



**ŽEMAITIJOS PIENAS, AB CONSOLIDATED SEMI-ANNUAL  
REPORT OF THE YEAR 2024**

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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 2024 (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

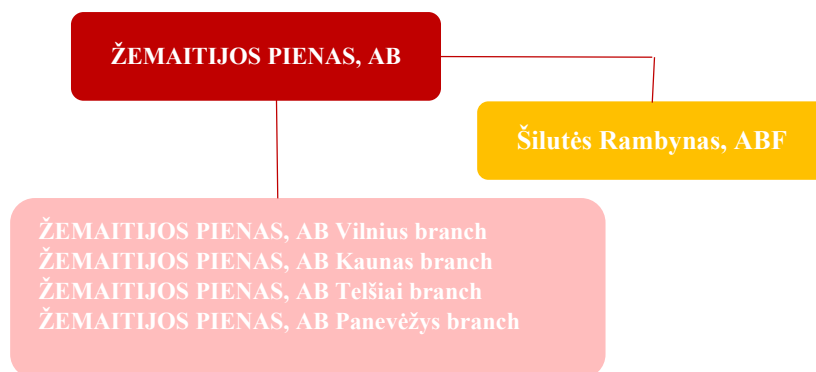
The beginning of ŽEMAITIJOS PIENAS, AB dates back to 1924, when Telšiai dairy plant of high capacity was incorporated. In the end of 1984 Telšiai dairy plant activity moved to new premises and operated until opening and privatization of Telšiai cheese plant which was one of the largest in the Baltic 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

<b>Name of the Company:</b>	<b>ŽEMAITIJOS PIENAS, akcinė bendrovė</b>
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:	<a href="mailto:info@zpienas.lt">info@zpienas.lt</a>
Webpage:	<a href="http://www.zpienas.lt">www.zpienas.lt</a>
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: Taikos per.106 A, 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:	<a href="mailto:info@rambynas.lt">info@rambynas.lt</a>

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 30/06/2024**

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 2024 until 28 June 2024 the price of shares slightly increased, the change at the end of the reporting period is (+0.11 euros or + 6.47 %). Trading turnover of the Company's shares in 2024 in the first half of the year amounted to EUR 150,508.72, and 86,532 units of shares were transferred through concluded transactions. The average (weighted) selling price of one share is EUR 1.724.

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	2020	2021	2022	2023	2024
Open price €	1.74	1.86	1.81	1.82	1.69
High price €	1.88	2.18	1.98	1.9	2.28
Low price €	1.4	1.7	1.6	1.12	1.6
Last price €	1.85	1.8	1.8	1.69	2.18
Traded volume	119,288	403,496	211,247	234,080	126,049
Turnover mln €	0.21	0.77	0.38	0.41	0.23
Capitalization mln €	89.49	83.48	75.13	70.54	90.99

### Dynamics of share prices in NASDAQ Vilnius, in the first half of the year 2024

Open price, EUR 02-01-2024	Highest share price, EUR 26-06-2024	Lowest share price, EUR 09-03-2024	Closing price, EUR 28-06-2024
1.80	1.89	1.6	1.81

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 26 April 2024 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 also allocated EUR 2,075,774 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 2024 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 2024, 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 transfer or dispose 222,020 units of 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 2024 the Company was assessed in accordance with various requirements of international food safety and quality management standards and compliance with them:

- during March 6, 2024 Bureau Veritas performed a risk assessment of ŽEMAITIJOS PIENAS, AB processes in accordance with FSSC requirements;
- 18 April 2024 an audit performed by the US Force (NATO) assessed the compliance of the mineral water production unit with the requirements of NATO;
- 10 June 2024 the Assessment of CB certificate requirements for Rainforest Alliance compliance and possible labelling;
- 12 June 2024 The Polish retailer "Żabka" carried out compliance of the processes of ŽEMAITIJOS PIENAS, AB with the established requirements of the retailer;
- In 14 February 2024 the competent Azerbaijan State Food and Veterinary Service performed a remote evaluation of the Company's processes and document verification. The result of the inspection is that ŽEMAITIJOS PIENAS, AB can supply products to the Azerbaijan market.

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).



ŽEMAITIJOS PIENAS keeps pace with global trends in sustainability, environmental protection and circular production:

- optimising the amount of packaging materials used;
- assessing how to reduce the amount of plastic in product packaging without affecting the safety and quality of the product. In 2024, ŽEMAITIJOS PIENAS launched products with a change in milk packaging: organic milk Dobilas and ŽEMAITIJOS PIENAS 3.2% fat are marketed in the new Purepack packaging. In terms of sales in the first half of 2024, the change in packaging has led to a reduction of 11 tonnes of plastic released on the market (considering only the change in primary packaging). The new Purepack packaging has led to an increase in the use of recyclable packaging, with an additional reduction of 1.4 tonnes of plastic released on the market (assessed as group heat shrink film);
- tests are being carried out to replace the multi-component plastic labelled “7Other” with a single-component, (more easily recyclable) plastic. During the first half of 2024, several single-component structures have been selected and tested on products;
- corrugated cardboard boxes made of 100% recycled cardboard or by replacing part of the corrugated cardboard with recycled cardboard are used for packaging the product, after assessing and ensuring the logistical characteristics;
- changes to corrugated cardboard box designs have facilitated packaging and eliminated the use of adhesive tape. The changes were made in order to reduce the amount of corrugated cardboard, facilitate the work of the staff, optimise the available packaging materials and at the same time meet the shelf requirements of the supermarkets. In the first half of 2024, the packaging of 6 products was changed to a different box design. Comparing the weight of the new box design with the previous one, a saving of 28% of the weight of the box has been achieved, resulting in 17 tonnes less cardboard being put on the market. And from a logistics perspective, a 15% increase in pallet loading;
- in the first half of 2024, the project to replace corrugated cardboard containers for internal production needs (transport between production units) by a recyclable container continues;
- in 2024, ŽEMAITIJOS PIENAS was the first dairy producer in Lithuania to introduce the Purepack dairy packaging with a connected cap;
- tests on recycled PET packaging (PET bottles and shrink films) are being carried out.

In order to meet the requirements of export trade networks, the goals set for second half of 2024 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.

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.

During the first half of 2024, the Company's main investment objective, as in previous years, was to increase its competitiveness, would solve environmental problems, improve the quality of products, the technical level of equipment and the working conditions and safety of employees.

Main directions of investments, as mentioned in 2023. in the annual report, were directed to the renewal of the equipment of the production units:

1. Completed investments of the cheese production unit due to replacement of more efficient cheese makers;
2. Separation-pasteurization and milk purification microfiltration equipment was installed;
3. Automated temperature and humidity maintenance system of ripening chambers;
4. The premises of the processed cheese department were expanded for the integration of new equipment and the improvement of the working conditions of employees;
5. An innovative cheese drying and cheese flour packaging line was installed;
6. Work on the processing of sour whey has begun (construction part, installation of premises, adjustment of engineering networks for the required power and other infrastructure preparatory work required for the installation of new equipment);
7. The wind farm project continues. The foundations have been completed, all the construction components of the wind power plant have been transported, and the power plant installation work has begun;
8. After assessing the increased capacities, the development of a feasibility study for the reconstruction of the fresh milk products production unit was started, due to the renovation and expansion of the premises, equipment and warehouses;
9. Small operational and repair works were carried out, which are inseparable from ongoing investments and operational works aimed at improving work safety, technical level of equipment, reducing difficult workplaces, reducing sewage pollution and improving the use of energy resources. The goal is that the equipment's standing, automation and technological processes ensure smooth operation and that the final product for the buyer is safe and of high quality.

### Products and trademarks

Taking into account consumer expectations and needs, during the first half-year of 2024, new products were developed and successfully "mainstreamed" on the market:

- Curd cheese 22% fat,
- Fried cottage cheese with garlic and turmeric 22% fat,
- Smoked cottage cheese with garlic and drippings 22% fat,
- Kefir cocktail with mango 0.5% fat,
- Rambyno” processed cheese (slices), cheddar flavor 45% fat dry mass, 150 g,
- Crispy, dried hard cheese balls "Džiugas" 40% fat, package, 140 g,
- Crispy, dried cheese balls with caramelized onion flavor 45% fat, 140 g,
- Crispy, dried cheese balls with tomato flavor 45% fat, 140 g,
- Crispy, dried cheese balls with cream and onion flavor 45% fat, 140 g,
- Crispy, dried balls of hard cheese "Džiugas" 40% fat, package, 50 g,
- Crispy, dried cheese balls with caramelized onion flavor 45% fat, 50 g,
- Crispy, dried cheese balls with tomato flavor, 45% fat, 50 g,
- Crispy, dried cheese balls with cream and onion flavor 45% fat, 50 g,
- “Jums” glazed dessert with cocoa 24.5% fat, 38 g,

- “Jums” glazed dessert with vanillin 24.4% fat, 38 g,
- “Gaja” non-carbonated cactus and lemon flavored soft drink 1 l,
- “Gaja” non-carbonated cactus and lemon flavored soft drink 1.5 l,
- “Gaja” carbonated berry-flavored soft drink Tonic 1.5 l,
- “Gaja” carbonated bitter lemon flavored soft drink Tonic 1.5 l.

Every year brings new experiences and challenges to the Company, which encourage to move forward and spread the message to the world about the products of AB ŽEMAITIJOS PIENAS. The work done and the results achieved in the first half of 2024 contribute to the creation of the long-standing history of the Company.

The Company’s products are appreciated and tasted not only in Lithuania, but also throughout the world. Hard cheese “Džiugas” celebrated the 22nd “Džiugas Day” in May of this year. This event was attended by invited guests from foreign countries such as Poland, Germany, Croatia, Hungary, Great Britain, Spain and other countries. During the event, cheese assessors tasted “Džiugas” cheese of different maturing, which they evaluated according to taste, smell, color and texture. Not only the guests but also the employees of the Company could enjoy this range of cheese flavors.

In June of this year, the annual “Pik-Nik Let’s Tear” championships took place in Latvia and Estonia. The event was attended not only by children, but also by adults who gladly joined the event.

This year, the “Magija” brand stood out in terms of social activity, having organized promotions in Latvia and Estonia. The funds collected during the campaign in Estonia are intended for the purchase of missing equipment for the “Tartu” maternity hospital. In Latvia, consumers who purchased “Magija” cheeses on the ziedot.lv shopping platform supported children with autism spectrum syndrome. The implemented projects allowed the Company to contribute to a better tomorrow for children.

This year, two promotions of TOP 5 ŽEMAITIJA PIENAS brands took place in Poland and Hungary, in which the following brands participated: “Džiugas”, “Pik-Nik”, “Magija”, “Rambino”, “Jon-Chedar”. In the Hungarian market, the campaign was carried out on the kifli.hu platform, during which the collected money was allocated to the “Heim Pál” foundation.

In the Polish market, the campaign was carried out on the frisco.pl platform, and the collected funds were transferred to the “Odrobina Radości” foundation, the main purpose of which is the upbringing and education of children living in care institutions.

This year, the brands “Dobilas” and “Žemaitijos ilgaamžės tradicijos” surprised consumers with changes in the packaging of milk. The plastic packaging was replaced by the more environmentally friendly “Pure-Pak” packaging. This step allowed to contribute to the reduction of environmental pollution.

During the Easter holiday period, “Džiugas”, “Pik-Nik” and “Germantas” product packages were labeled with special Easter stickers with the centenary logo. Such labeling of products spread the news about the approaching century of the Company. This year is special for AB ŽEMAITIJOS PIENAS, because it is celebrating its 100th anniversary. On this occasion, the advertising campaign of the century was carried out, evoking nostalgic feelings and inviting you to immerse yourself in a century-long journey through time that encourages development and growth.

This year is indeed special for AB ŽEMAITIJOS PIENAS, opening the door to even greater opportunities and meaningful projects. We have a lot of work and goals ahead of us, which are eagerly waiting to be implemented, and one of the most important projects still waiting for us this year is the preparation for the national campaign of the century in the Baltic countries.

## 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 2023 and 2024 are as follows:

Financial indicators	The Group		The Company	
	First half of 2024	First half of 2023	First half of 2024	First half of 2023
Turnover, thousands EUR	147,547	136,654	146,924	136,257
Gross profitability, %	21.48	15.72	20.43	15.41
Net profitability, %	8.04	5.29	7.30	5.30
EBITDA, thousands EUR	16,135	10,873	14,751	10,659
EBITDA profitability, %	10.94	7.96	10.04	7.82
ROE profitability, %	8.88	6.61	8.65	7.04
ROA profitability, %	6.56	4.48	6.28	4.69
Current Ratio	3.59	2.79	3.39	2.75
Quick Ratio	1.96	1.04	1.82	1.01
Debt-to-Equity Ratio	0.35	0.48	0.38	0.50
Debt Ratio	0.26	0.32	0.27	0.33
Total investment to non-current assets, thousands EUR	9,094	9,914	8,914	8,877

The formulas for calculation of the above-mentioned parameters and their description are provided on page 15-16 of Chapter Outcomes of Activities of the Companies of the Group of the Annual Report for 2023 m.

Operating expenses of the Company in the first half of 2024 (EUR 19.4 million) accounted for 13.2% of the turnover, while in the first half of 2023 the expenses (EUR 13.6 million) accounted for 9.98% of the turnover. Operating expenses of the Group (EUR 19.95 million) in the first half of 2024 accounted for 13.52% of the turnover, while in the first half of 2023 the expenses of the Group (EUR 14.2 million) accounted for 10.33% of the turnover. According to the data provided, it is clear that the operating increased due to the increase in wages of employees, increase in marketing costs. The managers of the group's companies distributed expenses responsibly, even though sales costs (wages, marketing funds) were increasing. The gross and net profitability of the Company and the Group increased, compared to the first half of last year, due to the increase in product sales prices in export markets.

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 2024, in the first half of the year, the amount of recalculated milk purchased amounted to - 230 thousand tons, that is 14.43 percent more compared to the same period in 2023. During this period in 2023 201 thousand tons of milk were purchased in the first half of the year. The average price of recalculated milk purchased during the reporting period was 331 EUR/t, which is 7.12 percent. more than compared to the first half of the 2023, when an average of 309 EUR/t was paid.

Comparison of amounts and prices of raw milk purchased by ŽEMAITIJOS PIENAS, AB in the first half of 2024 and the first half of 2023:

Purchase of raw milk (converted to basic fat content*)	First half of 2024	First half of 2023	Difference between the first half of 2024 and the first half of 2023
Amount of purchased milk, thousands tons	230	201	14,43 %
Milk purchase price, EUR/t	330	309	7,12 %

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

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 147,547 thousands euros. This is 7.97 percent. more compared to the same period of 2023, when sales reached 136,654 thousands euros.

ŽEMAITIJOS PIENAS, AB derives the largest part of its income from sales in Lithuania, which amount to more than half of the total income - 50.45 percent. (50.24 percent in the first half of 2023). In the reporting period, the income from sales in the countries of the European Union amounted to 34.23 percent from all income. Meanwhile, in 2023 in the same period, it was 36.04 percent from all income. Income from sales in other countries accounted for 15.32 percent (13.72 percent in the first half of 2023).

The highest turnover in 2024 Export countries in the first half of the year - Poland, Latvia, Germany, Italy, 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 2024	Percentage from total revenue in the first half of 2024	First half of 2023	Percentage from total revenue in the first half of 2023	Change when comparing the I half of 2024 and I half of 2023
1	Lithuania	74 128	50.45%	68 454	50.24%	8.29%
2	EU countries	50,290	34.23%	49,110	36.04%	2.40%

3	Other countries	22,506	15,32%	18,694	13.72%	20.39%
4	<b>Total:</b>	<b>146,924</b>	<b>100%</b>	<b>136,257</b>	<b>100%</b>	<b>7.83%</b>

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

Row No.	Pardavimai pagal geografinius segmentus, tūkst. eurų	First half of 2024	Percentage from total revenue in the first half of 2024	First half of 2023	Percentage from total revenue in the first half of 2023	Change when comparing the I half of 2024 and I half of 2023
1	Lithuania	74,003	50.16%	68,121	49.85%	8.63%
2	EU countries	50,732	34.38%	49,525	36.24%	2.44%
3	Other countries	22,812	15.46%	19,008	13.91%	20.01%
4	<b>Total:</b>	<b>147,547</b>	<b>100%</b>	<b>136,654</b>	<b>100%</b>	<b>7.97%</b>

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 2024	Percentage from total revenue in the first half of 2024	First half of 2023	Percentage from total revenue in the first half of 2023	Change when comparing I half 2024 to I half 2023
1	Fermented and processed cheeses	61,431	41.81%	54,614	40.08%	12.48%
2	Fresh dairy products	49,051	33.39%	47,958	35.20%	2.28%
3	Butter and spreads	17,252	11.74%	12,999	9.54%	32.72%
4	Dry dairy products	11,506	7.83%	14,505	10.65%	-20.68%
5	Other	7,684	5.23%	6,181	4.54%	24.31%
6	<b>Total</b>	<b>146,924</b>	<b>100%</b>	<b>136,257</b>	<b>100%</b>	<b>7.83%</b>

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

Row No.	Sales by groups of products, thousand euros	First half of 2024	Percentage from total revenue in the first half of 2024	First half of 2023	Percentage from total revenue in the first half of 2023	Change when comparing I half 2024 to I half 2023
1	Fermented and processed cheeses	62,779	42.55%	55,213	40.40%	13.70%
2	Fresh dairy products	49,298	33.41%	48,218	35.28%	2.24%

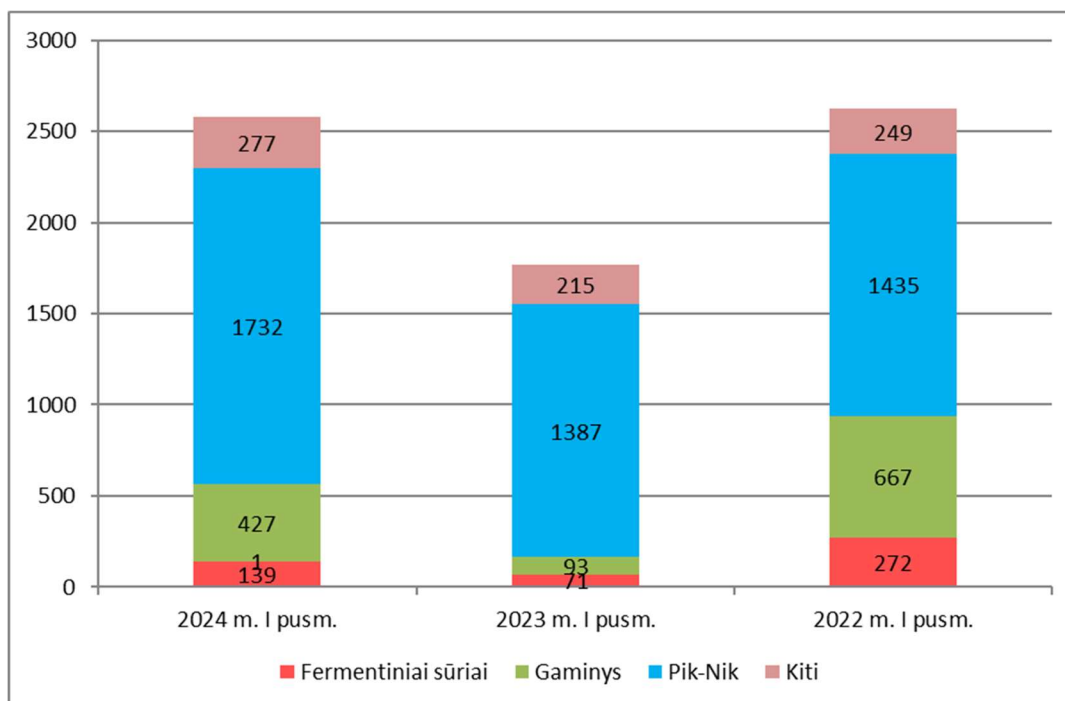
3	Butter and spreads	17,252	11.69%	12,999	9.51%	32.72%
4	Dry dairy products	11,506	7.80%	14,505	10.62%	-20.67%
5	Other	6,712	4.55%	5,719	4.19%	17.36%
<b>6</b>	<b>Total</b>	<b>147,547</b>	<b>100%</b>	<b>136,654</b>	<b>100%</b>	<b>7.97%</b>

Comparing I half-year of 2024 with 2023, the biggest change in turnover was in butter and spreads, which increased by 32.72%, driven by an increase in their average selling price. The average sales price of I half-year of 2024 compared with I half-year of 2023, increased by 8.11%). The increase in turnover of sales of fermented and processed cheeses by 12.48% is also due to an increase in demand. The decrease in turnover of sales of dried dairy products by 20.68% is due to an decrease in demand for skimmed milk and whey flour.

Other products include sales of raw cream, raw milk, water products, cassis and ice cream. Comparing I half-year of 2024 with I half-year of 2023, sales of other products increased by 24.31%, mainly due to an increase in the price of raw cream.

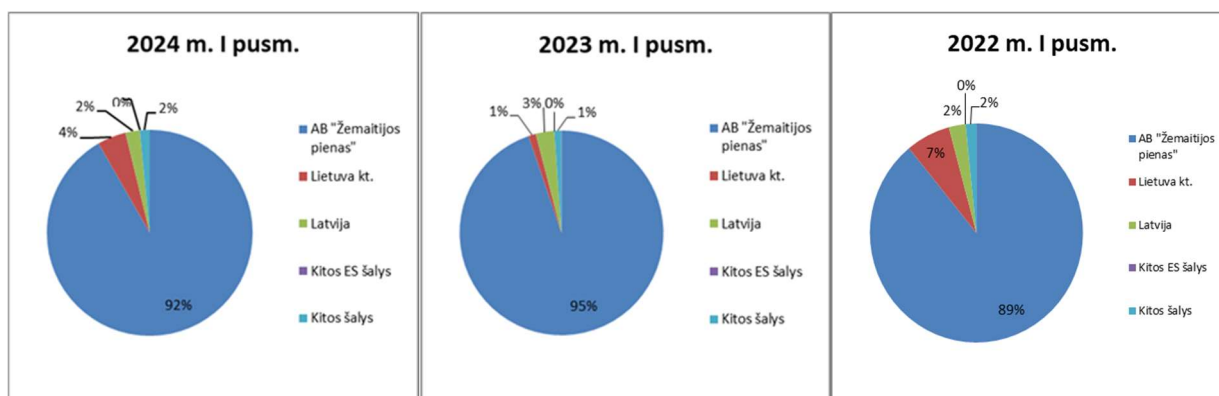
### Overview of Šilutės Rambynas ABF activities

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 2575 tons of cheese were produced, or 809 tons (45.8 %) more compared to the same period of 2023. The increase in production volumes was determined by the fact that in March – June 2023 during the period, reconstruction works were carried out, so when the production of fermented cheese and cheese products was temporarily suspended. For this reason, during first half of 2024 the production of fermented cheeses significantly increased by 566 tons (the increase was by 467 percent), while only 164 tons were produced in the first half of last year. Meanwhile, the production of cheese sausages increased by 345 tons or (24.9 percent) and of other cheeses by 62 tons (or 28.8 percent).

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 2024 total sale of products was 19,722 thousand euros. That is 5,338 thousand euros or 37.1% more compared to the same period in 2023, when sales amounted to 14,384 thousand euros. The increase was due to the reasons that are indicated above, production volumes were renewed after the reconstruction works.

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 2023, it is also described in details in Consolidated Management Report of ŽEMAITIJOS PIENAS, AB for 2023 (Chapter "Key Risk Factors and Risk Management"). There were no essential changes in the first half of 2024.

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 Ukraine during first half of 2024 amounted to about 1.9% of total sales. Group Companies conducted sales to Ukraine safely - products were supplied only with advance payments or with credit insurance limits. As of 30/06/2024, the Company and the Group Company had no receivables from buyers located in Ukraine, 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.



## Activity plans of group companies

The main goal of the Company is to sell products of the Company and the group directly to the shelves of strategic foreign countries with their own trademarks and brands, and to ensure that the products of the Company and the group are of the highest quality in their segment and they meet customer's highest expectations, so that the customer has the opportunity to choose healthy and organic food. The Company's products make Lithuania and the Somogitian region famous in various countries around the world. The purpose of the Company is to protect and preserve what has been created, to look for ways, to do things differently that have not been tried yet.

The Company sought and will seek to optimally use the opportunities for rapid development in a competitive environment.

The long-term goals of the Group's companies are to become and be strong, competitive, technically modern, reliable, attractive companies for investors, so that the Company's return to shareholders is one of the highest among comparable companies. To find and maintain the most profitable markets for our products in the European Union and the Baltic and other countries of the world, giving priority to the closest markets, as well as the markets of Germany, France, England, and Hungary. To maximize use of existing production capacity. Constantly studying the consumer market, their needs for new products, carrying out tastings, with the help of scientists and new scientific methods, the aim is to improve and create new dairy products, in addition, the goal of the companies is to get as close as possible to consumers by directly supplying and selling goods to the consumer.

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.

The ever-changing and dynamic market for the sale of dairy products and the purchase of raw milk, which is characterized by high competition, forces the Group to refrain from publishing turnover and profit forecasts for the coming operating periods.

In the face of volatile production prices, Šilutės Rambynas plans to pay more and more attention to the search for new export markets and establishing a foothold in the existing ones. Šilutės Rambynas will give priority to further modernization, reduction of energy, material and labor resources, optimization of operations, production of profitable products.

Priority will be given to increasing the production and improving the quality of Pik-Nik cheese sausages, searching for new markets.

## 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: 30,493 thousand tonnes of biofuel chips (SM2) were consumed in the first half of 2024, an 11% decrease compared to the first half of 2023. The decrease in consumption was due to preventive maintenance of the biofuel boiler room - during which natural gas was used.

Electricity consumption: in the first half of 2024, 13,078 MWh of electricity was consumed, an 8% increase compared to the first half of 2023.

Water use: 492,085 m<sup>3</sup> of water was used in the first half of 2024, an increase of about 5% compared to the first half of 2023, 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.

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 first half of 2024 is mostly focused on training, communication with external companies in the implementation of various projects – both new and continuing ones. The launched “MASTER I Academy” training attracted the delegation of over 17 lower-level managers, who developed and deepened their knowledge of successful leadership, operational productivity and time management in training lasting 5 (five) modules.

Phase II of the project “STEAM-Focused Education for a Career” took place (in the period from 01-02-2024 to 23-04-2024). The participants of the project were students of Telšiai district, methodologists of Telšiai STEAM center, career specialists of pro-gymnasiums and gymnasiums of Telšiai district, specialists-mentors of AB Žemaitijos pienas and specialists-mentors of UAB Nepriklausoma tyrimų laboratorija. 7 groups of students were formed, who performed the tasks and presented the results of the tasks. A total of 34 participants took part in the project: 21 students, 5 mentors, 4 methodologists and 4 career specialists.

During the reporting period, Open Days were organized in AB Žemaitijos pienas (3 in total), in which: schoolchildren from Telšiai – 19 participants, from Tirkšliai (Mažeikiai district) – 14 participants and from Mosėdis (Skuoda district) – 37 participants. The guests were introduced to the professions available in AB Žemaitijos pienas, the company was presented and the success stories of specialists were shared. 17 students from vocational training centers, colleges and universities were accepted and did internships in various departments/units of the company.

More than 100 guests from Lithuanian diplomatic services located in various continents of the world took part in the event “Food Industry Day” which was held on 5 June 2024 in AB Žemaitijos pienas. The participants included agriculture and commerce attachés, diplomats-economists, multi-diplomats and other representatives of the diplomatic corps from the diplomatic services of the United States, the United Kingdom, Canada, Germany, Norway, Spain, Poland, Ukraine and other countries.

A hike, which has already become a tradition, took place – a wellness festival, in which the company’s employees could participate with their family members. The 14 km hike took place in Kurtuvėnai, Šiauliai district. 130 hikers took part in this hike. On the occasion of Family Day, 230 families of AB Žemaitijos pienas were congratulated, a camp was organized for the children of employees during the summer.

As every year, preparations were made for the employment of children of employees during the summer, the community picnic organized by the city of Telšiai was attended and, most importantly, the final preparations for the company's anniversary – the 100th year of AB Žemaitijos pienas – have begun.

## ŽEMAITIJOS PIENAS, AB

According to the data of 30 June 2024, the actual number of employees of ŽEMAITIJOS PIENAS, AB was 1,282.

According to the data of 31 December 2023, the actual number of employees of the Company was 1,288.

According to the data of 30 June 2023, the actual number of employees of the Company 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.

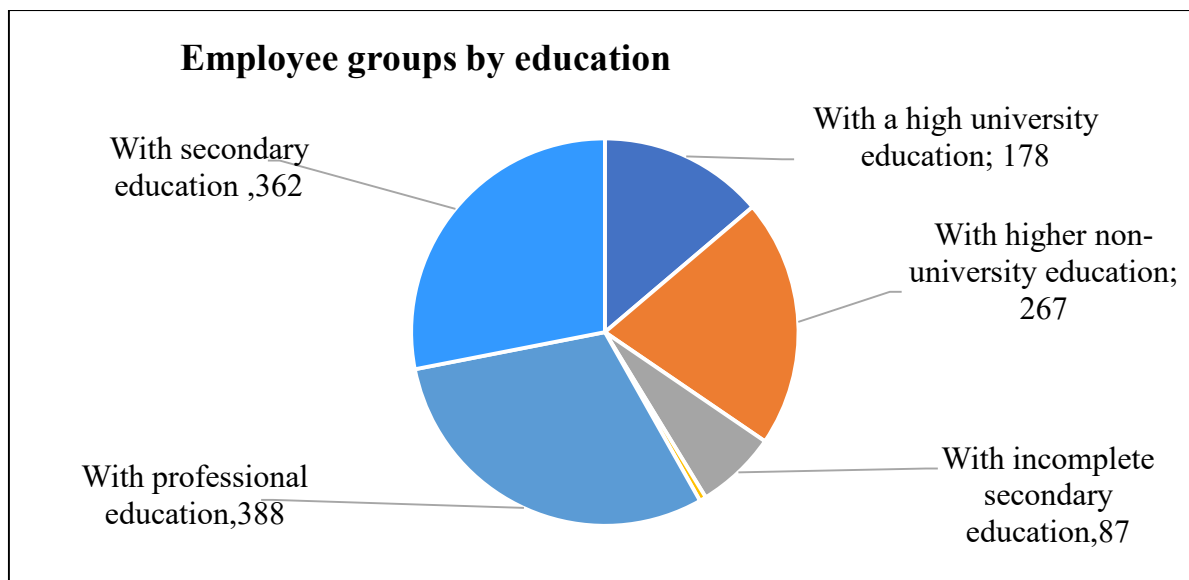
According to the data of 31 December 2021, the actual number of employees of the Company was 1,249.

Comparing the reporting half-year with 2023, the actual number of employees increased by approximately 2 %, but the number of employees with higher university education decreased.

Education of ŽEMAITIJOS PIENAS, AB employees (2022, half-year 2023, 2023, half-year 2024):

Number of employees	31-12-2022	30-06-2023	31-12-2023	30-06-2024
With a high university education	177	181	181	178
With higher non-university education	286	276	270	267
With professional education	384	384	395	388
With secondary education	345	335	358	362
With incomplete secondary education	79	82	84	87
<b>TOTAL:</b>	<b>1271</b>	<b>1258</b>	<b>1288</b>	<b>1282</b>

ŽEMAITIJOS PIENAS, AB employee groups by education (I half of the 2024):

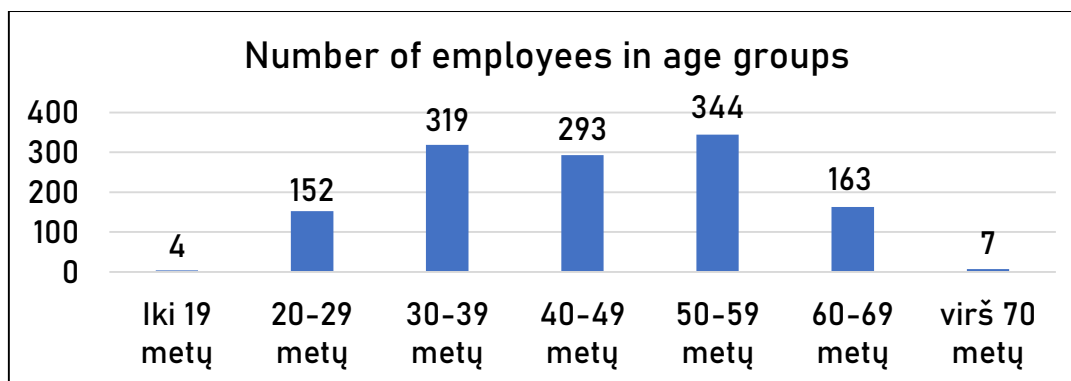


Number of ŽEMAITIJOS PIENAS, AB employees by their corresponding groups and their average wages in EUR for corresponding employee work groups make up, after elimination of apprentices and students working temporarily during the summer:

Number of employees by groups	31-12-2022		31-12-2023		30-06-2024	
	Number of employees	Average wage, EUR	Number of employees	Average wage, EUR	Number of employees	Average wage, EUR
Directors	6	7427	7	7870	7	7587
Specialists	306	2874	311	2832	312	3075

Workers	946	1830	970	1819	963	1962
In total:	1258		1288		1282	

Number of employees in age groups in 2024, after elimination of apprentices and students working temporarily during the summer:



### Šilutės Rambynas, ABF

At the end of the Reporting period, Šilutės Rambynas had 161 employees, their number decreased by 3 employees (1.9 %) compared to the same period of 2023. Changes of groups of employees by education are provided in the table below:

Education of employees	30-06-2024	30-06-2023
With Master's degree	5	8
With University Degree	20	24
With College Degree	37	23
With Vocational Education	56	55
With Secondary Education	33	34
With unfinished Secondary Education	10	14
<b>In total:</b>	<b>161</b>	<b>158</b>

The average salary during the Reporting period was 1,847 EUR/month or 2.6 % higher than in the same period of 2023. Changes in wages by employee groups are given in the table below:

Number of employees by groups	30-06-2024		30-06-2023	
	Number of employees	Average wage, EUR/month	Number of employees	Average wage, EUR/month

Directors	6	3,812	6	3,915
Specialists	24	2,425	19	2,388
Workers	131	1,651	133	1,620
<b>In total:</b>	<b>161</b>	<b>1,847</b>	<b>158</b>	<b>1,800</b>

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 2024. 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;
- 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 7 (seven) 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](http://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](http://www.crib.lt) and on the Company’s website [www.zpienas.lt](http://www.zpienas.lt). The most important events published during the Reporting period are:

Date	The most important notices of the reporting period
29-04-2024	<a href="#"><u>Procedure for the payout of dividends for the year 2023</u></a>
26-04-2024	<a href="#"><u>Annual information of ŽEMAITIJOS PIENAS, AB</u></a>
26-04-2024	<a href="#"><u>Decisions made by Ordinary General Meeting of Shareholders of ŽEMAITIJOS PIENAS, AB</u></a>
25-04-2024	<a href="#"><u>Regarding the draft alternative resolution submitted to the Ordinary General Meeting of Shareholders of ŽEMAITIJOS PIENAS, AB</u></a>
04-04-2024	<a href="#"><u>Regarding the convening of the Ordinary General Meeting of Shareholders of ŽEMAITIJOS PIENAS, AB</u></a>
26-03-2024	<a href="#"><u>The results of business activity of ŽEMAITIJOS PIENAS, AB group in 2023, excluding audit</u></a>
23-02-2024	<a href="#"><u>Regarding the ruling of the Court of Appeal of Lithuania in a civil case with a Polish company</u></a>

#### The most important post-reporting events

Until 16 September, 2024 the Company announced 1 (one ) material events and other information provided by law and which must be published<sup>1</sup>.

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