

Confirmation of the Responsible Persons

Telšiai, September 2023

We, the undersigned, Robertas Pažemeckas, Director General of Žemaitijos pienas, AB, and Dalia Gecienė, Chief Accountant, confirm that, to the best of our knowledge, unaudited consolidated financial statements of 6 months of the year 2023 have been prepared according to the accounting standards applied, they correspond to the facts and represent the property, obligations, financial status, profit or losses and cash flows of the Company and Group of Companies fairly and consolidated semi-annual report contains correct business development and activity review, the status of the Company and Group of Companies as well as the description of the main risks and uncertainties encountered.

Director General



Robertas Pažemeckas

Chief Accountant



Dalia Gecienė





**ŽEMAITIJOS PIENAS, AB CONSOLIDATED SEMI-ANNUAL
REPORT OF THE YEAR 2023**

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GENERAL INFORMATION

Reporting period for which the report is developed

Consolidated semi-annual report is developed and submitted for period of January-June 2023 (hereinafter – Reporting period). Moreover, the report contains significant facts and data obtained after the end of the Reporting period. This document refers to ŽEMAITIJOS PIENAS, AB (hereinafter referred to as the Company or Issuer), Šilutės Rambynas, ABF (hereinafter referred to as the Group Company or Associated Company), and in cases when facts on both Companies are described and/or specified, the Companies shall refer to as the Companies of the Group.

Brief history of the Company

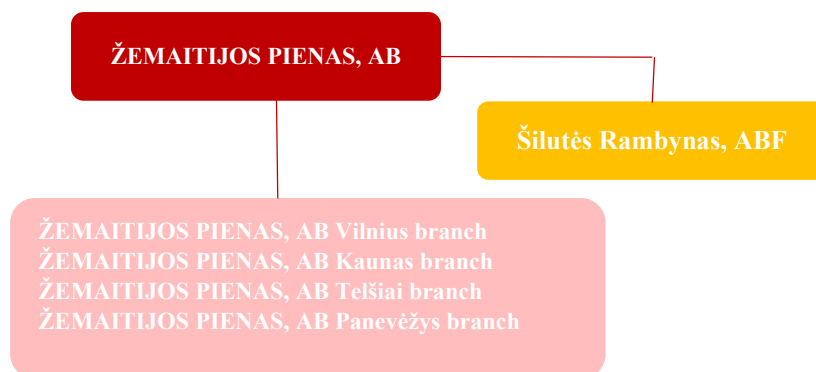
The beginning of ŽEMAITIJOS PIENAS, AB dates back to 1924, when Telšiai dairy plant of high capacity was incorporated. In the end of 1984 Telšiai dairy plant activity moved to new premises and operated until opening and privatization of Telšiai cheese plant which was one of the largest in the Baltic States. ŽEMAITIJOS PIENAS, AB was registered in the Register of Legal Entities on 23 June 1993 in Telšiai District Board and on 16 October 1998 it was re-registered in the Ministry of Agriculture of the Republic of Lithuania. Upon the decision of the General Meeting of Shareholders of 1 May 2004, it was reorganized by way of division, separating a part of assets, rights and liabilities, and establishing Žemaitijos pieno investicija, AB. Upon the decision of the General Meeting of Shareholders of 18 December 2019, the Company was reorganized by merging the Public Limited Liability Company Baltijos mineralinių vandenių kompanija, which after the merging on 10 January 2020 was deregistered from the Register of Legal Entities.

Company information and contact details

Name of the Company:	ŽEMAITIJOS PIENAS, akcinė bendrovė
Legal-organizational form:	Public Limited Liability Company
Company code:	180240752
VAT number:	LT802407515
Address:	Sedos g. 35, Telšiai, Lietuva
Telephone number:	+ 370 444 22201
Fax number:	+ 370 444 74897
E-mail:	info@zpienas.lt
Webpage:	www.zpienas.lt
Stock trading code:	ZMP1L
ISIN number:	LT0000121865
LEI number:	5299005U9E85Y55OHK45

Data on ŽEMAITIJOS PIENAS, AB, are collected and stored in the State Enterprise Centre of Registers.

STRUCTURE OF THE GROUP



ŽEMAITIJOS PIENAS, AB branches:

Name of the branch	Information
Vilniaus branch	code: 123809154, address: Algirdo g. 40/13, Vilnius
Kaunas branch	code: 134853981, address: Europos pr. 36, Kaunas
Telšiai branch	code: 110893017, address: Sedos g. 35, Telšiai
Panevėžys branch	code: 148133399, address: J. Janonio g. 9, Panevėžys

Branches of the Company fulfil the functions related to sale of goods (dairy products) within the set territory of the branch and take other actions or fulfil orders of the Company.

The Company has no incorporated representative offices.

Subsidiary company - Šilutės Rambynas, ABF:

Name of the Company	Šilutės Rambynas, akcinė bendrovė (firma)
Legal-organizational form:	Public Limited Liability Company (firm)
Company code:	277141670
VAT number:	LT714167015
Authorised capital:	EUR 2,493,028.50
Office address:	Klaipėdos g. 3, Šilutė, Lietuva
Telephone:	+ 370 441 77442
Fax:	+ 370 441 77443
E-mail:	info@rambynas.lt

Basic activity of Šilutės Rambynas, ABF is the production and sale of fermented cheese and cheese products, as well as the production and sale of pasteurized cream, pasteurized whey and concentrated whey (NACE: C 10.5. Manufacture of dairy products; C 10.51. Operation of dairies and cheese making). Furthermore, the Company provides transportation and storage services, services related to servicing of milk buying-up points and other services.

Šilutės Rambynas, ABF has no incorporated branches and representative offices.

Main objectives and nature of economic activities

The Companies of the Group pursue economic and commercial activities (production, trade, provision of services, etc.) in order to get benefit for themselves and their shareholders. The objectives of the activity are the organisation and pursuing of the activities provided for in the Articles of Association to earn income and profit, satisfy the property interests of shareholders and the interests of employees. Basic activity of ŽEMAITIJOS PIENAS, AB is the development, production (NACE: C 10.5. Manufacture of dairy products; C 10.51. Operation of dairies and cheese making), and sales at Lithuanian and foreign markets of dairy products (fermented cheese and cheese products, pre-packaged cheese and cheese products, processed cheese and cheese products, cream, cream cheese, butter, dairy spreads, mixed spreads, milk fat, pasteurised cream, buttermilk, whey, dried milk products, fresh dairy products (milk, cream, curd, cheese products, yoghurt, desserts, curd cheese, glazed curd cheese, and fermented dairy products)).

According to the ICB (Industry Classification Benchmark) widely used global company activity classification standard, ŽEMAITIJOS PIENAS, AB refers to the companies - everyday consumer goods - food, beverages and tobacco.

INFORMATION OF SALES OF SECURITIES BY THE ISSUER AT THE REGULATED MARKET

On 16 July 2004 the Company concluded a contract with Šiaulių bankas, AB, address: Tilžės g. 149, Šiauliai, under which management of securities accounts of the Company was delegated to Šiaulių bankas, AB competence as of 23 July 2004. The register (accounting) of securities of Šilutės Rambynas is kept by Šiaulių bankas, AB under the contract dated of 16 July 2004.

ŽEMAITIJOS PIENAS, AB shares, according to data of 30/06/2023

ISIN number:	LT0000121865
Abbreviation:	ZMP1L
List / segment:	Baltic Secondary List
Nominal value:	EUR 0.29
Name of securities:	Ordinary registered shares
Issued number (pcs.):	41,737,500
Listed Issued number:	41,737,500
Number of shares with voting rights:	41,737,500
Listing start date:	13/10/1997
Listed in supplementary list:	13/10/1997
Share capital:	EUR 12,103,875

Only the shares issued by the ŽEMAITIJOS PIENAS, AB are quoted on the supplementary list of NASDAQ OMX Vilnius (hereinafter referred to as Vilnius Stock Exchange) (Ticker symbol: ZMP1L). Securities of ŽEMAITIJOS PIENAS, AB were first time listed at Vilnius Stock Exchange on 13 October 1997. ISIN code of the securities: LT0000121865.

Below is the schedule of the Company's securities trading on the public exchange, from which it can be seen that from 2 January 2023 until 30 June 2023 the price of shares slightly decreased, the change at the end of the reporting period is (-0.07 euros or -3.89 %). Trading turnover of the Company's shares in 2023 in the first half of the year amounted to EUR 282,084.97, and 156,188 units of shares were transferred through concluded transactions. The average (weighted) selling price of one share is EUR 1.803.

During the reporting period, the sales volumes of shares and their price dynamics are demonstrated in the diagram (see below):



Historical data on shares is presented in the table below (see below):

SECURITY TRADING HISTORY

PRICE	2019	2020	2021	2022	2023
Open price €	1.52	1.74	1.86	1.81	1.82
High price €	1.89	1.88	2.18	1.98	1.9
Low price €	1.51	1.4	1.7	1.6	1.65
Last price €	1.74	1.85	1.8	1.8	1.7
Traded volume	194,835	119,288	403,496	211,247	199,654
Turnover mln €	0.35	0.21	0.77	0.38	0.36
Capitalization mln €	84.17	89.49	83.48	75.13	70.95

Dynamics of share prices in NASDAQ Vilnius, in the first half of the year 2023

Open price, EUR 02-01-2023	Highest share price, EUR 02-03-2023	Lowest share price, EUR 30-06-2022	Closing price, EUR 30-06-2023
1.80	1.86	1.73	1.73

Securities of the Issuer have not been traded at other exchanges and other organised regulated markets.

Securities (shares) of Šilutės Rambynas, ABF

Šilutės Rambynas, ABF shares

ISIN number:	LT LT0000109217 LT 0000118945 LT 0000125668
Nominal value:	EUR 2.90
Securities:	Ordinary registered shares
Issued number (pcs.):	859,665
Listed issued number (pcs.):	Non-listed
Total number of voting rights granted by the shares:	859,665

Shares of Šilutės Rambynas, ABF have not been sold at Vilnius Stock Exchange and other organised regulated markets.

ŽEMAITIJOS PIENAS, AB holds 87.82% of ordinary registered shares of Šilutės Rambynas, ABF (disposes both property and non-property rights without any restrictions). Šilutės Rambynas, ABF does not hold shares of ŽEMAITIJOS PIENAS, AB. Both Companies do not hold shares of each other neither based on orders nor on other contractual bases.

Dividends and other profit distributions

On 21 April 2023 the Ordinary General Meeting of Shareholders of ŽEMAITIJOS PIENAS, AB decided to allocate part of the profit to employee bonuses in the amount of EUR 200,00 and did not pay dividends to the shareholders. The shareholders of Šilutės Rambynas, ABF also did not pay dividends, and the shareholders of both Companies decided not to pay bonuses.

Authorised capital

As of 30 June 2023 the authorised capital of ŽEMAITIJOS PIENAS, AB consisted of:

Class, type of shares	Number of shares (pcs.)	Nominal value (EUR)	Total nominal value (EUR)	Share of the authorised capital (%)
Ordinary registered shares	41 737 500	0.29	12,103,875	100

All shares of the Company are fully paid up and were not the subject to restrictions on stock reassignment over the course of the reporting period. The Issuer is unaware of any individual agreements between the shareholders, which may result in restrictions on stock reassignment and (or) voting rights. According to the data available to the Company there are no shareholders who would have special control rights.

As of 30 June 2022, the authorised capital of Šilutės Rambynas, ABF consisted of:

Class, type of shares	Number of shares (pcs.)	Nominal value (EUR)	Total nominal value (EUR)	Share of the authorised capital (%)
Ordinary registered shares	859,665	2.90	2,493,028.5	100

All Šilutės Rambynas, ABF shares are fully paid up and are subject to no restrictions on stock reassignment. The Issuer is also unaware of any individual agreements between the shareholders, which may result in restrictions on stock reassignment and (or) voting rights. According to the Company's knowledge there are no shareholders who would have special control rights.

Share buyback, transfer, reduction of authorized capital

During the reporting period, the Company did not dispose its own shares, did not enter into any other transactions, for example, the shares have not been pledged or otherwise restricted, their rights are not the subject to any other limitations or restrictions, there are no disputes or claims regarding these shares.

Šilutės Rambynas, ABF did not purchase own shares, it also does not hold own shares on other basis.

OVERVIEW OF ECONOMIC ACTIVITIES OF THE GROUP COMPANIES, RISKS AND OUTLOOK

Product safety and international recognition

ŽEMAITIJOS PIENAS, AB constantly invests in the renewal and modernization of the equipment of individual production units in order to: optimize production processes, ensure the efficiency of production risk management related to food safety and management efficiency.

In the first half of year 2023 the Company was assessed in accordance with various requirements of international food safety and quality management standards and compliance with them:

- in 24 January 2023, Bureau Veritas, UAB performed a remote risk assessment of ŽEMAITIJOS PIENAS mineral water production department process according to BRC requirements. During the remote assessment, the certification was updated with an expanded certification area;
- during March 7-10, 2023 Bureau Veritas performed a risk assessment of AB ŽEMAITIJOS PIENAS processes in accordance with FSSC requirements;
- 4 April 2023 and audit performed by the US Force (NATO) assessed the compliance of the mineral water production unit with the requirements of NATO;

The conclusions of the audits: the Company meets the requirements of the above-mentioned international food safety standards recognized by the Global Food Safety Initiative (GFSI).

In order to meet the requirements of export trade networks, the goals set for second half of 2023 are:

1. to continue certifications according to the current requirements of BRC and IFS food safety standards;
2. to comply with the requirements of EU and other countries markets for food safety and product quality (by accepting evaluators/auditors in the Company);

3. meet the requirements of individual requirements of EU food retailers for packaging and products;
4. to optimize processes within the company, with the aim of reducing the manual work of employees, saving energy resources.

ŽEMAITIJOS PIENAS, AB keeps up with the global trends of sustainability, environmental protection and circular production:

- the amount of used wrapping and packaging materials are being optimized;
- possibilities to reduce the amount of plastic for product packaging are being evaluated;
- tests are being carried out to convert „7Other“ multi-component plastics into one-component, more recyclable plastics;
- after evaluation of logistical properties, corrugated cardboard boxes made of 100% recycled cardboard are used for product packaging;
- corrugated cardboard containers for internal needs are gradually being abandoned, i.e. circulation container used;
- tests are carried out with prototypes of connected plugs;
- tests are carried out with recycled PET packaging - both bottles and shrink films.

ŽEMAITIJOS PIENAS, AB continues to implement its goals:

- by 2023 the goal is to collect all the secondary and tertiary transport packages released to the Lithuanian market - cardboard and packaging film;
- to increase the amount of raw milk purchased every year;
- raising the qualifications of the Company's employees by participating in international exhibitions that present equipment innovations (more efficient and faster processes requiring lower energy costs, more compact and universal equipment) and trends related to environmental protection and sustainability (innovative waste recycling, energy extraction from secondary raw materials and waste, circular production trends and innovations).

Investments and ongoing investment projects

During the first half of 2023, the Company's main investment objective, as in previous years, was to increase its competitiveness, to seek and develop measures to address and improve product quality and the working conditions and safety of employees. Many minor operational, repair and programming works have been carried out, improving safety, the technical level of the equipment, reducing pollution and energy costs.

Great attention is paid to the Company's employees, raising the qualifications of the Company's employees, participating in international exhibitions and conferences where equipment innovations and innovative technologies related to environmental protection and sustainability (waste recycling and circular production trends) are presented. Cooperation with scientific institutions is carried out, research is carried out in search of added values of products.

Products and trademarks

Taking into account consumer expectations and needs, during the first half-year of 2023, new products were developed and successfully "mainstreamed" on the market:

- „Actifeel" yoghurt with avocados and apples 3% fat, 300 g - a unique duo of raw fruit + yoghurt, with fibre, this is a healthy and tasty yoghurt;
- „Actifeel" yoghurt with carrots and oranges 2,6 % fat, 300 g - a guaranteed source of health and good mood all year round, a taste inspired by the sun;

- "Actifeel" yoghurt with figs and millet 2,6% fat, 300g - yoghurt enriched with fruits of the Paradise Gardens (figs) and sunny seeds (millet) - a true food of the Gods;
- „Magija" cottage cheese with apples and raisins 7,9 % fat, 100 g - perfect combination of dried apples and raisins;
- „Magija" strawberry cheesecake 7,2 % fat, 100 g-strawberry-flavoured cheesecake that will leave no one indifferent;
- „Magija " Cottage cheese with cranberries 7,1 % fat, 100 g - uniquely flavoured cottage cheese flavoured with super berries;
- „Magija" cottage cheese with rich ice-cream flavour 7,9% fat, 100 g - a summer flavour that will remind you of ice cream all year round;
- "Samogitian" beaten cream dish with herbs, 200 g - a product inspired by Lithuanian traditions. This uniquely flavoured product is seasoned with aromatic herbs, pepper and garlic;
- Milk chocolate coated cottage cheese "Magija" with salted caramel, 40g - the perfect combination of fluffy cottage cheese and salted caramel, coated with milk chocolate;
- Cottage cheese cream "Magija" apple cake 8,4% fat 180 g - a play of subtle apple and cinnamon flavours that will whet everyone's appetite;
- Curd cream "Magija" with pears and salted caramel 8,4% fat, 180 g - the taste is unforgettable - a delicious combination of ripe pears and salted caramel;
- Curd cream "Magija" with strawberries 8,4% fat, 180 g - an unforgettable classic, with strawberry chunks and a taste reminiscent of summer;
- A2 lactose-free milk with a fat content of at least 3.5% - the first and only milk of this type in Lithuania, which is suitable for everyone, even those who are allergic to milk protein and/or lactose intolerant;
- Sparkling strawberry flavoured table water , 1,5l - a refreshing summer strawberry flavour for even the most discerning palates;
- Sparkling raspberry-flavoured table water, 1.5l - a touch of delicious raspberry in every sip. ŽEMAITIJOS PIENAS, AB has participated in international projects and was awarded for taste and quality of products in competitions on 2022.

The first half of 2023 was a time of rewards and innovations for AB "Žemaitijos pienas", distinguished by an even broader range of products that will now be able to reach even the most demanding consumer. The range has been expanded to include not only unforgettable desserts, but also snacks and beverages, reflecting the tastes of consumers and food trends. It is even better when news and ideas do not go unnoticed in the international context - AB "Žemaitijos pienas" not only collected awards, but also carried out actions that increased the company's image and its brand awareness.

As every year, in the first half of 2023, ŽEMAITIJOS PIENAS, AB can boast of being appreciated and recognised not only in Lithuania, but also worldwide. The Company's pride and joy, the hard cheese "Džiugas", has won its 88th award at the International Cheese and Dairy Competition held in June in the UK. It was in this competition that 36 months "Džiugas" 180 g. was crowned with a gold medal and "Džiugas" Mild 100 g. was awarded a silver medal in the Polish competition "Good cheese". The importance of cheese and the traditions it creates is also inseparable from the company's activities - in the first half of 2023, the 21st "Džiugiadienis" was held in Telšiai, which virtually united "Džiugas" cheese lovers from Lithuania, Germany, Hungary, the United Kingdom, Croatia, the Czech Republic, Poland, Spain and France. On 11 July 2023, Lithuanian food tasting took place during the NATO Summit dinner. More than 500 top-level heads of state and foreign guests were not indifferent to "Džiugas" cheese, which is often hailed as the cheese that represents Lithuania around the world.

The company is proud that the MAGIJA brand has also been recognised. Last year's launch of a unique and new trio of milk chocolate-coated cottage cheeses has already earned the cheese a special following: the gold medal in the Polish competition "Children's Taste" was awarded to the peanut-caramel-filled cottage cheese "Magija", while the gold medal in the "Good cheese" competition went to the cookie-flavoured cottage cheese "Magija".

The "Pik-Nik" brand welcomed the first half of this year with a new innovation - the virtual-internet championship "Pasiplēšom" (Let's rip it). Participants can take part in the championship throughout the summer by printing out the game board from the website, filming themselves tearing "Pik-Nik" cheese sticks and sharing their videos on the website, thus reaching out to children and "Pik-Nik" lovers in virtual space.

In addition, the big "Pasiplēšom" championship was organised in June in Estonia, making it the most successful event in Estonia in the company's history. The "Pik-Nik" brand was the main sponsor of the event in the children's area, with its own stage and tent, which were seen by many children and their parents. The children and their parents were particularly engaged, with everyone eager to tear into "Pik-Nik" sausages.

ŽEMAITIJOS PIENAS, AB also presented an innovation - a unique and the first A2 milk in Lithuania, which was presented to children all over Lithuania. The company's staff went to schools to present the values of A2 milk and its exceptional benefits for the body, and held tastings during the presentations, where children and teachers were able to appreciate the taste of the new product. The students were told that selection can lead to breeding of cows that produce milk with only A2 protein, which is not only free of A1 protein, but also lactose-free, a source of calcium and protein, and that it is naturally sweet because of the broken down lactose.

The first half of 2023 proved once again that ŽEMAITIJOS PIENAS, AB is a progressive and innovative company, and the most important indicator of its success is the appreciation of the buyers and consumers themselves, which has been continuing since the very beginning of the company's existence.

Financial information

The Company has selected the key standard financial indicators for its analysis, which many companies use in their practice to analyse their financial data. The main financial performance indicators reflecting the activities of the Group and the Company for the first halves of the 2022 and 2023 are as follows:

Financial indicators	The Group		The Company	
	First half of 2023	First half of 2022	First half of 2023	First half of 2022
Turnover, thousands EUR	136,654	122,675	136,257	122,464
Gross profitability, %	15.72	15.94	15.41	16.18
Net profitability, %	5.29	0.99	5.30	1.64
EBITDA, thousands EUR	10,873	4,913	10,659	5,612
EBITDA profitability, %	7.96	4.00	7.82	4.58
ROE profitability, %	6.61	1.21	7.04	2.16
ROA profitability, %	4.48	0.79	4.69	1.36

Current Ratio	2.79	2.36	2.75	2.21
Quick Ratio	1.04	0.81	1.01	0.77
Debt-to-Equity Ratio	0.48	0.51	0.50	0.56
Debt Ratio	0.32	0.33	0.33	0.35
Total investment to non-current assets, thousands EUR	9,914	3,114	8,877	2,800

The formulas for calculation of the above-mentioned parameters and their description are provided on page 19-20 of Chapter Outcomes of Activities of the Companies of the Group of the Annual Report for 2022 m.

Operating expenses of the Company in the first half of 2023 (EUR 13.60 million) accounted for 9.98% of the turnover, while in the first half of 2022 the expenses (EUR 17.57 million) accounted for 14.34% of the turnover. Operating expenses of the Group (EUR 14.12 million) in the first half of 2023 accounted for 10.33% of the turnover, while in the first half of 2022 the expenses of the Group (EUR 18.11 million) accounted for 14.76% of the turnover. According to the data provided, it is clear that the increase of operating costs was smaller than the increase of sales. The managers of the group's companies distributed expenses responsibly, taking into account the crisis period, although sales costs (wages, marketing, etc.) inevitably increased. The biggest influence on the decline in the overall profitability of the Company and the Group compared to the same period last year was the increase in wages, as well as the increase in the prices of basic materials and packaging in the market. Net profitability increased due to a decrease in operating costs.

Overview of activities, condition and development

Comparison of amounts and prices of raw milk purchased by ŽEMAITIJOS PIENAS, AB in the first half of 2023 and the first half of 2022:

Purchase of raw milk (converted to basic fat content*)	First half of 2023	First half of 2022	Difference between the first half of 2023 and the first half of 2022
Amount of purchased milk, thousands tons	201	215	-6,07 %
Milk purchase price, EUR/t	309	407	-24,08 %

* The milk purchased is converted into a basic fat and protein content, using a specific coefficient.

ŽEMAITIJOS PIENAS, AB has been paying farmers a competitive price for high-quality milk production for many years. As can be seen from the data provided, in 2023, in the first half of the year, the amount of recalculated milk purchased amounted to - 201 thousand. tons, that is -6.07 percent. less compared to the same in 2022. period. in 2022 215 thousand were purchased in the first half of the year. tons of milk. The average price of recalculated milk purchased during the reporting period was 309 EUR/t, which is -24.08 percent. less than compared to 2022 In the first half of the year, when an average of 407 EUR/t was paid.

The subsidiary Šilutės Rambynas, ABF does not buy raw milk directly from milk producers, raw milk is sold to it by ŽEMAITIJOS PIENAS, AB.

ŽEMAITIJOS PIENAS, AB bases its activities with milk producers on a fair and long-term partnership, encourages milk producers who have achieved the best results to continue to improve and spread their experience. The raw

material department provides consultations to all farms on issues of improving milk quality, studies the qualitative and quantitative parameters of raw milk.

During the reporting period, the Company's sales amounted to 136,257 thousand. euros. This is 11.26 percent. more compared to the same period of 2022, when sales reached 122,464 thousand. Eur. Group sales in the reporting period were 11.40 percent. higher than in 2022 in the same period.

ŽEMAITIJOS PIENAS, AB derives the largest part of its income from sales in Lithuania, which amount to more than half of the total income - 50.24 percent. (55.02 percent in the first half of 2022). In the reporting period, the income from sales in the countries of the European Union amounted to 36.04 percent. from all income. Meanwhile, in 2022 in the same period, it was 32.64 percent. from all income. Income from sales in other countries accounted for 13.72 percent. (12.34 percent in the first half of 2022).

The highest turnover in 2023 Export countries in the first half of the year - Latvia, Poland, Germany, Italy, Holland, Estonia and other countries - Kazakhstan, USA, Ukraine, United Kingdom. The company's products are well known all over the world.

The sales of the Company and the Group according to geographic segments are presented below in tables 1 and 2.

Table 1. Sales of ŽEMAITIJOS PIENAS, AB, according to geographical segments, in thousand euros:

Row No.	Geographic breakdown of sales, thousand euros	First half of 2023	Percentage from total revenue in the first half of 2023	First half of 2022	Percentage from total revenue in the first half of 2022	Change when comparing the I half of 2023 and I half of 2022
1	Lithuania	68,454	50.24%	67,380	55.02%	1.59%
2	EU countries	49,110	36.04%	39,972	32.64%	22.86%
3	Other countries	18,693	13.72%	15,112	12.34%	23.69%
4	Total:	136,257	100%	122,464	100%	11.26%

Table 2. Sales of Group companies by geographical segments, in thousand euros:

Row No.	Pardavimai pagal geografinius segmentus, tūkst. eurų	First half of 2023	Percentage from total revenue in the first half of 2023	First half of 2022	Percentage from total revenue in the first half of 2022	Change when comparing the I half of 2023 and I half of 2022
1	Lithuania	68,121	49.85%	66,786	54.44%	2.00%
2	EU countries	49,525	36.24%	40,462	32.98%	22.39%
3	Other countries	19,008	13.91%	15,427	12.58%	23.21%
4	Total:	136,654	100%	122,675	100%	11.40%

The sales of the Company and the Group by product groups are presented below in tables 3 and 4.

Table 3. Sales of ŽEMAITIJOS PIENAS, AB by product groups, thousand euros:

Row No.	Sales by groups of products, thousand euros	First half of 2023	Percentage from total revenue in the first half of 2023	First half of 2022.	Percentage from total revenue in the first half of 2022	Change when comparing I half 2023 to I half 2022
1	Fermented and processed cheeses	54,614	40.08%	46,790	38.21%	16.72%
2	Fresh dairy products	47,958	35.20%	41,400	33.80%	15.84%
3	Butter and spreads	12,999	9.54%	12,229	9.98%	6.30%
4	Dry dairy products	14,505	10.64%	12,888	10.52%	12.55%
5	Other	6,181	4.54%	9,157	7.48%	-32.50%
6	Total	136,257	100%	122,464	100%	11.26%

Table 4. Group sales by product groups, thousand euros:

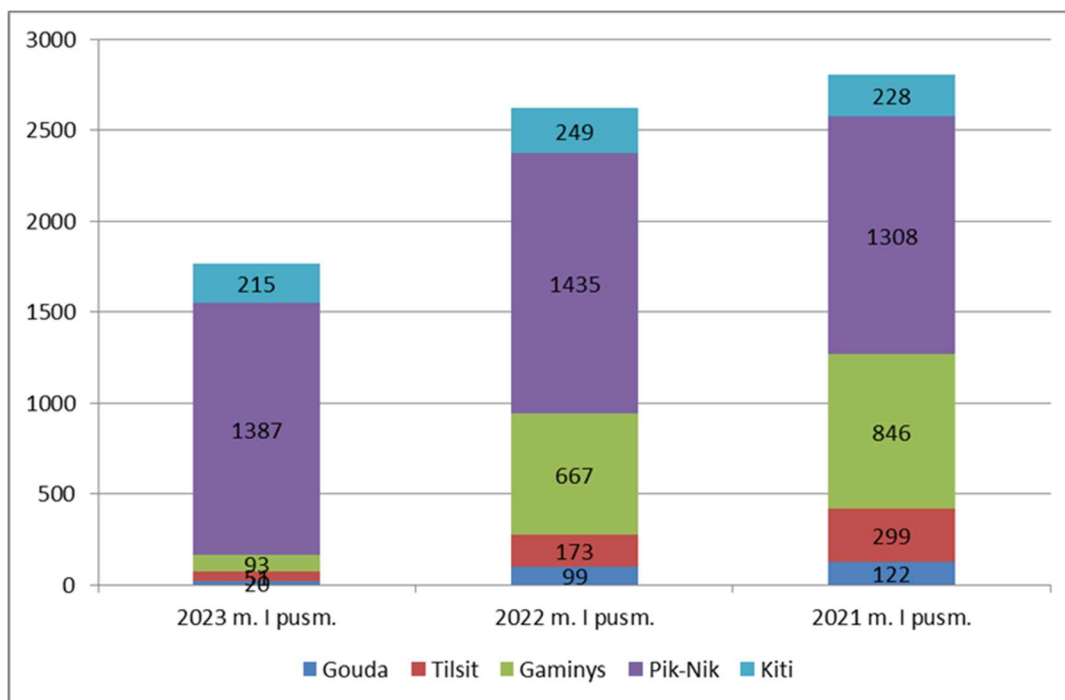
Row No.	Sales by groups of products, thousand euros	First half of 2023	Percentage from total revenue in the first half of 2023	First half of 2022.	Percentage from total revenue in the first half of 2022	Change when comparing I half 2023 to I half 2021
1	Fermented and processed cheeses	55,213	40.40%	43,757	35.67%	26.18%
2	Fresh dairy products	48,218	35.28%	39,829	32.46%	21.06%
3	Butter and spreads	12,999	9.51%	12,229	9.97%	6.30%
4	Dry dairy products	14,505	10.61%	12,888	10.51%	12.55%
5	Other	5,719	4.19%	13,972	11.39%	-59.07%
6	Total	136,654	100%	122,675	100%	11.40%

Comparing I half-year of 2023 with 2022, the biggest change in turnover was in fermented and processed cheeses, which increased by 16.72%, driven by an increase in their average selling price. The average sales price of I half-year of 2023 compared with I half-year of 2022, increased by 11.37%). The increase in turnover of sales of fresh dairy products by 15.84% is also due to an increase in the average selling price. The average sales price of I half-year of 2023 compared with 2022, increased by 24.56%). The increase in turnover of sales of dried dairy products by 12.55% is due to an increase in demand for skimmed milk flour.

Other products include sales of raw cream, raw milk, water products, cassis and ice cream. Comparing I half-year of 2023 with I half-year of 2022, sales of other products decreased by 32.50%, mainly due to a decrease in the price of raw cream.

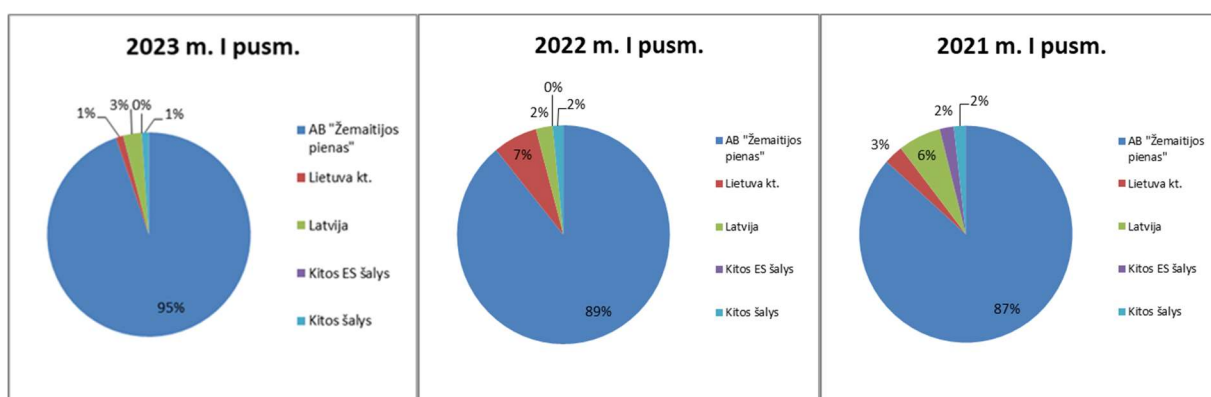
Overview of Šilutės Rambynas ABF activities

The Group Company specializes in cheese production. Production volumes (in tons) for the first halves of 2023, 2022 and 2021 are shown in the histogram below:



During the Reporting period 1766 tons of cheese were produced, or 857 tons (32.7 %) less compared to the same period of 2022. The decrease in production volumes was determined by the ongoing reconstruction. In the period of March - June production of fermented cheese and cheese product has been stopped. For this reason, only 71 t of fermented cheeses (Gouda and Tilsit) were produced, while in 2022 in the first half of the year, 272 t were produced (73.9% decrease). Fermented cheese production decreased to 93 t compared to 667 t in 2022. in the first half of the year (minus 86.1%). Meanwhile, the production of cheese sausages fell by only 48 t or (3.3%) and of other cheeses by 34 t or (13.7%).

Most of the products produced in Šilutės Rambynas are sold through the parent company ŽEMAITIJOS PIENAS, AB. The structure of sales by markets is graphically represented:



During the first half of 2023 total sale of products was 14,384 thousand euros. That is 4,859 thousand euros or 25.3% less compared to the same period in 2022, when sales amounted to 19,243 thousand euros. The decrease was due to the significant drop in production volumes due to the reasons listed above.

For the same reason that large sales are carried out through the parent company, the company is not directly exposed to significant risks due to market uncertainty and customer reliability. In order to manage the risk of direct sales,

customers are subject to a prepayment system for production or a deferral of payments, but transactions are prohibited within the insurance limit set by the trade credit insurance company “Coface”.

Risk management (risk factors)

Financial and other risks, as well as their management, security means, other financial aspects are disclosed in Chapter 28 “Financial Risk Management” of the Explanatory Note of the Annual Audited Financial Statements of 2022, it is also described in details in Consolidated Management Report of ŽEMAITIJOS PIENAS, AB for 2022 (Chapter “Key Risk Factors and Risk Management”). There were no essential changes in the first half of 2023.

The Company and other companies of the Group are insured by general civil liability for pursued activities and produced product, coverage is valid worldwide. The Management of the Company or authorized employees shall be responsible for risk management.

The impact of the war in Ukraine on business and financial statements

The war between Russia and Ukraine started in 24 February 2022, disrupted plans to increase sales to Ukraine and Belarus. ŽEMAITIJOS PIENAS, AB sales to these countries amounted to about 1.5% of total sales. Group Companies conducted sales to these countries safely - products were supplied only with advance payments or with credit insurance limits. As of 30/06/2023, the Company and the Group Company had no receivables from buyers located in those countries, so there is no impairment of receivables.

With the closure of export markets such as Belarus, China and Russia (it was possible to transport only lactose), sales were redirected to other markets.

ŽEMAITIJOS PIENAS, AB do not have any real estate or business in Ukraine or Belarus, therefore it does not assess any depreciation of the value of long-term assets.

The management of the Group constantly monitors the situation in Ukraine and assesses the potential financial impact for the coming periods, but due to significant uncertainties, as well as expected energy price increase, it is not possible to reliably assess the impact. The current situation does not affect the Group's current operations and ability to continue them.

The essential current objectives and plans of the Company are as follow:

- to purchase milk in accordance with market conditions but not at a higher price than that paid for raw milk by other market participants in Lithuania and purchase high-quality milk only;
- encourage and assist farmers in improving milk quality;
- to increase sales at the prices favourable to the Company;
- to focus on the sales of higher value-added products on export markets.

The lack of skilled labour forces the Company to focus on human resources, so special attention is paid to team building, development of competence and qualification, formation of special skills, revision, and improvement of motivation systems.

Information of research and development activities of the Company

The Company and its subsidiary (jointly or separately) continuously make investments and seek ways to ensure continuous growth of income and improvement of activity effectiveness. In 2024 the Company plans to allocate up to 18 million euros for investments. All investments are planned to reduce energy costs, improve product quality and for the processing of secondary raw materials.

The goal of the Group Companies is to ensure production and supply of products complying with the highest possible quality standards and creating maximum possible added value to the consumer, which is why the technologists cooperate with scientists from Lithuanian University of Health Sciences, Vilnius University, Kaunas University of Technology as well as experts from Lithuania and abroad. In cooperation with scientific institutions and foreign

laboratories, new products are developed, adapted to the needs of the modern consumer. The development of products aims to consider sustainable raw materials and technologies, and seeks added value for the functionality of products (protein products, products with fibre, vitamins, etc.). The Company's specialists are constantly doing internships in foreign countries, participating in exhibitions, improving their qualifications in training and seminars.

Laboratory tests of products are carried out regularly at the National Food and Veterinary Risk Assessment Institute, Eurofins, Hamilton, KTU MI, LSMU Veterinary Academy and other laboratories. Uninterruptible tests are mainly oriented to improvement of available product cart.

Environmental Performance of Group Companies

ŽEMAITIJOS PIENAS, AB is a dairy production and sales company operating in Lithuania with an Integrated Pollution Prevention and Control Permit (IPPC), which establishes certain environmental requirements and conditions that an organisation has to comply with in order to control and prevent environmental pollution.

The Company takes various measures to maximise the conservation and rational use of natural resources. Prioritising environmental performance is an important step in ensuring the long-term success and sustainability of the company, which is why the Company is:

- monitoring and measuring that the continuous monitoring of performance indicators allows it to assess its environmental performance, which helps to identify areas for improvement and which factors have the greatest environmental impact;
- installing technology as an important way of reducing environmental impacts. This includes installing more energy-efficient equipment, using environmentally friendly materials and automating or optimising certain processes;
- energy efficient to save energy and reduce energy costs, contributing to lower greenhouse gas emissions;
- implementing cost reduction so that by reducing production and operating costs, the Company not only becomes more efficient, but can also reduce its use of resources and the resulting environmental impact;
- saving natural resources through environmentally friendly processes and the use of recyclable materials, and the Company is reducing its negative impact on the environment, thus contributing to sustainable operations;
- in the process of improving its environmental performance and that these actions include all efforts that result in the improvement of the Company's environmental performance, thereby contributing to the long-term sustainability of the business.

The Company is well aware that its activities can cause significant damage to the natural environment and that only the integrated use of economic, legal, technical, and biological measures can guarantee the rational use of natural resources, which is why the environmental impact is monitored in accordance with coordinated monitoring programmes. When a company expands or upgrades its facilities and technology, an environmental impact assessment is carried out to ensure that the Company's expansion stays within permissible environmental limits.

ŽEMAITIJOS PIENAS, AB is committed to environmental protection and strives to manage packaging waste in accordance with legislation and environmental principles, which is important for the environment and society by contributing to the development of sustainable business practices through such actions:

- **Waste management:** the Company manages waste in accordance with established environmental requirements to avoid negative environmental impacts;
- **Product Packaging Waste Information System (GPAIS):** the Company uses this system to monitor and document the waste management process to help ensure transparency and compliance with legal requirements;
- **Waste sorting:** AB "ŽEMAITIJOS PIENAS" sorts waste at the point of generation so that waste is separated by type;
- **Compaction and preparation for recycling:** waste is compacted and prepared for recycling in order to reduce waste and promote recycling;

- **Separation of unsuitable waste:** the Company also separates waste that cannot be recycled or is not suitable for recycling. This waste is systematically transferred to waste collectors and recyclers under waste management contracts;
- **Packaging:** packaging plays an important role in the production process of AB “ŽEMAITIJOS PIENAS”, and various types of packaging are used in the production and packaging of products. In addition, the Company is actively working to reduce packaging waste and is therefore striving to use recyclable packaging to reduce its environmental impact;
- **Cooperation with packaging waste handlers:** the Company cooperates with licensed packaging waste handlers. These handlers are responsible for the collection and recycling of packaging waste to promote the circular economy and environmental protection.

Consumption of Energy Resources:

Biofuel consumption: 11,725 thousand tonnes of biofuel chips (SM2) were consumed in the first half of 2023, an 8% decrease compared to the first half of 2022. This resulted in a 9% reduction in the amount of thermal energy produced from biofuels.

Electricity consumption: in the first half of 2023, 11,231 MWh of electricity was consumed, a 2% decrease compared to the first half of 2022. Lower electricity consumption rates are a sign of efficient use of resources.

Milk processing: over 138,000 tonnes of raw milk were processed in the first half of 2023, a 2% increase in raw milk processed compared to the first half of 2022.

Water use: 468,949 m³ of water was used in the first half of 2023, an increase of about 7% compared to the first half of 2022, the higher water consumption is due to the higher volume of raw milk processed.

The Company's raw milk suppliers and employees are committed to preserving the environment as much as possible for future generations. We are on our way to a climate-neutral future, and we want to make it all happen through a sustainable value chain, promoting a circular economy. Climate change is a global challenge that requires a global response. The EU is committed to helping increase the scale of the global effort, and EU countries have endorsed the goal of climate neutrality by 2050, in line with the Paris Agreement. Achieving climate neutrality will require a transformation of European society and economy. The European Council is considering legislative and other initiatives under the European Green Deal, following a proposal from the European Commission. Political commitments are transformed into legal obligations. It is clear that massive public investment will be needed, and major efforts will be made to channel private sector capital into climate and environmental action, avoiding attachment to unsustainable models. Action will be required in all sectors of the economy to achieve climate neutrality:

- investing in environmentally friendly technologies;
- supporting the renewal of industries through innovation and innovation;
- introducing cleaner, cheaper, and healthier forms of private and public transport;
- reducing greenhouse gas emissions, increasing the share of renewables and energy efficiency in the energy mix;
- making buildings more energy efficient;
- working with international partners to improve global environmental standards;

Group companies are continuously:

- monitoring the climate change situation, trends, related policy initiatives, and legislation;
- assessing the risks associated with climate change issues;
- integrating the threats and opportunities of climate change impacts into its risk management framework.

In the first half of 2023:

- A deal with wind turbine manufacturer “Enercon GmbH” for the purchase and installation of two wind turbines, investing in green energy, continues the company's commitment to sustainable business while contributing to the fight against climate change, was signed;
- Optimisation of production processes to reduce electricity consumption and CO2 emissions;
- Fleet renewal by investing in EURO 6 trucks and hybrid cars, thus reducing fuel consumption and CO2 emissions.

AB “ŽEMAITIJOS PIENAS” takes into account environmental criteria and is committed to meeting climate change requirements. These actions are in line with the principles of sustainable development and contribute to environmental protection and ecological sustainability. In accordance with the Public Procurement Law of the Republic of Lithuania, the Company performs the following important functions:

- includes environmental criteria and climate change requirements in public procurement, which may include the need for suppliers to provide sustainable products;
- increasing competitiveness, that it is a commitment to environmental and sustainability requirements that enhances the competitiveness of the Company in the marketplace, as the increasing consumer focus on environmentally friendly and sustainable business practices is good for business growth;
- environmental oversight, the Company closely monitors and controls the impact of its activities on the environment and, where necessary, takes measures to mitigate negative environmental impacts.

Aspects on management of employees and human resources of the Companies of the Group

The Personnel Policy of the Company is focused on the formation of teamwork, continuous professional development, optimal use of work resources, recruitment and training of competent employees.

After a little more than 2 years, the tradition that unites employees has been renewed – employee greeting. Employees are congratulated on the occasions of seniority and anniversaries.

In order to introduce innovations and create an attractive, well-known and innovative workplace for young specialists, the Company, together with the qualified specialists working in it, joined the project “Career Education in the STEAM direction” organized by the Telšiai Education Center and participated in the Telšiai District Youth Forum.

The Company actively cooperates with educational institutions and provides conditions for high school students to apply theoretical knowledge and acquire practical skills. The Company’s representatives could also be met at the biggest career fairs in the country. In the months of January – June 2023, 13 students completed internships at the Company. When there is a need for new employees, the most active and best students are given the opportunity to get a job in the Company.

ŽEMAITIJOS PIENAS, AB

According to the data of 30 June 2023, the actual number of employees of ŽEMAITIJOS PIENAS, AB was 1,258.

According to the data of 31 December 2022, the actual number of employees of the Company was 1,271.

According to the data of 30 June 2022, the actual number of employees of the Company was 1,275.

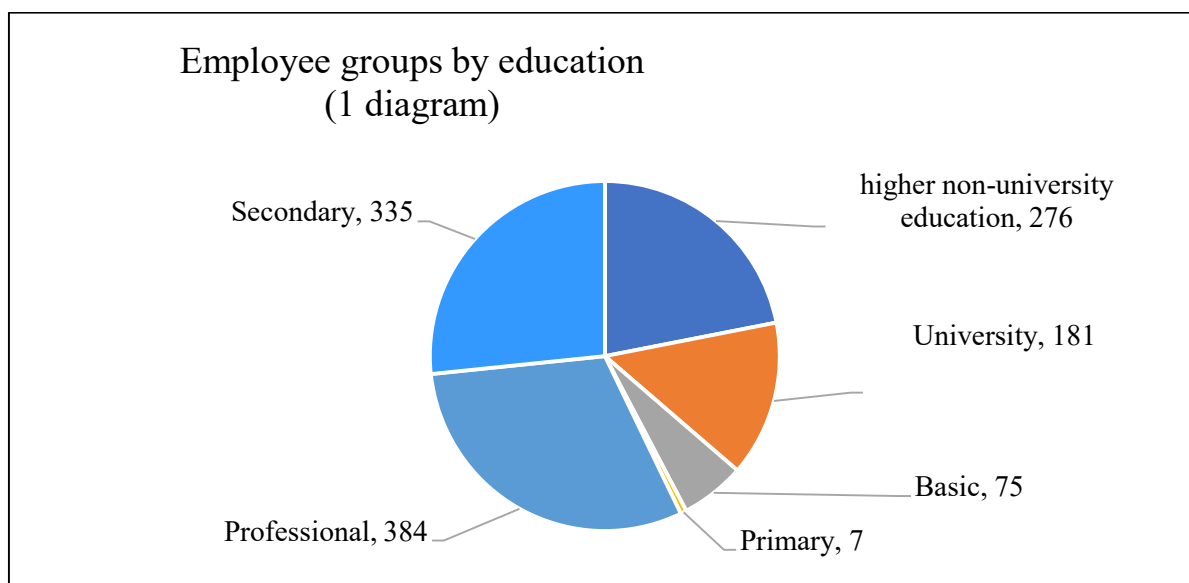
According to the data of 31 December 2021, the actual number of employees of the Company was 1,249.

Comparing the reporting half-year with 2022, the actual number of employees decreased by approximately 1%, but the number of employees with higher university education increased.

Education of ŽEMAITIJOS PIENAS, AB employees (2021, 2022, 2023), after elimination of apprentices and students working temporarily during the summer:

Number of employees	31-12-2021	30-06-2022	31-12-2022	30-06-2023
With a high university education (masters degree)	175	180	177	181
With a high university education				
With higher non-university education	305	311	286	276
With professional education	358	388	384	384
With secondary education	341	325	345	335
With incomplete secondary education	70	71	79	82
TOTAL:	1249	1275	1271	1258

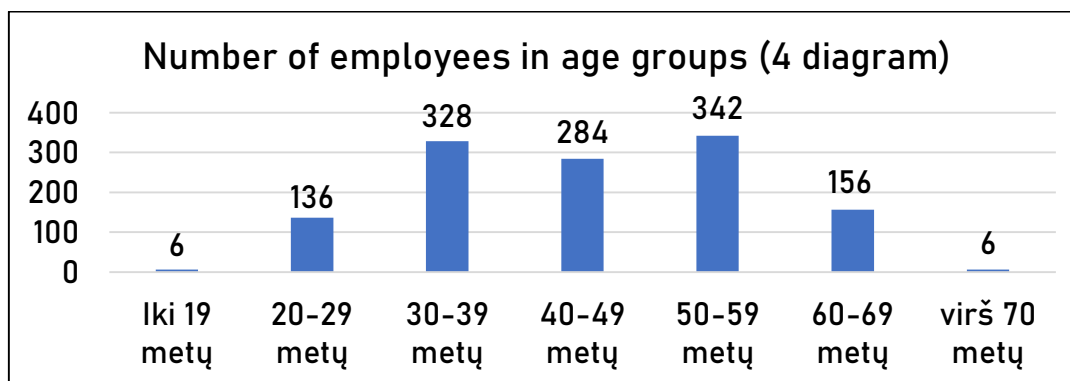
ŽEMAITIJOS PIENAS, AB employee groups by education (I half of the 2023), after elimination of apprentices and students working temporarily during the summer:



Number of ŽEMAITIJOS PIENAS, AB employees by their corresponding groups and their average wages in EUR for corresponding employee work groups make up, after elimination of apprentices and students working temporarily during the summer:

Number of employees by groups	31-12-2021		31-12-2022		30-06-2023	
	Number of employees	Average wage, EUR	Number of employees	Average wage, EUR	Number of employees	Average wage, EUR
Directors	6	7314	6	7710	6	7424
Specialists	316	2453	309	2890	306	2874
Workers	927	1466	956	1769	946	1830
In total:	1249		1271		1258	

Number of employees in age groups in 2023, after elimination of apprentices and students working temporarily during the summer:



Šilutės Rambynas, ABF

At the end of the Reporting period, Šilutės Rambynas had 158 employees, their number decreased by 7 employees (4.2 %) compared to the same period of 2022. Changes of groups of employees by education are provided in the table below:

Education of employees	30-06-2023	30-06-2022
With Master's degree	8	9
With University Degree	24	25
With College Degree	23	24
With Vocational Education	55	58
With Secondary Education	34	35
With unfinished Secondary Education	14	14

In total:	158	165
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The average salary during the Reporting period was 1,800 EUR/month or 9.6 % higher than in the same period of 2022. Changes in wages by employee groups are given in the table below:

Number of employees by groups	30-06-2023		30-06-2022	
	Number of employees	Average wage, EUR/month	Number of employees	Average wage, EUR/month
Directors	6	3,915	7	3,481
Specialists	19	2,388	21	2,206
Workers	133	1,620	137	1,463
In total:	158	1,800	165	1,643

Šilutės Rambynas seeks to develop and maintain long-term relationships with its employees, especially when the labour market is not satisfying - the lack of highly qualified employees. Therefore, employees are constantly encouraged to develop in the professional field. Šilutės Rambynas employees could improve their knowledge and skills in seminars and courses. There are training programs that train and certify specialists, production workers, technicians, operators, locksmiths, brigades and masters.

OTHER INFORMATION

Transactions with associated parties

Related party transactions executed during the first six months of the current financial year, which had a significant impact on the financial position or activity of the company and/or group of companies during that period, including the amounts of these transactions, presented in 2023. In note 18 of the explanatory note for the first half of the year.

Judicial disputes

- The Company has submitted a lawsuit to the court regarding the awarding of an insurance payment of EUR 248,028.62 from the insurance company “Compensa Vienna Insurance Group”. On July 1, 2021, when a large amount of precipitation fell, the roof of one building belonging to the Company was completely damaged – the roof was broken: the supporting structures of the building and the roof covering were damaged. The Company suffered a loss of EUR 303,993.42 (excluding VAT) due to the insured event. The insurance company only partially satisfied the Company’s claim to pay the insurance benefit by paying the Company an insurance benefit of EUR 55,964.80. The insurance company refused to cover the rest of the damage suffered by the Company. Taking this into account, the Company, defending its interests, was forced to apply to the court with a claim for the award of insurance benefits. The proceedings have been initiated;
- The Company is the plaintiff in the civil case pending in the Šiauliai District Court regarding compensation of EUR 630,521.00. The Šiauliai District Court fully satisfied the Company’s claim by its decision of 19 September 2023: it awarded the Company EUR 630,521.00 in damages from the defendant ADT Sp. z.o.o. and awarded the costs of the litigation. The decision can be appealed to the Court of Appeal of Lithuania within 30 days;

- Other cases in which the Company would be a participant in civil, criminal or administrative proceedings and which could in any way fundamentally affect the Company's financial situation have not been initiated at this time.

Regulated information published by the Company

During the reporting period, the Company submitted 8 (eight) notices via the information system of the Vilnius Stock Exchange (AB NASDAQ OMX Vilnius) (on the website). All facts (events) are stored in the Central Regulated Information Database, as well as this information is available on the Company's website www.zpienas.lt.

Public notices shall be published in accordance with the procedure established by legal acts and submitted in the electronic publication of the Manager of the Register of Legal Entities. Notices on convocation of the General Meeting of Shareholders and other material events are published in accordance with the procedure established by the Law on Securities in the Central Regulated Information Database www.crib.lt and on the Company's website www.zpienas.lt. The most important events published during the Reporting period are:

Date	The most important notices of the reporting period
19-06-2023	Election of members of the Audit Committee of ŽEMAITIJOS PIENAS, AB
12-06-2023	ŽEMAITIJOS PIENAS, AB has agreed with bank on the loan of 12 millions 135.2 thousand euros
21-04-2023	Annual information of ŽEMAITIJOS PIENAS, AB
21-04-2023	Decisions made by Ordinary General Meeting of Shareholders of ŽEMAITIJOS PIENAS, AB
20-04-2023	Update: Regarding alternative draft decision on agenda item 6 of the general meeting of shareholders, to be held on 21 April 2023, related to establishment of the reserve for the purchase of own shares and the determination of the procedure
30-03-2023	Regarding the convening of the Ordinary General Meeting of Shareholders of ŽEMAITIJOS PIENAS, AB
16-03-2023	Unaudited financial results of ŽEMAITIJOS PIENAS, AB group business activity during 2022
23-02-2023	ŽEMAITIJOS PIENAS, AB concluded a transaction for the acquisition of wind power plants

The most important post-reporting events

- In 2023 July 25 an extraordinary general meeting of shareholders took place, during which the elections of the audit company took place - it was decided in 2023-2024. The financial audit of the company's financial documents (reports) will be performed by UAB "Grant Thornton Baltic". It was also decided during the meeting to change the registration address of the Company's Vilnius branch;
- on 19 September 2023 a new wording of the Articles of Association of the Company was registered in the Register of Legal Entities (after changing the registration address of the Company's Vilnius branch office),

Until 20 September, 2023 the Company announced 4 (four) material events and other information provided by law and which must be published¹.

¹ <https://nasdaqbaltic.com/statistics/en/instrument/LT0000121865/news?date=2022-09-19>



**ŽEMAITIJOS PIENAS, AB
SET OF CONSOLIDATED
AND
SEPARATE UNAUDITED FINANCIAL STATEMENTS
FOR 1st HALF OF 2023**

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I. STATEMENTS OF FINANCIAL POSITION

ASSETS	Notes	The Group		The Company	
		30-06-2023	31-12-2022	30-06-2023	31-12-2022
Fixed assets					
Intangible assets	4	162	131	162	131
Tangible assets	4	66.481	59.520	58.274	52.113
Investments for sale	5	2.640	2.754	2.557	2.670
Right-of-use-asset	6	1.694	1.844	1.694	1.844
Investments into subsidiaries		-	-	3.150	3.150
Loans granted, long receivables	8	1.789	1.645	1.789	1.645
Others fin., invest. assets		126	126	126	126
Deferred profit tax assets	7	896	600	791	495
Total amount of fixed assets		73.788	66.620	68.543	62.174
Current assets					
Stock	9	55.001	69.045	54.037	66.208
Advance payments		436	284	410	259
Receivables from the buyers	10	25.054	23.370	24.996	23.307
Other receivables	11	1.599	3.831	1.599	3.787
Cash and cash equivalents	12	5.553	1.725	4.467	1.064
Total amount of current assets		87.643	98.255	85.509	94.625
ASSETS IN TOTAL		161.431	164.875	154.052	156.799
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	13	12.104	12.104	12.104	12.104
Own shares (-)		(389)	(389)	(389)	(389)
Required reserve		1.403	1.403	1.403	1.403
Other reserves		10.200	11.600	10.200	11.600
Undistributed profit		84.627	75.989	79.379	70.753
Equity of the shareholders of the parent company		107.945	100.707	102.697	95.471
Minority interest		1.380	1.389	-	-
Equity in total		109.325	102.096	102.697	95.471
Long-term liabilities					
Support received		2.589	2.736	2.300	2.428
Loans	14	12.422	22.985	12.422	22.985
Liabilities arising from the financial lease	15	1.786	1.617	1.786	1.617
Liabilities arising from the deferred profit tax		-	-	-	-
Other long-term liabilities		3.913	3.913	3.728	3.728
Total amount of long-term liabilities		20.710	31.251	20.236	30.758
Short-term liabilities					
Loans	14	1.750	3.500	1.750	3.500
Liabilities arising from the financial lease	15	438	917	438	917
Trade debts	16	22.489	20.085	22.907	19.671
Payable profit tax		-	511	-	511
Other payable amounts	17	6.719	6.515	6.024	5.971
Total amount of short-term liabilities		31.396	31.528	31.119	30.570
Liabilities in total		52.106	62.779	51.355	61.328
EQUITY AND LIABILITIES IN TOTAL		161.431	164.875	154.052	156.799

II. STATEMENTS OF COMPREHENSIVE INCOME

The Group

		Jan-Jun 2023	Jan-Jun 2022
Sales	3	136.654	122.675
Cost of sales		(115.167)	(103.126)
GROSS PROFIT		21.487	19.549
Operating expenses		(14.117)	(18.107)
Other operating income and expenses		153	242
(LOSS) PROFIT FROM OPERATIONS		7.523	1.684
Finance costs		(428)	(58)
Other financial income and expenses		154	106
(LOSS) PROFIT BEFORE TAX		7.249	1.732
Income tax (benefit) expense		(20)	(518)
TOTAL INCOME FOR THE PERIOD		7.229	1.214
ATTRIBUTABLE TO:			
Equity holders of the Company		7.238	1.319
Minority interest		(9)	(105)
		7.229	1.214
Basic and diluted earnings per share (EUR)		0,17	0,03

The Company

		Jan-Jun 2023	Jan-Jun 2022
Sales	3	136.257	122.464
Cost of sales		(115.265)	(102.652)
GROSS PROFIT		20.992	19.812
Operating expenses		(13.602)	(17.566)
Other operating income and expenses		130	234
(LOSS) PROFIT FROM OPERATIONS		7.520	2.480
Finance costs		(428)	(58)
Other financial income and expenses		154	106
(LOSS) PROFIT BEFORE TAX		7.246	2.528
Income tax (benefit) expense		(20)	(518)
TOTAL INCOME FOR THE PERIOD		7.226	2.010
ATTRIBUTABLE TO:			
Equity holders of the Company		7.226	2.010
Minority interest		-	-
		7.226	2.010
Basic and diluted earnings per share (EUR)		0,17	0,04

III. STATEMENT OF CHANGES IN EQUITY

The Group	Share capital	Own shares (-)	Legal reserve	Reserves for own shares	Other reserves	Retained earnings	Equity	Minority interest	Total
Balance as of									
31 December 2021	13.449	(8.151)	1.403	10.000	4.250	76.440	97.391	1.590	98.981
Dividends	-	-	-	-	-	-	-	-	-
Acquisition of own shares	-	-	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	-	1.600	(1.600)	-	-	-
Reserves used	-	-	-	-	(4.250)	4.250	-	-	-
<i>Net profit</i>	-	-	-	-	-	1.319	1.319	(105)	1.214
Balance as of									
30 June 2022	13.449	(8.151)	1.403	10.000	1.600	80.409	98.710	1.485	100.195
Balance as of									
31 December 2022	12.104	(389)	1.403	10.000	1.600	75.989	100.707	1.389	102.096
Dividends	-	-	-	-	-	-	-	-	-
Acquisition of own shares	-	-	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	-	(1.600)	1.600	-	-	-
Reserves used	-	-	-	-	200	(200)	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
<i>Net profit</i>	-	-	-	-	-	7.238	7.238	(9)	7.229
Balance as of									
30 June 2023	12.104	(389)	1.403	10.000	200	84.627	107.945	1.380	109.325

The Company	Share capital	Own shares (-)	Legal reserve	Reserves for own shares	Other reserves	Retained earnings	Total
Balance as of							
31 December 2021	13.449	(8.151)	1.403	10.000	4.250	69.895	90.846
Dividends	-	-	-	-	-	-	-
Acquisition of own shares	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	-	1.600	(1.600)	-
Reserves used	-	-	-	-	(4.250)	4.250	-
<i>Net profit</i>	-	-	-	-	-	2.010	2.010
Balance as of							
30 June 2022	13.449	(8.151)	1.403	10.000	1.600	74.555	92.856
Balance as of							
31 December 2022	12.104	(389)	1.403	10.000	1.600	70.753	95.471
Dividends	-	-	-	-	-	-	-
Acquisition of own shares	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	-	(1.600)	1.600	-
Reserves used	-	-	-	-	200	(200)	-
Other transfers	-	-	-	-	-	-	-
<i>Net profit</i>	-	-	-	-	-	7.226	7.226
Balance as of							
30 June 2023	12.104	(389)	1.403	10.000	200	79.379	102.697



IV. CASH FLOW STATEMENTS

	Jan-Jun 2023	Jan-Jun 2022	Jan-Jun 2023	Jan-Jun 2022
Cash flow from operating activities				
Profit (loss) for the period	7.229	1.214	7.226	2.010
Adjustments:				
Depreciation and amortization	3.344	3.271	3.112	3.026
Amortization of grants received	(148)	(149)	(127)	(127)
Gain (loss) on disposal of non-current assets	(9)	(27)	(9)	(44)
Corporate income tax expenses	(296)	(48)	(296)	(48)
Impairment of accounts receivable	608	35	608	35
Impairment of property, plant and equipment	-	-	-	-
Impairment of inventories to net realizable value	(3.262)	67	(3.262)	67
Net financial expenses (income)	286	(11)	320	29
Elimination of non-cash items	-	-	-	-
Loss from liquidation of subsidiaries	-	-	-	-
Net cash flows from ordinary activities before changes in working capital	7.752	4.352	7.572	4.948
Changes in working capital:				
(Increase) decrease in inventories	17.306	(15.745)	15.433	(15.214)
(Increase) decrease in trade receivables	(1.640)	(5.047)	(1.645)	(4.704)
(Increase) decrease in prepayments	(152)	(44)	(150)	(44)
(Increase) decrease in other receivables	639	(1.245)	595	(1.172)
(Decrease) increase in trade payables	2.406	4.664	3.237	3.068
(Decrease) increase other accounts payable	205	(171)	52	(137)
Corporate income tax paid	(511)	(66)	(511)	(66)
	-	-	-	-
Net cash flows from operating activities	26.005	(13.302)	24.583	(13.321)
Cash flows from (to) investing activities				
(Acquisition of intangible assets and property, plant and equipment.	(9.914)	(3.114)	(8.877)	(2.800)
Proceeds on sale of property, plant and equipment	55	302	48	294
Acquisition of subsidiaries	-	-	-	-
Acquisition of others investments	(167)	(26)	(167)	(26)
Repayment of loans granted	1.373	498	1.373	498
Loans granted	(577)	(708)	(577)	(708)
Interest received	79	48	79	48
Net cash flows (to) investing activities	(9.151)	(3.000)	(8.121)	(2.694)



IV.CASH FLOW STATEMENTS - <i>continue</i>	The Group		The Company	
	Jan-Jun 2023	Jan-Jun 2022	Jan-Jun 2023	Jan-Jun 2022
Cash flows from (to) financing activities				
Dividends paid	-	-	-	-
Acquisition of own shares	-	-	-	-
Grants received (-)	69	39	36	26
Loans received (-)	3.724	16.447	3.724	16.447
Repayment of loans	(16.037)	(1.000)	(16.037)	(1.000)
Financial lease payments	(310)	(373)	(310)	(373)
Interest paid	(428)	(58)	(428)	(58)
Other financial (income) and expenses	(44)	(20)	(44)	(21)
Net cash flows from financial activities	(13.026)	15.035	(13.059)	15.021
Net increase (decrease) in cash and cash equivalents	3.828	(1.267)	3.403	(994)
Cash and cash equivalents at the beginning of the period	1.725	3.756	1.064	3.398
Cash and cash equivalents at the end of the period	5.553	2.489	4.467	2.404

V. EXPLANATORY NOTES

1. GENERAL INFORMATION

Žemaitijos pienas, AB (hereinafter referred to as the Company) is a public limited liability company registered in the Republic of Lithuania. Its registered office is situated at the address Sedos st. 35, Telšiai, Lithuania.

The Company produces dairy products and sells them on the Lithuanian and foreign markets. The Company has a number of wholesale units with warehouses and vehicles in the biggest cities of Lithuania. The Company commenced its operations in the year 1984.

In 31.12.2021 and 30.06.2022 amounts to EUR 13,448,750 divided into 46,375,000 ordinary registered shares with a nominal value per share of EUR 0.29.

On 15 April 2022, the Ordinary General Meeting of Shareholders resolved to reduce the Company's share capital in order to cancel the 4,637,500 ordinary registered shares acquired by the Company through share buy-back processes. The Company's share capital has been reduced from EUR 13,448,750 to EUR 12,103,875 by cancelling and by publishing the cancellation of the 4,637,500 ordinary registered shares of the Company acquired by the Company, each with a nominal value of EUR 0.29. From 04 07 2022 following the registration of the new version of the Company's Articles of Association in the Register of Legal Entities, the Company's share capital was in EUR 12,103,875. The Company's capital had divided into 41,737,500 ordinary registered shares with a nominal value of EUR 0.29 each.

All shares have been issued, subscribed and paid up.

As at 30 June 2021 and 30 June 2022, the subsidiaries held no shares in the Company.

The Company's shares are traded on the Baltic Additional List of the Vilnius Stock Exchange.

On 30 June 2022, the Company had purchased 4,637,500 units of its own shares, or 10% of the Company's total shares, for EUR 8.151 thousand. They have been cancelled after 04-07-2022 registration of new authorized capital, after reducing the authorized capital by 4,637,500 units of shares.

During the second half of 2022, the Company additionally purchased 222,020 units of its own shares for EUR 389 thousand.

On 30 June 2023, the balance of own shares amounted to 222,020 units for EUR 389 thousand.

On 30 June 2023, the Group was composed of Žemaitijos pienas, AB and its subsidiaries (hereinafter - the Group):

Subsidiary	Registered office of the Company	Interest of the Group's shares	Consolidated interest	Investments (cost price) 30 June 2023	Net assets 30 June 2023	Main activities
Šilutės Rambynas, ABF	Klaipėdos st. 3, Šilutė, Lithuania	87.82 %	87.82 %	3.150	11.331	Production and sale of cheese

On 30 June 2023, the Company had 1.258 employees, and the Group had 1.416 employees (on 30 June 2022 – 1.311 employees in the Company and 1.476 employees in the Group).

2. ACCOUNTING PRINCIPLES

The consolidated interim financial statements for the six months' period ending 30 June 2023 are prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union, includes IAS 34. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2022 year.

The presentation currency is euro. The financial statements are presented in thousands of euro, unless indicated otherwise. The financial statements are prepared under the historical cost convention.

Financial statements for the period ended 30 June 2023 are not audited. Financial statements for the year ended 31 December 2022 are audited by the external auditor Grant Thornton Baltic, UAB

3. INFORMATION ABOUT THE SEGMENTS

For managerial purposes the activities of the Group and the Company are organized as a single main segment – the production and sale of dairy and cheese products (primary segment). Other products as addition (primary) segment consist of sales of milk, butter, milk whey and other.

The Group	Sales, EUR thousand		Variation in %
	Jan-Jun 2023	Jan-Jun 2022	
	as comparing 01-06 2023 with 01-06 2022		
Cheese and cheese products	55.213	43.758	26,18 %
Fresh dairy products	48.218	39.829	21,06 %
Other products	33.223	39.088	(15,0) %
Total:	136.654	122.675	11,40 %

The Group	Gross profit, EUR thousand		Variation in %
	Jan-Jun 2023	Jan-Jun 2022	
	as comparing 01-06 2023 with 01-06 2022		
Cheese and cheese products	10.593	7.751	36,67 %
Fresh dairy products	14.704	8.390	75,26 %
Other products	(3.810)	3.408	(211,80) %
Total:	21.487	19.549	9,91 %

The Company	Sales, EUR thousand		Variation in %
	Jan-Jun 2023	Jan-Jun 2022	
	as comparing 01-06 2023 with 01-06 2022		
Cheese and cheese products	54.614	46.790	16,72 %
Fresh dairy products	47.958	41.400	15,84 %
Other products	33.685	34.274	(1,72) %
Total:	136.257	122.464	11,26 %

The Company	Gross profit, EUR thousand		Variation in %
	Jan-Jun 2023	Jan-Jun 2022	
	as comparing 01-06 2023 with 01-06 2022		
Cheese and cheese products	10.875	8.261	31,64 %
Fresh dairy products	14.606	8.373	74,44 %
Other products	(4.489)	3.178	(241,25) %
Total:	20.992	19.812	5,96 %

Declining sales prices for cream, whey, skimmed milk flour and butter in the period 01-06 2023, which contributed to a decline in the gross margin of the 'Other Products' segment.

The sales of the Group and the Company according to the geographical segments (secondary segment) are provided hereunder:



The Group	Jan–Jun 2023	Jan–Jun 2022
Sales, EUR thousand		
Lithuania	68.121	66.786
EU countries	49.525	40.462
Other	19.008	15.427
In total	136.654	122.675
The Company	Jan–Jun 2023	Jan–Jun 2022
Sales, EUR thousand		
Lithuania	68.454	67.380
EU countries	49.110	39.972
Other	18.693	15.112
Total, EUR thousand:	136.257	122.464

4. INTANGIBLE AND TANGIBLE NON-CURRENT ASSETS

Changes in intangible assets of the Group as of 30 June 2023:

The Group	Acquired rights	Computer software	Licenses, patents	Total
Acquisition cost				
As of 31 December 2022	355	142	634	1.131
- acquisition	44	31	6	81
- adding value	-	-	-	-
- sold or written-off assets	-	(1)	(290)	(291)
- transfers between accounts	-	-	-	-
As of 30 June 2023	399	172	350	921
Accumulated depreciation				
As of 31 December 2022	248	137	615	1.000
- amortization	32	5	13	50
- transfers between accounts	-	-	-	-
- amortization of transferred and written-off assets	-	(1)	(290)	(291)
As of 30 June 2023	280	141	338	759
Net book value:				
As of 31 December 2022	107	5	19	131
As of 30 June 2023	119	31	12	162

Changes in intangible assets of the Company as of 30 June 2023:

The Company	Acquired rights	Computer software	Licenses, patents	Total
Acquisition cost				
As of 31 December 2022	355	121	634	1.110
-acquisition	44	31	6	81
- adding value	-	-	-	-
-sold or written-off assets	-	(1)	(290)	(291)
-transfers between accounts	-	-	-	-
As of 30 June 2023	399	151	350	900

Accumulated depreciation

As of 31 December 2022	248	116	615	979
-amortization	32	5	13	50
-amortization of transferred and written-off assets	-	(1)	(290)	(291)
-transfers between accounts	-	-	-	-
As of 30 June 2023	280	120	338	738
Net book value:				
As of 31 December 2022	107	5	19	131
As of 30 June 2023	119	31	12	162

In the period January-June 2023 amortization of non-current intangible assets of the Group and the Company amounts to EUR 50 thousand and EUR 50 thousand respectively.

Investments in the purchase of non-current intangible assets made by the Group and the Company in the period January - June 2023 amount to EUR 81 thousand and EUR 81 thousand respectively. As all the assets of the Group and the Company are located in Lithuania, all the investments were made in the Lithuanian geographic segment.

Changes in property, plant and equipment of the Group as of 30 June 2023

The Group	Land, buildings and constructions	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
Acquisition cost						
As of 31 December 2022	27.661	95.538	12.821	5.438	3.465	144.923
-acquisition	-	917	231	94	8.513	9.755
-sold or written-off assets	-	-	-	-	-	-
-transfers to investing assets	-	-	-	-	-	-
-transfers from investing assets	-	(1)	(115)	(238)	-	(354)
-reclassification	-	-	-	-	79	79
-adding value	-	418	3	-	(421)	-
As of 30 June 2023	27.661	96.872	12.940	5.294	11.636	154.403
Accumulated depreciation						
As of 31 December 2022	10.384	62.098	9.272	3.649	-	85.403
-depreciation	305	1.971	354	197	-	2.827
-depreciation of written-off and sold assets	-	(1)	(80)	(227)	-	(308)
-transfers to investing assets	-	-	-	-	-	-
-transfers from investing assets	-	-	-	-	-	-
-transfers between accounts	-	-	-	-	-	-
As of 30 June 2023	10.689	64.068	9.546	3.619	-	87.922
Accumulated impairment losses						
As of 31 December 2022	-	-	-	-	-	-
-impairment losses	-	-	-	-	-	-
-reversal of impairment	-	-	-	-	-	-
-transfers to investing assets	-	-	-	-	-	-
As of 30 June 2023	-	-	-	-	-	-
Net book value:						
As of 31 December 2022	17.277	33.440	3.549	1.789	3.465	59.520
As of 30 June 2023	16.972	32.804	3.394	1.675	11.636	66.481

Changes in **property, plant and equipment of the Company** as of 30 June 2023:

The Company	Land, buildings and constructions	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
Acquisition cost						
As of 31 December 2022	24.169	85.372	11.430	4.840	2.433	128.244
-acquisition	-	914	231	84	7.566	8.795
-sold or written-off assets	-	-	-	-	-	-
-adding value	-	-	(115)	(177)	-	(292)
-reclassification	-	-	-	-	-	-
-transfers to accounts investing assets	-	418	3	-	(421)	-
As of 30 June 2023	24.169	86.704	11.549	4.747	9.578	136.747
Accumulated depreciation						
As of 31 December 2022	9.125	55.886	7.859	3.261	-	76.131
-depreciation	280	1.780	358	178	-	2.596
-depreciation of written-off and sold assets	-	-	(81)	(173)	-	(254)
-reclassification	-	-	-	-	-	-
-transfers to investing assets	-	-	-	-	-	-
As of 30 June 2023	9.405	57.666	8.136	3.266	-	78.473
Accumulated impairment losses						
As of 31 December 2022	-	-	-	-	-	-
-impairment losses	-	-	-	-	-	-
-reversal of impairment	-	-	-	-	-	-
As of 30 June 2023	-	-	-	-	-	-
Net book value						
As of 31 December 2022	15.044	29.486	3.571	1.579	2.433	52.113
As of 30 June 2023	14.764	29.038	3.413	1.481	9.578	58.274

For the period ending at 30 June 2023 the depreciation costs of the Group's and the Company's property, plant and equipment amounts to EUR 2.827 thousand and EUR 2.596 thousand respectively.

Investments in the the acquiring of non-current tangible and intangible assets made by the Group and the Company in January-June 2023 amounted to EUR 9.834 thousand and EUR 8.795 thousand. All the acquisitions above relate to the geographic segment of Lithuania.

5. INVESTMENT PROPERTY

Changes in **the investment assets** as of 30 June 2023:

	The Group	The Company
Acquisition cost		
As of 31 December 2022	4.636	3.899
- acquisition	-	-
- transfers from long-term assets	-	-
- transfers to long-term assets	-	-
- sold or written-off assets	-	-
- reversal records	-	-
As of 30 June 2023	4.636	3.899
Accumulated depreciation		
As of 31 December 2022	1.882	1.229
- depreciation	114	113

- transfers to long-term assets	-	-
- sold or written-off assets	-	-
- reversal records	-	-
As of 30 June 2023	1.996	1.342
Accumulated impairment losses		
As of 31 December 2022	-	-
-impairment losses	-	-
-reversal of impairment	-	-
As of 30 June 2023	-	-
Net book value, Eur thousand:		
As of 31 December 2022	2.754	2.670
As of 30 June 2023	2.640	2.557

The fair value of investment assets approximates its book value.

The Group's and Company's depreciation of the investment assets in the period January-June 2023 amounted to EUR 114 thousand and EUR 113 thousand respectively.

The Company's investment assets in 2023 and 2022 represents rented assets to ABF Šilutės Rambynas and UAB Čia Market and other companies.

All rent contracts are easily cancellable with a few months prior notice made by the lessee or the lessor.

6. RIGHT-OF-USE-ASSET

As of 30 June 2023 **the right-of use asset** account to the following:

Group	Land, buildings and constructions	Movable property	Vehicles	Total
Acquisition cost				
As of 31 December 2022	2.494	600	-	3.094
-acquisition	-	236	-	236
-reclassification	-	-	-	-
-the end of the contract	-	(600)	-	(600)
Acquisition cost				
As of 30 June 2023	2.494	236	-	2.730
Accumulated depreciation				
As of 31 December 2022	538	508	-	1.046
-depreciation	311	43	-	354
-reclassification	-	-	-	-
-the end of the contract	-	(531)	-	(531)
Accumulated depreciation				
As of 30 June 2023	849	20	-	869
Impairment				
As of 31 December 2022	204	-	-	204
-impairment losses	-	12	-	12
-reversal of impairment	(49)	-	-	(49)
Impairment				
As of 30 June 2023	155	12	-	167
Net book value, Eur thousand:				
As of 31 December 2022	1.752	92	-	1.844
As of 30 June 2023	1.490	204	-	1.694

Company	Land, buildings and constructions	Movable property	Vehicles	Total
Acquisition cost				
As of 31 December 2022	2.494	600	-	3.094
-acquisition	-	236	-	236
-reclassification	-	-	-	-
-the end of the contract	-	(600)	-	(600)
Acquisition cost				
As of 30 June 2023	2.494	236	-	2.730
Accumulated depreciation				
As of 31 December 2022	538	508	-	1.046
-depreciation	311	43	-	354
-reclassification	-	-	-	-
-the end of the contract	-	(531)	-	(531)
Accumulated depreciation				
As of 30 June 2023	849	20	-	869
Impairment				
As of 31 December 2022	204	-	-	204
-impairment losses	-	12	-	12
-reversal of impairment	(49)	-	-	(49)
Impairment				
As of 30 June 2023	155	12	-	167
Net book value, Eur thousand:				
As of 31 December 2022	1.752	92	-	1.844
As of 30 June 2023	1.490	204	-	1.694

7. DEFERRED INCOME TAX ASSET

	The Group		The Company	
	2023 06 30	2022 12 31	2023 06 30	2022 12 31
Deferred income tax asset				
Accounts receivable	122	31	122	31
Inventories	140	630	79	569
Accrued vacation reserve	233	213	232	212
Other accrued expenses	1.383	708	1.340	665
Investment incentiv	273	273	-	-
Tax loss	-	-	-	-
Total deferred income tax asset, EUR thousand	2.151	1.855	1.773	1.477
Deferred income tax asset realization allowance	-	-	-	-
Deferred income tax asset (realization allowance)	2.151	1.855	1.773	1.477
Deferred income tax liability				
Difference in property, plant and equipment depreciation rates	(1.255)	(1.255)	(982)	(982)
Total deferred income tax liability, EUR thousand	(1.255)	(1.255)	(982)	(982)
Deferred income tax asset, net EUR thousand	896	600	791	495

8. LOANS GRANTED

The Group's and the Company's **granted loans** consisted of the following:

	The Group		The Company	
	30 06 2023	31 12 2022	30 06 2023	31 12 2022
Loans granted	2.842	3.638	2.842	3.638
in a number of loans to related parties	779	1.473	779	1.473
in number of loans to not related parties	-	-	-	-
in a number of loans to farmers	1.828	1.967	1.828	1.967
in a number of loans to employees	235	198	235	198
Less: current portion of loans granted	(1.053)	(1.993)	(1.053)	(1.993)
Non- current loans granted, EUR thousand	1.789	1.645	1.789	1.645

All granted loans are in EUR. The repayment term is from 1 to 9 years. 19 company's employees had a loan balance as of 30/06/2023. The average annual loan interest rate: 3%.

Loans have been granted to the employees as a motivating tool based on the Regulations for Provision of Loans to employees. A limit of the fund intended for provision of loans to the employees makes up EUR 232 thousand. On all occasion loans are being granted to a borrower after he/she undertakes to secure repayment of a loan by pledging his/her or another person's real property assets or using other means of security of repayment of a loan acceptable to the company (a credit institution guarantee or other). Upon assessment of a possible risk, liquidity of real estate assets being pledged and etc. a value of the real estate assets being pledged makes up from 100% to 200% of an amount being borrowed. 67 farmers had a loan balance as of 30/06/2023. Loans in the amount of EUR 505 thousand had been granted to farmers within the period from 01/01/2023 to 30/06/2023. The average interest rate on loans granted: 1month EURIBOR + 3,50%. All long-term loans have been granted with collateral (land have been pledged at market prices).

As of 30/06/2023 the associated company owed EUR 778,5 thousand to Klaipėdos pienas, AB. The loan has been granted with a variable/floating annual interest rate; a loan repayment period – the year 2029; the shares of Žemaitijos pienas, AB were pledged.

9. STOCK

The Group's and the Company's **stock** consisted of the following:

	The Group		The Company	
	30 06 2023	31 12 2022	30 06 2023	31 12 2022
Raw materials	6.657	7.278	5.879	6.286
Finished goods and work in process	48.843	65.454	48.250	63.203
Goods for resale	437	511	437	511
	55.937	73.243	54.566	70.000
Less: write off to net realizable value	(936)	(4.198)	(529)	(3.792)
Total, EUR thousand:	55.001	69.045	54.037	66.208

10. RECEIVABLES FROM THE BUYERS

Receivables of the Group and the Company from the buyers consisted of the following:

	The Group		The Company	
	30 06 2023	31 12 2022	30 06 2023	31 12 2022
Trade accounts receivable	22.489	21.715	22.441	21.684
Accounts receivable from related parties	2.713	1.848	2.703	1.816
	25.202	23.563	25.144	23.500
Impairment allowance for bad debts of not related parties	(148)	(193)	(148)	(193)
Impairment allowance for bad debts of related parties	-	-	-	-
Net trade receivables:	25.054	23.370	24.996	23.307

Changes in the impairment of doubtful receivables from the buyers are included in the profit (loss) statement as operating expenses.

Receivables from the buyers are free of interest and their term is usually from 30 to 90 days. The accounts receivable from the customer are recognized as impairment allowance for bad debts and are accounted in operating expense in the total income statement.

11. OTHER RECEIVABLES

Other receivables of the Group and the Company consisted of the following:

	The Group		The Company	
	30 06 2023	31 12 2022	30 06 2023	31 12 2022
Income tax receivables	-	-	-	-
Current portion of long-term loans granted	1.053	1.993	1.053	1.993
VAT receivable	459	1.668	459	1.624
Other receivables	87	170	87	170
Total:	1.599	3.831	1.599	3.787

12. CASH AND CASH EQUIVALENTS

The Group's and the Company's **cash and cash equivalents** consisted of the following:

	The Group		The Company	
	30 06 2023	31 12 2022	30 06 2023	31 12 2022
Cash at bank	5.527	1.723	4.441	1.062
Cash on hand	26	2	26	2
Total:	5.553	1.725	4.467	1.064

13. EQUITY

On 31 December 2021 the share capital amounted to 46.375.000 ordinary registered shares with a nominal value of 0.29 Eur.

According to the 2022 April 15 following the decision of the ordinary general meeting of shareholders, after reducing the share capital by canceling 4,637,500 units of own shares (more about the equity capital in the 2022 Explanatory Letter), since 07/05/2022 the authorized capital consists of 41,737,500 units. ordinary registered shares for EUR 12,103,875. the amount.

As at 30 June 2023 and on 31 December 2022, all the shares were fully paid

During 2022 year 222,020 units of the own shares were purchased for EUR 389 thousand.

No own shares were bought in the first half of the year.

The required reserve is mandatory under legal acts of the Republic of Lithuania. It is necessary to transfer not less than 5 percent of the net profit each year until the reserve reaches 10 percent of the share capital. The Company's required reserve was fully formed. The required reserve may not be distributed to the shareholders.

Other reserves are formed according to the decision of the annual meeting of shareholders to distribute the profit and the Company's articles of association. These reserves can only be used for the purposes determined by the general meeting of shareholders. Following the valid Law on Companies, the Company's reserves other than required reserves must be restored to the distributable profit and redistributed if they have not been used or they are not planned to be used.

14. LOANS RECEIVED

The loans of the Company and the Group as at 30st June 2023 (EUR thousand):

Creditor	Date of agreement	Loan maturity date	Currency	2023 06 30	2022 12 31
AB SEB bank - II	2018-06-11/2019-07-16	2024-03-30	EUR	1.500	2.500
AB SEB bank - I	2018-06-11/2022-06	2027-05-23	EUR	6.000	6.750
AB SEB bank - III	2018-06-11/2023-06	2028-06-07	EUR	3.724	-
AB SEB bank – overdraft	2018-06-11/2022-06-08	2024-06-30	EUR	2.948	17.235
Total: thousand EUR				14.172	26.485

In July 2019, the Company signed an amendment to the credit agreement with SEB bankas dated 11-06-2018, based on which the Company was granted business credit of EUR 6 million. The credit was granted with variable annual interest until March 2024 (Business credit II). The production building located in Telšiai together with the equipment in it was additionally mortgaged.

In accordance with the additional amendments to this credit agreement, SEB bankas granted the Company a credit of EUR 7.5 million in June 2022. (Business credit I)

In June 2023, according to the additional amendments to this credit agreement, SEB bankas granted the Company an additional credit of EUR 12,135 million (Business credit III). The last day of granting credit is 31 December 2024. Additional means of securing the obligations of this contract are the construction of a wind farm with all its accessories and equipment.

In June 2022, the Company signed an annex to the aforementioned credit agreement of June 2018 with AB SEB bankas for an increased “Account Credit Overdraft Limit I” for the amount of the overdraft limit of EUR 10 million.

In August 2022, according to the same credit agreement, an annex was signed for the increased “Account Credit Overdraft Limit I” for the amount of the overdraft limit of EUR 18 million. Means of securing the fulfilment of obligations under the credit agreement: the Company’s current account at AB SEB bankas, and real and movable property at Klaipėdos str. 3, Šilutė.

In addition to the credit agreement, the Company signed an agreement on financial indicators and other obligations with AB SEB bankas. The financial indicators and non-financial obligations specified in the contract are being fulfilled.

During January-July 2023 EUR 16,037 thousand was repaid in accordance with the obligations of the credit agreement dated 11-06-2018.

On 30 June 2023, the balance of loans of the Group and the Company amounted to EUR 14,172 thousand.

15. LIABILITIES UNDER THE FINANCIAL LEASE CONTRACT

As at 30 June 2023, finance lease liabilities of the Group and the Company included liabilities from lease contracts concluded with the leasing companies and liabilities for the right-of-use asset.

The Group	30 06 2023	31 12 2022
Within one year	438	917
In the second to fifth years	1.786	1.617
Total: liabilities arising from financial lease	2.224	2.534
The Company	30 06 2023	31 12 2022
Within one year	438	917
In the second to fifth years	1.786	1.617
Total: liabilities arising from financial lease	2.224	2.534

16. PAYABLE AMOUNTS

Here are the terms of financial liabilities:

Trade debts are free from interest and are usually repaid within a period of 30 days.

Payable interest is usually paid on a monthly basis over the entire financial year.

	The Group		The Company	
	30 06 2023	31 12 2022	30 06 2023	31 12 2022
Payables to suppliers	19.652	17.675	17.934	16.647
Payables to related parties	2.119	1.549	4.255	2.163
Prepayments	718	861	718	861
Total:	22.489	20.085	22.907	19.671

17. OTHER PAYABLE AMOUNTS

Other payable amounts consisted of the following:

	The Group		The Company	
	30 06 2023	31 12 2022	30 06 2023	31 12 2022
Vacation reserve	1.726	1.599	1.542	1.415
Bonuses for employees	-	-	-	-
Wages and salaries payable	1.616	1.405	1.443	1.263
Social security payable	706	914	629	853
Dividends payable	787	796	787	796
Payables based on defined obligations to employees	813	814	707	707
Accrued expenses	327	404	327	404
Taxes payable, other than income tax	627	571	568	528
Other short-term liabilities	117	12	21	5
Total:	6.719	6.515	6.024	5.971

Outstanding balances at the end are unsecured and interest free for them.

Other payable amounts are free from interest and have approximately a repayment term of one month.

18. RELATED PARTY TRANSACTIONS

Related parties of the Group and the Company are:

- the parties that control, are controlled by or are under common control with the Company;
- the parties that can have material impact on the activities of the Company;
- the parties that are management members of the Company or its parent company;
- the companies that are under control or material impact of the aforesaid persons.

The main related parties of the Group and the Company are:

Item No.	Company Name	Company Details	Nature of Main Activities
1.	Šilutės Rambynas, ABF	Company code: 277141670; address: Klaipėdos g. 3, Šilutė, LT-99115	Dairy activities and cheese making

2.	Žemaitijos pieno investicija, AB	Company code: 300041701; address: Sedos g. 35, Telšiai, LT-87101	Renting and operating own and rented real estate
3.	Klaipėdos pienas, AB	Company code: 240026930; address: Šilutės pl. 33, Klaipėda, LT-91107	Ice-cream production
4.	Čia Market, UAB	Company code: 141354683, address: Sedos g. 35A, Telšiai LT-87101	Retail trade in non-specialized stores.
5.	Muizas piens, SIA	Company code: 40003786632, address: Bauskas iela 58a-8, 5stavs room 507, Riga, LV-1004, Latvia	Wholesale trade in food products, marketing
6.	Samogitija, UAB	Company code: 302501454, address: Narutavičių g. 4, Telšiai, LT-87101	Production, transportation, storage, distribution, etc. of dairy and other food products.
7.	S.A.R. Dziugas France	Company code 751860669, address: 10 Rue de Penthièvre 75008, Paris	Production and sale of dairy products
8.	Dziugas USA L.L.C.	Company code: 0400754292, address: Five greentree centre, ste. 104, 525 Route 73 North Marlon, NJ08053, USA	Wholesale import, marketing of dairy products
9.	Dziugas Eesti OU	Company code: 14324189, address: Punane 56, Tallinn, Estonia	Wholesale import, sales and marketing of dairy products
10.	Dziugas Poland Spolk	Company code: 368496450, address: ul. Luki Wielke 5, Warsaw, Poland	Activities of agents trading in food and beverages
11.	Baltic Holding, UAB	Company code: 302688114, address: Įgulos g. 18B -4, Klaipėda	IT services
12.	Nepriklausoma tyrimų laboratorija, UAB	Company code: 110824551, address: Narutavičių g. 4, Telšiai	Laboratory and other tests of materials and analysis services
13.	Dziugas Deutschland GmbH	Company code HRB 154342, address: Neuer Wall 41, 20354 Hamburg, Deutschland	Marketing and product sales
14.	Dziugas Hungary Kft	Company code 01-09-325932, address 1064 Budapest, Podmaniczky u. 57.2 emelet 14, Hungary	Wholesale import, sales and marketing of dairy products
15.	Dziugas UK Ltd	Company code: 11405400; address: 10 Bloomsbury Way, London WC1A 2SL, United Kingdom	Activities of agents trading in food and beverages
16.	Danutė Pažemeckienė	Virvytės 36, Telšiai	Rent of premises

Sales to and purchases from related parties (EUR thousand):

	The Group		The Company	
	Jan-Jun 2023	Jan-Jun 2022	Jan-Jun 2023	Jan-Jun 2022
1) Sales				
Sales of goods				
<i>To the Group</i>				
Šilutės Rambynas ABF	-	-	505	1.895
	-	-	505	1.895
<i>To Related parties</i>				
Klaipėdos pienas AB	1.008	1.193	974	737
Čia Market UAB	2.629	2.604	2.629	2.604
Muizas piens SIA	396	415	396	415
Dziugas Hungary Kft	217	74	217	74
Dziugas Eesti OU	0	2	0	2
Dziugas Deutschland GmbH	(1)	10	(1)	10
Dziugas Poland Spolk	723	400	723	400
Dziugas UK Ltd	335	94	335	94
UAB Nepriklausoma tyrimų laboratorija	9	8	8	6
Dziugas USA LLC	-	-	-	-
	5.316	4.800	5.281	4.342
Sales of inventory and services				
<i>To the Group</i>				
Šilutės Rambynas ABF	-	-	12	13
	-	-	12	13
<i>To Related parties</i>				
Klaipėdos pienas AB	342	240	341	237

Žemaitijos pieno investicija AB	36	298	36	298
Samogitija UAB	0	0	0	0
Čia Market UAB	199	184	195	180
Muizas piens SIA	2	2	2	2
UAB Nepriklausoma tyrimų laboratorija	60	43	34	24
Dziugas Deutschland GmbH	0	8	0	8
Dziugas Hungary Kft	5	7	5	7
Dziugas Eesti OU	5	3	5	3
Dziugas UK Ltd	1	0	1	0
S.A.R. Dziugas France	1	1	1	1
Dziugas Poland Spolk	19	15	19	15
	<u>670</u>	<u>801</u>	<u>639</u>	<u>776</u>
Total Sales:	<u>5.986</u>	<u>5.601</u>	<u>6.437</u>	<u>7.026</u>

	The Group		The Company	
	Jan-Jun 2023	Jan-Jun 2022	Jan-Jun 2023	Jan-Jun 2022
2) Purchases				
<i>From the Group</i>				
Šilutės Rambynas ABF	-	-	6.291	3.891
	<u>-</u>	<u>-</u>	<u>6.291</u>	<u>3.891</u>
<i>From Related parties</i>				
Klaipėdos pienas AB	43	46	43	46
Žemaitijos pieno investicija AB	470	463	470	463
Čia Market UAB	682	1.246	682	1.243
Muizas piens SIA	207	248	207	248
UAB Nepriklausoma tyrimų laboratorija	644	736	571	580
UAB Samogitija	-	3	-	3
Dziugas Poland Spolk	402	318	402	318
Dziugas UK Ltd	179	113	179	113
Dziugas Deuthland GmbH	28	282	28	282
Dziugas Hungary Kft	195	160	195	160
Dziugas Eesti OU	165	146	165	146
Dziugas USA LLC	-	-	-	-
S.A.R. Dziugas France	57	178	57	178
Danutė Pažemeckienė	57	46	57	46
	<u>3.129</u>	<u>3.985</u>	<u>3.056</u>	<u>3.826</u>
Total Purchases:	<u>3.129</u>	<u>3.985</u>	<u>9.347</u>	<u>7.717</u>

**Balances outstanding with related parties
30 06 2023:**

	The Group		The Company	
	30 06 2023	31 12 2022	30 06 2023	31 12 2022
3) Accounts receivables and financial debts 30 06 2023				
<i>From Group</i>				
Šilutės Rambynas ABF	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>From Related parties</i>				
Klaipėdos pienas AB	2.074	1.781	2.066	1.750
Čia Market AB	1.076	1.155	1.074	1.154

Muizas piens SIA	72	119	72	119
Dziugas France S.A.R.	0	0	0	0
Dziugas Hungary Kft	14	33	14	33
Dziugas Deutshland GmbH	(1)	0	(1)	0
Dziugas Eesti OU	1	1	1	1
Dziugas Poland Spolk	163	180	163	180
Dziugas UK Ltd	94	52	94	52
	3.493	3.321	3.483	3.289
Total receivables - 30 06 2023:	3.493	3.321	3.483	3.289

	The Group		The Company	
	30 06 2023	31 12 2022	30 06 2023	31 12 2022
4) Balances of payables				
<i>To Group</i>				
-	-	-	-	-
Šilutės Rambynas ABF	-	-	2.782	1.242
	-	-	2.782	1.242
<i>To Related parties</i>				
Žemaitijos pieno investicija UAB	1.870	1.346	1.270	746
UAB Čia Market	-	-	-	-
Klaipėdos pienas AB	-	-	-	-
Muizas piens SIA	-	-	-	-
Dziugas Poland Spolk	1	-	1	-
Dziugas Deutschland GmbH	1	-	1	-
UAB Samogitija	40	40	40	40
Dziugas Eesti OU	30	29	30	29
UAB Nepriklausoma tyrimų laboratorija	171	125	124	96
Dziugas UK Ltd	-	-	-	-
S.A.R. Dziugas France	7	10	7	10
Dziugas USA LLC	-	-	-	-
	2.120	1.550	1.473	921
Total payables - 30 06 2023:	2.120	1.550	4.255	2.163

On 30 June 2023-2022 the Company did not account for the decrease in realizable value - for the receivables of the related party UAB "Čia Market". In 06.30.2023 UAB Čia Market's arrears did not reach 30 overdue payment term.

The assessment of these doubtful debts is reviewed each financial year by checking the financial position of the party concerned, the market in which the party concerned is operating to forward looking factors (as described in Note 3 – Impairment of financial assets in financial statements for 2022).

The Company and the Group have concluded a number of transactions with related parties (AB "Žemaitijos pieno investicija" group companies) and the Group's profit and sales are significantly affected by transactions with AB "Žemaitijos pieno investicija" group. Transactions include the leasing of fixed assets, the sale of raw materials and the purchase of manufactured products (cheese) from ABF "Šilutės Rambynas", the sale of the finished products to UAB "Čia Market", and the sale of raw materials, production and services to AB "Klaipėdos Pienas".

19. EVENTS AFTER THE REPORTING PERIOD

There were no events occurred after the reporting period that would influence financial results of the Group and the Company.