the Company's experts who established the fair value using the comparable sales price method. Assets that were evaluated using the replacement cost method were tested for impairment as a result of which no indications for possible impairment were identified.
The Company's management believes the values of property, plant and equipment adjusted under these methods as of 31 December 2020 approximated the fair value (Note 14).

Inventory write-down to net realizable value

The Group and the Company recognise inventory at the lower of cost and net realizable value. The Group and the Company assess whether the value of inventory recognised at cost is not lower that its net realisable value based on the historical data and actual results of inventory items sold below cost after the financial year end. If the recognised inventory write-down to net realisable value was 5 % higher/lower, the Group's and the Company's profit before income tax for the year 2020 would be EUR 75 thousand lower/ higher (2019: EUR 88 thousand, respectively). See Note 19 for more details.

Comparative information

The information for the comparative period has been reclassified to conform to the classification for the current period, see Note 5 for more details.

5. Segment reporting

Operating segments and reportable segments

The Group's management has distinguished the following operating segments of the Group: hard cheese, semi-hard cheese, butter milk, cream, sour cream, sour milk, yogurt, curd, curd cheese and other. These segments were combined into two main reportable segments based on the similar nature of products, production process, types of customers and the method of distribution.

The main two reportable business segments of the Group are as follows:

- Fresh milk products
- Cheese and other dairy products

Other operations of the Group mainly comprise milk collection activity the size of which is insufficient to be reported separately. Transactions between the operating segments are on normal commercial terms and

(All tabular amounts are in EUR '000 unless otherwise stated)

conditions. The segment of fresh milk products includes 2 external customers each generating 10% of total revenue of the segment.

The table below summarizes segment information for the years ended 31 December 2020 and 2019:

	Fresh milk products	Cheese and other dairy products	Other segments (unallocated)	Group
2020				
Sales	76,997	188,381	29,510	294,888
Inter-segment sales	(299)	(56,025)	(27,735)	(84,059)
Sales to external customers	**76,698**	**132,356**	**1,775**	**210,829**
Segment's gross profit	**11,067**	**8,852**	**1,469**	**21,388**
Depreciation and amortisation	**3,339**	**5,906**	**15**	**9,260**
Income tax expense (benefit)	**28**	**61**		**89**
Total assets	44,320	169,693	3,715	217,728
Elimination of intercompany transactions				(20,658)
Total assets, less intercompany transactions				**197,070**
Additions to non-current assets (other than financial instruments and deferred tax assets)	669	7,346	138	8,153
Total liabilities	24,518	45,765	2,207	72,490
Elimination of intercompany transactions				(20,848)
Total liabilities less intercompany transactions				**51,642**

(All tabular amounts are in EUR '000 unless otherwise stated)

	Fresh milk products	Cheese and other dairy products	Other segments (unallocated)	Group
2019				
Sales	73,975	188,463	23,353*	285,791
Inter-segment sales	(323)	(54,108)	(20,937)	(75,368)
Sales to external customers	**73,652**	**134,355**	**2,416**	**210,423**
Segment's gross profit	**11,983**	**8,613**	**1,306**	**21,902**
Depreciation and amortisation	**3,748**	**5,965**	**17**	**9,730**
Income tax expense (benefit)	**5**	**182**		**187**
Total assets	38,250	146,271	3,241	187,762
Elimination of intercompany transactions				(18,694)
Total assets, less intercompany transactions				**169,068**
Additions to non-current assets (other than financial instruments and deferred tax assets)	4,086	5,546	49	9,681
Total liabilities	23,880	33,567	2,248	59,695
Elimination of intercompany transactions				(21,398)
Total liabilities less intercompany transactions				**38,297**

*In the comparative information other operating income was reclassified to sales and related other operating expenses were reclassified to cost of sales. For the year 2019 the effect of this reclassification on sales and cost of sales was EUR 2,050 thousand. and 1 702 thousand EUR for the Group and EUR 2,039 thousand and EUR 1,693 thousand for to the Company respectively. This reclassification is made because it reflects the financial performance of the Group and the Company more accurately in accordance with IFRS 15.

Geographical information

All assets of the Company are located in Lithuania. The Company's sales by markets can be analysed as follows:

	Sales revenue		Total assets		Capital expenditure	
	2020	2019	2020	2019	2020	2019
Lithuania	69,210	69,113	174,688	154,050	7,346	5,544
Europe Union countries	74,660	92,192				
Near East	19,701	4,769				
North America	13,388	13,022				
Far East	5,047	4,778				
Other countries	7,864	6,628				
	189,870	190,502	174,688	154,050	7,346	5,544

The breakdown of the Group's assets by geographical segments is presented below. The Group's sales by markets can be analysed as follows:

(All tabular amounts are in EUR '000 unless otherwise stated)

	Sales revenue		Total assets		Capital expenditure	
	2020	2019	2020	2019	2020	2019
Lithuania	84,329	81,216	192,637	165,110	8,015	9,632
Europe Union countries	80,500	100,010	4,433	3,958	138	49
Near East	19,701	4,769				
North America	13,388	13,022				
Far East	5,047	4,778				
Other countries	7,864	6,628				
	210,829	210,423	197,070	169,068	8,153	9,681

Sales are allocated based on the country in which the customers are located.

The breakdown of revenue by category:

	Group		Company	
	2020	2019	2020	2019
Revenue from sales of goods	209,642	208,989	183,441	182,499
Revenue from other services	1,187	1,434	6,429	8,003
	210,829	210,423	189,870	190,502

(All tabular amounts are in EUR '000 unless otherwise stated)

6. Selling and marketing expenses

	Group		Company	
	2020	2019	2020	2019
Transportation services	3,091	3,623	2,718	3,266
Wages and salaries	3,096	3,075	1,659	1,701
Intermediation services	407	455	407	455
Product image creation and advertising expenses	169	366	169	175
Repair and maintenance	740	1,090	670	1,023
Depreciation of property, plant and equipment	648	663	604	620
Warehousing services	831	1,251	831	1,251
Customs fees	607	1,360	607	1,360
Other expenses	1,103	1,671	1,863	2,051
	10,692	13,554	9,528	11,902

7. General and administrative expenses

	Group		Company	
	2020	2019	2020	2019
Wages and salaries	2,908	2,837	2,018	1,898
Taxes (other than income tax)	40	19	38	29
Provisions for impairment of loans granted and doubtful receivables and write-offs of loans and receivables (reversals)	581	(549)	581	(549)
Consultations	257	198	212	153
Depreciation of property, plant and equipment and amortisation of intangible assets	631	632	444	440
Repairs and maintenance	231	287	197	254
Bonuses (reversals)	-	(1,164)	-	(424)
Telecommunications and IT maintenance expenses	141	125	126	109
Insurance expenses	214	207	199	192
Bank charges	130	159	126	150
Business trips	22	108	22	102
Fines	36	87	18	1
Staff training	33	69	15	41
Membership fees	42	41	40	40
Charity and support	409	408	153	135
Other expenses	1,157	1,093	800	802
	6,832	4,557	4,989	3,373

The General Meeting of Shareholders of Rokiškio sūris AB held on 30 April 2019 while approving the distribution of profit for 2018, did not allocate bonuses to the members of the Board, therefore they were reversed in 2019.

(All tabular amounts are in EUR ’000 unless otherwise stated)

8. Other income

	Group		Company	
	2020	2019	2020	2019
Interest income	254	336	251	362
Dividend and other income	38	23	2,649	2,818
	292	359	2,900	3,180

The Company’s other income comprises dividends received from subsidiary Rokiškio Pieno Gamyba UAB.

9. Other operating (loss)/profit

	Group		Company	
	2020	2019	2020	2019
Result of disposal of property, plant and equipment	15	(49)	13	(54)
	15	(49)	13	(54)

10. Expenses by nature

	Group		Company	
	2020	2019	2020	2019
Raw materials and consumables used	147,359	139,297	142,146	133,394
Changes in inventories of finished goods and work in progress	(10,045)	(5,653)	(9,856)	(5,590)
Wages and salaries including social security contributions	21,948	21,547	13,792	13,798
Transportation services	8,809	10,792	8,425	10,422
Bonuses	-	(1,164)	-	(424)
Depreciation (Notes 14)	9,253	9,730	5,899	5,965
Amortisation of the Government grant for property, plant and equipment (Note 26)	(476)	(503)	(265)	(278)
Intermediation services	407	455	407	455
Repairs and maintenance	5,514	6,053	4,183	4,825
Cost of finished goods resold	357	253	8,128	8,454
Provisions for impairment of loans granted and doubtful receivables and write-offs of loans and receivables (reversals)	581	(549)	581	(549)
Taxes (other than income tax)	796	170	779	168
Consultations	257	198	212	153
Telecommunication and IT maintenance expenses	154	137	137	122
Utilities (energy)	13,211	13,896	7,248	7,321
Other	8,840	11,973*	7,500	10,261*
Total cost of sales, selling and marketing expenses and general and administrative expenses	206,965	206,632	189,316	188,497

(All tabular amounts are in EUR '000 unless otherwise stated)

*The information for the comparative period has been reclassified to conform to the classification for the current period, see Note 5 for more details.

11. Finance costs

	Group		Company	
	2020	2019	2020	2019
Interest expenses:				
– bank borrowings	199	187	199	187
	199	187	199	187

12. Income tax

	Group		Company	
	2020	2019	2020	2019
Current income tax	(193)	-	(183)	-
Prior year income tax corrections	-	267		240
Deferred income tax (Note 17)	282	(80)	244	(58)
Income tax benefit/(expenses)	89	187	61	182

The income tax on the Company's and the Group's profit before tax differs from the theoretical amount that would arise when using the basic tax rate as follows:

	Group		Company	
	2020	2019	2020	2019
(Loss)/profit before income tax	3,972	3,914	3,268	4,944
Tax calculated at a rate of 15% (Note 2.15)	596	587	490	742
Expenses not deductible for tax purposes	176	151	135	92
Income not subject to tax	(21)	(29)	(422)	(441)
Charity expenses deductible twice for tax purposes	(195)	(112)	(46)	(40)
Other expenses deductible for tax purposes	(394)	(812)	(227)	(358)
Prior year income tax corrections	-	(267)	-	(240)
Other	(251)	295	9	64
Income tax expense/(benefit)	(89)	(187)	(61)	(182)

Expenses not deductible for tax purposes include representation expenses, write-offs, etc. Income not subject to tax include interest on late payment and insurance benefits received.

The Tax Authorities may at any time during 3 successive years after the end of the reporting tax year carry out the inspection of book-keeping and accounting records and impose additional taxes or fines (for certain transactions period is 5 years). The Company's management is not aware of any circumstances that might result in a potential material liability in this respect.

13. Earnings per share

	Group		Company	
	2020	2019	2020	2019
Net profit/(loss) attributable to shareholders	4,061	4,101	3,329	5,126
Weighted average number of ordinary shares in issue (thousand)	35,007	35,057	35,007	35,057
Weighted average number of treasury shares held (thousand)	(861)	(811)	(861)	(811)
Basic earnings/(deficit) per share (EUR per share)	0.12	0.12	0.10	0.15

The Group has no dilutive potential ordinary shares, therefore, the diluted earnings per share are the same as basic earnings per share.

14. Property, plant, and equipment

Company	Buildings	Plant and machinery	Motor vehicles and other assets	Construction in progress	Total
At 1 January 2019					
Acquisition cost and revalued amount	17,948	75,696	37,072	1,513	132,229
Accumulated depreciation	(6,731)	(58,610)	(28,420)	-	(93,761)
Net book amount	11,217	17,086	8,652	1,513	38,468
Year ended 31 December 2019					
Opening net book amount	11,217	17,086	8,652	1,513	38,468
Additions	38	1,047	2,033	2,426	5,544
Disposals	(23)	(10)	(125)	-	(158)
Write-offs	-	(60)	(5)	-	(65)
Transfers from CIP	800	617	641	(2,058)	-
Depreciation charge	(560)	(2,695)	(2,709)	-	(5,965)
Closing net book amount	11,472	15,985	8,486	1,881	37,824
At 31 December 2019					
Acquisition cost and revalued amount	18,714	76,478	38,878	1,881	135,951
Accumulated depreciation	(7,242)	(60,493)	(30,392)	-	(98,127)
Net book amount	11,472	15,985	8,486	1,881	37,824
Year ended 31 December 2020					
Opening net book amount	11,472	15,985	8,486	1,881	37,824
Revaluation	-	8,526	1,605	-	10,131
Additions	61	714	1,355	5,216	7,346
Disposals	(49)	-	(92)	-	(141)
Write-offs	-	(2)	-	-	(2)
Transfers from CIP	-	1,319	958	(2,277)	-
Depreciation charge	(579)	(2,767)	(2,553)	-	(5,899)
Closing net book amount	10,905	23,775	9,759	4,820	49,259
At 31 December 2020					
Acquisition cost and revalued amount	18,609	86,361	42,043	4,820	151,833
Accumulated depreciation	(7,703)	(62,588)	(32,283)	-	(102,574)
Net book amount	10,906	23,773	9,760	4,820	49,259

(All tabular amounts are in EUR '000 unless otherwise stated)

Group	Buildings	Plant and machinery	Motor vehicles and other assets	Construction in progress	Total
At 1 January 2019					
Cost or revaluated amount	29,334	102,381	37,397	1,559	170,671
Accumulated depreciation	(11,383)	(71,738)	(28,528)	-	(111,649)
Net book amount	17,951	30,643	8,869	1,559	59,022
Year ended 31 December 2019					
Opening net book amount	17,951	30,643	8,869	1,559	59,022
Additions	77	3,574	2,145	3,885	9,681
Disposals	(23)	(61)	(133)	-	(217)
Write-offs	-	(1)	(5)	-	(6)
Transfers from CIP	1,011	1,516	780	(3,307)	-
Depreciation charge	(982)	(5,898)	(2,850)	-	(9,730)
Closing net book amount	18,034	29,773	8,806	2,137	58,750
At 31 December 2019					
Cost or revaluated amount	30,355	106,632	39,442	2,137	178,566
Accumulated depreciation	(12,321)	(76,859)	(30,636)	-	(119,816)
Net book amount	18,034	29,773	8,806	2,137	58,750
Year ended 31 December 2020					
Opening net book amount	18,034	29,773	8,806	2,137	58,750
Revaluation	-	14,719	1,734	-	16,453
Additions	81	860	1,521	5,691	8,153
Disposals	(49)	-	(149)	-	(198)
Write-offs	-	(2)	-	(41)	(43)
Transfers from CIP	395	1,602	969	(2,966)	-
Transfers from other groups	90	(182)	92	-	-
Depreciation charge	(936)	(5,639)	(2,678)	-	(9,253)
Closing net book amount	17,615	41,131	10,295	4,821	73,862
At 31 December 2020					
Cost or revaluated amount	29,294	122,788	44,297	4,821	201,200
Accumulated depreciation	(11,679)	(81,657)	(34,002)	-	(127,338)
Net book amount	17,615	41,131	10,295	4,821	73,862

On 31 December 2020 the Group and the Company, with the help of independent experts UAB OBER HAUS Nekilnojamasis Turtas, performed an appraisal of property, plant and equipment (excluding vehicles) in order to determine its fair value. The Company's and the Group's property, plant and equipment was revaluated as at 31 December 2020. The valuation of real estate was based on the comparable sales price method by comparing sales prices in Lithuania. The valuation of other categories of assets was based on the replacement cost method.
The valuation of motor vehicles was conducted by the Group's experts who established the fair value using the comparable sales price method.
Gain arising on revaluation is disclosed in the tables on the movements in property, plant and equipment and was recorded under the line item of other comprehensive income. Assets that were evaluated using the replacement cost method were tested for impairment, as a result of which no indications for possible impairment were identified.

Building and Motor vehicles and other assets were attributed to Level 2 of fair value hierarchy in 2020 and 2019. Property, plant and equipment within **Level 2** was measured using the comparable sales price method. This method was used for the measurement of real estate, the majority of motor vehicles and constructions in respect of which sale transactions or offer examples were observable in the market. The comparable real estate objects were selected due to the similarity with the object being measured with respect to size, purpose, location, intended use, condition, engineering support and other parameters. The valuation of real estate required adjustments to reflect differences between the objects being measured and comparable objects. Comparable objects selected are of the closest possible similarity with the objects being measured and differences are related only to the location and surroundings, the year of construction and the total area of the object. The valuation of motor vehicles was based on the supply data. The value calculated based on at least 2 or 3 comparable inputs was treated as the value of the assets. Comparable inputs selected were similar to the assets subject to valuation.

(All tabular amounts are in EUR '000 unless otherwise stated)

Meanwhile Plant and Machinery was attributed to Level 3 of fair value hierarchy. Property, plant and equipment within **Level 3** was measured using the replacement cost method. This method was used for the measurement of a part of special purpose movable property in respect of which no sale or offer market data was available. When estimating the value of movable property (plant and machinery) under the cost method the cost of replacing the item were equated to the acquisition cost of an item (replacement cost model of the valued item). For the purpose of valuation the impairment (depreciation) is established under the fragmentation calculation model. When establishing physical obsolescence it is assumed that the value of property being measured is written off in proportion to the number of years. The assets subject to valuation were classified into categories in respect of which the useful life up to 30 years depending on the group of asset was established based on the expert opinion of the valuer. When establishing functional obsolescence it is assumed that movable property (plant and machinery) produced and sold during the valuation is of higher efficiency than property already produced or still in the process of production. When establishing economic obsolescence the valuers assume that the economic situation is rather stable, therefore it is acceptable that economic obsolescence is equal to zero percent.
The valuation of movable property was based on the rationale that the asset cannot have no value if it is used, irrespective of that the asset is fully depreciated for accounting purposes. Therefore, a possible net book value of the asset was obtained from market data.

Construction in progress items were recently purchased from third parties, therefore their fair value agrees value in balance sheet.

As at 31 December 2020, the Company's and the Group's property, plant and equipment with a carrying value of EUR 23,773 thousand and EUR 35,080 thousand, respectively (31 December 2019: EUR 22,744 thousand and EUR 28,927 thousand, respectively) was pledged as a security for credit limit agreements.

Depreciation expenses of property plant and equipment are included in selling and marketing expenses, general and administrative expenses and cost of sales in the income statement, as well as in work in progress and finished goods in the balance sheet.

Had no revaluation been performed for property, plant and equipment, the net book amounts of the Group's and the Company's property, plant and equipment would have been as follows as of 31 December 2020 and 2019:

Company	**Buildings**	**Plant and machinery**	**Motor vehicles and other assets**	**Construction in progress**	**Total**
At 31 December 2019	8,297	10,473	7,659	1,881	**28,310**
At 31 December 2020	7,806	10,977	7,700	4,820	**31,303**

Group	**Buildings**	**Structures and machinery**	**Motor vehicles and other assets**	**Construction in progress**	**Total**
At 31 December 2019	11,525	22,728	7,979	2,137	**44,369**
At 31 December 2020	14,515	22,141	8,108	4,820	**49,584**

(All tabular amounts are in EUR '000 unless otherwise stated)

15. Intangible assets

Company	**Computer software**
At 1 January 2019	
Cost	725
Accumulated amortisation	(714)
Net book amount	11
Year ended 31 December 2019	
Opening net book amount	11
Additions	36
Amortisation charge	(3)
Closing net book amount	44
At 31 December 2019	
Cost	761
Accumulated amortisation	(717)
Net book amount	44
Year ended 31 December 2020	
Opening net book amount	44
Additions	-
Amortisation charge	(7)
Closing net book amount	37
At 31 December 2020	
Cost	761
Accumulated amortisation	(724)
Net book amount	37

Group	**Computer software**
At 1 January 2019	
Cost	725
Accumulated amortisation	(714)
Net book amount	11
Year ended 31 December 2019	
Opening net book amount	11
Additions	36
Amortisation charge	(3)
Closing net book amount	44
At 31 December 2019	
Cost	761
Accumulated amortisation	(717)
Net book amount	44
Year ended 31 December 2020	
Opening net book amount	44
Additions	45
Amortisation charge	(7)
Closing net book amount	82
At 31 December 2020	
Cost	759
Accumulated amortisation	(677)
Net book amount	82

(All tabular amounts are in EUR '000 unless otherwise stated)

Amortisation expenses of computer software and other intangible assets are included in general and administrative expenses in the income statement.

16. Investments in subsidiaries

The Company's investments in subsidiaries as at 31 December 2020 and 2019 are listed below:

	Investment cost	Impairment loss recognised	Investment value after impairment
Rokiškio Pienas UAB	105	-	105
Rokiškio Pieno Gamyba UAB	4,122	-	4,122
Jekabpils Piena Kombinats SIA	853	(122)	731
Kaunata SIA	96	-	96
	5,176	(122)	5,054

The Group's investments in subsidiaries consist of joint investments in Kaunata SIA.

17. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	Group		Company	
	2020	2019	2020	2019
Deferred income tax assets:				
– to be realised after more than 12 months		-	-	-
– to be realised within 12 months	667	676	577	586
	667	676	577	586
Deferred income tax liabilities:				
– to be realised after more than 12 months	(3,978)	(1,801)	(2,393)	(1,127)
– to be realised within 12 months	(400)	(400)	(300)	(300)
	(4,378)	(2,201)	(2,693)	(1,427)
Net deferred tax liability	(3,711)	(1,525)	(2,116)	(841)

The gross movement in deferred income tax assets was as follows:

	Group		Company	
	2020	2019	2020	2019
At the beginning of the year	(1,525)	(1,445)	(841)	(783)
Recognised in the income statement (Note 12)	282	(80)	244	(58)
Recognised in other comprehensive income	(2,468)	-	(1,519)	-
At the end of the year	(3,711)	(1,525)	(2,116)	(841)

The movement in deferred income tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same fiscal jurisdiction is as follows:

(All tabular amounts are in EUR '000 unless otherwise stated)

Company

Deferred income tax assets	Inventory write-down to net realisable value	Amortised cost of loans granted	Impairment of amounts receivable	Bonuses and vacation reserve	Total
At 1 January 2019	**451**	**56**	**231**	**214**	**952**
Recognised in the income statement	(218)		(82)	(66)	(366)
At 31 December 2019	**233**	**56**	**149**	**148**	**586**
Recognised in the income statement	**-**	**-**	**-**	**-**	**-**
	(9)	-	-	-	(9)
At 31 December 2020	**224**	**56**	**149**	**148**	**577**

Deferred income tax liabilities	Revaluation of property, plant and equipment	Total
At 1 January 2019	**(1,735)**	**(1,735)**
Recognised in the income statement	308	308
At 31 December 2019	**(1,427)**	**(1,427)**
Recognised in the income statement	253	253
Recognised in other comprehensive income	(1,519)	(1,519)
At 31 December 2020	**(2,693)**	**(2,693)**

Group

Deferred income tax assets	Inventory write-down to net realisable value	Amortised cost of loans granted	Impairment of amounts receivable	Bonuses and vacation reserve	Total
At 1 January 2019	**452**	**56**	**231**	**414**	**1,153**
Recognised in the income statement	(218)		(82)	(177)	(477)
At 31 December 2019	**234**	**56**	**149**	**237**	**676**
Recognised in the income statement	(9)	-	-	-	(9)
At 31 December 2020	**225**	**56**	**149**	**237**	**667**

Deferred income tax liabilities	Accelerated tax depreciation	Revaluation of property, plant and equipment	Total
At 1 January 2019	**(47)**	**(2,551)**	**(2,598)**
Recognised in the income statement	-	397	397
At 31 December 2019	**(47)**	**(2,154)**	**(2,201)**
Recognised in the income statement	-	282	282
Recognised in other comprehensive income	-	(2,468)	(2,468)
At 31 December 2020	**(47)**	**(4,331)**	**(4,378)**

(All tabular amounts are in EUR '000 unless otherwise stated)

Deferred income tax assets and deferred income tax liabilities were calculated using a tax rate of 15% (2019: 15%) enacted by the balance sheet date and expected to apply when the related deferred income tax asset is realised or deferred income tax liability is settled.

18. Loans granted

	Group		Company	
	2020	**2019**	**2020**	**2019**
Long-term loans to employees	257	258	212	210
Other long-term loans	1,432	2,479	1,431	2,454
Less: provision for impairment of loans receivable	(35)	(35)	(35)	(35)
Long-term loans, net	1,654	2,702	1,608	2,629
Current portion of loans to employees	41	32	38	29
Other short-term loans granted	3,601	2,815	3,863	3,519
Less: provision for impairment of loans receivable	-	-	-	-
Current portion of long-term loans and short-term loans, net	3,642	2,847	3,901	3,548

Repayment terms of other long-term loans granted ranged between 1 and 5 years. The loans bear average weighted interest rate of 2.9% (2019: 3.1%). Other loans repayments are secured with pledges of assets or guarantees.

The fair value of borrowings is attributed to Level 2 in the fair value hierarchy.
The fair value of loans granted approximated their carrying amount.

Information on loans receivable that were past due as at 31 December is provided in the table below:

	Group		Company	
	2020	**2019**	**2020**	**2019**
Loans granted not past due	5,296	5,549	5,509	6,177
Loans granted past due but not impaired		-		-
Impaired loans granted	35	35	35	35
Gross value of loans granted	5,331	5,584	5,544	6,212
Less: Provision for impairment of loans receivable	(35)	(35)	(35)	(35)
Net amount	5,296	5,549	5,509	6,177

(All tabular amounts are in EUR '000 unless otherwise stated)

19. Inventories

	Group 2020	Group 2019	Company 2020	Company 2019
Raw materials	2,192	2,405	862	1,042
Work in progress	8,741	7,433	8,398	7,139
Finished products	59,118	50,297	58,442	49,727
Other inventories	1,005	937	585	584
Total inventories at cost	71,056	61,072	68,287	58,492
Less: inventory write-down to net realizable value	(1,492)	(1,553)	(1,492)	(1,553)
Total inventories	69,564	59,519	66,795	56,939

As at 31 December 2020 and 2019 inventories were not pledged.

The Company's inventories as at 31 December 2020: 1,683 tons of butter (2019: 3,338 tons) held with third parties in Lithuania, 212 tons of hard cheese (2019: 750 tons) held in the USA, and 697 tons of hard cheese (2019: 49 tons) in the warehouses based in the European Union. The total value of these inventories is EUR 9,404 thousand (2019: 15,806 thousand).

20. Trade and other receivables

	Group 2020	Group 2019	Company 2020	Company 2019
Non-current receivables				
Prepayments for non-current assets	460	285	460	275
Prepayments for milk supply	419	354	419	354
	879	639	879	629
Current receivables				
Trade receivables	35,364	35,612	39,187	42,229
VAT receivable	1,824	1,807	748	1,133
Prepayments for milk supply	2,092	1,930	1,146	1,402
Other prepayments and deferred expenses	1,074	522	1,068	522
	40,354	39,871	42,149	45,286

As at 31 December 2020 and 2019 the Group's and the Company's trade receivables and claim rights to future trade receivables were pledged as collateral respectively for amount not larger than EUR 20,000 thousand and no larger than EUR 14,000 thousand. As at 31 December 2019, no trade receivables of the Company were pledged as collateral. As at 31 December 2019 the subsidiary's Rokiškio Pienas UAB trade receivables and claim rights to future trade receivables were pledged as collateral for amount not larger than EUR 6,000 thousand.

At 31 December 2020 and 2019 prepayments for milk supply were granted with repayment terms ranging between 1 month and 4 years. The annual interest rate ranged between 1,1 and 6%. Majority part of prepayments for milk supply were secured with pledges of assets (land, building) of the farmers. Most of prepayments for milk supply are repaid not in the form of money but are offset with amounts payable for raw milk purchases from farmers, therefore they do not meet criteria for the financial assets.

In view of the deterioration of the economic situation of certain farmers, an impairment provision was established for certain prepayments for milk supply. As at 31 December 2020 and 2019, it amounted, respectively, to EUR 340 thousand and EUR 340 thousand.

(All tabular amounts are in EUR '000 unless otherwise stated)

The information on credit quality of receivables as at 31 December 2020 is provided in Note 3.1. (b).

Movement in impairment during the financial year for trade receivables under contracts with clients:

	Group		Company	
	2020	2019	2020	2019
In the beginning of the reporting period	991	1,540	991	1,540
Bad debts reversal during the year	-	(549)	-	(549)
Recognized impairment during the year	-	-	-	-
At the end of the reporting period	991	991	991	991

The Group received no collaterals as a security for impaired amounts receivable.

21. Cash and cash equivalents

	Group At 31 December		Company At 31 December	
	2020	2019	2020	2019
Cash at bank and on hand	5,834	2,988	4,922	1,567
	5,834	2,988	4,922	1,567

As at 31 December 2020, cash at bank balances pledged amounted to EUR 4,557 thousand (31 December 2019: EUR 1,151 thousand).

For the purposes of the cash flow statement, cash and cash equivalents comprise as follows:

	Group At 31 December		Company At 31 December	
	2020	2019	2020	2019
Cash at bank and on hand	5,834	2,988	4,922	1,567
	5,834	2,988	4,922	1,567

22. Share capital

As at 31 December 2020, the authorized capital of the Company amounted to 35,867,970 ordinary registered shares with a par value of EUR 0.29 per share. All shares are fully paid. The total amount of the authorized capital is EUR 10,401,711. During 2020 there were no changes in the Company's authorized capital.

23. Treasury shares

	2020		2019	
	Number	Amount	Number	Amount
At the beginning of the year	861,274	(2,251)	806,317	(2,108)
Treasury shares acquired	-	-	54,957	(143)
	861,274	(2,251)	861,274	(2,251)

Treasury shares purchased through the official bidding market of Nasdaq Vilnius stock exchange.

(All tabular amounts are in EUR '000 unless otherwise stated)

24. Other reserves and reserve for acquisition of treasury shares

Reserve for acquisition of treasury shares

Total reserve for acquisition of own shares was EUR 10,850 thousand as at 31 December 2020. During 2020 the reserve for acquisition of own shares was not increased and amounted to EUR 10 850 thousand as at 31 December 2019.

Other reserves

Non-distributable reserves (legal reserves) of Rokiškio Sūris AB, Rokiškio Pieno Gamyba UAB and Rokiškio Pienas UAB amounting to EUR 1,113 thousand, EUR 556 thousand and EUR 223 thousand, respectively, can only be used to cover future operating losses, if any. The remaining amount of other reserves totalling EUR 16,304 thousand for the Company and EUR 25,741 thousand for the Group (2019: EUR 9,127 thousand and EUR 13,163 thousand, respectively) consists of the revaluation reserve of property, plant and equipment. (*See below for the disclosure of the revaluation reserve*).

Dividends

Dividends declared at the Company for the year 2019 were paid out in 2020 in the amount of EUR 0.10 per share (other than treasury shares) and in total amount of EUR 3,501 thousand (when par value of each share equals EUR 0.29).

Revaluation reserve

Revaluation reserve represents an increase in the value of property, plant and equipment as a result of its revaluation. This reserve may not be used to cover losses. Movements in revaluation reserve are given in the table below:

Company	**Revaluation reserve**	**Deferred income tax**	**Revaluation reserve net of tax**
At 1 January 2019	**12,794**	**(1,919)**	**10,875**
Depreciation of revalued amount of PP&E and disposals and write-offs of revalued assets	(2,056)	308	(1,748)
At 31 December 2019	**10,738**	**(1,611)**	**9,127**
Depreciation of revalued amount of PP&E and disposals and write-offs of revalued assets	(1,688)	253	(1,435)
Revaluation of PP&E	10,131	(1,519)	8,612
At 31 December 2020	**19,181**	**(2,877)**	**16,304**

(All tabular amounts are in EUR '000 unless otherwise stated)

Group	Revaluation reserve	Deferred income tax	Revaluation reserve net of tax
At 1 January 2019	**18,156**	**(2,740)**	**15,416**
Depreciation of revalued amount of PP&E and disposals and write-offs of revalued assets	(2,650)	397	(2,253)
At 31 December 2019	**15,506**	**(2,343)**	**13,163**
Depreciation of revalued amount of PP&E and disposals and write-offs of revalued assets	(1,675)	268	(1,407)
Revaluation of PP&E	16,453	(2,468)	13,985
At 31 December 2020	**30,284**	**(4,543)**	**25 741**

25. Borrowings

	Group		Company	
	2020	**2019**	**2020**	**2019**
Non-current				
Non-current borrowings	-	-	-	-
Current				
Current and other borrowings	26,820	15,424	26,820	15,424
Finance lease liabilities	-	-	-	-
	26,820	15,424	26,820	15,424
Total borrowings	26,820	15,424	26,820	15,424

The Company's and the Group's current borrowings consist of amounts payable to Fonterra (Europe) Coöperatie U.A. (Note 31), which are not subject to interest rates, and an overdraft granted by SEB Bankas. Under the loan agreements signed with the banks, certain property, plant and equipment (Note 14), inventories (Note 19), trade receivables (Note 20) and cash balances in bank accounts (Note 21) were pledged as collateral.

The carrying amounts of the Group's and the Company's borrowings (excluding finance lease liabilities) are denominated in the following currencies:

	Group		Company	
	2020	**2019**	**2020**	**2019**
in EUR	26,820	15,424	26,820	15,424
	26,820	15,424	26,820	15,424

The fair value of borrowings does not materially differ from the carrying amount.

As at 31 December 2020, the balance not withdrawn under the committed credit line facilities with the banks amounted to EUR 10,896 thousand (2019: EUR 22,522 thousand) for the Company and the Group. The Group was not in breach of the set borrowing limits or financial covenants.

(All tabular amounts are in EUR '000 unless otherwise stated)

26. Deferred income

	Group		Company	
	2020	2019	2020	2019
Government grants at the beginning of the year	3,081	1,888	1,766	1,022
Government grants recognised	417	1,696	417	1,022
Recognised in the income statement	(477)	(503)	(265)	(278)
	3,021	3,081	1,918	1,766
Less: non-current portion	(2,601)	(2,562)	(1,705)	(1,458)
Current portion	420	519	213	308

Deferred government grant is related to acquisition of property, plant and equipment using the European Union funds and the funds of the Lithuanian Government under the SAPARD, Rural Development Programme and other programmes. The Company has no obligation to repay or otherwise refund the grants received unless it breaches the contractual provisions contained in the agreements with the grantors.

27. Trade and other payables

	Group		Company	
	2020	2019	2020	2019
Trade payables	13,465	13,924	11,628	12,496
Salaries, social security contributions and taxes	1,669	1,390	1,095	886
Advance amounts received and other payables	711	708	661	627
Accrued expenses	878	878	616	616
	16,723	16,900	14,000	14,625

28. Provisions

	Group		Company	
	2020	2019	2020	2019
Non-current				
Non-current provisions	683	683	307	307
Current				
Current provisions	684	684	604	604
Total provisions	1,367	1,367	911	911

As at 31 December 2020 and 2019, the Company's and the Group's current and non-current provisions consisted of provisions for pension benefits calculated in accordance with the legal acts of the Republic of Lithuania and provisions under the collective agreement of the Company and the Group.

29. Contingent liabilities and commitments

Contingent liabilities

As at 31 December 2020 and 2019, no guarantees were granted to third parties on behalf of the Group and the Company.

(All tabular amounts are in EUR '000 unless otherwise stated)

Capital expenditure commitments

As at 31 December 2020 and 2019, there were no capital expenditure contracted for property, plant and equipment at the balance sheet date but not recognised in the financial statements.

30. Cash flows from operating activities

Reconciliation of profit before income tax to cash generated from operating activities:

	Group At 31 December		Company At 31 December	
	2020	**2019**	**2020**	**2019**
Net profit (loss) before income tax	3,972	3,914	3,268	4,944
Adjustments for:				
-depreciation (Note 14)	9,253	9,730	5,899	5,965
-amortisation (Note 15)	7	3	7	3
-write-off of property, plant and equipment and intangible assets (Notes 14 and 15)	43	6	2	65
-loss/(profit) on disposal of property, plant and equipment (Note 9)	(15)	49	(13)	54
-interest expense (Note 11)	199	187	199	187
-interest income (Note 8)	(254)	(363)	(251)	(363)
-amortisation of loans	(230)	(230)	(230)	(230)
-inventory write-down to net realisable value (reversal)	(61)	(1,471)	(61)	(1,471)
-impairment for doubtful receivables and write-offs of bad debts	571	549	571	549
-accrual for vacation reserve and bonuses	-	884	-	144
-amortisation of government grants received (Note 26)	(477)	(503)	(265)	(278)
-dividend income	-	-	(2,649)	(2,818)
Changes in working capital:				
-amounts receivable and prepayments	(820)	(4,675)	2,957	(6,659)
-inventories	(9,982)	(4,182)	(9,795)	(4,119)
-prepayments for milk supply	(226)	(848)	(154)	(848)
-amounts payable	(180)	(5,162)	(626)	(2,787)
Net cash generated from/(used in) operating activities	1,800	(2,112)	(1,141)	(7,662)

(All tabular amounts are in EUR '000 unless otherwise stated)

For the purpose of the cash flow statement, proceeds from disposal of property, plant and equipment comprised as follows:

	Group		Company	
	At 31 December		At 31 December	
	2020	2019	2020	2019
Net book amount (Note 14)	198	217	141	158
Loss on disposal of property, plant and equipment (Note 9)	15	(49)	13	(54)
Proceeds from sale of property, plant and equipment	213	168	154	104

31. Related-party transactions

Main shareholders of the Company:

	At 31 December	
	2020	*2019*
Antanas Trumpa (Chairman of the Board of the Company)	*19.76%*	*19.46%*
*Pieno Pramonės Investicijų Valdymas UAB (established in Lithuania)**	*27.21%*	*27.21%*
*RSU Holding SIA (established in Latvia)**	*24.96%*	*24.96%*
Fonterra (Europe) Coöperatie U.A.	*10.00%*	*10.00%*
Other shareholders (legal entities and natural persons)	*18.07%*	*18.37%*

** Pieno Pramonės Investicijų Valdymas UAB is controlled by Mr Antanas Trumpa (as a principal shareholder holding 73.84% of the share capital and votes of Pieno Pramonės Investicijų Valdymas UAB). RSU Holding SIA is controlled by Mr Dalius Trumpa (as a single shareholder holding 100% of the share capital and votes of RSU Holding SIA). The group of persons acting in concert holds in total 82.17% (2019: 81.86%) of the Company's share capital and votes.*

Members of the Board of Directors of Pieno Pramonės Investicijų Valdymas UAB, RSU Holding SIA, Fonterra (Europe) Coöperatie U.A., and Rokiškio Sūris AB and their family members are treated as related parties. All Fonterra group companies are also treated as related parties.

Certain cooperative societies engaged in the production of milk are treated as related parties of the Company because the Company can exercise a significant influence over daily activities of these cooperative societies through close family members of its directors and certain employees.

(i) The following transactions were carried out with related parties:

	Group		Company	
	At 31 December		At 31 December	
	2020	2019	2020	2019
Purchase of milk from other related parties	2,552	1,757	30,030	22,150
Purchase of non-current assets	-	-	-	-
Purchase of inventory	-	-	8,152	8,213
Purchases of services	65	73	1,328	1,568
Sales of transportation services to other related parties	107	363	5,054	6,655
Sales of production and other inventories	11,123	15,762	60,951	62,555
Interest charges on credit facility	20	20	32	49

(All tabular amounts are in EUR '000 unless otherwise stated)

In order to properly indicate the internal turnover of Rokiškio Sūris AB, Rokiškio Pienas UAB, and Rokiškio Pieno Gamyba UAB, the management of the Group has decided that raw materials used in the production of exported products of Rokiškio Sūris UAB will be bought at a zero price, while the production generated by Rokiškio Pienas UAB and Rokiškio Pieno Gamyba UAB will be sold as a service, i.e. excluding the value of raw materials.
Transactions related to the purchase of milk, acquisition of non-current assets and inventories, purchase and sale of services and goods with related parties are carried out under normal market conditions, including Fonterra group companies.

The loan agreement was signed with Fonterra (Europe) Coöperatie U.A. in 2012 for the purpose of financing the acquisition of certain production facilities. The loan does not bear interest, assets are not pledged, and the Company has not issued any guarantees related to the loan. The repayment term is up to the year 2033. With the Company fulfilling the obligations under the loan agreement, the loan will be amortised over fifteen years of the repayment term of the loan.

(ii) Year-end balances arising from transactions with related parties:

	Group		Company	
	At 31 December		At 31 December	
	2020	2019	2020	2019
Non-interest bearing loans granted to directors (and their family members)	13	17	13	17
Loan receivable from Jekabpils Piena Kombinats SIA	-	-	284	724
Loan receivable from Dzūkijos Pienas KB	298	298	298	298
Loan payable to Fonterra (Europe) Coöperatie U.A	2,815	3,046	2,815	3,046
Trade payables to other related parties	63	48	63	1,815
Trade receivables from other related parties	825	3,058	12,775	16,587

By the decision of the Shareholder of Rokiškio Pieno Gamyba UAB, it was decided to approve and allocate dividends in the amount of EUR 2,649,388 (2019: EUR 2,818,426). Dividends were paid out to Rokiškio Sūris AB in May 2020 and 2019 respectively.

(iii) Compensation of key management personnel

	Group		Company	
	At 31 December		At 31 December	
	2020	2019	2020	2019
Salaries	222	246	206	230
Bonuses/management bonuses paid	-	-	-	-
Accrual (reversal) for management bonuses	-	-	-	-
Social security contributions	4	7	4	4
	226	250	210	234

Key management personnel include 9 (2019: 9) members of the Board and management officers.

32. Services rendered by the audit firm

Presented below are all services rendered by the audit firm to the Group / the Company (in EUR thousands):

	Group		Company	
	At 31 December		At 31 December	
	2020	2019	2020	2019
Audit of the financial statements under the agreement	47	47	30	30
Assurance and other related services	20	20	13	13
Business consultation services	-	-		-
Tax consultation services	-	-		-
	67	67	43	43

33. Events after the reporting period

On 24 February 2021, amendments were signed to the credit agreement with SEB Bankas AB, under which the final repayment date for the overdraft facility granted to the Company was extended until 28 February 2022, and the credit limit granted was increased to EUR 35,000,000. The Company's funds placed in and future inflows, as well as the assets owned by the right of ownership by Rokiškio Pieno Gamyba UAB, were additionally pledged to the bank.

34. Impact of COVID-19 virus on the Group's activities

By the end of year 2019 information regarding COVID-19 (coronavirus) appeared from China and a limited number of cases of the unknown virus were reported to the World Health Organization. In the first few months of 2020 the virus spread around the world and its negative effects gained momentum.
Because of COVID-19 pandemic, on 16 March 2020 quarantine was announced in Lithuania, which lasted until 17 June.
As the situation deteriorated on 6 November 2020 the quarantine has been renewed and continues to this day and is scheduled until 1st of May 2021. Restrictions on certain economic activities have been and are being imposed during quarantine.

Because of global COVID-19 pandemic, as of the date of preparation of the financial statements, the governments of many countries, including Lithuania, have made a number of decisions that could affect business.

As at the date of these financial statements, the Group and the Company have not benefited from any State aid measures related to the COVID-19 pandemic, mainly because of size of the Company and the Group.

Impact on activities

The main activities of the Group and the Company are the production and sale of essential goods, therefore the COVID-19 pandemic and the announcement of quarantine did not stop the activities of the Group and the Company. However, the Group's export sales account for more than 62 percent of total sales some of the orders were canceled or reduced in various countries due to restrictive measures related to COVID-19 prevention. However, during 2020, as the pandemic situation improved not only in Lithuania but also in Europe, the sales of the Group and the Company returned to the normal level before the pandemic. The group's sales are highly dependent on the ability to transport goods both inside and outside the EU, as well as the restrictions imposed by various governments on the COVID-

19 pandemic. In the opinion of the Group's management, the current restrictions will not have a significant impact on the Group's sales and production volumes.

The Group's management has focused on the implementation of security measures in the Company's territories and is doing everything possible to minimize the possibility of the virus entering and thus protect employees and ensure uninterrupted operations.

At the date of the financial statements, there were no significant disruptions in the Group's main raw material (milk) and other procurement chain. Also, none of the ongoing projects were suspended due to COVID-19.

Liquidity

The Group's management closely monitors the market situation and the results of the Group and the Company. The liquidity ratios of the Group and the Company were not significantly affected during 2020. As at the date of the financial statements, the Group has entered into loan agreement with bank without additional restrictions because of COVID-19 (Notes 25 and 33). As at 31 December 2020 the Group complied with all the terms of the agreement and met the required performance indicators.

At the date of preparation of the financial statements, the management had not identified any additional significant increases in arrears or impairment of non-current assets. The COVID-19 pandemic did not require additional provisions for stocks.

The situation is still changing, but the Group's management considers this situation to be temporary and is confident that the Group will continue to operate successfully under normal conditions after the end of the COVID-19 pandemic.

CONSOLIDATED ANNUAL REPORT

2020

ROKIŠKIS 2021 APRIL

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A WORD FROM THE CEO

We can be proud of our company! When I say this, I mean the whole team of 1,300 employees of the Rokiškio suris group.
It has already happened that the COVID-19 pandemic, which shook the world, hit our main export markets hardest: Italy and the United States. The impact was so strong that for some time these markets seemed "stagnant". And to them we exported more than a half of our production. Despite the complete uncertainty of the future, the company did not lose its self-control, did not reduce production volumes, did not lay off employees, did not go into downtime. We have concentrated and worked, fulfilled our obligations to suppliers of raw milk, buyers of products, and other customers. We have worked to ensure epidemiological safety, believing in our professionalism and following common sense.
Not only did we work on a day-to-day basis – continued the production of dairy products – but we also proceeded with the planned projects and successfully completed them. One of them is the heat pump project, which not only saves money on energy purchases, but also contributes to reducing CO_2 emissions by using the accumulated secondary heat.
In addition, in the spring of 2020, at the height of the pandemic, we launched new projects. One of them – together with the strategic partner FONTERRA. The company will feel the benefits of these projects in the near future.
The end of 2020 was also a time of preparation for the implementation of the new food safety standard IFS. Successful preparation. The two companies of the group were rated excellent by the auditors in early 2021. The new IFS standard is a qualitative leap in food safety and management, which will allow us to expand the circle of buyers of our products worldwide in the future.
I am sure that the work done and the projects launched will allow us to continue to be the leaders of the Baltic dairy industry.

Dalius Trumpa
CEO

GENERAL INFORMATION

1. Reporting period of the submitted annual report

This consolidated report for the year 2020 was prepared for the period from 1 January 2020 to 31 December 2020.

2. Key information of the issuer:

Name of the issuer:	Rokiškio sūris, AB (hereinafter, the “Company”)
Legal form:	Public limited liability company
Registration date and place:	28 February 1992, State Enterprise Centre of Registers
Registration number:	173057512
Address:	Pramonės g. 3, LT-42150 Rokiškis, Republic of Lithuania
Administrator of the Register of Legal Entities	State Enterprise Centre of Registers
Telephone:	+370 458 55 200
Fax:	+370 458 55300
E-mail address:	rokiskio.suris@rokiskio.com
Website:	www.rokiskio.com
ISIN code:	LT0000100372
LEI code:	48510000PW42N5W74S87
Share ticker symbol at AB Nasdaq Vilnius	RSU1L

3. Information on the Company’s group

As on 31 December 2020, the group of Rokiškio sūris, AB (hereinafter, the “Group”) consists of the parent company Rokiškio sūris, AB, and its four subsidiaries (in 2019: parent company and four subsidiaries).

Parent company:

Rokiškio sūris, AB (registration number 173057512, Pramonės g. 3, LT-42150 Rokiškis).

Subsidiaries of Rokiškio sūris, AB:

Rokiškio pienas, UAB, address of the registered office Pramonės g. 8, LT-28216 Utena. Registration number: 300561844. Rokiškio sūris, AB is the founder and the sole shareholder of Rokiškio pienas, UAB, holding 100% of shares and votes.

Rokiškio pieno gamyba, UAB, address of the registered office Pramonės g. 8, LT-28216 Utena. Registration number: 303055649. Rokiškio sūris, AB is the founder and the sole shareholder of Rokiškio, UAB, pieno gamyba, holding 100% of shares and votes.

Latvian company SIA Jekabpils piena kombinats (registration number 45402008851, address of the registered office Akmenu iela 1, Jekabpils, Latvia LV-5201). Rokiškio sūris, AB holds 100% of shares and votes in the company.

Latvian company SIA Kaunata (registration number 240300369, address of the registered office Rogs, Kaunata pag., Rezeknes nov., Latvia). Rokiškio sūris, AB holds 40 percent of member shares in the company, whereas Rokiškio pienas, UAB, holds 20 percent of member shares in the company.

4. Types of main activities of the Company and the Company group

Main activities of Rokiškio sūris, AB group:

- ***Operation of dairies and cheese making (NACE 10.51)***

Rokiškio sūris, AB:
The main activity of Rokiškio sūris, AB is production and sale of fermented cheeses, whey products, skimmed milk powder.

Subsidiaries:
The main activity of UAB Rokiškio pienas is sale of fresh milk products and fermented cheeses.

The main activity of UAB Rokiškio pieno gamyba is production of fresh milk products (milk, kefir, sour milk, butter, curd, curd cheese, sour cream, glazed curd cheese bars, desserts).

The activity of SIA Jekabpils piena kombinats is purchase of raw milk.

The activity of SIA Kaunata is purchase of raw milk.

5. Strategy and objectives of the Group

In order to ensure that all members of the Company's management bodies have a clear understanding of the Company's objectives, directions and aspirations, the Company's strategy for long-term strategic goals and objectives is being prepared.

Rokiškio sūris, AB group in its activities is guided by a three year strategic plan approved by the Board, the main provisions of which are set forth below:

MISSION:
***Rokiškio sūris, AB* = Reliable Dairy Professionals**

VISION:
Processing more than 1 million tonnes of raw milk per year, as Lithuania turns into Baltlandia.

OBJECTIVES:
- Regional leadership in milk processing sector.
- Flexible production and sales of top-quality products exceeding consumer expectations.
- Being the most attractive and reliable partner for farmers producing milk.
- Continuously increasing value for shareholders.

We seek objectives
- By increasing the volume of purchased and processed milk by 5 percent annually.
- We target at 3 percent net annual profit rate.

6. The most important events in the reporting period

The 30th April 2020 Ordinary General Meeting of Shareholders of AB Rokiškio sūris:

1. Approved findings of the Audit Committee.
2. Approved the audited consolidated and company's financial accounting for the year 2019.
3. Approved allocation of the profit (loss) of the year 2019:

	Title	kEUR
1.	Non-distributed profit (loss) at beginning of year	69 801
2.	Approved by shareholders dividends related to the year 2018	(3 506)
3.	Transfers from other reserves	1 748
4.	Non-distributed profit (loss) at beginning of year after dividend payout and transfer to reserves	68 043
5.	Net profit (loss) of the Company of fiscal year	5 126
6.	Distributable profit (loss) of the Company	73 169
7.	Profit share for mandatory reserve	-
8.	Profit share for other reserves	-
9.	Profit share for dividend payout *	(3 501)
10.	*Profit share for annual payments (tantiemes) to the Board of Directors, employee bonuses and other as accounted by Profit (loss) statement*	-
11.	Non-distributed profit (loss) at end of year transferred to the next fiscal year	69 668

*it will be allocated 0.10 eur per ordinary registered share. In total to the dividends payout EUR 3,500,669.60.

4. Regarding purchase of own shares.

Purpose of acquisition of own shares – maintain and increase the price of the company's shares.
Maximal number of the shares to be purchased – total value of the Company's treasury shares including the nominal value of already owned shares may not exceed 1/10 of the Company's Authorized Capital.
Period during which the company may purchase own shares – 18 months from the approval of resolution.
Maximal and minimal purchase price per share – maximal purchase price per share is higher by 10 per cent compared to the Company's share market price at Nasdaq Vilnius Stock Exchange at the time of the resolution's approval by the Board of Directors in regard with the treasury share acquisition, and the minimal purchase price per share is lower by 10 per cent compared to the Company's share market price at Nasdaq Vilnius Stock Exchange at the time of the resolution's approval by the Board of Directors in regard with the treasury share acquisition.
Procedure of selling the treasury shares and minimal sales price – The Company's treasury shares might be cancelled upon a resolution of the general meeting of shareholders or sold under a resolution of the Board of Directors provided the minimal sales price is equal to the acquisition price, and the procedure will ensure equal opportunities for all shareholders to acquire the company's shares.
Following the conditions set herewith and the requirements of the Law on Companies of the Republic of Lithuania, to authorize the Board of Directors to accept resolutions regarding purchase of the Company's own shares, organize purchase and sales of the own shares, establish an order for purchase and sales of the own shares, as well as their price and number, and also complete all other related actions.

5. Approved the Remuneration Policy of the Company;

6. Elected an audit company UAB PricewaterhouseCoopers to perform an audit of annual consolidated financial statements for the year 2020 and evaluation of the consolidated annual report 2020 of the Group of AB Rokiskio suris and the Parent Company.

On August 28, 2020, the results of AB Rokiškio sūris Group's activities for the six months of 2020 were announced:

Consolidated unaudited sales of AB Rokiškio sūris Group in January-June 2020 amounted to EUR 102,796 thousand, which is 15.28% more than in the corresponding period of 2019 (EUR 89,168 thousand).

AB Rokiškio sūris Group's profit before interest, taxes, depreciation and amortization (EBITDA) during the first half of 2020 amounted to EUR 7,220 thousand, which is 2.6 times more than in the same period of 2019 (EUR 2,793 thousand).

During the six months of 2020, AB Rokiškio sūris Group earned a net profit of EUR 2,134 thousand. Meanwhile, during the six months of 2019, the group incurred a net loss of EUR 1,570 thousand.

The positive result in the first half of 2020 was determined by the decrease in the price of raw milk and the change in the range of products sold.

7. Significant developments after the end of the fiscal year

Amendments to the Credit Agreement were signed with AB SEB bankas on 24 February 2021, according to which the last repayment term of the credit limit amount to the Borrower (AB Rokiškio sūris - hereinafter the "Company") was extended until 28 February 2022. Company assets and receivables. The interest rate set in the credit agreement was not changed.

Other information on significant events that occurred after the end of the financial year is provided in Note 34 to the financial statements of AB Rokiškio sūris consolidated and parent company for the year ended 31 December 2020.

INFORMATION ON THE OPERATIONS OF THE COMPANY AND THE GROUP OF COMPANIES

8. Business environment of the Group of Companies

Basic Provisions

Who we are:

- We process more than 500 thousand tonnes of milk at three milk processing plants
- We manufacture and sell more than 35 thousand tonnes of different cheeses.
- We export approximately two-thirds of our production.
- We are a responsible employer to more than 1,400 employees.

The Company's operations cover raw milk procurement, the manufacture of various dairy products and their sales on the local and export markets.

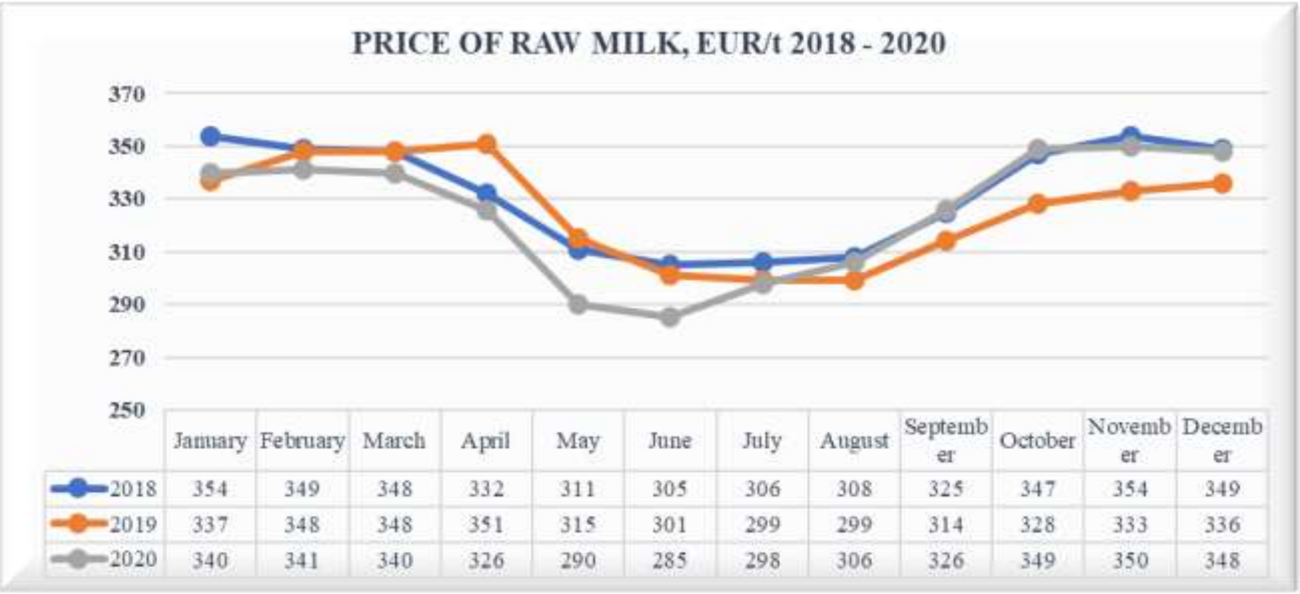
Raw milk procurement

According to the data of the Milk Accounting Information System (ŽŪIKVC PAIS) managed by Agricultural Information and Rural Business Center in Lithuania in January-December 2020, a total of 1346.36 thousand tons of raw natural milk with an average fat content of 4.17% was purchased from 17,898 milk producers. this is 0.5 percent more than in the corresponding period of 2019 (1339.59 thousand tons). In 2020, the largest share of milk, i.e. 43.8%, is sold to buyers by milk producers aged 41 to 60 years. Milk producers of this age keep and mostly cows, that is 47.1 percent.

An analysis of milk sales by farms and the number of cows kept on them shows that milk purchases decreased from farms with 1-14 cows, while farms with 15 and more cows increased their sales by 2.2%, ie from 1041 , 99 thousand tons (data for January-December 2019) to 1063.86 thousand tons (data for January-December 2020).

According to the data of the Agricultural Information and Rural Business Center, on January 1, 2020, 236.01 thousand cows were registered in the Livestock Register in Lithuania, which is 2.5 percent less than in the same period of 2019, but dairy farms are growing consistently every year. Over the last five years, the average number of cows per farm has increased by 43 percent. Currently, an average of 12.6 cows are kept in one commercial dairy farm. Lithuanian dairy farms still remain among the smallest in the European Union. However, farm milk production is growing as cow productivity has increased and more is being invested in productive cow herds.

The chart below shows the prices of raw milk Rokiškio sūris, AB paid by the Group to large farmers with European-size farms delivering more than 40 t of raw milk per month in 2018-2020:



The chart shows that the average purchase price of natural milk of large dairy farms of AB Rokiškio sūris selling more than 40 tons of milk per month decreased by 19.4% during February-June 2020, ie from 341 Eur / t to 285 Eur / t, but during the period from June to December 2020, this milk price price increased by 22.1%, ie from 285 Eur / t to 348 Eur / t. Compared to last year, the largest increase in milk prices was in October 2020. The price of milk increased by 6.4 percent and amounted to 349 Eur / t. (In October 2019, the purchase price of milk was 328 Eur / t).

The coronavirus pandemic (COVID-19) has led to a fall in the prices of basic dairy products on world stock exchanges, which has had a direct impact on the price of raw milk, which is highly dependent on exports. Following the declaration of a coronavirus pandemic by the World Health Organization on 11 March 2020, a quarantine regime was introduced in many countries, resulting in disruptions in the supply of dairy products between European Union (EU) countries and a significant reduction in dairy consumption. The price of milk during this period is also influenced by seasonal milk production: as the amount of milk on the market increases and the amount of milk protein and fat decreases during this period, the purchase prices decrease accordingly.

Manufacture of dairy products

Rokiškio sūris, AB Group is one of Lithuania’s major dairy companies that manufactures and offers more than 300 products to its customers. This includes not only fermented cheeses bot also a variety of products obtained from whey, such as lactose, 80% WPC, 90% WPC.

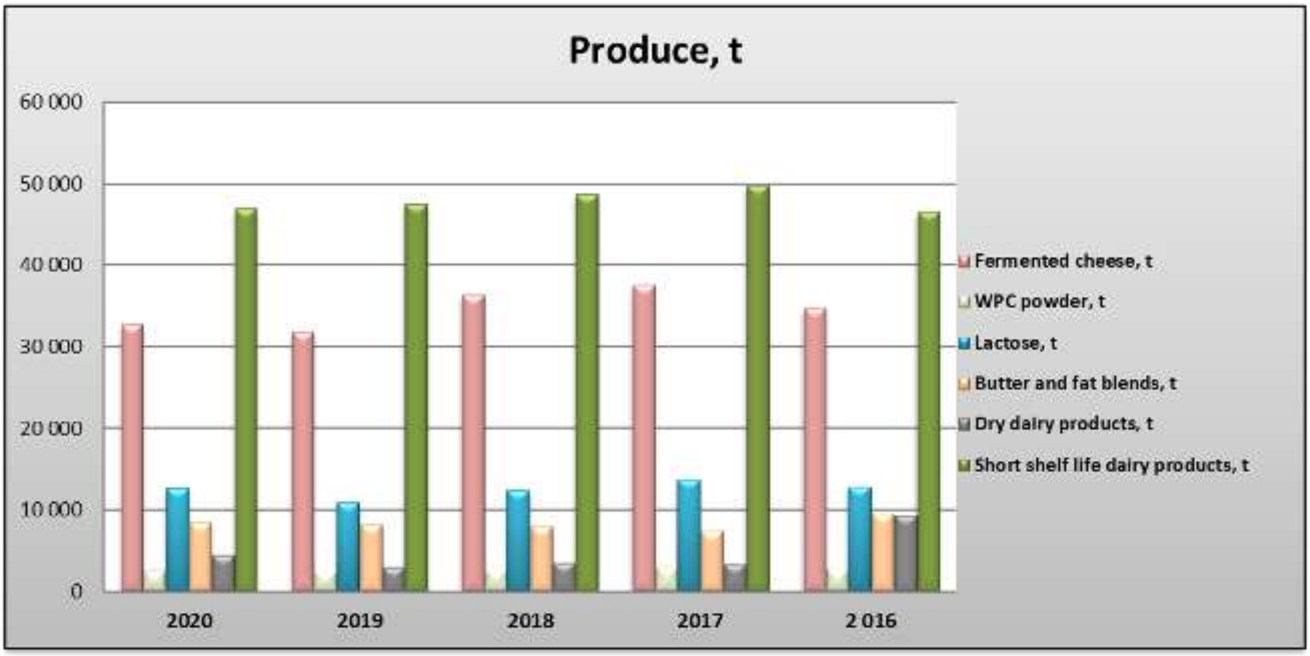
The Group manufactures milk powder, butter, processed cheeses, curd and curd products, other fresh dairy products.
Thanks to their excellent quality, the products manufactured by the companies of the Group have earned the trust of consumers both in the local and the export markets.

Rokiškio sūris, AB Group carries out its production activity in the towns of Rokiškis (Rokiškio sūris, AB), Utena (Rokiškio pieno gamyba, UAB) and Ukmergė (Ukmergės pieninė, branch of Rokiškio pieno gamyba, UAB).

- Rokiškio sūris, AB (in Rokiškis) specialises in the production and marketing of fermented cheeses and products obtained from whey.
- Rokiškio pieno gamyba, UAB (Utena company) specialises in fresh dairy products for the local market, whey protein concentrate, milk powder and butter production.
- Rokiškio pieno gamyba, UAB (Ukmergė company) specialises in curd and curd products.
- Rokiškio pienas, UAB specialises in the marketing of the complete range of products of the Group in Lithuania, Latvia and Estonia. The company also markets dairy products manufactured by other foreign producers.

The following table and chart show changes in the production volumes of Rokiškio sūris, AB Group in 2016-2020:

Production / Year	2020	2019	2018	2017	2016
Fermented cheese, t	36,617	31,745	36,214	37,463	34,603
WPC powder, t	2,484	2,384	2,635	2,857	2,622
Lactose, t	12,592	10,866	12,405	13,661	12,746
Butter and fat blends, t	8,333	8,143	7,891	7,285	9,391
Dry milk products, t	4,348	2,862	3,463	3,335	9,234
Fresh dairy products, t	46,833	47,370	48,596	49,734	46,475



In 2020, the production of fermented cheeses in the company, compared to 2019, is 2.75% higher. Production of hard cheeses was 38.13% higher than in 2019, production of semi-hard cheeses was 5.59% higher, and production of fresh cheeses decreased by 10.72%, respectively. The range changes were driven by the global COVID-19 pandemic.

In 2020, the production volumes of hard cheese (35 kg) were further increased and the technological production process was improved.
The company's priority is solid long-maturing GRAND fermented cheese, the production of which in 2020, compared to 2019, increased 1.22 times.
The technology of this cheese was developed by the Company's production masters together with the Italian cheese master-professor Angelo Frosio.

The company produces GRAND (GRANA type) 35 kg. hard cheeses have an exceptionally ripe, rich and spicy taste. The production process for this type of cheese is very complex, requiring a lot of investment, exceptional knowledge, time and patience. Cheeses of this level can only be made by a company with a very high technical level and a team of highly qualified specialists.

During 2020, the company produced 13.71% more milk sugar compared to 2019. Higher cheese production resulted in higher production of whey protein concentrate. The increase in milk sugar production was due to an increase in the amount of processed milk and the amount of lactofiltrate purchased from other companies.

In cooperation with the New Zealand company Fonterra, which is one of the largest producers of dairy products in the world, WPC (Whey Protein Concentrate) 90% production technology has been successfully adopted. This technology is constantly being improved and the IBK range is being expanded. In 2020, WPC produced 4.19% more than in the previous 2019.

The higher amount of processed milk resulted in a higher amount of cream from which 2.33% more butter and spread fat mixtures were produced compared to last year.

The COVID-19 pandemic also led to a decrease in the consumption of fresh dairy products in Lithuania and in the world. The production of fresh dairy products decreased by 1.13%, as a result of which the production of dry dairy products increased by as much as 1.52 times compared to 2019.

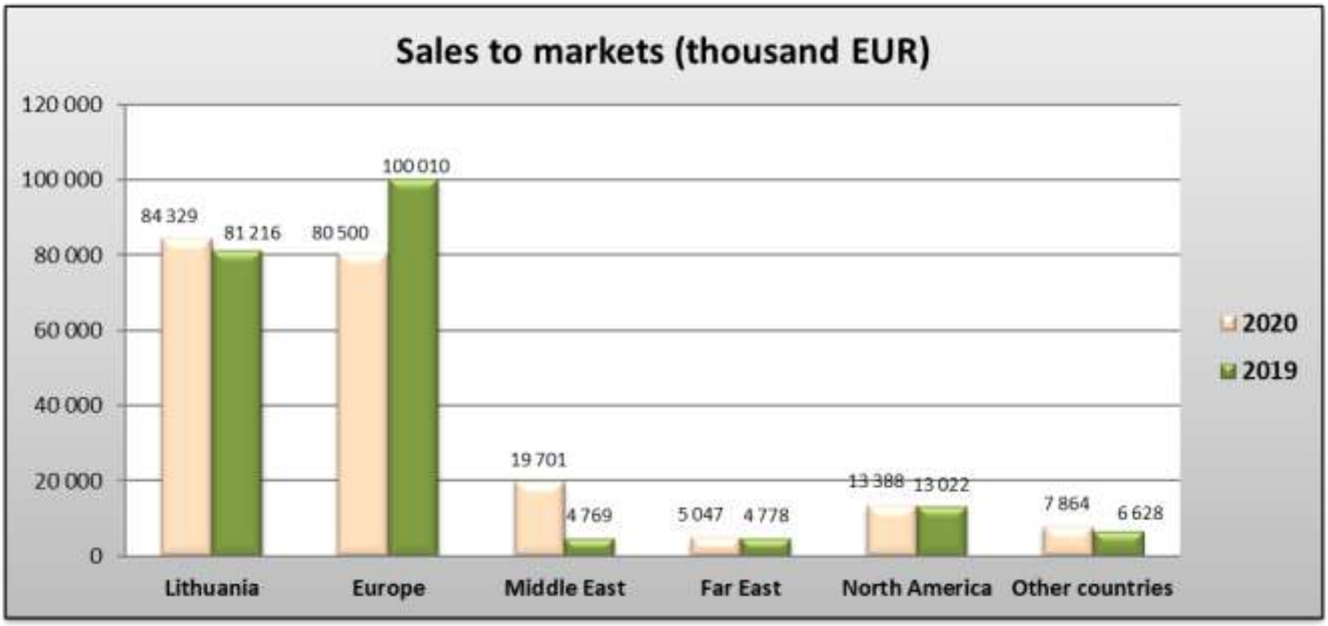
Reconstruction of the expansion of production premises in Rokiškis company is intended to increase the production volumes of GRAND cheese. Construction has also begun on new premises for GRAND cheese, which will automate and modernize the cheese's technological processes, which will allow it to process larger quantities of cheese.

9. Sales of the Group of companies

As every year, the largest part of the company's production is exported. In 2020, Rokiškis cheese group will export its products to 49 countries around the world. (2019: 42 countries). During 2020, the Group started sales to countries such as Mexico, Chile, Luxembourg, Belgium.
In 2020, the group's exports accounted for about 60 percent of total sales. In 2019, sales to foreign countries accounted for about 62 percent. Italy remains the main and largest buyer of products. A large part of the production is also exported to the USA, the Netherlands, Saudi Arabia, the Philippines and Russia.

Sales of the Group of companies by different markets

Countries	Sold				
	2020		2019		Change
	kEUR	%	kEUR	%	%
Lithuania	84,329	40.00	81,216	38.60	**+3.83**
European countries	80,500	38.18	100,010	47.53	**-19.51**
Middle East	19,701	9.35	4,769	2.26	**+313.11**
Far East	5,047	2.39	4,778	2.27	**+5.63**
North America	13,388	6.35	13,022	6.19	**+2.81**
Other countries	7,864	3.73	6,628	3.15	**+18.65**
Total:	**210,829**	**100**	**210,423**	**100**	**+0.19**



In 2020, the sales revenue of the group of companies amounted to EUR 210,829 thousand. Compared to 2019 (EUR 210,423 thousand), the Group's sales revenue increased by 0.19%.

In 2020, sales to European countries fell by almost 20%. This was, of course, affected by the unprecedented Covid-19 pandemic. Italy, the company's largest importer of cheese, was one of the countries most affected by the virus in the world, and the closure of the Horeca sector led to a sharp fall in sales of fresh cagliati and mozzarella, respectively. Low fresh cheese prices, due to profitability, forced a significant increase in the production of hard cheeses, which helped to ripen - resulting in less sales of fresh cheese production, a slight increase in hard cheese sales to the US - 2.81% compared to 2019. This was due to rising prices for locally produced hard cheese and increased demand for hard cheese. Therefore, the company resumed exports of this product to former and new customers.

The year 2020 was special in that the whole world was paralyzed by a pandemic almost all year, and this, of course, had an impact on the company’s sales. This has had the greatest impact on sales on the EU market, especially for fresh cheeses. However, as before, the group continued to sell conventional products on export markets, such as butter, cream, milk flour and by-products from the cheese-making process, such as WPC and lactose. These sales were virtually unaffected by the pandemic.

Compared to 2019 prices, fat prices remained low. The price of cream, converted to butter per unit of fat, was lower, so the company produced butter instead of selling cream. In 2020, compared to 2019, the company exported large quantities of butter to the Middle East, which allowed the company not to sell cream as a raw material at a lower price.

Mozzarella exports to South Korea increased slightly compared to 2019. However, sales to this country will remain low in 2020 as well, as Koreans have an alternative U.S. mozzarella market where the price level is often more favorable to them. Also, exports of hard cheese to Mexico and South America increased slightly over the year.

As before, the group also sells its main products in the export markets - butter, cream, buttermilk and by-products obtained from the cheese production process - WPC and lactose. Fresh cheese (Cagliata and Mozarella) continues to travel mainly to Italy, the Netherlands and Spain.

One of the biggest goals of the Rokiškio sūris group at the moment is the penetration of hard cheeses, especially Grand, into the European and American retail / Horeca market - i.e. increase sales of value-added cheese.

Sales in the local market

In 2020, the consolidated sales turnover of the Rokiškis Group in the local market amounted to EUR 84.329 million or was 3.83% higher than in 2019 (EUR 81.216 million in 2019).

Sales prices of products in the main categories of goods remained very similar to 2019, except for fat groups (Butter, Gretinė), where they decreased by ~ 10% due to lower world butter prices.

In 2020, the company sold 52.6 thousand tons of products in Lithuania, or 3% exceeding the level of 2019.
The highest growth was in the Cream (+ 25%) and Dairy (+ 17%) groups, but there was a 25% decrease in the Cream category, where a large part is accounted for by the HoReCa segment, which fell due to Covid-19. Own brands account for the largest share of domestic sales (85%).

The Rokiškis Group's share of the domestic market in sales has increased to 40% (38.6% in 2019), but this was also determined by the fact that the company produced larger quantities of longer ripening hard cheeses, thus increasing the stocks of cheeses for export.

In most product categories, Rokiškis Group is the first or second in the market, it is slightly weaker in dessert product groups. According to the data of the Lithuanian Association of Trade Companies, the most popular in its groups in its groups are the semi-hard fermented cheese, processed cheese, kefir, buttermilk and lactose-free natural yoghurt produced by the company.

The company does not try to participate in small market segments, focusing on mass production, ensuring low cost ratio and quality consistency for high quality goods. The company's priority sales channel is retail chains. Work with them is aimed at mutual cooperation, private labels are also produced to order.

Despite the fact that 2020 was marked by the influence of Covid-19, they did not have a very significant impact on sales of fresh dairy products. Only the sales channels were redistributed - people started consuming more food at home (sales of the company to retail chains) and less visits to cafes / restaurants (sales to the HoReCa chain).

In 2021, the company plans to maintain at least the current sales in the Lithuanian market, with a share of the domestic market of ~ 22%. One of the priority sales directions is to strengthen the sales of fresh products in the neighboring Baltic countries. In the budget for 2021, the company plans a 3.8% increase in the volume of production for Lithuania and the Baltics.

10. Products, brands and achievements

Rokiškio sūris in the list of the most sustainable brands.
Since 2011, a list of the most sustainable brands has been compiled in Europe. One year, one of the largest independent research companies in Europe, the Sustainable Brand Index, which examines how consumers assess the sustainability of brands both in the general context of the country and in

individual sectors, conducted this survey for the first time in Lithuania. For the study, brands are selected according to their market share, turnover and reputation. Summarizing the results of Lithuania, Rokiškio sūris is in the top eight of the list of the most sustainable brands.

A survey conducted by the rating creators revealed that the Lithuanian population is concerned about sustainability. Most respondents take sustainability factors into account before making a decision to purchase a product or service.
A survey based on the opinion of Lithuanian consumers shows that brands are perceived taking into account environmental and social responsibility. The more brands talk about sustainability, the more consumers care and demand that companies adhere to these principles. Businesses are expected to increase consumer interest and confidence in these issues by committing to and communicating their sustainability principles. As interest grows, so does consumers' knowledge of the company's standards.Brands are assessed and classified in terms of environmental and social responsibility, based on the definition of sustainability under the United Nations Sustainable Development Goals.

The winners of the annual competition "Lithuanian Product of the Year" organized by the Lithuanian Confederation of Industrialists (LPK) **were announced for the 24th time**.
The main goal of the LCP competition "**Lithuanian Product of the Year**" is to increase the competitiveness of high-quality Lithuanian products, present and establish the country's industrial products, goods and services to local or international consumers, encouraging the choice of high-quality Lithuanian products, thus developing Lithuanian business development.
We are proud of the **gold medal** received by the
grated cheese Rokiškis GRAND pasta and salad 250g.

AB Rokiškio sūris Group also has a full range of high-quality and exclusive high value-added products and other product categories.

Other news for 2020:

• **Mozzarella mild-flavored grated cheese -** does not overshadow other ingredients on the pizza, but separates and emphasizes them. The cheese is designed for easy and convenient handling. Ideal not only for pizza, but also for hot sandwiches, casedilla or lasagna. High in protein and suitable for vegetarians. The heese is packaged in an airtight and convenient package.

• The list of organic products has been expanded by Ecological milk 2.5% "Rokiškio Tikras" 1 L pack.

• ***Cheese for salad in "GREEK" brine 45% fat 240 g***

Salad cheese for Rokiškis "GREEK" - reminiscent of pressed curd, but its taste is much more expressive: it is a spicy, salty, but with a mild lactic acid product. The cheese is made in large pieces, matured in brine and therefore retains its brittle structure. The cheese for a salad goes well with tomatoes, olives and basil. It is also possible to season salads, perfect for sprinkling soup or incorporating into hot dishes.

• The list of Greek products was supplemented by Organic yogurt 2.5% fat / 6 g protein "GREEK" in a 360 g pack

- *• Updated design of Eco TIKRAS products:*

11. Risk factors and risk management

Risk is understood as a hindrance to achieve the set targets due to potential evens or their possible impact on business. The Company's objectives also include long-term strategic goals and specific actions related to the operations. The Management of the Company is responsible for managing the Company's risks and the assessment of negative impact on the set targets and outcomes. The identification of specific risk and the management thereof is attributed to the respective functions implemented in the Company. Given the external and internal environment, the risk level is assessed when adopting both strategic and operational decisions. Risk management forms an integral part of the Company's operational processes, therefore potential risks are under permanent monitoring and evaluation.

The Group's core business is milk processing. Milk processing business is related to raw material suppliers, competition in raw milk market, raw milk price fluctuations. Shortage of raw milk, which promotes the constant fluctuation of milk prices, may affect the performance of the issuer.

Specialization in the production of fermented cheeses determines the main part of the income. The process of maturing the cheeses is quite long. Therefore, it is difficult to react quickly to market changes, which may affect the performance of the company.

High competition for dairy products in domestic and export markets, cheaper Polish products, restrictions to the Russian market limits sales.

Group‘s credit risk is related to receivables. The risk that partners fail to meet their obligations is controlled. The Group has insured its customers with credit insurance. Customers with higher financial risk are subject to a prepayment system.

The Group's activities are under constant control of food safety, environmental and social responsibility audits. Food safety systems are in place and operate in the group‘s companies. The company has been awarded the specific quality certificates of HALAL and KOSHER (for the products such as Lactose, WPC, SMP, FMP, Butter milk powder, Butter). This ensures consumer confidence in product safety. Certified organic products are labeled with additional information.

The goal of the Group's management is to produce safe and high-quality milk products with minimal impact on the environment. The Group is constantly looking for ways to optimize production, reduce costs and minimize risk factors and manage them as much as possible.

Risk Factor	Source of Risk	Risk Management.
Economic Factors: Supply of raw material	Small farms; Seasonality; Competition; Absence of a long-term regulatory framework. Fluctuation of raw milk prices in winter and summer. Significant changes in milk prices on global markets	In order to mitigate the potential risks and their impact, dairy producers are paid additionaly to the milk price for long-term cooperation, for higher milk quality indicators, loyalty, and balance in seasonality of milk production. Risk is managed by additional import of milk from other countries (Estonia, Latvia) and diversification of raw milk purchase from different size suppliers in Lithuania.
Product sales	The Group's core business is milk processing. The main product is fermented cheese.	Searching for alternatives to import production. Increasing the range.

	Cheese sales account for most of the revenue. The Company's income, profits and cash flows may be negatively affected by changes in the demand and prices of cheeses and other products - milk sugar, butter, WPC. The production of long ripening hard cheese is a long process that lasts from 9 to 24 months. This long process can negatively affect the company's cash flows and performance. Internal competition between local producers. Cheaper Polish production on the Lithuanian market. Increase in the number and range of cheaper products from other EU countries.	Search for new markets. Cooperation with business partners. Risk assessment for each client.
Environmental Factors	We consume a lot of energy and natural resources in our operations. This poses direct and/or indirect risk of environmental pollution, as does air pollution from technological equipment.	Replacement of vehicles with new ones, maintenance, operation conditions control. Selection of energy suppliers. Resource conservation, accounting and control measures. Control, automatisation and modernisation of technological processes. The monitoring of the consumption and impact of natural resources.
	The use of chemical substances. This poses a risk to employees, products, and the environment.	Staff training, personal protection measures. Accounting and control. Process automatisation.
	Physical environmental pollution: noise, odour, light	Control measurements and assessment. The deployment of technical measures. Focus on design works.
	Industrial and surface wastewater management. Release of industrial and surface wastewater containing pollutants.	Maintenance, operation conditions, process control. Analysis of the concentrations of contaminants, accounting of contaminant releases. The use of city wastewater purification reserves. Cleaning and maintenance of sand oil precipitators. In 2020, part of the rain and industrial wastewater networks were renewed, and the aeration system of the second aeration tank of wastewater treatment plants was reconstructed.

	Poor treatment of waste generated during operation poses environmental risk.	Waste separation, process management. Ensuring adequate storage conditions. Staff training. Transfer to legitimate managers.
	Regulation and compliance. The risk manifests itself in the large scope and developments of legal regulations.	Certified management system in compliance with ISO 14001:2015 Environmental management system. Requirements and usage guidelines. Continuous assessment of legal acts and developments.
	The interests of the population and self-government institutions related to the environmental impact of the Company. The Company is located in the industrial area of the city and borders on other business undertakings as well as a residential area.	Disseminating information about important developments at the company in the local media and online. Active co-operation with self-government authorities, people's and business communities. Assessment of the impact of planned business operations in accordance with the established procedure. Climate control chambers have been installed in the production rooms, which not only maintain the set temperature and humidity parameters, but also operate in recuperation mode.
Energy-related risk	The Company's operations involve high consumption of electricity, heat energy and water. The operation of all industrial and non-industrial equipment is based on electricity consumption. This poses a risk of uninterrupted electricity supply. Electricity, heat energy (steam) and water supply affects the industrial-technological process.	There are three 10KV high-voltage distribution facilities in the territory that feed energy to three power transformers. If voltage is lost in one substation, feeding continues from another one. Four water supply inlets are available: two from Rokiškio vandenys, UAB and two from own wells. Strict contractual terms and conditions for heat energy (steam) supply from Rokiškis ŠTR define maximum demand for pressure and temperature. Installed thermal energy vapor accounting with controlled and assured consumption and needs of relevant workshops. Three hot water boilers are installed at the production facility. The installed heat pump will allow to recover about 10% of heat from wastewater, will reduce the amount of purchased heat energy.
Food safety and quality	In order to implement one of the most important goals of AB Rokiškio sūris - to ensure food safety and quality, to avoid product recalls, existing and potentially dangerous risk	Categories of management measures and control measures are identified according to the level of risk identified and the methodology approved by the Codex Alimentarius Commission. Identification of key active risk control

	factors (biological, chemical, physical) have been identified and favorable conditions for their emergence and growth have been analyzed. The risk assessment consists of an assessment of the likelihood of the risk factor occurring and the severity of the consequences. Risk assessment covers the entire production chain of products - from the purchase of raw materials to delivery to the customer.	measures; Assessment of the efficiency of operational controls to mitigate the risks to a tolerable level; The development of appropriate action plans aimed at the improvement of the control system; Constant risk management and the monitoring of set targets.
Information security	IT risks arise from the use of illegal software, lost and unrecoverable data and data vulnerability.	Only legal and licensed IT software is used to prevent possible risks. Configured firewall is used to prevent unauthorised access from the outside. Unauthorised data access is controlled by granting employees only those rights and roles that are necessary for their work. Test environment is used to test software modifications. Protection against accidental data loss is ensured through creation of back-up copies. Antivirus software is installed in all computers of the Company.
Occupational risk factors: **Physical factors**	Inadequate workplace equipment; Non-compliance with the minimum requirements to workplace equipment; Mobile self-propelled/non-self-propelled work equipment; Potentially dangerous machinery; Stability and firmness of construction works; Evacuation routes and exits; Fire detection and fire extinguishing; Electrical installations; The activities of other undertakings in the process of providing services and performing other works at the Company.	Workplaces and work equipment are under regular maintenance. Identified irregularities that might affect employee safety and health are addressed. Work equipment control devices are clearly visible, identifiable and appropriately labelled. Work equipment is equipped with a control system allowing to stop them fully and safely. Emergency stop devices are installed for this purpose. Where there is a risk that contact with the moving parts of a piece of work equipment may cause employee trauma, such parts must be covered and protective devices must be installed to prevent access to danger zones. Work equipment is appropriately labelled with safety and health warnings to ensure employee safety. Employees receive appropriate briefing on the use of work equipment, they receive on-site training at the workplace and are made aware of potential hazards related to work equipment. The installation and structure of mobile work equipment is designed to ensure

		minimum risk exposure for employees. Such equipment is under continuous maintenance, employees using the equipment receive training and undergo periodic health checks. The maintenance of potentially dangerous machinery is carried out in accordance with the Law on the Maintenance of Potentially Dangerous Machinery. Maintenance of potentially dangerous machinery is performed, supervisors of potentially dangerous machinery are appointed. Employees operating potentially dangerous machinery receive training, their qualification is reviewed on a regular basis, they undergo periodic health checks. Maintenance of construction works is performed in order to ensure stability and firmness of construction works in accordance with the construction technical regulation. The condition of construction works is under regular monitoring, periodic inspections of construction works are carried out. Evacuation routes are appropriately maintained and identified. Considering the size and the function of construction works, the equipment located inside as well as the characteristics of materials stored in the construction works, workplaces are provided with adequate fire extinguishing means and fire safety engineering systems, with due regard to the number of employees at the workplace. Fire extinguishers and fire safety systems are maintained and tested on a regular basis. Reconstructed fire reservoir. It fully complies with the relevant laws of the Republic of Lithuania. Fire extinguishing means are adequately labelled. Workplaces are equipped with a ventilation system. Ventilation equipment is maintained and renovated on a regular basis. Fire safety trainings are organized for the employees. Danger zones of the workplaces are appropriately marked. Workplace floors are firm and stable. Employees are provided with special anti-slip footwear. Electrical installations are fitted in the

		manner that prevents the risk of fire and employees are protected against direct or indirect contact with electrical installations. Resistance of electrical installations is periodically measured in accordance with the procedure laid down in the laws. A description of the procedure for co-operation and co-ordinated action is prepared and coordinators are appointed to ensure employee safety and health in order to prevent the risks which arise from the activities of other undertakings as well as the risks to employees of such undertakings which arise from the activities of the Company.
Physical: **Noise** **Lighting**	Work equipment Insufficient or poorly equipped, poorly maintained lighting in the workplace is one of the main factors of occupational risk, which affects the emotional stress of employees, reduces work productivity, increases the number of accidents.	The use of personal protection means, mandatory health checks for noise, staff trainings. Equipped with high-pressure washing stations that fully control the dose of chemicals needed to clean and disinfect premises and improve staff conditions. Measurements of natural and artificial lighting were performed during the occupational risk assessment in the cheese production workshop. Lighting in certain workplaces has been found not to meet hygiene standards. As a result, many luminaires have been replaced with new, LED luminaires. Their advantages, lower energy consumption, longer service life, higher efficiency.
Chemical factors	Use of chemical substances during laboratory tests, cleaning process of work equipment and premises.	Equipped with high-pressure washing stations that fully control the dose of chemicals needed for indoor cleaning and disinfection and improve staff conditions. Occupational risk assessment of workplaces where chemicals are used. Mandatory medical examinations. Information and training of employees. Use personal protective equipment where hazardous chemical agents are present. An artificial ventilation system is installed.
Ergonomic factors	Manual work is present in many workplaces.	Occupational risk assessment. Mandatory health checks. Manual and power-driven carts are used to address ergonomic risk factors. Lifts are also used. Robot technology is deployed at the Company to prevent the lifting of heavy weight. Robotic milk sugar bagging line is installed. Cheese maturing facility is equipped with a cheese

		packaging device; a vacuum lift for shifting heavy cheeses is also installed Avoiding heavy manual handling of cheeses, in 2019 a lifting device with a pivot / flip function was installed.
Social factors	Employee Search and Recruitment.	Employee search in the Employement Agency. Cooperation with educational institutions. Recommendations of employees working in the company. Internal resources of the company (encourages employees to improve their skills).
	Employee qualification and employee integration into work processes.	The company has a system for assessing and developing employee performance. Every year, employee training plans are drawn up. The training is organized both by sending employees to external seminars organized by the suppliers and within the group.
	Employee retention and reduction of turnover.	The company strives to build a stable team by maintaining good relationships, empowering to grow, participate in decision-making, giving employee benefits under the Collective Agreement. These social factors do not depend solely on the company's actions. The company may be forced to increase investment in robotic production processes, i.e. to replace manual work with robots.

Ensuring business continuity of AB Rokiškio sūris and COVID-19 risk management

The COVID-19 pandemic affected many industries. The company’s action was first applied to the Covid-19 outbreak in March 2020.

The company has revised and supplemented the Emergency and Emergency Management Plan in order to manage the emerging risks in various areas more quickly and efficiently.

Main areas of risk:

- Possible disruptions in the supply chain of raw materials and other materials used in production.

The company's main raw material is milk purchased domestically and in neighboring regions, so no disruptions or additional measures were required. Stock levels of other necessary materials were reviewed.

• Risks to workers' health and to the continuous processing of milk and the continuity of the production chain
According to the recommendations of the Ministry of Health and the State Food and Veterinary Service, procedures have been established for COVID-19 prevention - health monitoring, fever detection before entering production premises, regulating the flow of workers, service providers and visitors, strictly following social distance and personal protective equipment.
The established COVID-19 prevention procedures also include the safe organization of the purchase of raw milk from dairy farms and its reception in enterprises.
In accordance with the procedures established by the state authorities, the responsibilities are assigned to what actions to take when an employee is identified or endangered due to COVID-19.
Periodic inspections are carried out to ensure that the established procedure is working and effective.
During COVID-19, some employees started teleworking, giving up face-to-face meetings, business trips and limiting the number of guests.

• Market volatility and changes in consumption patterns.
To prepare for these challenges, it will be necessary to constantly monitor, analyze and manage the situation in the future.

12. Information about the aims of financial risk management and the use of hedging measures

The Company and the Group are exposed to various financial risks in the course of their operations. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to mitigate the potential adverse effects on the Group's financial performance.
The Group is insured against general civil liability arising from the activities performed and from damage caused to the Group's products or services. The insurance policy is valid worldwide.
Risk management is performed by the Company's management. Written general risk management principles have not been developed.
The financial risk factors of the Company and the Group are described in detail in Note 3 to the consolidated and parent company's financial statements of AB Rokiškio sūris for the year ended 31 December 2020.

13. Key aspects of the internal control and risk management systems associated with the formation of consolidated financial accounts

The supervision of the drawing up of the Company's consolidated financial accounts, the internal control and financial risk management systems and compliance with the laws on the drawing up of consolidated financial accounts is carried out by the Audit Committee.

The consolidated accounts of Rokiškio sūris, AB and the financial accounts of the Company are prepared in accordance with the International Financial Reporting Standards (IFRS) adopted for application in the European Union.

The Audit Committee supervises the preparation process of the financial accounts of the Company and Subsidiaries, reviews IFRS so as to ensure timely implementation of all changes to IFRS in the financial reports, analyses the transactions relevant to the operations of the Company and Subsidiaries, ensures information collection from the companies of the Group as well as timely processing and preparation of the information for financial accounting purposes, informs the Board

of the Company about significant internal control irregularities related to financial accounts that have been identified by external and internal audit and makes recommendations regarding ways of addressing them.
The preparation of IFRS-compliant financial statements involves the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates are based on the knowledge of the management about current situation and actions. The financial accounts include consolidated financial accounting of the Group and individual financial accounting of the Company.

Subsidiaries are the entities (including special purpose entities) over which the group has the power to govern the financial and operating policies. Control is normally exercised though the ownership of more than a half of the voting rights. When assessing whether the Group controls another company, the existence and effect of the shares or convertible potential shares with voting rights currently held is taken into account. Subsidiaries are fully consolidated from the date when the Group acquires control over these companies, and cease to be consolidated from the date when this control is lost.
The Audit Committee makes recommendations to the Board regarding the choice of external audit undertaking and monitors the way in which the external auditor and the audit undertaking complies with the principles of independence and impartiality.

14. Food safety and quality

Thanks to their flawless quality, the dairy products manufactured by the Company enjoy high international recognition. The internationally-certified food safety and environmental systems deployed by the Company ensure the possibility to offer a wide range of delicious products to the consumers. Experience obtained through many years of work as well as continuing attention to the deployment of new technologies allow the Company to maintain competitiveness in raw milk procurement and product sale markets.

Production of hard cheese is a long process which may take between a few months and a few years. Such production particularity does not allow instant response to changes in the cheese market which might influence operational results.

The Companies focus on food safety and quality in order to satisfy customer needs and comply with environmental requirements. Rokiškio sūris, AB was the first company in Lithuania to certify its Food Safety System, and the first milk processing undertaking to certify its Quality management and Environment management systems in accordance with the international ISO requirements (ISO 9001, ISO 14001).

Food safety is the most important aspect of the companies' performance. In an effort to enhance food safety, one of the companies of Rokiškio sūris, AB – the company in Rokiškis, upgraded the existing food safety system and was certified in accordance with the Certification scheme for the certification of food safety systems FSSC 22000 in 2013. The Scheme covers ISO 22000: 2018 and ISO/TS 22002-1:2009. The food safety scheme is recognised by the Global Food Safety Initiative GFSI *and can replace such previously recognised food safety standards as BRC, IFS and SQF).*

Rokiškio pieno gamyba, UAB (plant in Utena) and Rokiškio pieno gamyba, UAB branch Ukmergės pieninė (plant in Ukmerge) are both certified according to the requirements of Environmental Management (ISO 14001) and Food Safety (ISO 22000) international standards. In 2016 the

Companies were certified in accordance with the requirements of the Scheme *Food Safety Management System under FSSC 22000*.

The requirements of the standards served as the framework for the development of rules designed to ensure the manufacturing of stable, uniform, high-quality and safe products in compliance with the policy of the organisation. The system covers the processes from the procurement of the raw materials till the satisfaction of consumer needs; it is reviewed and improved on a regular basis in order to maintain high product quality. Food safety, quality and environmental systems are reviewed on a regular basis and improved in order to ensure that all products are of a high quality and meet the expectations of the clients.

Changes related to the new requirements of FSSC 22000 Version 5 have been introduced in all the company's companies to improve the company's existing food safety systems. The fundamental changes in the new version relate to the organization and the understanding of its context, taking into account the positive and negative external and internal factors; identifying stakeholder needs and requirements and emphasizing senior management leadership.

Every year, the international certification company BUREAU VERITAS Lit performs supervisory audits in the companies, and every 3 years the system is re-certified (re-certified). During the period of validity of the certificate, one of the surveillance audits is carried out without prior notice (unannounced audit).

In 2020, audits of food safety systems in companies were assessed very positively.

Certification under the Food Safety System Certification Scheme FSSC 22000 serves to demonstrate that the Company’s operations process and the resources related thereto are under control. The inter-connected processes are perceived and managed as a single system, which increases the Company’s performance and efficiency. A properly operating food safety system allows to manage the identified risks both at critical and important control points related to production processes, transportation and consumption.

In order to meet the needs of customers, expand sales markets and improve processes, in 2020 it was decided to implement the IFS food safety standard in Utena by AB Rokiškio sūris and UAB Rokiškio pieno gamyba.

The IFS-International Food Standard is developed by the German, French and Italian retail associations and is recognized by the Global Food Safety Initiative (GFSI) and retail organizations.

The Management of the Company performs annual review and approval of the food safety, quality and environmental policy which provides for continuous improvement. We believe it is never enough to “do things right”. We know that the things we do right today will be done even better tomorrow!’”

The Company has created the atmosphere where every employee takes part in the struggle for the goals set and the tasks raised.

The Company has prepared and deployed effective minimum programmes which stipulate the conditions, measures and rules to prevent biological, chemical, allergen and physical pollution and help ensure the production of safe products.

In 2007 the State Food and Veterinary Service of the Republic of Lithuania conformed the compliance of dairy products to the requirements of the new EU hygiene regulations and issued the following veterinary approval numbers:

- Rokiškio sūris, AB LT 73-01 P EB;
- Rokiškio pieno gamyba, UAB LT 82-01 P EB;
- Ukmergės pieninė, Branch of Rokiškio pieno gamyba, UAB LT 81-01 EB.

The laboratory of Rokiškis company is certified in accordance with LST EN ISO/IES 17025 international standard.

The laboratory adheres to the set goals and further improves the quality management of the laboratory, the quality of research performed, gaining professional experience. In 2020, the company's laboratory was re-accredited according to the new version of the standard LST EN ISO / IEC 17025: 2017 "General requirements for the competence of testing, testing and calibration laboratories", ensuring reliable testing.

The operations of the laboratories of Utena and Ukmergė plants have been assessed under the description of the procedure for issuing laboratory certification authorisations of food management undertakings approved by the State Food and Veterinary Service.

In 2003, the public institution EKOAGROS certified that Rokiškio sūris, AB complies with the requirements laid down in EU Council Regulation EC No. 834/2007 and is a certified manufacturer of organic products: hard cheese BIO, Cagliata BIO, Mozzarella BIO, cheese Gouda BIO.

Organic products are subject to stringent requirements not only for their production processes, but also for their ingredients. The main ingredient is organic milk, which comes exclusively from organic farms approved by the certification bodies. These farms have special requirements for the care of cows, feed and the environment of milk production.

In search of new outlets, organic Hard Cheeses, Mozzarella, Cagliata, Skimmed Milk Powder and Butter have been certified in accordance with the current Organic Product Management Requirements of the Republic of China and an Organic Product Certificate has been issued. The certification was performed by the COFCC -China Organic Food Certification Center authorized by the Republic of China.

Rokiškio pieno gamyba, UAB and Ukmergės pieninė Branch of Rokiškio pieno gamyba, UAB became certified manufacturers of organic products in 2017 – short shelf live dairy products for the local market such as various yoghurts, sour cream, kefir, milk, curd, curd cheese, as well as butter and skimmed milk powder.

Special HALAL and KOSHER (Lactose, WPC, skimmed and full milk powder, whey powder, butter) quality certificates have been issued for certain products of the Company (Lactose, WPC, butter, skimmed milk powder, fermented cheeses).

Rokiškio sūris, AB has the status of a certified exporter to the Republic of South Korea.

Rokiškio sūris, AB is entered in the list of the Certification and Accreditation Administration of the People's Republic of China (23 August, 2016).

The activities of the State Food and Veterinary Service received a positive evaluation during the audit by competent Mexican authorities, which serves as a confirmation that the Company is also an authorised exporter to the country.

In 2020, the competent authorities of the countries extended or issued permits to export AB Rokiškio sūris products to Argentina, Brazil and Colombia.

15. Environment protection

Risks from industrial activities are managed in accordance with Directive 2010/75 / EC of the European Parliament and of the Council on industrial emissions (integrated pollution prevention and control - IPPC). The company AB Rokiškio sūris is subject to the IPPC permit. The IPPC permit was issued on 30 December 2005, updated on 12 September 2014, revised on 10 July 2019. The company's Best Available Techniques (BREFs), resource costs and emission levels are in line with those achieved in the European Union, the IPPC Reference Document on the Best Available Techniques in the Food, Drink and Milk Industries. The report is IPPC permit no. Part P1-5 / 026 / T-A.2-1 / 2014. A comparison is attached below, see Table „Non-financial information".

To monitor the impact on the environment, in 2020 the company implemented four environmental monitoring programs:

1) Rokiškio sūris, AB program for monitoring the releases of treated wastewater into wastewater receiver – Ruopiškio (Alsetos) lake in Rokiškis district;
2) program for monitoring the ground water of Rokiškio sūris, AB water extraction plant;
3) program for monitoring the ground water of Rokiškio sūris, AB petrol stations in Rokiškis and Obeliai. The three monitoring programs are being carried out by environmental engineering surveys undertaking Geoaplinka, UAB;
4) monitoring releases/emissions from emission sources. Statutory surveys are performed by authorised undertakings. Reports are submitted to the Environmental Protection Agency, no adverse impact has been identified.

In 2001, AB Rokiškio sūris voluntarily implemented the ISO 14001 Environmental Management System standard to manage environmental risks and improve performance. ISO 14001: 2015 / LST EN ISO 14001: 2015 certificate is valid until 1622-06-16.
No observations or discrepancies were identified during the 2020 internal audits.
The management system has been certified and independent audits are performed by UAB Bureau Veritas Lt. External audit UAB Bureu Veritas Lt submitted 1 note, which is being implemented.

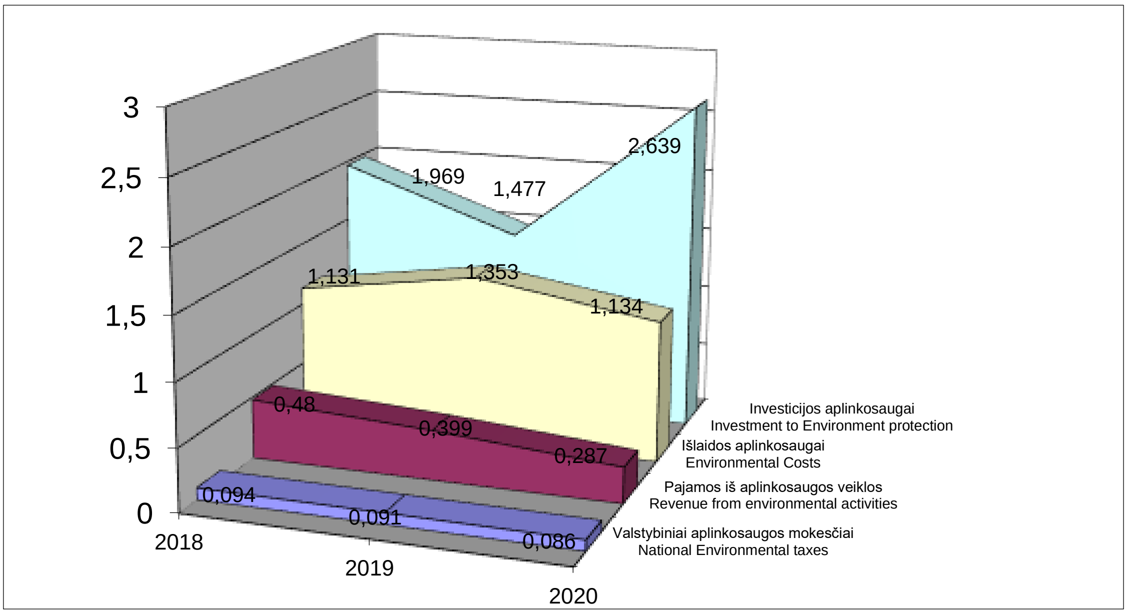
AB Rokiškio sūris - results of environmental activities in 2020:

A 1.6 MW heat pump has been installed, which will save about 10% of the purchased heat energy per year.
Equipped with a steam condensate return system from remote installations. This reduces heat and water losses. The amount of returned condensate was increased by 87.1%.
During 2020 the vehicle fleet was reduced by 35 cars. Seven cars are with hybrid drive. This made it possible to reduce fuel consumption by 2.5%, i.e. up to 5.6 kg / t raw material.
31.3% more was used for washing secondary water equipment. This saved 15.3% of groundwater.

AB Rokiškio sūris is a leader in the regional milk processing sector, a socially responsible and transparent business partner, constantly striving for sustainability and continuity of activities, fostering long-term traditions. We are committed to protecting the environment and continuously reducing the negative impact of our operations, to the efficient use of resources, including energy and natural resources, and to complying with legal and standard requirements relating to quality, food safety, the environment and all activities.

Environmental activities (million EUR)

	2018	2019	2020
National Environmental taxes	0.094	0.091	0.086
Revenue from environmental activities	0.48	0.399	0.287
Environmental Costs	1.131	1.353	1.134
Investment to Environment protection	1.969	1.477	2.639



Non-financial information

Comparison of the company's environmental performance with relevant industry standards

GPGB reikšmės IPPC Reference Document on the Best Available techniques in the Food, Drink and Milk Industries		AB „Rokiškio sūris“ 2020
3.3.5.1.1 Water consumption 3.49, 3.50 tables,		
Cheese and whey	1-60 l/kg, 1,2-3,8 l/l	1.2 m^3/ t of raw milk*[1]
3.11 chart Water consumption		
Milk processing 300.000-400.000 t/year	0.8-0.9 l/l	0.59 m^3/ t of milk
3.3.5.1.2 Waste 3.51 tables		
"yellow" products such as butter, cheese	4 l/kg	1.6 l/ kg of raw milk*[1]
3.52 table, Waste pollutants		
Dry matter mg/l	24-5700	-
Floating materials mg/l	135-8500	651
ChDS mg/l	500-4500	3537
BDS_5(BDS_7) mg/l	450-4790 (517-5508)	BDS_7 2270
Proteins mg/l	210-560	-
Fat mg/l	35-500	191
Carbs mg/l	232-931	-
Ammonium -N mg/l	10-100	-

Nitrogen mg/l	15-180	98
Phosphorus mg/l	20-250	45
Sodium mg/l	60-807	-
Chlorides mg/l	48-469(2000)	136
Calcium mg/l	57-112	-
Magnesium mg/l	22-49	-
Potassium mg/l	11-160	-
pH	5.3-9.4(6-10)	6.28
3.53 table, Quantities of pollutants in dairy effluents		
Quantity	0,7-60 l/kg	1.6 m^3/ t of raw milk *[1]
COD/ChDS	0.8-13 mg/l kg of milk	5.12 mg/kg of raw milk *[1]
Bendras N	0.08-0.2 mg/l kg of milk	0.14 mg/kg of raw milk *[1]
Bendras P	0.01-0.05 mg/l kg of milk	0.06 mg/kg of raw milk *[1]
3.55 table, Composition of cheese-making effluent with whey collection		
BDS $_7$	2397 mg/l	2270 mg/l
COD/ChDS	5312 mg/lkg	3537 mg/l
Total N	90 mg/lkg	98 mg/l
Total P	26 mg/lkg	45 mg/l
Fat	96 mg/l	191 mg/l
3.3.5.4 Energy, Table 3.59 (Cheese), Energy consumption		
Electric power	0.08-2.9 GJ/t. of milk	0.17 GJ/t
Fuel	0.15-4.6 GJ/t. of milk	0.25 GJ/t (steam)
Total power consumtion	0.06-2.08 kWh/ l of milk	0.12 kWh/ raw milk *[1]
Table 3.60 Cheese and whey, Energy consumption		
Total power consumtion	0.12-0.81 kWh/ l of milk	0.12 kWh/ raw milk *[1]
3.3.5.5 Consumption of chemicals, Table 3,61 - 3,62 Cheese		
NaOH 100 %	0.4-5.4 kg/t of milk	0.42 kg/kg. of raw milk *[1]
HNO3 100 %	0.6-3.8 kg/t of milk	1.42 kg/kg. of raw milk *[1]
Detergents	0.1-1.5 kg/t of milk	0.51 kg/kg. of raw milk *[1]
Pav. 3.5 Waste generation (cheese, whey, poeders)		
Quantity	0.5-10.0 kg/1000 l	5.5 kg./ t of raw milk *[1]
Of which recycled	1-91%	86.2%
Of which burned	0-80%	0
Of which to compost	0-2%	2.3 %
Of which to landfill	9-88%	11.5 %

Note:
* 1- Recyclable raw material is the sum of processed milk and whey. AB Rokiškio sūris has implemented full whey processing, the quantities of processed milk and whey are similar, energy and other resources are used for whey processing.

Disclosure of Information on Environmental and Climate Change Factors:

AB Rokiškio sūris does not participate in the greenhouse gas (GHG) emissions scheme because it does not meet the criteria set out in Directive 2003/87 / EC of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowance trading within the Community. It is already known that the EU institution reports that GHG emissions are given in CO_2 equivalents, as the various greenhouse gases are assessed on the basis of their global warming potential. The EU institutions and bodies do not have a common approach to this task, so other institutions or companies are facing this problem. For the EU's climate policy to be credible, it is important for the EU institutions and bodies to set an example and lead the way.

16. Research and development activities

The constant goal of the companies of AB „Rokiškio sūris“ group is to supply to the market - both local and export - high quality and safe production to the maximum extent possible. To this end, research activities are carried out both internally and in cooperation with scientific institutions such as KTU FTMC, Vilnius University. The largest part of the research is done by the company's production specialists together with prof. Angelo Frosio from Italy (co-founder and collaborator of *Centro Latte Lodi* and *Scuola d'Arte Bergognone*).

As one of the largest dairy companies in the world – Fonterra – has become a shareholder of Rokiskio suris AB, the company's specialists can use the knowledge and research possibilities of this company in their research activities. Research and experiments with Fonterra specialists are carried out both within the company itself and at the Fonterra Research Laboratory, located in the Research and Development Center of the company. Laboratory tests of products are performed both in the laboratories of the companies of the group and in other laboratories of Lithuania and foreign countries, such as the National Institute of Food and Veterinary Risk Assessment (Lithuania), KTU MI (Lithuania), Eurofins (Germany, Poland, China), Campden Bri food and drink innovation (UK), Galab laboratories (Germany), Qlip quality assurance in agrofood (the Netherlands), Mérieux NutriSciences Italia (Italy), Nutricontrol laboratory (Netherlands). Company's laboratory in Rokiskis is accredited, certificate no. LA01.129. The aim of these activities is to ensure product safety, improve recipes, achieve product exclusivity and more efficient production processes, as well as develop new products. During 2020, the laboratory of AB Rokiškio sūris was recertified according to the new standard LST EN ISO 17025: 2018.

AB "Rokiskio suris" research laboratory has implemented LabdataLims laboratory information system in the company's laboratory in order to more efficiently manage production processes and improve laboratory activities. During 2020, intensive work was carried out to improve this system. In the laboratory information system, all data related to research is stored: studies, repositories, files are stored, reports are generated, files are imported from the analyzer, software that automatically calculates the required data is integrated.

The information system of the laboratory is protected from unauthorized access, and the system is accessible only in the internal network of AB "Rokiškio sūris".

In order to better understand the needs of the market, the company is constantly cooperating with an expert in the field, NIELSEN, a research company, both in purchasing its services and participating in seminars. Another method of market research is participation in global exhibitions of major regions, cooperation with competent specialists of major clients and representatives of major suppliers.

As a result of these activities, the company constantly offers the market completely new or improved products tailored to both the specific market and the specific customer. Seeing that the needs of the market are changing more and more rapidly, the company will continue to strengthen its units in charge of research and development in order to respond to it.

17. FINANCIAL PERFORMANCE INDICATORS

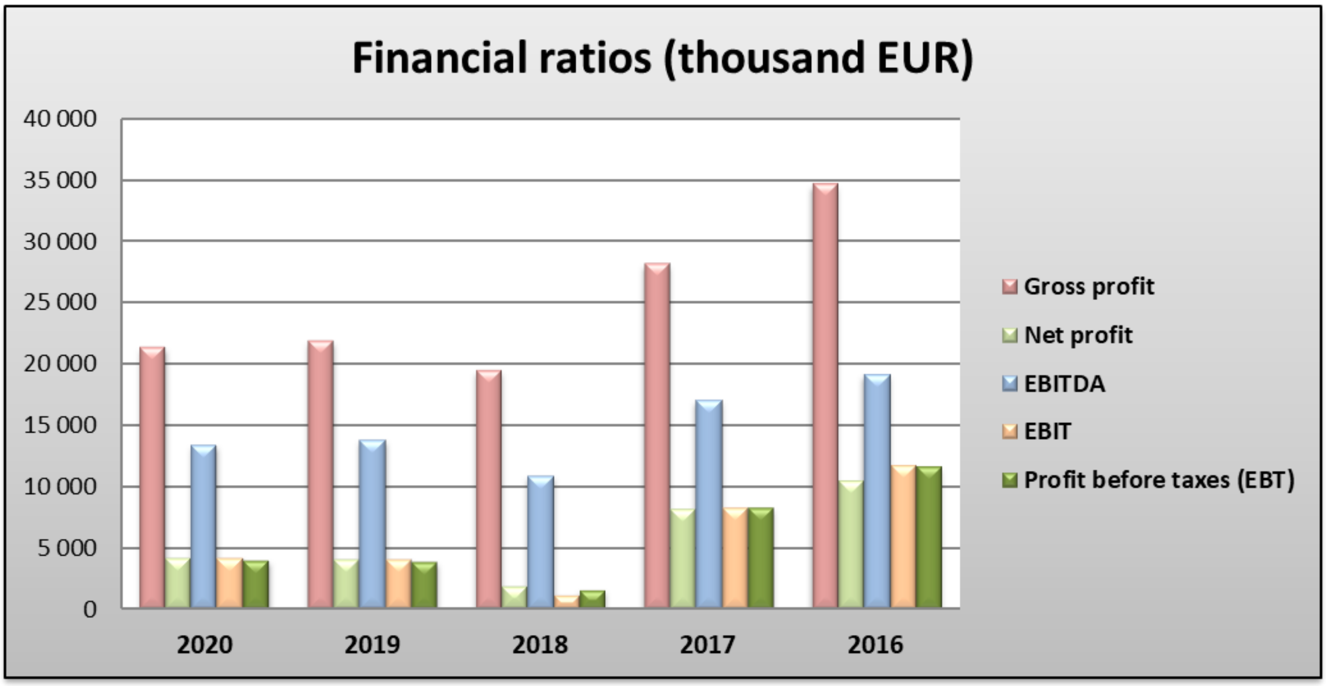
Alternative performance indicators

Alongside with the financial performance indicators prepared in accordance with International Financial Reporting Standards (IFRS), AB "Rokiškio sūris" also presents the financial performance indicators that are not indicated by the IFRS. These alternative performance indicators are important indicators of its performance for investors and other users of financial statements. Alternative performance indicators should be treated as additional information prepared in accordance with IFRS.
The company below presents alternative performance indicators and their calculation methodology:

Financial ratios (kEUR)	2020	2019	2018	2017	2016
Sales revenues	210,829	210,423	203,675	243,566	226,196
Gross profit	21,388	21,902	19,500	28,150	34,687
EBITDA	13,431	13,834	10,865	17,042	19,174
EBIT	4,171	4,101	1,193	8,330	11,723
Operational profits	4,171	4,101	1,648	8,330	11,723
Earnings before tax EBT	3,972	3,914	1,619	8,290	11,607
Net profit/loss	4,061	4,101	1,918	8,156	10,451
Fixed assets	76,646	62,294	64,140	74,070	60,623
Current assets	120,424	106,774	106,071	88,589	81,789
Total assets	197,070	169,068	170,211	162,659	142,412
Shareholders ' equity	145,428	130,771	130,319	134,096	122,066
Profitability (%)					
Return on assets [ROA]	2.22	2.42	1.15	5.35	7.04
Return on equity [ROE]	2.94	3.14	1.45	6.37	8.79
Gross profit margin	10.14	10.41	9.57	11.56	15.33
EBITDA margin	6.37	6.57	5.33	7.00	8.48
EBIT margin	1.98	1.97	0.59	3.42	5.18
Returned on Capital Employed [ROCE]	2.45	2.67	0.76	5.18	8.34
Profitability rate [EBT margin]	1.88	1.86	0.79	3.40	5.13
Net profit margin	1.93	1.95	0.94	3.35	4.62
Financial structure					
Liabilities-to-equity ratio	0.36	0.29	0.31	0.21	0.17
Equity capital to assets ratio	0.74	0.77	0.77	0.82	0.86
Debt-to-equity ratio	0.18	0.12	0.11	0.01	0.02
Debt ratio	0.26	0.23	0.23	0.18	0.14
General liquidity ratio	2.70	3.18	2.92	3.56	5.00
Market value indicators					
Price/earnings ratio (P/E ratio)	24.33	21.00	50.20	11.00	5.53
Net earnings per share	0.12	0.12	0.05	0.25	0.32

Ratio	Method of calculation	Meaning of ratio
EBITDA	Earnings before Interest, Tax, Depretiation and Amoritization	EBITDA – Operating profit before depreciation of fixed assets, amortization and impairment costs helps investors to assess the potential for profit before investing in fixed assets.
EBITDA margin	EBITDA / Income	EBITDA - the relationship with income shows the effectiveness of company performance
EBIT	Profit before tax and interest, i.e. net profit + income tax + financial activity costs.	EBIT – operational profit. EBIT is a very important indicator, as all liabilities to creditors are paid from the operational profit. This indicator well reflects the company's ability to generate cash flow.
EBT	Profit before tax, i.e. net profit + profit tax.	Profit before deduction of income tax and investing and financing activities at net value
Return on assets [ROA]	The ratio of EBIT for the past 12 months to the average of the total assets over the past 12 months.	This indicator shows how much the company's assets are effectively managed, i.e. share of net profit to every euro of the company's assets, which is one of the most popular valuation rates
Return on equity [ROE]	The ratio of the net profit of the last 12 months to the average equity of the last 12 months.	The return on equity shows how much euro s of net profit is attributable to one euro of equity. This indicator is important for the shareholders, taking into account their past return on investment.
Returned on Capital Employed [ROCE]	The ratio of operating profit (EBIT) to operating income over the last 12 months and the average capital employed over the past 12 months.	The ROCE Profitability Index evaluates the recoverability of funds required by the firm for its regular operations. It is often compared to the loan rates on the market of that year. ROCE is considered to be above the cost of borrowed capital at that time.
Liability to equity ratio	Liability/Equity capital	The ratio of liabilities to equity shows what the total amount of long-term and short-term liabilities of the company is per euro of equity.
Debt-to-assets ratio	Financial debts (long-term + short-term) / Assets	Its a financial indicator comparing company's financial debts with its entire assets. The coefficient shows what part of the company's assets is financed by borrowed funds.
Debt-to-equity ratio	Financial debts (long-term + short-term) / Equity	This is one of the key financial leverage indicators. The debt-to-equity ratio shows how many euros of short-term and long-term debt are per euro of equity. In calculating debts, all liabilities of the company related to interest payment are assessed.
Debt ratio	Net Debt / Equity	The ratio of net financial debt to equity shows how many long-term and short-term financial debts related to interest payments minus available cash and other highly liquid short-term financial assets are attributable to one equity euro
General liquidity ratio	The ratio of current assets to current liabilities	The current liquidity ratio shows the ability of the company to settle short-term liabilities using its current assets.
Price/earnings ratio (P/E	Share price at end of period / (Net profit /	The share price/earnings ratio reflects how

ratio)	Number of shares)	much investor pays for one euro of net profit earned by the company in the past period.
Net earnings per share	Net profit / Number of shares	Earnings per share show how much of the net profit earned by the company is attributable to one share in circulation.



Profit and loss statement

In 2020, the sales revenue of AB Rokiškio sūris Group amounted to EUR 210,829 thousand, which remained almost at the same level as in 2019 (in 2019, the sales revenue of the Group amounted to EUR 210,423 thousand).

In 2020, the main part of the revenue was 45.2 percent (in 2019 – 52.7 percent) of the sales revenue of fermented cheese. In quantitative terms, 11% less fermented cheeses were sold in 2020 than in 2019.
This was due to the decline in cheese sales to Italy due to the pandemic.

Higher sales volumes were achieved in the whey dairy market. This was achieved by increasing the sales volumes, range and prices of whey dairy products. Butter sales for export increased by more than 2,000 tons. The prices of these dairy products remained almost at the same level.

In 2020, sales revenue from fresh dairy products increased by EUR 1.9 million compared to 2019.

Costs:
In 2020, the AB Rokiškio sūris Group incurred selling expenses of EUR 189,441 thousand (in 2019 it amounted to EUR 188,521 thousand). During 2020, selling expenses increased by 0.5 percent or 920 thousand euros. This slight change was due to an increase in raw material purchase prices. The cost per euro of sales remained almost at the same level as in 2019.

Raw materials and consumables accounted for the largest share of expenses (EUR 147,359 thousand).

In 2020, sales, marketing and general administrative expenses accounted for 8.31 percent (EUR 17,524 thousand) of turnover, in 2019 (EUR 18,111 thousand) - 8.61 percent.

In 2020, sales and marketing expenses decreased by 21% (EUR 10,692 thousand), while in 2019 it amounted to (EUR 13,554 thousand). The decrease in sales and marketing costs is related to the decrease in cheese sales to Italy and direct cheese sales to the USA.

Profit:
The consolidated audited net profit of AB Rokiškio sūris Group for 2020 is EUR 4,061 thousand, which is EUR 40 thousand less than in 2019 (EUR 4,101 thousand).

The calculation of net profit includes direct and indirect production costs and costs not related to direct operations. As profits remained at almost the same level, the decrease in cheese sales was offset by increased sales of lactose, butter, cream for export, WPC, as well as increased sales of fresh dairy products.

In 2020, the net profit margin of AB Rokiškio sūris Group decreased to 1.93 percent (in 2019 - 1.95 percent). The slight decrease in net profitability indicates that the products produced by the company and the group were sold profitably, despite the decrease in sales volumes and prices due to the pandemic.

EBITDA in 2020, EUR 13,431 thousand, ie 2.92 percent less compared to 2019 (EUR 13,834 thousand). EBITDA margin in 2020, 6.37 percent (in 2019 - 6.57 percent).

18. Operations of the Group of companies by segment

The business operations of Rokiškio sūris, AB comprise the following segments: hard cheese, semi-hard cheese, butter, milk, cream, sour cream, curded milk, yogurt, curd, curd cheese, etc. Based on similarities of products, manufacturing process, customer group and distribution method, the segments were combined into two main segments presented in the financial statements.

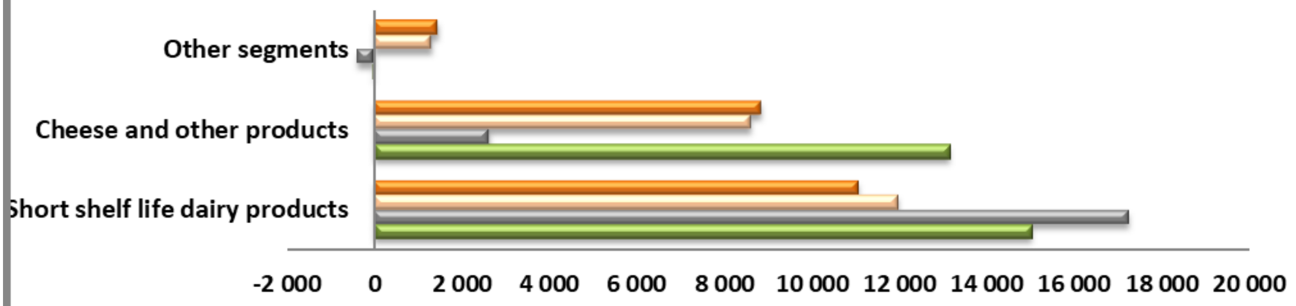
The Group's main business segments provided in financial statements are as follows:
- Fresh dairy products
- Cheese and other dairy products.

Other operations of the Group consist mostly of raw milk collection; the volume of the segment is too small to merit individual reporting. Transactions between the business segments are on normal commercial terms and conditions. There are 2 external customers in the fresh dairy products sector the individual revenues whereof account for more than 10% of the total segment revenue.

The below table indicates information on the impact of each segment to the financial operation results of the Group.

	2020	2019	Change (%)
Total sales revenue (thousand EUR)	**210,829**	**210,423**	**0.19**
Fresh dairy products	76,698	73,652	4.14
Cheese and other dairy products	132,356	134,355	-1.49
Other segments	1,775	2,416	-26.53
Total gross profit (thousand EUR):	**21,388**	**21,902**	**-2.35**
Fresh dairy products	11,067	11,983	-7.64
Cheese and other dairy products	8,852	8,613	2.77
Other segments	1,469	1,306	12.48

Gross profit by segments (thousand EUR)



	Short shelf life dairy products	Cheese and other products	Other segments
2020	11 067	8 852	1 469
2019	11 983	8 613	1 306
2018	17 251	2 632	-383
2017	15 038	13 156	-44

19. Investments

In order to achieve its strategic goals, the company allocates a significant part of its funds to investments. During the financial year 2020, the value of investments made by the Rokiškio sūris Group amounted to EUR 5.35 million.

In 2020, investments were focused on the necessary areas of activity: maintaining and improving product quality, sanitation and hygiene, improving working conditions, adopting new products, renovating old equipment, modernizing buildings, and purchasing internal and external transport.

One of the largest, most innovative and significant investments in Rokiškis company was the project “Optimization of Energy Production Sources Used by AB Rokiškio sūris” completed in July 2020 under the measure “Renewable Energy Resources for Industry LT +”. The total value of the project was 700,528 euros, the European Regional Development Fund support funds are 416,814 euros.

The benefits of the project were felt after the equipment was put into operation - it reduced the intensity of energy consumption in the company, increased the production and consumption of renewable energy sources.

For the first time in Lithuania, innovative water has been introduced, i.e. water heat pump based heat generation solution that uses residual energy - heat from wastewater. Thus, over a short period of operation, it reduced the cost of energy in the company and contributed to the efficiency of the company, the improvement of working conditions in the company and increase the competitiveness of the company. The project benefits not only the company, but also the environment as a whole, as the ratio of renewable energy sources in the total energy consumption balance increases, air pollution decreases.

Some of the larger investments in the Rokiškis company were the modernization of the compressor plant, investing 0.3 million euros in ice water batteries and compressed air dewatering, 0.8 million euros in the reconstruction of hot water treatment, rain and sewage pipelines. The collection and return of condensate in the form of thermal energy - steam to the manufacturer, reducing the consumption of thermal thermal energy, has been completely solved.

A more rational use of areas has been introduced in the long-ripening cheese chambers, increasing the rack heights by EUR 0.2 million. Investments in cheese production, packaging and whey processing were not large, but technologically and technically significant and important. In 2020, the technological process of Grand Cheese was further improved by increasing production volumes, investing in the care of cheeses during ripening, packaging, weighing and placing on the market. (Grand molds, packaging shrink-drying equipment, technological protein pipeline, regeneration sections, racks, washing lines at forming baths, etc.). The filtrate cooling system is installed in the milk sugar workshop.

In 2020, the subsidiary Utena made small investments in the production and storage of fresh and dry dairy products, the renovation of butter freezers, and the modernization of the fresh dairy warehouse management system.
In the Ukmergė company, the annex of the curd workshop was built, Block forms and a dispenser for the production of curd were purchased, and the mold cheese workshop was repaired. Other investments were small but significant for production improvement and maintenance.

20. Plans and forecasts for the operations of the Group

AB Rokiškio sūris business plans and goals are related to the provisions of the Company's strategic plan, according to which the aim is to increase the amount of purchased and processed milk, increase production efficiency by optimizing processes, produce higher value-added products and further strengthen customer confidence, promote a healthy lifestyle. and at the same time increase the consumption of dairy products per capita, preserve a clean environment.

In order to implement and develop the goals, the group of companies plans to invest 5.9 million euros in 2021.

The main investment directions for 2021 are as follows:

• Grand cheese packaging by implementing a technological process innovation - by purchasing a modern, robotic hard cheese cheese packaging line. The line will be installed in a newly built building.

• Operational management, efficient milk processing and marketing processes,

• Improvement of innovative technologies in the production of fresh dairy products, deeper and more comprehensive whey processing;

• Increasing the company's competitiveness by focusing more on the Far East and other world markets in the sale of cheese, butter and whey products;

• Saving energy resources, reducing harmful effects on the environment;

• Improving the working conditions of employees;

• Improving the level of sanitation and hygiene in production units;

• Satisfaction of customer needs for manufactured products;

• Wastewater utilization modernization;

• Internal and external transport,

• Others.

The subsidiary in Utena plans to invest in the repair of the purchasing warehouse, improvement of the quality of dairy products, improvement of the infrastructure serving production, on which the successful and efficient operation of other equipment depends.
It is planned to purchase a cream pasteurizer, metal detectors, improve the hygienic-sanitary environment and make other small investments in Ukmergė company, which by their nature are significant and important for the functioning of the company's production activities.

Plans for sales markets

The most important task for the Company in 2021 is to start and expand sales of Grand Cheese in the retail and food markets in the EU and the USA. As in 2019, in the future, the Company will focus on the penetration of the markets of Asian countries, where the demand for dairy products is constantly growing due to the constantly increasing consumption and the strengthening of purchasing power. In addition to the lactose and mozzarella cheese already sold on these markets, it is planned to offer hard cheeses, milk flour and maybe even some longer-lasting retail products. Attempts to penetrate Japan, Singapore, Indonesia, the Philippines and other Asian markets will continue.

In 2021, it is also planned to significantly increase the wholesale sales of hard cheese to the USA, as well as to continue selling butter to the Middle East.

In the future, great attention will continue to be paid to the countries of the former Soviet Union, such as Kazakhstan, Uzbekistan, and Azerbaijan. The company plans to expand its exports of value-added products to these countries, i.e. put on retail markets, not just wholesale.

INFORMATION ON THE COMPANY'S SHAREHOLDERS AND SHARES

21. Information on the Company's Authorized capital

As December 31, 2020, the Authorized capital of Rokiškio sūris, AB consisted of:

Type of shares	Number of shares (units)	Par value EUR)	Total par value, (EUR)	Share of authorized capital (%)
Ordinary registered shares	35,867,970	0.29	10,401,711.30	100.00

22. Contracts of the Company with the financial brokerage undertakings

Rokiškio sūris, AB has a contract with FMĮ Orion Securities, UAB (address: 4, A.Tumėno g., LT-01109. Vilnius, phone No. +370 5 231 3833, info@orion.lt) regarding the administration of securities issued by the Company and provision of investment services.

23. Data about trade in issuer's securities on regulated markets

35,867,970 units of ordinary registered shares of Rokiškio sūris, AB are entered in **Nasdaq Vilnius official trading list for the Baltics**. (Vilnius Stock Exchange symbol RSU1L). Par value of one share: EUR 0.29.

The Nasdaq Vilnius Stock Exchange is the only market for trading in the Company's shares.
The company has been listed since 25 July, 1995.
The Company's shares are listed in OMX Baltic Benchmark index.
The Company has not issued debt securities for public stock trading.
The Company has not issued or registered debt securities for non-public stock trading.
There are no securities which do not certify participation in the Authorized Capital but the turnover whereof is regulated under the Law on Securities of the Republic of Lithuania.
There was no trading on other stock exchanges and other organised markets.

Trading statistics:

	2016	2017	2018	2019	2020
Price at the most recent trading session, EUR	1.43	1.73	2.75	2.51	2.54
Highest price, EUR	1.77	2.75	2.51	2.52	2.92
Lowest price, EUR	1.84	2.99	2.81	2.75	2.98
Turnover, units	1.30	1.65	2.25	2.20	2.10
Turnover, mio EUR	362,586	1,230,178	277,058	159,107	261,788
Capitalisation, mio EUR	0.55	2.75	0.73	0.40	0.65
Price at the most recent trading session, EUR	63.49	98.64	90.03	90.39	104.73

Share price and turnover dynamics during the reporting period

Source: Nasdaq Vilnius, AB website

Share price and turnover dynamics during 4 years' period

Source: Nasdaq Vilnius, AB website

Dynamics of the Company's shares (RSU1L), OMX Baltic Benchmark and OMX Vilnius indexes:

INDEX | EQUITY	OPENING VALUE	CLOSING VALUE	CHANGE %
OMX_Baltic_Benchmark_GI	788.17	1,104.74	+40.17
OMX Vilnius_GI	558.5	816.64	+46.22
RSU1L - Rokiškio sūris	1.77	2.92	+64.97

Source: Nasdaq Vilnius, AB website

24. Limitation on transference of securities

There are no limitations to share packages or any claims against the Company or other holders of the securities.

25. Procedure for amending the Articles of Association

The procedure for amending the Articles of Association of the Company is provided in the laws of the Republic of Lithuania and the Articles of Association of the Company. Decisions to amend the Articles of Association of the Company are adopted by a qualified 2/3 majority of the votes held by the shareholders attending the meeting, except for the cases laid down in the Law on Stock Corporations of the Republic of Lithuania.

When the general meeting of shareholders adopts a decision to amend the Articles of Association of the Company, a new working of the Articles of Association shall be drawn up; it shall be signed by a person authorised by the general meeting of shareholders.

Any amendments of or additions to the Articles of Association of the Company shall enter into force only after they are registered in accordance with the procedure established in the laws of the Republic of Lithuania.

In 2020, the Company's Articles of Association were not amended.

26. Information about the shareholders of the Company

As of 31 December, 2020, the total number of shareholders of Rokiškio sūris, AB was 5,308.

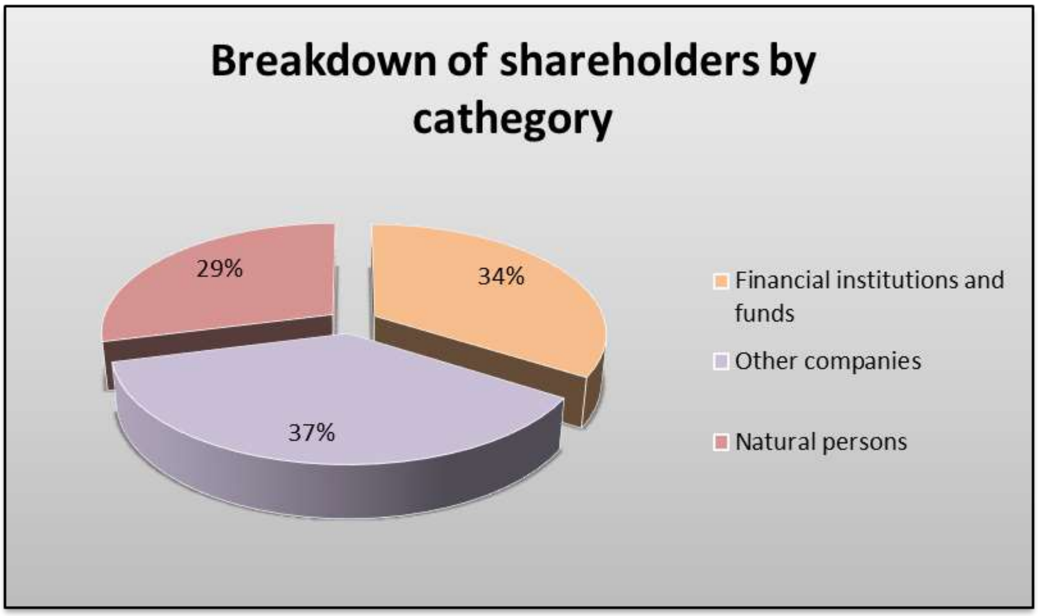
Package held by a group of shareholders (as of 31 December, 2020):

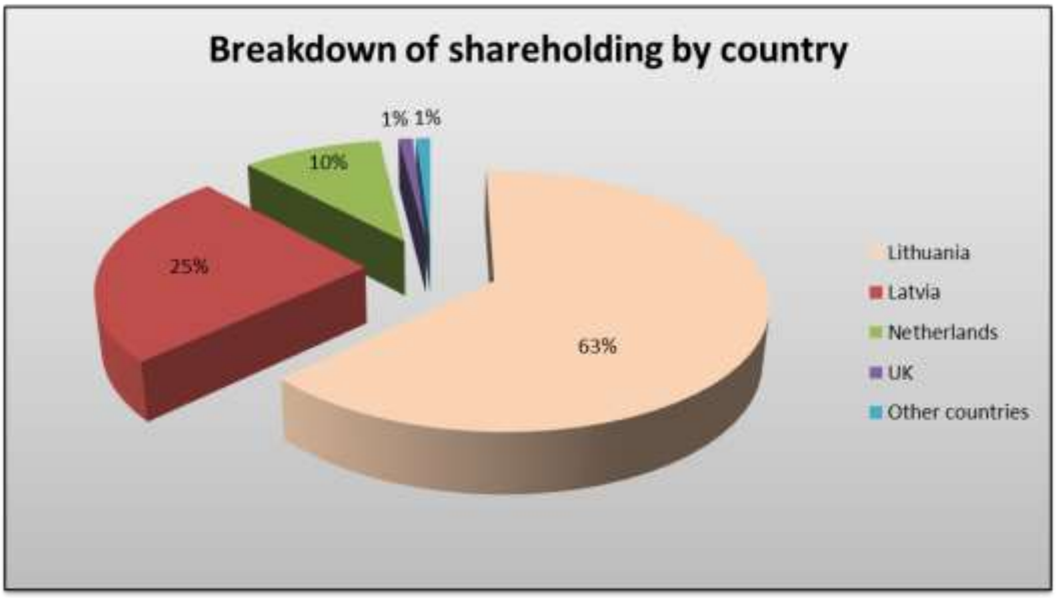
Name, surname Company name Registration number	Address	Held under ownership right		With associated persons*
		Number of ordinary registered shares	Share of capital and votes %	Share of capital and votes %

UAB ”Pieno pramonės investicijų valdymas” Code 173748857	Pramonės str. 3, Rokiškis Lithuania	9,758,312	27.21	82.17*
SIA “RSU Holding”, reg.Nr.40103739795	Elizabetes iela 45/47, LV-1010 Riga, Latvia	8,953,883	24.96	
Antanas Trumpa Board Chairman	Sodų str. 41a, Rokiškis Lithuania	7,088,663	19.76	
Fonterra (Europe) Coöperatie U.A., CCI 50122541	Barbara Strozzilaan 356-360, EurBld2, 3e verdieping, 1083HN Amsterdam, Netherlands	3 586 797	10.00	
Dalius Trumpa CEO	Sodų str.31, Rokiškis Lithuania	83 500	0.23	
INVL Asset Management, UAB management of investment and pension funds	Gynėjų str.14, Vilnius Lithuania	1,893,828	5.28	

* The group of jointly-acting persons consists of: Pieno pramonės investicijų valdymas, UAB (27.21% the authorized capital and votes of the Company), SIA RSU Holding (24.96% of the authorized capital and votes of the Company), strategic investor Fonterra (Europe) Coöperatie U.A. (10.00% of the authorised capital and votes of the Company), Antanas Trumpa (19.76% of authorized capital and votes of the Company) and Company CEO Dalius Trumpa (0.23% of the authorized capital and votes of the Company).

Distribution of shareholders of Rokiškio sūris, AB as of 31 December, 2020





27. Rights of Shareholders

<u>Non-property rights of shareholders:</u>

1) the right to attend general meetings of shareholders;
2) the right to make advance inquiries addressed to the company in regards with the items on the agenda of general meeting of shareholders;
3) the right to vote at the general meeting of shareholders in accordance with the rights granted by shares;
4) the right to receive company information specified in Article 18(1) of the Law on Stock Corporations of the Republic of Lithuania;
5) the right to approach a court with a claim for compensation of damages to the Company caused by failure to perform or poor performance on the part of the Company CEO and Board members of their duties established in the Lam on Stock Companies and other laws of the Republic of Lithuania as well as in the present Articles of Association , also in other cases established under the law;
6) to obtain the information specified in Article 89 (6) of the Law on Markets in Financial Instruments regarding a public company whose shares are admitted to trading on a regulated market;
7) other non-property rights established in the laws of the Republic of Lithuania.

<u>Property rights of shareholders:</u>

1) the right to receive a part of the profit of the Company (dividend);
2) the right to receive funds of the Company when the authorised capital of the Company is reduced in order to pay the funds of the Company to the shareholders;
3) receive shares free of charge when the authorised capital is increased with the funds of the Company, except for the derogation established in Article 42(3) of the Law on Stock Corporations of the Republic of Lithuania and in the case established in Article 47^1 of the Law on Stock Corporations of the Republic of Lithuania.
4) priority right in acquiring the shares or convertible bonds issued by the Company, unless the general meeting of shareholders decides to revoke the priority right for all shareholders in

accordance with procedure laid down in the Law on Stock Corporations of the Republic of Lithuania;
5) lend funds to the Company in the manner established in the laws; when borrowing from its shareholders, the Company shall be prohibited form pledging its assets to the shareholders. When the Company borrows from a shareholder, the interest must not exceed the average interest rate of the local commercial banks on the day of contracting. In this case the Company and shareholders may not agree to apply a higher interest rate;
6) receive a part of the assets of the Company if it enters into liquidation;
7) other property rights established in the laws of the Republic of Lithuania.

The rights stipulated in paragraphs 1, 2, 3 and 4 shall apply to the persons who were shareholders of the Company in the end of the tenth business day after the general meeting of shareholders which adopted the respective decision.

28. Information about the purchase of own shares by issuer

During the reporting period (01/01/2020 - 31/12/2020), AB Rokiškio sūris did not acquire or transfer its own shares.
According to the repurchases of own shares made in the previous year, on 31 December 2020 AB Rokiškio sūris held 861,274 own shares, which accounted for 2.40% of the company's authorized capital. The total nominal value of the acquired treasury shares together with the nominal value of the treasury shares already held must not exceed 1/10 of the authorized capital of the Company.
The Company has set aside a reserve of EUR 10.850 million for the acquisition of its own shares. The shares were acquired through the official offering market of the Nasdaq Vilnius Stock Exchange. The total price of the shares acquired by AB Rokiškio sūris amounted to EUR 2,108,397.82. The shares were acquired in accordance with the decision adopted by the General Meeting of Shareholders of AB Rokiškio sūris on 30 April 2019.

29. Dividends

The decision on the distribution and payment of dividends is made by the general meeting of shareholders, distributing the profit of the company to be distributed.

The Ordinary General Meeting of Shareholders of AB Rokiškio sūris held on 30 April 2020 approved the audited consolidated and the Company's set of financial statements for 2019 and the distribution of the Company's profit for 2019. EUR 3,500,669.60 or EUR 0.10 per ordinary registered share was allocated for dividends.

The following are data on dividends accrued and paid during the last 10 years:

Year	Dividend amount, EUR	Dividend amount per share, EUR
2010	1,038,808.21	0.029
2011	1,015,578.08	0.029
2012	1,015,578.08	0.029
2013	1,015,578.08	0.029
2014	Dividends were not paid	
2015	2,341,737.37	0.070
2016	3,228,117.30	0.100
2017	3,586,797.00	0.100
2018	3,506,165.30	0.100
2019	3,500,669.60	0.100

On 27 April 2018, the General Meeting of Shareholders of AB „Rokiškio sūris“ approved the Dividend Policy. In accordance with this approved policy, the Board of the Company, when proposing to distribute the dividends to the General Meeting of Shareholders, will follow the signed Shareholders' Agreement, according to which dividends will be allocated 100% of the Company's profit for the financial period minus the Company's funds for investment (CAPEX), working capital and / or other purposes. If the Company's Board of Directors foresees a large amount of investment and therefore, according to the dividend allocation provisions described above, the Company's profit for the financial period would not be sufficient to pay dividends, the Board of the Company, taking into account the Company's financial situation and trends in the global dairy market, will endeavor to maintain the continuity of dividends paid in previous financial periods.

The general meeting of shareholders must not decide to assess and pay dividends if at least one of the following conditions exists:

1) the Company has outstanding liabilities the maturity whereof has expired prior to the date of the decision;
2) the amount of the distributable profit (loss) of the fiscal year is negative (the Company has generated a loss);
3) the own capital of the Company is below the aggregate amount of the authorised capital of the Company, the mandatory reserve, the revaluation reserve and the reserve for the acquisition of own shares, or would fall below the amount after the dividends are paid.

The Company must not pay dividends, annual payments to Board members and employee bonuses, unless it has paid statutory taxes within the established time limits.

The persons who were shareholders of the Company or were otherwise legally entitled to dividends at the end of the rights accounting day of the general meeting of shareholders which declared the dividends (at the end of the tenth day after the general meeting of shareholders that issued the decision) shall be entitled to collect dividends.

The Company pays dividends within one month from the date of the decision to distribute the profit. Dividends may be granted for a financial year or less than a financial year.

Dividends for a period shorter than a financial year shall be decided by the General Meeting of Shareholders. Shareholders who hold at least 1/3 of the voting rights have the right to initiate the distribution of dividends for a period shorter than a financial year. The general meeting, which has an agenda for the distribution of dividends for a period shorter than a financial year, must be held within 3 months of the end of the period for which the dividend is proposed, but not before the approval of the annual financial statements and profit (loss) of the preceding financial year is distributed, and at the latest by the end of the financial year.

Dividends for a period shorter than a financial year may be granted if all of the following conditions are met:

(1) an approved set of interim reports for a period shorter than the financial year;

2) the amount of profit (loss) for the period shorter than the financial year is positive (no losses);

3) the amount of dividend payout shall not exceed the amount of profit (loss) of the period less than a financial year carried forward to the current financial year less the amount of profit earned during the period less than a financial year which according to the Law on Companies whether the Articles of Association of the Company should be assigned to reserves;

4) the company does not have outstanding obligations that were due before the date of the decision and would be able to meet its obligations for the current financial year by paying dividends.

If a dividend is paid for a period shorter than a financial year, the distribution of dividends for a period shorter than a financial year may not be earlier than 3 months.

MANAGEMENT OF THE COMPANY

30. Management bodies of the Company

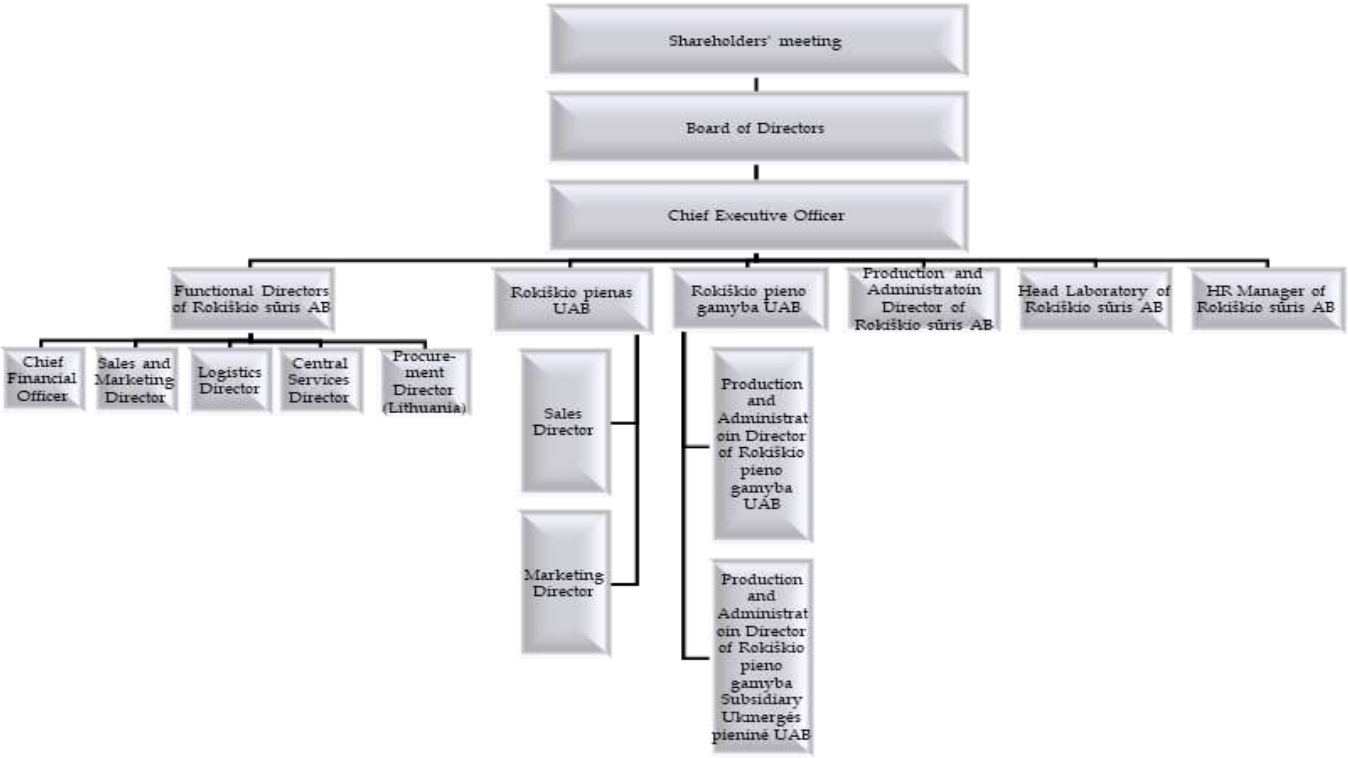
The following management bodies of the Company are provided for in the Articles of Association of the Rokiškio sūris, AB entered in the Register of Legal Persons:

- General meeting of shareholders,
- Board
- Company CEO (Director)

The Supervisory Board shall not be formed at the Company.

31. Organizational structure of the management of the Company and the Company group

The management structure of Rokiškio sūris, AB is organised on the basis of the principal functions, i.e. sales, production, finance management, milk procurement, central services and development. The strategy, tactics and objectives of the Group are set forth by functional director in accordance with the functions assigned to them.



GENERAL MEETING OF SHAREHOLDERS

32. Information on the powers of and the procedure for convening the General Meeting of Shareholders

The powers of and the procedure for convening the General Meeting of Shareholders shall not differ from those provided for in the Law on Companies.

The right of initiative to convene the General Meeting of Shareholders of Rokiškio sūris, AB shall be exercised by the Board and shareholders whose shares grant at least 1/10 of all votes at the General Meeting of Shareholders.

A notice of the convening of the General Meeting of Shareholders of the Company must be published in the Republic of Lithuania and all other EU member states as well as countries of the European Economic Area not later than 21 days before the General Meeting of Shareholders according to the procedure laid down in the Law on Securities. A notice of the convening of the General Meeting of Shareholders shall also be published in the electronic publication *Juridinių Asmenų Vieši Pranešimai* (Public Notices of Legal Entities) issued by the State Enterprise Centre of Registers (VĮ Registrų Centras) as provided for in the Articles of Association.

The persons who were shareholders of the Company at the close of the accounting day of the General Meeting of Shareholders shall have the right to attend and vote at the General Meeting of Shareholders or repeat General Meeting of Shareholders in person, unless otherwise provided for by laws, or may authorise other persons to vote for them as proxies or may conclude an agreement on the disposal of the voting right with third parties. The shareholder's right to attend the General Meeting of Shareholders shall also cover the right to speak and to enquire. The record date of the meeting of a public limited liability company shall be the fifth working day before the General Meeting of Shareholders or the fifth working day before the repeat General Meeting of Shareholders.

A shareholder may vote in writing by filling in a general ballot paper. The form of a general ballot paper is available on the website of the Company www.rokiskio.com, in the section "For investors", and is also provided with draft resolutions submitted by the Company via the Central Storage Facility. The filled-in general ballot paper shall be signed by the shareholder or his authorised person. The filled-in general ballot paper signed by the shareholder or another person entitled to vote as well as the document confirming the right to vote shall be submitted to the Company in writing not later than the last working day before the Meeting, by sending them by registered mail to the following address: Pramonės g. 3, LT- 42150, Rokiškis, or delivering to the registered office of the Company against its signed acknowledgement on working days.

The Company shall not provide a possibility to attend the Meeting and to vote by means of electronic communications.

A General Meeting of Shareholders may take decisions and shall be held valid if attended by the shareholders who hold the shares carrying not less than ½ of all votes. After the presence of a quorum has been established, the quorum shall be deemed to be present throughout the Meeting. If the quorum is not present, the General Meeting of Shareholders shall be considered invalid and a repeat General Meeting of Shareholders must be convened, which shall be authorised to take decisions only on the issues on the agenda of the meeting that was not held and to which the quorum requirement shall not apply. The repeat General Meeting of Shareholders shall be convened after the lapse of at least 14 days and not later than after the lapse of 21 days following the day of the General Meeting of Shareholders which was not held. The shareholders must be notified of the repeat General

Meeting of Shareholders in the manner specified in Article 26^1(3) of the Law on Companies not later than 14 days before the repeat General Meeting of Shareholders.

An annual general meeting of shareholders must be held every year not later than within four months from the end of the financial year.

The shareholders who hold shares carrying at least 1/20 of all the votes shall have the right to propose issues to supplement the agenda. Draft decisions on the proposed issues or, when it is not mandatory to adopt decisions, explanatory notes on each proposed issue of the agenda of the General Meeting of Shareholders shall be submitted alongside with the proposal. A proposal to supplement the agenda shall be submitted in writing, by sending it by registered mail to the address of Rokiškio sūris, AB: Pramonės g.3, LT-42150 Rokiškis, or by e-mail: rokiskio.suris@rokiskio.com.The agenda shall be supplemented where the proposal is received not later than 14 days before the General Meeting of Shareholders.

The shareholders who hold shares carrying at least 1/20 of all the votes shall have the right to propose new draft decisions on issues on the agenda of the Meeting. Proposed draft decisions shall be submitted in writing, by sending them by registered mail to the address of Rokiškio sūris, AB: Pramonės g.3, LT-42150 Rokiškis, or by e-mail: rokiskio.suris@rokiskio.com. The shareholders shall also have the right to propose draft decisions on the issues of the agenda of the Meeting in writing during the Meeting.

The shareholders attending the general meeting of shareholders shall be registered in the shareholder registration list. This list must indicate the number of votes granted to each shareholder by the shares held by him.

A person attending the General Meeting of Shareholders and entitled to vote shall produce a document which is a proof of his identity. A person who is not a shareholder must additionally produce a document confirming his right to vote at the General Meeting of Shareholders. The requirement to present the document confirming a person's identity shall not apply if votes are cast in writing by filling in a general voting ballot. The form of a general ballot paper is available on the website of the Company www.rokiskio.com, in the section "For investors".

If a shareholder requests so, the Company shall, at least 10 days before the General Meeting of Shareholders, send the general ballot paper by registered mail or deliver it to the shareholder in person against his signed acknowledgement of receipt. The filled-in general ballot paper shall be signed by the shareholder or his authorised person. The filled-in general ballot paper signed by the shareholder or another person entitled to vote as well as the document confirming the right to vote shall be submitted to the Company in writing not later than the last working day before the Meeting, by sending them by registered mail to the following address: Pramonės g. 3, LT- 42150, Rokiškis, or delivering to the registered office of the Company, by the address indicated above, against its signed acknowledgement on working days.

The right to vote at other General Meetings of Shareholders shall be granted only by fully paid-up shares. Each share shall give one vote at the General Meeting of Shareholders.

The General Meeting of Shareholders shall have the exclusive right to:

1) amend the Articles of Association of the Company;
2) change the registered office of the Company;

3) elect the members of the Supervisory Board; if the Supervisory Board is not formed, elect members of the Board, if neither the Supervisory Board nor the Board is formed, elect the Manager of the Company;
4) remove the Supervisory Board or its members, also the Board or its members elected by the General Meeting of Shareholders and the Manager of the Company;
5) select and remove an auditor or an audit firm for carrying out the audit of a set of annual financial statements, establish payment conditions for audit services;
6) determine the class, number, nominal value and the minimum issue price of the shares issued by the Company;
7) take a decision on conversion of the Company's shares of one class into shares of another class, approve the share conversion procedure;
8) take a decision on changing the number of shares of the same class issued by the Company or the nominal value of the shares without changing the amount of the authorised capital;
9) approve the set of annual financial statements;
10) take a decision on profit/loss distribution;
11) take a decision on the building-up, use, reduction and liquidation of reserves;
12) approve the set of interim financial statements drawn up for the purpose of adoption of a decision on the allocation of dividends for a period shorter than the financial year;
13) take a decision on the allocation of dividends for a period shorter than the financial year;
14) take a decision on the issue of convertible debentures;
15) take a decision on withdrawal for all the shareholders the right of pre-emption in acquiring the Company's shares or convertible debentures of a specific issue;
16) take a decision on increase of the authorised capital;
17) take a decision on reduction of the authorised capital, except where otherwise provided for by the Law on Companies;
18) take a decision on the Company's acquisition of its own shares;
19) take a decision on allocation of the Shares to employees and/or members of the management bodies;
20) to approve the Rules of the Allocation of Shares;
21) take a decision on the reorganisation or split-off of the Company and approve the terms of reorganisation or split-off;
22) take a decision on conversion of the Company;
23) take a decision on the restructuring of the Company in the cases specified by the Law on Restructuring of Enterprises;
24) take a decision on liquidation of the Company or on cancellation of the liquidation of the Company, except where otherwise provided for by the Law on Companies;
25) elect and remove the liquidator of the Company, except where otherwise provided for by the Law on Companies.

The General Meeting of Shareholders may also decide on other matters assigned to its powers by the Articles of Association of the Company, unless these have been assigned under the Law on Companies to the powers of other bodies of the Company and provided that, in their essence, these are not the functions of the management bodies.

A decision of the General Meeting of Shareholders shall be considered taken if more votes of the shareholders have been cast for it than against it, except for the issues mentioned in Points 1, 6, 7, 8, 10, 11, 13, 14, 15, 16, 17, 20, 21, 22, and 24 above, a decision on which shall be taken by 2/3 (two thirds) of all the votes carried by the shares held by the shareholders attending the Meeting, and the issue mentioned in Point 15, a decision on which shall require 3/4 (three thirds) of all the votes carried by the shares held by the shareholders attending the Meeting and entitled to vote on this issue.

General Meetings of Shareholders convened in 2020:

During 2020, one general meeting of shareholders of AB Rokiškio sūris was convened and held at the initiative and decision of the Board of the Company.

At the General Meeting of Shareholders held on 30 April 2020, the shareholders were acquainted with the consolidated annual report of AB Rokiškio sūris for 2019 and the auditor's report on the consolidated financial statements and annual report for 2019, the conclusion of the audit committee was approved, the consolidated and the Company's financial statements for 2019 were approved. , the distribution of the Company's profit for 2019 was approved, with dividends of EUR 0.10 per ordinary registered share (a total of EUR 3,500,669.60 was allocated for dividends), a decision was made to repurchase up to 10% of own shares, the remuneration of AB Rokiškio sūris policy and the selected audit company UAB PricewaterhouseCoopers to perform the audit of the annual consolidated financial statements of AB Rokiškio sūris Group and the parent company for 2020.

The General Meeting of Shareholders of AB Rokiškio sūris in 2020 was attended by the Head of the Company, the Chairman of the Board of the Company and the Director of Finance of the Company.

33. Board of the Company

The Board shall be a collegial management body of the company which has 5 (five) members. The members of the Board shall be elected and removed from office by the General Meeting of Shareholders in accordance with the procedure laid down by the Law on Companies. The members of the Board shall elect the Chairperson of the Board. The number of the terms of office of a member of the Board shall not be limited. Only a natural person may be elected a member of the Board. The following persons may not be a member of the Board: a member of the Supervisory Board of the Company (should the Supervisory Board be formed in the Company) and a person who may not hold this office under legal acts. The powers of the members of the Board are defined in the Law on Companies and in the Articles of Association of the Company.

If the Board is removed from office, resigns, or discontinues to perform its duties for any other reasons before the end of the term of office, a new Board shall be elected for a new term of office of the Board. If individual members of the Board are elected, they shall serve only until the expiry of the term of office of the current Board.

The Board may adopt decisions and its meeting shall be deemed to have been held when the meeting is attended by 2/3 or more of the Members of the Board. The Members of the Board who have voted in advance shall also be deemed to be present at the meeting. A decision of the Board shall be adopted if more votes for it are received than the votes against it.

During 2020, 3 board meetings took place. (5 Board meetings took place in 2019). During the COVID-19 pandemic in the country, all Board meetings were held remotely. All board meetings were attended by all board members. Two meetings were held according to the pre-scheduled schedule of the Board meetings, and one meeting was convened in accordance with the Law on Companies of the Republic of Lithuania and the Rules of Procedure of the Board, and in case of important issues requiring a decision of the Board. The Board approved the Company's consolidated and Company's financial statements and annual report for 2019, proposed to the General Meeting of Shareholders to approve the 2019 profit distribution project, proposed the Company's audit company and approved the Company's remuneration policy prepared by the manager and submitted to the General Meeting. The Board of the Company decided to extend the credit line of EUR 35 million concluded with SEB Bank for one year.

The Board also analyzed the reports of the Management and Audit Committee.

Members of the Board are paid bonuses for their work on the Board in accordance with the procedure laid down in Article 59 of the Law on Companies of the Republic of Lithuania. The amount of bonuses depends on the performance of the Company. The decision on the payment of bonuses shall be taken by the General Meeting of Shareholders. In 2020 (for 2019) the Company did not award any tantiemes to the members of the Board.

No other additional payments related to the motivation system are provided for the Chairperson of the Board.

Members of the Board of Rokiškio sūris, AB

(Elected at the General Meeting of Shareholders held on 13 December 2017)

Antanas Trumpa – **the Chairperson of the Board (**from 13 December 2017**)**

Work experience	Antanas Trumpa worked in the Company since 1966 1971–2017 – the Manager (Director) of the Company
Education	In 1966, he graduated from Kaunas Polytechnic Institute, Faculty of Equipment for Food Industry, and acquired the qualification of Mechanical Engineer In 1979, he defended the Ph. D. thesis titled “Organisation of Operation of Vacuum Apparatus” in Kaunas Polytechnic Institute On 12 October 1994, the Lithuanian Science Council nostrificated the thesis for a doctoral degree
Shares of Rokiškio sūris, AB held	Antanas Trumpa directly holds 7,088,663 shares (19.76% of the authorised capital and votes) His holding jointly with other persons amounts to 29,471,155 shares (82.17% of the authorised capital and votes)
Participation in the activities of other companies	Board Chairperson at Rokiškio Pienas, UAB and Rokiškio Pieno Gamyba UAB Shareholder of Pieno Pramonės Investicijų Valdymas, UAB, owning 7,443, i.e. 73.84%, of the shares of and voting rights in the company.

Antanas Kavaliauskas – Deputy Chairperson of the Board

He is a member of the Board since 2005 (and was elected for a new 4-years term of office by the General Meeting of Shareholders held on 13 December 2017)

Work experience	From 2002, Chief Financial Officer of Rokiškio Sūris, AB
Education	Faculty of Management of Kaunas University of Technology; Master of Financial Management Member of ACCA (Association of Chartered Certified Accountants)
Shares of Rokiškio sūris, AB held	No shares held
Participation in the activities of other companies	Shareholder of Pieno Pramonės Investicijų Valdymas, UAB, owning 4.07% of the shares of and voting rights in the company Board Chairperson of the Latvian-based SIA Jekabpils Piena Kombinats; no shares held

Paul M Campbell – Member of the Board of the Company
(Elected for a 4-year term of office at the General Meeting of Shareholders held on 13 December 2017)

Work experience	Director for Special Projects at Fonterra Co-operative Group Ltd. He works in the Co-operative since 1984 and held various posts in Fonterra in the following fields: general management, management of joint ventures, marketing, engineering and finance in New Zealand, Japan, and North Africa Currently, Paul M Campbell resides in London
Education	The University of Canterbury in New Zealand; Chemical and Industrial Engineering Massey University in New Zealand; Diploma in Dairy Industry Science and Technology
Shares of Rokiškio sūris, AB held	No shares held
Participation in other activities	Mr Campbell is director of many international joint ventures of Fonterra

Ramūnas Vanagas – Member of the Board of the Company
A member of the Board since 2006 (elected for a new 4-years term of office by the General Meeting of Shareholders on 13 December 2017)

Work experience	From 2005, Business Development Director of Rokiškio Sūris, AB. As from 2020, Raw Milk Purchasing Director
Education	Lithuanian Academy of Agriculture; major in Economics and Management
Shares of Rokiškio sūris, AB held	No shares held
Participation in the activities of other companies	Shareholder of Pieno Pramonės Investicijų Valdymas, UAB owning 4.04% of the shares of and voting rights in the company Board Chairperson of the Latvian-based SIA Jekabpils Piena Kombinats; no shares held

Darius Norkus – Member of the Board of the Company
A member of the Board since 2008 (elected for a new 4-years term of office by the General Meeting of Shareholders on 13 December 2017)

Work experience	From 2001, Sales and Marketing Director
Education	Kaunas University of Technology; Diploma of Engineer (1993) Baltic Management Institute, Master's Degree in Business Administration (EMBA programme, 2000).
Shares of Rokiškio sūris, AB held	No shares held
Participation in the activities of other companies	Shareholder of Pieno Pramonės Investicijų Valdymas, UAB owning 4.07% of the shares of and voting rights in the company

<u>Manager (Director) of the Company</u>

The Manager (Director) of the Company shall be a single-person management body, who shall organise daily activities of the Company, considers and decides on issues of the Long-term Strategic Plan and Business Plan of the Company. In the Company's relations with other persons, the Director shall act at his own discretion on behalf of the Company.

The Manager of the Company shall take part in all General Meetings of Shareholders held (including those in the reporting period).

The duties and powers of the Director are defined in the Law on Companies and in the Articles of Association of the Company.

Information on the Manager (Director) of the Company:

Dalius Trumpa – **Manager (Director) of the Company**
(appointed by the Board of the Company as of 1 January 2018)

Work experience	Dalius Trumpa works in Rokiškio sūris, AB since 1991 2002–2006, Production Director of Rokiškio sūris, AB 2007–2017, Deputy Director of Rokiškio sūris, AB From 1 January 2018, Director of Rokiškio Sūris, AB From 2 January 2007, Director of the subsidiary Rokiškio Pienas, UAB From 29 April 2013, Director of the subsidiary Rokiškio Pieno Gamyba, UAB
Education	Kaunas University of Technology; major in Food Industry Machinery and Apparatus; Mechanical Engineer
Shares of Rokiškio sūris, AB held	He directly holds 83,500 shares (0.23% of the authorised capital and votes) His holding jointly with other persons amounts to 29,471.155 shares (82.17% of the authorised capital and votes)
Participation in the activities of other companies	Shareholder of Rokvalda, UAB (company code 300059165, address Basanaviciaus str. 16A-125, Vilnius), holding 100% of shares and votes From 2010, Chairperson of the Board of the Latvian-based SIA Kaunata, holding no shares of the company From 11 December 2013, Director of SIA RSU Holding, owning 100% of the company's shares Shareholder of Pieno Pramonės Investicijų Valdymas, UAB owning 4.07% of the shares of and voting rights in the company

34. Committees set up in the Company

Audit Committee of Rokiškio sūris, AB

The Audit Committee of the Company consists of 3 members, including 2 independent ones The term of office of the Audit Committee is four years The members of the Audit Committee shall be elected by the General Meeting of Shareholders upon the recommendation of the Board of the Company. The members of the Audit Committee were elected by the General Meeting of Shareholders held on 28 April 2017. The term of office of the Audit Committee shall end on 28 April 2021.

The Audit Committee is a collegial body, which adopts decisions at its meetings. The Audit Committee may adopt decisions and its meeting shall be deemed to have been held when it is attended by at least 2 (two) members of the Committee. A decision shall be deemed to have been adopted when it is voted for by at least two members of the Audit Committee attending the meeting.

The functions, rights, and obligations of the Audit Committee shall be governed by the Provisions for the Establishment and Activities of the Audit Committee of Rokiškio sūris, AB approved by the General Meeting of Shareholders of the Company as well as in other documents governing the activities of the Audit Committee.

Main functions of the Audit Committee

1. To monitor the process of preparation of the financial statements of the Company and its subsidiaries;
2. To monitor the efficiency of the internal control, risk management, and internal audit systems of the Company;
3. To provide recommendations to the Board of the Company on the selection of an external audit firm and to monitor the process of the audit;
4. To monitor the compliance of the external auditor and audit firm with the principles of independence and impartiality;
5. To inform the Board of the Company about any significant internal control deficiencies relating to financial statements found by external and internal audit and to provide recommendations on their correction;
6. To act fairly and responsibly in the interest for the benefit of the Company and its shareholders.

In 2020, the Audit Committee held 5 meetings to discuss the principles and conclusions of the consolidated financial statements for 2019, the process of preparation of the consolidated financial statements for the first half of 2020, main risks, Covid-19 impact, risk minimization measures, accounting principles and conclusions.

In 2019 the Audit Committee held 5 meetings. The meetings discussed the year-end and half-yearly financial statements and presented conclusions. The Audit Committee has provided reports on the functions assigned to them, that is, how the financial statements of the Company and its subsidiaries are prepared, how the Company's internal control risk management and internal audit systems operate.

During the meeting on October 21, 2020, the audit team of UAB PricewaterhouseCoopers discussed a summary audit plan, which sets out the general understanding of the current situation of stakeholders and UAB PricewaterhouseCoopers, description of key risk factors, impact of COVID-19, audit plan of external auditors and other issues. The Audit Committee approved the draft audit services and did not have any comments.

Members of the Audit Committee:

Kęstutis Kirejevas – an independent member, Director of EuropaPrint, UAB, holding no shares of Rokiškio sūris, AB
Kęstutis Gataveckas – an independent member, Director of Perlo Paslaugos, UAB, holding no shares of Rokiškio sūris, AB
Rasa Žukauskaitė – an employee of Rokiskio Suris AB, Finance Department, holding 2 shares of Rokiškio sūris, AB

No other committees are established in the Company.

35. Management of the Company

Members of the management team of the Company

Position	Forename and surname	In office since
Director*	Dalius Trumpa	01/01/2018
Chief Financial Officer	Antanas Kavaliauskas	01/05/2002
Raw Milk Purchasing Director	Ramūnas Vanagas	01/01/2020
Central Services Director	Jonas Kvedaravičius	01/05/2002
Logistics Director	Jonas Kubilius	16/05/2002
Sales and Marketing Director	Darius Norkus	18/07/2001

Management team bonus system

The members of the management team of the Company are paid wages and also receive variable components of pay which depend on the performance of the Company, market situation and other factors. There is no management team bonus systems established in the Company.

36. Employees

In 2020, the average number of employees of Rokiškio sūris, AB was 1,386. Compared to 2019 (1,453), it decreased by 4.62% or 67 employees. The decrease in the number of employees is related to the decrease of raw milk purchase points, which reduced the number of employees of milk purchase points and employees of logistics department.

In 2020, workers accounted for 81.5% of all employees of the Company (as compares to 82.3% in 2019), specialists accounted for 17.96% (17.1% in 2019), the number of the managerial staff remained the same and accounted for 8 employees.

Employees of the Group of the Company by categories

Employee group	Average number of employees		Change
	2020.12.31	**2019.12.31**	**(%)**
Management*	8	8	**0.00**
Specialists	249	249	**0.00**
Workers	1,129	1,196	**-5.61**
Total:	**1,386**	**1,453**	**-4.62**

*The managerial staff of the Company shall be understood as its Functional Directors

As of 31 December 2020, men accounted for 54.8% of the employees of Rokiškio Sūris, AB and women accounted for 45.2% (as compares to the respective numbers of 54.2% and 45.8% recorded on 31 December 2019).

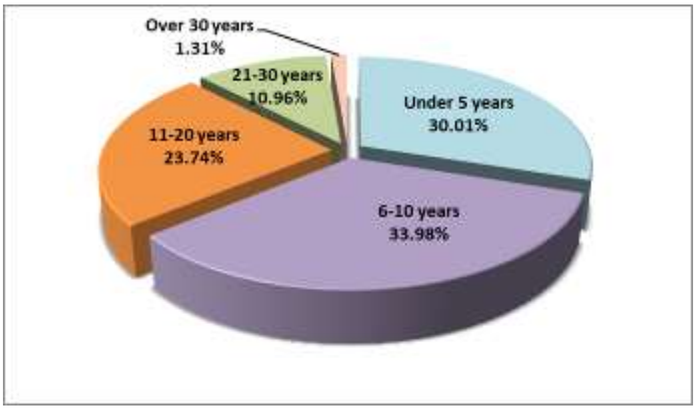
The average age of the employees of the Group of the Company was 45 years old. In 2019, the average age of the employees was the same.

The Company employs people with high qualifications. Out of them, 10.82% were graduates of higher education institutions (10.81% in 2019), 50.00% had professional post-secondary education (49.07% in 2019), 39.11% were people with secondary education (40.06% in 2019), and 0.07% had partially completed secondary education (0.06% in 2019).

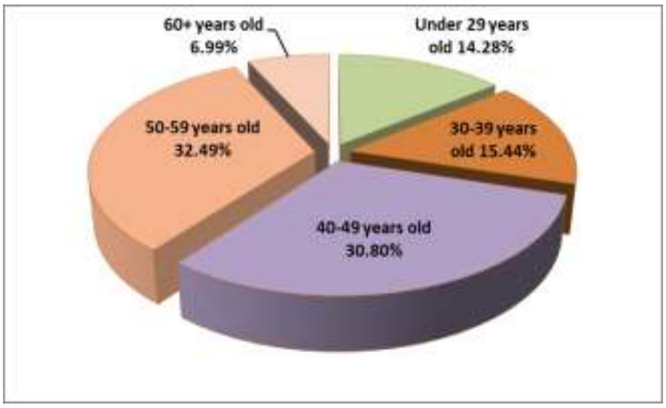
Educational background of the employees of the Rokiškio sūris, AB Group

Education	2020.12.31	2019.12.31	Pokytis (%)
Higher	150	157	**-4.46**
Professional post-secondary	693	713	**-2.81**
Secondary	542	582	**-6.87**
Partially completed secondary	1	1	**0.00**

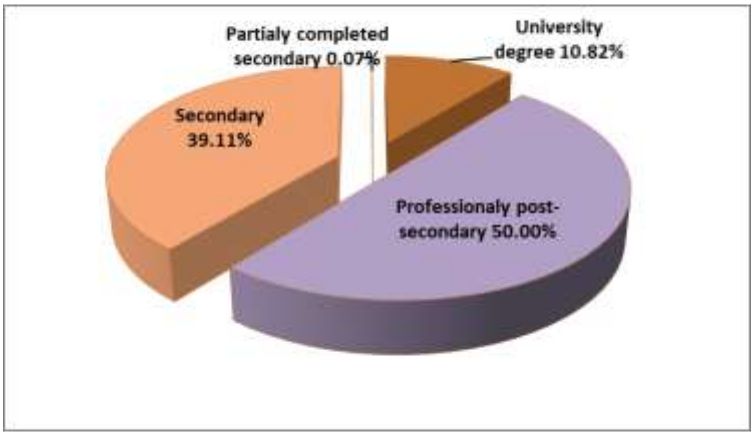
Work experience



Age of employees



Education of employees



Labour remuneration system

The Company has an efficient and fair remuneration system in place. Its aim is to attract, maintain, and motivate employees. All employment contracts with employees of the Company, including those with the managerial staff, have been drawn up in accordance with the requirements of the Labour Code of the Republic of Lithuania. Employees are hired and dismissed in accordance with the requirements of the Labour Code.

Average monthly salary at the Rokiškio sūris, AB Group, by employee groups

Employee group	Average monthly wages (gross), EUR		Change (%)
	2020.12.31	2019.12.31	
Managerial staff	2,780	2,712	2.51
Specialists	1,432	1,404	1.99
Workers	1,248	1,164	7.22
Group average	**1,290**	**1,215**	**6.17**

The average monthly salary is calculated in accordance with the Resolution of the Government of the Republic of Lithuania No. 496, 21/06/2017.

Wages payable to the employees of Rokiškio sūris, AB include the following components:

1) fixed remuneration for work performed, i.e. the monthly salary provided for in the employment contract;
2) piece-work pay, i.e. remuneration for workers of production shops, sales divisions, and warehouses is paid according to the volume of their actual work and at approved rates;
3) variable component of remuneration in accordance with the Regulations of the Incentive Fund approved in the Collective Agreement.

From 2018, the Company has been applying a remuneration procedure, which establishes variable components of pay depending on the performance of the Company, market situation, and other factors. Variable components of pay are allocated to every division in accordance with the approved functional management system. The remuneration procedure is subject to approval by the Manager of the Company.

Every production shop or division of the Company has an approved procedure for the distribution of the incentive fund which provides for employee appraisal criteria and incentives for employees. Employee appraisal is one of the key tasks of the Company in ensuring efficient work organisation in the pursuance of its objectives, building positive relationship between managers and their subordinates, and fostering staff motivation.

Social dialogue

Since 2018, the Company has elected a Labor Council consisting of 11 members. The Council is established for a term of three years, starting from the beginning of the Council's term of office.

Employees of group companies are guaranteed the right to participate in trade union activities. The companies have a trade union committee that defends the labor, economic and social rights and interests of its members, defends the right of its members to employment, social guarantees, takes care of professional development, forms professional ethics, and seeks to increase the wages and other income of food industry employees.

In September 2020, the Collective Agreement was approved. The purpose of this collective agreement is to create conditions for harmonious collective activities, to guarantee the level of work, wages, safety and health and other working conditions of various categories of employees better than provided by the laws of the Republic of Lithuania, Government resolutions, legal acts and to provide better company and social guarantees. employees. The following additional guarantees for employees are provided:

- Employees raising children with disability receive an annual allowance in the amount of 1 minimum monthly salary;
- In the event of a death of a family member (spouse, parent, child), employees receive a funeral allowance;
- In the event of a death of an employee, his/her family receives a lump sum funeral allowance
- Employees receive additional allowance on the occasion of important anniversaries (20, 25, 30, 35, 40, 45, 50 years of age);
- Allowance is paid to employees of the Company suffering from serious or long-term illness as well as those who have been injured at work;
- Employees of the Company, employee family members and retired former employees of the Company receive discounted treatment at the health resort of the Company;
- Employees who have reached the age of retirement and retire from service receive a severance compensation the amount whereof is higher than that provided for in the Labour Code of the Republic of Lithuania;
- The unpaid leave provided for in the Labor Code of the Republic of Lithuania for the marriage of an employee, attendance at a funeral of a deceased family member shall be paid in accordance with the general procedure for granting leave. In addition, leave is granted for staff members to marry their children.

The rights and duties of the employees of the Company are established in their job descriptions. Employment contracts do not provide for special rights and duties.

During 2020, 291 employees of the Company's Group used the social guarantees of the Collective Agreement, which were in force until the Collective Agreement and were in force before the Collective Agreement.

Competence development

AB Rokiškio sūris staff training and improvement of special and general skills is one of the most important priorities of the company, as only educated employees with appropriate knowledge and experience can create a quality product. Training plans are drawn up annually, taking into account the Company's goals and the compliance of employees' competencies to achieve these goals. The company's employees are provided with opportunities to deepen their knowledge and improve in various trainings, seminars, conferences, as well as the company supports the acquisition of professional education in the country's universities, colleges or other degree-granting educational institutions. Much attention is paid to foreign language learning.

The company constantly carries out internal training of employees, taking into account the nature of work and the requirements for the workplace and product quality.
In 2020, the Company's production masters studied according to the unique 5-day general skills training program "Masters Academy".

AB Rokiškio sūris also organizes special courses and trainings for the country's farmers so that they can successfully take care of the health of their herds, properly maintain milk milking, refrigeration and storage equipment, and modernize the dairy farm. Modern dairy farming, milk quality and herd health determine the success of the dairy business.

In 2020, due to the situation due to the Covid-19 pandemic, many of the planned external training projects had to be postponed or switched to distance learning.

Ethical employment policy

The Company has an ethical employment policy implemented in 2018, according to which the Company bases its activities on internationally recognized human and employee rights, based on the International Charter of Human Rights and the principles enshrined in the International Labor Organization Declaration on Fundamental Principles and Rights at Work. apply the principles of socially responsible business, operate in a transparent, reliable and fair manner.

37. Information on agreements between the Company and members of its bodies, members of its committees, or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of change of control of the issuer.

There are no agreements between the Company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of change of control of the Company. All employment contracts with employees of the Company, including those with the members of its management, have been drawn up in accordance with the requirements of the Labour Code of the Republic of Lithuania. The Company does not provide for any additional payments in the form of shares.

INFORMATION ON RELATED-PARTY TRANSACTIONS AND SIGNIFICANT AGREEMENTS

38. Related parties of the Rokiškio sūris, AB Group

The group of parties acting in concert includes the following: Pieno Pramonės Investicijų Valdymas UAB (27.21% of the authorised capital and votes in the Company), SIA RSU Holding (24.96% of the authorised capital and votes in the Company), Fonterra (Europe) Coöperatie U.A. (the Netherlands) (10.00% of the authorised capital and votes in the Company), Antanas Trumpa (19.76% of the authorised capital and votes in the Company), and Dalius Trumpa (83,500 shares, 0.23% of the authorised capital and votes in the Company). The group of parties acting in concert controls 82.17% of the authorised capital and votes in the Company.

The remaining 17.83% part of the Company's shares and votes is owned by minority shareholders who are Lithuanian and foreign natural and legal persons.

The private limited liability company Pieno Pramonės Investicijų Valdymas is controlled by Antanas Trumpa (as the majority shareholder holding 73.84% of the shares of and votes in Pieno Pramonės Investicijų Valdymas UAB). SIA RSU Holding is controlled by Dalius Trumpa (the sole shareholder holding 100% of the shares of and votes in SIA RSU Holding).

Certain cooperative societies engaged in milk production are considered to be related parties of the Company because the Company may exert significant influence over the day-to-day activities of these societies through the close family members of the Company's directors and some of its employees.

39. Related-party transactions and significant agreements

During 2019, the company had no transactions with related parties that met the criteria set out in Article 37_2. All related party transactions included the purchase of raw milk from related parties and sales of dairy products to related parties, see Note to the Consolidated Financial Statements of the Company "Transactions with Related Parties" Transactions were made under usual market conditions, classified as ordinary economic activities and had no significant impact on the company. The company considers the companies of the Fonterra Group as related parties – Fonterra (Europe) Coöperatie U.A., company reg. code 50122541, registered at Barbara Strozzilaan 356-360, 1083 HN Amsterdam, the Netherlands and Fonterra Ingredients Limited, registered office at 109 Fanshawe Street, 1010 Auckland, New Zealand (sales of dairy products) and KB Dzūkijos Pienas, company code 300058288, registered office: Varanausko km., Krokialaukio sen., Alytus district (raw milk purchase).

Interested-person/related-party transactions are disclosed in Note 32 to the Consolidated Financial Statements of the Company for 2020.

40. Information on injurious transaction concluded on behalf of the issuer

During the reporting period, there were no injurious transactions failing to comply with the Company's objectives or normal market conditions, infringing the interests of the shareholders or other groups of persons, or adversely affecting of threatening to adversely affect in future the Company's operations or performance. There were no transactions concluded due to conflicts of interests between the obligations of the Company's managers, controlling shareholders, or other related parties toward the Company and their private interests and/or obligations.

OTHER INFORMATION

41. Information on audit

The consolidated balance sheet of Rokiškio sūris, AB as of 31 December 2020 and the related statement of comprehensive income, cash flow statement, and statement of changes in equity for the year then ended were audited and the annual report was assessed by PricewaterhouseCoopers UAB, an international audit firm.

The audit firm for performing of the audit of annual financial statements shall be selected and payment conditions for audit services shall be established by the General Meeting of Shareholders. Since the company is listed and maintains its accounting in accordance with the International Financial Reporting Standards, the shareholders of the Company are obliged to select an international audit firm.

PricewaterhouseCoopers International Limited (PwC) is a network ofaudit andtax advice firms, a member of the so-called Big Four (the others are KPMG, Ernst & Young, and Deloitte Touche Tohmatsu). PricewaterhouseCoopers UAB (PricewaterhouseCoopers Lietuva) is a legally independent firm in Lithuania, a member of the global PwC network.

PricewaterhouseCoopers UAB provides audit, accounting, advisory, tax and legal services to international companies and large Lithuanian enterprises.

In 2020, the Rokiškio sūris, AB Group paid the audit firm an amount of EUR 47,100 for the work performed.

42. Details on publicly disclosed information

All the 2019 information publicly disclosed by Rokiškio sūris, AB is available on the website of the Company, www.rokiskio.com, in the section “For investors > Essential events”.

Summary of the disclosed information:

Publication date	Brief description of the notice
2020.04.07	On April 30, 2020, the Ordinary General Meeting of Shareholders of AB Rokiškio sūris is convened
2020.04.28	Regarding information about the fire in AB Rokiškio sūris non-production premises
2020.04.30	Decisions adopted by the Ordinary General Meeting of Shareholders of AB Rokiškio sūris held on April 30, 2019
2020.04.30	The Board of the Company proposes to allocate EUR 3,501 thousand in dividends, i.e. EUR 0.10 per share
2020.04.30	AB Rokiškio sūris 2019 audited annual information
2020.05.11	AB Rokiškio sūris ex-day dividend payment for 2019
2020.05.22	AB Rokiškio sūris dividend payment procedure for 2019
2020.06.15	Notification on the manager's transaction regarding the Issuer's securities
2020.08.28	AB "Rokiškio sūris" group performance results for the six months of 2020
2020.12.30	Dates of announcement of AB "Rokiškio sūris" group activity results for 2021

The company makes available public information in the Central Storage Facility on the website of Nasdaq Vilnius AB, http://www.nasdaqbaltic.com, and on the website of the Company, www.rokiskio.com

ROKIŠKIO SŪRIS AB Governance Report

The Corporate Governance Report of the Public limited liability company Rokiškio sūris has been prepared in accordance with the Law on Corporate Financial Accountability of the Republic of Lithuania.

1. ***Reference to the applicable corporate governance code and the place of its publication, and (or) reference to the all necessary published information regarding management practices of the entity***

2020 Consolidated Report along with the Company's Management Report and the audited financial statements of the Company and its Group are published on the Company's website www.rokiskio.com and on the website of the Stock Exchange AB Nasdaq Vilnius www.nasdaqbaltic.com

2. ***In case of derogation from the provisions of the applicable corporate governance code and (or) when the provisions are not complied with, such provisions and the reasons thereof shall be indicated***

Information on compliance with and / or non-compliance with the Corporate Governance Code is provided in a structured table (No.2).

3. ***Information regarding the level of risk and risk management – management of risks related to the financial reporting, risk mitigation measures, and internal control systems implemented at the entity shall be described***

The Company provides information on the extent of risk and risk management, risk mitigation measures and internal control system implemented by the company in 2020, see Clauses 11, 12 and 13 of the consolidated annual report.

4. ***Information regarding significant directly or indirectly managed holdings***

The Company provides information regarding the significant directly or indirectly managed holdings in Clause 26 of the consolidated annual report of 2020.

5. ***Information regarding transactions with related parties, according to the Law on Companies Article 37^2 (by specifying the counterparty (legal form, name, code, register of the legal entity in which the person is stored, premises (address); name, surname, address of the natural person and the value of the transaction);***

In 2020, the Company did not have any Transactions with Related Parties, which would be applicable to the Law on Companies Article 37[2]. The more specific information is provided in Clause 39 of the consolidated annual report of 2020.

6. ***Information regarding the shareholders who have special rights of control and the description of such rights***

There are no shareholders having special rights of control in the Company.

7. ***Information regarding all current restrictions on voting rights (such as the restrictions on voting rights of persons having a certain percentage or number of the votes, the deadlines by which voting rights may be exercised or systems, according to which the property rights granted by the securities are to be separated from the holder of those securities)***

No restrictions on voting rights are applied in the Company. All shareholders have equal property and non-property rights (except for the Company's own shares that do not have voting rights).

8. ***Information regarding the rules governing the appointment and dismissal of board members, as well as the amendment of the company's articles of association***

The Company has no rules regulating the amendments to the Company's Articles of Association, election and replacement of the members of the Board of the Company. The Company operates in accordance with the Law on Companies of the Republic of Lithuania, the Articles of Association of the Company and other legal acts.

More detailed information is provided in Clauses 25 and 33 of the consolidated annual report of 2020.

9. ***Information regarding the powers of the board members***

The Board members have not authorized other persons to perform the functions assigned to the competence of the Board. The members of the Board of the Company operate in accordance with the Law on Companies, the Articles of Association of the Company and the Rules of Procedure of the Board.

10. ***Information regarding the competence of the general meeting of shareholders, the rights of shareholders and implementation thereof, if such information is not established in the applicable legislation***

The company provides information regarding the competence of the general meeting of shareholders, the rights of shareholders, and implementation thereof, as well as the procedure for convening the meetings of shareholders, in Clause 32 of the consolidated annual report of 2020.

11. ***Information regarding the composition of the management, supervisory bodies, and the committees thereof, as well as the fields of activity of the aforesaid bodies and the manager of the company***

Information on the management, supervisory bodies and the committees thereof is provided in Clauses 34 and 35 of the consolidated annual report of 2020.

12. ***Description of diversity policy applicable in appointing the manager of the company, management, and supervisory bodies, related to the aspects such as age, gender, education, professional experience; objectives of such policy, methods of implementation thereof, and***

results of the reference period. if the diversity policy is not applied, the reasons thereof shall be indicated

The company has no policy of diversity in the selection of manager and management and supervisory bodies. The requirements for candidates to nominate members of the Company's management bodies do not discriminate against candidates for age, gender, education or professional experience. The Company does not impose any restrictions on the nomination of persons for gender or age. The key criteria for selecting members of the management bodies is the candidate's competence.

13. Information on the renumeration of each management, supervisory member (medium-term renumeration, stating premiums, bonuses, tantjams and other benefits

Amount of money and average amounts of money allocated to one member of the management body, assets and guarantees provided to the members of the Board, the Chief Executive Officer and Chief Financial Officer of AB „Rokiškio sūris“ during 2020:

Governing Bodies	Number of persons	Estimated Total Amount, (Salaries, and Tantjems), kEUR**	TOTAL average amount per person, (Salaries, and Tantjems), kEUR	incl. average amount of salary	incl. average amount of tantjems	incl. average amount of bonuses
Board members*	5	99.53	19.91	19.91	0	0
The Company's CEO and CFO	2	57.89	28.95	28.95	0	0

** Three members of the Board were employees of the Company. Estimated and paid amounts in 2019 (salaries) are related to employment relationships.*
*** As the Company did not pay any tantiemes, only salaries are presented*

During the reporting period, the Company did not grant any loans, or issued any guarantees or asset assignments to the members of the Board of Directors, the Company's Chief Executive Officer and the Chief Financial Officer.

14. Information on all agreements between shareholders (their terms and conditions)

On October 13, 2017 it was signed the Strategic Investment Agreement and Shareholders Agreement between the Company's shareholders – UAB Pieno pramonės investicijų valdymas, SIA RSU Holding, Antanas Trumpa and Ledina Trumpienė, Dalius Trumpa and Rasa Trumpienė, Strategic Investor – Fonterra (Europe) Coöperatie UA and the Company – AB „Rokiškio sūris“.

The purpose of this agreement was to establish the relationship between the parties in relation to the Company, to ensure joint action in the development of the Company and to exercise voting rights at general meetings, to agree on specific terms and conditions of share disposal and to enable shareholders to protect their interests in the Company.

The Company has no data on other agreements between shareholders.

PURSUE THE GOVERNANCE REPORT

Rokiskio suris AB, following Article 22 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 24.5 of the Listing Rules of AB NASDAQ Vilnius, discloses its compliance with the Corporate Governance Code for the Companies, whose securities are traded on the regulated market, as approved by the NASDAQ Vilnius AB, and its specific provisions and recommendations. If any of the provisions or recommendations of the Codex are not respected due to any reasons, the explicable information is provided herein.

Structured table No. 2.

PRINCIPLES/ RECOMMENDATIONS	Yes/ No/ Not applicable	COMMENTARY
Principle 1: General meeting of shareholders, equitable treatment of shareholders, and shareholders' rights **The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders.**		
1.1. All shareholders should be provided with access to the information and/or documents established in the legal acts on equal terms. All shareholders should be furnished with equal opportunity to participate in the decision-making process where significant corporate matters are discussed.	Yes	All shareholders have equal access to the information and / or documents provided for in legal acts and participate in making important decisions for the company. The Company provides information through the Nasdaq Vilnius Stock Exchange Central Regulated Information Base in Lithuanian and English simultaneously. The information is published immediately at once, thus ensuring the simultaneous provision of information to all.
1.2. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all of their holders.	Yes	The authorized capital of the Company consists of ordinary registered shares, which grant equal voting, ownership, dividend and other rights to all shareholders of the Company.
1.3. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	The Company enables investors to familiarize themselves with the rights granted by the new or already issued shares well in advance.

1.4. Exclusive transactions that are particularly important to the company, such as transfer of all or almost all assets of the company which in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders.	Yes	According to the Articles of Association of the Company, important transactions, such as decisions on the execution, assignment, lease, pledge and mortgage of long-term assets the book value of which exceeds 1/5 of the authorized capital of the company, as well as decisions on fulfillment of obligations of other persons exceeding 1/5 of the authorized capital of the company, and decisions to purchase fixed assets at a price greater than 1/5 of the company's share capital, do not require approbation by the Company's shareholders. Due to extremely important transactions, such as the transfer of all or almost all of the Company's assets, the Company would be guided by the Law on Companies of the Republic of Lithuania and other legal acts establishing requirements for the approval of such transactions.
1.5. Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest.	Yes	All shareholders of the Company are informed about the date, place and time of the General Meeting of Shareholders in accordance with the established procedure in advance, in accordance with the terms established by legal acts, announcing the General Meeting of Shareholders, agenda, and draft resolutions in the Central Regulated Information Base of AB Nasdaq Vilnius Stock Exchange. The Company specifies the date of the General Meeting of Shareholders and may propose draft resolutions in the Notice of the General Meeting of Shareholders to be convened on the Company's website www.rokiskio.com In the notice of the convention of the General Meeting of Shareholders, the Company shall indicate when the shareholders may supplement the agenda of the General Shareholders Meeting and propose draft resolutions.
1.6. With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	The documents prepared for General meeting of shareholders including draft resolutions of the meeting are available not later than 21 day prior the date of general meeting of shareholders as required by the Law on Joint stock companies. The documents placed on the website of NASDAQ Vilnius security exchange and the company website are available in Lithuanian and English languages. Resolutions accepted by the general meeting of shareholders including financial reports, the audit report, annual report, amendments of articles of association etc. are announce in Lithuanian and English languages are announced via the central base of regulated information of NASDAQ Vilnius security exchange and the company website www.rokiskio.com

1.7. Shareholders who are entitled to vote should be furnished with the opportunity to vote at the general meeting of shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	Shareholders of the Company have the right to participate in the GMS both personally and through a representative, if the person has the appropriate authorization or the contract of transfer of voting rights concluded with him/her in accordance with the procedure established by legal acts, as well as the conditions for the shareholders to vote by filling in the general voting bulletin as provided by the Law on Companies of the Republic of Lithuania.
1.8. With a view to increasing the shareholders' opportunities to participate effectively at general meetings of shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus provide shareholders with the conditions to participate and vote in general meetings of shareholders via electronic means of communication. In such cases the security of transmitted information must be ensured and it must be possible to identify the participating and voting person.	No	The company does not comply with the provisions of this recommendation as there is no possibility to ensure the security of the information transmitted and it is not possible to identify the person who participated and voted.
1.9. It is recommended that the notice on the draft decisions of the general meeting of shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit company if these issues are included into the agenda of the general meeting of shareholders. Where it is proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial positions held (or proposed) should be provided.	Yes	When announcing the General Meeting of Shareholders, and if the agenda of the General Meeting of Shareholders includes the issue of electing new members of the collegial body or electing the audit firm, it shall disclose in the draft resolutions the nominations of the proposed new members of the collegial body and the proposed election company. Information about the candidates to the members of the collegial body shall be provided in advance by publishing this information on the Nasdaq Vilnius Stock Exchange website, on the website of AB „Rokiškio sūris“ www.rokiskio.com, or by publishing it to the shareholders participating in the general meeting during the meeting if the shareholders, whose shares give at least 1/20 of all votes, propose an additional candidate during the meeting. In its annual and six-month interim report, the company publicly informs about the positions held by the collegial body, work experience and education.
1.10. Members of the company's collegial management body, heads of the administration[1] or other competent persons related to the company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.	Yes	Members of the company's collegial body and heads of administration participate in the general meetings of shareholders. Proposed nominees for members of the collegial body are also present if the election of new members is included on the agenda of the general meeting.

[1] For the purposes of this Code, heads of the administration are the employees of the company who hold top level management positions.

Principle 2: Supervisory board **2.1. Functions and liability of the supervisory board** The supervisory board of the company should ensure representation of the interests of the company and its shareholders, accountability of this body to the shareholders and objective monitoring of the company's operations and its management bodies as well as constantly provide recommendations to the management bodies of the company. The supervisory board should ensure the integrity and transparency of the company's financial accounting and control system.		
2.1.1. Members of the supervisory board should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders and represent their interests, having regard to the interests of employees and public welfare.	N/A	According to the Articles of Association of AB „Rokiškio sūris", only one collegial body - the Board - has been formed in the Company. The Supervisory Board is not formed in the Company. The company's shareholders decided to delegate all management functions to the collegial body - the Board.
2.1.2. Where decisions of the supervisory board may have a different effect on the interests of the company's shareholders, the supervisory board should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed about the company's strategy, risk management and control, and resolution of conflicts of interest.	N/A	See point 2.1.1
2.1.3. The supervisory board should be impartial in passing decisions that are significant for the company's operations and strategy. Members of the supervisory board should act and pass decisions without an external influence from the persons who elected them.	N/A	See point 2.1.1
2.1.4. Members of the supervisory board should clearly voice their objections in case they believe that a decision of the supervisory board is against the interests of the company. Independent[2] members of the supervisory board should: a) maintain independence of their analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence.	N/A	See point 2.1.1
2.1.5. The supervisory board should oversee that the company's tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the long-term interests of the company and its shareholders, which may give rise to reputational, legal or other risks.	N/A	See point 2.1.1

[2] For the purposes of this Code, the criteria of independence of members of the supervisory board are interpreted as the criteria of unrelated parties defined in Article 31(7) and (8) of the Law on Companies of the Republic of Lithuania.

2.1.6. The company should ensure that the supervisory board is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting or other experts on matters pertaining to the competence of the supervisory board and its committees.	N/A	See point 2.1.1
2.2. Formation of the supervisory board The procedure of the formation of the supervisory board should ensure proper resolution of conflicts of interest and effective and fair corporate governance.		
2.2.1. The members of the supervisory board elected by the general meeting of shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance between the qualifications of the members of the supervisory board, it should be ensured that members of the supervisory board, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks.	N/A	See point 2.1.1
2.2.2. Members of the supervisory board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience.	N/A	See point 2.1.1
2.2.3. Chair of the supervisory board should be a person whose current or past positions constituted no obstacle to carry out impartial activities. A former manager or management board member of the company should not be immediately appointed as chair of the supervisory board either. Where the company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.	N/A	See point 2.1.1
2.2.4. Each member should devote sufficient time and attention to perform his duties as a member of the supervisory board. Each member of the supervisory board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the supervisory board. Should a member of the supervisory board attend less than a half of the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof.	N/A	See point 2.1.1

2.2.5. When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company-related circumstances.	N/A	See point 2.1.1
2.2.6. The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders.	N/A	See point 2.1.1
2.2.7. Every year the supervisory board should carry out an assessment of its activities. It should include evaluation of the structure of the supervisory board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its objectives. The supervisory board should, at least once a year, make public respective information about its internal structure and working procedures.	N/A	See point 2.1.1
Principle 3: Management Board **3.1. Functions and liability of the management board** The management board should ensure the implementation of the company's strategy and good corporate governance with due regard to the interests of its shareholders, employees and other interest groups.		
3.1.1. The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy.	Yes	Only one collegial body is formed in the company and it is the board. The company's shareholders decided to delegate all management functions to the collegial body - the board. They are confident that one collegial body - the Board - is sufficient to ensure effective management of the company. The Board of the Company is responsible for the proper strategic management of the Company (approves the Company's operational strategy, approves the annual budget and operational objectives, adopts important decisions in the legal acts regarding the organizational management structure of the Company).
3.1.2. As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the articles of association of the company, and in such cases where the supervisory board is not formed in the company, it performs *inter alia* the supervisory functions established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development.	Yes	The company follows the company's strategic plan, according to which the mission of the company's management bodies is to create and maintain a strong, competitive, financially capable and technically modern company that creates and maximizes shareholder value. According to the information available to the company, all members of the Board act in the best interests of the company and shareholders, are guided by the interests of the company and not by themselves or by third parties, trying to maintain their independence in decision making.

3.1.3. The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers.	Yes	The Board ensures that the laws and company internal policies applicable to the company and its entire group are respected. The company also operates a risk management and control program. Risk management is carried out by the management of the Company.
3.1.4. Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance[3] on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.	Yes	The Company has adopted a Business Ethics Policy that clearly and publicly declares a negative attitude towards bribery and corruption. The provisions of this policy apply to all employees, agents, intermediaries, suppliers and subcontractors of the Company.
3.1.5. When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence.	Yes	When appointing the Chief Executive Officer, the Board takes into account the candidate's qualifications, experience and competence.
3.2. Formation of the management board		
3.2.1. The members of the management board elected by the supervisory board or, if the supervisory board is not formed, by the general meeting of shareholders should collectively ensure the required diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the management board, it should be ensured that the members of the management board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks.	Yes	The members of the Board of the Company are elected by the General Meeting of Shareholders. The members of the Board of the Company are qualified and competent to perform their functions, having a long experience in management. One member of the board is delegated by the strategic investor (Fonterra) who has extensive experience in developing, managing and developing corporate strategy in international companies.
3.2.2. Names and surnames of the candidates to become members of the management board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest should be disclosed without violating the requirements of the legal acts regulating the handling of personal data at the meeting of the supervisory board in which the management board or individual members of the management board are elected. In the event that the supervisory board is not formed, the information specified in this paragraph should be submitted to the general meeting of shareholders. The management board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the company's annual report.	Yes	Information about candidates to the Company's Board of Directors is provided to the shareholders together with the documents of the shareholders' meeting following the requirements of the Law on Public Limited Liability Companies of the Republic of Lithuania. Shareholders may see the documents prior the meeting. Information about the members of the Board of Directors (names, education, qualifications, professional experience, participation in the activities of other companies, other important professional obligations) is provided in the periodical reports.

[3] Link to the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance: https://www.oecd.org/daf/anti-bribery/44884389.pdf

3.2.3. All new members of the management board should be familiarized with their duties and the structure and operations of the company.	Yes	All new members of the Board are familiarized with their duties, company structure and activities.
3.2.4. Members of the management board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience and sufficiently frequent reconfirmation of their status.	Yes	The members of the Board are elected for a 4-year term. The number of terms is unlimited. Members of the Board are elected by the GMS. Shareholders who nominate and vote for the Board of Directors follow their own approach, which candidates are best to represent the interests of the shareholders.
3.2.5. Chair of the management board should be a person whose current or past positions constitute no obstacle to carry out impartial activity. Where the supervisory board is not formed, the former manager of the company should not be immediately appointed as chair of the management board. When a company decides to depart from these recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision.	No	Former CEO of the Company has been appointed Chairman of the Board of the Company. The members of the Board of Directors, appointed the former CEO of the Company based on his long-term management experience and competence to take the chair of the Board.
3.2.6. In the event that the management board is elected in the cases established by the Law where the supervisory board is not formed at the company, and some of its members will be independent[4], it should be announced which members of the management board are deemed as independent. The management board may decide that, despite the fact that a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company-related circumstances.	Yes	Each member of the collegial body fulfills his/ her functions properly: actively participates at the meetings of collegial body, and devotes sufficient time to perform his/ her duties as a member of the collegial body. The quorum of each meeting was regulated so the Board of Directors would be enabled to accept decisions constructively. In 2020, there were 3 meetings of the Board. All Board meetings were attended by all members of the Board.
3.2.7. The general meeting of shareholders of the company should approve the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board.	No	Currently there are no independent members on the Board of Directors. During the last tenures of the Board of Directors there was one vacant place intended to an independent member, however this vacancy had not been filled in up to the end of term. Candidates to the Board may be proposed by shareholders whose shares provide at least 1/20 of total votes. When the new statements regarding election of collegial bodies provided by the Law on Companies of the Republic of Lithuania come into force on 01/07/2018, the Company will pursue the statements in the election of new collegial bodies of the Company.
3.2.8. The members of the management board should act in good faith, with care and responsibility for the benefit and the interests of the company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to no-compete agreements and they should not use the business	Yes	Remuneration (tantjems) is paid for the work on the Board to its members, by decision of the General Meeting of Shareholders in accordance with the Law on Companies of the Republic of Lithuania. The members of the Board are not remunerated for their performance and participation in the meetings.

[4] For the purposes of this Code, the criteria of independence of the members of the board are interpreted as the criteria of unrelated persons defined in Article 33(7) of the Law on Companies of the Republic of Lithuania.

information or opportunities related to the company's operations in violation of the company's interests.		
3.2.9. Every year the management board should carry out an assessment of its activities. It should include evaluation of the structure of the management board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the management board, and evaluation whether the management board has achieved its objectives. The management board should, at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.	Yes	By the Company's information, all Board members should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders. They are guided by the Company's interests but not their own or any third parties seeking to maintain their independence in decision-making, and they do not accept any unjustified privileges that would compromise their independence.
3.2.10. Each year, the Board should evaluate its performance. It should include an assessment of the board's structure, work organization and ability to act as a group, as well as an assessment of the competence and work efficiency of each board member, and an assessment of whether the board has achieved its operational objectives. The Board should, at least once a year, publicly disclose relevant information about its internal structure and operational procedures, without prejudice to the law governing the processing of personal data.	No	There is no practice of collegial body assessment. As four members of the Board of Directors belonged to the Company's execute management (the Company's executive directors), effective since 2001, therefore it does not conduct the assessment of its ability to act as a group, as well as competence and work efficiency.
Principle 4: Rules of procedure of the supervisory board and the management board of the company The rules of procedure of the supervisory board, if it is formed at the company, and of the management board should ensure efficient operation and decision-making of these bodies and promote active cooperation between the company's management bodies.		
4.1. The management board and the supervisory board, if the latter is formed at the company, should act in close cooperation in order to attain benefit for the company and its shareholders. Good corporate governance requires an open discussion between the management board and the supervisory board. The management board should regularly and, where necessary, immediately inform the supervisory board about any matters significant for the company that are related to planning, business development, risk management and control, and compliance with the obligations at the company. The management board should inform he supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.	No	The Company does not have a Supervisory Board. Shareholders of the company decided to delegate all management functions to one collegial body – the Board. They are confident that one collegial body – the Board – is sufficient to ensure effective management of the Company.
4.2. It is recommended that meetings of the company's collegial bodies should be held at the respective intervals, according to the pre-approved schedule. Each company is free to decide how often meetings of the collegial bodies should be convened	Yes	Board meetings are held according to the schedule approved in advance by the Board's work regulations, ie. at least once every 3 months and more often if necessary. Along with the notice of the summoned meeting all

but it is recommended that these meetings should be convened at such intervals that uninterruptable resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter.		members of the Board receive a written agenda of the Board meeting, indicating the issues to be discussed at the meeting not later than 5 (five) days prior the Board meeting. Planned Board meetings are convened by the Board Chairman, in his absence – the Deputy Board Chairman.
4.3. Members of a collegial body should be notified of the meeting being convened in advance so that they would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the company require immediate resolution.	Yes	The agenda might be supplemented only if all members of the Board of Directors present at the meeting, and they all agree that the item is important enough to be put on the agenda.
4.4. In order to coordinate the activities of the company's collegial bodies and ensure effective decision-making process, the chairs of the company's collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and close cooperate in resolving other matters related to corporate governance. Meetings of the company's supervisory board should be open to members of the management board, particularly in such cases where issues concerning the removal of the management board members, their responsibility or remuneration are discussed.	No	The Company does not have a Supervisory Board and this statement is not applied.
Principle 5: Nomination, remuneration and audit committees **5.1. Purpose and formation of committees** The committees formed at the company should increase the work efficiency of the supervisory board or, where the supervisory board is not formed, of the management board which performs the supervisory functions by ensuring that decisions are based on due consideration and help organise its work in such a way that the decisions it takes would be free of material conflicts of interest. Committees should exercise independent judgment and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body		

5.1.1. Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory functions, establishes committees. It is recommended that the collegial body should form the nomination, remuneration and audit committees[5].	Yes/No	The Company has established the Audit Committee. The Committee was formed and elected by the 24th April 2009 general meeting of shareholders. The meeting approved Regulations of establishment and performance of the Audit Committee. The 28 April 2017 General Meeting of Shareholders elected 3 members of the Audit Committee, two of which are independent members. Members of the Audit Committee are elected for four year term. At the end of the term of office of the members of the Audit Committee, new members of the Audit Committee will be elected at the General Meeting of Shareholders in 2021. The Audit Committee is an independent, and objective committee carrying out the functions of supervision, analyzing, evaluation and consultation in order to improve general organization and create value added. The main function of the Committee is systematic and versatile evaluation, as well as encouragement of better risk management, and sufficient control and maintenance procedures resulting in submission of recommendations to the Board of Directors and management. The nomination and remuneration committees are not formed at the Company.
5.1.2. Companies may decide to set up less than three committees. In such case companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees.		
5.1.3. In the cases established by the legal acts the functions assigned to the committees formed at companies may be performed by the collegial body itself. In such case the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole.	N/A	The Board of the Company does not perform the functions assigned to the Audit Committee.
5.1.4. Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be	Yes	The Audit Committee consists of 3 members, two of whom are independent, with at least 5 years of experience in accounting, with relevant experience in finance and accounting in listed companies. The Chairman of the Board is not a member of the Committee.

[5] The legal acts may provide for the obligation to form a respective committee. For example, the Law on the Audit of Financial Statements of the Republic of Lithuania provides that public-interest entities (including but not limited to public limited liability companies whose securities are traded on a regulated market of the Republic of Lithuania and/or of any other Member State) are under the obligation to set up an audit committee (the legal acts provide for the exemptions where the functions of the audit committee may be carried out by the collegial body performing the supervisory functions).

selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.		
5.1.5. The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.	Yes	The Audit Committee follows the regulations of the Committee approved by the General Meeting of Shareholders. These Regulations establish the rules defining the rights and duties of the Audit Committee, the size of the Audit Committee, the period of membership of the Audit Committee, the requirements for the education, professional experience and independence principles of the members of the Audit Committee. The Audit Committee annually submits an annual activity report to the General Meeting of Shareholders, announcing the composition of the Committee, the number of meetings and the attendance of the members, describing the work performed and presenting the results.
5.1.6. With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee.	Yes	The members of the collegial body take decisions at the meetings of their members, but in certain cases the committee invites the head of the Company and the responsible employees of the Company to attend its meetings, who are responsible for the areas of activity of the issues under discussion. The Chairman of the Audit Committee is also provided with the opportunity to communicate with the shareholders.
5.2. Nomination committee		
5.2.1. The key functions of the nomination committee should be the following: 1) to select candidates to fill vacancies in the membership of supervisory and management bodies and the administration and recommend the collegial body to approve them. The nomination committee should evaluate the balance of skills, knowledge and experience in the management body, prepare a description of the functions and capabilities required to assume a particular position and assess the time commitment expected; 2) assess, on a regular basis, the structure, size and composition of the supervisory and management bodies as well as the skills, knowledge and activity of	No	The Nomination Committee is not formed in the Company.

its members, and provide the collegial body with recommendations on how the required changes should be sought; 3) devote the attention necessary to ensure succession planning.		
5.2.2. When dealing with issues related to members of the collegial body who have employment relationships with the company and the heads of the administration, the manager of the company should be consulted by granting him/her the right to submit proposals to the Nomination Committee.	No	
5.3. Remuneration committee		
The main functions of the remuneration committee should be as follows: 1) submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of the administration for approval. Such policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so;	No	There is no Remuneration Committee in the Company. The company has implemented a remuneration policy that includes all forms of remuneration, including fixed salary, performance-based benefits, pension modules and severance payments. The Company is approved by the Company's management in coordination with the Trade Union Committee operating in the Company.
2) submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned; 3) review, on a regular basis, the remuneration policy and its implementation.		
5.4. Audit committee		
5.4.1. The key functions of the audit committee are defined in the legal acts regulating the activities of the audit committee[6].	Yes	The Audit Committee follows the provisions of the Audit Committee approved by the General Meeting of Shareholders of the Company. The Audit Committee carries out independent, objective monitoring, investigation, evaluation and advisory activities to improve the company's performance and create added value.

[6] Issues related to the activities of audit committees are regulated by Regulation No. 537/2014 of the European Parliament and the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, the Law on the Audit of Financial Statements of the Republic of Lithuania, and the Rules Regulating the Activities of Audit Committees approved by the Bank of Lithuania.

5.4.2. All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The heads of the company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches.	Yes	All members of the Committee are provided with detailed information on the specific accounting, financial and operational characteristics of the company and, upon request, information on the execution of important transactions.
5.4.3. The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.	Yes	The Audit Committee decides on the participation of other persons in its meetings and, if necessary, the Audit Committee invites the Head of the Company and the responsible employees of the Company to its meetings, who are responsible for the areas of activity of the issues under consideration. The Chairman of the Audit Committee is also provided with the opportunity to communicate with the shareholders.
5.4.4. The audit committee should be informed about the internal auditor's work program and should be furnished with internal audit reports or periodic summaries. The audit committee should also be informed about the work program of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group.	Yes	The Audit Committee is informed about the work performed by the Internal Auditor and receives conclusions about the research performed. Each year, the Audit Committee receives reports from external auditors describing all relationships between the independent auditor and the Company and its group.
5.4.5. The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.	Yes	The Company has provided employees with the opportunity to submit complaints or anonymous reports about violations committed in the Company, however the Company has not received such complaints or reports during the reporting period.
5.4.6. The audit committee should submit to the supervisory board or, where the supervisory board is not formed, to the management board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved.	Yes	The Audit Committee analyzes and evaluates the Company's annual and semi-annual financial statements, makes recommendations to the Board for their approval, together with its activity reports for that period.

Principle 6: Prevention and disclosure of conflicts of interest The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism of disclosure of conflicts of interest related to members of the supervisory and management bodies.		
Any member of the company's supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the company which elected him/her or the company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.	Yes	Members of the Company's management bodies behave in such a way that there is no conflict of interest with the Company. During the reporting period, there is no known conflict of interest between the Company and the member of its management body.
Principle 7: Remuneration policy of the company The remuneration policy and the procedure for review and disclosure of such policy established at the company should prevent potential conflicts of interest and abuse in determining remuneration of members of the collegial bodies and heads of the administration, in addition it should ensure the publicity and transparency of the company's remuneration policy and its long-term strategy.		
7.1. The company should approve and post the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy.	Yes/ No	The Company has implemented and operates a remuneration policy approved by the Company's management, but it is not published on the Company's website. The Annual General Meeting of Shareholders of 2020 approved the Remuneration Policy, which is published on the Company's website and regularly reviewed.
7.2. The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.	Yes	The Company has implemented a remuneration policy that includes all forms of remuneration, including fixed salary, performance-based benefits, pension modules and severance payments. This procedure is approved by the management of the Company in agreement with the Trade Union Committee.
7.3. With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.	Yes	See point 3.2.8

7.4. The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in general should not be higher than the non-variable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.	Yes	Termination benefits shall be granted in accordance with the provisions of Chapter 5 of the Labor Code of the Republic of Lithuania and the provisions of the Material Promotion and Allowance Procedure in the Company.
7.5. In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares.	No	The Company does not apply a system of financial incentives.
7.6. The company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the company's remuneration policy, compared to the previous financial year.	No	See point 7.1
7.7. It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the general meeting of shareholders. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the general meeting of shareholders.	No	See point 7.1
Principle 8: Role of stakeholders in corporate governance The corporate governance framework should recognize the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between companies and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle the concept "*stakeholders*" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interests in the company concerned.		
8.1. The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.	Yes	The corporate governance framework shall ensure that the rights of the stakeholders protected by law are respected. The Company has created conditions for interest holders to participate in the management of the Company - participation of the Company's

		employees and milk producers in the Company's share capital. The majority of employees are shareholders of the Company and are therefore directly involved in the management of the Company. The stakeholders involved in the governance process shall be given access to the information required and to vote in the relevant decisions. In addition, the Company has provided facilities for confidential reporting of unlawful or unethical practices.
8.2. The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company's authorized capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc.		
8.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.		
8.4. Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function.		
Principle 9: Disclosure of information The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company .		
9.1. In accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following:	Yes	The information contained in this recommendation shall be disclosed in the annual and semi-annual reports of the Company in accordance with the requirements of legal acts regulating data processing and confidential information procedures. This information is published on the website of AB Nasdaq Vilnius Stock Exchange and on the Company's website.
9.1.1.operating and financial results of the company;		
9.1.2.objectives and non-financial information of the company;		
9.1.3.persons holding a stake in the company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary;		

9.1.4.members of the company's supervisory and management bodies who are deemed independent, the manager of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration;		
9.1.5.reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities;		
9.1.6.potential key risk factors, the company's risk management and supervision policy;		
9.1.7.the company's transactions with related parties;		
9.1.8.main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the company's shares or share options as incentives, relationships with creditors, suppliers, local community, etc.);		
9.1.9.structure and strategy of corporate governance;		
9.1.10.initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects. This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not exempt companies from their obligation to disclose information as provided for in the applicable legal acts.		
9.2. When disclosing the information specified in paragraph 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies.	Yes	The Company discloses information on the Company's and the Group's consolidated results. The information is disclosed in the consolidated annual report and consolidated financial statements.
9.3. When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest	Yes/ No	The information specified in the recommendation is presented in the Company's annual and semi-annual reports.

which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and the manager of the company should be disclosed, as provided for in greater detail in Principle 7.		
9.4. Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.	Yes	The Company discloses all regulated information through the news distribution system of AB Nasdaq Vilnius. This ensures that it is accessible to the widest possible public. The information is simultaneously available in Lithuanian and English. In addition, the company publishes information before or after the Nasdaq Vilnius trading session so that all shareholders and investors of the company have equal access to information and make appropriate investment decisions. The Company shall not disclose information that may affect the price of the securities issued by it in the comments, interviews or other ways until such information is made public through the Central Regulatory Information Base.
Principle 10: Selection of the company's audit firm The company's audit firm selection mechanism should ensure the independence of the report and opinion of the audit firm.		
10.1. With a view to obtain an objective opinion on the company's financial condition and financial results, the company's annual financial statements and the financial information provided in its annual report should be audited by an independent audit firm.	Yes	An independent audit company performs auditing of the Company's and its subsidiaries individual and consolidated (the group) annual financial reports in accordance with International Accounting Standards applicable in the EU. An independent auditing company also evaluates conformity of annual report to the audited financial statements.
10.2. It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company.	Yes	The Board of Directors proposes an auditing firm to the general meeting of shareholders.
10.3. In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders.	Yes	Information on remuneration to the audit company is made public in the Company's annual reports. The audit firm provides non-audit services only with the approval of the Audit Committee. In 2019, the audit firm received EUR 20,000 as remuneration for the non-audit services provided to the Company.