



**ŽEMAITIJOS PIENAS, AB
SET OF CONSOLIDATED
AND
SEPARATE FINANCIAL STATEMENTS
FOR 1st HALF OF 2021**

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I. STATEMENTS OF FINANCIAL POSITION

ASSETS	Notes	The Group		The Company	
		30-06-2021	31-12-2020	30-06-2021	31-12-2020
Fixed assets					
Intangible assets	4	242	266	242	263
Tangible assets	4	58.143	53.130	51.743	46.626
Investments for sale	5	3.265	3.371	3.179	3.297
Right-of-use-asset	6	736	1.103	736	1.103
Investments into subsidiaries		-	-	3.150	3.150
Loans granted	8	2.025	1.818	2.025	1.818
Other fin., invest. assets		50	67	50	67
Deferred profit tax assets	7	-	-	-	-
Total amount of fixed assets		64.461	59.755	61.125	56.325
Current assets					
Stock	9	35.554	34.043	34.035	32.982
Advance payments		368	240	350	215
Receivables from the buyers	10	16.746	16.799	16.675	16.789
Other receivables	11	3.515	2.494	3.506	2.494
Cash and cash equivalents	12	11.686	16.093	9.051	11.606
Total amount of current assets		67.869	69.669	63.618	64.086
ASSETS IN TOTAL		132.330	129.424	124.743	120.411
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	13	14.029	14.029	14.029	14.029
Own shares (-)		(3.914)	(3.914)	(3.914)	(3.914)
Required reserve		1.403	1.403	1.403	1.403
Other reserves		14.250	12.350	14.250	12.350
Undistributed profit		73.152	70.833	66.968	64.263
Equity of the shareholders of the parent company		98.920	94.700	92.736	88.131
Minority interest		1.551	1.615	-	-
Equity in total		100.471	96.315	92.736	88.131
Long-term liabilities					
Support received		3.182	3.082	2.810	2.937
Loans	14	4.500	4.500	4.500	4.500
Liabilities arising from the financial lease	15	647	647	647	647
Liabilities arising from the deferred profit tax		159	46	250	137
Other long-term liabilities		3.438	3.439	3.248	3.248
Total amount of long-term liabilities		11.926	11.714	11.455	11.468
Short-term liabilities					
Loans	14	1.000	1.500	1.000	1.500
Liabilities arising from the financial lease	15	422	844	422	844
Trade debts	16	12.615	12.156	13.865	12.341
Payable profit tax		-	1.132	-	1.132
Other payable amounts	17	5.896	5.763	5.265	4.995
Total amount of short-term liabilities		19.933	21.395	20.552	20.812
Liabilities in total		31.859	33.109	32.007	32.280
EQUITY AND LIABILITIES IN TOTAL		132.330	129.424	124.743	120.411

II. STATEMENTS OF COMPREHENSIVE INCOME

The Group

Notes	Jan-Jun 2021	Jan-Jun 2020
Sales	93.254	88.417
Cost of sales	(73.544)	(68.465)
GROSS PROFIT	19.710	19.952
Operating expenses	(15.737)	(14.056)
Other operating income and expenses	149	88
(LOSS) PROFIT FROM OPERATIONS	4.122	5.984
Finance costs	(45)	(95)
Other financial income and expenses	191	68
(LOSS) PROFIT BEFORE TAX	4.269	5.957
Income tax (benefit) expense	(114)	25
TOTAL INCOME FOR THE PERIOD	4.155	5.982
ATTRIBUTABLE TO:		
Equity holders of the Company	4.219	6.069
Minority interest	(64)	(87)
	4.155	5.982
Basic and diluted earnings per share (EUR)	0,09	0,13

The Company

	Jan-Jun 2021	Jan-Jun 2020
Sales	92.790	88.089
Cost of sales	(73.102)	(67.922)
GROSS PROFIT	19.688	20.167
Operating expenses	(15.254)	(13.651)
Other operating income and expenses	139	104
(LOSS) PROFIT FROM OPERATIONS	4.573	6.620
Finance costs	(45)	(95)
Other financial income and expenses	191	68
(LOSS) PROFIT BEFORE TAX	4.719	6.593
Income tax (benefit) expense	(114)	34
TOTAL INCOME FOR THE PERIOD	4.605	6.627
ATTRIBUTABLE TO:		
Equity holders of the Company	4.605	6.627
Minority interest		
	4.605	6.627
Basic and diluted earnings per share (EUR)	0,10	0,15

III. STATEMENT OF CHANGES IN EQUITY

The Group	Share capital	Own shares (-)	Legal reserve	Reserves for own shares	Other reserves	Retained earnings	Equity	Minority interest	Total
Balance as of									
31 December 2019	14.029	(3.801)	1.401	10.274	-	63.204	85.107	1.611	86.718
Dividends	-	-	-	-	-	-	-	-	-
Acquisition of own shares	-	-	-	-	-	-	-	-	-
Transfer to reserves	-	-	2	10.000	2.350	(12.352)	-	-	-
Reserves used	-	-	-	(10.274)	-	10.274	-	-	-
Net profit	-	-	-	-	-	6.069	6.069	(87)	5.982
Balance as of									
30 June 2020	14.029	(3.801)	1.403	10.000	2.350	67.195	91.176	1.524	92.700
Balance as of									
31 December 2020	14.029	(3.914)	1.403	10.000	2.350	70.833	94.700	1.615	96.315
Dividends	-	-	-	-	-	-	-	-	-
Acquisition of own shares	-	-	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	-	1.900	(1.900)	-	-	-
Reserves used	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Net profit	-	-	-	-	-	4.219	4.219	(64)	4.155
Balance as of									
30 June 2021	14.029	(3.914)	1.403	10.000	4.250	73.152	98.920	1.551	100.471

The Company	Share capital	Own shares (-)	Legal reserve	Reserves for own shares	Other reserves	Retained earnings	Total
Balance as of							
31 December 2019	14.029	(3.801)	1.401	10.274	-	56.839	78.742
Dividends	-	-	-	-	-	-	-
Acquisition of own shares	-	-	-	-	-	-	-
Transfer to reserves	-	-	2	10.000	2.350	(12.352)	-
Reserves used	-	-	-	(10.274)	-	10.274	-
Net profit	-	-	-	-	-	6.627	6.627
Balance as of							
30 June 2020	14.029	(3.801)	1.403	10.000	2.350	61.388	85.369
Balance as of							
31 December 2020	14.029	(3.914)	1.403	10.000	2.350	64.263	88.131
Dividends	-	-	-	-	-	-	-
Acquisition of own shares	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	-	1.900	(1.900)	-
Reserves used	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-
Net profit	-	-	-	-	-	4.605	4.605
Balance as of							
30 June 2021	14.029	(3.914)	1.403	10.000	4.250	66.968	92.736

IV. CASH FLOW STATEMENTS

	Jan-Jun 2021	Jan-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Cash flow from operating activities				
Profit (loss) for the period	4.155	5.982	4.605	6.627
Adjustments:				
Depreciation and amortization	3.025	2.841	2.772	2.706
Amortization of grants received	(156)	(137)	(127)	(127)
Gain (loss) on disposal of non-current assets	(12)	118	(18)	110
Corporate income tax expenses	114	(34)	114	(34)
Impairment of accounts receivable	(269)	29	(269)	29
Impairment of property, plant and equipment	-	-	-	-
Impairment of inventories to net realizable value	14	51	14	51
Net financial expenses (income)	129	58	128	58
Elimination of non-cash items	-	-	-	-
Loss from liquidation of subsidiaries	-	-	-	-
Net cash flows from ordinary activities before changes in working capital	7.000	8.908	7.219	9.420
Changes in working capital:				
(Increase) decrease in inventories	(1.525)	1.923	(1.068)	2.061
(Increase) decrease in trade receivables	323	1.956	388	2.123
(Increase) decrease in prepayments	(129)	(11)	(135)	(27)
(Increase) decrease in other receivables	(1.377)	368	(1.368)	(45)
(Decrease) increase in trade payables	458	(1.846)	1.525	(2.759)
(Decrease) increase other accounts payable	133	990	270	1.011
Corporate income tax paid	(1.132)	-	(1.132)	-
	-	-	-	-
Net cash flows from operating activities	3.751	12.288	5.699	11.784
Cash flows from (to) investing activities				
Acquisition of intangible assets and property, plant and equipment.	(7.620)	(903)	(7.454)	(662)
Proceeds on sale of property, plant and equipment	90	49	85	49
Acquisition of subsidiaries	-	-	-	-
Acquisition of others investments	17	(943)	17	(943)
Repayment of loans granted	434	461	434	461
Loans granted	(285)	(376)	(285)	(376)
Interest received	41	41	41	41
Net cash flows (to) investing activities	(7.322)	(1.671)	(7.162)	(1.430)



IV. CASH FLOW STATEMENTS - continue	The Group		The Company	
	Jan-Jun 2021	Jan-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Cash flows from (to) financing activities				
Dividends paid	-	-	-	-
Acquisition of own shares	-	-	-	-
Grants received (-)	255	-	-	-
Loans received (-)	-	-	-	-
Repayment of loans	(500)	(1.998)	(500)	(1.998)
Financial lease payments	(422)	(433)	(422)	(433)
Interest paid	(45)	(95)	(45)	(95)
Other financial (income) and expenses	(125)	(3)	(125)	(3)
Net cash flows from financial activities	(836)	(2.530)	(1.092)	(2.530)
Net increase (decrease) in cash and cash equivalents	(4.407)	8.087	(2.555)	7.824
Cash and cash equivalents at the beginning of the year	16.093	9.901	11.606	8.835
Cash and cash equivalents at the end of the year	11.686	17.988	9.051	16.659

V. EXPLANATORY NOTES

1. GENERAL INFORMATION

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

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

On 30 June 2020 and 2021 the Company's share capital was 14 029 thousand of EUR composed of 48.375.000 ordinary registered shares with a nominal value of 0,29 EUR per share.

All of the shares are issued, subscribed and paid up.

Subsidiaries did not hold any shares of the Company as of 30 June in 2021 and 2020.

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

On 30 June 2020, the balance of the Company own shares amounted to 3,417 pcs for 3,801 thousand. Eur. amount.

From this period until 2021 June 30 the Company additionally acquired 74,738 shares for EUR 112.7 thousand. On 2021 June 30 the balance of the Company's own shares amounted to 3,491,501 units for EUR 3,914 thousand.

In 30 June 2021, the Group was composed of Žemaitijos pienas, AB and its subsidiaries (hereinafter - the Group):

<u>Subsidiary</u>	<u>Registered office of the Company</u>	<u>Interest of the Group's shares</u>	<u>Consolidated interest</u>	<u>Investments (cost price) 30 June 2020</u>	<u>Net assets 30 June 2021</u>	<u>Main activities</u>
Šilutės Rambynas, ABF	Klaipėdos st. 3, Šilutė, Lithuania	87.82 %	87.82 %	3.150	12.734	Production and sale of cheese

On 30 June 2021, the Company had 1.201 employees, and the Group had 1.369 employees (on 30 June 2020 – 1.281 employees in the Company and 1.463 employees in the Group).

2. ACCOUNTING PRINCIPLES

The consolidated interim financial statements for the six months' period ending 30 June 2021 are prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union, includes IAS 34. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2020 year.

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

Financial statements for the period ended 30 June 2021 are not audited. Financial statements for the year ended 31 December 2020 are audited by the external auditor Grant Thornton Baltic, UAB

3. INFORMATION ABOUT THE SEGMENTS

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

The Group	Sales, EUR thousand		Variation in % as comparing 01-06 2021 with 01-06 2020
	Jan-Jun 2021	Jan-Jun 2020	
Cheese and cheese products	41.630	38.935	6,92%
Fresh dairy products	28.951	31.526	-8.17%
Other products	22.673	17.956	26,27%
Total:	93.254	88.417	5,47%

The Group	Gross profit, EUR thousand		Variation in % as comparing 01-06 2021 with 01-06 2020
	Jan-Jun 2021	Jan-Jun 2020	
Cheese and cheese products	8.233	9.404	-12.45%
Fresh dairy products	8.578	10.780	-20,43%
Other products	2.899	(232)	13,50 t.
Total:	19.710	19.952	-1,21%

The Company	Sales, EUR thousand		Variation in % as comparing 01-06 2021 with 01-06 2020
	Jan-Jun 2021	Jan-Jun 2020	
Cheese and cheese products	40.002	37.702	6,10%
Fresh dairy products	28.792	31.397	-8,30%
Other products	23.996	18.990	26,36%
Total:	92.790	88.089	5,34%

The Company	Gross profit, EUR thousand		Variation in % as comparing 01-06 2021 with 01-06 2020
	Jan-Jun 2021	Jan-Jun 2020	
Cheese and cheese products	8.621	9.559	-9,81%
Fresh dairy products	8.508	10.705	-20,52%
Other products	2.559	(97)	27,38 t.
Total:	19.688	20.167	-2,38%

During 2021 January-June significantly increased prices and sales of cream, milk whey and butter, which led to significant gross profit increasement of “Other products” segment.

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

The Group	Jan-Jun 2021	Jan-Jun 2020
Sales, EUR thousand		
Lithuania	46.659	45.626
Other Baltic and CIS states	15.661	15.541
Other European states	23.998	20.416
Other	6.936	6.834
In total	93.254	88.417

The Company	Jan-Jun 2021	Jan-Jun 2020
Sales, EUR thousand		
Lithuania	47.671	46.472
Other Baltic States and CIS members	14.743	14.548
Other Europe countries	23.697	20.416
Other	6.679	6.653
Total, EUR thousand:	92.790	88.089

4. INTANGIBLE AND TANGIBLE NON-CURRENT ASSETS

Changes in **intangible assets of the Group** as of 30 June 2021

The Group	Acquired rights	Computer software	Licenses, patents	Total
Acquisition cost				
As of 31 December 2020	215	142	617	974
- acquisition	43	1	4	48
- adding value	3	-	2	5
- sold or written-off assets	-	-	-	-
- transfers between accounts	-	-	-	-
As of 30 June 2021	261	143	622	1.026
Accumulated depreciation				
As of 31 December 2020	151	131	426	708
- amortization	24	4	49	77
- transfers between accounts	-	-	-	-
- amortization of transferred and written-off assets	-	-	-	-
As of 30 June 2021	175	135	474	784
Net book value:				
As of 31 December 2020	64	11	191	266
As of 30 June 2021	86	8	148	242

Changes in **intangible assets of the Company** as of 30 June 2021

The Company	Acquired rights	Computer software	Licenses, patents	Total
Acquisition cost				
As of 31 December 2020	215	114	617	946
- acquisition	43	1	4	48
- adding value	3	-	2	5
- sold or written-off assets	-	-	-	-
- transfers between accounts	-	-	-	-
As of 30 June 2021	261	115	623	999
Accumulated depreciation				
As of 31 December 2020	151	106	426	683
- amortization	24	2	49	75

-amortization of transferred and written-off assets	-	-	-	-
-transfers between accounts	-	-	-	-
As of 30 June 2021	175	108	474	757
Net book value:				
As of 31 December 2020	64	8	191	263
As of 30 June 2021	86	7	149	242

In the period January-June 2021 amortization of non-current intangible assets of the Group and the Company amounts to EUR 77 thousand and EUR 75 thousand respectively.

Investments in the purchase of non-current intangible assets made by the Group and the Company in the period January - June 2021 amount to EUR 53 thousand and EUR 53 thousand respectively. As all the assets of the Group and the Company are located in Lithuania, all the investments were made in the Lithuanian geographic segment.

Changes in **property, plant and equipment of the Group** as of 30 June 2021

The Group	Land, buildings and constructions	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
Acquisition cost	22.492	90.221	11.443	4.893	932	129.981
As of 31 December 2020						
-acquisition	3.706	1.648	714	151	907	7.126
-sold or written-off assets	-	(280)	(309)	(3)	-	(592)
-transfers to investing assets	(13)	-	-	-	-	(13)
-transfers from investing assets	48	-	-	-	-	48
-reclassification	47	272	-	4	(323)	-
-adding value	355	-	17	4	64	440
As of 30 June 2021	26.635	91.861	11.865	5.049	1.580	136.990
Accumulated depreciation	9.107	55.895	8.878	2.972	-	76.851
As of 31 December 2020						
-depreciation	315	1.734	225	188	-	2.462
-depreciation of written-off and sold assets	-	(280)	(233)	(2)	-	(515)
-transfers to investing assets	-	-	-	-	-	-
-transfers from investing assets	48	-	-	-	-	48
-transfers between accounts	-	-	-	-	-	-
As of 30 June 2021	9.470	57.349	8.870	3.158	-	78.847
Accumulated impairment losses	-	-	-	-	-	-
As of 31 December 2020						
-impairment losses	-	-	-	-	-	-
-reversal of impairment	-	-	-	-	-	-
-transfers to investing assets	-	-	-	-	-	-
As of 30 June 2021	-	-	-	-	-	-
Net book value:						
As of 31 December 2020	13.385	34.327	2.565	1.921	932	53.130
As of 30 June 2021	17.165	34.512	2.995	1.891	1.580	58.143

Changes in **property, plant and equipment of the Company** as of 30 June 2021:

The Company	Land, buildings and constructions	Machinery and equipment	Vehicles	Other property, plant and equipment	Constructi on in progress and prepaymen ts	Total
Acquisition cost						
As of 31 December 2020	19.734	80.073	9.969	4.356	465	114.597
-acquisition	3.706	1.621	714	145	838	7.024
-sold or written-off assets	-	(280)	(300)	(3)	-	(583)
-adding value	355	-	17	4	-	376
-reclassification	-	235	-	-	(235)	-
-transfers to accounts investing assets	-	-	-	-	-	-
As of 30 June 2021	23.795	81.649	10.400	4.502	1.068	121.414
Accumulated depreciation						
As of 31 December 2020	7.971	50.059	7.358	2.581	-	67.969
-depreciation	292	1.511	233	176	-	2.212
-depreciation of written-off and sold assets	-	(279)	(229)	(2)	-	(510)
-reclassification	-	-	-	-	-	-
-transfers to investing assets	-	-	-	-	-	-
As of 30 June 2021	8.263	51.291	7.362	2.756	-	69.671
Accumulated impairment losses						
As of 31 December 2020	-	-	-	-	-	-
-impairment losses	-	-	-	-	-	-
-reversal of impairment	-	-	-	-	-	-
As of 30 June 2021	-	-	-	-	-	-
Net book value						
As of 31 December 2020	11.763	30.014	2.611	1.774	465	46.626
As of 30 June 2021	15.533	30.358	3.038	1.746	1.068	51.743

For the period ending at 30 June 2021 the depreciation costs of the Group's and the Company's property, plant and equipment amounts to EUR 2.462 thousand and EUR 2.212 thousand respectively.

Investments in the the acquiring of non-current tangible and intangible assets made by the Group and the Company in January-June 2021 amounted to EUR 7.566 thousand and EUR 7.400 thousand. All the acquisitions above relate to the geographic segment of Lithuania.

5. INVESTMENT PROPERTY

Changes in the investment assets as of 30 June 2021:

	The Group	The Company
Acquisition cost		
As of 31 December 2020	4.888	4.117
- acquisition	-	-
- transfers from long-term assets	13	-
- transfers to long-term assets	(48)	-
- sold or written-off assets	-	-
- reversal records	-	-
As of 30 June 2021	4.853	4.117
Accumulated depreciation		
As of 31 December 2020	1.517	820
- depreciation	119	118
- transfers to long-term assets	(48)	-
- sold or written-off assets	-	-

- reversal records		
As of 30 June 2021	1.588	938
Accumulated impairment losses		
As of 31 December 2020		
-impairment losses		
-reversal of impairment		
As of 30 June 2021		
Net book value, Eur thousand:		
As of 31 December 2020	3.371	3.297
As of 30 June 2021	3.265	3.179

The fair value of investment assets approximates its book value.

The Group's and Company's depreciation of the investment assets in the period January-June 2021 amounted to EUR 119 thousand and EUR 118 thousand respectively.

The Company's investment assets in 2021 and 2020 represents rented assets to ABF Šilutės Rambynas and UAB Čia Market and other companies.

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

6. RIGHT-OF-USE-ASSET

According to the new IFRS 16 "Leases" effective as of January 1, 2019 the right-of use asset account to the following:

The Group	Land, buildings and constructions	Movable property	Vehicles	Total
Acquisition cost				
31 December 2020	1.947	415	83	2.445
-acquisition	-	-	-	-
-reclassification	-	-	-	-
-the end of contract	-	-	-	-
Acquisition cost				
30 June 2021	1.947	415	83	2.445
Accumulated depreciation				
31 December 2020	960	323	60	1.343
-depreciation	308	46	10	364
-reclassification	1	-	1	2
-the end of contract	-	-	-	-
Accumulated depreciation				
31 June 2021	1.269	369	71	1.709
Net book value				
31 December 2020	987	92	23	1.103
Net book value				
30 June 2021	678	46	12	736
The Company				
Acquisition cost				
31 December 2020	1.947	415	83	2.445
-acquisition	-	-	-	-
-reclassification	-	-	-	-
-the end of contract	-	-	-	-
Acquisition cost				
30 June 2021	1.947	415	83	2.445



Accumulated depreciation 31 December 2020	960	323	60	1.343
-depreciation	308	46	10	364
-reclassification	1	-	1	2
-the end of contract	-	-	-	-
Accumulated depreciation 31 June 2021	1.269	369	71	1.709
Net book value 31 December 2020	987	92	23	1.103
Net book value 30 June 2021	678	46	12	736

7. DEFERRED INCOME TAX ASSET

	The Group		The Company	
	Jan-Jun 2021	Jan-Dec 2020	Jan-Jun 2021	Jan-Dec 2020
Deferred income tax asset				
Accounts receivable	14	54	14	54
Inventories	55	53	55	53
Accrued vacation reserve	208	168	208	168
Other accrued expenses	725	841	671	786
Investment incentiv	-	-	-	-
Tax loss	183	183	-	-
Total deferred income tax asset, EUR thousand	1.185	1.299	948	1.061
Deferred income tax asset realization allowance	-	-	-	-
Deferred income tax asset (realization allowance)	1.185	1.299	948	1.061
Deferred income tax liability				
Difference in property, plant and equipment depreciation rates	(1.345)	(1.345)	(1.198)	(1.198)
Total deferred income tax liability, EUR thousand	(1.345)	(1.345)	(1.198)	(1.198)
Deferred income tax asset, net EUR thousand	(159)	(46)	(250)	(137)

8. LOANS GRANTED

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

	The Group		The Company	
	30 60 2021	31 12 2020	30 60 2021	31 12 2020
Loans granted	2.460	2.608	2.460	2.608
in a number of loans to related parties	602	629	602	629
in number of loans to not related parties	53	60	53	60
in a number of loans to farmers	1.737	1.799	1.737	1.799
in a number of loans to employees	68	120	68	120
Less: current portion of loans granted	(435)	(790)	(435)	(790)
Non-current loans granted, EUR thousand	2.025	1.818	2.025	1.818

All granted loans are in EUR. The repayment term is from 1 to 9 years. 19 company's employees had a loan balance as of 30/06/2021. The average annual loan interest rate: 3%.

Loans have been granted to the employees as a motivating tool based on the Regulations for Provision of Loans to employees. A limit of the fund intended for provision of loans to the employees makes up EUR 232 thousand. On all occasion loans are being granted to a borrower after he/she undertakes to secure repayment of a loan by pledging his/her or another person's real property assets or using other means of security of repayment of a loan acceptable to the company (a credit institution guarantee or other). Upon assessment of a possible risk, liquidity of real estate assets being pledged and etc. a value of the real estate assets being pledged makes up from 100% to 200% of an amount being borrowed.

72 farmers had a loan balance as of 30/06/2021. Loans in the amount of EUR 264 thousand had been granted to farmers within the period from 01/01/2021 to 30/06/2021. The average interest rate on loans granted: 3,50%. All long-term loans have been granted with collateral (land have been pledged at market prices).

As of 30/06/2021 the associated company owed EUR 602 thousand to Klaipėdos pienas, AB. The loan has been granted with a variable/floating annual interest rate; a loan repayment period – the year 2029; the shares of Žemaitijos pienas, AB were pledged.

9. STOCK

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

	The Group		The Company	
	30 06 2021	31 12 2020	30 06 2021	31 12 2020
Raw materials	4.073	4.530	3.611	4.036
Finished goods and work in process	31.566	29.593	30.509	29.026
Goods for resale	281	272	281	272
	35.920	34.395	34.401	33.334
Less: write off to net realizable value	(366)	(352)	(366)	(352)
Total, EUR thousand:	35.554	34.043	34.035	32.982

10. RECEIVABLES FROM THE BUYERS

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

	The Group		The Company	
	30 06 2021	31 12 2020	30 06 2021	31 12 2020
Trade accounts receivable	14.514	14.650	13.961	14.124
Accounts receivable from related parties	2.832	3.018	2.793	3.013
	17.346	17.668	16.754	17.137
Impairment allowance for bad debts of not related parties	(600)	(604)	(79)	(83)
Impairment allowance for bad debts of related parties	-	(265)	-	(265)
Net trade receivables:	16.746	16.799	16.675	16.789

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

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

11. OTHER RECEIVABLES

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

	The Group		The Company	
	30 06 2021	31 12 2020	30 06 2021	31 12 2020
Income tax receivables	-	-	-	-
Current portion of long-term loans granted	434	790	434	790
VAT receivable	2.400	1.016	2.392	1.016
Other receivables	681	688	680	688
Total:	3.515	2.494	3.506	2.494

12. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	30 06 2021	31 12 2020	30 06 2021	31 12 2020
Cash at bank	11.607	16.038	8.972	11.551
Cash on hand	79	55	79	55
Total:	11.686	16.093	9.051	11.606

13. EQUITY

As at 30 June 2021 and at 31 December 2020 the share capital amounted to 48.375.000 ordinary registered shares with a nominal value of 0.29 Eur.

As at 30 June 2021 and on 31 December 2020, all the shares were fully paid.

The required reserve is mandatory under legal acts of the Republic of Lithuania. It is necessary to transfer not less than 5 percent of the net profit each year until the reserve reaches 10 percent of the share capital. The Company's required reserve was fully formed. The required reserve may not be distributed to the shareholders. In April 2020 the shareholders adjusted the amount of the required reserve to 1.403 thousand. Eur.

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

14. LOANS RECEIVED

The loans of the Company and the Group as at 30st June 2021 (EUR thousand):

Creditor	Date of agreement	Loan maturity date	Currency	Interest rate	2021.06.30	2020.12.31
AB SEB bank	2019-07-16	2024-03-30	EUR	1,40% Euribor 3m	5.500	6.000

Total: thousand EUR

5.500

6.000

In July 2019, the Company concluded an amendment to the credit agreement with SEB Bankas, AB on the basis of which a new business credit amounting to EUR 6 million was granted to the Company. The credit bears fluctuating annual interest rate. Its repayment date: March 2024. The additional collateral includes industrial building in Šiauliai (with all the equipment). In addition to the credit agreement, the Company concluded an agreement on financial indicators and other liabilities with SEB Bankas, AB. The financial indicators and non-financial liabilities set down in the agreement are being carried out.

During the January-June 2021 the credit of 2019-07-16 agreement was repaid EUR 0,5 million.

As at 30 June 2021, the balance of the Group and the Company's loans amounted to EUR 5,500 thousand.

15. LIABILITIES UNDER THE FINANCIAL LEASE CONTRACT

As at 30 June 2021, finance lease liabilities of the Group and the Company included liabilities from lease contracts concluded with the leasing companies and liabilities for the right-of-use assets in accordance with IAS 16 "Leases", newly effective as of 01-01-2019.

The Group	30 06 2021	31 12 2020
Within one year	422	844
In the second to fifth years	647	647
Total: liabilities arising from financial lease	1.069	1.491
The Company	30 06 2021	31 12 2020
Within one year	422	844
In the second to fifth years	647	647
Total: liabilities arising from financial lease	1.069	1.491

16. PAYABLE AMOUNTS

Here are the terms of financial liabilities:

- Trade debts are free from interest and are usually repaid within a period of 30 days.
- Payable interest is usually paid on a monthly basis over the entire financial year.

	The Group		The Company	
	30 06 2021	31 12 2020	30 06 2021	31 12 2020
Payables to suppliers	11.726	11.514	11.036	10.909
Payables to related parties	330	152	2.270	989
Prepayments	559	490	559	443
Total:	12.615	12.156	13.865	12.341

17. OTHER PAYABLE AMOUNTS

Other payable amounts consisted of the following:

The Group	The Company
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	30 06 2021	31 12 2020	30 06 2021	31 12 2020
Vacation reserve	1.569	1.303	1.384	1.118
Bonuses for employees	-	-	-	-
Wages and salaries payable	1.345	1.202	1.192	1.048
Social security payable	561	736	499	654
Dividends payable	851	861	851	861
Payables based on defined obligations to employees	818	818	644	644
Management Bonus	-	-	-	-
Accrued expenses	254	254	254	254
Taxes payable, other than income tax	484	408	437	408
Other short-term liabilities	14	181	4	8
Total:	5.896	5.763	5.265	4.995

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

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

18. RELATED PARTY TRANSACTIONS

Related parties of the Group and the Company are:

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

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

Item No.	Company Name	Company Details	Nature of Main Activities
1.	Šilutės Rambynas, ABF	Company code: 277141670; address: Klaipėdos g. 3, Šilutė, LT-99115	Dairy activities and cheese making
2.	Žemaitijos pieno investicija, AB	Company code: 300041701; address: Sedos g. 35, Telšiai, LT-87101	Renting and operating own and rented real estate
3.	Klaipėdos pienas, AB	Company code: 240026930; address: Šilutės pl. 33, Klaipėda, LT-91107	Ice-cream production
4.	Čia Market, UAB	Company code: 141354683; address: Sedos g. 35A, Telšiai LT-87101	Retail trade in non-specialized stores.
5.	Muižas piens, SIA	Company code: 40003786632; address: Bauskas iela 58a-8, 5stavs room 507, Riga, LV-1004, Latvia	Wholesale trade in food products, marketing
6.	Samogitija, UAB	Company code: 302501454; address: Narutavičių g. 4, Telšiai, LT-87101	Production, transportation, storage, distribution, etc. of dairy and other food products.
7.	S.A.R. Dziugas France	Company code: 751860669; address: 149 avenue du Maine, Paris	Production and sale of dairy products
8.	Dziugas USA L.L.C.	Company code: 0400754292; address: Five greentree centre, ste. 104, 525 Route 73 North Marlon, NJ08053.	Wholesale import, marketing of dairy products
9.	Dziugas Eesti OU	Company code: 14324189; address: Punane 56, Tallinn, Estonia	Wholesale import, sales and marketing of dairy products
10.	Dziugas Poland Spolk	Company code: 368496450; address: ul. Luki Wielke 5, Warsaw, Poland	Activities of agents trading in food and beverages
11.	Baltic Holding, UAB	Company code: 302688114; address: Jgulos g. 18B -4, Klaipėda	IT services
12.	Nepriklausoma tyrimų laboratorija, UAB	Company code: 110824551; address: Narutavičių g. 4, Telšiai	Laboratory and other tests of materials and analysis services
13.	Dziugas Deutschland GmbH	Company code: HRB 154342; address: Chilehaus A, Fischertwiete 2 20095 Hamburg, Germany	Marketing and product sales
14.	Dziugas Hungary Kft	Company code: 01-09-325932; address: H-1132 Budapest, Váci út 22-24. VII. em., Hungary	Wholesale import, sales and marketing of dairy products
15.	Dziugas UK Ltd	Company code: 11405400; address: 10 Bloomsbury Way, London WC1A 2SL, United Kingdom	Activities of agents trading in food and beverages

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

	The Group		The Company	
	Jan-Jun 2021	Jan-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
1) Sales				
Sales of goods				
<i>To the Group</i>				
Šilutės Rambynas ABF	-	-	1.434	1.318
	-	-	1.434	1.318
<i>To Related parties</i>				
Klaipėdos pienas AB	844	410	748	140
Čia Market UAB	2.330	2.838	2.330	2.838
Muizas piens SIA	315	355	315	355
Dziugas Hungary Kft	42	8	42	8
Dziugas Eesti OU	2	4	2	4
Dziugas Poland Spolk	219	17	219	17
Dziugas Uk Ltd	41	-	41	-
UAB Nepriklausoma tyrimų laboratorija	9	7	7	7
Dziugas USA LLC	-	-	-	-
	3.802	3.639	3.704	3.369
Sales of inventory and services				
<i>To the Group</i>				
Šilutės Rambynas ABF	-	-	29	19
	-	-	29	19
<i>To Related parties</i>				
Klaipėdos pienas AB	229	149	229	149
Žemaitijos pieno investicija AB	22	18	22	18
Samogitija UAB	0	0	0	0
Čia Market UAB	153	156	151	154
Muizas piens SIA	4	0	4	0
UAB Nepriklausoma tyrimų laboratorija	34	18	16	18
Dziugas Deutschland GmbH	14	12	12	12
Dziugas Hungary Kft	2	1	2	1
Dziugas Eesti OU	3	2	3	2
Dziugas UK Ltd	0	-	0	-
S.A.R. Dziugas France	0	-	0	-
Dziugas Poland Spolk	11	6	11	6
	472	363	451	360
Total Sales:	4.274	4.002	5.618	5.066

	The Group		The Company	
	Jan-Jun 2021	Jan-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
2) Purchases				
<i>From the Group</i>				
Šilutės Rambynas ABF	-	-	3.233	2.979
	-	-	3.233	2.979
<i>From Related parties</i>				
Klaipėdos pienas AB	37	41	37	40
Žemaitijos pieno investicija AB	457	458	457	458
Čia Market UAB	1.286	1.334	1.286	1.332
Muizas piens SIA	293	209	293	209
UAB Nepriklausoma tyrimų laboratorija	802	565	613	541
UAB Samogitija	13	-	13	-
Dziugas Poland Spolk	223	234	223	234
Dziugas UK Ltd	96	50	96	50
Dziugas Deuthland GmbH	320	207	320	207
Dziugas Hungary Kft	77	36	77	36
Dziugas Eesti OU	147	159	147	159
Dziugas USA LLC	8	-	8	-
S.A.R. Dziugas France	129	130	129	130
	3.889	3.423	3.699	3.396



Total Purchases:	3.889	3.423	6.932	6.375
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Balances outstanding with related parties

	The Group		The Company	
	30 06 2021	31 12 2020	30 06 2021	31 12 2020
3) Accounts receivable and financial debts				
<i>From Group</i>				
Šilutės Rambynas ABF	-	-	-	-
	-	-	-	-
<i>From Related parties</i>				
Klaipėdos pienas AB (and loan – 602 Eur thousand)	1.762	1.511	1.726	1.507
Čia Market AB	1.457	2.023	1.454	2.022
Muizas piens SIA	84	92	84	92
Dziugas France S.A.R.	0	-	0	-
Dziugas Hungary Kft	10	4	10	4
Dziugas Deutschland GmbH	3	1	3	1
Dziugas Eesti OU	1	-	1	-
Dziugas Poland Spolk	81	15	81	15
Dziugas UK Ltd	35	-	35	-
	3.434	3.646	3.394	3.641
Total balances of payables:	3.434	3.646	3.394	3.641

	The Group		The Company	
	30 06 2020	31 12 2020	30 06 2020	31 12 2020
4) Balances of payables				
<i>To Group</i>				
-	-	-	-	-
Šilutės Rambynas ABF	-	-	1.970	839
	-	-	1.970	839
<i>To Related parties</i>				
Žemaitijos pieno investicija UAB	10	8	10	7
Klaipėdos pienas AB	-	-	-	-
Muizas piens SIA	44	-	44	-
Dziugas Poland Spolk	37	-	37	-
UAB Samogitija	15	-	15	-
Dziugas Eesti OU	23	36	23	36
UAB Nepriklausoma tyrimų laboratorija	163	109	132	107
Dziugas UK Ltd	18	-	18	-
S.A.R. Dziugas France	21	-	21	-
Dziugas USA LLC	-	-	-	-
	331	153	300	150
Total balances of payables:	331	153	2.270	989

As at 30 June 2020, the Company accounted for impairment losses for doubtful debts related to amounts belonging to related parties, i. e. UAB Čia Market - 265 thousand. The assessment of these doubtful debts is reviewed each financial year by checking the financial position of the party concerned, the market in which the party concerned is operating to forward looking factors (as described in Note 3 – Impairment of financial assets in financial statements for 2020).



During the first half of the year 2021, the settlements of UAB Čia Market improved and there were no more overdue debts. As at 30 June 2021 The Company reversed the accumulated decrease in realizable value of receivables from UAB Čia Market.

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

19. EVENTS AFTER THE REPORTING PERIOD

On 2nd August 2021 the Extraordinary General Meeting of Shareholders of the Company decided to reduce the share capital of the Company by EUR 580,000 (five hundred and eighty thousand) by canceling (part of) 2,000,000 (two million) ordinary registered shares of the Company with a nominal value of EUR 0.29 per share. The purpose of the reduction of the authorized capital is the cancellation of a part of its own shares purchased and owned by the Company. The method of reduction of the authorized capital is cancellation of own shares (part). On 16th August 2021 the reduced authorized capital is registered in the Center of Registers and on 17th August is registered in central depository.