

ROKIŠKIO[®]

SŪRIS

AB "ROKIŠKIO SŪRIS" CONSOLIDATED INTERIM REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023



TABLE OF CONTENTS

GENERAL INFORMATION	3
1. REPORTING PERIOD FOR WHICH THE HALF-YEARLY CONSOLIDATED REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ARE PREPARED	3
2. KEY DATA ON THE ISSUER:	3
3. INFORMATION ON THE COMPANY'S GROUP OF COMPANIES	3
4. TYPES OF MAIN ACTIVITIES OF THE COMPANY AND THE COMPANY GROUP	4
5. STRATEGY AND OBJECTIVES OF THE GROUP	4
6. KEY EVENTS IN THE REPORTING PERIOD	5
7. SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR	6
INFORMATION ON THE ACTIVITIES OF THE COMPANY AND THE GROUP	6
8. GROUP OPERATING ENVIRONMENT	7
9. GROUP SALES	9
10. PRODUCTS, BRANDS AND ACHIEVEMENTS	11
11. RISK FACTORS AND RISK MANAGEMENT	12
12. INFORMATION ON FINANCIAL RISK MANAGEMENT OBJECTIVES AND HEDGING INSTRUMENTS USED	20
13. KEY FEATURES OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELEVANT TO THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS	20
14. ENVIRONMENT PROTECTION	21
15. FINANCIAL RESULTS OF THE OPERATIONS	22
16. GROUP BUSINESS PLANS FORECASTS AND INVESTMENTS 2023	26
INFORMATION ON THE COMPANY'S SHAREHOLDERS AND SHARES	27
17. INFORMATION ON THE COMPANY'S SHARE CAPITAL	27
18. COMPANY CONTRACTS WITH BROKERAGE FIRMS	27
19. DATA ON TRADING IN THE ISSUER'S SECURITIES ON REGULATED MARKETS	27
20. RESTRICTIONS ON TRANSFER OF SECURITIES	29
21. PROCEDURE FOR AMENDING THE COMPANY'S ARTICLES OF ASSOCIATION	29
22. INFORMATION ON THE COMPANY'S SHAREHOLDERS	30
23. SHAREHOLDERS' RIGHTS	31
24. SHAREHOLDERS WITH SPECIAL CONTROL RIGHTS AND DESCRIPTIONS OF THOSE RIGHTS	32
25. INFORMATION ON ANY RESTRICTIONS ON VOTING RIGHTS	32
26. DETAILS OF REPURCHASES OF THE ISSUER'S OWN SHARES	32
27. DIVIDENDS	32
COMPANY MANAGEMENT	34
28. THE COMPANY'S GOVERNING BODIES	34
29. CORPORATE GOVERNANCE AND ORGANISATIONAL STRUCTURE OF THE COMPANY GROUP	34
30. INFORMATION ON THE COMPETENCE AND PROCEDURE FOR CONVENING THE GENERAL MEETING OF SHAREHOLDERS	35
31. BOARD OF DIRECTORS OF THE COMPANY	37
32. COMMITTEES WITHIN THE COMPANY	41
33. MANAGEMENT OF THE COMPANY	42
34. EMPLOYEES	43
35. INFORMATION ON AGREEMENTS BETWEEN THE COMPANY AND THE MEMBERS OF ITS ORGANS, THE MEMBERS OF THE COMMITTEES IT HAS SET UP, OR ITS EMPLOYEES, WHICH PROVIDE FOR COMPENSATION IN THE EVENT OF THEIR RESIGNATION OR DISMISSAL WITHOUT JUST CAUSE, OR IN THE EVENT OF THE TERMINATION OF THEIR EMPLOYMENT AS A RESULT OF A CHANGE OF CONTROL OF THE ISSUER	44
INFORMATION ON RELATED PARTY TRANSACTIONS AND SIGNIFICANT ARRANGEMENTS ...	45
36. TRANSACTIONS WITH RELATED PARTIES	45
37. INFORMATION ON HARMFUL TRANSACTIONS ENTERED INTO ON BEHALF OF THE ISSUER	45
38. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	47
39. CONSOLIDATED BALANCE SHEET	48
41. CONSOLIDATED OWN CAPITAL CHANGE STATEMENT	50
42. COMMENTARY ON THE REPORT	51

GENERAL INFORMATION

1. Reporting period for which the half-yearly consolidated report and consolidated financial statements are prepared

The half-yearly consolidated report and the consolidated financial statements are prepared for the first six months of 2023.

2. Key data on the issuer:

Name of the issuer:	Joint Stock Company "Rokiškio sūris" (hereinafter referred to as the Company)
Legal form:	Public limited liability company
Date and place of registration:	28 February 1992. State Enterprise Registru centras
Company code:	173057512
Address:	Pramonės str. 3, LT 42150 Rokiškis, Republic of Lithuania
Keeper of the register of legal persons:	State Enterprise Registru centras
Telephone number:	+370 458 55200
Fax number:	+370 458 55300
Email address:	rokiskio.suris@rokiskio.com
Website address:	www.rokiskio.com
ISIN code:	LT0000100372
LEI (Legal Entity Identifier) code:	48510000PW42N5W74S87
Trading code AB Nasdaq Vilnius	RSU1L

3. Information on the Company's group of companies

As at 30 June 2023, the Rokiškio sūris Group (the "Group") consists of the parent company Rokiškio sūris AB and five subsidiaries. (30/06/2022: parent company and four subsidiaries).

Parent company:

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

Subsidiaries of Rokiškio sūris, AB:

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

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

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

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

DairyHub.LT, UAB (company code 305831304, registered office address Kauno str. 65, LT-20118 Ukmergė). Rokiškio sūris, AB is the founder and sole shareholder of DairyHub.LT, UAB, holding 100 % of shares and votes.

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

Main activities of Rokiškio sūris, AB group:

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

Rokiškio sūris, AB:

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

Subsidiaries:

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

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

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

The activity of SIA Kaunata is purchase of raw milk.

UAB "DairyHub.LT" - preparation and sale of hard cheeses to the final consumer in different parts of the world.

5. Strategy and objectives of the Group

In order to ensure that all members of the Company's governing bodies have a clear understanding of the Company's goals, directions and objectives, the Company's strategy is being developed to set out long-term strategic goals and objectives.

The Rokiškio sūris Group is guided in its activities by a 3-year strategic plan approved by the Board, the main provisions of which are set out below:

MISSION:

AB "Rokiškio sūris" = Trusted Dairy Professionals

VISION:

Sustainable processing more than 1 million tonnes of raw milk per year, as Lithuania turns into Baltland.

GOALS:

- Leadership in the dairy sector in the region
- Flexible production of premium quality products and sales that exceed customer expectations

- To be the most attractive and reliable partner for dairy farmers
- To continuously increase value for shareholders
- Achieving sustainability objectives along the entire chain of operations

WE SEEK OUR GOALS BY:

- Increasing the volume of purchased and processed milk by 5 percent annually.
- Aiming at 3 percent annual net profit rate.
- By continuously reducing gas emissions, energy and water consumption and the use of non-recyclable packaging in the production processed.

6. Key events in the reporting period

- Ordinary General Meeting of Shareholders of AB "Rokiškio sūris" held on **28 April 2023**:
 1. Agreed to the Audit Committee's report;
 2. Approved the audited consolidated and Company financial statements for 2022;
 3. Approved the allocation of profit/loss for 2022:

Title	kEUR
1. Non-distributed profit (loss) at beginning of year	73 605
2. Approved by shareholders dividends related to the year 2022	(3 501)
3. Transfers from other reserves	1 197
4. Other comprehensive income during the year	(143)
5. Non-distributed profit (loss) at beginning of year after dividend payout and transfer to reserves	71 158
6. Net profit (loss) of the Company of fiscal year	13 328
7. Distributable profit (loss) of the Company	84 486
8. Profit share for mandatory reserve	-
9. Profit share for other reserves	-
10. Profit share for dividend payout *	(5 251)
<i>Profit share for annual payments (tantiemes) to the Board of</i>	<i>30</i>
<i>11. Directors, employee bonuses and other as accounted by Profit (loss) statement</i>	
12. Non-distributed profit (loss) at end of year transferred to the next fiscal year	79 235

It will be allocated 0.15 eur per ordinary registered share. In total to the dividends payout EUR 5,251,004.40

4. Approved the company's remuneration report;
5. Decided in regards with the acquisition of own shares:

To acquire treasury shares in the Company at the following conditions:

The purpose of the acquisition of treasury shares is to maintain and increase the Company's share price;

The maximum number of shares that may be acquired - the total nominal value of the Company's treasury shares may not exceed 1/10 of the Company's share capital.

The period within which the Company may acquire its own shares is 18 months from the date of adoption of this Decision;

Maximum and minimum acquisition price - the maximum acquisition price per share shall be 10% higher than the market price of the Company's shares on the Nasdaq Vilnius Stock Exchange when the Board of Directors decides on the purchase of treasury shares and the minimum acquisition price per share shall be 10% lower than the market price of the Company's shares on the Nasdaq Vilnius Stock Exchange when the Board of Directors decides on the purchase of treasury shares.

Procedure for the sale of treasury shares and minimum sale price - Treasury shares acquired by the Company may be cancelled by a decision of the General Meeting of Shareholders or sold by a decision of the Management Board, provided that the minimum sale price of the shares shall be equal to the acquisition price and that the sale procedure shall ensure equal opportunities for all shareholders to acquire the Company's shares;

To instruct the Management Board of the Company, in accordance with the conditions set out in this Decision and the requirements of the Law on Joint Stock Companies of the Republic of Lithuania, to take decisions on the purchase of the Company's own shares, to organise the purchase and sale of own shares, to determine the procedure for the purchase of the shares, the granting of the shares and the sale of the shares, the timing, the number of the shares and the price of the shares and to carry out any other action related to the purchase and sale of the own shares.

The Company has a reserve of EUR 10.850 million for the acquisition of its own shares.

6. The audit firm BDO AUDITAS AND APSKAITA, UAB legal entity code 135273426, registered office address: 66, K. Baršausko str., Kaunas, has been elected to perform the audit of the annual consolidated financial statements of AB Rokiškio sūris group and the parent company for the years 2023 and 2024, and the assessment of the consolidated annual report for the years 2023 and 2024.

7. Director of the company is authorised to enter into an audit services agreement, whereby the services shall be paid at a price agreed between the parties, but not exceeding EUR 70,500 (seventy thousand five hundred euro) excluding VAT per year, for the audit of the annual consolidated financial statements of the AB Rokiškio sūris group and the parent company.

7. Significant events after the end of the financial year

There have been no significant events in the Company and the Group after the end of the reporting period (30.06.2023).

Data on publicly available information

In accordance with the procedure established by the laws of the Republic of Lithuania, all material events related to the Company's activities and information on the time and place of the General Meeting of Shareholders shall be published on the Company's website at www.rokiskio.com and on the stock exchange AB Nasdaq Vilnius <http://www.nasdaqbaltic.com>

INFORMATION ON THE ACTIVITIES OF THE COMPANY AND THE GROUP

8. Group operating environment

Basic provisions

Who we are:

- We process more than 500,000 tonnes of milk in three dairies.
- We produce and sell more than 35,000 tonnes of different cheeses.
- About two-thirds of our production is exported outside Lithuania.
- We are a responsible employer of more than 1 300 employees.

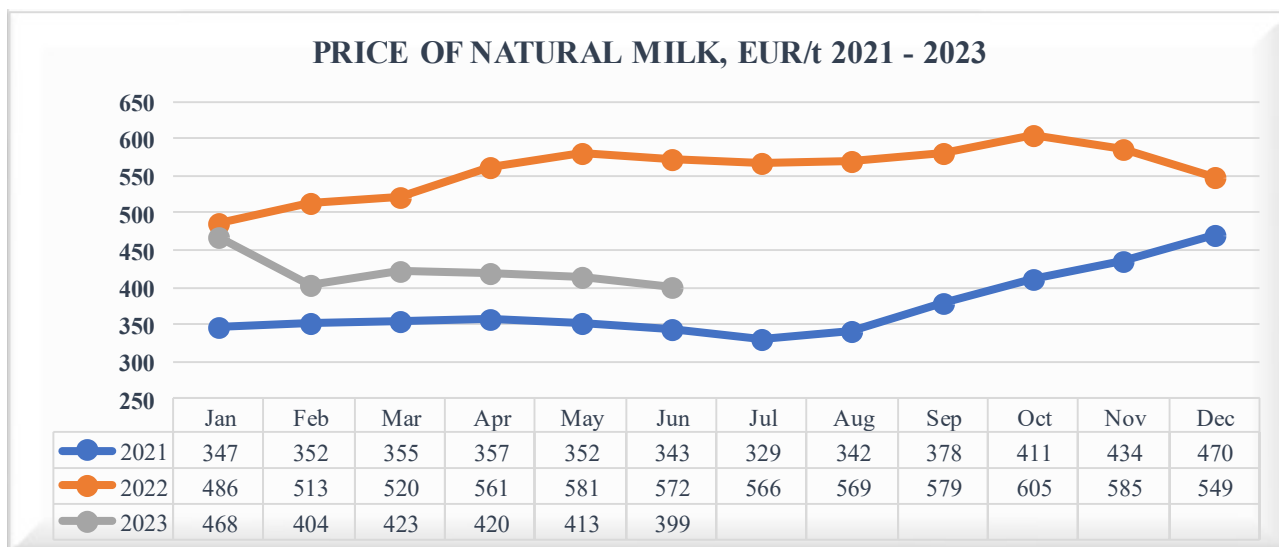
The Group's activities include the purchase of raw milk, the production of various dairy products and their sale on the Lithuanian and export markets.



Purchase of raw milk

In Lithuania, according to the preliminary data of ŽŪIKVC PAIS, 633.041 thousand tonnes of milk with an average fat content of 4.25% and a protein content of 3.41% were purchased from 12 571 milk producers during January-June 2023. Compared to January-June 2022, milk purchases decreased by 2.1% or 13.58 thousand t. In January-June 2023, milk purchases increased only in May, i.e. by 1.28% compared to May last year. Overall, the number of cows in Lithuania continues to decrease: in June 2023, 223,429 thousand dairy cows were registered, i.e. 2.5% fewer or 5,78 thousand dairy cows compared to the same period in 2022. These comparisons show that the downward trend in cow numbers and milk production continues.

Here is a comparison of the buying-in prices for natural milk of the AB Rokiškio sūris group for the years 2021-2022-2023, for milk purchased from milk producers of European size supplying more than 40 t of milk per month:



The chart shows that the raw milk price in January was similar to January 2022, before dropping significantly in February and remaining similar for the remaining months. Milk prices have fallen not only in Lithuania but also in other EU countries. In Lithuania, milk prices are also affected by seasonality, declining cow numbers and declining milk production volumes. Milk purchase prices are dictated by world markets. However, we have the distinctive feature in the Baltic markets that we are, first of all, a small market. That's why these fluctuations happen very quickly, maybe not rising so fast, but falling fast. The EC forecasts that low raw milk farm gate prices and high feed costs may encourage some producers to reduce their cow herds, which will have an impact on the volume of raw milk purchased, which may fall by around 0.2% in 2023.

Production of dairy products

AB Rokiškio sūris Group is the largest Lithuanian dairy processing company, producing and supplying more than 300 product names to consumers. These include not only fermented cheeses, but also various whey products such as milk sugar, WPC (whey protein concentrate), WPI (whey protein isolate). At the end of 2022, the production activities of the Ukmergės pieninė branch of UAB Rokiškio pieno gamyba were suspended and curd production was transferred to UAB Rokiškio pieno gamyba in Utena. The premises of Ukmergė pieninė are used for the cutting of GRAND hard cheese by UAB DairyHub.LT.

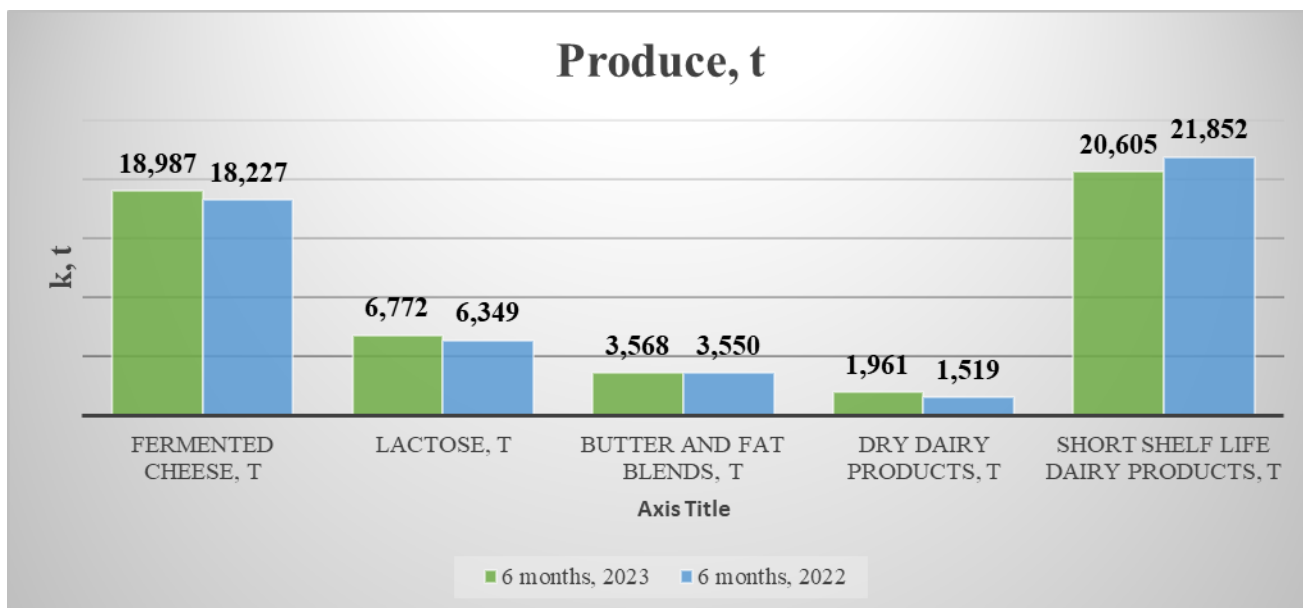


The Group's products have earned consumer recognition for their impeccable quality in both domestic and export markets.

Comparison of production volumes of AB ROKIŠKIO SŪRIS (tonnes)

Production / Year	6 months 2023	6 months 2022	Change, %
Fermented cheese, t	18,987	18,227	4.2
Lactose, t	6,772	6,349	6.7
Butter and fat blends, t	3,568	3,550	0.5
Dry dairy products,* t	1,961	1,519	29.1
Short shelf life dairy products, t	20,605	21,852	-5.7

* - Whey protein concentrate, skim milk powder, buttermilk powder.



In the first half of 2023, the volume of milk processed increased by 7% compared to the first half of 2022.

The production of fermented cheeses increased by 4.2% in the first half of 2023 compared to the first half of 2022. The volume of hard cheeses is 129.6% higher than in the same period in 2022. The volume of semi-hard cheeses produced is higher by 14.8% and the production of fresh cheeses is lower by 31.8%. The changes in the range are driven by market demand and price changes.

The increase in the production of fermented cheeses has led to higher whey level during processing, resulting in a higher level of milk sugar (6.7%). The volume of dry dairy products (whey protein concentrate, skimmed milk flour, buttermilk flour) increased by 29.1% compared to the same period last year.

Production of butter and spreadable fat mixtures remains stable. The production of fresh dairy products in the first half of 2023 is 5.7% lower than in 2022.

The company's GRAND (GRANA-type) 35 kg. hard cheeses are characterised by their distinctive mature, rich and savoury flavour. The production process for this type of cheese is very complex and requires a lot of investment, exceptional knowledge, time and patience. Cheeses of this level can only be produced by a company with a very high technical level and a highly qualified team of specialists.

In order to improve the production of GRAND cheese, the technological process is being improved and production has started using the latest cheese packaging line.

The successful development of IBK (Whey Protein Concentrate) technology continues in partnership with Fonterra New Zealand, one of the world's largest dairy producers.

In order to compete successfully and to expand outlets and improve processes, the food safety system was certified in accordance with the *International Food Standard (IFS)* in 2023, and assessed with Higher Level certification. This rating confirms that dairy products are produced to the highest quality and safety standards.

9. Group sales

Consolidated unaudited sales of AB Rokiškio sūris Group for the period from January to June 2023 amounted to EUR 148 106 thousand, which is 11.96% less than in the same period of the previous year. Consolidated sales for the same period in 2022 amounted to EUR 168 217 thousand.

The largest part of the company's production is exported. The Rokiškio sūris Group exports its products to 32 countries worldwide. (2022: 38 countries). Italy remains the main and largest buyer of production. Compared to the first half of 2022, exports to Italy decreased by 38%. As in all other food industries, the fall in sales of fresh cheese compared to the first quarter of 2022 was influenced by a fall in consumption and, above all, to falling market prices. As in every year, in the first half of 2023, the company's exports were mainly to Western European countries and, compared to the first half of 2022, sales to all European countries dropped by around 15 % across all product groups. Again, this was more due to the overall fall in prices in the dairy sector compared to the same period in 2022.

In the first half of 2023, sales to the US increased by 54% compared to 2022, driven by a significant increase in prices for hard cheese, as annual sales contracts with some US producers are concluded in advance. In this case, the contracts were concluded while cheese prices were still high. This is the reason for the significant increase.

The Group also resumed exports of lactose to India after a hiatus of several years. In addition to lactose, the company also exports GRAND cheese there. Apart from India, the four main export countries for GRAND cheese are Greece, Italy, Romania and Germany.

One of the Rokiškio sūris Group's biggest goals remains the further penetration of hard cheeses, especially GRAND, into the European retail/Horeca market, i.e. to increase the sales of value-added cheeses, which is currently being worked on intensively and is showing good results.

As in the past, the Group continued to sell its usual products - cream, milk flour and additional products from the cheese-making process such as IBK and lactose - on export markets.

In the first half of 2023, the rapid decline in prices and demand, which started in the first half of the year, had an impact on the sales of whey products, which decreased by as much as 50%. The first half of the year was also not favourable for lactose sales, which started to decline in consumption/demand. This led to an increase in lactose residues in Europe and America, which further depressed the price of lactose.

Compared to the first half of 2022, the company increased its butter sales to the Middle East market by another 19%. The price of cream, converted into butter per unit of butterfat, was lower as before, so the company produced butter for the Middle East market instead of selling cream.

Sales on the local market

January - June 2023 the turnover of AB Rokiškio sūris Group in the local market amounted to EUR 52.800 million, or 16% lower than in the first half of 2022 (EUR 62.877 million).

The domestic market accounts for ~35-40% of the company's sales portfolio.

After a significant increase in dairy prices in 2022 (driven by both the surge in global dairy prices and rising costs/inflationary factors in Lithuania), the trend reversed in 2023 and the price level started to decline, and is likely to continue through 2023.

However, the fall in prices has led to a recovery in consumption, which had been declining for the past two years. This should mitigate the fall in sales turnover.

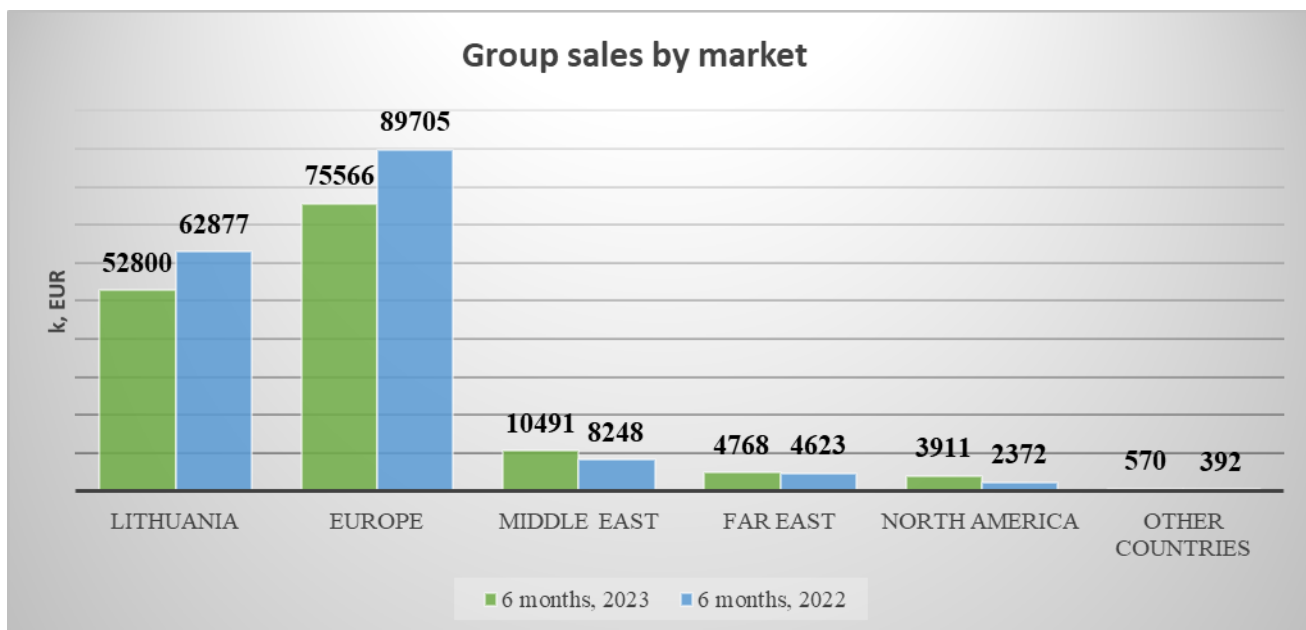
The company's products and brands (Rokiškio; Rokiškio Namini; Rokiškio GRAND ; BiFi Active and others) are widely known and appreciated by Lithuanian consumers, and the company's future goals are to maintain/increase the share of the domestic market. Group's strongest positions are in the categories of sour dairy products (kefir, buttermilk), cheese, processed cheese, sour cream and butter. In recent years, the curd line has been substantially modernised in the Utena production unit, allowing the most efficient technology and the highest quality product on the market.

Another notable trend is the increasing share of private labels in the supermarkets' assortment, which has risen to tens of percentages in some categories. The company is also participating in this segment in line with the needs of its partners.

Accordingly, the number of SKUs of private label brands on the shelves is decreasing, with the number of SKUs in the company's portfolio dropping from 160 to 130 over the years. In line with the trend, the company is trying to manage its retail portfolio efficiently, with a view to eliminating shrinking segments while maintaining mass production, and is looking for opportunities to achieve shelf-life periods that are attractive to retailers.

Group sales by market

Countries	Sold				
	Jan-Jun 2023		Jan-Jun 2022		Change
	kEUR	%	kEUR	%	
Lithuania	52 800	35.65	62 877	37.38	-16.03
Europe	75 566	51.02	89 705	53.33	-15.76
Middle East	10 491	7.08	8 248	4.90	27.19
Far East	4 768	3.22	4 623	2.75	3.14
North America	3 911	2.64	2 372	1.41	64.88
Other countries	570	0.38	392	0.23	45.41
TOTAL:	148 106		168 217		-11.96



10. Products, brands and achievements

1st half of 2023 AB ROKIŠKIO SŪRIS Group has received a high rating from the **EcoVadis** sustainability system. It scored 57 points. We are proud of the high environmental score (70 points), but we still need to improve in other areas. Excellent results.





According to an independent study conducted by SB Insight, a research company based in Sweden, AB ROKIŠKIO SŪRIS was ranked among the top 20 most sustainable brands for the fourth consecutive year.

According to the researchers, the Sustainable Brand Index reveals how consumers perceive a brand through the lens of sustainability, in line with the United Nations Sustainable Development Goals (SDGs).

TRUSTED DAIRY PROFESSIONALS!

AB ROKIŠKIO SŪRIS group of companies keeps pace with global trends by producing only exceptional products with high added value.

Rokiškio NATURALUS yoghurt, made from only two ingredients - milk and live bacteria cultures. All the genius is in the simplicity.

WHAT WE DO WELL TODAY, WE WILL DO EVEN BETTER TOMORROW!

The Rokiškio NAMINIS dairy product line is due for renewal in the first half of 2023.

The NAMINIS brand, which has been on the market for almost two decades and has been awarded with various prizes such as the most Lithuanian brand, Best Buy, etc., is slowly being renewed. This is a very important change, which is also welcome and symbolises a new beginning to adapt to the dynamic market trends.



11. Risk factors and risk management

Risk is understood as the impediment to the achievement of objectives due to potential events and their potential impact on the business. The Company's objectives include both long-term strategic goals and specific actions related to operations. The Company's Board is responsible for managing the Company's risks and assessing the adverse impact on the objectives and results. The identification and management of specific risks is assigned to the relevant functions within the Company. The level of risk is assessed in both strategic and operational decision-making, taking into account the external and internal environment. Risk management is integrated into the Company's business processes, so that potential risks are continuously monitored and analysed.

The Group's core business is milk processing. The dairy processing business is linked to raw material suppliers, competition in the raw milk market and fluctuations in raw milk prices. Shortages of raw milk, which lead to continuous volatility in milk prices, may affect the Issuer's results of operations.

Specialisation in the production of fermented cheeses is the main revenue driver. The cheese maturation process is rather long, which makes it difficult to react quickly to changes in the market and may affect the company's results. In addition, there is strong competition for dairy products on the domestic and export markets, cheaper Polish products and the Russian market ban limits sales.

The Group's credit risk relates to receivables. The risk of default by partners is controlled. The Group has credit insurance cover for its customers. For customers with higher financial risks, a system of prepayment of goods is in place.

The Group's activities are subject to regular food safety, environmental and social responsibility audits. Food safety systems are in place and operational in the Group. Three years since the IFS Food Version 7 standard was installed. The GLOBAL QUALITY auditors' assessment (2021m-97.59%,2022m-98.18%,2023m-97.51%) confirms that the safety and quality of the products and production processes are at the highest level. A company with such a high rating has greater opportunities to expand into new markets, gain a competitive advantage and increase consumer satisfaction.

The company (Lactose, WPC, butter, skimmed milk flour, fermented cheeses) has been granted specific quality certificates by HALAL and KOSHER (Lactose, WPC, skimmed and whole milk powder, buttermilk powder, butter). This ensures consumer confidence in product safety. Certified organic products are produced and labelled with additional information.

The Group's management's objective is to produce safe and high quality dairy products with the lowest possible environmental impact.

The Group is constantly looking for opportunities to optimise production, reduce costs and seek to minimise and manage risk factors to the maximum extent possible.

Risk factors:

Risk factor	Risk nature	Risk management
Economic factors: Raw material supply	Small farms; Seasonality; Competition; Lack of a long-term public regulatory framework. Evolution of raw milk prices during winter and summer periods. Significant milk price movements on world markets.	To mitigate potential risks and their impact, milk producers are paid milk price premiums for long-term cooperation, higher milk quality, loyalty and balancing seasonality in milk production. Risks are managed by additional imports of milk from other countries (Estonia, Latvia) and by diversifying the purchase of raw milk from different sized suppliers in Lithuania.
Sales of products	The group's principal activity is milk processing. Its main product is rennet cheese. Revenue from the sale of cheese accounts for the majority of revenue. The Company's revenue, profit and cash flow may be adversely affected by changes in demand and prices in the markets for cheese and other products such as milk sugar, butter, WPC. The production of long-ripened hard cheese is a lengthy	Finding alternatives to imports. Increasing the product range. Finding new markets. Cooperation with business partners. Risk assessment of each customer.

	<p>technological process which takes between 9 and 24 months. This lengthy process may have a negative impact on the company's cash flow and results of operations.</p> <p>Internal competition between local producers.</p> <p>Cheaper Polish production on the Lithuanian market.</p> <p>Increase in the volume and range of cheaper products from other EU countries.</p>	
<p>Environmental factors</p>	<p>Our activities consume large amounts of energy and natural resources. This poses a risk of environmental pollution directly and/or indirectly, as well as air pollution from technological installations.</p> <hr/> <p>Use of chemicals. This poses risks to workers, products and the environment.</p> <hr/> <p>Physical environmental pollution: noise, smell, light</p> <hr/> <p>Treatment of industrial and surface wastewater. Discharge of pollutants with industrial and surface wastewater.</p> <hr/> <p>Improper management of waste from operations poses a threat to</p>	<p>Vehicle replacement, maintenance, control of operating conditions.</p> <p>Increasing the hybrid fleet.</p> <p>Choice of suppliers of energy resources.</p> <p>Resource saving, accounting and control measures.</p> <p>Control, automation, modernisation of technological processes.</p> <p>Monitoring the use and impact of natural resources.</p> <p>Steam condensate return system from remote installations.</p> <p>Increasing the use of secondary water for washing plants.</p> <p>Installing a 1.6 MW heat pump, which saves about 10% of the purchased thermal energy per year.</p> <p>Identification of priority sustainability themes to inform the sustainability strategy</p> <hr/> <p>Employee training, personal protective equipment.</p> <p>Accounting and control.</p> <p>Process automation.</p> <hr/> <p>Control measurements and assessment.</p> <p>Installation of technical instruments.</p> <p>Focus on design.</p> <hr/> <p>Maintenance, operating conditions, process control.</p> <p>Pollutant concentration studies, discharge accounting.</p> <p>Use of the reserves of the urban waste water treatment plant.</p> <p>Cleaning and maintenance of sand oil traps and effluent.</p> <hr/> <p>Waste sorting and accounting.</p> <p>Ensuring proper storage conditions.</p>

	<p>the environment</p> <hr/> <p>Regulation and compliance. Risks are manifested in the high volume of regulation and changes in legislation.</p> <hr/> <p>Environmental concerns of residents, neighbouring businesses and local authorities. The company is located in an industrial area of the city and is adjacent to both other businesses and residential areas.</p>	<p>Process management, staff training. Handing over to legitimate handlers.</p> <p>Certified management system compliant with ISO 14001:2015 Environmental Management Systems. Requirements and guidelines for use. Continuous assessment of legislation and developments. Reporting and evaluation of the established reports.</p> <p>Disseminating information about company news in the local press and on the internet.</p> <p>Active cooperation with local authorities, residents and business communities.</p> <p>Assessing the impact of planned activities in accordance with the established procedures</p> <p>Climate control systems have been installed in the production facilities, which not only maintain the set temperature and humidity parameters, but also operate in a recuperative mode.</p>
<p>Energy risks</p>	<p>We consume a lot of electricity, heat and water in our operations. All production and non-production equipment relies on electricity to operate. This poses a risk to the uninterrupted supply of electricity.</p> <p>The supply of electricity, thermal energy (steam) and water influences the production and technological processes.</p>	<p>Electricity is supplied by an independent energy supplier under the terms of a contract. Distribution is provided by the Energy Distribution Operator.</p> <p>Medium-voltage switchgear is fed from two independent sources, which feed the power transformers. In the event of a voltage failure in one substation, the other is immediately supplied.</p> <p>We have installed 90 MW of solar power plants.</p> <p>Constant updating of power quality (reactive power compensators). Real-time enterprise optimisation system.</p> <p>Thermal energy is supplied by centralised urban heating networks using biofuels (wood) in Rokiškis and Utena. We also generate our own heat with two boiler plants in Utena and Ukmergė, which use natural gas.</p> <p>We have strict contractual conditions for the supply of thermal energy (steam), defining maximum requirements for pressure and temperature. Installed steam heat metering to control and ensure consumption and needs of the</p>

		<p>respective workshops. Boilers for hot water production.</p> <p>The heat pumps installed recover part of the heat from the environment and reduce the amount of purchased thermal energy by 10%.</p> <p>Rokiškio receives most of its water supply from its own waterworks and treats its waste water in its own plants. The technological operation of the wastewater treatment plant is strictly controlled, monitoring is carried out and reports are submitted and made public in accordance with the established procedures. Part of the water is purchased from the city's waterworks and part of the wastewater is treated by the city's water management company. The water supply and wastewater treatment services for companies in Utena and Ukmergė are provided by the urban water management companies.</p>
<p>Food safety and quality</p>	<p>Existing and potentially hazardous risk factors - biological, chemical, physical, allergens.</p> <p>Risk factors and their assessment cover the entire product production chain, from the purchase of raw materials to the delivery to the customer</p> <p>Risk assessment consists of an evaluation of the likelihood of a risk factor occurring and the severity of the consequences</p>	<p>Based on the level of risk identified, and in accordance with the methodology approved by the Codex Alimentarius Commission, categories of control measures and the management of the risks identified are defined.</p> <p>Assessment of the effectiveness of operational controls to reduce risks to an acceptable level;</p> <p>Establishment of the necessary action plans to improve the control system;</p> <p>Regular risk measurement, assessment and monitoring of objectives</p>
<p>Information security</p>	<p>IT risks relate to the use of illegal software, lost and unrecoverable data and vulnerabilities.</p>	<p>Only legal, licensed IT software is used to avoid potential threats.</p> <p>A configurable firewall is used to protect against unauthorised access to the company from outside.</p> <p>Unauthorised access to data is restricted by giving employees only the rights and roles they need to do their job.</p> <p>A test environment is used to test changes to applications. Data loss is prevented by backing up data.</p> <p>Antivirus software is installed on all</p>

<p>Occupational risk factors: Physical factors</p>	<p>Inadequate workplace design; Failure to comply with the general minimum requirements for work equipment; Mobile self-propelled, non-self-propelled work equipment; Potentially hazardous equipment; Stability and robustness of structures; Escape routes and exits; Fire detection and extinguishing; Electrical installation; Activities of other companies in the performance of services and other works for the company.</p>	<p>company computers. Old computer equipment is replaced by new equipment with supported software versions.</p> <p>Workplaces and work equipment are maintained. Any deficiencies that may affect workers' health and safety are corrected.</p> <p>Work equipment controls are clearly visible, identifiable and labelled. Work equipment is equipped with a control system that allows it to be stopped completely and safely. Emergency stop devices shall be provided for this purpose. Where there is a risk of injury to a worker as a result of mechanical contact with moving parts of the work equipment, such parts shall be covered by guards and protective devices shall be fitted to prevent access to dangerous areas. Work equipment shall bear the necessary safety and health signs to ensure the safety of workers. Workers shall receive the necessary information on the use of work equipment, on-the-job training and instruction, i.e. they shall be made aware of the hazards they may encounter as a result of work equipment.</p> <p>Mobile work equipment shall be so equipped and constructed as to minimize the risks to the worker. Such equipment is subject to regular maintenance, training and periodic health checks.</p> <p>Potentially hazardous installations are operated in accordance with the Law on Maintenance of Potentially Hazardous Installations. Potentially hazardous installations are supervised and potentially hazardous installation supervisors are appointed. Employees working with potentially hazardous equipment are trained, periodically checked for their knowledge, and undergo periodic health checks.</p> <p>To ensure the stability and robustness of structures, maintenance is carried out in accordance with the technical building regulation. It includes regular monitoring of the condition of</p>
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	<p>structures, as well as periodic and specialised inspections.</p> <p>Evacuation routes shall be maintained and marked.</p> <p>Appropriate fire extinguishing equipment and fire safety engineering systems are in place, taking into account the dimensions and purpose of the buildings, the equipment in the buildings, the characteristics of the materials stored in the buildings, and the number of employees in the workplaces. Fire extinguishers and fire safety engineering systems are subject to maintenance testing. The fire reservoir has been reconstructed. It is fully compliant with the relevant laws as foreseen by the LR. The fire extinguishing equipment is labelled. A ventilation system is installed in the workplaces. Ventilation equipment is maintained and updated.</p> <p>Fire safety training and drills are organised for the staff.</p> <p>Hazardous areas in workplaces are marked.</p> <p>Workstations have strong, stable floors. Workers are provided with special footwear that is slip-resistant.</p> <p>Electrical wiring shall be installed in such a way as to avoid the risk of fire or explosion and to protect workers from direct or indirect contact with electrical wiring. Periodic resistance measurements of electrical installations shall be carried out in accordance with the procedures laid down by law.</p> <p>In order to ensure the health and safety of workers and to avoid risks arising from the activities of another undertaking and risks to their workers from the activities of the company, a description of the procedures for cooperation and coordination shall be drawn up, and coordinating persons shall be designated.</p>
<p>Physical: Noise</p>	<p>Work equipment</p> <p>Use of personal protective equipment, compulsory health screening for noise, training for workers.</p>

Light	Inadequate or poorly installed or maintained lighting in workplaces is one of the key occupational risk factors affecting workers' emotional stress, reducing productivity and increasing the number of accidents.	Occupational risk assessments measure lighting in workplaces. If the lighting does not meet the hygiene standards, the luminaires are replaced with new LED luminaires. Their advantages are lower energy consumption, longer lifetime and higher efficiency.
Chemical factors	Use of chemicals in laboratory testing, cleaning of work equipment and facilities.	High-pressure washing stations are installed to fully control the doses of chemicals needed for cleaning and disinfecting rooms and to improve staff conditions. Occupational risk assessments are carried out in workplaces where chemicals are used. Mandatory health checks. Information and training for workers. Use of personal protective equipment where hazardous chemical agents are likely. Artificial ventilation system installed.
Ergonomic factors	Manual work exists in many workplaces	An occupational risk assessment is carried out. An ergonomic risk assessment to prevent musculoskeletal disorders. Compulsory health screening. Manual and electric wheelchairs are used to reduce ergonomic risks. Lifts are also used. The company has introduced robotic technology to avoid heavy lifting. Job rotation is implemented. In 2021, the GRAND cheese packaging line became operational. It avoids ergonomic factors such as lifting, pushing, prolonged physical effort, repetitive forceful movements.
Social factors:	Recruitment and placement of staff. Staff qualification and the integration of staff into work processes.	Search for workers at the labour exchange. Cooperation with educational institutions. Recommendations from in-house staff. Internal company resources (encourages employees to improve their skills and qualifications). The company has a system of performance appraisal and development of employees. Staff development plans are drawn up each year. Training is organised both by sending employees to external seminars organised by suppliers and within the

<p>Retaining staff and reducing turnover.</p>	<p>group.</p> <p>The company strives to build a stable workforce by fostering good relations, providing opportunities for development, growth, participation in decision-making, and employee benefits under the Collective Agreement.</p> <p>These social factors are not solely dependent on the actions of the company. The company may have to increase investment in robotic production processes, i.e. replacing manual labour with robots.</p>
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12. Information on financial risk management objectives and hedging instruments used

The Company and the Group are exposed to various financial risks in the course of their business. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to mitigate any potential negative impact on the Group's financial performance.

The Group is insured against general civil liability arising from its operations and damage to the Group's products or services. The insurance policy is valid worldwide.

Risk management is carried out by the Company's management. There are no written principles for the management of general risks.

13. Key features of internal control and risk management systems relevant to the preparation of the consolidated financial statements

The preparation of the Company's consolidated financial statements, internal control and financial risk management systems, and compliance with the legislation governing the preparation of the consolidated financial statements are supervised by the Audit Committee.

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

The Audit Committee monitors the process of preparation of the Company's and Subsidiaries' financial statements, reviews IFRS to ensure that all changes in IFRS are implemented in the financial statements in a timely manner, analyses transactions material to the Company's and Subsidiaries' operations, ensures the collection of information from the Group's entities and the timely and accurate processing and preparation of that information for the purpose of the financial statements and informs the Company's Board of Directors of material internal control weaknesses in the financial statements identified by the external and internal audits, and makes recommendations for their correction.

The preparation of financial statements in conformity with IFRS involves making estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on management's knowledge of

current conditions and actions. The financial statements comprise the consolidated financial statements of the Group and the separate financial statements of the Company.

Subsidiaries (including special purpose entities) are entities in which the Group has control over the financial and operating policies. Such control is generally obtained by holding more than half of the voting shares. The existence and effect of any existing or convertible potential voting shares are taken into account in assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which the Group obtains control of those entities and are deconsolidated from the date on which control is lost.

The Audit Committee makes recommendations to the Board on the selection of the external audit firm and monitors the external auditor's and the audit firm's compliance with the principles of independence and objectivity.

14. Environment protection

The environmental policy of Rokiškio sūris AB is to strive for the efficient use of energy and natural resources, to reduce the negative impact on the environment, to implement pollution prevention measures, and to take care of the environment we live in. The Food Safety, Quality and Environmental Policy was updated on 14.01.2022 to promote a culture of sustainability among employees.

A Scope 1-2-3 assessment of the GHG emissions of the group of companies for the period 2021-2022 has been carried out in accordance with the GHG Protocol (GHG-greenhouse gases) and the Intergovernmental Panel on Climate Change (IPCC) guidelines.

All direct Scope 1 emissions are related to the Group's controlled activities: vehicle emissions, heat generation emissions, gas leakage. "Scope 2 emissions are indirect operational emissions generated by our energy suppliers (electricity and heat). We have included CO₂, CH₄, N₂O and fluorinated greenhouse gases (HFCs and PFCs) in the calculations, expressed as carbon dioxide equivalent.

Scope 3 assesses the areas that are most relevant to our work: 1. Purchased goods and services, 3. Fuel and energy related activities, 4. Upstream transport and distribution, 5. Waste generated in operations, 9. Transportation and downstream distribution.

The 2022 Annual Financial Report is accompanied by a Corporate Social Responsibility and Sustainability Report for 2021. The latter has been prepared in accordance with the GRI standard (GRI-Global Reporting Initiative).

Our activities contribute mainly to the 10 Sustainable Development Goals, while in the environmental field we focus on 4 goals: 6 Clean Water and Sanitation, 7 Affordable and Clean Energy, 12 Responsible Consumption and Production, 13 Combating Climate Change.

We are committed to reducing Scope 1 and 2 greenhouse gas emissions by a quarter by 2025, and to becoming a neutral market player by 2050.

Internal environmental procedures govern the organisation's environmental and energy performance accounting activities. In accordance with these procedures, the data is analysed and presented to the management. Proposals are made to achieve targets and improve processes, improvement plans are drawn up and investments are made to implement the plans. We are committed to the Paris Agreement to keep temperature rise below 2°C and to work towards keeping global warming below 1.5°C. This is a science-based long-term goal.

The company has four environmental monitoring programmes to monitor and analyse potential environmental impacts. No adverse environmental impacts have been identified and reports are submitted to the Environmental Protection Agency.

UAB "Rokiškio pieno gamyba", due to strong changes in the market prices of fossil energy resources, in the second quarter of the year significantly reduced the previously used natural gas in its own boiler house to heat from UAB "Utenos šilumos tinklai", and to thermal energy from biofuel.

The transport fleet is gradually being renewed. In the first half of this year, 12 new vehicles were purchased: 4 trucks (N3), 8 light vehicles (M1, N1), 3 of them with hybrid drive (15 units in total).

A long-term strategic action plan is being developed to meet climate change targets.

15. FINANCIAL RESULTS OF THE OPERATIONS

Financial indices		2023 06 30	2022 06 30	Change	
				+/-	%
Sales revenue	thou. eur	148,106	168,217	-20,111	-11.96
Gross profit	thou. eur	13,227	19,643	-6,416	-32.66
EBITDA	thou. eur	6,615	11,844	-5,229	-44.15
EBIT	thou. eur	1,759	7,298	-5,539	-75.90
Operating profit	thou. eur	1,174	7,087	-5,913	-83.43
Profit before tax (EBT)	thou. eur	1,794	5,781	-3,987	-68.97
Fixed assets					
Fixed assets	thou. eur	87,621	84,415	+3,206	+3.80
Current assets					
Current assets	thou. eur	134,703	135,291	-588	-0.43
Total assets					
Total assets	thou. eur	222,324	219,706	+2,618	+1.19
Shareholders' equity					
Shareholders' equity	thou. eur	147,964	144,744	+3,220	+2.22
Profitability (%)					
Return on assets [ROA]	%	0.79	3.45	-2.66 p.p.	-
Return on equity [ROE]	%	1.20	4.03	-2.83 p.p.	-
Gross profit margin	%	8.93	11.68	-2.75 p.p.	-
EBITDA margin	%	4.47	7.04	-2.57 p.p.	-
EBIT margin	%	1.19	4.34	-3.15 p.p.	-
Return on constant capital employed [ROCE]	%	0.79	4.21	-3.42 p.p.	-
Profitability ratio	%	1.21	3.44	-2.23 p.p.	-
Financial structure					
Liabilities/equity ratio	coef.	0.50	0.52	-0.02	-
Equity to assets ratio	coef.	0.67	0.66	+0.01	-
Debt to equity ratio	coef.	2.14	2.21	-0.07	-
Market value indicators					
Number of ordinary registered shares	thout.	35,868	35,868	-	-
Price per share at end of period	eur	2.94	3.00	-0.06	-2.00
Market capitalisation at end of period	thou. eur	105,452	107,604	-2,152	-2.00
Share price to earnings per share ratio [P/E ratio]	coef.	58.80	17.65	-	-
Net earnings per share		0.05	0.17	-0.12	-

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

Profit/(loss) statement

As at 30 June 2023, the sales revenue of the Rokiškio sūris Group amounted to EUR 148,106 thousand. The main part of the revenue is 96% from sales of cheese and other dairy products. Compared to 6 months 2022, the company's sales revenue decreased by 12%.

Sales of fermented cheeses fell by 17% in the first half of this year, to EUR 17,362 thousand.

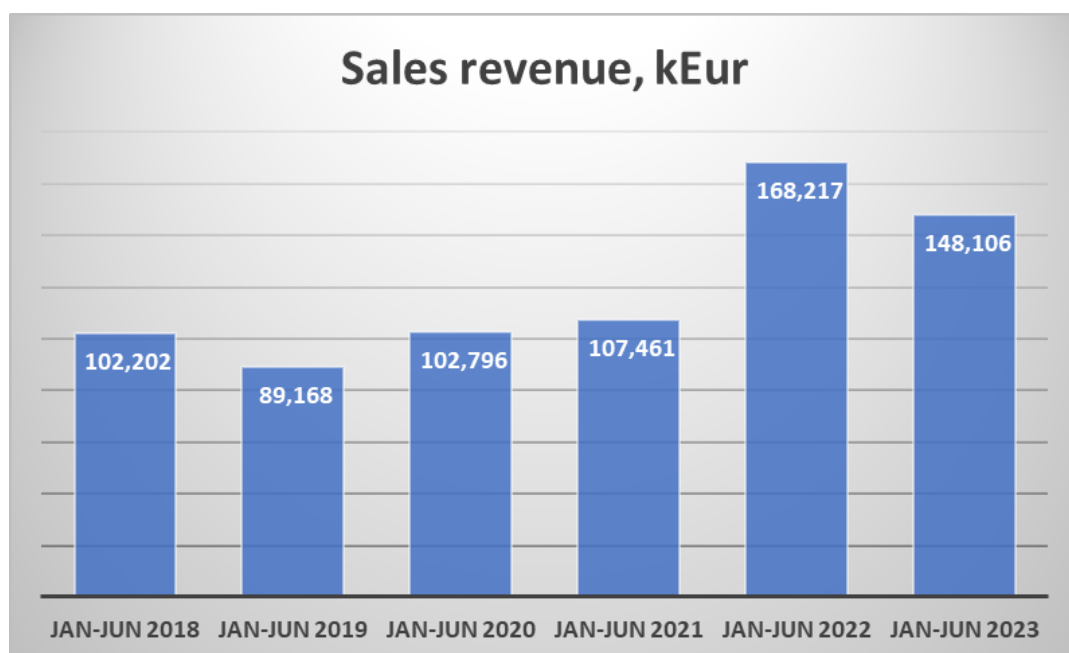
The main contributor to the fall in sales was the 31% fall in sales of fresh cheeses, due to a significant drop in selling prices.

Due to the changing global dairy market situation, cheese production in the first half of the year was more focused on hard long-ripened cheeses. Hard cheese sales increased by EUR 7,669 thousand.

Sales of milk sugar and other whey products were performed thanks to long-term contracts, but at lower prices than in 2022. Sales prices for butter and export cream also fell.

Sales of milk sugar and other whey products performed well thanks to long-term contracts. Milk sugar sold at higher prices and export sales of cream and butter also increased.

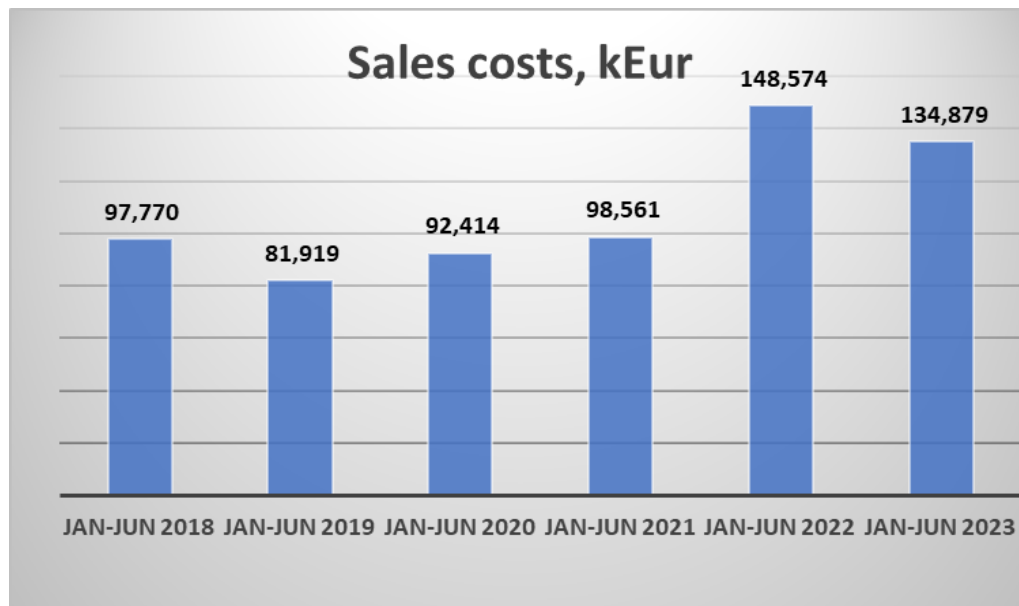
On the fresh dairy market, there were no significant changes in sales volumes, with small increases due to price and mix changes.



Costs:

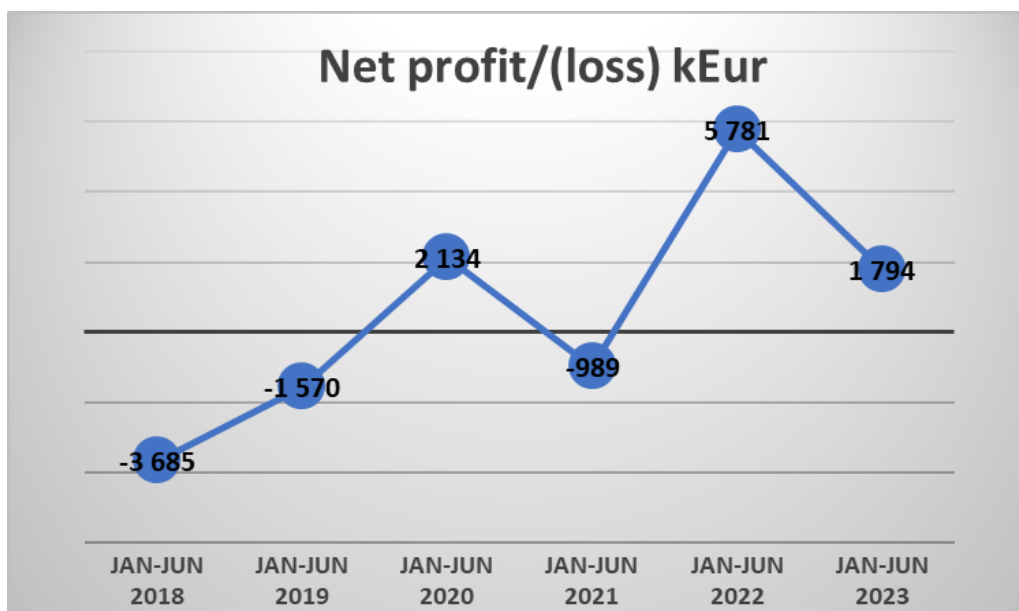
In the first half of 2023, the Group incurred costs of EUR 134,879 thousand, a decrease of 9% compared to the same period in 2022 (EUR 148,574 thousand).

The main contributors to the change in costs are the increase in the cost of raw milk, energy, services, materials and fuel.



AB Rokiškio sūris Group generated consolidated unaudited net profit of EUR 1,794 thousand in the first 6 months of 2023. Within 6 months in 2022 the Group generated a consolidated net profit of EUR 5,781 thousand.

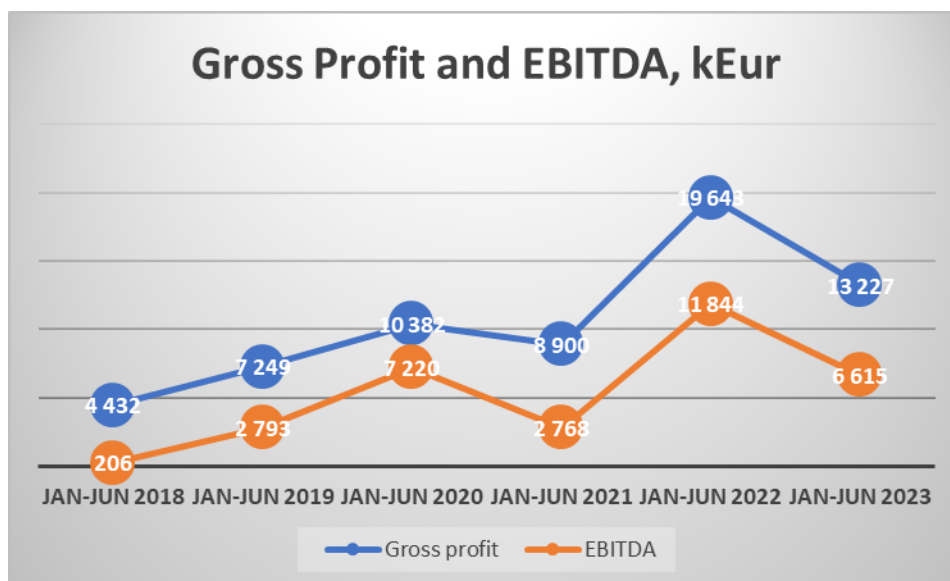
The Group's underperformance is due to a significant fall in the prices of fresh fermented cheeses, milk sugar and other whey products and fats (butter, cream) in the first half of 2023. Long-ripened hard cheeses were sold from leftovers, when production was carried out at very high prices for raw materials, supplies and energy inputs.



The operating profit margin for 6 months 2023 is 1.19%, while the operating profit margin for 6 months 2022 was – 4.34%.

EBITDA for the first half of 2023 amounted to EUR 6,615 thousand, i.e. 1.79 times lower than in 2022 (EUR 11,844 thousand).

The EBITDA margin for the first half of 2023 was 4.47% (first half year 2022: 7.04%).



16. Group business plans forecasts and investments 2023

The investment objective of AB Rokiškio sūris is to continue to increase the efficiency of production, focusing on production units, modernisation, repair and renewal of their equipment, as well as on energy resources (steam, electricity, compressed air), water distribution and preparation for production activities.

As every year, investment is planned to address environmental issues and to implement sustainability. Investments will also be made in works and repairs on the shop floor and in production-related departments.

The Group expects to invest EUR 10.8 million in 2023 to achieve its objectives and to expand.

The value of investments made by the Rokiškio sūris Group in the first half of 2023 is EUR 6.7 million.

The main and largest investment of the first half of the year, amounting to EUR 1.7 million, is the construction of the Grand Cheese Warehouse and the installation of equipment at AB Rokiškio sūris.

EUR 0.8 million was invested in the purchase of a modern specialised vehicle, for which support was received under the measure "Investments in tangible assets" under the Operational Area "Processing, marketing and/or development of products" of the Lithuanian Rural Development Programme 2014-2020.

Investing in production service bars remains an important issue both now and in the future. Their activity is the rational allocation of energy resources, identifying the hot spots of energy consumption: compressor station, energy farm, water treatment, efficient use of "cow" water for technological purposes. The refrigeration equipment of the cheese ripening chambers has been upgraded.

The subsidiary UAB Rokiškio Pienas Gamyba invested in a milk reception department and acquired a cottage cheese packing line in the fresh dairy products shop. The total value of the investment is EUR 0.6 million.

Rokiškio sūris AB is a well-known professional in the dairy industry, which is pursuing key long-term development and sustainability goals, constantly looking for new innovative solutions. The Group's main and daily task is to increase its competitiveness in the region and in the international market, to develop new products that meet the highest safety and quality requirements.

Plans for sales markets

The most important and key challenge for the Company in 2023 is to launch and expand sales of Grand cheese in the retail and foodservice markets in the EU and the US. On the Lithuanian market, the Company plans to maintain sales at least at the current level (market share in Lithuania ~ 22%), by purifying the most valuable segments and aiming at reducing the total number of assortment, which is a common market trend (shelf SKUs are planned to be reduced by supermarket chains).

One of the priority sales areas is to strengthen sales of fresh produce and fermented cheeses in the neighbouring Baltic countries.

INFORMATION ON THE COMPANY'S SHAREHOLDERS AND SHARES

17. Information on the Company's share capital

As at 30 June 2023, the authorised capital of Rokiškio sūris AB consisted of:

Type of shares	Quantity of shares (pcs)	Nominal value (EUR)	Total nominal value (EUR)	Share of authorised capital (%)
Ordinary registered shares	35 867 970	0.29	10,401,711.30	100

18. Company contracts with brokerage firms

AB "Rokiškio sūris" has concluded an agreement with UAB FMI "Orion securities" (A.Tumėno g. 4, LT-01109 Vilnius, tel. (8-5) 231 38 33, info@orion.lt) for the management of accounting of securities issued by the Company and provision of investment services.

19. Data on trading in the issuer's securities on regulated markets

35 867 970 ordinary registered shares of AB "Rokiškio sūris" are listed on the **Nasdaq Vilnius Baltic Official List**. (symbol RSU1L). Nominal value per share EUR 0,29.

The Nasdaq Vilnius Stock Exchange is the only trading market for the Company's shares. The Company has been listed since 25 July 1995. The Company's shares are included in the OMX Baltic Benchmark Index.

The Company has not issued any debt securities to the public.

There are no debt securities registered and issued for non-public circulation.

There are no securities which do not represent a participation in the authorised capital but whose circulation is regulated by the Securities Law of the Republic of Lithuania.

No trading on other stock exchanges and other organised markets.

Company's share trading statistics:

	6 months 2023	6 months 2022	6 months 2021
Last trading session price, EUR	2.94	3.00	2.94
Maximum price, Eur	3.06	3.10	3.12

Lowest price, Eur	2.84	2.58	2.80
Turnover, pcs.	48,502	150,341	134,628
Turnover, thousand EUR	142	435	392
Capitalisation, EUR, thousands. EUR	105,452	107,604	105,452

Dynamics of the Company's share price and turnover on the stock exchange Nasdaq Vilnius 01/01/2023-30/06/2023



Price – EUR

Source – AB Nasdaq Vilnius website: <https://nasdaqbaltic.com/statistics/en/instrument/LT0000100372/trading>

Dynamics of the company's share price and turnover on the stock exchange Nasdaq Vilnius over 4 years (2019.06-2023.06)



Price – EUR

Source – AB Nasdaq Vilnius website: <https://nasdaqbaltic.com/statistics/en/instrument/LT0000100372/trading>

Dynamics of the company's shares (RSU1L), OMX Baltic Benchmark GI and OMX Baltic GI indices, 6 months 2023



Source – AB Nasdaq Vilnius website: <https://nasdaqbaltic.com/statistics/en/charts>

20. Restrictions on transfer of securities

There are no restrictions on holdings of securities or requirements to obtain the approval of the company or other security holders.

21. Procedure for amending the company's articles of association

The Articles of Association of the Company shall be amended in accordance with the procedure provided for by the laws of the Republic of Lithuania and the Articles of Association of the Company. The decision to amend the Company's Articles of Association shall be taken by the General Meeting of Shareholders of the Company by a qualified majority of 2/3 of the votes cast by the shareholders present at the meeting, except for the exceptions provided for in the Law on Joint-Stock Companies of the Republic of Lithuania.

If the General Meeting of Shareholders adopts a decision to amend the Articles of Association of the Company, a new version of the Articles of Association shall be drawn up and signed by a person authorised by the General Meeting of Shareholders.

All amendments and additions to the Articles of Association of the Company shall enter into force only upon their registration in accordance with the procedure established by the legislation of the Republic of Lithuania.

22. Information on the Company's shareholders

The total number of shareholders of AB Rokiškio sūris on 30 June 2023 was 5 548.

Shareholding held by a group of shareholders (30/06/2023):

Name, surname Name of company Company code	Address	Ownership of		With persons acting jointly
		Number of ordinary registered shares	Share of capital and votes %	Share of capital and votes %
Pieno pramonės investicijų valdymas, UAB Company code 173748857	Pramonės g. 3, Rokiškis Lithuania	9 758 312	27.21	81.93*
SIA RSU Holding, reg. No. 40103739795	Elizabetes iela 45/47, LV-1010 Riga	8 953 883	24.96	
Antanas Trumpa Company's Board Chairman	Sodų 41a, Rokiškis Lithuania	7 088 663	19.76	
Fonterra (Europe) Coöperatie U.A., CCI 50122541	Barbara Strozzi laan 356-360, EurBld2, 3e verdieping, 1083HN Amsterdam, Netherlands	3 586 797	10.00	
INVL Asset Management, UAB (investment and pension funds)	Gynėjų g.14, Vilnius Lithuania	2 077 674	5.79	

*The group of persons acting jointly consists of UAB Pieno Industrių Invest valdymas (27.21% of the Company's authorised capital and votes), SIA RSU Holding (24.96% of the Company's authorised capital and votes), the strategic investor Fonterra (Europe) Coöperatie U.A. (10.00% of the Company's authorised capital and votes), Antanas Trumpa (19.76% of the Company's authorised capital and votes).

The basis for the group of persons acting together is the shareholders' agreement signed on 13.10.2017. The purpose of this agreement is:

- to regulate, where appropriate, the relationship between the shareholders, the strategic investor and the Company;
- ensure joint action in the development of the Company;
- agree on specific conditions and restrictions on the disposal of the Company's shares;
- enable the shareholders and the strategic investor to protect their interests in relation to their investment in the Company.

23. Shareholders' rights

Shareholders have the following non-proprietary rights:

- 1) attend general meetings of shareholders;
- 2) to submit to the company in advance any questions relating to the agenda of general meetings of shareholders;
- 3) vote at general meetings of shareholders in accordance with the rights attached to the shares;
- 4) to receive the information about the company referred to in Article 18(1) of the Law on Joint Stock Companies of the Republic of Lithuania;
- 5) to file a lawsuit with the court, requesting to compensate the company for damages incurred as a result of non-performance or improper performance of the duties of the company's manager and members of the Management Board, as set out in the Law on Companies of the Republic of Lithuania and other laws, as well as the company's Articles of Association, and in any other cases provided for by law;
- 6) to obtain the information referred to in Article 89(6) of the Law on Markets in Financial Instruments on a public limited liability company whose shares are admitted to trading on a regulated market;
- 7) other non-property rights established by the laws of the Republic of Lithuania.

Shareholders have the following property rights:

- 1) receive a share of the company's profits (dividend);
- 2) to receive company funds when the company's share capital is reduced in order to pay out company funds to shareholders;
- 3) to receive shares free of charge when the authorised capital is increased from the company's funds, except for the exception provided for in Article 42(3) of the Law on Joint Stock Companies of the Republic of Lithuania, and in the case provided for in Article 471 of the Law on Joint Stock Companies of the Republic of Lithuania;
- 4) the right of first refusal to acquire shares or convertible bonds issued by the company, except in the event that the General Meeting of Shareholders decides to waive the right of first refusal for all shareholders in accordance with the procedure set out in the Law on Companies of the Republic of Lithuania;
- 5) to lend to the company in the manner prescribed by law, but the company shall not be entitled to pledge its assets to the shareholders when borrowing from its shareholders. When a company borrows from a shareholder, the interest shall not exceed the average interest rate of commercial banks in the place of residence or business of the lender at the time of the conclusion of the loan agreement. In such a case, the company and the shareholders are prohibited from agreeing on a higher interest rate;
- 6) to receive a share of the assets of the company in liquidation;
- 7) to have other property rights provided for by the laws of the Republic of Lithuania.

The rights referred to in paragraphs 1, 2, 3 and 4 shall be vested in the persons who were shareholders of the company at the end of the tenth business day following the date of the general meeting which adopted the relevant resolution.

24. Shareholders with special control rights and descriptions of those rights

No shareholders with special control rights.

25. Information on any restrictions on voting rights

No shares with restrictions on voting rights.

26. Details of repurchases of the issuer's own shares

During the reporting period (1 January 2023 - 30 June 2023) AB Rokiškio sūris did not acquire or dispose of any of its own shares.

Based on the repurchases of treasury shares in previous years, the following shares will be repurchased as at 30 June 2023 Rokiškio sūris AB held 861 274 treasury shares, representing 2.40 % of its authorised capital. The total nominal value of the treasury shares to be acquired, together with the nominal value of the treasury shares already held, shall not exceed 1/10 of the Company's authorised capital.

The Company has established a reserve of EUR 10.850 million for the acquisition of treasury shares. The shares were acquired through the official offering market of the Nasdaq Vilnius Stock Exchange. The total price of the shares acquired by AB Rokiškio sūris is EUR 2 108 397.82.

27. Dividends

The General Meeting of Shareholders decides on the allocation and payment of dividends when distributing the company's distributable profit.

The Ordinary General Meeting of Shareholders of AB Rokiškio sūris, held on 28 April 2023, approved the audited consolidated financial statements and the Company's financial statements for 2022 and the distribution of the Company's 2022 profit. Dividends were distributed in the amount of EUR 5 251 004.40 or EUR 0.15 per ordinary registered share.

Below are the details of the dividends declared and paid over the last 10 years:

Year	Dividends, EUR	Dividend per share, EUR
2013	1,015,578.08	0.0290
2014	Dividends were not paid	
2015	2,341,737.37	0.0700
2016	3,228,117.30	0.1000
2017	3,586,797.00	0.1000
2018	3,506,165.30	0.1000
2019	3,500,669.60	0.1000
2020	3,500,669.60	0.1000
2021	3,500,669.60	0.1000
2022	5,251,004.40	0.1500

AB Rokiškio sūris has a Dividend Policy approved by the General Meeting of Shareholders on 27 April 2018. In accordance with this Dividend Policy, the Company's Board of Directors, when proposing to the General Meeting of Shareholders to allocate dividends, will be guided by the signed

Shareholders' Agreement, according to which 100% of the Company's profit for the financial period, less the Company's funds earmarked by the Board for CAPEX, working capital and/or other purposes, will be allocated to the dividends. In the event that the Company's Board of Directors foresees a significant amount of investments, which would result in the Company's profit for the financial period being insufficient to pay dividends in accordance with the dividend provisions described above, the Board of Directors of the Company will endeavour to maintain the continuity of the payment of the dividends for the previous financial periods, taking into account the Company's financial situation and the trend in the global dairy industry market.

The General Meeting of Shareholders may not resolve to declare and pay dividends if any of the following conditions are met:

- (1) the company has outstanding obligations which have fallen due before the decision is taken;
- (2) the amount of the distributable profit (loss) for the financial year under review is negative (loss);
- (3) the company's equity is less than, or would become less if dividends were paid, than the sum of the company's share capital, statutory reserve, revaluation reserve and reserve for the acquisition of own shares.

A company that fails to pay its statutory taxes by the due dates cannot pay dividends, annual bonuses to board members and bonuses to employees.

Dividends shall be payable to those persons who, at the close of business on the record date for the rights of the General Meeting of Shareholders which declared the dividend (the close of business on the tenth business day following the date of the General Meeting of Shareholders which made the decision), were shareholders in the company or otherwise legally entitled to receive the dividend.

The company shall pay the dividend within 1 month from the date of the decision to distribute profits. The dividend may be in respect of a financial year or a period of less than a financial year.

Dividends for a period shorter than the financial year shall be granted by a decision of the general meeting of shareholders. Shareholders holding at least 1/3 of the total number of votes shall have the right of initiative in respect of dividends for periods of less than one financial year. A general meeting of shareholders whose agenda shall include the question of the granting of dividends for a period shorter than a financial year shall be held within 3 months of the end of the period for which the dividends are proposed to be granted, but no earlier than the approval of the set of annual accounts and the distribution of the company's profit (loss) for the preceding financial year, and no later than the end of the financial year.

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

- 1) the set of interim financial statements for the period of less than one financial year is approved;
- 2) the amount of profit or loss for the period of less than one financial year is positive (no loss);
- 3) the amount of the dividend payment does not exceed the amount of the profit (loss) for the period shorter than the financial year, the amount of the retained earnings (loss) for the previous financial year carried forward to the current financial year, less any part of the profit for the period shorter than the financial year which is required to be allocated to the reserves in accordance with the Law on Public Limited Companies of the Republic of Lithuania or the Articles of Association of the Company;
- 4) the company has no outstanding obligations which have fallen due before the decision is taken and, after payment of the dividend, would be in a position to meet its obligations in respect of the current financial year.

After the payment of a dividend for a period shorter than a financial year, the payment of a dividend for a period shorter than a financial year may not be made earlier than within 3 months.

COMPANY MANAGEMENT

28. The company's governing bodies

The Articles of Association of AB Rokiškio sūris, registered in the Register of Legal Entities, provide for the following governing bodies of the Company:

- The General Meeting of Shareholders,
- The Board of Directors,
- The Chief Executive Officer of the Company (Director).

The Company does not have a Supervisory Board.

29. Corporate governance and organisational structure of the Company Group

The management structure of the Rokiškio sūris Group (hereinafter referred to as the Group) is organised according to the main functions, i.e. sales and marketing, production, financial management, milk purchasing, logistics and vindication. The functional directors formulate and develop the Group's strategy, tactics and objectives in accordance with their assigned functions.



30. Information on the competence and procedure for convening the General Meeting of Shareholders

The competence and convening procedure of the General Meeting of Shareholders shall not differ from the competence and convening procedure of the General Meeting of Shareholders set out in the Law on Companies of the Republic of Lithuania.

The right of initiative to convene the General Meeting of Shareholders of Rokiškio sūris AB shall be vested in the Management Board and the shareholders whose shares carry at least 1/10 of the total number of votes at the General Meeting of Shareholders.

The notice of the General Meeting of Shareholders of the Company to be convened shall be made public in the Republic of Lithuania and in all other Member States of the European Union, as well as in the countries belonging to the European Economic Area, at least 21 days before the General Meeting of Shareholders, in accordance with the procedure established by the Securities Law. The notice of convening the General Meeting of Shareholders shall be additionally published in the electronic publication "Public Notices of Legal Entities" published by the State Enterprise Centre of Registers in the source specified in the Articles of Association.

Persons who were shareholders of the company at the end of the record date of the meeting shall be entitled to attend and vote at the General Meeting of Shareholders or at a repeated General Meeting of Shareholders, in person, except for the exceptions provided for by law, or by proxy, or by a person with whom a contract of assignment of voting rights has been concluded. A shareholder's right to participate in a general meeting shall also include the right to speak and to ask questions. The record date of a meeting of a public limited liability company shall be the fifth business day preceding the general meeting or the fifth business day preceding a reconvened general meeting of shareholders.

A shareholder may vote in writing by completing a general ballot paper. The form of the General Ballot Form is available on the Company's website www.rokiskio.com in the Investors section and is also available with the draft resolutions submitted by the Company via the Central Regulated Information Submission Database. The completed General Ballot Form must be signed by the shareholder or his/her authorised person. The completed and signed by the shareholder or other person entitled to vote general ballot paper and the document confirming the right to vote shall be submitted to the Company in writing not later than on the last business day before the meeting, by registered mail to Pramonės g. 3, LT- 42150, Rokiškis, or by hand delivery to the Company during business days at the Company's registered office.

The Company does not offer the possibility to attend and vote at the meeting by electronic means.

A general meeting of shareholders may pass resolutions and shall be deemed to have been held when the shareholders holding more than ½ of the total number of votes are present. If a quorum is established, it shall be deemed to be present for the entire meeting. If a quorum is not present, the general meeting shall be deemed not to have been held and a reconvened general meeting shall be convened, which shall have the right to take decisions only on the agenda of the meeting that was not held and shall not be subject to the quorum requirement. The reconvening of the General Meeting of Shareholders shall be convened not earlier than 14 days and not later than 21 days after the date of the failed General Meeting of Shareholders. The shareholders shall be notified of the reconvened general meeting in the manner provided for in Article 261(3) of the Law on Companies no later than 14 days before the reconvened general meeting.

An ordinary general meeting of shareholders must be held annually at the latest within 4 months after the end of the financial year.

Shareholders holding shares carrying at least 1/20 of the total votes shall have the right to propose items to be added to the agenda. The proposal shall be accompanied by draft resolutions on the proposed items or, where no resolutions are required, explanations of each proposed item on the

agenda of the General Meeting of Shareholders. The proposal to supplement the agenda shall be submitted in writing by registered mail to AB "Rokiškio sūris" at the address Pramonės g.3, LT-42150 Rokiškis, or by e-mail at rokiskio.suris@rokiskio.com. The agenda shall be supplemented if the proposal is received not later than 14 days prior to the date of the General Meeting of Shareholders.

Shareholders holding shares representing at least 1/20 of the total votes shall have the right to propose new draft resolutions on the issues included in the agenda of the meeting. The draft resolutions shall be submitted in writing by registered mail to AB "Rokiškio sūris", Pramonės g.3, LT-42150 Rokiškis, or by e-mail to rokiskio.suris@rokiskio.com. The shareholders shall also have the right to propose draft resolutions on the items on the agenda of the Meeting in writing during the Meeting.

Shareholders attending the General Meeting of Shareholders shall be registered in the shareholders registration list. This list shall indicate the number of votes that each shareholder holds.

A person attending a general meeting of shareholders and entitled to vote shall produce proof of identity. A person who is not a shareholder shall, in addition to this document, produce a document certifying that he is entitled to vote at the General Meeting. The requirement to produce proof of identity shall not apply to voting by written ballot in the form of a single ballot paper. The form of the general voting form is available on the Company's website at www.rokiskio.com under "Investors".

If a shareholder so requests, the Company shall, not later than 10 days before the General Meeting of Shareholders, send the General Ballot Paper by registered mail free of charge, or deliver it by hand and by signature. The completed postal ballot paper shall be signed by the shareholder or his/her authorised representative. The completed and signed blank ballot paper and the document confirming the right to vote shall be submitted to the company in writing not later than on the last working day before the meeting, by registered post to Pramonės g.3, LT-42150 Rokiškis, or by hand delivery to the company at the registered office of the company at the above address on working days.

Only fully paid-up shares confer the right to vote at other General Meetings. Each share carries one vote at a general meeting of shareholders.

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

- 1) amend the company's statutes;
- 2) change the registered office of the company;
- 3) elect the members of the Supervisory Board, or, in the absence of a Supervisory Board, the members of the Management Board, or, in the absence of a Supervisory Board or a Management Board, the Chief Executive Officer;
- 4) to dismiss the Supervisory Board or its members, as well as the Management Board or its members elected by the General Meeting of Shareholders and the Chief Executive Officer;
- 5) to elect and dismiss the auditor or audit firm for the audit of the annual financial statements, and to determine the terms of remuneration for audit services;
- 6) to decide on the approval of the remuneration policy of public limited liability companies whose shares are admitted to trading on a regulated market;
- 7) determine the class, number, nominal value and minimum issue price of the shares to be issued by the company;
- 8) to decide on the conversion of shares of one class of the company into shares of another class, and to approve the description of the procedure for the conversion of shares;

- 9) to decide to change the number of shares of the same class issued by the company and the nominal value per share without changing the amount of the share capital;
- 10) to approve the set of annual accounts;
- 11) to decide on the appropriation of profits (losses);
- 12) to decide on the creation, use, reduction and elimination of reserves;
- 13) to approve the interim financial statements drawn up for the purpose of deciding on the distribution of dividends for a period of less than a financial year;
- 14) to decide on the distribution of dividends for a period of less than a financial year;
- 15) to decide on the issue of convertible bonds;
- 16) to decide to revoke the pre-emptive right of all shareholders to acquire shares or convertible bonds of a particular issue of the company;
- 17) to decide to increase the share capital;
- 18) to decide to reduce the authorised capital, except for the exceptions provided for in the Companies Act;
- 19) to decide on the acquisition by the company of its own shares;
- 20) to decide on the allotment of Shares to employees and/or members of organs,
- 21) to approve the rules for the granting of Shares;
- 22) to decide on the reorganisation or demerger of the company and to approve the terms of the reorganisation or demerger;
- 23) decide on the restructuring of the Company;
- 24) to decide on the restructuring of the Company in the cases provided for by the Law on Corporate Restructuring;
- 25) to take a decision to liquidate a company, to cancel the liquidation of a company, except for the exceptions provided for in the Companies Act;
- 26) to elect and dismiss the company's liquidator, except for the exceptions provided for in the Companies Act.

The General Meeting of Shareholders may also decide on other matters falling within its competence under the company's Articles of Association, provided that, in accordance with the Companies Act, such matters do not fall within the competence of other organs of the company and are not essentially functions of the management bodies.

A decision of the General Meeting of Shareholders shall be deemed to be adopted when more shareholders vote in favour of it than against it, with the exception of items 1, 6, 7, 8, 9, 11, 12, 14, 15, 17, 18, 21, 22, 23, 24, 25 above, which shall be adopted by a 2/3 (two-thirds) vote of the total number of shares of all the shareholders present at the Meeting, and for item 16, the decision shall require 3/4 (three-quarters) of the votes of all the shares of the shareholders present at the General Meeting of Shareholders and entitled to vote on the matter.

31. Board of Directors of the Company

The Board of Directors is the collegiate management body of the Company, consisting of 6 (six) members. The members of the Board shall be elected and recalled by the General Meeting of Shareholders in accordance with the procedure established by the Companies Law. The members of the Board shall elect the Chairman of the Board. The number of terms of office of a member of the

Board shall be unlimited. Only a natural person may be elected as a member of the Board. A member of the Supervisory Board of the Company (if the Company has a Supervisory Board) and a person who is not entitled to hold such office under the law shall not be a member of the Board. The powers of the members of the Board are defined in the Companies Act and the Articles of Association of the Company.

If the Board is recalled, resigns or otherwise ceases to hold office before the expiry of its term of office, a new Board shall be appointed for a new term of office. If individual members of the Board are elected, they shall be elected only until the end of the term of office of the existing Board.

The Board may take decisions and a meeting of the Board shall be deemed to have taken place when 2/3 or more of the members of the Board are present. Members of the Board who have voted in advance shall be deemed to be present at the meeting. A decision of the Board shall be adopted by a greater number of votes in favour than against.

The members of the Board are paid bonuses for their work on the Board in accordance with the procedure set out in Article 59 of the Companies Law. The amount of royalties depends on the Company's performance. The General Meeting of Shareholders shall decide on the payment of bonuses.

The General Meeting of Shareholders of AB Rokiškio sūris, held on 28 April 2023, granted bonuses of EUR 30 thousand to the members of the Board of Directors.

No other additional payments are foreseen for the Chairman of the Board in relation to the incentive scheme.

The members of the Board have not delegated any authority to other persons to carry out the functions falling within the competence of the Board.

Board Members of Rokiškio sūris, AB:

(Elected at the Extraordinary General Meeting of the Company on 10.12.2021)

Antanas Trumpa – the Company's Board Chairman (as from 13.12.2017)

Work experience	AB Rokiškio sūris has been operating since 1966. 1971 - 2017 Head of the Company (Director).
Education	1966 Kaunas Polytechnic Institute, specialist in food industry machinery and apparatus, qualified as a mechanical engineer. In 1979, at Kaunas Polytechnic Institute, he defended his thesis as a candidate of technical sciences entitled "Organisation of the work of vacuum apparatus", for which he was awarded a PhD in mechanical engineering on 12 October 1994. The doctorate degree was awarded by the Lithuanian Science Council on 1994.
Shares in AB "Rokiškio sūris"	Directly owns 7 088 663 shares (19,76 % of the authorised capital and votes) Together with related parties 29,387,655 shares (81.93 % of the authorised capital and votes).
Participation in the activities of other companies	Chairman of the Board of Rokiškio pienas UAB (company code 300561844, registered office address Pramonės g. 8, Utena) and Rokiškio pieno gamyba UAB (company code 303055649, registered office address Pramonės g. 8, Utena). A shareholder of UAB Pieno pramonės investicijų

	valdymas (company code 173748857, adr. Pramonės g.3, Rokiškis), holding 7 443 units, i.e. 73.84 % of the shares and votes of UAB Pieno pramonės investicijų valdymas.
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Darius Norkus – Member of the company's board. Deputy Chairman of the Board. Member of the Board since 2008 (re-elected for a new 4-year term of office at the Company's General Meeting of Shareholders on 10.12.2021).

Work experience	Since 2001 Sales and Marketing Director of AB "Rokiškio sūris" (company code 173057512, address Pramonės g.3, Rokiškis).
Education	Kaunas University of Technology, graduated engineer (1993). Baltic Management Institute, Master's degree in Business Administration (EMBA programme, 2000).
Shares in AB "Rokiškio sūris"	No shares.
Participation in the activities of other companies	Shareholder of UAB Pieno pramonės investicijų valdymas (company code 173748857, adr., Pramonės g. 3, Rokiškis), owns 4,07 % of the shares and votes of UAB Pieno pramonės investicijų valdymas. Director of UAB "DairyHub.LT" (company code 305831304, address Kauno g. 65, Ukmergė). He has no shares in this company.

Paul M Campbell - Independent member of the Company's Board.

Work experience	Director and owner of Osmotics Consulting Ltd. Osmotics Consulting provides dairy and other agricultural companies with strategic, M&A, management and financial advice. Paul has over 35 years of experience in general management, setting up and managing international joint ventures, marketing, engineering and finance. Worldwide, Paul has worked in Australia, USA, Japan, Latin America, Russia, China, India, Europe and North Africa. Paul M. Campbell currently lives in London.
Education	University of Canterbury, New Zealand, Chemical and Industrial Engineering. Massey University, New Zealand, Diploma in Dairy Science and Technology.
Shares in AB "Rokiškio sūris"	No shares
Participation in the activities of other companies	Mr. Campbell is a director of a multinational joint venture in Brazil.

Ramūnas Vanagas – Member of the company's board. Member of the Board since 2006 (re-elected for a new 4-year term of office on 10.12.2021 at the Company's Extraordinary General Meeting of Shareholders)

Work experience	Since 2005 Development Director of AB "Rokiškio sūris" (company code 173057512, address Pramonės g.3, Rokiškis). Since 2020 Director of Milk Purchasing at AB Rokiškio sūris (company code 173057512, address Pramonės g.3, Rokiškis).
Education	Lithuanian Academy of Agriculture, specialisation in economics and organisation.
Shares in AB "Rokiškio sūris"	No shares.
Participation in the activities of other companies	Shareholder of UAB Pieno pramonės investicijų valdymas, holds 4,07 % of shares and votes in UAB Pieno pramonės investicijų valdymas (company code 173748857, adr., Pramonės g.3, Rokiškis); Member of the Management Board of the Latvian company SIA Jekabpils piena kombinats (company code 45402008851, registered office address Akmenu iela 1, Jekabpils, Latvia), no shares.

Jonas Vaičaitis – Independent member of the Company's Board.

Work experience	1992-2018 m. Head of Branch, AB SEB Bank, Senior Project Manager, Client Department.
Education	Higher engineering degree, Kyiv Polytechnic Institute.
Shares in AB "Rokiškio sūris"	No shares.
Participation in the activities of other companies	Not involved in other companies.

Thomas Jan de Bruijn – Member of the company's board.

(until the end of the current term of office (10.12.2025), elected on 07.10.2022 at the Extraordinary General Meeting of the Company).

Work experience	M&A consultant at Deloitte (2011-2017) Head of M&A at Fonterra Europe (2017-2019) Head of Sourcing Fonterra Europe (2019-2021) Commercial and Partnerships Director Fonterra Europe (2021)
Education	Master's degree in Strategic Management (Rotterdam RSM University)
Shares in AB "Rokiškio sūris"	No shares.
Participation in the activities of other companies	No information available on participation in other companies.

Company manager (director):

The Company is managed by the Chief Executive Officer (Director). The Chief Executive Officer (Director) of the Company is the Company's sole management body, which organises the day-to-day business activities of the Company, considers and decides on the Company's long-term strategic plan and business plan. In the Company's relations with other persons, the Director shall act on behalf of the Company with sole authority.

The Chief Executive Officer attends all General Meetings of Shareholders, including those held during the period under review.

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

Details of the Company's Chief Executive Officer (Director):

Dalius Trumpa - Company's Chief Executive Officer (Director)

(Appointed by the Board of Directors of the Company as of 01.01.2018)

Work experience	AB Rokiškio sūris (company code 173057512, address Pramonės g.3, Rokiškis) has been operating since 1991. 2002-2006 Production Director of AB Rokiškio sūris. 2007-2017 Deputy Director of Rokiškio sūris AB. Since 2018.01.01.01 Director of AB Rokiškio sūris. Since 02.01.2007 Director of the subsidiary UAB Rokiškio pienas (company code 300561844, registered office address Pramonės g.8, Utena). Since 29.04.2013 Director of the subsidiary UAB "Rokiškio pieno gamyba" (company code 303055649, registered office address Pramonės g.8, Utena).
Education	Kaunas University of Technology, Food Industry Machinery and Apparatus, Mechanical Engineer.
Shares in AB "Rokiškio sūris"	No shares.
Participation in the activities of other companies	Shareholder of UAB Rokvalda (company code 300059165, address Basanavičiaus g.16A-125, Vilnius), holding 100% of shares and votes. Since 2010 Chairman of the Board of the Latvian company SIA Kaunata (company code 240300369, registered office address Rogs, Kaunata pag., Rezeknes nov., Latvia). He does not own shares in this company. Since 11 December 2013 Director of SIA "RSU Holding" (company code 40103739795, business address Elizabetes iela 45/47, Riga). He holds 92 % of the shares of SIA RSU Holding. The shareholder of UAB "Pieno pramonės investicijų valdymas" (company code 173748857, address Pramonės g.3, Rokiškis) holds 4.07 % of the shares and votes of UAB "Pieno pramonės investicijų valdymas";

32. Committees within the Company

Audit Committee of AB Rokiškio sūris:

The Company's Audit Committee is composed of 3 members, 2 of whom are independent. The term of office of the members of the Audit Committee is 4 years. The members of the Audit Committee shall be elected by the General Meeting of Shareholders on the recommendation of the Board of Directors of the Company.

1. Kęstutis Gataveckas - Director of UAB Perlas Finance (independent member). Does not hold any shares in Rokiškio sūris AB.
2. Vilmantas Pečiūra - Director of Virenda UAB (independent member). Does not hold any shares in Rokiškio sūris AB.

3. Rasa Žukauskaitė - (Employee of the Finance Department of Rokiškio sūris AB). Has 2 shares in AB "Rokiškio sūris".

The term of office of the members of the Audit Committee expires on 30 April 2025.

The Audit Committee is a collegiate body, which takes its decisions at meetings. The Audit Committee may take decisions and a meeting of the Audit Committee shall be deemed to have taken place when at least two (2) members of the Committee are present. A decision shall be adopted by the affirmative vote of at least two (2) members of the Audit Committee present at the meeting.

The functions, rights and duties of the Audit Committee shall be regulated by the Regulations on the Establishment and Activities of the Audit Committee of AB Rokiškio sūris, approved by the General Meeting of Shareholders of the Company, as well as by other documents regulating the activities of the Audit Committee.

Main functions of the Audit Committee:

1. Monitor the process of preparing the financial statements of the Company and its Subsidiaries;
2. Monitor the effectiveness of the Company's internal control, risk management and internal audit systems;
3. To make recommendations to the Board of Directors of the Company in relation to the selection of the external audit firm and to monitor the audit process;
4. To monitor the independence and objectivity of the external auditor and the audit firm;
5. To inform the Board of Directors of the Company of significant deficiencies in internal control over the financial statements identified by the external and internal auditors and to make recommendations for their correction;
6. Act honestly and responsibly for the benefit and welfare of the Company and its shareholders.

There are no other committees in the company.

33. Management of the company

Members of the company's management

Position	Name, surname	In office since
Director	Dalius Trumpa	2018-01-01
Director of Finance	Antanas Kavaliauskas	2002-05-01
Director of Milk Purchasing	Ramūnas Vanagas	2020-01-01
Director of Logistics	Jonas Kubilius	2002-05-16
Sales and Marketing Director	Darius Norkus	2001-07-18

Management bonus system:

Members of the Company's management receive a salary and variable components depending on the Company's performance, market conditions and other factors. The Group does not have any management bonus schemes in place.

Executive remuneration policy:

30 April 2020 The Company's General Meeting of Shareholders approved the Company's Executive Remuneration Policy. The Remuneration Policy defines the procedure for determining the remuneration to be paid to the Company's Director, members of the Board of Directors, establishes

the forms of monetary remuneration for the activities of the members of the Company's collegiate management and supervisory bodies, the grounds for awarding and the procedure for payment of such remuneration, and governs other matters relating to the payment of remuneration to members of bodies. The Remuneration Policy shall apply to the Managers (the Company's Director and the members of the Management Board). The Remuneration Policy is drawn up for a period of four years. The Company does not have a Remuneration Committee.

The Company's Remuneration Policy is publicly available on the Company's website www.rokiskio.com under "For Investors".

34. Employees

The average number of employees in the Rokiškio sūris Group in the first six months of 2023 is 1211, a decrease of 7.49% or 98 employees compared to the first half of 2022. The average number of employees in 6 months 2022 was 1 309. The decrease in the number of employees is due to the Company's ongoing reorganisation changes and optimisation of works, as well as seasonal fluctuations in the number of employees.

In the first 6 months of 2023, labourers represent 77.5% (H1 2022: 80.7) of the Company's total workforce; professionals represent 22% (H1 2022: 18.6%); Management staff consists of 6 managers (H1 2022: 8 managers).

Employees of the Group by category

Group of employees	Average number of employees		Change (%)
	30/06/2023	30/06/2022	
Managers*	6	8	-25.0
Specialists	266	244	-9.02
Workers	939	1 057	-11.16
Total:	1 211	1 309	-7.49

*Functional directors are assigned to the company's senior management.

The company employs highly qualified staff, including:

- 11.81% (11.46% in the first half of 2022) with university degree;
- 51.53 % with college degree (50.42 % in the first half of 2022);
- secondary education: 36.42% (38.04% in the first half of 2022);
- incomplete upper secondary education: 0.24% (0.08% in the first half of 2022).

Payroll system

The company has an efficient and fair remuneration system to attract, retain and motivate staff. All employment contracts with the Company's employees, including managers, are concluded in accordance with the requirements of the Labour Code of the Republic of Lithuania. Employees are recruited and dismissed in accordance with the requirements of the Labour Code.

Average monthly earnings of Rokiškio sūris Group by employee group

Group of employees	Average monthly salary (bruto) EUR		Change (%)
	30/06/2023	30/06/2022	
Managers	3 421	3 112	+9,93

Specialists	1 836	1 730	+6,13
Workers	1 751	1 541	+13,63
Average	1 778	1 586	+12,11

The average monthly salary is calculated in accordance with Government Resolution No 496, 21.06.2017.

The salary paid to the employees of AB "Rokiškio sūris" Group consists of:

- 1) fixed remuneration for the work performed - monthly salary stipulated in the contract;
- 2) piece rate remuneration: for employees on the production floor, for the sales department, for the sales manager, for the sales assistant, for the sales assistant, for the sales assistant, for the sales assistant, for the sales assistant. For production workers, the wages are based on the quantity of actual work performed and on approved rates;
- 3) variable remuneration: in accordance with the provisions of the incentive fund approved in the collective agreement.

From 2018 to the present, the Company has applied a remuneration system based on variable remuneration components established by the Company, depending on the Company's performance, market situation and other factors. The variable remuneration components are allocated to each division in accordance with the approved functional management system. These remuneration arrangements shall be approved by the Chief Executive Officer of the Company.

Each production department or division of the Company has an approved procedure for the allocation of the incentive pool, which includes performance evaluation criteria and incentives for all employees. Performance appraisal is one of the most important tasks of the Company in order to organise work as efficiently as possible, to achieve the objectives set, to foster positive relations between managers and their subordinates, and to increase the motivation of employees.

Employees of Group companies have the right to participate in trade union activities. The companies have a trade union committee which defends the labour, economic and social rights and interests of its members, defends the right to employment and social security of its members, takes care of the development of professional qualifications, develops professional ethics, and seeks to increase the wages and other incomes of workers in the food industry.

The Collective Agreement was approved in September 2020 and updated in August 2022, improving the guarantees already in place for employees. The purpose of this Collective Agreement is to create conditions for the harmonious functioning of the collective, to guarantee a level of work, remuneration, health and safety and other working conditions for the various categories of employees that is better than that provided for by the laws of the Republic of Lithuania, governmental decrees and regulations, and to provide better labour and social guarantees for the Company's employees.

35. Information on agreements between the Company and the members of its organs, the members of the committees it has set up, or its employees, which provide for compensation in the event of their resignation or dismissal without just cause, or in the event of the termination of their employment as a result of a change of control of the issuer

There are no agreements between the Company and the members of the Board of Directors or employees providing for compensation in the event of their resignation or dismissal without just cause, or in the event of termination of their employment as a result of a change of control of the

Company. All employment contracts with the Company's employees, including members of the Company's management, are concluded in accordance with the requirements of the Labour Code of the Republic of Lithuania. Nor does the Company provide for any additional share-based payments.

INFORMATION ON RELATED PARTY TRANSACTIONS AND SIGNIFICANT ARRANGEMENTS

36. Transactions with related parties

Transactions with interested persons/related parties are disclosed in Note 7 of the Notes to the Company's Consolidated Financial Statements for the six months ended 30 June 2023.

There were no related party transactions entered into by the Company during the six months ended 30 June 2023 that were on an arm's length basis and/or were not in the ordinary course of the Company's business and/or had a material effect on the Company, its finances, assets or liabilities.

37. Information on harmful transactions entered into on behalf of the issuer

During the reporting period, there were no harmful transactions that were inconsistent with the Company's objectives, were not in line with normal market conditions, were prejudicial to the interests of the shareholders or other groups of persons and had or may in the future have an adverse effect on the Company's business or results of operations. There were also no transactions resulting from conflicts of interest between the duties of the Company's directors, controlling shareholders or other related parties to the Company and their private interests and/or duties.



**AB "ROKIŠKIO SŪRIS"
2023 SIX MONTHS
CONSOLIDATED INTERIM
SET OF FINANCIAL STATEMENTS**

**AB „ROKIŠKIO SŪRIS“
CONSOLIDATED AND PARENT COMPANY’S
FINANCIAL STATEMENTS as at 30th June 2023**

Company code 173057512, address: Pramonės g. 3, LT-42150 Rokiškis, Lithuania

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

38. Consolidated Statement of comprehensive income

	January - June	
	2023	2022
Sales	148,106	168,217
Cost of sales	(134,879)	(148,574)
Gross profit	13,227	19,643
Selling and marketing expenses	(11,468)	(12,345)
Operating profit (loss)	1,759	7,298
Finance costs	(585)	(211)
Profit before tax	1,174	7,087
Income tax	620	(1,306)
Operating activity income (loss)	1,794	5,781
Net profit (loss)	1,794	5,781
Other comprehensive income	-	-
Total comprehensive income for the year	1,794	5,781

**AB „ROKIŠKIO SŪRIS“
CONSOLIDATED AND PARENT COMPANY’S
FINANCIAL STATEMENTS as at 30th June 2023**

Company code 173057512, address: Pramonės g. 3, LT-42150 Rokiškis, Lithuania

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

39. Consolidated Balance sheet

	June 30, 2023	December 31, 2022	June 30, 2022
PROPERTY			
Long-term tangible assets	84,273	82,939	80,501
Intangible assets	130	162	179
Investments	169	169	169
Other non-current receivables and loans granted	3,049	3,040	3,566
	<u>87,621</u>	<u>86,310</u>	<u>84,515</u>
Current assets			
Inventories	75,125	72,229	65,424
Receivables and advance payments	55,344	56,675	63,774
Loans granted	2,422	2,896	3,373
Prepaid income tax	-	139	302
Cash and cash equivalents	1,812	3,401	2,418
	<u>134,703</u>	<u>135,340</u>	<u>135,291</u>
Total assets	<u>222,324</u>	<u>221,650</u>	<u>219,706</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary shares	10,402	10,402	10,402
Share premium	18,073	18,073	18,073
Reserve for acquisition of treasury shares	10,850	10,850	10,850
Treasury shares	(2,251)	(2,251)	(2,251)
Other reserves	25,430	25,922	26,697
Retained earnings	85,460	88,453	80,973
	<u>147,964</u>	<u>151,449</u>	<u>144,744</u>
Non-current liabilities			
Borrowings	4,900	5,950	7,000
Deferred income tax liability	508	1,122	3,004
Accounts payable	2,011	2,126	2,241
Non-current provisions	1,421	1,421	683
Deferred income	2,478	2,097	787
	<u>11,318</u>	<u>12 716</u>	<u>13 715</u>
Current liabilities			
Trade and other payables	27,090	30,209	32,259
Tax liabilities	290	2,123	1,846
Deferred income	326	399	386
Current provisions	314	314	1,493
Borrowings	35,022	24,440	25,263
	<u>63,042</u>	<u>57,485</u>	<u>61,247</u>
Total equity and liabilities	<u>222,324</u>	<u>221,650</u>	<u>219,706</u>

AB „ROKIŠKIO SŪRIS“

**CONSOLIDATED AND PARENT COMPANY'S
FINANCIAL STATEMENTS as at 30th June 2023**

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

40. Consolidated cash flow statement

	January-June	
	2023	2022
Operating activities		
Profit before tax and minority interest	1,174	7,087
<i>Corrections:</i>		
– depreciation	4,825	4,518
– amortisation (negative prestige not included)	31	28
– profit loss on disposal of property, plant and equipment	(15)	(36)
– interest expense	585	211
– interest income	(195)	(119)
– amortization of government grants received		
– inventory write-down to net realizable value	(141)	(115)
<i>Circulating capital changes:</i>		
- inventories	(2,726)	(6,394)
- amounts payable	(3,807)	13,003
- amounts receivable and prepayments	1,594	(13,619)
Cash flows from operating activities	1,325	4,564
Interest paid	(585)	(211)
Income tax paid	-	(431)
Net cash generated from operating activities	740	3,922
Investing activities		
Purchase of property, plant and equipment	(6,265)	(5,963)
Purchase of intangible assets	-	(4)
Loans granted to farmers and employees	(940)	(386)
Proceeds from sale of property, plant and equipment	88	36
Other loans granted	-	(625)
Interest received	195	119
Other loan repayments received	312	792
Net cash generated from investing activities	(6,610)	(6,031)
Financing activities		
Loans received	10,582	3,449
Repayments of borrowings	(1,050)	(1,050)
Dividends paid	(5,251)	(3,501)
Net cash generated from financing activities	4,281	(1,102)
Net increase in cash and cash equivalents	(1,589)	(3,211)
Cash and cash equivalents at the beginning of the period	3,401	5,629
Cash and cash equivalents at the end of the period	1,812	2,418

**AB „ROKIŠKIO SŪRIS“
CONSOLIDATED AND PARENT COMPANY’S
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(All tabular amounts are in EUR '000 unless otherwise stated)

41. Consolidated Own Capital Change Statement

	Share capital	Share premium	Reserve for acquisition of treasury shares	Treasury shares	Other reserves	Retained earnings	Total
Balance at December 31st 2021	10,402	18,073	10,850	(2,251)	27,102	78,304	142,480
Comprehensive income							
Profit (loss) of the year						5,781	5,781
Decrease in share capital/ cancellation of treasury shares							
Dividends relating to 2021						(3,501)	(3,501)
Transfer to retained earnings (transfer of depreciation, net of deferred income tax)					(405)	389	(16)
Balance at June 30st 2022	10,402	18,073	10,850	(2,251)	26,697	80,973	144,744
Comprehensive income							
Profit (loss) of the year						6,733	6,733
Acquisition of treasury shares							
Transfer to retained earnings (transfer of depreciation, net of deferred income tax)					(775)	747	(28)
Balance at December 31st 2022	10,402	18,073	10,850	(2,251)	25,922	88,453	151,449
Comprehensive income							
Profit (loss) of the year						1,794	1,794
Transfer to reserves						(28)	(28)
Dividends relating to 2022						(5,251)	(5,251)
Transfer to retained earnings (transfer of depreciation, net of deferred income tax)					(492)	492	-
Balance at June 30st 2023	10,402	18,073	10,850	(2,251)	25,430	85,460	147,964

AB „ROKIŠKIO SŪRIS“
CONSOLIDATED AND PARENT COMPANY’S
FINANCIAL STATEMENTS as at 30th June 2023
 Company code 173057512, address: Pramonės g. 3, LT-42150 Rokiškis, Lithuania

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

42. Commentary on the Report

1. General information

The Public Limited Liability Company Rokiškio sūris (hereinafter – the company) is a public listed company incorporated in Rokiskis.

The shares of AB Rokiskio Suris are traded on the Baltic Main List of the Nasdaq Vilnius (symbol – RSU1L).

The Consolidated Group (hereinafter – the Group) consists of the Company and five subsidiaries. (2022: Company and five subsidiaries). The subsidiaries that comprise consolidated Group are indicated below:

	Year of acquisition	Main activity	Group’s ownership interest (%) as at 30 June	
			2023	2022
Subsidiaries				
Rokiškio Pienas UAB	2006	Distribution of dairy products	100.00	100.00
Rokiškio Pieno Gamyba UAB	2013	Production of dairy products	100.00	100.00
Jekabpils Piena Kombinats SIA	2005-2011	Raw milk collection	100.00	100.00
<i>Kaunata SIA*</i>	2010	Raw milk collection	60.00	60.00
DairyHub.LT UAB	2021	Production of dairy products	100.00	100.00

* These subsidiaries were not consolidated due to their insignificance.

All above subsidiaries are incorporated in Lithuania, except for SIA Jekabpils Piena Kombinats and SIA Kaunata which are incorporated in Latvia.

The Group’s main line of business is the production of fermented cheese and a wide range of other dairy products.

As of 30st June 2023, the average number of the Group’s employees was equal to 1,211 (compared to 1,309 employees as at 30st June 2022).

2. Accounting Principles

These consolidated financial statements have been prepared according to International Financial Reporting Standards (IFRS) as adopted by the European Union.

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

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

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Subsidiaries are the entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

The group treats transactions with non-controlling interest as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

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

Subsequent costs are included into the asset’s carrying amount or recognized as separate assets, as appropriate, only when it is likely that in future the Group will receive economic benefits associated with the item and the cost of the item will be measured accordingly. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they have been incurred.

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

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

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

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as ‘trade and other receivables’ in the balance sheet.

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are initially recorded at fair value. Held-to-maturity financial assets are subsequently measured at amortised cost using the effective interest method less any recognised impairment losses which reflect irrecoverable amounts.

Proceeds from held-to-maturity financial assets are recognised through profit or loss using the effective interest method.

Inventories are subsequently carried at the lower of cost and net realisable value. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related indirect production overheads, but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. In half year 2023 financial statement it was made 13.5 million Eur adjustment when evaluating the stocks at net realizable value, in year 2022 financial statements it was made 5.5 million Eur adjustment.

Loans granted and amounts receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less the amount of impairment loss. A provision for impairment of amounts receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The impairment amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the statement of comprehensive income within 'general and administrative expenses'. Bad debts are written off during the year in which they are identified as irrecoverable.

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

Ordinary shares are stated at their par value. Consideration received for the shares sold in excess over their nominal value is shown as share premium. Incremental external costs directly attributable to the issue of new shares are accounted for as a deduction from share premium.

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

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

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the amount at initial recognition and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Profit is taxable at a rate of 15 % (2022: 15 %) in accordance with the Lithuanian regulatory legislation on taxation.

The Group pays social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. Social security contributions are recognised as expenses on an accrual basis and are included in payroll expenses.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminated sales within the Group. Revenue from sales of goods is recognised only when all significant risks and benefits arising from ownership of goods is transferred to the customer.

Interest income is recognised on a time-proportion basis using the effective interest method.

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

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

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

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

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

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

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

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

The Company's management believes the values of property, plant and equipment adjusted under these methods as of 30 June 2023 and 2022 approximated the fair value.

3. Financial risk management

The Group's and the Company's activities expose them to a variety of financial risks. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the financial performance of the Group.

Risk management is carried out by the Company's management. There are no written principles for overall risk management in place.

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

The Group's interest rate risk arises from interest-bearing loans and borrowings. Borrowings with variable interest rates expose the Group to cash flow interest rate risk. Borrowings with fixed interest rates expose the Group to fair value interest rate risk. In 2023 and 2022, loans granted by the Group with fixed interest rate were denominated in the euros. In 2023 and 2022, the Group's borrowings were with variable interest rate and they were denominated in the euros.

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

As at 30 June 2023, the Company's and the Group's all cash balances were held at banks that had external credit ratings from 'A+' to 'BBB', as set by the rating agency Fitch Ratings (30 June 2022: from 'A+' to 'BBB').

The table below summarises the Group's credit risk exposures relating to on-balance sheet items. Maximum exposure to credit risk before collateral held or other credit enhancements as at 30 June:

	2023 06 30	2022 06 30
Cash and cash equivalents at banks	1,812	2,418
Trade receivables	55,344	63,774
Loans granted	5,471	5,586
	62,627	71,778

The Group does not classify amounts receivable and other financial assets exposed to credit risk according to credit quality. Credit risk is managed through established credit limits for a major customers and monitoring of overdue receivables and loans. Credit limits and overdue receivables are continuously monitored by the Company's and the Group's management.

	2023 06 30		2022 06 30	
	Credit limit	Amount receivable	Credit limit	Amount receivable
Customer A	6,500	6,455	6,600	6,573
Customer B	5,500	4,060	5,000	4,749
Customer C	4,345	3,411	4,500	4,305
Customer D	2,500	2,303	4,345	4,445
Customer E	2,250	2,243	5,000	3,380

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

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

As at 30 June, the Group's capital structure was as follows:

	2023 06 30	2022 06 30
Borrowings	39,922	32,263
Less: cash and cash equivalents	(1,812)	(2,418)
Net debt	38,110	29,845
Shareholders' equity	147,964	144,744

Total capital	186,074	174,589
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Pursuant to the Lithuanian Law on Companies the authorised share capital of a public company must be not less than EUR 25 thousand (the authorised share capital of a private company must not be less than EUR 1 thousand) and the shareholders' equity should not be lower than 50% of the company's registered share capital. As at 30 June 2023 and 30 June 2022, the Company and its subsidiaries registered in Lithuania complied with these requirements.

4. Information on segments

Operating segments and reportable segments

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

- Fresh milk products
- Cheese and other dairy products.

Other operations of the Group comprise of raw milk collection. Transactions between the business segments are on normal commercial terms and conditions.

Geographical information

Analysis of the Group's income from sales according to markets is as follows:

	2023 06 30	2022 06 30
Lithuania	52,800	62,877
European Union member states	75,566	89,705
Near East	10,491	8,248
North America	4,768	2,372
Far East	3,911	4,623
Other countries	570	392
Total	148,106	168,217

The breakdown of the Group's revenue by category:

	2023 06 30	2022 06 30
Product Sales	146,674	16,716
Provided services	1,432	501
Total	148,106	168,217

5. Long-term tangible assets

In the income statement the depreciation charge of long-term tangible assets is reported in the following entries: selling and marketing expenses, general and administrative expenses and cost of sales, as well as in production in progress and ready production entries.

Software and intangible asset depreciation charge are accounted in the entry of general and administrative expenses.

6. Inventories

As at 30st June 2023, the Group's inventories were made of:

	2023 06 30	2022 06 30
Raw materials	3,228	3,127
Work in progress	13,443	12,778
Finished products	56,610	47,118
Other inventories	1,844	2,401
Total	75,125	65,424

7. Related-party transactions

Main shareholders of Company:

	2023 06 30	2022 06 30
Mr Antanas Trumpa (Chairman of the Board of the Company)	19.76%	19.76%
„Pieno pramonės investicijų valdymas” UAB (established in Lithuania) *	27.21%	27.21%
SIA „RSU Holding“ (established in Latvia) *	24.96%	24.96%
Fonterra (Europe) Coöperatie U.A	10.00%	10.00%
Other shareholders (legal entities and natural persons)	15.67%	15.67%
Rokiškio sūris AB (treasury shares)	2.40%	2.40%

* *Pieno Pramonės Investicijų Valdymas UAB is controlled by Mr Antanas Trumpa (as a principal shareholder holding 75.60% of the share capital and votes of Pieno Pramonės Investicijų Valdymas UAB). RSU Holding SIA is controlled by Mr Dalius Trumpa (as a single shareholder holding 92% of the share capital and votes of RSU Holding SIA). The group of persons acting in concert holds in total 81,93% (2022 06 30: 81.93%) of the Company's share capital and votes*.*

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

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

The following transactions were carried out with related parties:

	2023 06 30	2022 06 30
Purchase of raw milk from other related parties	1,785	3,150
Purchase of non-current assets	-	-
Purchases of services	167	151
Sales of production and other inventories	9,340	15,394
Interest charges on credit facility	5	6

Seeking to disclose more accurately the internal turnovers for Rokiškio Sūris AB and Rokiškio Pienas and for Rokiškio Pieno Gamyba UAB, the Group's management decided that all purchases of raw materials used for the manufacturing of products exported by Rokiškio Sūris AB should be made at zero price, and all sales of products produced by Rokiškio Pienas UAB and by Rokiškio Pieno Gamyba UAB should be treated as sales of services, i.e. excluding the value of raw material.

Purchases and sales of milk, property plant & equipment and inventory is organised at arm's length conditions between related parties.

Year-end balances arising from transactions with related parties:

	2023 06 30	2022 06 30
Non-interest bearing loans granted to directors (and their family members)	2	6
Loan receivable from Dzūkijos Pienas KB	298	298
Loan payable to Fonterra (Europe) Coöperatie U.A.	2,241	2,471
Trade payables to other related parties	415	474
Trade receivables from other related parties	2,370	5,178

Based on Resolution No 14 of the shareholder of Rokiškio Pieno Gamyba UAB made on 28 April 2023 (Item No 4 of the Agenda), it was decided to approve the proposed appropriation of profit (loss) for 2022 for Rokiškio Pieno Gamyba UAB and allocate EUR 2,655,534 for the payment of dividends. Dividends were paid out to Rokiškio Sūris AB in May 2023.

8. Financial ratios

The Group's financial ratios:	2023 06 30	2022 06 30	2021 06 30
Revenue (EUR thousand)	148,106	168,217	107,461
EBITDA (EUR thousand)	6,615	11,844	2,768
EBITDA margin (%)	4.47	7.04	2.58
Operations profit (EUR thousand)	1,759	7,298	(1,066)
Margin of operations profit (%)	1.19	4.34	(0.99)
Profit per share (EUR)	0.05	0.17	(0.03)
Number of shares (units)	35,867,970	35,867,970	35,867,970

9. Information on the audit

The audit according to the International Accounting Standards will be made for the full year 2023 by audit company UAB BDO auditas ir apskaita.

10. Information on material events and transactions

On 24 February 2023, amendments to the Credit Agreement were signed with AB SEB bankas, whereby the Borrower (AB Rokiškio sūris) increased the amount of the Overdraft Limit up to a total maximum amount of EUR 50 million. The maturity of this Overdraft Limit has been extended until 28 February 2024. It also extended the pledge to the bank of all the Company's current and future funds in circulation and increased the pledge on the property complex.

11. Impact of the war in Ukraine

On 24 February 2022 the Russian Federation has launched a war in Ukraine which has been condemned by the world. Economic and financial sanctions were imposed on the Russian regime. Based on the Group's management's assessment of the potential consequences of the sanctions and the impact of the war, the impact on the financial results of the Group's entities is not expected to be material.

The Group's management is closely monitoring the situation in Ukraine and the sanctions to ensure compliance. Based on management's assessment, the current situation does not affect the Group's current performance and ability to continue its operations.



ENDORSEMENT BY THE RESPONSIBLE PERSONS

31/08/2023

Pursuing Article 22 of the Law on Securities of the Republic of Lithuania and in accordance with the rules of preparation and submission of periodical and supplementary information approved by the Central Bank of the Republic of Lithuania, we, the undersigned – the Chief Executive Officer Dalius Trumpa and the Chief Financial Officer Antanas Kavaliauskas – approve that to our knowledge the half year 2023 consolidated non-audited financial statements are formed in accordance with the applicable accounting standards, they are true and show fair assets, obligations, financial state, profit (loss) and cash flows of the Company and total consolidated group. Also, to our best knowledge the Company's consolidated half year report makes fair overview of the operations and business development, current state of the company overall group of Rokiskio suris AB, including description of the main risks and uncertainties.

Chief Executive Officer Dalius Trumpa

Chief Financial Officer Antanas Kavaliauskas