AUGA group, AB

16-04-2021

CONFIRMATION OF RESPONSIBLE PERSONS

In accordance with the Law on Securities of the Republic of Lithuania and the Rules on the Information Disclosure approved by the Board of the Bank of Lithuania, we hereby confirm that, to the best of our knowledge, the attached consolidated and separate annual financial statements of AUGA group, AB for the year ended 31 December 2020 have been prepared in accordance with the International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss and cash flow of AUGA group, AB group. The consolidated annual report provides a true and fair overview of AUGA group, AB and its subsidiaries business development and operations and the position of undertakings in relation to the description of the main risks and contingencies faced thereby.

Chief Executive Officer ..... Kęstutis Juščius

Chief Financial Officer ..... Mindaugas Ambrasas

auga Group



AUGA GROUP, AB

Consolidated Annual Report, Consolidated and Separate Financial Statements and Independent Auditor's Report for the Year ended 31 December 2020

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CONSOLIDATED ANNUAL REPORT

1. Business Overview

1.1. CEO'S FOREWORD



Dear AUGA community,

2020 was an extraordinary year for the whole world. Although we faced challenges that we could not have foreseen, we are pleased that this has not prevented us from achieving good financial results and reaching environmental, social and governance goals. Despite the instability in the markets, operations of the companies in the group have not been disrupted. The pandemic also revealed growing consumer concerns about sustainability and boosted demand for organic products around the world. As a result, we have seen a clear breakthrough in the end-consumer products segment.

We marked the beginning of last year by setting new sustainability goals and promises for our entire community. In April 2020, we launched our five-year strategy, aiming to deliver organic food with no cost to nature and to become a synonym for sustainability. The company's key goals include improving efficiency in our existing business segments, designing a sustainable organic food architecture, and reducing greenhouse gas emissions. The long-term objective is to achieve a neutral carbon footprint in our core business segments. We will do this by implementing our most important technological projects: biogas cycle infrastructure and biogas-powered vehicles, specialised feed technology that reduces methane emissions, and regenerative crop rotation.

The wind of sustainability is favourable for us. This was demonstrated by the European Commission's Farm to Fork strategy published later in 2020. The strategy is aimed at tackling the key challenges of sustainable food systems as part of the EU Green Deal to make Europe the first climate neutral continent by 2050. The publication of this strategy has confirmed that changes in the agricultural sector are needed, and we are pleased that the company is already successfully moving towards them. AUGA group's strategy very much corresponds to the sustainable food production practices proposed by the EU.

As a socially responsible company whose operations are based on the principles of sustainability, in 2020 the AUGA group sought positive change for the community and the environment in which it operates. We implemented an environmental management system and continued innovation projects to address the challenges of the agricultural sector. Last year, we also managed to reduce greenhouse gas emissions, mainly from agricultural processes, although we will only see the impact of major technological projects on emissions in the future.

In the social field, our employees and their safety is our highest priority. Therefore, during the COVID-19 pandemic we made every effort to ensure the health of our employees. We took all necessary preventative measures to create a safe working environment, and this led to successful results. The companies of the group operated at normal capacity throughout the year. In order to motivate and support our employees, we continued the stock option program and provided additional health insurance, with the availability of medical services –a particularly relevant issue at this time.

Last year we paid great attention to maintaining relations with investors and implementing the company's policies with both employees and business partners. The independent board of the company successfully continued its work, making significant contributions to the formation of the company's new strategy and the ensuring of transparent management. The performance of the AUGA group in 2020 was evaluated by even more independent analyst companies. The international companies Wood & Company and Enlight Research joined LHV Bank in this activity.

The company's activities were evaluated internationally. In 2020, AUGA group was ranked in the top 10% of best-performing companies globally in the international sustainability ratings for its sector by research company ISS ESG.
The end of the year was crowned by an important event for the company – we signed new agreements with financial institutions regarding loan refinancing and new credit limits, which enables further implementation of the company's strategy.

We started the new year with the firm knowledge that sustainability and innovation will help us create a positive impact on our environment and our entire community. All of these achievements have laid a solid foundation for the coming year. They will allow us to achieve our goals of operational efficiency, and to continue our R&D activities and the application of innovative technologies in agriculture, which we have already been developing for several years. All of this will help us achieve our future goal – to produce organic food with no cost to nature that we can offer to responsible consumers.

Kęstutis Juščius
CEO of AUGA group

GRI 102-14

1.2. AUGA GROUP AT A GLANCE

The **largest** vertically integrated organic food producer in Europe

39.6 th. ha
of arable land

1,271
employees

4
business segments

3,471
dairy cows

12.9 th. tons
of mushrooms sold

100%
organic crop growing

EUR **83.07**
million revenue

EUR **20.83**
million EBITDA

Products are sold in **37** countries

72%
of sales is export

Listed on **Nasdaq Vilnius**

1,866
shareholders

The first distributor of **green bonds** in the Baltic States*

*Among fully privately-owned companies listed in Nasdaq.

GRI 102-7

1.3. BUSINESS MODEL

AUGA group, AB, (hereinafter – the Company, AUGA group) based in Lithuania (headquarter – Konstitucijos ave. 21C, Vilnius), is the largest vertically integrated organic food producer in Europe. The group of companies (hereinafter – the Group) develops a sustainable farming model in the organically certified arable land that is based on new technologies.The Company's shareholders list: Baltic Champs Group, UAB, European bank for reconstruction and development, ME investicija, Žilvinas Marcinkevičius and other shareholders.

The main business segments of AUGA group:

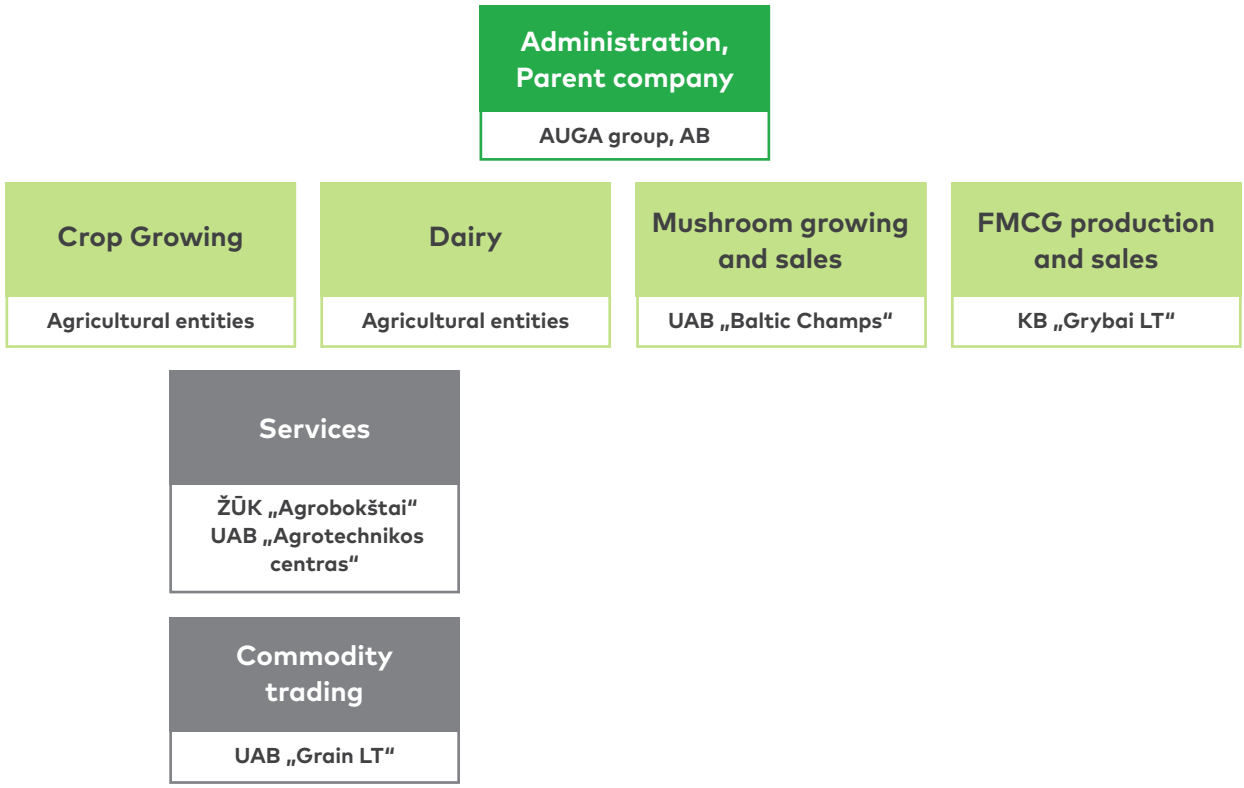
- **Crop growing** - the Group's companies grow organic wheat, legumes, rapeseed, sugar beets, and other crops, including organic vegetables and organic feed for livestock.

- **Dairy** - the segment includes organic milk production and cattle raising. The dairy segment operates in synergy with organic crop growing as it consumes forage crops used for crop rotation and its organic waste is used as fertilizer for crops.

- **Mushroom growing** - Baltic Champs, UAB, part of the AUGA group is the largest producer of mushrooms in the Baltic region. The company grows white and brown champignons, portobello, eringi, shiitake mushrooms and produces composed used for mushroom growing.

- **Fast-moving consumer goods** – the Group offers a wide range of end-consumer products (FMCG) including ready-to-eat soups, preserved mushrooms, packaged fresh and preserved vegetables, bottled milk, oat flakes, and other products. AUGA group sells products under the brand name AUGA and other private labels. This segment is of strategic importance for the Group and currently is the fastest-growing. AUGA products are based on innovative food production standards and the growing global consumer demand for organic and sustainable food.

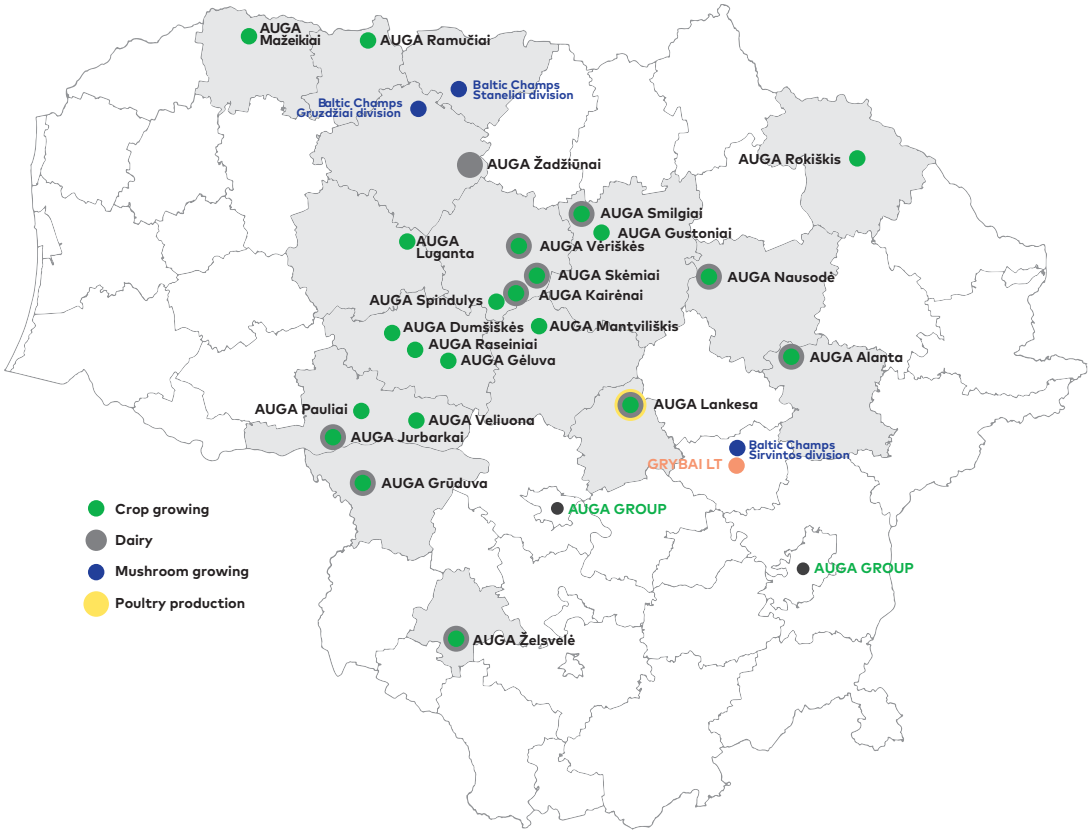
The Group consists of the following main companies, grouped by business segment (the full list of Group's companies is provided in note 1 of the Consolidated and Separate Financial statements):



The Group develops its operations in more than 39 th. ha of lands in the most fertile areas of Lithuania. 11.6% of the land is owned by the Group. AUGA group gains efficiency of returns through leasing of land rather than low returns as an owner.

GRI 102-1 GRI 102-2 GRI 102-3 GRI 102-5

All Group activities take place in Lithuania. Location of Groups' headquarters and operations:



Organic farming is inherently concerned with protecting the environment, promoting biodiversity, and ensuring the supply of organic, fully traceable products to consumers. When it comes to the adoption of practices that make farming operations even more sustainable, AUGA group has already come a long way. The Group has implemented circular economy principles throughout all of its business segments, has applied min-till technology in almost 100% of its fields, and operates the sites on green energy.

A closed-loop agricultural model is applied on the Group's farms. Crops are used for cattle feed and straw goes to mushroom compost. Livestock manure is used to fertilize crops and make compost. Later, it also becomes fertilizer for crops.

The Group's competitive advantages:

- **Economy of scale** – what sets the group of companies apart from its competitors is the scale of its activities. The Group's farms grow a wide range of various organic products. In combination with still lower labour costs and the economies of scale, this allows to gain a significant cost advantage.

- **Vertical integration** – the Group operates on large area of land and therefore grows a wide range of organic products. This allows to offer a variety of final consumer products such as ready-to-eat soups and other preserved products, vegetables, mushrooms, dairy products, eggs, flour, etc.

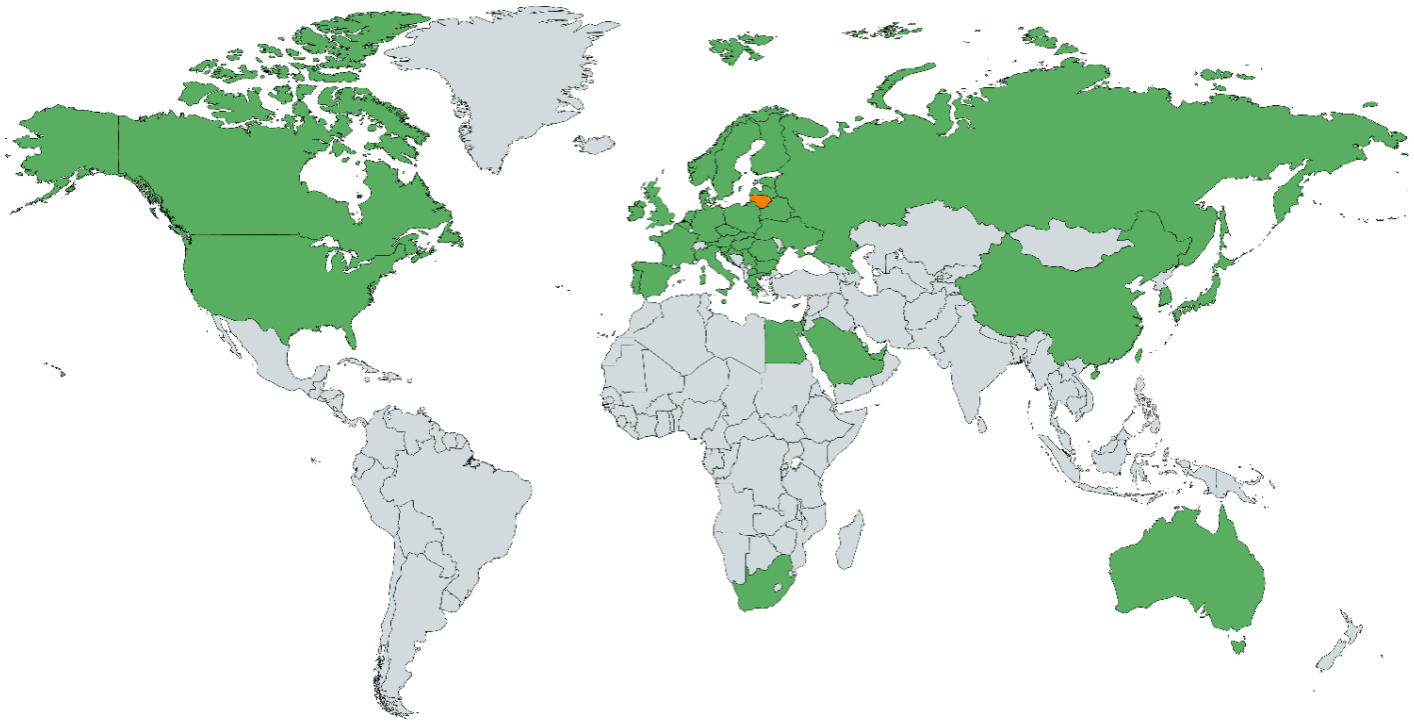
- **Full traceability** - the business model developed by the Group allows for full traceability from seed to pack and ensures the high quality of products, as it is controlled by Group. This helps to gain trust from private label producers, retailers, as well as final consumers of branded AUGA products.

- **Synergies among different branches of agriculture** - the closed-loop agriculture model, due to its internal integration with the dairy and mushroom growing segment, creates the possibility to obtain sufficient quantities of organic farming compliant fertilizers (manure) for crop growing. And later - crop production is used to ensure the activities of other segments.

It is important for the Group to ensure a sustainable supply chain, agility, and flexibility to adapt to existing business needs. The Group pays significant attention to the selection of local and international suppliers and expects its partners to adhere to the highest standards of business ethics. For this reason, the AUGA group has a supplier code of ethics approved by the members of the Board (more information is provided in the Sustainability Report).

GRI 102-4 GRI 102-9 GRI 102-10

The Company exports its products to **37 countries around the world**. Export markets: Germany, Sweden, Poland, Latvia, France, Netherlands, Finland, USA, Norway, Estonia, Russia, Japan, Belarus, Italy, Austria, UAE, UK, Belgium, Israel, Denmark, Taiwan, Ukraine, Australia, Malta, Romania, Czech Republic, Slovakia, Canada, Hungary, South Africa, S. Korea, Spain, Greece, Serbia, China, Bulgaria, Portugal. Map of export markets:



GRI 102-6

AUGA end-consumer product portfolio



Ready-to-eat soups



Preserved pulses and mushrooms



Fresh mushrooms



Grain products



Dairy products



Fresh vegetables



Rapeseed oil



Eggs

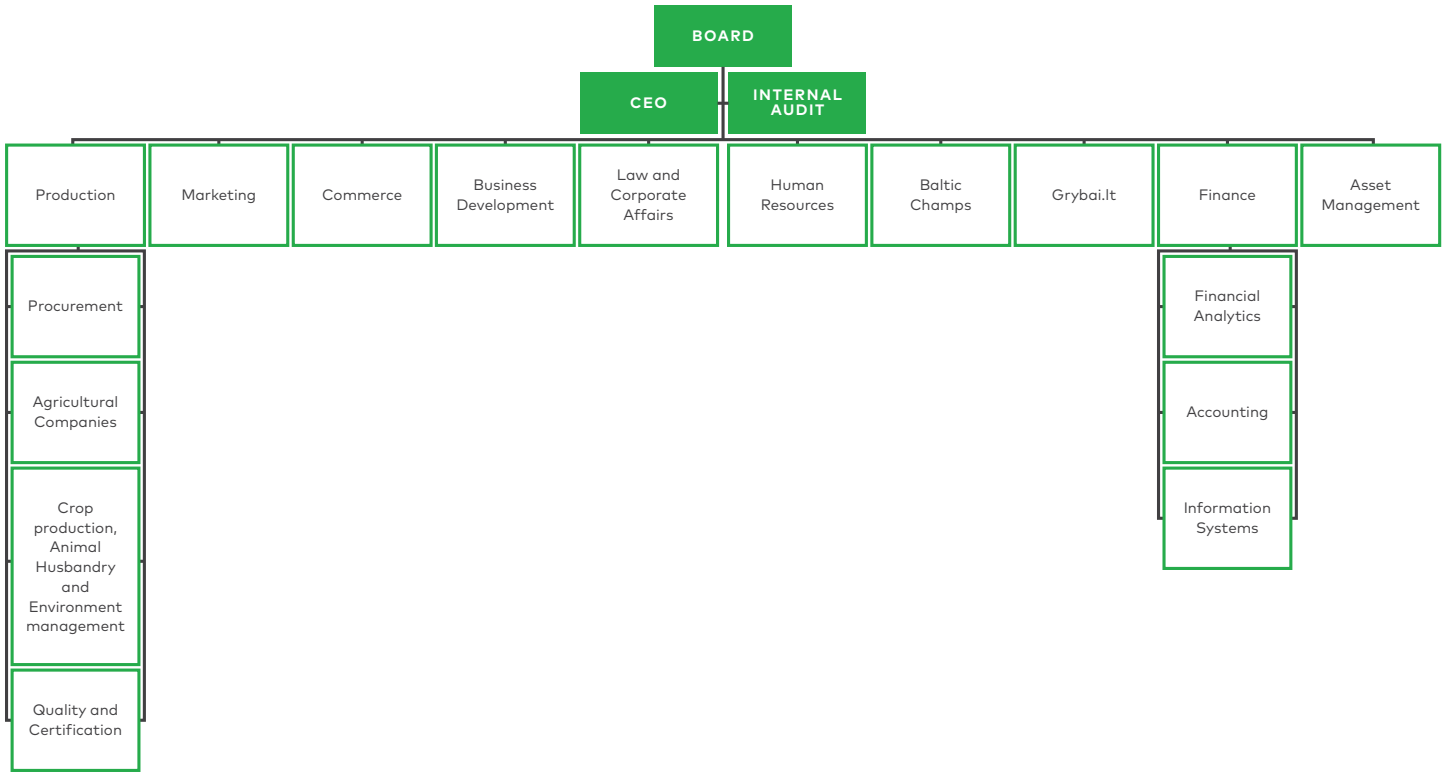
People

AUGA group's team brings together agricultural professionals and technical engineers with many years of experience, alongside experts in finance, marketing, and other fields.

Total number of employees as of 31 December 2020, including those 35 on parental leave, was 1,271.

Number of employees		
	2020	2019
Managers	63	56
Specialists	205	144
Workers	968	949
Total:	**1,236**	**1,149**

Organisational structure of the Group:



For more information about Group's personnel please see the Company´s Sustainability Report for the year 2020.

GRI 102-8

1.4 STRATEGY

The sector in which the Group operates is one of the biggest polluters of the environment. Globally, agriculture, along with the emissions from deforestation due to land conversion, accounts for around 23% of total human activity caused greenhouse gas emissions. Therefore, in view of these challenges and the growing need of consumers to eat more sustainably, in 2020 AUGA group launched its five years strategy.

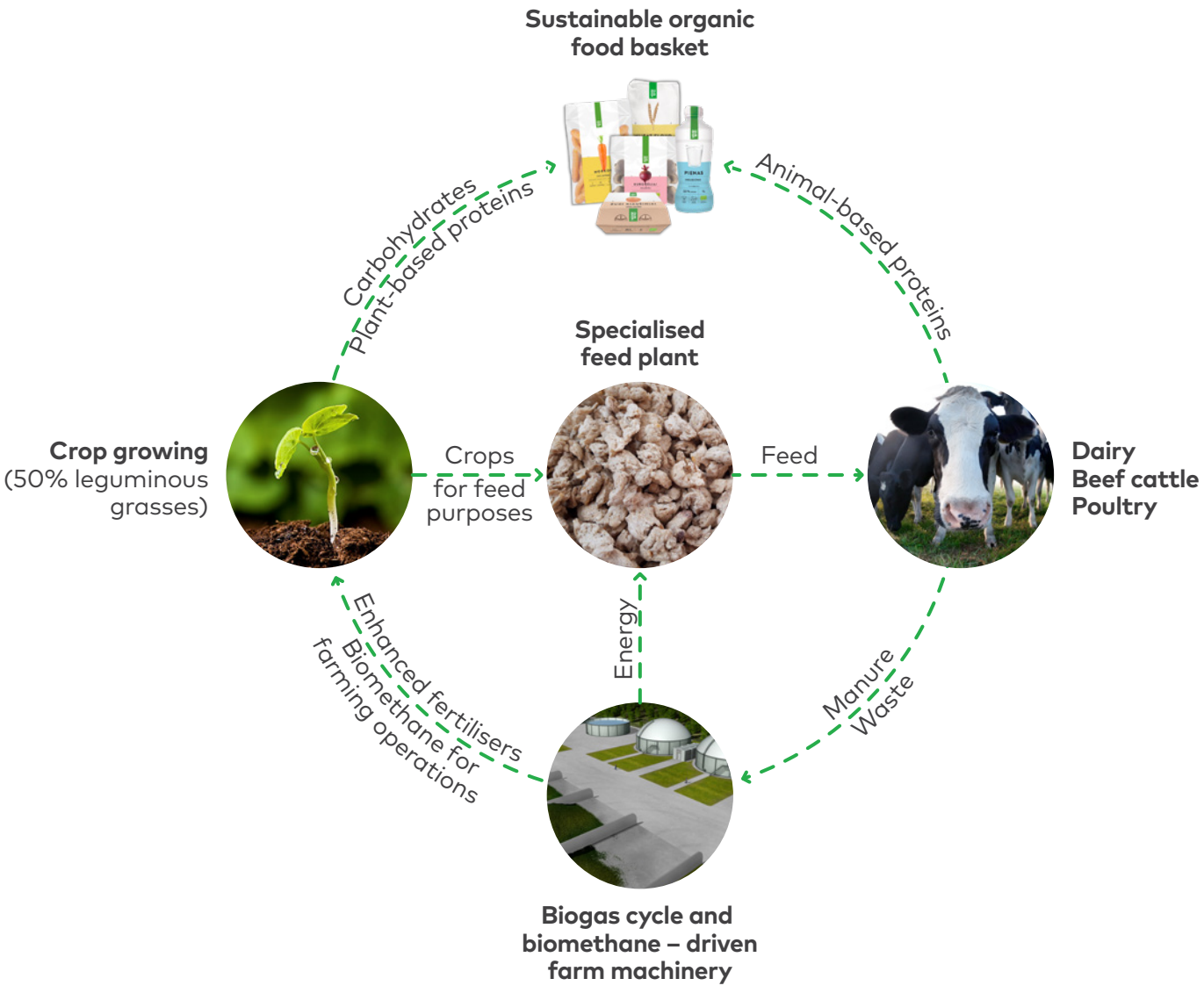
The main goals of the Company are to improve efficiency in all business segments, to create a new model of sustainable organic food production and to reduce greenhouse gas emissions. These goals will be pursued through a new business model, the Sustainable Organic Food Architecture (SOFA), which will help address the most pressing technological challenges in the food industry while maintaining the momentum of scale, quality and yield growth.

The new business model attributes key roles to the following technologies and processes:

- **Biogas cycle infrastructure**, which will enable farm operations to run without fossil fuels. Manure in the cycle will, in its secondary role, be utilised both for fertilisation, and as a source to produce biofuel. 50% less emissions from fossil fuel use on farms will be achieved.

- **Specialised feed technology**, which will reduce methane emissions from ruminants. 50% less emissions per one tonne of cow's milk will be achieved.

- **Regenerative crop-rotation**, which will see a share of cereal cultures substituted for leguminous grasses that have carbon sequestration and nitrogen fixation capabilities. 30% less emissions from agricultural dry matter yield per tonne will be achieved.



It should be noted, however, that previously cultivated synergies in the closed-loop sustainable farming model, especially those between crop growing and dairy, as well as mushroom growing with crop growing and dairy remain integral to the new model.

The key goal of the new Group strategy is to significantly reduce greenhouse gas emissions by 2025 (with a target of up to 27% total reductions), ultimately turning the company into a climate neutral player in the organic food market by 2030.

The new face of AUGA group will be an asset-light and agtech-driven company based on a self-sufficient circular model that presents the world with an opportunity to live more sustainably. It will demonstrate resilience in the face of any fracturing to the global supply chain that arise from such global challenges as pandemics.

What does the success of the strategy in 2025 mean for each AUGA community group:

- **To consumers** – ability to deliver consumer basket with least cost to nature.
- **To farmers** – functionality of Sustainable Organic Food Architecture, which reduces carbon dioxide and its equivalents emissions.
- **To lenders** – resilience in business structure through long-term financing and impact-driven lenders.
- **To shareholders** – unique asset-light business model, able to demonstrate ROE ˝15%, multiply Company value x3 and retain growth dynamics in the periods to follow.

CONSUMERS	FARMERS	PRIVATE AND INSTITUTIONAL LENDERS	SHAREHOLDERS
a more sustainable way to eat	a more sustainable way to work	a more sustainable way to invest	a more sustainable way to receive financial returns
			

It is hoped that the new architecture of sustainable organic food will help solve the problems of the agricultural sector, allow the cultivation of food that has a neutral effect on the climate.

1.5 VISION, MISSION, VALUES

It is important for the Company that its vision and mission are not just loud statements but responds to the goals of daily operations. Therefore, together with the new strategy of the Company, the directions defining the activities of the Group have been announced.

VISION — A Synonym for Sustainable Food and Lifestyle.

MISSION — Deliver Organic Food with no Cost to Nature.

In 2020 when the AUGA group announced a new strategy, there was a need to review its operating values as well. From now on, the Company is guided by the new values that define the activities of the AUGA group: sustainability, innovation, and positive impact.

Sustainability

We care not only about reducing our footprint on the environment, and our corporate social responsibility, we develop new ambitious standards for sustainability. We aim to achieve business results while being a model for sustainability everywhere and at all times.

Innovation

Environmental protection, operational efficiency and new standards are challenges that can only be tackled with technology and innovation. In our team, we encourage resourcefulness, creativity, out-of-the-box thinking, continuous learning and new solution finding.

Positive impact

We aim to achieve the best understanding of the present and future needs of our consumers and other stakeholders. As leaders in our field, we initiate change, create value, and positively impact the entire community.

GRI 102-16

1.6. OVERALL PERFORMANCE

AUGA group, AB and its subsidiaries demonstrated strong financial results, improving both revenue and profitability in 2020.

Sales revenue of the Group amounted to EUR 83.07million in the 12-month period of 2020. This marks a 17% rise on the equivalent period of the year before, when sales revenue was EUR 71.13 million. Revenue increased in all segments, with the highest increases in crop-growing segment (sales increased by EUR 7.89 million) and FMCG segment (sales increased by EUR 2.12 million).

The Group's gross profit reached EUR 15.77 million in 2020. This demonstrated a 60% rise compared to the same period last year (2019), when gross profit amounted to EUR 9.85 million. The Group earned a EUR 1.79 million net profit during the 12 months of 2020, compared to a EUR 3.22 million loss a year earlier. In The Group's EBITDA amounted to EUR 20.83 million in 2020, representing a 22% rise compared to the previous year, when EBITDA was EUR 17.12 million.

In the table below the main financial figures of the Group are provided for the three-year period from 2018 to 2020.

Main performance indicators	2020	2019	2018*	Variance 2020/2019, %	Variance 2019/2018, %
Revenues	83,073	71,134	54,749	+17%	+30%
Direct subsidies	9,987	7,234	9,780	+38%	-26%
Gross profit (loss)	15,773	9,847	3,663	+60%	+169%
Operating profit (loss)	6,896	1,009	(3,938)	+583%	n/a
Finance costs	5,547	5,000	2,295	+11%	+118%
Net profit (loss)	1,792	(3,218)	(5,980)	n/a	-46%
EBITDA	20,834	17,119	3,546	+22%	+383%
Net cash flow from operating activities	13,373	5,415	(11,486)	+147%	n/a
Net cash flow from operating activities before changes in working capital	10,814	9,653	6,346	+12%	+52%
Total non-current assets	147,590	144,676	111,938	+2%	+29%
Total current assets	66,112	62,047	59,952	+7%	+3%
Total equity	92,816	90,075	91,715	+3%	-2%
Total non-current liabilities	78,907	61,321	26,034	+29%	+136%
Total current liabilities	41,979	55,327	54,141	-24%	+2%
Non-current and current financial debt	94,541	93,993	55,862	+1%	+68%
Adjusted working capital	41,953	40,161	37,674	+4%	+7%
EBITDA margin, %	25.08	24.07	6.48	+4%	+272%
Operating profit margin, %	8.30	1.42	(7.19)	+485%	n/a
Net profit margin, %	2.16	(4.52)	(10.92)	n/a	+59%
ROE, %	1.96	(3.54)	(7.01)	n/a	+49%
ROA, %	0.85	(1.70)	(3.73)	n/a	+54%
ROCE, %	4.81	0.78	(3.12)	+519%	n/a
P/E ratio	56.35	(25.72)	(15.21)	n/a	-69%
Debt/EBITDA	4.54	5.49	15.75	-17%	-65%
Equity ratio	0.43	0.44	0.53	0%	-18%
Current ratio	1.57	1.12	1.11	+40%	+1%

** Data for 2018 does not include IFRS 16 effect, as IFRS 16 requirements were applicable as of 1 January 2019.*

Ratio calculation explanation:

EBITDA - net cash flow from operating activities before changes in working capital and net interest paid, as it is disclosed in cash flow statement, including gain (loss) on changes in fair value of biological assets.

EBITDA margin = EBITDA / Revenues.

Operating profit margin = Operating profit (loss) / Revenues.

Net profit margin = Net profit (loss) / Revenues.

ROE = Net profit (loss) / ((Total equity at the end of reporting period + total equity at the beginning of the reporting period) / 2).

ROA = Net profit (loss) / ((Total assets at the end of reporting period + total assets at the beginning of the reporting period) / 2).

ROCE = Operating profit (loss) / (Total equity + Non-current and current portion of non-current borrowings and lease liabilities (excluding lease related with IFRS 16)).

P/E = Last share price at the end of reporting period / earnings per share.

Debt/EBITDA = (Non-current borrowings + non-current obligations under lease + current portion of non-current borrowings + current portion of non-current obligations under lease + current borrowings) / EBITDA.

Equity ratio = Total equity / Total assets.

Current ratio = Total current assets / Total current liabilities.

Adjusted working capital = Current biological assets + Trade receivables, advance payments and other receivables + Inventory – Trade payables – Other payables and current liabilities. The adjusted working capital formula eliminates cash and financing elements allowing the reader to see how well the short-term assets and liabilities directly related to operations of the Group are being utilized. Total current assets and total current liabilities are used to describe current ratio which is also included as a key ratio of the Group

1.7. BUSINESS SEGMENTS

Crop growing segment overview

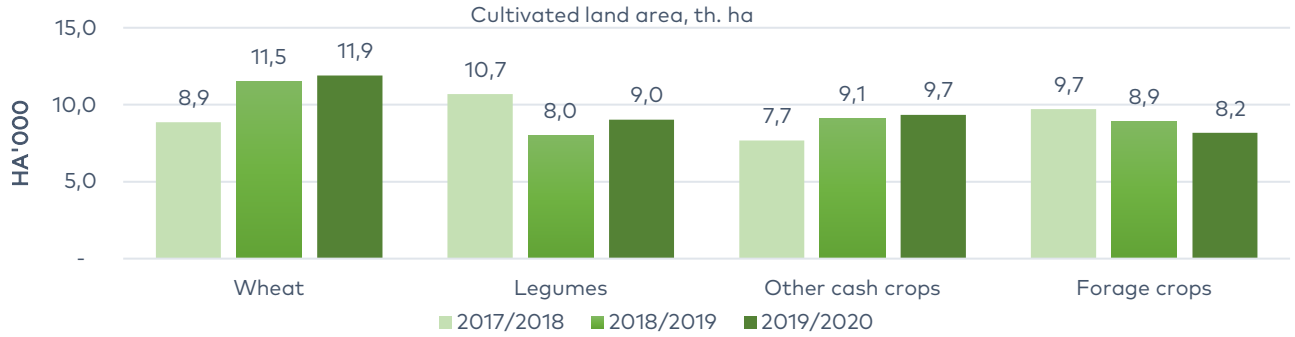
In 2020, the Group achieved significantly better results in the crop growing segment compared to the previous year. This is due to improved production technologies and somewhat favourable weather conditions. The early harvesting and lower quality of certain crops prevented the Company from achieving even higher results in the segment.

The sowing of crops for the upcoming season proceeded smoothly, and the current condition of crops is good. Therefore, the management of the Company has positive expectations for 2021's results.

Results of crop growing segment consist of crop harvest fair value, sales of the previous and current year harvest and agricultural subsidies.

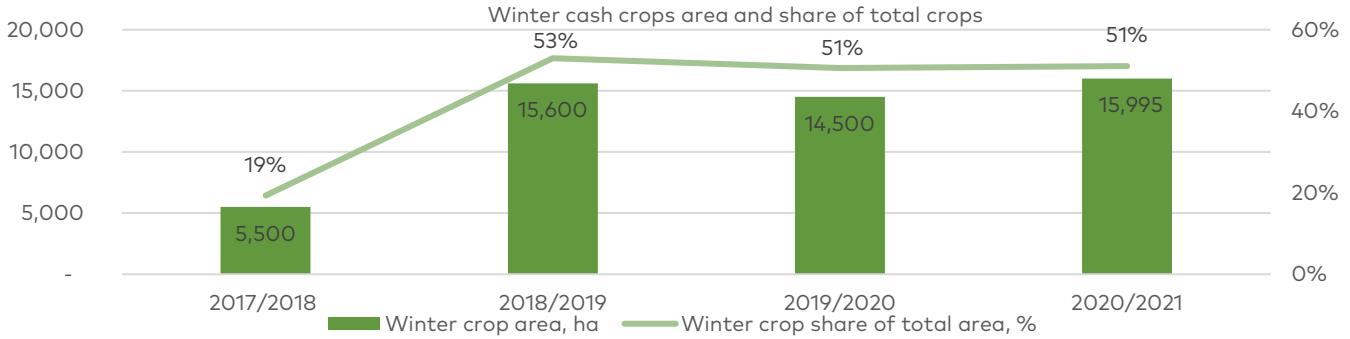
Harvest in the season of 2019/2020

The total cultivated land area by the Group amounted to 39.6 th. hectares (ha) in the 2019/2020 season and was more than 1 th. ha larger than in the 2018/2019 season. In the 2019/2020 season, 30.6 th. ha were seeded with cash crops (28.7 th. in the 2018/2019 season) out of which 11.9 th. ha were dedicated to wheat, 9.0 th. ha to legumes and 9.7 th. ha to other cash crops. The majority – 11.3 th. ha out of total 11.9 th. ha – of wheat was winter wheat, which was a similar proportion to the season of 2018/2019 as winter crops usually have higher yield potential compared to summer alternatives. Forage crops comprised 8.2 th. ha in the 2019/2020 season compared to 8.9 th. ha in the 2018/2019 season.



By the end of reporting period (31 December 2020), all cultures of the 2019/2020 season were fully harvested. Gain (loss) on initial recognition of biological assets at fair value was recognised for wheat, legumes, and other cash crops, while harvest of forage crops was valued at cost. Gain on initial recognition of crops at fair value harvested in the 2019/2020 season amounted to EUR 7.12 million compared to EUR 3.83 million gain recognized for the season of 2018/2019. In 2020, the harvest's fair value increased by EUR 3.29 million or by 86%. It should be noted that EUR 1.45 million gain on initial recognition of biological assets at fair value for the 2019/2020 season's harvest had already been recognized as of 31 December 2019. Thus, gain on initial recognition of biological assets at fair value accounted for as of 31 December 2020 amounts to EUR 5.67 million.

At the end of each quarter the Group evaluates the fair value of crops which have not yet been sown. Weather conditions in the fall of 2020 were favourable for sowing and other preparatory land works for the season of 2020/2021. As a result, seeding and land preparation works for winter cash crops to be sown in the season of 2020/2021 were completed on time. In 2020, the Group sowed around 15.99 th. ha of cash crops – winter wheat, winter rye, winter rapeseed and seed clover - which will be harvested in 2021. This represent 51% of total cash crops area to be sown in the season of 2020/2021. For comparison, in the 2019/2020 season around 14.5 th. ha of winter cash crops were sown in the autumn of 2019. The condition of the cash crops at the reporting date is good. Cold weather during winter months should not have adverse impact to the seeded crops as high amount of snow protects the crop from cold temperatures. Favourable autumn weather also allowed for proper cultivation of the land and preparation for summer crop sowing in the spring 2021. As a result, the Group is well prepared for the season of 2020/2021 and positive about next year harvest potential.



As of the 31 December 2020 the Group recognized a EUR 2.02 million gain from the revaluation on biological assets at fair value for winter crops and seed clover (to be harvested in 2021).

The formula and assumptions used for crop fair value estimation are provided below:

Fair value of the crop = Costs incurred + (Cultivated area in ha * forecasted average yield as tonnes per ha * forecasted grain price per tonne – cultivated area in ha * forecasted total cost per ha) * T * (1 - x), where:

- Cost incurred is cost actually incurred for particular crop during the season of 2019/2020 as of 31 December 2020.
- Cultivated area in ha is the area of particular crop seeded and expected to be harvested.
- Forecasted average yield in tonnes per ha is the expected yield for a particular crop based on the current season's results.
- Forecasted grain price per tonne – average sales prices in contracts for the 2019/2020 season harvest. 99% of the current year's harvest has been contracted at the date of this report's publication.
- Forecasted total cost per ha. The current level of accumulated costs adjusted by average historical cost levels of 2018 - 2020 were used for fair value estimation. It is expected that costs will remain at a similar level as that recorded in the previous periods.
- T is the portion of time that has already passed from sowing date until the forecasted harvest date expressed as a percentage. As of 31 December 2020 the average completion percentage estimated was around 37% depending on the crop.
- X is an adjustment parameter for possible unexpected negative effects to the harvest. 20% was used in fair value estimations as of 31 December 2020.

Total gain on the initial recognition of biological assets at fair value as of 31 December 2020 amounts to EUR 7.69 million compared to EUR 5.28 million gain accounted for in 2019. Th results of the current season's harvest have improved by EUR 2.41 million compared to previous period.

Harvest results, EUR million	2020	2019	2018	Variance 2020/2019, %	Variance 2019/2018, %
Gain (loss) on revaluation of biological assets at fair value (harvest of the 2019/2020 season)	5.67	3.83	(3.45)	+48%	n/a
Gain (loss) on revaluation of biological assets at fair value (crops sown in the 2020/2021 season)	2.02	1.45	-	+39%	-
Total gain (loss) on revaluation of biological assets at fair value	**7.69**	**5.28**	**(3.45)**	**+46%**	**n/a**

As presented below, land plots of wheat, legumes and other cash crops have slightly increased in the 2019/2020 season compared to the previous period and constituted 77% (2019: 74%) of total land area.

Harvested land plot by culture group, ha	2020	2019	2018	Variance 2020/2019, %	Variance 2019/2018, %
Wheat	11,896	11,503	8,852	+3%	+30%
Legumes	9,035	8,039	10,682	+12%	-25%
Other cash crops	9,664	9,129	8,950	+6%	+2%

Comparison of wheat, legumes and other cash crops average cost per hectare of land is provided in the table below.

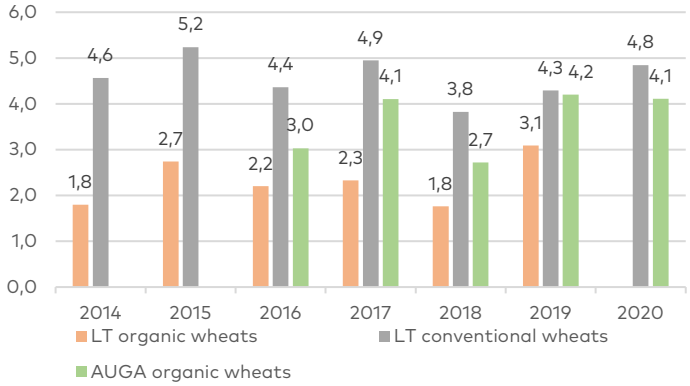
Cost per 1 ha cultivated land, EUR/ha	2020	2019	2018	Variance 2020/2019, %	Variance 2019/2018, %
Wheat	818	884	881	-7%	0%
Legumes	805	792	790	+2%	0%
Other cash crops	1,139	1,176	1,038	-3%	+13%

The cost of legumes slightly increased in the 2019/2020 season compared to previous season, while the average cost of wheat has decreased by 7% and average cost of other cash crops have decreased by 3%. The cost of legumes slightly increased due to increased harvest transportation, cleaning, and drying cost as the harvest in 2020 significantly increased compared to 2019. The cost of wheat and other cash crops has slightly decreased due to reduced land tillage costs as more effective technologies are now being applied for land tillage and other land preparatory work. By decreasing crop growing costs whilst implementing more efficient methods for land tillage and crop harvesting is important milestone in improving crop growing segment results.

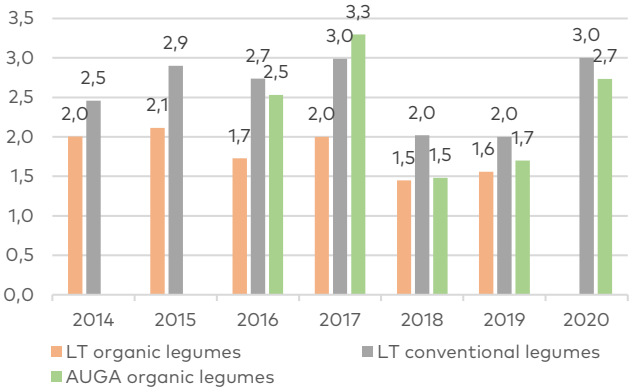
The table below depicts the variance between yields in current and previous seasons. Wheat yield in 2020 was 4.11 t/ha which is similar to 4.21 t/ha in 2019. The Group has anticipated a higher yield for wheat of at least 4% this year. Legumes' yield in 2020 increased compared the to previous year from 1.67 t/ha to 2.70 t/ha. However, increase in legumes' yield was 10% lower than expected for the 2019/2020 season. The average yield of other cash crops was 18% higher as the yields for 8 out of 13 other cash crops have increased compared to the previous year.

Average yield, t/ha	2020	2019	2018	Variance 2020/2019, %	Variance 2019/2018, %
Wheat	4.11	4.21	2.83	-2%	+49%
Legumes	2.70	1.67	1.41	+62%	+18%
Other cash crops	9.72	8.24	5.10	+18%	+62%

As it can be seen from the data presented, the Group's average yields of legumes are close to the average yields achieved by non-organic farms in Lithuania. While the yield of wheat in 2020 was lower than the yield of conventional wheat, due to specific fertilisation and weather conditions, the Group is constantly improving its technology and agricultural practices and in the long-term aims to achieve organic crop yields that are as close as possible to country's average conventional crop yields.



Wheat yield in Lithuania, t/ha



Legumes yield in Lithuania, t/ha

NOTE: The data of LT organic farms for 2020 has not yet been published, the data of conventional farms in the LT is preliminary.
Reference: Lithuanian Statistics Department, data of the survey of the activities of Lithuanian agricultural producers included in the Farm Accountancy Data Network (FADN), the Group's data.

The table below provides comparison of wheat, legumes and other cash crops prices at which the harvest was evaluated at fair value in the seasons of 2019/2020, 2018/2019 and 2017/2018. It should be noted that at the time of publication of this report, 99% of the 2019/2020 season's harvest has already been contracted at fixed prices, therefore fair value of crops was estimated based on average contract prices.

Average price of 1 tonne of crop, eliminating sales costs, EUR/t	2020	2019	2018	Variance 2020/2019, %	Variance 2019/2018, %
Wheat	208	243	256	-15%	-5%
Legumes	353	357	371	-1%	-4%
Other cash crops	174	181	221	-4%	-18%

As can be seen from the data above, the price of 1 tonne of wheat in the 2019/2020 season decreased by 15% compared to the previous season. This decrease in wheat prices was caused by two reasons: price decrease in the market and the unusually large amount of feed quality wheat in the mix. In the 2019/2020 season, the quality of harvested wheat was worse compared to previous seasons: in the 2019/2020 season the feed wheat (lower quality and price) proportion in the whole harvest reached 75% compared to the 2018/2019 season when it was 35%. As the Group had much more feed wheat than expected, more wheat had to be sold on the spot, which decreased the average wheat price even more.

The average price of legumes remained stable in the 2019/2020 season and allowed for the improvement of harvest results as the yield increased even though the costs slightly increased. The prices of other cash crops slightly decreased in 2020. It should be noted that the average price of other cash crops group depends on the actual crop mix each year. A moderate decrease in prices in 2020 were observed for sugar beet, rye and barley, while prices of oat and rapeseed increased.

The table below provide information on gain (loss) per hectare for wheat, legumes, and other cash crops.

Gain (loss) on revaluation of agricultural produce at point of harvest, EUR/ha	2020	2019	2018	Variance 2020/2019, %	Variance 2019/2018, %
Wheat	35	217	(157)	-84%	n/a
Legumes	148	(195)	(269)	n/a	+28%
Other cash crops	550	324	90	+70%	+260%

Average gain per 1 hectare from wheat significantly decreased in the 2019/2020 season compared to previous season due to decreased market prices and the lower quality of the harvest. However, the Group succeeded in cutting wheat growing costs, which helped to diminish the negative impact of price and quality decreases. Legumes' result in the 2019/2020 season was significantly better compared to previous seasons. Higher results were achieved due to increased yield. However, the Group believes that the yield potential was around 10% higher for legumes and expects even better results in the future. Results from other cash crops have increased due to the increased yield of most cultures – 8 out of 13 cultures included in the other cash crops group had better yields in 2020 compared to the previous year. The improved results of rapeseed and oat mostly contributed to the positive results of other cash crops.

While evaluating the harvest results of forage crops, it should be noted that the produce of forage crops at the point of harvest is measured at production cost. In other words, forage crops production cost is used as a measure of the fair value of the produce of that forage crop since there is no active market for forage crops and there is no reliable data to calculate market price of forage crops. Due to this, the net result on revaluation of forage crops at the point of harvest is equal to zero. Average cost per 1 ha of cultivated land of forage crop was 767 EUR/ha in the 2019/2020 season or 6% higher than in the 2018/2019 season when it was 721 EUR/ha. This increase in production cost directly relates to the increased harvesting cost due to increased yield. The Group achieved better yields for forage crops in 2020 – the yield increased by 21% compared to previous year.

Results of forage crops	2020	2019	2018	Variance 2020/2019, %	Variance 2019/2018, %
Cost per 1 ha cultivated land, EUR	767	721	643	+6%	+12%
Average yield, t/ha	7.39	6.10	4.93	+21%	+24%

The Group grows forage crops for its own use. Therefore, the quality and yields of forage crops directly impact the results of the dairy segment. Higher yields of forage crops at stable cost level allows for the reduction of forage crops cost per tonne and this positively affects the cost level of milk produced. In addition, the quality of forage crops harvested is important in achieving higher milk yields. The harvest of the forage crops in the 2019/2020 season is of a better quality compared to the previous year. Better quality and reduced cost per tonne of forage crops in the 2019/2020 season is expected to have a positive impact on the milk cost and yields in 2021.

Despite the improved results in 2020, the Group believes that the potential of this year's harvest could have been even higher:

- Weather conditions in the season 2019/2020 were rather favourable, however heavy rain during the winter and spring of 2020 led to the poorer quality of certain crops.
- Sales prices have decreased for 8 out of 17 cultures in 2020 compared to the previous year; however, the negative impact on wheat quality reflected in the sales prices of wheat as the average price decreased by 15% compared to the previous season.
- Yields increased for 11 out of 17 cultures, however the yield potential was not fully realized for several main crops – wheat, legumes and sugar beets.

Crop growing segment sales results

Total revenue generated from sales in the crop growing segment amounted to EUR 37.38 million in 2020. This is a 27% rise in revenue compared to 2019, when sales revenue was EUR 29.49 million.

As of 31 December 2020, around 95% of current season harvest was contracted, out of which 63% were sold and delivered to the clients. Group's sales in the 12 months of 2020 increased due to larger quantities sold as the harvest quantities are increasing year-on-year.

Crop growing segment results, EUR million	2020	2019	2018	Variance 2020/2019, %	Variance 2019/2018, %
Sales revenue	37.38	29.49	17.48	+27%	+69%
Cost of sales	38.19	30.45	17.42	+25%	+75%
Inventory write-offs	1.39	1.54	1.40	-10%	+10%
Result of sales of agricultural produce	**(2.20)**	**(2.49)**	**(1.34)**	**+12%**	**-86%**

The crop growing segment's sales cost for the 12 months of 2020 amounted to EUR 38.19 million versus EUR 30.45 million in 2019. The cost of sales increase was 2% lower compared to the percentage of revenue increase. Total agricultural produce inventory write-offs and impairment during the 12 months of 2020 amounted to EUR 1.39 million compared to EUR 1.54 million during the 12 months of 2019. Even though crops sales quantities in 2020 have increased, prices of commodities in 2020 were lower than in 2019, which resulted in a sales of agricultural produce loss of EUR 2.20 million for the first 12 months of 2020. The result of agricultural produce sales improved by EUR 0.29 million compared to previous period.

Agricultural subsidies and gross profit of the crop growing segment

As of 31 December 2020, the Group has reclassified the subsidies related to grasslands and pastures from agricultural to dairy segment in order to gain a better representation of the segments' results. This reclassification was performed in comparable period as well. The performed reclassification does not affect any other disclosures or results in general.

The total amount of agricultural subsidies accrued for 12 months of 2020 was EUR 7.45 million compared to EUR 5.19 million during the same period in 2019. It should be noted that in 2019 the Group was sanctioned and did not receive EUR 2.07 million of expected organic subsidies. If the number of sanctions imposed in 2019 were eliminated, the subsidies amount for 2020 slightly increased due to the declaration of larger land plots. By the end of 2020, the majority of expected subsidies' amount had already been received. The received subsidies were in line with the Group's expectations and no sanctions were applied as organic farming requirements for which Group had been sanctioned in 2019 were removed in 2020.

In 2020, gross profit from the crop growing segment, encompassing the results of agricultural produce sales, gain (loss) on changes in fair value of biological assets, and agricultural subsidies amounted to EUR 12.94 million. This demonstrated a 62% uplift compared to a gross

profit of EUR 7.98 million in 2019. The gain on the initial recognition of biological assets at fair value recognized in 2020 increased by 46% comparing to previous period.

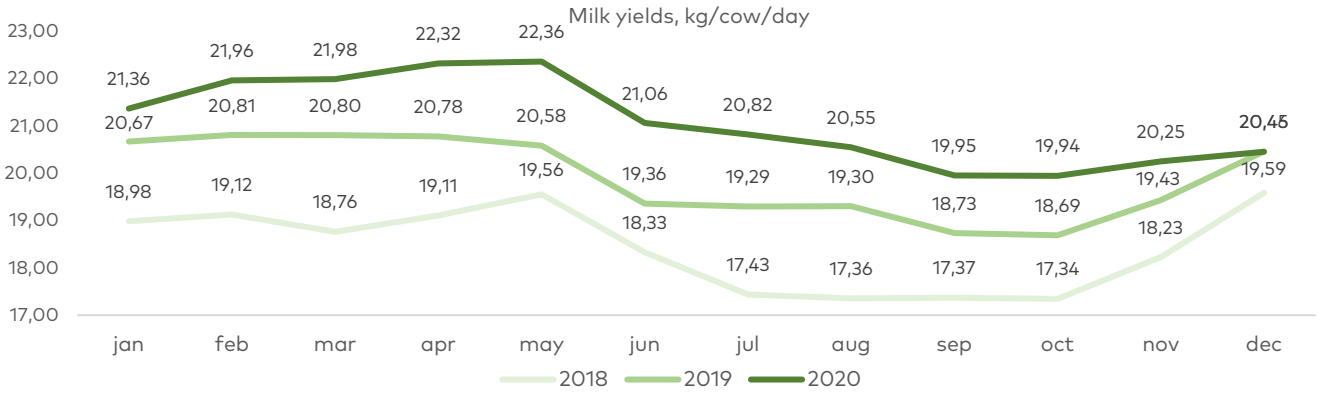
Gross profit of crop growing segment, EUR million	2020	2019	2018	Variance 2020/2019 %	Variance 2019/2018, %
Gain (loss) on initial recognition of a biological asset at fair value and from a change in fair value of a biological asset recognized in reporting period	7.69	5.28	(3.45)	+46%	n/a
Result of sales of agricultural produce	(2.20)	(2.49)	(1.34)	+12%	-86%
Subsidies	7.45	5.19	6.96	+43%	-25%
Gross profit	**12.94**	**7.98**	**2.16**	**+62%**	**+269%**

Dairy segment overview

In 2020, the primary focus of the AUGA group was to increase the efficiency of its dairy segment, and the Group can already see that this strategy is yielding its first positive impact on results.

The Group is planning to continue its efficiency agenda in 2021 by increasing dairy cow herd numbers, improving feed quality, and achieving a lower feed cost.

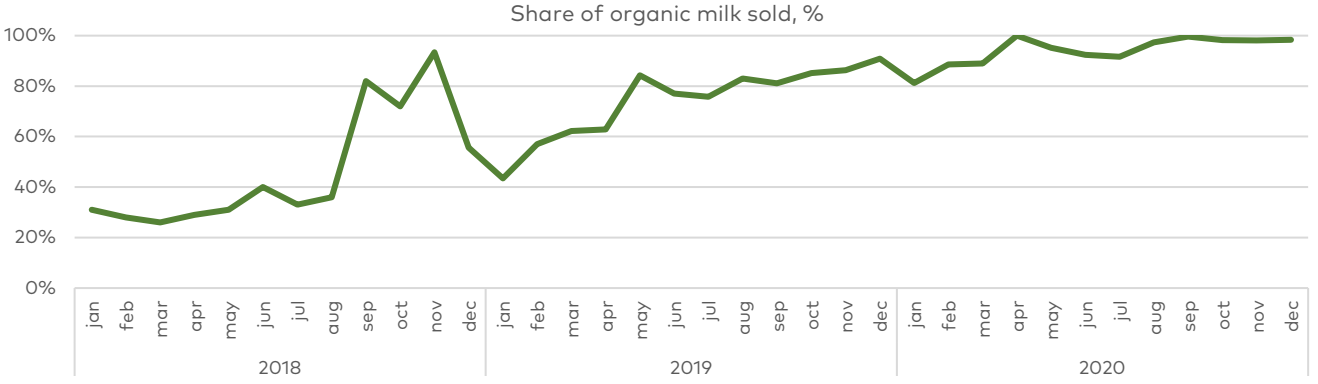
Total sales revenue of the dairy segment grew to EUR 10.81 million in 2020. This compares to total sales of EUR 10.14 million in 2019 and represents a 7% increase. The increased volume of milk sold, as a result of improved yields per cow, and the higher share of milk sold at organic production prices both contributed to this increase in sales revenue. The total quantity of milk sold increased by 4% - from 24.49 th. tonnes (or 19.91 kg per cow per day) in the 12 months of 2019 to 25.38 th. tonnes (or 21.09 kg per cow per day) in the 12 months of 2020. Milk yields dynamics for the past three years are provided in the graph below.



The decrease in milk yields in the third and fourth quarters of 2020 is a seasonal drop that is directly related to the change in feed regime from pasture to farms and other conditions that affect the productivity of milking cows. Despite this seasonal decrease, milk yields are still better than in previous years.

The Group's organic milk price decreased by 1.7 % in the 12 months of 2020 and was EUR 401 per tonne (in the 12 months of 2019 the price of organic milk was EUR 408 per tonne). In the 12 months of 2020 the average price of milk sold was around EUR 397 per tonne or 3.1% higher comparing to the same period last year when it was EUR 385 per tonne. Average milk price increased due to the larger share of organic milk sold.

The share of milk sold at organic production prices reached 94% in the 12 months of 2020 which is significantly higher compared to 74% during the same period in 2019. As can be seen from the graph below, the share of milk sold at organic prices has been steadily growing from the beginning of 2019 and there have been no significant fluctuations in the share of organic milk sold.



The dairy segment's cost of sales amounted to EUR 10.49 million during the 12 months of 2020 compared to EUR 10.64 million during the same period last year (1% decrease). The cost of milk remained at the similar level compared to the previous year; however, the Group is currently reviewing its forage structure in order to reduce cost and to increase the yield of milk. In addition, draught in the 2018/2019 season adversely impacted yields and the quality of forage crops which were fed to cows during 2020. The improved quality and harvest of forage cops of the 2019/2020 season should have a positive impact on milk cost in 2021.

During the 12 months of 2020, a loss of EUR 2.52 million was incurred on the revaluation of biological assets (animal herd). In comparison, a EUR 2.19 million loss was incurred during the same period a year earlier. The Group is seeking to increase milk yields per cow, which would result in increased production quantities and reduced costs. In order to achieve higher milk yields, and the quality of cow herd in general, aged and not productive cows are substituted with younger heifers. Write-offs of aged cows increased loss from revaluation of biological assets.

As of 31 December 2020, the Group has reclassified the subsidies related to grasslands and pastures from the agricultural to dairy segment to provide a better representation of the segments' results. This reclassification was performed in all periods; therefore, the results between periods are comparable and respective reclassification does not affect any other disclosures or results at large.

As milk yields and the gross result from milk sales increased, whilst costs remained at a similar level, the gross result of the dairy segment improved compared to the previous year. In the 12-month period of 2020, gross profit for the dairy segment amounted to EUR 0.33 million, compared to a EUR 0.66 million gross loss in 2019.

	2020	2019	2018	Variance 2020/2019,%	Variance 2019/2018, %
Total quantity of products sold, t	**26,084**	**25,224**	**23,397**	**+3%**	**+8%**
Milk, t	25,384	24,492	22,634	+4%	+8%
Cattle, t	700	732	763	-4%	-4%
Revenue, EUR million	**10.81**	**10.14**	**8.96**	**+7%**	**+13%**
Milk, EUR million	10.07	9.42	8.13	+7%	+16%
Cattle, EUR million	0.75	0.72	0.83	+4%	-13%
Cost of sales, EUR million	**10.49**	**10.64**	**10.26**	**-1%**	**+4%**
Milk, EUR million	9.75	9.93	9.43	-2%	+5%
Cattle, EUR million	0.75	0.72	0.83	+4%	-13%
Revaluation of biological assets, EUR million	**(2.52)**	**(2.19)**	**(1.81)**	**-14%**	**-21%**
Subsidies, EUR million	**2.53**	**2.04**	**2.83**	**+24%**	**-28%**
Gross profit, EUR million	**0.33**	**(0.66)**	**(0.29)**	**n/a**	**+124%**

Mushroom segment overview

Although production volumes increased in 2020, overall results were lower.

The global pandemic had a tangible impact on results. The market became volatile in terms of supply and demand, there was a drop in sales to the catering sector and reduced consumption during the winter holiday season. This situation was compounded by limited export sales of mushroom seedbed. Moreover, the cost of goods increased due to the heightened demand for packaged mushrooms, and operational costs grew due to increased spending on employee safety. The sales price increase only partially offset these additional costs.

The Group expects the market situation to stabilize once the pandemic is under control and is actively looking for new export markets to diversify sales. It is also implementing efficiency initiatives to reduce costs.

Overall, the sales in the mushroom growing segment increased by 5% to EUR 30.00 million during the 12 months of 2020. In the equivalent period in 2019, sales in this segment were EUR 28.71 million. The revenue from mushroom sales grew by EUR 2.06 million while revenue from mushroom seedbed sales decreased by EUR 0.77 million.

Mushroom sales revenue increased due to the higher volume of sales – 12.91 th. tonnes of mushrooms were sold in the 12 months of 2020 compared to 12.26 th. tonnes a year earlier (5% increase). This increase was mostly related to better mushroom yields compared to previous period.

During the 12 months of 2020, the share of organic mushrooms remained unchanged compared to previous year and amounted to 7.5% of total volume of mushrooms sold.

In the 12 months of 2020, average non-organic and organic mushrooms sales price increased by around 4% compared to the same period in 2019. The average price of 1 tonne of mushrooms sold was 2,199 EUR/tonne in the 12 months of 2020 (2,147 EUR/tonne in the 12 months of 2019). The average mushroom price increased due to larger sales of packaged mushrooms and the resale of forest mushrooms. However due to the unusually high amount of wild forest mushrooms in local forests, the demand for fresh mushrooms decreased in the second half of 2020 and the Group had to sell a larger proportion of mushrooms to processing (at a lower price). In addition, the global pandemic caused by COVID-19 and quarantine limitations negatively impacted sales to the HoReCa segment and household consumption in the last quarter of 2020 during the winter holiday season.

The sales of seedbed in 2020 have decreased by 32% compared to the previous year. This reduction was due to the closed sales channel to Russia due to the COVID-19 pandemic.

The total cost of sales of the mushroom growing segment amounted to EUR 28.25 million in the 12 months of 2020 and was EUR 2.03 million higher compared to the same period in 2019 when it was EUR 26.22 million. The average cost of 1 tonne of mushrooms sold increased from 1,936 EUR/tonne to 2,083 EUR/tonne. Cost of mushrooms mainly increased due to higher sales of packaged mushrooms.

According to the Group's data, the gross profit of the segment for the 12-month period of 2020 amounted to EUR 1.75 million, demonstrating a 29% fall on the same period last year, when the gross profit of the segment was EUR 2.49 million. The decrease in gross profit is mainly related to market volatility and increased costs in the current environment caused by the global pandemic.

	2020	2019	2018	Variance 2020/2019, %	Variance 2019/2018, %
Sold mushrooms, t	**12,906**	**12,256**	**12,147**	**+5%**	**+1%**
Average price (Eur/t)	2,199	2,147	1,966	+2%	+9%
Total revenue, EUR million	**30.00**	**28.71**	**26.46**	**+5%**	**+9%**
Mushroom sales revenue, EUR million	28.38	26.32	23.88	+8%	+10%
Compost sales revenue, EUR million	1.62	2.39	2.58	-32%	-7%
Cost of sale, EUR million	**28.25**	**26.22**	**24.73**	**+8%**	**+6%**
Cost of mushrooms sold, EUR million	26.89	23.73	22.33	+13%	+6%
Cost of compost sold, EUR million	1.36	2.49	2.40	-45%	+4%
Gross profit, EUR million	**1.75**	**2.49**	**1.82**	**-29%**	**+37%**

Fast moving consumer goods (FMCG) segment

The segment continued to experience significant growth in 2020, mainly driven by development in its export operations, in particular to the U.S. market.

In the future, the Group will continue expanding its presence in home market and export business. The access to newly opened markets and successful contracts signed in 2020 will continue to have a positive impact on the segment's growth in 2021.

Total sales of the segment grew to EUR 4.88 million in 2020. This compares to sales of EUR 2.80 million in 2019 and represents a 74% increase. The significant increase in the FMCG segment sales has been impacted by the higher demand in both local and foreign markets. While COVID-19 pandemic has slowed the launch of new products, the demand for long shelf-life products compensated for the deceleration. Moreover, the Group expanded its exports markets, which positively affected sales.

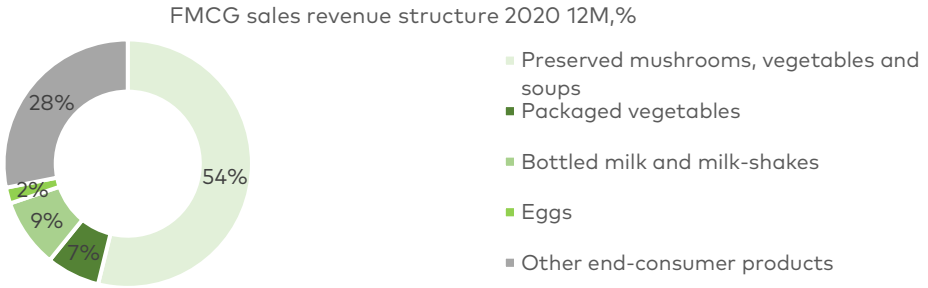
FMCG segment results, EUR million	2020	2019	2018	Variance 2020/2019, %	Variance 2019/2018, %
Sales revenue	4.88	2.80	1.86	+74%	+50%
Cost of goods sold	4.13	2.75	1.79	+50%	+53%
Gross profit	**0.75**	**0.05**	**0.07**	**+1530%**	**-35%**

The table below provide information on FMCG sales share and sales increase by major markets.

Country	Share of total sales, %			Increase in sales, %	
	2020	2019	2018	2020/2019	2019/2018
Lithuania	29%	53%	69%	+14%	+46%
USA	36%	14%	0%	+458%	n/a
Sweden	6%	5%	0%	+163%	n/a
Japan	6%	4%	0%	+206%	n/a
Latvia	5%	5%	4%	+91%	+146%
Other	19%	20%	27%	+111%	+39%

During the 12 months of 2020 the Group has expanded its exports and currently sells it products to 31 countries compared to 23 countries in the same period in 2019. Sales grew in both local and foreign markets, however, due to export expansion, the share of local sales has decreased. Increased sales to the USA by 458% had the highest impact on sales growth in the FMCG segment.

Preserved products, especially ready-to-eat organic soups, remain the main product group in the segment. The FMCG sales revenue structure for 2020 is depicted in the chart below.



Cost of sales were EUR 4.13 million for the 12 months of 2020 compared to EUR 2.75 million for the same period in 2019. In the 12 months of 2020, the FMCG segment's gross profit jumped to EUR 0.75 million, while during the same period in 2019, gross profit amounted to EUR 0.05 million.

As of 28 May 2020 the Group has acquired full control of Grybai LT, KB which produces and sells packaged consumer goods. Grybai LT, KB is included in the Group's consolidated financial statements as of 1 June 2020. The acquisition of Grybai LT, KB improved the results of the FMCG segment as Grybai LT, KB contribution to consolidated sales revenue of the Group amounted to EUR 2.64 million in 2020.

1.8. OPERATING EXPENSES

The Group's operating expenses during 2020 amounted to EUR 10.23million compared to EUR 9.58 million in the same period last year. The increase is mostly related to the increased insurance and selling expenses. Additionally, the operating expenses of the newly acquired entity Grybai LT, KB were included in consolidated financial statements as of 1 June 2020.

1.9. CAPITAL EXPENDITURES AND R&D

The Group's key capital expenditure projects for the year 2020 were aimed to secure its own organic combined feedstock production capacity, improving animal welfare and agricultural operations, as well as allocating resources to strategic development projects.

Investments (additions) into property, plant and equipment split is provided in the table below (amounts are provided in th. EUR). For detailed description of investments into property, plant and equipment see note 5 of the Group financial statements for the year ended 31 December 2020.

	Land	Buildings	Structures and machinery	Vehicles, equipment and other PP&E	Construction in progress	Total
2020	1,375	421	2,289	781	2,273	**7,139**
2019	482	6	1,488	324	1,655	**3,955**

In addition, in order to expand it's FMCG business segment, the Group acquired full control of consumer goods manufacturer – Grybai LT, KB - in 2020. The acquired entity will increase production capacity of consumer goods and will allow the Group to control and improve manufacturing processes. Grybai LT, KB was included in the financial statements of the Group as of 1 June 2020 and the fair value of acquired entity's property, plant and equipment at the acquisition was EUR 4.61 million.

The main goal of the Company's Research and Development Department is to create additional value by supplying innovative organic agriculture technologies and, ultimately, more and better end-user products. At present, the Department's team is running the following projects:

- Adaptation of agricultural machinery to organic farming,
- Biogas purification,
- Biomethane production,
- Biomethane driven agriculture machinery,
- Specialized feed for dairy and beef cattle in order to reduce methane emissions,
- Robotics technology in mushroom growing.

These projects are currently at different stages and are being developed at different paces, depending on their relevance for the Group and the market situation.

Biogas cleaning and application technologies

The long-term goal of the Company is to become CO_2 neutral. One way to achieve this is to ensure that fossil fuels used by tractors and vehicles in the Company's farms are replaced with biogas produced from materials generated from other farming operations. As a result, the Company is investing in the production of biofuels from livestock manure and into the development of biogas-powered tractor. Together with experienced partners from science and business institutions, the Company is implementing a project that aims to develop efficient biogas purification technology. With this project, the goal is to create a cheaper alternative to to current biogas cleaning technology. Lower prices can create a breakthrough and encourage other biogas producers to conduct biogas purification and produce high value biomethane. A large part of the project is designed to keep the purification process clean, so that the process does not result in the release of methane into the atmosphere during the purification process.

The project is financed by the European Regional Development Fund in accordance with the Measure No 1 of the 2014-2020 European Union Funds Investment Action Program, Promotion of Research, Experimental Development and Innovation. J05-LVPA-K "Intellect. Joint Science - Business Projects". The total value of the project is EUR 0.86 million (VAT excluded). For the implementation of this project, the Company and its partners Addeco UAB and BMG Agro UAB will allocate at least EUR 0.27 million of their own funds, with the rest being financed by the European Regional Development Fund.

The logical continuation of the development of sustainable biogas cleaning technologies is the creation of a real scale prototype laboratory. As a result, the Biogas Power Plant Cluster, in which the Company also participates, has decided to initiate a project entitled "Laboratory for Biomethane Concentration Techniques in High Volume Anaerobic Fermenters". After the implementation of this project, complex laboratory equipment for the implementation of R&D activities will be acquired. The development of several new products using the laboratory equipment purchased during the project is planned, with these products then offered to markets worldwide.

This project is being implemented by a project that is co-financed by the European Union Structural Funds entitled "Research Laboratory of Application of Biomethane Concentration Methods in Large Volume Anaerobic Fermenters". The value of the project is EUR 1.88 million, of which EUR 1.22 million comes from EU funds under the Inoklaster LT program.

The Company is currently focusing on the production of a prototype of a biomethane-driven tractor. It is being developed in cooperation with technological universities from Lithuania and European technological solution suppliers, and is being fully financed by funds from the Company. The introduction of the first tractor prototype for testing in farming operation is planned for 2021.

Specialised feed for dairy and beef cattle in order to reduce methane emissions

A specialised feed technology is being developed by the Group with the aim of reducing methane emissions from bovine enteric fermentation. Given that dairy farming is an integral component of the Group's closed-loop business model, and that methane (CH_4) contributes to the greenhouse effect 28 times more than CO_2, it is essential for AUGA to address this issue. This specialised feed technology is based on innovative processes and technologies associated with proprietary feed production and treatment, and adapted formulations of forage, and its application includes the monitoring and measuring of the effects of this feed on the cattle on the farm. The target for these adapted feed formulations is to significantly reduce the amount of ruminant methane emitted into the atmosphere per unit of milk produced. Such a setup would also ensure the best animal welfare practices.

Robotics technology in mushroom growing

Baltic Champs UAB, with its partner Aksonas UAB, is implementing a project entitled "Development of prototype of innovative champignon robotics technology of Baltic Champs UAB". The project is co-financed by EU structural funds. As existing mushroom growing technologies require a lot of manual work, which directly affects the quality of production and results in higher labour costs, the research and experimental development project aims to create and implement the following new technological solutions:

- data processing system,
- artificial Intelligence controlled mushroom growing microclimate and irrigation system.
- robotic champignon processing technology;
- automated mushroom sorting system.

The project is financed by the European Regional Development Fund in accordance with Priority 1 "Promotion of Research, Experimental Development and Innovation" of the Operational Program for Investments of the European Union Funds for 2014-2020. J05-LVPA-K "Intellect. Joint Science-Business Projects ". The total value of the project is EUR 1.75 million (excluding VAT). For the implementation of the project, Baltic Champs UAB and its partner Aksonas UAB will allocate at least EUR 0.80 million of their own funds, with the rest being financed by the European Regional Development Fund.

1.10. FINANCE COSTS AND FINANCIAL LIABILITIES

Finance costs increased from EUR 5.00 million in 2019 to EUR 5.55 million in 2020 due to the bond interest expenses accounted for in 2020. The Group's interest bearing debt increased slightly and reached EUR 59.91 million as of 31 December 2020:

EUR thousand	2020	2019	2018	Variance 2020/2019, %	Variance 2019/2018, %
Current and non-current financial liabilities	94,541	93,993	55,862	+1%	+68%
Current and non-current financial liabilities (excl. IFRS 16 effect)	59,915	59,034	55,862	+1%	+6%
Cash and cash equivalents	2,541	3,732	2,281	-32%	+64%

Organic agriculture is working capital-intensive business, the Group's adjusted working capital in the year of 2020 amounted to EUR 41.95 million compared to EUR 40.16 million in the year of 2019. The increase in adjusted working capital mainly results from higher business volumes of the Group.

Management of the Group believes that another important factor evaluating financial liabilities level of the Group is net debt adjusted by working capital level. Deducting cash and cash equivalents and adjusted working capital from the level of financial liabilities more clearly indicates the financial liabilities that are not covered by working capital and cash operated by the Group. Financial liabilities of the Group excluding IFRS 16 effect minus cash and cash equivalents minus adjusted working capital as of 31 December 2020 were EUR 15.42 million or EUR 0.28 million higher than at the end of 2019:

EUR thousand	2020	2019	2018	Variance 2020/2019, %	Variance 2019/2018, %
Adjusted working capital	41,953	40,161	37,674	+4%	+7%
Net debt – adjusted working capital*	15,421	15,141	15,907	+2%	-5%

**Adjusted working capital = Current biological assets + Trade receivables, advance payments and other receivables + Inventory – Trade payables – Other payables and current liabilities. The adjusted working capital formula eliminates cash and financing elements allowing the reader to see how the short-term assets and liabilities directly related to operations of the Group are being utilized.*

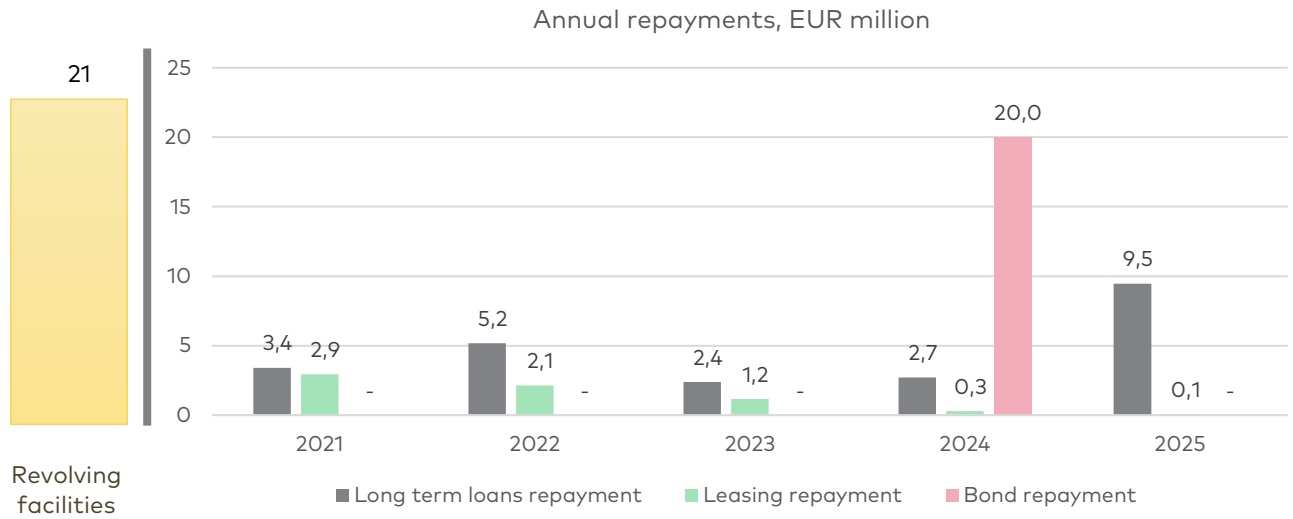
Refinancing of financial liabilities to banks

In Q4 2020 the Group signed agreements with Lithuanian branch of AS "Citadele banka", the branch of Luminor Bank AS and Swedbank, AB to refinance majority of Group's financial liabilities to banks and to provide additional financing limits.

Refinancing provides several benefits for the Group:

- clear financing structure, as financing agreements were signed to finance main operating companies of the Group,
- additional limits,
- lower costs – average margin of banks' loans had decreased by 0.8%,
- less restrictions and more flexibility and opportunities for investments and expansion.

The Group had also achieved a strategic goal – to increase part of long-term liabilities. Longer credit maturities and additional financing limits provide AUGA group with resources and opportunities to focus on implementation of the Strategy, efficiency improvements:



**Leasing repayments exclude lease liabilities related with IFRS16*

1.11. CASH FLOW

The Group's net cash flow from operating activities significantly improved compared to 2019 and amounted to EUR 13.37 million, compared to net cash flow from operating activities in the amount of EUR 5.42 million in the year of 2019:

Improving cash flow from operations will further strengthen Group's capabilities to implement the Strategy, efficiency improvements.

	2020	2019	2018	Variance 2020/2019, %	Variance 2019/2018, %
Net cash flows from /(to) operating activities, EUR million	13.37	5.42	(11.49)	+147%	n/a
Net cash flows from /(to) investing activities EUR million	(7.23)	(2.44)	(6.04)	+196%	-60%
Net cash flows from /(to) financing activities, EUR million	(7.34)	(1.52)	19.18	+383%	n/a

1.12. RISK MANAGEMENT

In 2020, AUGA Group management performed a review of the largest risks and prepared a risk management framework alongside with the risk assessment heat map. The risks were reviewed from both probability and severity perspectives. The risk management framework was approved by the Audit Committee in 2021.

Defined key risks for the Group:

Weather conditions. Climatic conditions are one of the most significant risk factors of agricultural activities. Poor or adverse meteorological conditions have a major impact on productivity and may adversely affect the yield of agricultural products, cause harm to the preparation of foodstuffs, destroy crops, and cause other damage. Any damage arising due to adverse climatic conditions may negatively affect the Group's financial situation, its business and its results.

Changes in EU subsidies. The Group receives significant income from EU subsidies, and they are important for the continued viability of the business. If, for any reason, these subsidies were removed or reduced, this could have significant implications in many areas of the Group's business. These would include (i) reduced operating cash flows and profitability, and (ii) decreases in the value of land and investment property resulting in the possible impairment of property, plants and equipment. Significant changes in EU subsidy programmes could also threaten the long-term viability of the Group's operations.

The prices of agricultural products. The Group's income and business results are subject to many factors, including the prices of agricultural products, which are beyond the Group's control. Various unpredictable factors (such as climatic conditions, national agricultural policy, and fluctuations in worldwide demand caused by changes in the world population, changes in living conditions, and varying volumes of competing products in other countries) have a significant influence on the prices of agricultural products. Factors such as climatic conditions, infections, pest infestations, the national agricultural policy of different countries, and more, may have a strong impact on the supply of primary agricultural products and their prices. Changes in demand for primary agricultural materials may be greatly affected by various international and local programmes implemented in compliance with national agricultural policies. Changes in international demand are also determined by changes in the world population and the living conditions in different countries across the world. These factors may cause significant fluctuations in the prices of agricultural products and, consequently, adversely effect the Group's activities, financial situation and results.

Credit/financing risks. Organic agriculture is a working capital intensive business. As a result, deployment of borrowed capital is significant: as of 31 December 2020, the aggregate interest-bearing debt of the Group amounted to EUR 59.91 million (on 31 December 2019 the figure was EUR 59.03 million). The Group's level of borrowed capital may entail significant consequences, for instance: (i) the Group's ability to obtain additional financing for working capital, capital expenditure, acquisitions, servicing of debt, and other purposes may be restricted; (ii) the Group's flexibility to adapt to changing market conditions may be limited; (iii) undertakings with certain limitations on business and financial matters contained in credit agreements, although typical for such types of financing transaction, may nonetheless restrict the Group's ability to borrow more funds, mortgage property and/or participate in mergers or transactions of other types, which may to a certain extent restrict the active implementation of development possibilities and, potentially, decrease competitive advantages in the future; and (iv) the Group's ability to prolong existing revolving facilities could be limited.

The refinancing of credit facilities in 2020 significantly decreased those risks because the new credit agreements: (i) increased the proportion of long-term facilities thus decreasing refinancing risk; and (ii) have looser financial covenants and fewer restrictions, and provide more flexibility and opportunities for investments and expansion. The diversification of financing products (banking loans, bonds), the financing of separate companies instead of syndicated loans, and an increase in the number of financing banks (refinancing was provided by both previous and new banks) have further decreased risks.

Risk of diseases. The Group's business is *inter alia* related to assets of plant or animal origin. Diseases can directly affect the results of the Group due to their impact on production volumes and quality, and write-offs. Epidemic cattle diseases (e.g., bovine spongiform encephalopathy or 'mad cow disease') and other diseases and bacteria may reduce demand for such products due to fear of the consequences arising from these issues. Such changes may impact the Group's financial condition.

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This risk is especially significant for the mushroom growing segment due to the concentration of production capacities.

Liquidity risk. Due to the Group's working capital intensive business model, long production cycle in the crop growing segment, and fluctuations in the sales volumes of agricultural products, the Group faces significant changes in demand for working capital through the year.

The refinancing of credit facilities from banks in 2020 and the securing additional revolving limits, together with the Group's improving cash flow, are decreasing this risk.

Possible risks related to environmental regulation. The Group has to comply with environmental regulations and it may be held liable for improper compliance with such rules. In its operations, the Group must comply with different environmental rules regulating the labelling, use, and storage of different hazardous substances used in the Group's activities. These rules require the installation of procedures and technologies for the proper treatment of any hazardous substances, and provide for the Group's liability in managing and eliminating any pollution of the environment. In addition to liability for current activities, the Group may also be liable for any previous operations if it appears that such operations caused damage to the environment. Furthermore, any changes in environmental regulations, both national and international, may bind the Group to introduce measures to meet the required standards.

Loss of recognitions and certifications. The Group is currently recognised as an organic producer and holds, among others, USDA Organic, Global GAP, Kosher and BRC Food certification. This certification can be considered an important part of the Group's brand and market positioning, and thus a loss of these certifications may result in a decline in demand or damage to the Group's brand value. Loss of certification as an organic producer would also reduce potential income from EU subsidies relating to organic farming.

Delays in the development of strategic projects. The Group is in a transition process, and several key projects, such as (i) Biogas cycle infrastructure, (ii) Specialised feed technology, and (iii) Regenerative crop-rotation, are particularly important for the successful implementation of the Group's strategy. The development of these projects face several risks, including:

- the failure to innovate, launch and commercialise these projects;
- a lack of project management capabilities;
- and a lack of human resources.

More information about the **Group's financial risk management** is provided in note 3 of the Company's consolidated and separate financial statements for the year ended 31 December 2020.

COVID-19 pandemic effect

In light of the COVID-19 pandemic's effects on the business environment, measures have been taken to address the most significant coronavirus-related risks throughout the Group's key business units, namely crop growing, dairy production, mushroom growing and fast-moving consumer goods (FMCG).

Additional measures have been taken to ensure the safety of the Group's employees and the continuation of its daily activities. With additional measures applied, all Group companies are operating at the required capacities.

At the market level, agricultural production companies stood out as some of the least affected by the crisis, given the nature of their produce and increased demand from households. However, prolonged restrictions eventually impact all businesses. Later in the year, the mushroom segment was somewhat affected by pandemic caused changes in the market.

The Group, due limited effect of the pandemic on financial results, made a decision do not apply for financial State support programs and paid back downtime subsidies, already received by several companies of the Group.

Crop growing

The Company's management did not see any significant changes in the crop market. If the pandemic continues and the Group would faces a labour shortage due to high numbers of infected or quarantined persons this risk may be mitigated via temporary employment, as was successfully done in 2020.

Dairy

Milk production has been running at regular capacity and there were no problems with product demand. The management is not seeing at present nor does it forecast a decrease of demand in this segment. However, the risk of labour shortage remains, if the numbers of infected or quarantined persons were to rise dramatically. If this scenario occurs, the Group is ready to mitigate this risk with temporary employment, as was done in 2020.

Mushroom growing

The biggest threat in the mushroom growing segment is related to production, given the labour intensity of the production operations. Therefore, the Company has implemented various measures to ensure the safety of employees and to minimize contact among them. The Group could face a shortage of labour if the number of infected or quarantined persons were to increase dramatically. Labour shortages were successfully compensated with temporary employment from the outside and secondment from other companies of the Group in 2020.

In 2020, several business areas of the segment were negatively affected by the pandemic due to instability in the market:

- sales to wholesalers working with HoReCa decreased,
- sales of mushroom seedbeds to Russia decreased,
- market volatility increased which made it challenging to sell mushrooms at the best fresh mushroom price.

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The Group is looking for new export markets for sales diversification and implements efficiency initiatives to reduce costs.

FMCG

The growing demand for long shelf-life packaged products (dairy products, soups, etc.) was observed across all markets. In terms of the associated risks in this segment, these are mainly related to possible interruptions in the supply chain of raw materials that the Group cannot produce in-house.



1.13. SUMMARY OF 2020 RESULTS AND OUTLOOK INTO 2021

AUGA group demonstrated strong financial results, improving both revenue and profitability in 2020. Group's EBITDA increased by 22% (EUR 3.72 million) in 2020, mainly impacted by improving crop yields and dairy segment:



In 2020, the Group achieved significantly better results in the crop growing segment and due to the good condition of sown crops the management of the Company has positive expectations for 2021 results.

The primary focus of the AUGA group in the dairy segment is to increase the efficiency, and this strategy is yielding its first positive impact on results. The Group is planning to continue its efficiency agenda in 2021 by increasing dairy cow herd numbers, improving feed quality, and achieving a lower feed cost.

In the mushroom growing segment the Group expects the market situation to stabilize once the global pandemic is under control and is actively looking for new export markets to diversify sales. In 2021, AUGA group will also continue the implementation of efficiency initiatives to reduce costs.

It is expected that the fast-moving consumer goods (FMCG) segment will continue to demonstrate such strong growth due to growing consumer demand in the home market and export markets. Moreover, the Group believes that newly opened markets and successful contracts signed in 2020 will have a positive impact on the segment's growth in the future.

In 2021, efficiency will continue to be one of the Group's top priorities, as will the creation and implementation of innovations in agriculture. This will allow the Group to achieve the goals set in the strategy to become a climate-neutral agricultural player in the long period.

All segments of the Group demonstrated positive developments, growth of sales in the last three years and the management of the Group believes, that based on the information and assumptions provided in segments' review, and favourable insights of institutions and markets about the growth of demand for organic products, the positive developments of growth will continue in 2021.

1.14. INFORMATION ON SHARES AND BONDS

Shares

The securities of the Company are included in Main List of NASDAQ Vilnius stock exchange (symbol: AUG1L).

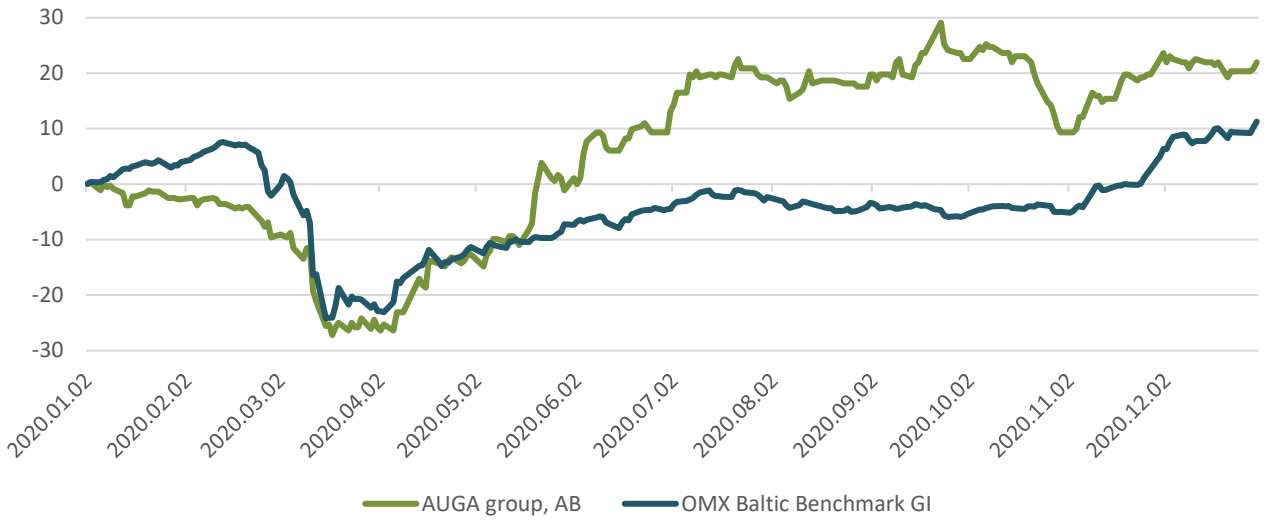
Type of shares	Number of shares	Share nominal value (in EUR)	Total share capital (in EUR)	Issue Code ISIN
Ordinary registered shares	227,416,252	0.29	65,950,713.08	LT0000127466

Information about the Company's shares trading on the NASDAQ Vilnius.

Reporting period	Price, EUR				Date of last session	Total turnover	
	Max	Min	Average	Last		Units	EUR, million
2020 I quarter	0.366	0.260	0.332	0.275	2020.03.31	2,953,395	0.957
2020 II quarter	0.406	0.268	0.343	0.398	2020.06.30	3,615,072	1.226
2020 III quarter	0.478	0.398	0.436	0.446	2020.09.30	1,725,034	0.754
2020 IV quarter	0.456	0.390	0.434	0.444	2020.12.30	2,646,002	1.142
2020 total	**0.478**	**0.260**	**0.387**	**0.444**	**2020.12.30**	**10,939,503**	**4.080**

Shares opening price (02.01.2020) was 0.362 EUR. The share price increased by 21.98% from the beginning of 2020 to 31 December 2020, outperforming OMX Baltic Benchmark index (it increased by 11.27% during the same period of time).

AUGA group, AB share price and OMX Baltic Benchmark index changes (%) in 2020:



Source: NASDAQ Vilnius stock exchange

AUGA group, AB share price variance (Eur) and Volume for the period of 1 January 2015 to 31 December 2020.



Source: NASDAQ Vilnius stock exchange

Bonds

At the end of 2019, the Company issued green bonds for EUR 20 million nominal value. It was the first fully privately-owned listed entity in the Baltic states to issue green bonds and one of the largest bond issues on the Nasdaq Baltic in terms of value and number of investors.

Bonds of the Company are included in Baltic Bond List of NASDAQ Vilnius stock exchange (ticker: **AUGB060024A**).

Green bond details	
Issuer	AUGA group, AB
ISIN code	LT0000404238
Listing	Nasdaq Vilnius
Denomination	EUR 1,000
Issue size	EUR 20,000,000
Tenor	2019-2024
Maturity date	17.12.2024
Fixed coupon rate	6%, annually

Bonds' trading annual turnover was EUR 2.28 million in 2020.

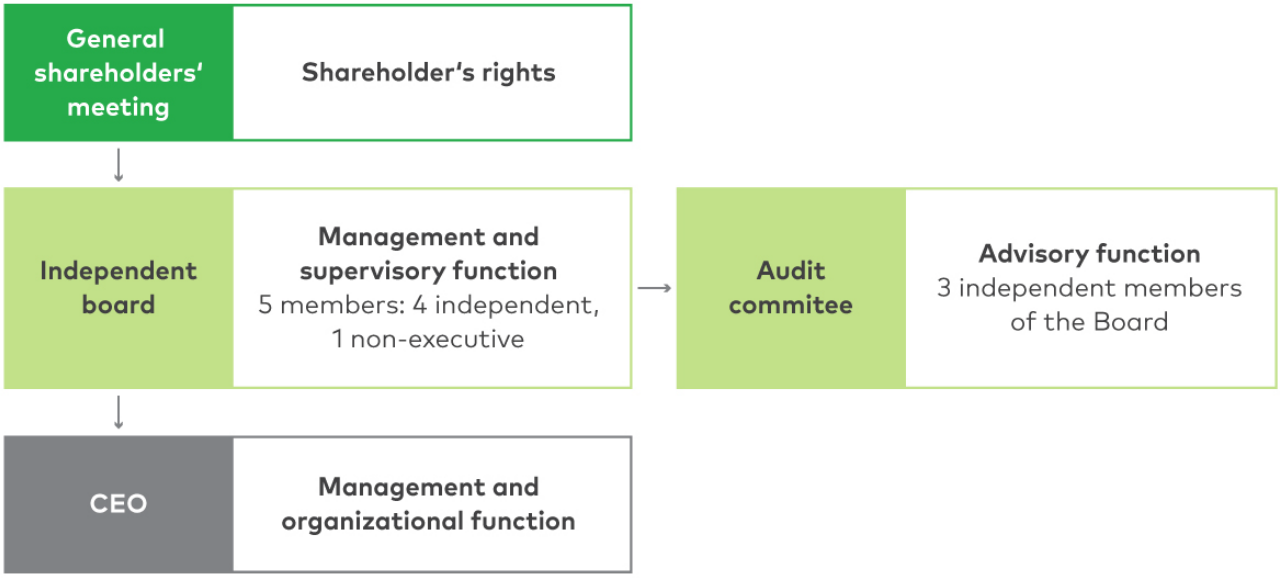


2. Corporate Governance

2.1. GOVERNANCE MODEL

The current corporate governance structure was introduced in 2019 when the Company changed to a one tier board structure instead of a two-tier structure, with the Management Board taking over the functions of previous Supervisory Council.

Currently, there are three corporate bodies in the Company – the General shareholders' meeting, the Board and the Chief Executive Officer (CEO) and an advisory body – the Audit Committee.



The general meeting of shareholders is the supreme body of the Company.

In compliance with the best corporate governance practices the Articles of the Company determine the following functions and responsibilities of the Board:

- approval of the Company's strategy;
- approval of the annual budget and business plan;
- approval of the risk level acceptable in the Company's activity and the risk management policy;
- approval of the annual financial and non-financial targets for the CEO;
- responsibility of overseeing and leading the Company's compliance with the best corporate governance practices.

The Board also appoints, removes, and supervises the activities of the CEO.

The Audit Committee operates in line with the principles, outlined in the Regulations of Audit Committee of AUGA group. The Audit Committee is an advisory body of the Board. The main functions of the Audit Committee include:

- monitoring the process of the Company's financial statement preparation,
- monitoring the audit process,
- analysing the effectiveness of internal audit and risk management systems,
- approval of requirements for external auditors and evaluates both the qualification and experience of external auditors.

The CEO is in charge of the daily management of the Company and has the authority to represent the Company. According to the Articles, the CEO is entitled to take decisions on transactions the value of which do not exceed 1/20 of the authorised capital of the Company; for transactions exceeding the latter threshold, the Board's approval is required.

Information on the Company's compliance with the Code of Corporate Governance is provided in the Annex No. 2.

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2.2. SHARE CAPITAL STRUCTURE AND SHAREHOLDERS

The share capital of AUGA group, AB as of 31 December 2020 is EUR 65.95 million (unchanged from 31 December 2019). The share capital is divided into 227,416,252 ordinary shares (unchanged from 2019). Each issued share has a EUR 0.29 nominal value and is fully paid.

The total number of shareholders on 31 December 2020 was 1,866 and on 31 December 2019 it was 1,330.

The shareholders owning more than 5% of shares in the Company are the following:

Shareholder's name	31 December 2020		31 December 2019	
	Number of shares	% owned	Number of shares	% owned
Baltic Champs Group UAB (identification code: 145798333; address: Poviliškiai v., Šiauliai region mun., Lithuania)	125,167,939	55.04	125,167,939	55.04
European Bank for Reconstruction and Development (identification code: EBRDGB2LXXXX; address: One Exchange Square, London EC2A 2JN, UK)	19,810,636	8.71	19,810,636	8.71
UAB „ME Investicija" (identification code: 302489393; address: Račių st. 1, Vilnius, Lithuania)	19,082,801	8.39	19,082,801	8.39
Žilvinas Marcinkevičius	15,919,138	7.00	15,919,138	7.00
Minority shareholders	47,435,738	20.86	47,435,738	20.86
Total	**227,416,252**	**100.00**	**227,416,252**	**100.00**

Shareholders distribution by country and by type in 2020 was as follows:

Country	Type	Owned shares in the Company, units	Owned shares in the Company, %
Lithuania	Legal entity	162,438,593	71.43
	Natural person	23,163,755	10.19
Other countries	Legal entity	39,300,890	17.28
	Natural person	2,513,014	1.10
Total	Legal entity	201,739,483	88.71
	Natural person	25,676,769	11.29

No shareholder has special voting rights.

Information on the shares of the Company held by the members of the Board and the top executives as of 31 December 2020:

Name, Surname	Position	Owned shares in the Company, units	Owned shares in the Company, %
Kęstutis Juščius*	CEO	1,392	0.0006
Tomas Krakauskas**	Member of the Board	119,000	0.0523
Mindaugas Ambrasas	CFO	6,881	0.0030

** Kęstutis Juščius, CEO, is the ultimate owner of Baltic Champs Group UAB, controlling 55.04% of the Company's shares.*
*** Tomas Krakauskas is an employee of UAB „ME Investicija", which holds 8.39% of the Company's shares.*

Information on own shares

The Company has not acquired any of its own shares.

Share transfer restrictions

Laws and the Articles of Association do not provide for restrictions on the transfer of shares.

Separate share transfer restrictions are possible, but these can only be imposed by the shareholders and only in agreed-upon cases.

The Company was advised of the following contractual share transfer restrictions by one of the main shareholders of the Company: Baltic Champs Group, UAB agreed on certain restrictions with (i) its financing bank in respect of the financing provided by it, and (ii) AS LHV bank, which acted as a global lead manager of the Company's shares during the secondary public offering carried out by the Company in 2018. In the latter case, restrictions were undertaken by the majority shareholder in relation to the latter public offering.

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Information on significant agreements, which could be affected by the change in shareholder structure.

Bank loans and financial lease agreements of Group companies, including the Company, have a change of control clause at the Group level which is standard practice for such agreements. The Company or the Group has not entered into any other significant agreements whose validity, amendment and termination could be affected by a change in shareholder structure.

Agreements between the shareholders

As of 31 December 2020, the Company is not aware/was not advised of any agreements between the shareholders.

On 19 July 2018 the Company, its major shareholder Baltic Champs Group, UAB (Shareholder), Kestutis Juščius and the European Bank for Reconstruction and Development (EBRD) entered into a framework agreement (Framework Agreement). Although in its nature it is not a shareholder agreement, it provides for the undertaking of the Shareholder to vote in favour of the election of an EBRD nominee to the board of the Company, provided that the EBRD holds at least 3% of the Company's shares. The Company also undertook to comply with certain environment and social compliance and corporate governance recommendations and other requirements of the EBRD.

GRI 102-18



2.3. THE BOARD AND ITS COMMITTEES

The Articles provide that at least 1/3 of the Board members must be independent. In 2019, the AGM approved independency criteria for members of the Company's collegiate bodies, which by and large comply with the independency criteria established by the Law on Companies of Republic of Lithuania, namely, that to be independent, a member must not be related with the Company and/or its controlling shareholder[1].

All current Board members are not related to the Company and/or its controlling shareholder; 4 of them are independent according to the self-evaluation of the Board conducted at the first Board meeting.

Information about the **Board members** of the Company as 31 December 2020:

Name, Surname	Position	Status	Appointment date
Dalius Misiūnas	Chairman	Independent	30.04.2019
Andrej Cyba	Member	Independent	17.06.2019
Tomas Kučinskas	Member	Independent	30.04.2019
Murray Steele*	Member	Independent	30.04.2019
Tomas Krakauskas**	Member	Non-executive	30.04.2019

** Board member Murray Steele has been nominated by the European Bank of Reconstruction and Development (EBRD), which holds 8.71% of the Company's shares, and he receives top up remuneration from the EBRD for conduct of board member functions; however, (i) EBRD is not a controlling shareholder; and (ii) he advised the Board that he acts independently on his own discretion as an independent board member; therefore, he is deemed to be an independent board member.*
*** Although according to the independency criteria established in the Law on Companies of the Republic of Lithuania and approved by the 2019 AGM Tomas Krakauskas could be deemed independent, on his request he is not considered independent due to his employment relationship with the Company's minority shareholder UAB „ME Investicija" (holds 8.39% of shares).*

The current Board's tenure is until the annual general meeting of shareholders of the Company in 2021.

Members of the Board



Dalius Misiūnas (chairman of the Board)

Education, qualification: Lund University (Sweden), PhD in Technology Science; Kaunas University of Technology, Electrical Engineering, Bachelor's degree, Baltic Institute of Corporate Governance, Professional Board member certificate, Baltic Institute of Corporate Governance, Chairman of the Board certificate.

Activity: Chairman of the Board of AUGA group, AB (legal form: Public Limited Company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius, Lithuania) (2019 – present).

Miscellaneous: President at ISM University of Management and Economics (legal form: Private limited company, code 111963319, registered address Aušros Vartų str. 7A, Vilnius, Lithuania) (2019 – present)



Murray Steele

Education, qualification: Glasgow university (United Kingdom), Mechanical Engineering, Bachelor's degree; Glasgow university (United Kingdom), Aeronautical Thermodynamics, Master degree; Cranfield university (United Kingdom), Business Administration, Master degree.

Activity: Member of the Board of AUGA group, AB (legal form: Public Limited Company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius, Lithuania) (2019 – present).

Miscellaneous: Chairman of the board of Octopus Apollo VCT (legal form: Venture capital trust, code OAP3, registered address: 33 Holborn, London, EC1N 2HT, United Kingdom) (2008 – present); Chairman of the Board of Surface Generation (legal form: Private limited company, code 04379384, registered address: Brackenbury Court, Lyndon Barns Edith Weston Road, Lyndon, Oakham, England, LE15 8TW, United Kingdom) (2008 – present).

[1] Independency criteria for board members are set out in Article 33 section 7 of the Law on Companies of the Republic of Lithuania; independency criteria approved by the 2019 AGM may be accessed by following this link https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=887602&messageId=1117217

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Tomas Kučinskas

Education, qualification: Baltic Institute of Corporate Governance, Certification in Board Chairmanship; Baltic Institute of Corporate Governance, Certification in Board Management; Baltic Management Institute, International EMBA; Lomonosov State University (Russia), Physics, Master's degree.

Activity: Member of the Board of AUGA group, AB (legal form: Public Limited Company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius, Lithuania) (2019 – present).

Miscellaneous: Director of UAB „Provestum" (legal form: Private limited company, code 302752944, registered address Teatro str. 9A-4, Vilnius, Lithuania) (2012 – present); Board member of UAB „Biseris" (legal form: Private limited company, code 222288190, registered address Granito str. 3-101, Vilnius, Lithuania) (2011 – present); Chairman of UAB „Parket Trade" (legal form: Private limited company, code 303156623, registered address Teatro str. 9A-4, Vilnius, Lithuania) (2014 – present); Supervisory board member of Lords LB special Fund V (legal form: investment fund, code 1082) (2017 – present).



Tomas Krakauskas

Education, qualification: Vilnius University, Management and Business Administration, Bachelor degree; ISM University of Management and Economics, ISM executive school, Master's degree.

Activity: Member of the Board of AUGA group, AB (legal form: Public Limited Company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius, Lithuania) (2019 – present).

Miscellaneous: Chief investment Officer of UAB „ME investicija" (legal form: Private limited company, code 302489393, registered address Račių str. 1, Vilnius, Lithuania) (2016 – present); Chairman of the board of UAB „Viena sąskaita" (legal form: Private limited company, code 300530005, registered address Savanorių ave. 192, Kaunas, Lithuania) (2017 – present).



Andrej Cyba

Education, qualification: Vilnius University, Management and Business Administration, Bachelor degree.

Activity: Member of the Board of AUGA group, AB (legal form: Public Limited Company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius, Lithuania) (2019 – present).

Miscellaneous: Chief Business Development Officer of UAB "INVL Asset Management" (legal form: Private limited company, code 126263073, registered address Gynėjų str. 14, Vilnius, Lithuania) (2016 – present); Chairman of the Board of UAB FMĮ "INVL Finasta" (legal form: Private limited company, code 304049332, registered address Gynėjų str. 14, Vilnius, Lithuania) (2016 – present); Chairman of Supervisory Board of IPAS "INVL Asset Management" (legal form: Private limited company, code 40003605043, registered address Smilšu 7-1, Riga, Latvia) (2016 – present); Chairman of the Supervisory Board of AS "INVL ATKLĀTAIS PENSIJU FONDS" (legal form: Public limited company, code 40003377918, registered address Smilšu 7-1, Riga, Latvia) (2016 - present); Board Member of AB "Vilkyškių pieninė" (legal form: Public limited company, code 277160980, registered address Prano Lukošaičio str. 14, Vilkyškiai, Pagėgiai district municipality, Lithuania) (2008 - present); CEO of UAB "Piola" (legal form: Private limited company, code 120974916, registered address Mindaugo str. 16-52, Vilnius, Lithuania) (2009 – present); CEO of UAB "PFE GP1" (legal form: Private limited company, code 302582709, registered address Maironio str. 11, Vilnius, Lithuania) (2012 – present); CEO of UAB "PEF GP2" (legal form: Private limited company, code 302582716, registered address Maironio str. 11, Vilnius, Lithuania) (2012 – present).

During 2020, 11 ordinary meetings of the Board were held. During all Board meeting was quorum prescribed by legal acts and Articles of Association. Dalius Misiūnas, Murray Steele and Andrej Cyba participated in 11 meetings, Tomas Kučinskas and Tomas Krakauskas participated in 10 board meetings.

Members of the board did not have shareholdings above 5% in other companies who are Company's business partners, suppliers, clients and other related companies.

GRI 102-18 | GRI 102-19 | GRI 102-22 | GRI 102-23

Members of Audit committee

Members of Audit Committee of the Company as of 31 December 2020:

Name, Surname	Position	Status
Andrej Cyba	Chairman	Independent
Tomas Kučinskas	Member	Independent
Murray Steele	Member	Independent

During 2020, 8 meetings of the Audit Committee were held. During all Audit Committee meeting was quorum prescribed by legal acts and regulations of Audit Committee. All members participated in 8 meetings held.

2.4. MANAGEMENT

Kęstutis Juščius, CEO (30.04.2019 – present)

Education, qualification: Vilnius University, Business Administration, Bachelor's Degree.
Activity: CEO of AUGA group, AB (legal form: Public Limited Company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius, Lithuania) (2019 – present).

Miscellaneous: Chairman of the Board of Baltic Champs Group, UAB (legal form: Private limited company, code 145798333, registered address Poviliškių k. Šiauliai district municipality, Lithuania) (2014 - Present), President of Lithuanian Mushrooms Growers and Processors Association (2013 – present) legal form: Association, code 124135819, registered address Zibalų str. 37, Širvintos, Lithuania).

Mindaugas Ambrasas, CFO (12.03.2020 – present).

Education, qualification: Vilnius University, Master's degree in Economics.

Activity: CFO of AUGA group, AB (legal form: Public Limited Company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius) (2020 – present).

Information on transactions with related parties

Information on transactions with related parties is disclosed in the explanatory notes (note 30) of the Company's consolidated and separate financial statements for the year ended 31 December 2020.

2.5. REMUNERATION REPORT

Management bodies remuneration

The Company's management bodies include the Members of the Board and the Chief Executive Officer (6 persons).

The members of the Board receive remuneration for the performance of board member functions, i.e.:

(a) EUR 1,900 (before taxes) for members of the Management Board and EUR 2,500 (before taxes) for the chairman of the Management Board per one board meeting, which includes preparation for the meeting, travel time to/from the meeting, attending the meeting, follow-up questions and closure work related to the meeting. Should there be more than 12 board meetings in 12 months, the indicated remuneration is to be paid for each meeting. Should there be less than 12 meetings per 12 consecutive months, the board member will nonetheless receive remuneration for 12 meetings per 12 months. Remuneration shall not be paid for decisions made in writing or any other way in between the meetings nor for meetings which the board member did not attend;

(b) For board members living abroad – compensation for travel and accommodation costs for/during attendance of the board meeting – not exceeding EUR 500 + VAT (Lithuanian tariff) in respect to one board meeting in which they participated; if the board member participates in a meeting via communication/IT measures (not physically traveling to Lithuania), travel costs compensation shall not be paid for such participation.

The remuneration of the CEO of the Company includes an official monthly wage and additional benefits granted irrespective of performance results and paid to all employees meeting the established criteria in accordance with the procedure in force in the Group (e.g. health insurance). In addition to the official monthly wage or remuneration received in a different form, the CEO can be included in the Employee share option plan.

Remuneration paid to the Board and CEO of the company is in compliance with the adopted Company's remuneration policy which is approved by shareholders at the annual general shareholders' meeting and is publicly available on the Company's website (https://auga.lt/en/investors/management/remuneration-policies/#tabs).

The Company and its collegial bodies' members have not concluded any agreements regarding compensation in the event of resignation, unjustifiable redundancy, or change in ownership structure.

Remuneration (gross amount) for the newly formed independent Board members is as provided in the table below.

Remuneration of the individual members of the Board, EUR	2020	2019
Dalius Misiunas (30.04.2019-present)	30,000	17,500
Andrej Cyba (17.06.1019-present)	22,800	13,300
Tomas Kucinskas (30.04.2019-present)	20,900	13,300
Murray Steele (30.04.2019-present)	23,572	16,447
Tomas Krakauskas (30.04.2019-present)	20,900	13,300
Total	**118,172**	**73,847**

It should be noted that in 2019 important changes were made to the corporate governance structure and the Company formed an independent Board. Until 30 April 2019 the Board were formed of employees of the Group and members of the Board did not receive remuneration for performance of board member functions. Members of the Board who, in addition to their board member position, served on another position in the Group received salaries or payments for legal services as direct remuneration for their employement position within the Group (i.e. the board included Group internal lawyer, CEO, etc.). Thus, historical figures are not comparable and do not give a clear overview of governance bodies remuneration development.

The table below summarises gross salaries and payments for legal services for the Board members between 2016 and 2020:

Remuneration paid to members of the board*, EUR	2020	2019*	2018	2017	2016
Total remuneration	118,172	202,717	218,192	236,800	599,179
Number of Board members	5	5	5	5	7
Average annual remuneration per 1 member	23,634	38,009	43,638	47,360	85,597

*Remuneration amounts in 2019 include both payments to independent Board members and salaries of employees of the Group who were also Board members until 30 April 2019.

The members of the Board of the Company did not receive payments from any subsidiary of the Company in 2020.

No share options were granted to members of the Board in 2020.

The Company did not pay variable remuneration to the Board members in 2020.

GRI 102-35 GRI 102-38

Employees remuneration

AUGA group's team brings together agricultural professionals and technical engineers with many years of experience, alongside experts in finance, marketing, and other fields.

As of 31 December 2020, the number of employees by categories was as follows (excluding employees on parental leave):

Employees number structure	2020	2019	2018	2017	2016
Managers	78	65	63	54	53
Specialists	190	135	145	134	130
Workers	968	949	957	939	916
Total:	1,236	1,149	1,165	1,127	1,099

Table below provides average gross salaries of the Group employees between 2016 and 2020:

Average gross salaries of the employees of the Group, EUR	2020	2019	2018	2017	2016
CEO	7,222	7,174	7,474	7,466	7,477
Managers	3,431	3,363	3,242	2,945	2,902
Specialists	1,793	1,641	1,663	1,393	1,295
Workers	1,168	1,122	1,138	958	969

The dynamic of average salaries of employees of the Group (excluding CEO) and net profit (loss) of the Group is provided in the table below.

	2020	2019	2018	2017	2016
Average gross salaries of the employees of the Group, EUR	1,405	1,308	1,315	1,103	1,099
Net profit (loss), th. EUR	1,792	(3,218)	(5,980)	5,015	2,145

The Group introduced share option program as additional motivation for specialist and managers in 2019. The first options will be executed in 2022.

The current CEO, being the main shareholder of the Company through UAB Baltic Champs Group UAB, did not receive payments from any subsidiary, variable remuneration and was not granted share options.

For more information about the Group's personnel please see the Company´s Sustainability Report for the year 2020.

Employee share option plan

The establishment of the AUGA group, AB Employee Option Plan was approved by shareholders at the annual general shareholders' meeting which took place on 30 April, 2019. The Employee Option Plan is designed to provide long-term benefits for employees, increase their performance and increase their motivation to remain in the entity's employment.

Under the plan, participants are granted options to receive Company's shares which only vest if service conditions are met. The service condition for the Option receiver is to complete a 3-year term of service to the Group. After the condition is met, an employee is eligible to exercise this option. There are no other vesting or performance conditions for the receiver. If the receiver does not fulfill the service condition, the option does not come into force according to the Company decision and they are not eligible to exercise the option, unless otherwise determined by the decision of the board (regarding the employees subordinated to the board) or the decision of the chief executive of the Company (regarding the employees subordinated to the management).

The option loses force if any restructuring, bankruptcy, liquidation or similar proceedings of the Company are commenced, and such proceedings continue and / or end with liquidation of the Company. Moreover, it also loses force if both parties (the Company and the receiver) agree to terminate the option agreement and if the receiver has caused damage to the Company through their actions or omissions.

These share-based payments for employees are equity-settled only. When exercisable, each option is convertible into one ordinary fully-fledged share. The shares will be issued from the Reserve to provide shares for employees (formed and approved by the shareholders) at the nominal value of 0.29 and will increase the Company's share capital.

Options are granted under the plan for no consideration. There are no social security contributions or income tax which would be payable by the Company at the time of the exercise (or any other time during the vesting period) and accrued within the Company's liabilities. Employees who exercise the option and receive the shares of the company will need to pay income tax on their own at the time of such exercise. Additional information about share option plan:

	2020	2019
Number of participating employees	221	205
Number of allocated shares	2,226,830	2,558,860

GRI 102-35



3. Sustainability Report 2020

3.1. ABOUT THE SUSTAINABILITY REPORT

Since 2017, the AUGA group has been publishing its annual sustainability reports with the purpose of ensuring that it remains accountable to all its stakeholders. This Sustainability Report covers the activities of all the Group's companies in the period from 1 January until 31 December 2020. This year marks the first time that this report is integrated in the Company's annual report. In order to maintain consistency with previous years, this Sustainability Report will also be published as a separate document.

To date, AUGA group has prepared Sustainability Reports in accordance with the Nasdaq ESG reporting guide for Companies Listed in the Nordic and Baltic Markets. In the last performance report, the Company set the new goal of integrating other globally recognized sustainability standards into future reports. This goal has been achieved as the activity data for 2020 was provided following the Core Option of the Global Reporting Initiative (GRI) standard. This is the first report to communicate the results achieved by the Company in accordance with two international sustainability standards. The disclosures contained herein are guided by the materiality principle. This report fully meets the requirements for a social responsibility report that are set out in the legislation of the Republic of Lithuania.

The Sustainability Report is published together with the Company's annual financial results. The Company strives for consistency; therefore, this report has been prepared following the structure of the Company's previous Sustainability Reports. The disclosures of the newly adopted GRI standard, which the Company has chosen to communicate in accordance with its activities, are integrated into the previous structure of the AUGA group report, which was already familiar to stakeholders. Through this, it is hoped that readers of the report will be able to easily find all the relevant information by looking not only at the most recent data, but at the historical data as well.

In all its activities, the Company strives to be transparent and responsive to the needs of its community. As a result, the Company has prepared this Sustainability Reports in accordance with the materiality assessment of sustainability criteria that has been reviewed together with the Company's stakeholders, a process which is updated via survey every two years. It is also important for the Company to adhere to the Sustainable Development Goals set by the United Nations; therefore, the Company follows these principles in its activities.

The Sustainability Report covers the main activities and achievements of the Group in the environmental, social and governance (ESG) areas, as well as the goals that the Company expects to achieve in the future.

The Company's Sustainability Reports have not yet been formally audited by third parties. This document provides information from the independently audited CO_2 emissions report of the Group. In the future, the Company will seek to audit its other ESG indicators.

The last AUGA group Sustainability Report for 2019 was issued in April 2020. This and previous Sustainability Reports are available on the Company's website.

The contact person responsible for sustainability is Gediminas Judzentas, Marketing and Sustainability Director of AUGA group (g.judzentas@auga.lt).

GRI 102-45

GRI 102-46 | GRI 102-47 | GRI 102-48 | GRI 102-49 | GRI 102-50

GRI 102-51 | GRI 102-52 | GRI 102-53 | GRI 102-54 | GRI 102-56

Nasdaq V8 | Nasdaq V9 | Nasdaq V10

3.2. OUR APPROACH TO SUSTAINABILITY

The Company applies the principles of sustainability in various areas. These areas range from environmental protection and emissions reduction targets to social issues, such as ensuring occupational safety, and maintaining dialogues with the communities in the regions where the group's companies operate, as well as ensuring that transparency is maintained through all relations with investors and other stakeholders.

Acknowledging that its activities in the agricultural sector have a negative impact on the environment, the Company seeks to reduce this impact by doing more than is currently required by organic farming standards. The Group's companies are developing a closed-loop business model, applying mill-till technology and using green energy. However, this is not enough for becoming a climate-neutral business and meeting the growing consumer demand for more sustainable food. In order to address the existing bottlenecks in the agricultural sector and the food value chain, new technologies must be developed and implemented.

The Company expects that the principles of sustainability applied in its day-to-day operations will meet its stakeholders' needs and have a significant impact on reducing environmental impact.



UN SUSTAINABLE DEVELOPMENT GOALS

The Company bases its activities on the United Nations (UN) Sustainable Development Goals (SDG) and applies high sustainability standards. In 2020, AUGA group started the processes of signing the UN Global Compact, and in 2021 it became an official member of the initiative.

By becoming a member of this agreement, the Company undertook to report its progress on the implementation of SDG annually and to set even more ambitious goals for developing a sustainable food value chain. The Company currently seeks to contribute to the 7 selected UN Sustainable Development Goals. This list was last updated in 2019.

UN sustainable development goals integrated by AUGA group



Zero hunger

- Healthy and affordable food
- Food labelling, safety and prices
- Sustainable sourcing
- Genetic diversity of farmed and domesticated animals
- Labour practices in the supply chain



Good health and well-being

- Occupational health and safety
- Access to medicines
- Access to quality essential health care services
- Air quality
- Water quality



Decent work and economic growth

- Employment
- Non-discrimination
- Capacity building
- Availability of a skilled workforce
- Elimination of forced or compulsory labour



Industry, innovation and infrastructure

- Infrastructure investments
- Access to financial services
- Environmental investments
- Research and development



Responsible consumption and production

- Sustainable sourcing
- Resource efficiency of products and services
- Materials recycling
- Procurement practices
- Product and service information and labelling



Climate action

- Energy efficiency
- Environmental investments
- GHG* emissions
- Risks and opportunities due to climate change



Life on land

- Deforestation and forest degradation
- Genetic diversity of farms and domesticated animals
- Land remediation
- Landscapes forest management and fibre sourcing
- Mountain ecosystems
- Terrestrial and inland freshwater ecosystems

* GHG - Greenhouse gas

SUSTAINABILITY CRITERIA AND STAKEHOLDERS

Maintaining a close and high quality dialogue with stakeholders is an essential task for the AUGA group. The Company's stakeholder groups are identified by the management team based on their type of activities, scale, and overall business needs. Having cooperation with these groups helps the Company to respond to their needs and to have a positive impact on various areas. To achieve this, the Company conducts an assessment of the importance of sustainability criteria with its stakeholders every two years.

The assessment identifies the importance of the main sustainability criteria for all the AUGA group stakeholders listed. The impact of sustainability criteria on business has also been identified, taking into account current consumer needs, market trends, and the sector's potential.

The first assessment of sustainability criteria was implemented in 2017 and published in the Company's first Sustainability Report. In 2019, these criteria were reviewed by the Company's management team and approved by the Board. In 2021, the Company plans to conduct a third assessment of sustainability criteria.

The groups of stakeholders:

- Employess
- Consumers
- Investors
- Non-governmental and governmental organizations
- Suppliers
- Clients
- Community
- Media

The main criteria of sustainability

Environmental

Environmental impact of agriculture
Soil health
Emissions
Use of resources
Renewable energy
Packaging
Waste
Animal welfare
Circular economy

Social responsibility

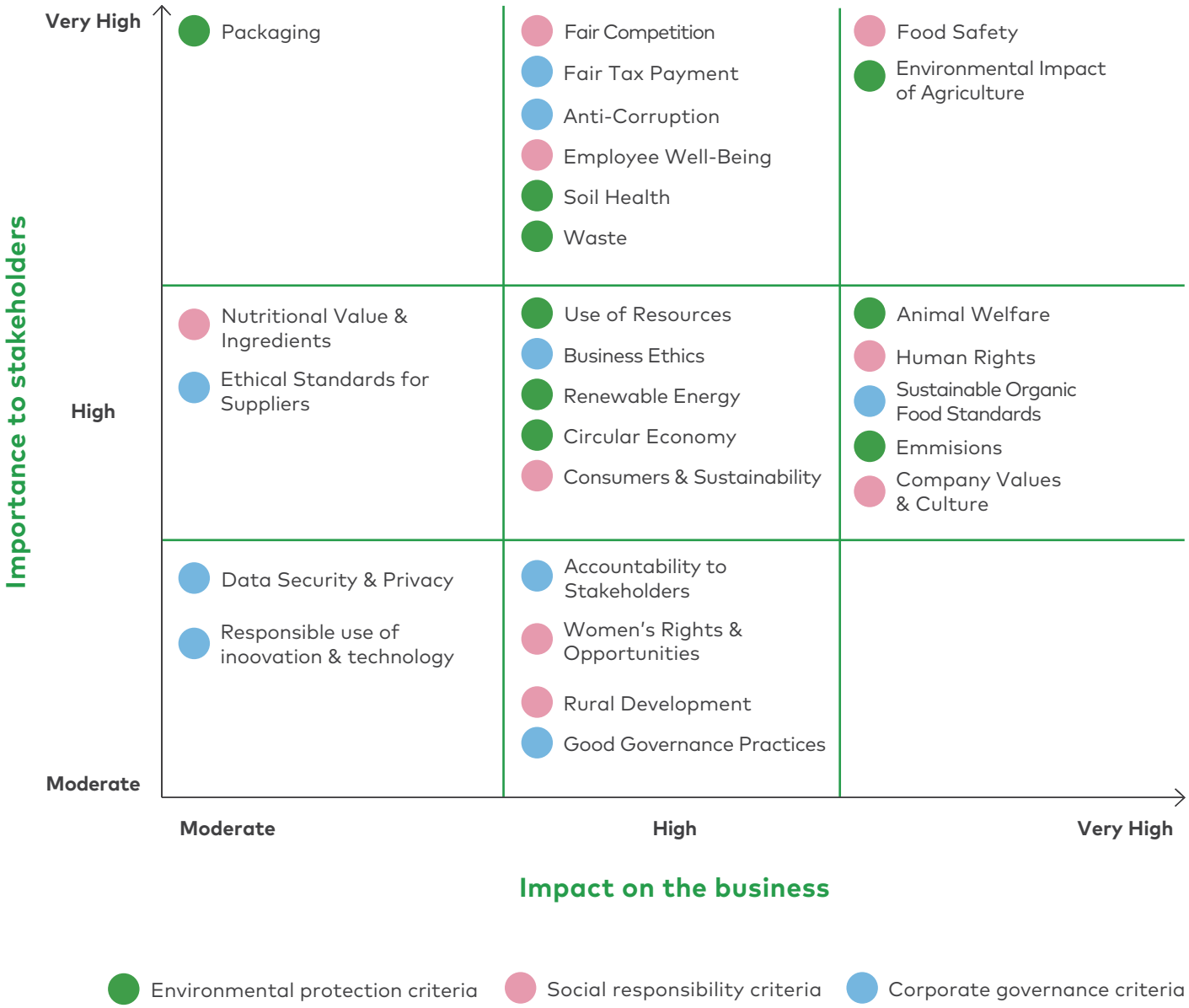
Nutritional value & Ingredients
Human rights
Women's rights & opportunities
Rural development
Employee well-being
Fair competition
Company values & culture
Consumers & sustainability
Food safety

Sustainable governance

Business ethics
Anti-corruption
Ethical standards for suppliers
Data security & privacy
Accountability to stakeholders
Responsible use of innovation & technology
Good governance practices
Sustainable organic food standards
Fair tax payment

GRI 102-29 GRI 102-40 GRI 102-42 GRI 102-43 GRI 102-44

Materiality assessment matrix



GRI 102-29 GRI 102-43 GRI 102-44

MEMBERSHIPS AND PARTNERSHIPS

AUGA group is a socially responsible company. That is why, it is important for the Company to participate in the activities of various associations, share good practices and contribute to solving emerging problems in the sector. The Company believes that groups with similar values and interests can achieve significant results in the field of sustainability, entrepreneurship, and strive for positive change.

For this reason, the Company is an active member of various associations and non-governmental organizations. The Company has been part of the following organizations for some time: the Lithuanian Association of Agriculture Companies (LŽŪBA), the Lithuanian Organic Farmers Association (LEŪA), the Responsible Business Association of Lithuania (LAVA). The Group's company Baltic Champs is a member of the Lithuanian Association of Mushroom Growers and Processors (LGAPA), and AUGA Luganta belongs to the Vegetable Growers Association (LDAA).

In 2020, the Company became a member of Positive, an international organization that promotes a regenerative economy and supports companies that seek to have a positive impact on the environment, society, and business.

AUGA group pays close attention to ensuring that the implementation of its social responsibility initiatives and the main principles that guide the Company would not raise questions within the community or amongst the Company's stakeholders. As a result, the AUGA group provides its environmental, social, and governance data to CPD, the Nasdaq ESG Data Portal and the UN Global Compact.

It is important to mention that the Company maintains close cooperation with the country's universities, such as VMU Agriculture academy, Kaunas University of Technology (KTU), LSMU Veterinary Academy, Kaunas University of Applied Sciences, Vilnius Business College, ISM University of Management and Economics.

Associations and organizations:

Universities and colleges:

Sustainability initiatives:

GRI 102-12 GRI 102-13



3.3. Environment

OUR ACTIVITIES AND ACHIEVEMENTS

The AUGA group consistently strives to implement its environmental agenda. The Company's main priorities in this area remain the development of innovative technologies and their implementation in everyday agricultural activities, as this will allow the Company to achieve the goals it announced last year - the reduction of emissions by 27% by 2025, and for the Company to become a climate-neutral player in the food sector by 2030.

During 2020, the Group's total emissions decreased, mainly due to changes in agricultural processes. Major innovation projects (biogas infrastructure, the development of specialized feed technology, and regenerative crop rotation) that will facilitate the achievement of ambitious emission reduction targets in the future are still under development. Their impact on emissions in 2020 has not yet been taken into account. These projects are on the Group's list of priorities, and are regularly discussed in the management team, and Board meetings as set out in previous objectives.

During the reporting period, the AUGA group took another critical step - the Group fully implemented an environmental management system that has been set up to put in place the tools needed to implement, control, and propose solutions to improve existing measures.

In 2020, the Company communicated the GHG emissions generated in its operations on the CDP platform. This is a non-profit international organization that helps businesses and cities disclose their impact on the environment. It provides valuable and relevant information and increases the transparency of environmental risks and opportunities to investors. The Group's activities in environmental protection were also evaluated in the National Responsible Business Awards for 2020 that are organized by the Ministries of Social Security and Labour, Economic, and Innovation and Environment of the Republic of Lithuania. The Company was recognized by that body as the country's most environmentally friendly company.

The Company believes that environmental issues must be relevant not only to the Company's management but also to every employee. All new employees are introduced to the Group's Environmental and Animal Welfare policies. The knowledge of all employees is updated annually. A quarterly newsletter is distributed to employees that reviews the Group's activities, with a focus placed on sustainability.

ORGANIC FARMING

In 2015, the AUGA group made the decision to turn from traditional agriculture to organic farming. This move was driven by concerns about the environmental impact of the food industry, a desire to find environmentally friendly farming and production methods, and the growing need of consumers to consume healthier and more sustainable products. Today, the group's companies work on fully certified lands and develop organic farming only.

Organic farming is more favourable to soil biodiversity than conventional farming and allows for the preservation of a more natural environment for the soil biosphere. Organic agriculture can be implemented by enriching the soil in natural ways - by using crop rotation, and by feeding the soil with only organic fertilizers (manure). The use of chemical fertilizers and chemical plant protection is not permissible in organic farming. Instead, natural fertilization and crop rotation ensure soil fertility and erosion resistance.

The Company is developing sustainable agriculture and is doing more than is currently required by EU organic regulations:

1. The Group is developing a closed-loop organic farming model that is aimed at creating synergies between different agricultural sectors and the re-use of organic waste. Various activities complement each other within this closed loop.

2. The Group's companies are applying no-till technologies in all (99%) of their cultivated lands. These technologies protect the soil from erosion, preserve biodiversity and reduce fuel consumption, thus reducing greenhouse gas emissions.

GRI 304-2



GREENHOUSE GASES

In 2020, the greenhouse gas emissions from the AUGA group's activities amounted to 68 133 t CO_2 eq. which was 6% lower than in 2019, when they amounted to 72 820 t CO_2 eq. The Group's lower CO_2 footprint in 2020 was achieved through a reduction in the amount of manure used to fertilize the soil, as well as lower crop residues due to changes in crop area proportions. The amount of nitrogen needed by the soil is increasingly derived from legumes, thus reducing the need for organic fertilizers for succeeding crops. The updated emission calculation factors did not have a material impact, nor did the main technological projects developed by the Company, which will have an impact in the future.

As in previous years, most of the GHG emissions in the Group's operations are generated through the use of fossil fuels in agriculture, cattle digestion, and soil processes. The Company buys and uses green electricity in its operations. This solution resulted in savings of as much as 2 413 t CO_2 eq. during 2020.

The GHG emission estimates and results presented in this report are based on the GHG Protocol, the methodology of the Intergovernmental Panel on Climate Change, and an audit by the consulting company Carbon Footprint.

AUGA group's emissions are audited by the independent company Carbon Footprint. The company, which has been auditing CO_2 footprint for the second year, is one of the leaders in the world. The findings of the independent auditors ensure transparency vis-à-vis stakeholders.

Emissions, t CO_2 eq.*	2020	2019
Scope 1	66 144	71 014
Scope 2	6	6
Scope 3	1 983	1 800
Total:	**68 133**	**72 820**

* Measured on the basis of actual energy purchases (market based method). Calculated using the location based method, i.e. according to the country-specific average energy production, total GHG emissions in 2020 would be 70 646 t CO_2 eq.

In accordance with the international calculation methodology that has been adopted, all emissions are categorized as Direct (Scope 1), Indirect (Scope 2) and Other (Scope 3).

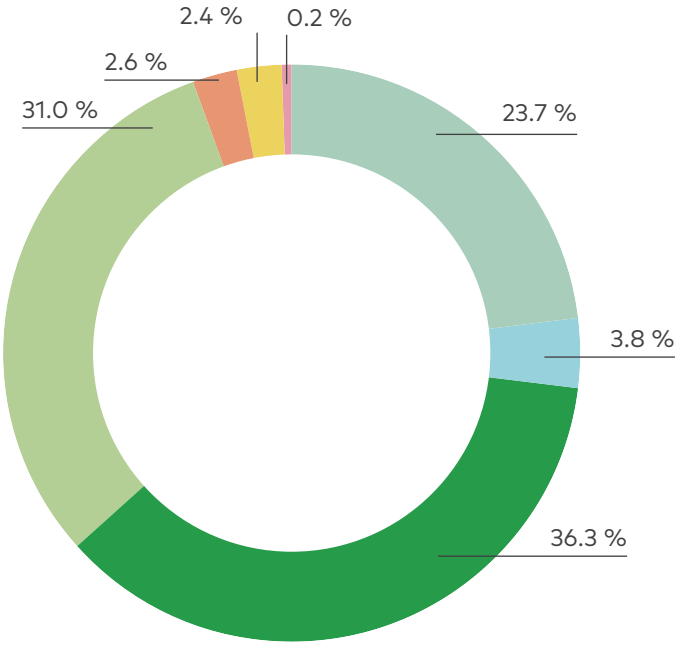
Scope 1 includes all emission sources directly managed by the Company. Scope 2 measures indirect emissions from energy provided to, but not produced by, the Company. Scope 3 measures other indirect emissions (not included in Scopes 1 and 2) from the Company's various operations.

The Company has defined systematic boundaries for the life cycle assessment from-cradle-to-gate, and calculates GHG emissions from the extraction of resources to the realization (sale) of the Company's products. According to the data availability, completeness and relevance to operations the Company has chosen to include this data in another source (Scope 3) of emissions calculation: water, electricity and heating transmission losses, paper for office use, waste, business travel.

GRI 305-1 | GRI 305-2 | GRI 305-3 | GRI 305-5

Nasdaq A1

GHG emissions distribution



Calculations were performed based on international methodologies: *Lithuania. 2020 National Inventory Report, Association of Issuing Bodies (AIB), UK Government Conversion Factors for greenhouse gas (GHG) reporting, 2020.*

In accordance with the recommendations contained in international standards, the Company calculates nitrogen and methane emissions, which are converted into kilograms, separately. Nitrogen, like oxygen or carbon, is needed for crop growing activities. Despite the fact that nitrogen gas makes up 75% Earth's atmosphere, it is difficult to assimilate it directly from the air, so fertilizers (liquid or solid manure) which are saturated with this element are used in agricultural activities. As a result of this fertilization method, 98 034 kg of N_2O emissions and 621 581 kg of methane were emitted in 2020. In agricultural activities, methane is generated in the livestock segment from cattle digestive processes and manure handling.

GHG emissions intensity

This indicator of emission intensity is calculated by dividing the annual emissions from the various units of economic activity. It shows how much CO_2 emissions are emitted in the Company's operations through a number of units including financial, production, arable land, and other units.

For comparison, the table below shows the data for 2019 and 2020. 2019 is the base from which emission reduction targets for 2025 have been set.

	2020	2019
t CO_2 eq. / 1 Eur revenue	0.00082	0.00102
t CO_2 eq. / 1 employee	53.61	61.04
t CO_2 eq. / 1 cow*	3.05	3.04
t CO_2 eq. / t ECM milk*	0.67	0.68
t CO_2 eq. / ha**	0.91	1.05
t CO_2 eq. / t crop production**	0.31	0.37
t CO_2 eq. / t mushroom production***	0.30	0.37

* only dairy production segment emissions are measured. ECM (energy corrected milk) – a relative unit of measurement of milk. The raw milk production is converted to 4.0% fat and 3.3% protein of corrected milk quantity.
** only crop growing segment emissions are measured.
*** only mushroom growing segment emissions are measured.

Although the revenue of the AUGA group grew by 17% in 2020 compared to the previous year, the total amount of emissions was lower. Therefore, the relative ratio of emissions per unit of income improved (i.e., became lower). The same trend can be seen in the calculation of emission intensities per Group employee, per hectare of arable land, crop, and mushroom production unit. A slight increase is observed in the ratio per cow unit, partly because the total number of cow decreased in 2020 compared to 2019. The impact of the specialized feed technology developed by the group on emissions has not yet been included.

The table highlights those rows that are essential to the emission reduction targets set in the Company's 2025 strategy; namely, the reduction of emissions per tonne of milk produced (up to 50%), and the reduction of emissions per tonne of dry matter of crop production (up to 30%).

GRI 305-4 GRI 305-7
Nasdaq A1 Nasdaq A2

ENERGY

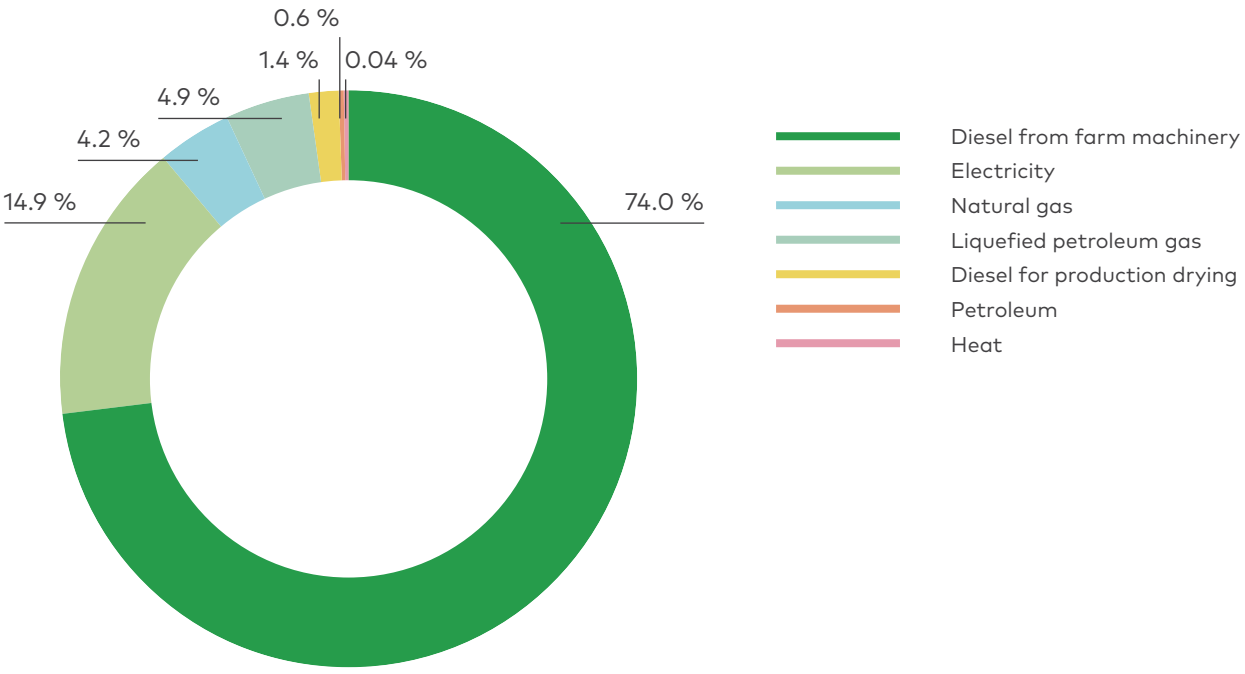
Energy usage

In 2020, the group's companies consumed 377 715 GJ gigajoules (GJ) of energy in their operations, while in 2019 this figure amounted to 368 896 GJ. Total energy consumption grew due to increased production volumes in agriculture and the acquisition of Grybai LT.

Energy type	Value	Energy
Diesel from farm machinery	7 330 265 l	279 804 GJ
Electricity	15 599 997 kWh	56 159 GJ
Natural gas	4 364 818 kWh	15 713 GJ
Liquefied petroleum gas	736 442 l	18 411 GJ
Diesel for production drying	139 514 l	5 316 GJ
Petroleum	63 157 l	2 175 GJ
Heat	37 301 kWh	134 GJ
		Total: 377 715 GJ

Currently, the Group does not have a common energy saving system in place, but individual production units are independently implementing energy saving initiatives.

Energy distribution



GRI 302-1 GRI 302-4

Nasdaq A3 Nasdaq A5

Energy intensity

The energy intensity indicator is calculated by dividing the annual energy consumption by the units of economic activity. This indicator shows how much energy is used to implement a particular activity. The Company calculates energy intensity through a number of units including financial, production, arable land, and other units. In 2020, ratios improved in the crop and mushroom growing segments due to the Group's efficiency agenda. In animal husbandry, the changes experienced were for the most part due to fact that more energy was used in the segment and the number of animals in the herd decreased.

	2020	2019
GJ / 1 Eur revenue	0.00454	0.00519
GJ / 1 employee	297.18	309.22
GJ / 1 cow*	3.66	3.27
GJ / t ECM milk*	0.80	0.74
GJ / ha**	4.50	4.80
GJ / t crop production**	1.53	1.68
GJ / t mushroom production***	6.05	6.86

* Only dairy segment emissions are measured. ECM (energy corrected milk) – a relative unit of measurement of milk. The raw milk production is converted to 4.0% fat and 3.3% protein of corrected milk quantity.
** Only crop growing segment energy usage is measured.
*** Only mushroom growing segment energy usage is measured.

GRI 302-3

Nasdaq A4



WATER

Water usage

Water is vital to agricultural work. Without it, crops and other production, as well as animal welfare in the livestock segment would not be possible. Water is also inseparable from the production of end-consumer products or the growth of mushrooms. In the latter segment, water is used to grow products and then prepare them for consumption (washing). This vital natural resource is derived from wells or the water supply of agricultural companies. Water consumption in the group's companies is monitored with the help of meters. The environmental impact of water consumption is also calculated in CO_2 eq. emissions.

In 2020, the amount of water consumed by the group's companies increased. This was due to several reasons: increased production volumes and the acquisition KB Grybai LT, where AUGA branded end-consumer products and private labels.

	2020	2019
Water (m^3)	338 913	267 669

GRI 303-5

Nasdaq A6



WASTE

Waste management

Waste sorting and recycling is an important part of the Company's activities. In order to implement the principles of waste management throughout the Group, in 2020 AUGA group began to more actively educate its employees on waste sorting and storage via various forms of communication (displays in workplaces, newsletters, etc.). A comprehensive policy to define the principles of waste management, as provided for in the Environmental Management System, is being implemented by the Company.

In 2020, all group companies generated 1 429.3 tons of waste. Distribution of waste by type:

Category (t.)	2020	2019
Paper	49.9	52.6
Plastic	428.2	529.9
Municipality waste	338.7	231.4
Tires	68.5	23.8
Metal	406.7	88.2
Oil	8.9	11.6
Electronics	0.7	1.9
Batteries	1.2	2.0
Asbestos	12.1	0.8
Organic waste	0.9	1.4
Wood	113.0	0
Total:	**1 429.3**	**944.1**

The increase in the amount of metal and tire waste was due to the fact that in 2020 waste accumulated in the previous years in agricultural companies was utilized.

ENVIRONMENTAL MANAGEMENT

The Group has an Environmental Policy that has been approved by the Board. This policy outlines how the Company is committed to reducing the negative environmental impact of its operations. The Company commits to developing its activities in line with the requirements of environmental protection legislation. Nevertheless, in order to further reduce its impact on the environment, the Company must cooperate with its business partners and state institutions, and monitor its environmental impact. The policy also stipulates that the Group's companies must conserve natural and energy resources, develop and implement technologies in their activities, properly manage waste, develop their employees' competence in environmental issues, and promote a responsible approach to the surrounding environment.

The Company also adheres to the Precautionary Principle or approach when developing its environmental activities.

AUGA group understands that its activities impact the environment. Therefore, the Group has an environmental management system. It ensures that environmental control and improvement procedures are performed annually within the AUGA group, such as annual audits, discussions of results in the Company's management, identification of risks, and corrective actions. This system is the axis of all AUGA group activities, which provides for managing the Company's environmental impact throughout the business cycle.

GRI 102-11 | GRI 306-1 | GRI 306-2 | GRI 306-3

Nasdaq A7

CLIMATE OVERSIGHT

The AUGA group is a significant player in the agricultural sector in Lithuania. The Company understands that appropriate measures and new technologies can reduce its negative impact on the environment. Achieving neutrality of the Company's CO_2 footprint by 2030 as planned requires continuous monitoring of key innovation projects related to climate change.

The Company regularly organizes internal management meetings to discuss climate change-related issues, including projects, progress, emerging challenges and achievements, planned investments, and budget. Consistently discussing the results achieved allows the Company to make quick decisions that help it to achieve the goals set. Therefore, this practice will be continued within the Company.

Since 2020, the Company has been implementing a climate change action assessment process in the Board as planned. Once every six months, the progress, results, and challenges of the leading innovation projects are presented to the Company's highest management body. This structured process allows for the better management of environmental risks and enables the Company to make the right decisions to ensure the desired results. This practice, which has been proven to be effective, will continue to be carried out by the Board.

Nasdaq A8 | Nasdaq A9



RESEARCH AND DEVELOPMENT

In 2020, the Group invested

EUR 2 207 801

on technological projects, while in 2019 it spent EUR 334 192.

The strategy announced in 2020 notes that the main goals of the Company are the efficiency of existing business segments, and, secondly, the development and application of innovative technologies in the agricultural sector. To achieve these goals, the Company is actively working in the field of research and technology development, and several major projects are currently underway, including: the adaptation of agricultural machinery to organic farming, biogas purification, biomethane production, the use of biomethane driven agricultural machinery, the use of specialized feed for dairy and beef cattle in order to reduce methane emissions, and the application of robotics technology in mushroom growing.

Biogas cleaning and application technologies

The Company, together with experienced partners including scientific and business institutions, is implementing a project aimed at developing an efficient biogas treatment technology. This project aims to create a more financially attractive alternative to the biogas treatment technologies currently available.

The biomethane extracted by this technology would be used to power agricultural machines. The development of this technology is also a priority of the Company. Currently, the Company is developing a prototype of a biomethane-powered tractor in cooperation with universities of technology in Lithuania and European technological solution suppliers.

Specialised feed technology

The Company is developing a specialised feed technology aimed at reducing methane emissions from cattle digestion processes. Livestock farming is an integral part of the Group's closed-loop business model, and methane (CH_4) contributes 28 times more to the greenhouse gas effect than CO_2. Therefore, the Company is taking steps to resolve this issue.

The concept of specialised feed technology is related to feed production and processing, and its application in measuring the effect of this feed on the digestive processes of cattle.

Robotics technology in mushroom growing

The project being developed in the Company is aimed at the research and development of an innovative technology. The Company is using artificial intelligence and robotic systems for research and technological development to reduce the risk of infections and diseases in mushrooms, and to increase the yield and quality of the mushrooms.

As existing mushroom growing technologies require a lot of manual work, which directly affects the quality of production and results in higher labour costs, the research and experimental development project aims to create and implement the following new technological solutions:

- a data processing system;
- a mushroom growing microclimate and irrigation system controlled by artificial intelligence;
- robotic champignon processing technology;
- an automated mushroom sorting system.

TARGETS FOR 2021

The Company will continue to actively develop technological projects to achieve its ultimate goal of reducing total emissions by 27% by 2025 and attain the necessary CO_2 ratios in crucial operating units, in this way becoming a climate-neutral market player by 2030.

The AUGA group plans to develop, approve, and launch more active actions in waste management in the coming years, and new policy in this area will help achieve the result.

The Company will continue to consistently communicate climate change issues with its management and the highest governing body, the Board. These issues will be regularly placed on the agenda and discussed.

The AUGA group will actively work in employee education, developing their competencies and fostering a responsible approach to environmental protection. Employees will be introduced to the technologies developed in the Company and their future results.





3.4. Social Responsibility

OUR ACTIVITIES AND ACHIEVEMENTS

2020 was unusual not only for the AUGA group but also for the entire world. The COVID-19 pandemic posed many challenges for employee safety in the workplace. However, the group's companies were operating at normal capacity despite radical changes in working conditions.

The Company has taken preventive measures to ensure the health of its employees. Farming activities have been reorganized to ensure that employees have as little as possible contact with other colleagues, while office workers continued working from home. All necessary personal protection equipment was provided to all employees in the workplace. The Company continuously maintains communication with employees to inform them about the changing situation in the group and the health and safety rules that must be followed.

The AUGA group takes care of its employees and has added additional benefits to its supplementary health insurance. From 2021, employees are reimbursed for COVID-19 tests required by medical institutions and vaccines once they become commercially available.

Despite the pandemic, the AUGA group has maintained close contact with its stakeholders in the regions, where it is active. As is the case every year, a survey of community representatives was conducted. The results are almost unchanged from previous years - the Company has consistently maintained high ratings with the communities.

In May of the same year, the Investors' Forum association, which unites the largest and most active investors in the Lithuanian economy, awarded the AUGA group for its social responsibility for the care it showed for the environment and the strong relations it maintained with communities.



COMMUNITY SURVEY

For the third year in a row, the AUGA group has conducted a survey to evaluate its activities in the regions where the Group is developing its agricultural operations. This survey is designed to receive feedback from representatives from the communities and elderships, also residents, allowing the Company to forge an even closer relationship.

The survey consists of a variety of questions: whether a particular Group company operating in the region is an essential employer in the community, or whether the Company contributes to improving the quality of life of the region's residents, i.e., maintaining infrastructure, organising activities or celebrations, or providing general support for farming in the region. Survey participants are also asked to assess the communication of the AUGA group with the representatives of the communities or elderships.

In 2020, respondents had the opportunity to indicate the need and prefered frequency for the meetings between the AUGA group agricultural companies and communities. Many respondents stated that they want to maintain regular contact with the Company's management on community issues.

In 2020, the activities of the AUGA group were assessed positively. According to the results, survey participants see the AUGA group as an essential employer in their community. It is crucial for community members that the Group's companies are engaged in organic farming. The majority of community representatives in the survey stated that they expect the Company to be even more involved in critical regional activities.

Results:



GRI 102-43 GRI 413-1

EMPLOYEES AND DIVERSITY

Personnel data is provided from the Group's business management system.

Age and education of employees

Age of employees	2020 Number / Share %	2019 Number / Share %
Younger than 25	105/8.3	70/5.9
26-35	272/21.4	266/22.3
36-45	291/22.9	275/23.1
46-55	347/27.3	342/ 28.7
56-65	246/ 19.3	230/19.3
Older than 66	10/0.8	10/ 0.8
Total:	**1271/100**	**1193 /100**

The total number of employees increased by 7% in 2020, with the most noticeable growth in the under 25 group. This shows that the Company can attract the younger generation to the agricultural sector.

Education	Head office		Agriculture entities	
	2020	**2019**	**2020**	**2019**
University	72	59	270	208
Special vocational	4	2	452	430
Secondary	2	4	436	452
Total:	**78**	**65**	**1158**	**1 090**

*Employees on parental leave are not included in this table.

Both the head office and agricultural companies have seen an increase in the number of employees with university and special vocational education. This is because the group companies are attracting an increasing number of younger employees who are either recent graduates or students pursuing higher or professional education as Group employees.

Distribution of employees by employment contracts

	Women		Men	
	2020	**2019**	**2020**	**2019**
Permanent employees	542	503	729	690
Temporary employees	0	0	0	0
Total:	**542**	**503**	729	**690**
Full-time employees	538	499	712	680
Part-time employees	4	4	17	10
Total:	**542**	**503**	**729**	**690**
Working under service contracts	2	1	1	1

*Data are provided for last day of the year 2020.

GRI 102-8 GRI 405-1

Nasdaq S5

At the end of 2020, AUGA group did not have employees with temporary employment contracts. Employees working under service contracts are not included in the total number of employees.

In 2020, the number of part-time employees in the Group was 1.7%, and the number of those working under service contracts was 0.24%.

The AUGA group operates in the agricultural sector. Therefore its activities are seasonal. In 2020, the group companies hired over 420 seasonal workers during the season to provide agricultural services: weeding, picking, drying, measuring, and similar work. The Group companies pay such employees for the services provided based on payment receipts. At the end of the year, these employees are not included in the final number of employees.

Gender diversity

	Women		Men	
	2020, %	2019, %	2020, %	2019, %
Workers and specialists	43.8	43.1	56.2	56.9
Managers	20.6	24.6	79.4	75.4
Overall gender distribution not by position	42.6	42.2	57.4	57.8

The highest governance body of the AUGA group is the independent Board, elected for a two-year term in 2019. At present, the Board consists of 100% men (3 of them - 31-50 years old, 2 - 51 years and older).

Employees turnover

Employees turnover by gender				
	Number		Share, %	
	2020	2019	2020	2019
Women	114	94	36.1	36.2
Men	202	166	63.9	63.8
Total:	**316**	**260**	**100.0**	**100.0**

The highest employees turnover in 2020 remains among men. The same tendency can be seen in the previous year.

Employees turnover by contracts				
	Number		Share, %	
	2020	2019	2020	2019
Full-time employees	316	256	25.3	21.8
Part-time employees	0	4	0.0	28.6
Working under service contracts	0	0	0.0	0.0
Total:	**316**	**260**	**24.9**	**21.8**

The employee turnover rate, calculated for full-time employees, increased to 25.3% in 2020, while in 2019, it had reached 21.8%. This change was due to the fact that, unlike in previous years, the Group employed 41% more temporary workers during the period from April till October.

GRI 102-8 | GRI 401-1 | GRI 405-1

Nasdaq S3 | Nasdaq S4 | Nasdaq S5

Although the number of employees in the Group grew in 2020, voluntary employee turnover with permanent contracts remained at the level of 2019.

Employees turnover by age 2020	
Age	**Number**
Under 20	21
21-30	77
31-40	73
41-50	53
51-60	66
61 and older	26

New employees

New employees by gender				
	Number		Share, %	
	2020	**2019**	**2020**	**2019**
Women	129	64	35.9	32.0
Men	230	136	64.1	68.0
Total:	**359**	**200**	**100.0**	**100.0**

During the reporting period, the group companies hired almost twice as many employees (temporary and permanent) as in the previous year due to higher workloads.

New employees by age 2020	
Age	**Number**
Under 20	37
21-30	114
31-40	78
41-50	72
51-60	48
61 and older	10

GRI 102-8 GRI 401-1

Nasdaq S3

REMUNERATION AND ITS DISTRIBUTION

Remuneration policy

People are the Groups most important asset and a lot of attention is paid to making sure they feel valued and motivated at work. The Remuneration Policy regulates the procedure for the remuneration of employees. The policy includes the procedures for calculating wages in the event of deviations from normal working conditions, determining the categories of employees according to positions, specifying the forms of remuneration and salary ranges for each position, as well as the conditions for granting additional payment.

The Remuneration policy covers the following areas: job evaluation and classification, determining monetary remuneration for each position, taking into account the country's labour market. It also determines monetary salary ranges, monetary work remuneration structure, and the implementation of changes related to remuneration.

For the purposes of the Remuneration policy, the AUGA group cooperates with KORN FERRY, i.e., it uses the company's remuneration data analytics platform, which allows checking the prevalent remuneration trends in the market. KORN FERRY does not provide consulting services.

CEO pay ratio

For several years in a row, the Company has seen a decrease in the CEO's (the highest-paid employee's) pay ratio to the median salary of permanent employees of all group companies. In 2020, the pay ratio reached 5.33, while in 2019, it was 5.75. Excluding the CEO's salary, the median changes very little and does not affect the ratio. This change in the ratio is due to the fact that employee salaries are reviewed annually in line with prevalent market trends, while the CEO's pay has remained unchanged. It is important to mention that the Company's CEO is one of the Company's main shareholders through his controlled Baltic Champs Group, UAB (see more in the Company's remuneration statement).

Gender pay ratio

The remuneration system for AUGA group employees is based on the principles of gender equality. Therefore, different remuneration for equal work is not applied.

In 2020, the ratio of the salaries of men working in the Group to the median ratio of women's salaries slightly increased compared to 2019 and reached 1.28. In 2019, the median ratio was 1.22. Higher salaries for men in the Group, as in the past, were due to different qualifications and positions held, as well as employee turnover, but not due to a difference in remuneration for positions of the same level.

Only employees who were not on sick leave and not on parental leave during the reporting period were included when calculating the median salary.

Additional financial incentives for employees

Additional financial incentives are provided to the Group's employees who achieve significant work results by performing the assigned duties. Employees can be also encouraged with one-time bonuses in the end of the year.

Since 2019, the Company has been implementing an employee share options program. During the reporting period in 2020, the Company distributed 2.35 million shares to the employees of AUGA group and its subsidiaries, and members of the management bodies. The Company currently has 240 employees participating in its employee share options program.

GRI 405-2

Nasdaq S1 Nasdaq S2

HEALTH AND SAFETY

Occupational health and safety policy

The companies belonging to the AUGA group work in a sector where it is extremely important to ensure a safe working environment. Employee safety is a priority for the Group. The Company is continuously reviewing its work processes and implementing various preventive measures to minimize the factors that may adversely affect employee health or safety. Employees must comply with the established work safety requirements at the workplace.

All preventive safety measures and potential risks in the Group's activities that employees may face are identified and listed in the Company's health and safety policy. All new employees of the Group must read the rules carefully and update their knowledge regularly.

The occupational health and safety policy is published on the Company's website.

Accidents at work

During 2020, 8 accidents occurred in the group companies. During these incidents, workers suffered minor injuries, strained leg or arm ligaments or muscles. Accident-affected workers recovered quickly. No employee was required to register for long-term incapacity.

To avoid similar accidents in the future, the Company's management reviewed its business processes and additionally informed the employees about potential risks in the work environment and how to avoid them. In 2020, there were 0.0062 accidents per employee. In 2019, this figure reached 0.0017.

Supplementary health insurance

In 2020, the AUGA group continued its supplementary health insurance program for employees, which is valid for all employees with permanent contract of the group companies.

Supplementary health insurance allows employees to receive health-related services faster and more conveniently: to receive treatment in selected health care institutions, to consult with a family doctor and other doctors, to get various tests and buy medicines, and to use other health services, such as therapeutic massages or physiotherapy sessions. Employees who have supplementary health insurance can enhance their physical and emotional health and visit psychologists.

As a result of the global COVID-19 pandemic in 2020, the Company has taken additional measures to ensure the good health of its employees. It has included supplementary health insurance compensation for COVID-19 tests required in medical facilities and vaccines once they become commercially available from 2021.

GRI 403-1 | GRI 403-5 | GRI 403-6 | GRI 403-8 | GRI 403-9 | Nasdaq S7 | Nasdaq S8

PRINCIPLES OF EMPLOYEE RIGHTS AND PROTECTION

It is vital for the Company that the Group's employees feel safe in the work environment, are not discriminated against, and their rights are fully guaranteed in accordance with the applicable legal acts of the Republic of Lithuania and international principles. The Group's companies have a policy on human rights, non-discrimination, children, and forced labour.

Human rights

The Human Rights policy is based on the United Nations Universal Declaration of Human Rights, the United Nations Resolution on Business and Human Rights, and the International Labour Organization's core conventions. The principles set out in this policy apply to all areas of the Company's business.

Respect for human rights is considered an essential part of the Company's work culture and values that all employees must observe. For this reason, all new employees who join the Company's activities are acquainted with this policy.

Non-discrimination

The Company is pleased that in 2020 no cases of employee discrimination were recorded. The mechanisms currently in force are effective, and the work ethic of employees and management complies with the principles of non-discrimination defined by the Company since 2019. This policy, approved by the Board, is drawn up by the laws in force in the Republic of Lithuania and the most important principles of international human rights.

The policy defines that discrimination, humiliation, harassment, or other insults to employees based on gender, age, nationality, race, religious and political beliefs, or other personal characteristics are not tolerated in the group's companies. The document also states that all employees must be guaranteed equal conditions to work and improve, and their work should be evaluated according to results.

The Company's management adheres to these principles and encourages every employee to do so and comply with the standards of mutual tolerance and respect for human rights.

Child and forced labour

The principles of intolerance of children and forced labour are described in the Company's Human Rights, Non-Discrimination, Children and Forced Labour Policy. This document, which is prepared by international legal acts, defines that the Company does not tolerate forced labour of children and other groups of persons. Including involuntary employment relationships or certain conditions related to the seizure of bail or personal documents that restrict free movement. The AUGA group also does not tolerate or contribute to human trafficking.

All employees with email access (more than 20% of the Group's employees) are asked to update and verify their knowledge of human rights principles throughout the Group. Employees working on farms are reminded via bulletin boards of the information contained in these policies.

Any Group employees who noticed incidents where the Human Rights, Non-Discrimination, Children and Forced Labour Policy in force in the Group have been violated, can report it anonymously by email: etika@auga.lt.

The Company expects all its suppliers and other business partners to adhere to these principles. This information is publicly available on the Company's website.

GRI 406-1 | GRI 412-2

Nasdaq S6 | Nasdaq S9 | Nasdaq S10

TARGETS FOR 2021

The Company has set a goal to complete the Occupational Safety and Health Management System implementation in all group companies in 2021.

In 2021, the Company will continue to work actively to ensure the implementation of all codes of conduct and policies in force in the Group's companies, regularly update employee knowledge, and consistently adhere to and develop the social policy model throughout the Group.

The Company plans to implement surveys of employees and communities where the AUGA group operates to achieve the closest possible dialogue between the Company's most important stakeholders. With the help of these surveys, the Company will maintain close contact and promptly respond to emerging issues among employees and communities where it operates.

The priority of the Company will remain its focus on social equality in the matters of fair pay or gender equality. The AUGA group will not tolerate discrimination in group companies, and will ensure the safety of employees, as well as additional health protection.





3.5. Sustainable Governance

OUR ACTIVITIES AND ACHIEVEMENTS

In April 2020, the AUGA group launched its five-year strategy and committed to delivering organic food with no cost to nature. In the new strategy, the AUGA group envisaged improving the efficiency of operating segments, implementing and developing innovative technologies, and becoming an asset-light business, ensuring a ˝ 15% r eturn on capital to investors.

The strategy was prepared together with the independent Board and the Company's employees. The new strategy was announced through the Nasdaq Baltic Stock Exchange, during specially organized events for investors, in the Company's media and other communication channels.

In 2020, the Company successfully continued its good corporate governance practices. Since 2019, the AUGA group has been implementing an independent Board model, which ensures transparency and responsibility to all small and large shareholders and investors.

The AUGA group communicates openly and actively about its actions in the fields of environmental, social, and corporate governance. It is essential for the Company that its activities do not call its stakeholders into question. In 2020, the Company also became the first Lithuanian company to submit its sustainability data to the Nasdaq Sustainability Data Portal. As a result, the Company is certified as a transparent Nasdaq ESG Partner.

2020 The Company has received international recognition. ISS Corporate Solutions, the world's leading research and consulting Company, assessed the sustainable operations of the AUGA group. Based on the study's findings, the AUGA group has received Prime status and a high sustainability score that puts it among the top 10% of best-performing companies for sustainability in the food & beverages sector globally.



BOARD

The main responsibilities of the Company's Board are: to approve the Company's strategy and business plans, annual budgets, and possible risks of the Group's operations and risk management policy. The Board also approves the annual financial and non-financial goals of the General Manager, assumes responsibility for the vision and application of the Company's good governance practices. The members of the Board also approve the Company's Sustainability report and contribute their insights to its preparation.

In 2020, the Board actively participated in the preparation of the 2020-2025 AUGA group's strategy. The Board was also included in the reviewing and updating processes of the Company's vision, mission, and values. To comply with good governance practices, the meetings of the Board are organized regularly; during the meetings, the members of the Board, using their available expertise, submit proposals regarding the aforementioned areas to the Company's management and make the most important decisions together with the management.

Gender diversity

The independent Board was elected in 2019 for a term of two years. As the composition of the independent Board in 2020 remained the same as in previous years, the issue of gender diversity also remained unchanged, with the Board still consisting of men (100%). It is important to mention that the members of the Board are elected based on their experience, available knowledge, which may be conducive to the performance of the Group's activities, without discrimination based on gender.

Board independence

The functions of the independent members of the Board and the General Manager are separated in the company. The General Manager is not a member of the independent Board and remains directly subordinate to that governance body. 80% (or 4 out of 5) of the Company Board consists of independent members. One member of the Board is an employee of UAB ME Investicijos, which owns 8.39% of the Company's shares. None of the members of the Board hold any other position in the companies of the AUGA group.

Incentivized pay for sustainability

At present, the Company does not have an approved policy based on which employees or members of management and supervisory bodies would receive financial incentives for the development and implementation of a long-term sustainability strategy. Employees responsible for this area are financially encouraged in the general arrangement and participate in an employee share options program, which is also linked to the results achieved.

All information about each member of the independent Board, their education, positions held in other organizations, the number of shares held is published on the official website of the Company and in the Corporate governance Report.

GRI 102-26 GRI 102-32

Nasdaq V1 Nasdaq V2 Nasdaq V3



COLLECTIVE BARGAINING

As in previous years, in 2020, the AUGA group did not enter into collective agreements with its employees. It is important to emphasize that the Company does not prohibit employees from creating employee associations or implementing other social partnerships as defined in the Labour Code.

INVESTOR RELATIONS

In 2020, the Company paid great attention to establishing and maintaining relations with investors to ensure the reliability of information about the Company. The Group's performance was assessed by independent international analysts: WOOD & Company, Enlight Research, and LHV Bank.

It is vital for the Company that investors can conveniently find all relevant information about the Group's activities and results. Analyst assessments, quarterly reports, video conferences, presentations, and performance results in Excel format are published on the Company's website, in the investor newsletter, and on the Nasdaq Baltic website.

After the Company's new strategy was announced in the first half of 2020, two conferences were held for Lithuanian and Estonian investors. In the second half of the year, the Company began issuing a monthly newsletter reviewing news from its sector, sustainable business, and investment.

In 2021, the results of the Nasdaq Baltic Market Awards 2021 were announced. The AUGA group has been among the TOP15 companies in the Baltics that have achieved the best results in transparency, good corporate governance, and investor relations. The results of the companies were based on two years of activity; therefore, it is important when reviewing reporting period. The company is participating in this assessment for the second time - in 2019, the company did not reach the Baltic States' average score, but in 2021 successfully surpassed it.

GRI 102-41

Nasdaq V4



THE MAIN PRINCIPLES OF ETHICS

The AUGA group applies high standards of business ethics in its activities. It is essential for the Company that these standards are observed in business partners and suppliers' organizations. For this reason, the Company has had a Code of Business Ethics, a Corruption and Conflict of Interest Prevention Policy, and a Supplier Code of Ethics for some time.

Business ethics and anti-corruption

The Code of Business Ethics is a crucial document supporting the working principles of the AUGA group. The Code defines the direction of proper behaviour with employees, the importance of complying with international human rights standards, ensuring equality, and the importance of health and safety. The Code specifies the rules implementing personal data protection, confidential information, business and financial documents, the provision of work equipment, the relationship with customers and competitors, and the Company's overall communication.

The Company enables both the Group's employees and interested parties to inform about the proposed improvements or violations of the Code and to receive the necessary information related to its implementation by sending an email to the mailbox created for this purpose: etika@auga.lt. Only the Head of the Company's Human Resources department has access to this mailbox.

The Anti-corruption policy in force in the AUGA group defines that the Company does not tolerate corruption in any of its forms. In case of specific manifestations of corruption in the organization, it takes immediate action to stop such situations.

Every employee joining the Group must disclose whether they engage in activities that may give rise to a conflict of interest. Employees undertake to act impartially, not to provide impermissible benefits to other business entities. Also, employees must not engage in situations that cause or could potentially cause a conflict of interest with the Company's interests, have a negative impact on their freedom of action or decision related to work functions.

All new employees of the Group are acquainted with these documents. All employees with email access (more than 20% of Group employees) are asked to update and verify their knowledge of human rights principles throughout the Group in 2020. Employees working on farms are reminded of the information in the policies on bulletin boards. No violations in the field of anti-corruption were detected during 2020.

These codes are available to all who are interested in the AUGA group's website.

Supplier code of conduct

Business partners and various service providers are an integral part of a sustainable food chain, which is why the AUGA group chooses its partners very responsibly. The Company maintains a close dialogue and encourages its suppliers to adhere to the highest standards of sustainability and good corporate governance practices. The Company bases these actions on the Supplier Code of Ethics approved by the independent Board.

It defines that the Company expects its business partners to conduct their business following the basic principles of environmental, social policy, and good governance (ESG) - the United Nations Sustainable Development Goals. It is essential for the Company that suppliers comply with environmental regulations, animal welfare standards, take care of their employees' health, and prevent any discrimination or forced and child labour.

In 2020, the Company did not identify any violations of the policy principles among its suppliers.

The AUGA group started the application of this code of ethics in 2019. In 2020 the Company introduced its values and principles of transparent activities for the suppliers, which account for 70% of the entire purchase turnover of the AUGA Group.

The Supplier Code of Conduct is announced on the Company's website.

GRI 102-25 | GRI 205-2 | GRI 205-3 | Nasdaq V5 | Nasdaq V6

DATA PRIVACY

It is important for the Group's companies to ensure the protection of the personal data of their employees. Therefore, the Company responsibly complies with the Privacy Policy and generally applicable legal acts on protecting individuals with personal data and free movement of such data and legal protection of personal data of the Republic of Lithuania. Regulation (EU) 2016/679.

TARGETS FOR 2021

In 2021, the Company will continue the business management model based on the highest transparency standards and elect a new independent Board of the AUGA group for a 2-year term.

Good governance practices will continue to be a priority for the Company. The newly elected Board will be actively involved in the management of the Company to improve relations with investors and other stakeholders further.

The Company will actively seek to implement all internally approved policies involving employees, suppliers, and other AUGA group stakeholders. The Company's employees will consistently review and update their knowledge in this area. New employees will be involved in the implementation of these policies from the earliest days of their employment. As before, the policies will be reviewed at the annual meetings of the Board and management, comments will be provided, and violations will be investigated.

The AUGA group is making significant efforts to establish investor relations. Therefore, it will consistently continue this work and seek even higher evaluation in the Nasdaq Baltic Market Awards 2023.

In 2021, a materiality assessment of crucial sustainability areas is planned.

Nasdaq V7



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CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Balance sheet

ASSETS	Notes	As of 31 December			
		GROUP		COMPANY	
		2020	2019	2020	2019
Non-current assets					
Property, plant and equipment	5	97,009	91,897	1,823	390
Right-of-use assets	5	35,543	36,211	737	842
Investments in subsidiaries	6	-	-	96,433	96,433
Intangible assets	8	3,477	14	5	2
Non-current receivables at amortised cost	13	446	5,676	9,286	21,223
Investments accounted for using equity method	7	57	57	-	-
Financial assets at fair value through profit or loss	7	-	355	-	-
Deferred tax asset	19	1,359	1,069	-	-
Biological assets	9	9,699	9,397	-	-
Total non-current assets		**147,590**	**144,676**	**108,284**	**118,890**
Current assets					
Biological assets	9	17,052	16,035	-	-
Inventory	10	30,435	28,958	11	50
Trade receivables, prepayments and other receivables	12	16,084	13,322	3,599	1,662
Cash and cash equivalents	11, 14	2,541	3,732	301	2,753
Total current assets		**66,112**	**62,047**	**3,911**	**4,465**
TOTAL ASSETS		**213,702**	**206,723**	**112,195**	**123,355**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	15	65,951	65,951	65,951	65,951
Share premium	15	6,707	6,707	6,707	6,707
Revaluation reserve	15	9,213	8,488	-	-
Legal reserve	15	1,834	1,834	1,834	1,834
Reserve for share-based payments to employees	15	2,509	1,624	2,509	1,624
Retained earnings		6,237	5,102	11,089	7,586
Equity attributable shareholders of the parent		**92,450**	**89,706**	**88,090**	**83,702**
Non-controlling interest		366	369	-	-
Total equity		**92,816**	**90,075**	**88,090**	**83,702**
Non-current liabilities					
Borrowings	17	40,494	20,670	21,546	18,523
Lease liabilities	18	33,682	36,150	668	825
Deferred grant income	16	3,248	2,992	722	1
Deferred tax liability	19	1,483	1,509	-	-
Total non-current liabilities		**78,907**	**61,321**	**22,936**	**19,348**
Current liabilities					
Current portion of non-current borrowings	17	3,409	10,819	272	2,564
Current portion of non-current lease liabilities	18	7,556	7,054	188	144
Current borrowings	17	9,400	19,300	-	16,900
Trade payables		16,335	13,433	282	323
Other payables and current liabilities	20	5,279	4,721	427	374
Total current liabilities		**41,979**	**55,327**	**1,169**	**20,305**
Total liabilities		**120,886**	**116,648**	**24,105**	**39,653**
TOTAL EQUITY AND LIABILITIES		**213,702**	**206,723**	**112,195**	**123,355**

The accompanying explanatory notes presented on pages 87 to 132 are an integral part of these financial statements.

These financial statements were approved and signed on 16 April 2021.

Kęstutis Juščius
Chief Executive Officer

Mindaugas Ambrasas
Chief Financial Officer

Statement of profit or loss and statement of other comprehensive income

	Notes	Year ended 31 December			
		GROUP		COMPANY	
		2020	2019	2020	2019
Revenue	21	83,073	71,134	3,404	3,378
Dividends from subsidiaries		-	-	6,438	-
Cost of sales	21,22	(72,475)	(64,369)	-	-
Gain (loss) on initial recognition of a biological asset at fair value and from a change in fair value of a biological asset	9, 21	5,175	3,082	-	-
GROSS PROFIT		**15,773**	**9,847**	**9,842**	**3,378**
Operating expenses	23	(10,227)	(9,582)	(4,267)	(4,122)
Other income	26	471	757	1,127	577
Other gains/(losses)	27	879	(13)	-	5
OPERATING PROFIT		**6,896**	**1,009**	**6,702**	**(162)**
Finance costs	28	(5,547)	(5,000)	(2,561)	(1,232)
Share of net profit (loss) of associates accounted for using the equity method	7	-	-	-	-
PROFIT (LOSS) BEFORE INCOME TAX		**1,350**	**(3,991)**	**4,141**	**(1,394)**
Income tax expense	19	442	773	-	-
NET PROFIT / (LOSS) FOR THE YEAR		**1,792**	**(3,218)**	**4,141**	**(1,394)**
ATTRIBUTABLE TO:					
Shareholders of the Company		1,772	(3,228)	4,141	(1,394)
Non-controlling interest		20	10	-	-
		1,792	**(3,218)**	**4,141**	**(1,394)**
Basic and diluted earnings (loss) per share (EUR)	29	**0.01**	**(0.01)**	**0.02**	**(0.01)**
STATEMENT OF OTHER COMPREHENSIVE INCOME					
NET PROFIT/ (LOSS) FOR THE PERIOD		**1,792**	**(3,218)**	**4,141**	**(1,394)**
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Currency exchange differences		-	-	-	-
Items that will not be reclassified to profit or loss:					
Revaluation of land, gross of tax	5	851	3,152	-	-
Deferred tax liability from revaluation	19	(126)	(1,820)	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**2,517**	**(1,886)**	**4,141**	**(1,394)**
ATTRIBUTABLE TO:					
Equity holders of the Company		2,497	(1,896)	**4,141**	(1,394)
Non-controlling interest		20	10	-	-
		2,517	**(1,886)**	**4,141**	**(1,394)**

The accompanying explanatory notes presented on pages 87 to 132 are an integral part of these financial statements.

These financial statements were approved and signed on 16 April 2021.

Kęstutis Juščius
Chief Executive Officer

Mindaugas Ambrasas
Chief Financial Officer

Statement of changes in equity

GROUP

	Share capital	Share premium	Revaluation reserve	Currency exchange differences	Reserve for share-based payments to employees	Legal reserve	Retained earnings	Equity attributable to the shareholders of the Company	Non-controlling interest	Total
Balance as of 31 December 2018	**65,951**	**6,707**	**7,155**	**-**	**957**	**1,649**	**8,937**	**91,356**	**359**	**91,715**
Comprehensive income										
Net profit (loss) for the period	-	-	-	-	-	-	(3,228)	(3,228)	10	(3,218)
Share-based payment expenses (note 15)	-	-	-	-	-	-	247	247	-	247
Other comprehensive income	-	-	-	-	-	-	-	-	-	
Revaluation of land, net of tax (note 5, 19)	-	-	1,332	-	-	-	-	1,332	-	1,332
Total comprehensive income	**-**	**-**	**1,332**	**-**	**-**	**-**	**(2,982)**	**(1,649)**	**10**	**(1,639)**
Transactions with shareholders	-	-	-	-	-	-	-	-	-	-
Transfer to legal reserve (note 15)	-	-	-	-	-	185	(185)	-	-	-
Transfer to other reserve (note 15)	-	-	-	-	667	-	(667)	-	-	-
Total transactions with shareholders	-	-	-	-	**667**	**185**	**(852)**	-	-	-
Balance as of 31 December 2019	**65,951**	**6,707**	**8,488**	**-**	**1,624**	**1,834**	**5,102**	**89,706**	**369**	**90,075**
Comprehensive income										
Net profit (loss) for the period	-	-	-	-	-	-	1,772	1,772	20	1,792
Share-based payment expenses (note 15)	-	-	-	-	-	-	247	247	-	247
Other comprehensive income										
Revaluation of land, net of tax (note 5, 19)	-	-	725	-	-	-	-	725	-	725
Total comprehensive income	**-**	**-**	**725**	**-**	**-**	**-**	2,019	2,744	20	**2,764**
Transactions with shareholders	-	-	-	-	-	-	-	-	-	-
Transfer to legal reserve (note 15)	-	-	-	-	-	-	-	-	-	-
Transfer to other reserve (note 15)	-	-	-	-	885	-	(885)	-	-	-
Dividends paid to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	(23)	(23)
Total transactions with shareholders	-	-	-	-	**885**	**-**	**(885)**	-	(23)	(23)
Balance as of 31 December 2020	**65,951**	**6,707**	**9,213**	**-**	**2,509**	**1,834**	**6,237**	**92,450**	**366**	**92,816**

The accompanying explanatory notes presented on pages 87 to 132 are an integral part of these financial statements.

These financial statements were approved and signed on 16 April 2021.

Kęstutis Juščius
Chief Executive Officer

Mindaugas Ambrasas
Chief Financial Officer

COMPANY	Share capital	Share premium	Legal reserve	Reserve for share-based payments to employees	Retained earnings	Total
Balance as of 31 December 2018	**65,951**	**6,707**	**1,649**	**957**	**9,585**	**84,849**
Comprehensive income						
Net profit (loss) for the period	-	-	-	-	(1,394)	(1,394)
Share-based payments to employees expenses(note 15)	-	-	-	-	247	247
Total comprehensive income	**-**	**-**	**-**	**-**	**(1,147)**	**(1,147)**
Transactions with shareholders						
Transfer to legal reserve (note 15)	-	-	185	-	(185)	-
Transfer to other reserve (note 15)	-	-	-	667	(667)	-
Total transactions with shareholders	-	-	**185**	**667**	**(852)**	-
Balance as of 31 December 2019	**65,951**	**6,707**	**1,834**	**1,624**	**7,586**	**83,702**
Comprehensive income						
Net profit (loss) for the period	-	-	-	-	4,141	4,141
Share-based payments to employees expenses(note 15)	-	-	-	-	247	247
Total comprehensive income	**-**	**-**	**-**	**-**	**4,388**	**4,388**
Transactions with shareholders						
Transfer to legal reserve (note 15)	-	-	-	-	-	-
Transfer to other reserve (note 15)	-	-	-	885	(885)	-
Total transactions with shareholders	-	-	**-**	885	(885)	-
Balance as of 31 December 2020	**65,951**	**6,707**	**1,834**	**2,509**	**11,089**	**88,090**

The accompanying explanatory notes presented on pages 87 to 132 are an integral part of these financial statements.

These financial statements were approved and signed on 16 April 2021.

Kęstutis Juščius
Chief Executive Officer

Mindaugas Ambrasas
Chief Financial Officer

Statement of cash flows

		Year ended 31 December			
		Group		Company	
	Notes	2020	2019	2020	2019
Net profit (loss) before income tax		**1,350**	**(3,992)**	**4,141**	**(1,394)**
Adjustments for non-cash items and other adjustments					
Depreciation expenses (PP&E)	5	7,279	7,286	67	75
Depreciation expenses (ROU assets)	5	5,995	5,492	138	133
Amortization expenses	8	11	12	5	6
Share-based payments to employees expenses	15, 23	247	247	247	247
Write-offs and impairments of PP&E		-	-		
(Gain) loss on sales of non-current assets	27	21	16	5	-
Gain (loss) on remeasurement of interest held in Grybai LT, KB at fair value	27	(900)	-	-	-
Loss allowance for receivables	12,13	237	182	-	-
Provision for sanctions of NPA	22	-	2,073	-	-
Write-offs of inventory and biological assets	22	2,063	1,861	-	-
Interest and fines income	26	(349)	(616)	(1,035)	(478)
Finance costs	28	3,798	2,907	2,508	1,173
Finance costs related to ROU assets	28	1,748	2,093	53	59
Dividends from subsidiaries		-	-	(6,438)	-
Loss (gain) on changes in fair value of biological assets	21	(5,175)	(3,082)	-	-
Grants related to assets, recognized as income	16	(466)	(442)	-	-
Revaluation to net realizable value of agricultural produce	10	(200)	-		
Changes in working capital			-		
(Increase) decrease in biological assets		3,856	2,570	-	-
(Increase) decrease in trade receivables and prepayments		(784)	(1,453)	(1,937)	2,087
(Increase) decrease in inventory		(2,424)	(2,111)	39	(40)
(Decrease) increase in trade and other payables		1,912	(3,244)	13	(471)
		18,219	**9,799**	**(2,194)**	**1,397**
Interest paid		(4,846)	(4,384)	(1,231)	(748)
Net cash flows from /(to) operating activities		**13,373**	**5,415**	**(3,426)**	**649**
Cash flows from /(to) investing activities					
Purchase of property, plant and equipment		(6,636)	(3,241)	(1,481)	(50)
Purchase of non-current intangible assets	8	(9)	-	(4)	
Payment for acquisition of subsidiary, net of cash acquired	24	(1,352)	-	-	-
Proceeds from sale of PP&E		148	383	-	-
Proceeds from sale of financial assets at fair value through profit or loss	27	224	-	-	-
Grants related to assets, received from NPA	16	722	-	722	-
Dividends received from subsidiaries	12	-	-	6,438	-
Repayment of other borrowings	13	-	857	-	-
Other loans repaid/(granted)	13	(324)	(442)	12,848	(12,800)
Net cash flows from/(to) investing activities		**(7,227)**	**(2,443)**	**18,523**	**(12,850)**
Cash flows from /(to) financing activities					
Bonds		-	18,523	-	18,524
Repayment of bank borrowings		(32,410)	(11,899)	(1,000)	(4,200)
Proceeds from borrowings		36,681	3,730	3,109	3,730
Proceeds from other borrowings		-	2,500	2,600	1,500
Repayment of other borrowings		(3,588)	(6,420)	(22,084)	(4,464)
Lease payments		(8,022)	(7,953)	(173)	(185)
Net cash flows from/(to) financing activities		**(7,339)**	**(1,519)**	**(17,547)**	**14,905**
Net (decrease) / increase in cash and cash equivalents		**(1,191)**	**1,453**	**(2,450)**	**2,704**
Cash and cash equivalents at the beginning of the period		**3,732**	**2,281**	**2,753**	**49**
Cash and cash equivalents at the end of the period		**2,541**	**3,732**	**301**	**2,753**

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These financial statements were approved and signed on 16 April 2021.

Kęstutis Juščius
Chief Executive Officer

Mindaugas Ambrasas
Chief Financial Officer

Notes to the financial statements

1. General information

General information about AUGA group AB (hereinafter – "the Company"):

Name of the company:	AUGA group, AB
Share capital:	EUR 65,950,713.08
Address of head office:	Konstitucijos av. 21C, Quadrum North, LT-08130, Vilnius, Lithuania
Telephone:	+370 5 233 53 40
E-mail address:	info@auga.lt
Website:	www.auga.lt
Legal entity form:	Legal entity, joint stock company
Place and date of registration:	25 June 2003, Vilnius
Register code:	126264360
Registrant of the Register of Legal entities:	VĮ Registrų centras

The Company's main business activity is management of agricultural companies. The main areas of operation of the Group (the Company and its subsidiaries): growing and sale of grain, production and sale of milk, growing and sale of mushroom, production and sale of fast-moving consumer goods (FMCG). As of 31 December 2020, the Group had 1,236 employees excluding those on parental leave (2019: 1,149 employees). The ultimate parent company of AUGA group AB is Baltic Champs Group UAB which is 100% owned by Kęstutis Juščius.

Shareholders holding over 5% of the Company were:

	31 December 2020		31 December 2019	
Shareholder's name	**Number of shares**	Interest held, %	**Number of shares**	Interest held, %
Baltic Champs Group UAB	125,167,939	55.04	125,167,939	55.04
European Bank for Reconstruction and Development	19,810,636	8.71	19,810,636	8.71
ME Investicija UAB	19,082,801	8.39	19,082,801	8.39
Žilvinas Marcinkevičius	15,919,138	7.00	15,919,138	7.00
Minority shareholders	47,435,738	20.86	47,435,738	20.86
Total	**227,416,252**	**100.00**	**227,416,252**	**100.00**

The Company's shareholders' meeting has the power to reject and request the management to make changes in the financial statements after their issue. The shares in the Company are listed on Nasdaq Vilnius Baltic Main list and Warsaw Stock Exchange. The fiscal year of the Company and its subsidiaries corresponds with calendar year.

As of 31 December 2020, the consolidated group (hereinafter the "Group") consisted of the Company and 137 subsidiaries (31 December 2019: 136). On 14 February 2020 Group companies Baltic Champs UAB and AUGA Luganta UAB together with other shareholders of Grybai LT KB, capitalised loans provided to Grybai LT KB which resulted in an increase in share capital of Grybai LT KB and a change in the Group's interest in the company. As a result, the Group's share in Grybai LT KB increased from 22% to 61 %. On 28 May 2020 Group companies Agromilk, KB, Juodmargelis, KB and Šventosios pievos, KB bought-out the rest of shares from minority shareholders and with this transaction the Group increased its interest in Grybai LT, KB from 61% to 100% KB. On 15 December 2020 Agromilk, KB, Juodmargelis, KB and Šventosios pievos, KB sold part of its interest in Grybai LT, KB to Baltic Champs UAB. After intercompany sale of shares Baltic Champs UAB holds 95% interest in Grybai LT, KB, while other Group companies holds 5%. All subsidiaries included in the Group's financial statements in 2020 and 2019 is provided in the table below.

No.	Name of subsidiary	Legal form	Legal entity code	Registered office	Profile	Group ownership interest, %	
						31/12/20	31/12/19
1.	Baltic Champs UAB	*4	302942064	Šiaulių r., Poviliškių k., 15, Registration place: Šiaulių r. sav., Registration date: 21/12/2012	**A	100.00%	100.00%
2.	AVG Investment UAB	*4	300087691	Vilniaus m. sav., Vilnius, Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 10/02/2005	**G	100.00%	100.00%
3.	AWG Investment 1 UAB	*4	301745765	Vilniaus m. sav., Vilnius, Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 01/06/2008	**G	100.00%	100.00%
4.	AWG Investment 2 UAB	*4	301807590	Vilniaus m. sav., Vilnius, Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 24/07/2008	**G	100.00%	100.00%

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No.	Name of subsidiary	Legal form	Legal entity code	Registered office	Profile	Group ownership interest, %	
						31/12/20	31/12/19
5.	Agross UAB	*4	301807601	Vilniaus m. sav., Vilnius, Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 24/07/2008-07-24	**H	100.00%	100.00%
6.	Grain Lt UAB	*4	302489354	Vilniaus m. sav., Vilnius, Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 17/03/2010	**H	97.41%	97.41%
7.	AgroGis UAB	*4	302583978	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 18/01/2011	**D	95.00%	95.00%
8.	Agro Management Team UAB	*4	302599498	Jonavos r. sav. Bukonių k. Lankesos g. 2, Registration place: Jonavos r. sav., Registration date: 02/03/2011	**E	100.00%	100.00%
9.	Agrotechnikos centras UAB	*4	302589187	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Jonavos r. sav., Registration date: 03/02/2011	**F	100.00%	100.00%
10.	AUGA trade UAB	*4	302753875	Jonavos r. sav. Bukonių k. Lankesos g. 2, Registration place: Jonavos r. sav., Registration date: 29/02/2012	**H	100.00%	100.00%
11.	Agricultural entity Žemės fondas	*1	300558595	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 07/04/2006	**E	100.00%	100.00%
12.	Žemės vystymo fondas 6 UAB	*4	300589719	Vilniaus m. sav. Vilniaus m. Smolensko g. 10, Registration place: Vilniaus m. sav., Registration date: 10/08/2006	**E	100.00%	100.00%
13.	Žemės vystymo fondas 9 UAB	*4	300547638	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Jonavos r. sav., Registration date: 09/03/2006	**E	100.00%	100.00%
14.	Žemės vystymo fondas 10 UAB	*4	301522723	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Jonavos r. sav., Registration date: 10/01/2008	**E	100.00%	100.00%
15.	Žemės vystymo fondas 20 UAB	*4	300887726	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Jonavos r. sav., Registration date: 22/06/2007	**B	100.00%	100.00%
16.	AUGA Grūduva UAB	*4	174401546	Šakių r. sav. Gotlybiškių k., Registration place: Šakių r. sav., Registration date: 24/02/1997	**A	98.97%	98.97%
17.	Agricultural entity AUGA Spindulys	*1	171330414	Radviliškio r. sav. Vaitiekūnų k. Spindulio g. 13, Registration place: Radviliškio r. sav., Registration date: 09/04/1993	**A	99.99%	99.99%
18.	Agricultural entity AUGA Smilgiai	*1	168548972	Panevėžio r. sav. Smilgių mstl. Panevėžio g. 23-1, Registration place: Panevėžio r. sav, Registration date: 16/09/1992	**A	100.00%	100.00%
19.	Agricultural entity AUGA Skėmiai	*1	171306071	Kėdainių g. 13, Skėmių k., Radviliškio r., Registration place: Radviliškio r. sav., Registration date:01/10/1992	**A	99.97%	99.97%
20.	Agricultural entity AUGA Nausodė	*1	154179675	Anykščių r. sav. Nausodės k. Nausodės g. 55, Registration place: Anykščių r. sav., Registration date: 11/08/1992	**A	99.93%	99.93%
21.	Agricultural entity AUGA Dumšiškės	*1	172276179	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 29/09/1992	**A	99.88%	99.88%
22.	Agricultural entity AUGA Žadžiūnai	*1	175706853	Šiaulių r. sav. Žadžiūnų k. Gudelių g. 30-2, Registration place: Šiaulių r. sav., Registration date: 30/06/1992	**A	99.81%	99.81%
23.	Agricultural entity AUGA Mantviliškis	*1	161274230	Kėdainių r. sav. Mantviliškio k. Liepos 6-osios g. 60, Registration place: Kėdainių r. sav., Registration date: 06/11/1992	**A	99.94%	99.94%
24.	Agricultural entity AUGA Alanta	*1	167527719	Molėtų r. sav. Kazlų k. Skiemonių g. 2A, Registration place: Molėtų r. sav., Registration date: 29/06/1992	**A	99.99%	99.99%
25.	Agricultural entity AUGA Eimučiai	*1	175705032	Šiaulių r. sav. Žadžiūnų k. Gudelių g. 30-2, Registration place: Šiaulių r. sav., Registration date: 29/06/1992	**A	99.24%	99.24%
26.	Agricultural entity AUGA Vėriškės	*1	171305165	Radviliškio r., Skėmiai, Kėdainių g. 13, Registration place: Radviliškio r. sav., Registration date: 29/09/1992	**A	99.93%	99.93%
27.	Agricultural entity AUGA Želsvelė	*1	165666499	Marijampolės sav., Želsvos k., Želsvelės g. 1, Registration place: Marijampolės sav., Registration date: 03/07/1992	**A	99.86%	99.86%
28.	Agricultural entity AUGA Lankesa	*1	156913032	Jonavos r. sav. Bukonių k., Registration place: Jonavos r. sav., Registration date: 06/04/1999	**A	96.91%	96.91%
29.	Agricultural entity AUGA Kairėnai	*1	171327432	Radviliškio r. sav. Kairėnų k., Registration place: Radviliškio r. sav., Registration date: 02/03/1993	**A	98.47%	98.47%
30.	Agricultural entity AUGA Jurbarkai	*1	158174818	Jurbarko r. sav. Klišių k. Vytauto Didžiojo g. 99, Registration place: Jurbarko r. sav., Registration date: 31/07/1992	**A	98.46%	98.46%
31.	Agricultural entity AUGA Gustoniai	*1	168565021	Panevėžio r. sav. Gustonių k. M. Kriaučiūno g. 15, Registration place: Panevėžio r. sav, Registration date: 09/12/1992	**A	100.00%	100.00%
32.	Cooperative entity Siesarčio ūkis	*3	302501098	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Šakių r. sav., Registration date: 21/04/2010	**A	99.44%	99.44%
33.	Cooperative entity Kašėta	*3	302501251	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Jonavos r. sav., Registration date: 21/04/2010	**A	99.44%	99.44%
34.	Agricultural entity Gustonys	*1	302520102	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Panevėžio r. sav, Registration date: 08/06/2010	**E	100.00%	100.00%
35.	Agricultural entity Skėmių pieninkystės centras	*1	302737554	Radviliškio r. sav. Skėmių k. Alyvų g. 1, Registration place: Radviliškio r. sav., Registration date: 05/03/2012	**A	48.67%	48.67%
36.	Cooperative entity Agrobokštai	*3	302485217	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 02/03/2010	**A	97.94%	97.94%

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No.	Name of subsidiary	Legal form	Legal entity code	Registered office	Profile	Group ownership interest, %	
						31/12/20	31/12/19
37.	Cooperative entity Dotnuvėlės valdos	*3	302618614	Šiaulių r. sav. Žadžiūnų k. Gudelių g. 30-2, Registration place: Šiaulių r. sav., Registration date: 21/04/2011	**A	99.22%	99.22%
38.	Cooperative entity Nevėžio lankos	*3	302618596	Kėdainių r. sav. Mantviliškio k. Liepos 6-osios g. 60, Registration place: Kėdainių r. sav., Registration date: 21/04/2011	**A	96.51%	96.51%
39.	Cooperative entity Radviliškio kraštas	*3	302618742	Kėdainių g.13, Skėmių k., Radviliškio r., Registration place: Radviliškio r. sav., Registration date: 20/04/2011	**A	98.67%	98.67%
40.	Cooperative entity Šventosios pievos	*3	302618201	Raseinių r. sav. Kalnujų mstl. Žieveliškės g. 1, Registration place: Raseinių r. sav., Registration date: 20/04/2011	**A	96.36%	96.36%
41.	Cooperative entity Kairių ūkis	*3	302615194	Panevėžio r. sav. Gustonių k. M. Kriaučiūno g. 15, Registration place: Panevėžio r. sav, Registration date: 13/04/2011	**A	98.68%	98.68%
42.	Cooperative entity Šiaurinė valda	*3	302615187	Akmenės r. sav. Ramučių k. Klevų g. 11, Registration place: Šiaulių r. sav., Registration date: 13/04/2011	**A	96.15%	96.15%
43.	Cooperative entity Šušvės žemė	*3	302618767	Kelmės r. sav. Pašiaušės k. Vilties g. 2, Registration place: Kelmės r. sav., Registration date: 21/04/2011	**A	98.43%	98.43%
44.	Cooperative entity Žalmargėlis	*3	303145954	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 23/09/2013	**A	98.32%	98.32%
45.	Cooperative entity Juodmargėlis	*3	303159014	Raseinių r. sav. Kalnujų mstl. Žieveliškės g. 1, Registration place: Raseinių r. sav., Registration date: 03/10/2013	**A	99.35%	99.35%
46.	Cooperative entity Agromilk	*3	302332698	Raseinių r. sav. Kalnujų mstl. Žieveliškės g. 1, Registration place: Raseinių r. sav., Registration date: 23/04/2009	**A	96.28%	96.28%
47.	Cooperative entity Purpurėja	*3	302542337	Širvintų r. sav. Širvintų k. Zosinos g. 8, Registration place: Širvintų r. sav., Registration date: 02/09/2010	**A	99.53%	99.53%
48.	Bukonių ekologinis ūkis UAB	*4	302846621	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 23/08/2012	**A	100.00%	100.00%
49.	Agrosaulė 8 UAB	*4	302846105	Vilniaus m. sav. Vilniaus m. Smolensko g. 10-100, Registration place: vilniaus m. sav., Registration date: 23/08/2012	**G	100.00%	100.00%
50.	Pasvalys distr., Pušalotas reclamation infrastructure users association	*2	302465563	Pasvalio r. sav. Diliauskų k. Diliauskų g. 23, Registration place: Pasvalio r. sav., Registration date: 11/12/2009	**A	48.67%	48.67%
51.	Biržai distr., Rinkuškiai reclamation infrastructure users association	*2	302465556	Biržų r. sa., Biržai, Vytauto g. 38	**A	48,67%	48,67%
52.	Skėmiai reclamation infrastructure users association	*2	303170256	Šiaulių r. sav. Žadžiūnų k. Gudelių g. 30-2, Registration place: Šiaulių r. sav., Registration date: 22/10/2013	**A	48.67%	48.67%
53.	Vaitiekūnai reclamation infrastructure users association	*2	303170306	Šiaulių r. sav. Žadžiūnų k. Gudelių g. 30-2, Registration place: Šiaulių r. sav., Registration date: 22/10/2013	**A	48.67%	48.67%
54.	Association Grūduvos melioracija	*2	302567116	Šakių r. sav. Gotlybiškių k. Mokyklos g. 2, Registration place: Šakių r. sav., Registration date: 23/11/2010	**A	65.81%	65.81%
55.	Pauliai reclamation infrastructure users association	*2	303169909	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 11/12/2009	**A	100.00%	100.00%
56.	Nausode reclamation infrastructure users association	*2	304219592	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 22/10/2013	**A	70.74%	70.74%
57.	Traktorių nuomos centras UAB	*4	302820808	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Jonavos r. sav., Registration date: 16/07/2012	**A	100.00%	100.00%
58.	Traktorių nuomos paslaugos UAB	*4	302820797	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Jonavos r. sav., Registration date: 16/07/2012	**A	100.00%	100.00%
59.	Arnega UAB	*4	302661957	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Jonavos r. sav., Registration date: 13/08/2011	**A	100.00%	100.00%
60.	AgroSchool OU	*6	12491954	Harju maakond, Talinas, Kesklinna linnaosa, Lai tn 32-8, 10133 , Registration place: Estija, Registration date: 15/07/2013	**G	100.00%	100.00%
61.	Public institution AgroSchool	*5	303104797	Vilniaus m. sav. Vilniaus m. Smolensko g. 10-100, Registration place: Vilniaus m. sav., Registration date: 22/07/2013	**C	50.00%	50.00%
62.	AUGA Ramučiai UAB	*4	302854479	Akmenės r. sav. Ramučių k. Klevų g. 11, Registration place: Akmenės r. sav., Registration date: 05/09/2012	**A	100.00%	100.00%
63.	AUGA Luganta UAB	*4	300045023	Kelmės r. sav. Pašiaušės k. , Registration place: Kelmės r. sav., Registration date: 05/09/2012	**A	100.00%	100.00%
64.	eTime invest UAB	*4	300578676	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 09/06/2014	**G	100.00%	100.00%
65.	ŽVF Projektai UAB	*4	300137062	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Jonavos r. sav., Registration date: 27/12/2012	**E	52.62%	52.62%
66.	Agricultural entity Alantos ekologinis ūkis	*1	303324747	Molėtų r. sav. Kazlų k. Skiemonių g. 2A, Registration place: Molėtų r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
67.	Agricultural entity Dumšiškių ekologinis ūkis	*1	303324722	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
68.	Agricultural entity Eimučių ekologinis ūkis	*1	303324715	Šiaulių r. sav. Žadžiūnų k. Gudelių g. 30-2, Registration place: Šiaulių r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%

No.	Name of subsidiary	Legal form	Legal entity code	Registered office	Profile	Group ownership interest, %	
						31/12/20	31/12/19
69.	Agricultural entity Grūduvos ekologinis ūkis	*1	303324804	Šakių r. sav. Gotlybiškių k. Mokyklos g. 2, Registration place: Šakių r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
70.	Agricultural entity Jurbarkų ekologinis ūkis	*1	303325361	Jurbarko r. sav. Klišių k. Vytauto Didžiojo g. 99, Registration place: Jurbarko r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
71.	Agricultural entity Kairėnų ekologinis ūkis	*1	303325774	Radviliškio r. sav. Vaitiekūnų k. Spindulio g. 13-2, Registration place: Radviliškio r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
72.	Agricultural entity Lankesos ekologinis ūkis	*1	303325710	Jonavos r. sav. Bukonių k. Lankesos g. 2, Registration place: Jonavos r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
73.	Agricultural entity Mantviliškio ekologinis ūkis	*1	303325703	Kėdainių r. sav. Mantviliškio k. Liepos 6-osios g. 60, Registration place: Kėdainių r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
74.	Agricultural entity Nausodės ekologinis ūkis	*1	303325781	Anykščių r. sav. Nausodės k. Nausodės g. 55, Registration place: Anykščių r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
75.	Agricultural entity Skėmių ekologinis ūkis	*1	303325692	Kėdainių g.13, Skėmių k., Radviliškio r., Registration place: Radviliškio r. sav., Registration date: 2014-06-09	**A	100.00%	100.00%
76.	Agricultural entity Smilgių ekologinis ūkis	*1	303325824	Panevėžio r. sav. Smilgių mstl. Panevėžio g. 23-1, Registration place: Panevėžio r. sav, Registration date: 09/06/2014	**A	100.00%	100.00%
77.	Agricultural entity Spindulio ekologinis ūkis	*1	303325817	Radviliškio r. sav. Vaitiekūnų k. Spindulio g. 13-2, Registration place: Radviliškio r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
78.	Agricultural entity Vėriškių ekologinis ūkis	*1	303325849	Kėdainių g.13, Skėmių k., Radviliškio r., Registration place: Radviliškio r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
79.	Agricultural entity Žadžiūnų ekologinis ūkis	*1	303325870	Šiaulių r. sav. Žadžiūnų k. Gudelių g. 30-2, Registration place: Šiaulių r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
80.	Agricultural entity Želsvelės ekologinis ūkis	*1	303325856	Marijampolės sav. Želsvos k. Želsvelės g. 1, Registration place: Marijampolės sav., Registration date: 09/06/2014	**A	100.00%	100.00%
81.	Prestviigi OU	*6	12654600	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10133, Registration place: Estonia, Registration date: 02/05/2014	**G	100.00%	100.00%
82.	Turvaste partners OU	*6	12655410	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10134, Registration place: Estonia, Registration date: 02/05/2014	**G	100.00%	100.00%
83.	Nakamaa Agro OU	*6	12655522	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10135, Registration place: Estonia, Registration date: 02/05/2014	**G	100.00%	100.00%
84.	Hindaste Invest OU	*6	12655384	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10136, Registration place: Estonia, Registration date: 24/04/2014	**G	100.00%	100.00%
85.	Tuudi River OU	*6	12655640	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10137, Registration place: Estonia, Registration date: 02/05/2014	**G	100.00%	100.00%
86.	Palderma Partners OU	*6	12654959	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10138, Registration place: Estonia, Registration date: 02/05/2014	**G	100.00%	100.00%
87.	Ave-Martna Capital OU	*6	12655155	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10139, Registration place: Estonia, Registration date: 02/05/2014	**G	100.00%	100.00%
88.	Hobring Invest OU	*6	12655427	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10140, Registration place: Estonia, Registration date: 02/05/2014	**G	100.00%	100.00%
89.	Rukkirahhu Capital OU	*6	12655232	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10141, Registration place: Estonia, Registration date: 02/05/2014	**G	100.00%	100.00%
90.	Pahasoo OU	*6	12655367	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10142, Registration place: Estonia, Registration date: 02/05/2014	**G	100.00%	100.00%
91.	Cooperative entity Ganiklis	*3	303429417	Radviliškio r. sav. Skėmių k. Alyvų g. 1-3, Registration place: Radviliškio r. sav., Registration date: 20/10/2014	**A	98.09%	98.09%
92.	Cooperative entity Ganiavos gėrybės	*3	303429431	Marijampolės sav. Želsvos k. Želsvelės g. 1, Registration place: Radviliškio r. sav., Registration date: 20/10/2014	**A	98.09%	98.09%
93.	Cooperative entity Žemėpačio pieno ūkis	*3	303432388	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 22/10/2014	**A	98.09%	98.09%
94.	Cooperative entity Žemynos pienelis	*3	303427989	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 17/10/2014	**A	98.09%	98.09%
95.	Cooperative entity Lygiadienio ūkis	*3	303428087	Panevėžio r. sav. Smilgių mstl. Panevėžio g. 23-1, Registration place: Radviliškio r. sav., Registration date: 17/10/2014	**A	98.09%	98.09%
96.	Cooperative entity Laumės pieno ūkis	*3	303427996	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 17/10/2014	**A	98.09%	98.09%
97.	Cooperative entity Medeinos pienas	*3	303428112	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 17/10/2014	**A	98.09%	98.09%
98.	Cooperative entity Gardaitis	*3	303429381	Panevėžio r. sav. Gustonių k. M. Kriaučiūno g. 15, Registration place: Radviliškio r. sav., Registration date: 20/10/2014	**A	98.09%	98.09%
99.	Cooperative entity Dimstipatis	*3	303429424	Mažeikių r. sav. Naikių k. Mažeikių aplinkl. 9, Registration place: Mažeikių r. sav., Registration date: 20/10/2014	**A	98.09%	98.09%

No.	Name of subsidiary	Legal form	Legal entity code	Registered office	Profile	Group ownership interest, %	
						31/12/20	31/12/19
100.	Cooperative entity Aušlavis	*3	303429456	Anykščių r. sav. Nausodės k. Nausodės g. 55, Registration place: Radviliškio r. sav., Registration date: 20/10/2014	**A	98.09%	98.09%
101.	Cooperative entity Austėjos pieno ūkis	*3	303428094	Mažeikių r. sav. Naikių k. Mažeikių aplinkl. 9, Registration place: Mažeikių r. sav., Registration date: 17/10/2014	**A	98.09%	98.09%
102.	Cooperative entity Aitvaro ūkis	*3	303429374	Radviliškio r. sav. Skėmių k. Alyvų g. 1-3, Registration place: Radviliškio r. sav., Registration date: 20/10/2014	**A	98.09%	98.09%
103.	Cooperative entity Giraičio pieno ūkis	*3	303429399	Mažeikių r. sav. Naikių k. Mažeikių aplinkl. 9, Registration place: Mažeikių r. sav., Registration date: 20/10/2014	**A	98.09%	98.09%
104.	Fentus 10 GmbH	*6	HRB106477	StraBe des 17 Juni 10b, 10623 Berlin, Germany, Registration place: Germany, Registration date: 02/05/2014	**G	100.00%	100.00%
105.	Norus 26 AG	*6	HRB109356B	StraBe des 17 Juni 10b, 10623 Berlin, Germany, Registration place: Germany, Registration date: 02/05/2014	**G	100.00%	100.00%
106.	LT Holding AG	*6	HRB109265B	StraBe des 17 Juni 10b, 10623 Berlin, Germany, Registration place: Germany, Registration date: 02/05/2014	**G	100.00%	100.00%
107.	KTG Agrar UAB	*4	300127919	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Vilniaus m. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
108.	Agrar Raseiniai UAB	*4	300610316	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
109.	AUGA Mažeikiai UAB	*4	300610348	Mažeikių r. sav. Naikių k. Mažeikių aplinkl. 9, Registration place: Mažeikių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
110.	PAE Agrar UAB	*4	300867691	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
111.	Delta Agrar UAB	*4	300868875	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
112.	KTG Grūdai UAB	*4	302637486	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
113.	KTG Eko Agrar UAB	*4	300510650	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
114.	Agronita UAB	*4	300132574	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
115.	Agronuoma UAB	*4	303204954	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
116.	VL Investment Vilnius 12 UAB	*4	303205611	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 2014-10-20	**A	100.00%	100.00%
117.	Agrar Ašva UAB	*4	301608542	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
118.	Agrar Varduva UAB	*4	301608791	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
119.	Agrar Seda UAB	*4	301608777	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
120.	Agrar Kvistė UAB	*4	302308067	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
121.	Agrar Luoba UAB	*4	302308035	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
122.	Agrar Gaja UAB	*4	302594412	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
123.	Agrar Ariogala UAB	*4	301626540	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
124.	Agrar Girdžiai UAB	*4	301621568	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
125.	Agrar Vidauja UAB	*4	301622531	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
126.	Agrar Raudonė UAB	*4	302309532	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
127.	Agrar Venta UAB	*4	302307855	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
128.	Agrar Nerys UAB	*4	302594063	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
129.	Agrar Gėluva UAB	*4	302312133	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%

No.	Name of subsidiary	Legal form	Legal entity code	Registered office	Profile	Group ownership interest, %	
						31/12/20	31/12/19
130.	Agrar Betygala UAB	*4	302312222	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
131.	Agrar Dubysa UAB	*4	302312215	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
132.	Agrar Pauliai UAB	*4	302312165	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
133.	Agrar Mituva UAB	*4	302312172	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
134.	AUGA Raseiniai UAB	*4	304704364	Raseinių r. sav. Kalnujų mstl. Žieveliškės g. 1, Registration place: Raseinių r. sav., Registration date: 06/11/2017	**A	100.00%	100.00%
135.	Tėvynės žemelė UAB	*4	303301428	Antano Tumėno g. 4, Vilniaus sav., Vilnius	**G	100.00%	100.00%
136.	Tėviškės žemelė UAB	*4	303207199	Antano Tumėno g. 4, Vilniaus sav., Vilnius	**E	100.00%	100.00%
137.	Cooperative entity Grybai LT	*3	302765404	Žibalų st. 37, Širvintos	**I	100.00%	22.03%

COMMENTS:

*
*1 Agricultural entity
*2 Association
*3 Cooperative entity
*4 Private limited company
*5 Public institution
*6 Foreign legal entity

**
**A Agricultural operations
**B Cash pool of the Group
**C Human resource management
**D IT system development
**E Land management
**F Lease of machinery
**G Management of subsidiaries
**H Trade and logistics
**I Food processing

2. Summary of significant accounting policies

2.1. Changes in accounting policies

The Group has consistently applied the following accounting policies to all the periods presented in these financial statements.

2.2. Basis of preparation

The accompanying financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). The financial statements have been prepared on the historical cost basis, except for land classified as property, plant and equipment, which is measured at revalued amount, and biological assets (livestock and crops), which are measured at fair value. The Company applies the same accounting policies as the Group, except for accounting of subsidiaries as disclosed in note 2.27.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. The standards also require management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The financial statements are presented in the national currency, the euro (EUR), which is the Company's functional and presentation currency.

Going concern basis

The accompanying financial statements are prepared on going concern basis. The short-term goal for the Group is to generate sufficient funds to carry out operations efficiently and profitably and to generate appropriate amounts of revenues and profits in order to pay current liabilities. The Group's management expects to maintain current liquidity levels and to accumulate funds for future investments. The Company deals mainly with the Group companies thus the Company's liquidity position is adjusted on demand.

As of 31 December 2020 the Group's current assets exceeded current liabilities by EUR 24,133 thousand (31 December 2019: 6,720 thousand). The current ratio (current assets/current liabilities) of the Group amounted to 1.57 (31 December 2019: 1.12), while quick ratio (current assets (excluding biological assets and inventory)/current liabilities) was 0.44 (31 December 2019: 0.31).

As of 31 December 2020 the Company's current assets exceeded current liabilities by EUR 2,742 thousand. As of 31 December 2019 the Company's current liabilities exceeded current assets by EUR 15,480 thousand. The deficit in 2019 consisted of the credit-line facility – EUR 16,900 which was renewed at the end of each year. However, in 2020 the Group signed new refinancing agreements with commercial banks and terminated credit line-line facility in the Company. The current ratio of the Company was 3.35 (31 December 2019: 0.22) and quick ratio was 3.34 (31 December 2019: 0.22).

For the analysis of COVID-19 impact on the Group's operations refer to note 32.

New standards, amendments and interpretations

In 2020 the Group and the Company have adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to their operations and effective for the accounting periods beginning on 1 January 2020.

a) Adoption of new and (or) amended IFRSs and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

The Group/Company has adopted the new and amended IFRS and IFRIC interpretations as of 1 January 2020:

- Amendments to the Conceptual Framework for Financial Reporting (effective for annual periods beginning on or after 1 January 2020). The Group has assessed that these amendments have no impact on these financial statements.
- Amendments to IAS 1 and IAS 8 (effective for annual periods beginning on or after 1 January 2020). The Group has assessed that these amendments have no impact on these financial statements.
- Amendments to IFRS 3 (effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020). The Group has assessed that these amendments have no impact on these financial statements.
- Interest rate benchmark reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (effective for annual periods beginning on or after 1 January 2020). The Group has assessed that these amendments have no impact on these financial statements.
- Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 28 May 2020 and effective for annual periods beginning on or after 1 January 2020). Amendments will not affect financial statements as the Group did not receive nor it expects to receive any lease discounts or concessions during COVID-19 pandemic.

b) Standards adopted by the EU but not yet effective and have not been early adopted

- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective for annual periods beginning on or after 1 January 2021). The Group evaluates the impact and required amendments to financial statements and disclosures.

Other amendments to existing standards and new standards adopted by the EU, but not yet effective, are not relevant to the Group and the Company.

2.3. Group accounting

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. 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.

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the acquisition cost is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of profit or loss as negative goodwill.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in statement of profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between the Group companies are eliminated. Unrealised losses are also eliminated but considered as an impairment indicator of the asset transferred.

2.4. Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and initially they are recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in statement of profit or loss, and the Group's share of movements in other comprehensive income (OCI) of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds the carrying amount of its investment, including any other contingent non-current receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity investments is tested for impairment in accordance with the policy described in note 2.9.

2.5. Transactions with non-controlling interest

The Group treats transactions with non-controlling interests 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 amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.6. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's functional and presentation currency is the euro (EUR).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Group companies

The results of operations and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
b) Income and expenses for individual items of the statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing at the dates of the transactions);
c) All exchange differences are recognised in other comprehensive income as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the balance sheet date.

2.7. Property, plant and equipment

Property, plant and equipment are assets that are owned and controlled by the Group, which are expected to generate economic benefits in the future periods and with the useful life exceeding one year. Property, plant and equipment, except land, are shown at cost less subsequent accumulated depreciation and subsequent impairment losses. Land is accounted at revalued amounts less subsequent impairment losses.

Buildings comprise mainly livestock farms, machinery, supply and grain storage buildings. Structures and machinery comprise agricultural equipment and milking farm equipment. All the property, plant and equipment, except for land, construction in progress, are shown at cost less subsequent depreciation and any accumulated impairment losses.

Land comprises mainly agricultural land and is shown at revalued amounts based on periodic, but at least triennial, valuations by external independent valuers.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss in the period in which they are incurred.

Increases in the carrying amount arising on revaluation of land are credited to revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against revaluation reserve directly in equity; all other decreases are charged to the statement of profit or loss.

Land is not depreciated. Depreciation of other assets, except construction in progress, is calculated using the straight-line method to allocate their cost or revaluated amounts to their residual values over their estimated useful lives as follows:

Buildings	20–50	years
Structures and machinery	4–20	years
Vehicles, equipment and other PP&E	1–10	years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Construction-in-progress represents property, plant and equipment under construction. Such assets are carried at acquisition cost, less any recognized impairment losses. Cost includes design, construction works, plant and equipment being mounted and other directly attributable costs.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'operating expenses' in the statement of profit or loss. When revalued assets are sold, the amounts included in revaluation reserve are transferred to retained earnings.

The useful lives of property, plant and equipment are determined by management at the time the asset is acquired and reviewed on an annual basis for appropriateness.

2.8. Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Other intangible assets

Intangible assets expected to provide economic benefit to the Group in future periods have a finite useful life and are valued at acquisition cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on the straight-line method over the estimated amortisation period as follows:

Other intangible assets	5	years
Land rent contracts	1-22	years

Separately acquired licences are shown at historical cost less accumulated amortization. Licences acquired in a business combination are recognised at fair value at the acquisition date. Acquired computer software licences are capitalized based on costs of acquisition and preparation for use of a specific software. As from 1 January 2019 land rent contracts were reclassified and accounted as right-of-use assets under the IFRS 16 requirements .

The gain or loss arising on the disposal of intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in statement of profit or loss.

The useful lives of intangible assets are determined by management at the time the asset is acquired and reviewed on an annual basis for appropriateness.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.9. Impairment of non-financial assets

Impairment of non-financial assets, except inventory and deferred taxes, is evaluated whenever events or circumstances indicate that the value of an asset may not be recoverable. If such indications exist, the recoverable amount of the asset is estimated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the recognition of losses due to impairment no longer exists or has decreased significantly. The reversal of impairment loss is recognized in statement of profit or loss in the same item as impairment loss.

2.10. Biological assets

Biological assets are measured on initial recognition and at each balance sheet date at their fair value less estimated costs to sell, except where the fair value cannot be measured reliably on initial recognition. Agricultural produce harvested from the Group's biological assets is measured at its fair value less estimated costs to sell at the point of harvest and subsequently recorded as inventories.

If an active market exists for a biological asset or agricultural produce, the quoted price in that market is the appropriate basis for determining the fair value of that asset. If an active market does not exist the most recent market transaction price is used in determining the fair value, provided that there has not been a significant change in economic circumstances between the date of that transaction and the balance sheet date. Cost is used as an approximation of fair value when little biological transformation has taken place since the incurrence of these costs, e.g. within short time after seeding the crop or mushroom.

During the growth period (crops, mushrooms, livestock until 1st lactation period), costs are capitalised to the carrying amount of the asset. At each balance sheet date, the biological assets are revalued to their fair value. The gain or loss from change in fair value (the difference between the fair value and costs incurred and capitalised) is recognised on the line "Gain (loss) on initial recognition of a biological asset at fair value and from a change in fair value of a biological asset " in statement of profit or loss. On sales of the produce (crops, mushrooms, milk, meat), the fair value of the biological asset/agricultural produce is recognised in the statement of profit or loss as "Cost of sales" based on the nature of the expense - all actually incurred expenses line by line by nature within "Cost of sales" and including fair value gain/loss.

The statement of profit or loss's line "Gain (loss) on initial recognition of a biological asset at fair value and from a change in fair value of a biological asset " includes (1) gain (loss) on agricultural produce recognized at fair value at the reporting (mainly crops, as milk and mushrooms are sold immediately) and (2) gain (loss) on changes in fair value of dairy cows, (2.1) during growth period being the difference between the costs incurred and capitalised, and the fair values at reporting dates; and (2.2) during milking period being the decrease in the fair value based on the remaining useful life of the cows; and any other changes due to the changes to the inputs in the cash flow forecast.

All other movements in the biological asset account (note 9) are presented as the amount of costs capitalised.

The line "Cost of sales" includes line-by-line expenses incurred to produce crops, mushrooms, milk and meat that have been sold during the reporting period. The additional expenses incurred in relation to agricultural produce that is unsold at the balance sheet date (storage, transportation) have been capitalised to the carrying amount and will be accounted as "Cost of sales" in the Statement of profit or loss in future periods when the produce is sold. The expenditures capitalised to grow dairy cows are not accounted as "Cost of sales" in the Statement of profit or loss; instead the carrying amount of cows is written-off over the useful life of the cows as the change in fair value on the line "Gain (loss) on initial recognition of a biological asset at fair value and from a change in fair value of a biological asset ".

2.11. Investments and other financial assets

2.11.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss) and

- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses arising from changes in fair value will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies investments in debt instruments when and only when its business model for managing those assets changes.

2.11.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.11.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Measured at amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- Measured at FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss if deemed material.

- Measured at FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented at net amount within other gains/(losses) in the period in which it arises.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income/(expenses) when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.11.4 Impairment

The Group/the Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group/the Company follows a three-stage model for impairment for financial assets other than trade receivables:

- Stage 1 – balances, for which the credit risk has not increased significantly since initial recognition, or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognized and interest income is calculated on the gross carrying amount of the asset (that is, before deduction of loss allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.
- Stage 2 – comprises balances for which there have been a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognized, but interest income is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses are the weighted average credit losses with the probability of default ('PD') as the weight.
-Stage 3 – comprises balances with objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognized and interest income is calculated on the net carrying amount (that is, net of loss allowance).

The financial assets are considered as credit-impaired, if objective evidence of impairment exist at the reporting date. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganization.

Financial assets are written off, in whole or in part, when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognized when they are assessed as uncollectible.

For trade and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 1 January 2020 or over period of 24 months before 31 December 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the tenants to settle the receivable. Such forward-looking information would include:

– changes in economic, regulatory, technological and environmental factors, (such as industry outlook, GDP, employment and politics)
– external market indicators
– customers' base

2.12. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by FIFO method. The cost of inventories comprises purchase price, taxes (other than those subsequently recoverable by the Group from the tax authorities), transport, storage and other costs directly attributable to the acquisition of inventories. Since 1 January 2019 depreciation expenses related with Right-of-use assets incurred after implementation of IFRS 16 are included in the cost of inventories. Net realisable value is the estimate of the selling price in the ordinary course of business, less the applicable selling expenses.

2.13. Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less loss allowance. Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on revenue-generating segments of the Group (livestock, agriculture, mushrooms, fast moving consumer goods and other). The expected loss rates are based on the payment profiles of sales over a period of 36 month before January 2020 or 24 months before 31 December 2020, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the EU GDP growth rate to be the most relevant factor and accordingly adjusts the historical loss rates based on expected changes in this factor.

On that basis, the loss allowance as of 1 January 2020 and 31 December 2020 was determined for trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

2.14. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.15. Share capital

Ordinary shares are stated at their par value. Consideration received for the shares sold in excess over their par 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. Under Lithuanian legislation, contributions to legal reserve are calculated as a percentage of share capital (more information is provided in note 15).

2.16. Revaluation reserve

Revaluation gains of PP&E are recognised in equity - revaluation reserve. If the result of the revaluation of an asset is negative and no positive result on revaluation of that asset has been previously recognised within revaluation reserve in equity, the revaluation loss is recognized in the statement of profit or loss. If a revaluation surplus exists relating to a previous revaluation of that asset, the revaluation loss, not exceeding existing surplus, is recognised in revaluation reserve. Revaluation reserve represents revaluation surplus, net of tax. Deferred tax liability is calculated based on the total value of the revaluation reserve.

2.17. Deferred grant income

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred grant income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets. Depreciation expenses of the related asset are reduced by the amount of grants.

Government grants relating to cost include all grants designated to compensate cost incurred and all other grants, except the ones designated for purchase of property, plant and equipment. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Where the costs have already been incurred, the grant may be recognized in profit or loss in full when received. These grants relating to costs are recognised in statement of profit or loss by reducing cost of goods sold.

There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

2.18. Trade payables

Trade payable are obligations to pay for goods or services that have been acquired in an ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are classified as non-current liabilities.

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

2.19. Prepayments and deferred expenses

Deferred expenses and prepayments are recorded as assets on the balance sheet until the expenses are incurred and the underlying goods or services are consumed. Prepayments are recorded as current asset as there are no goods or services expected to be received or consumed after more than 12 months from the date of payment.

2.20. Borrowings and bonds

Borrowings and bonds are recognised initially at fair value, net of transaction costs incurred. Borrowings and bonds are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the maturity term of the borrowings using the effective interest rate method.

Borrowings and bonds are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at longer than 12 months after the balance sheet date.

2.21. Lease liabilities

The determination of whether a contract is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group/Company as a lessee

As a lessee the Group/Company recognises a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments.

Right-of-use assets

The Group/Company recognises right-of-use assets at the commencement date of the lease, i.e. the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Recognised right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. The right-of-use assets are subject to impairment, see note 2.9.

Lease liabilities

At the commencement date of the lease, the Group/Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments, less any lease incentives receivable, and variable lease payments that depend on change in index or other variable. The variable lease payments that do not depend on a change in index or other variable are recognised as expense in the period when they occur.

In calculating the present value of lease payments, the Group/Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a lease modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or other variable used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group/Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office premises and other equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group/Company as a lessor

Leases in which the Group/Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the consolidated statement of comprehensive income.

2.22. Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Income tax expense is calculated and accrued for in the financial statements on the basis of information available at the moment of the preparation of the financial statements and estimates of income tax performed by the management in accordance with Lithuanian regulatory legislation on taxation.

Deferred income tax assets are recognised only to the extent that is probable that future taxable profit will be available against which the temporary differences and unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

According to Lithuanian legislation, tax losses from operating activities can be carried forward indefinitely if a taxpayer continues to perform business activities from which such losses occurred. When calculating income tax for 2014 and subsequent years, only up to 70% of current period taxable result can be offset against tax losses carried forward from previous periods.

Deferred tax assets and liabilities are offset when they are related to taxes levied by the same tax authority and when there is a legally enforceable right to cover current payable taxes at net value.

2.23. Revenue and expense recognition

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 eliminating intercompany sales.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component.

The Group disaggregates revenue from contracts with customers based on operating segments which are: dairy, crop growing, cultural mushrooms growing, fast moving consumer goods and other. The Group considers that this is the most adequate way of disaggregation as it depicts the nature, amounts, timing and uncertainty of the Group's revenue and cash flows.

Expenses are recognized on the accrual basis.

Sales of goods

The Group produces and sells a range of agricultural produce in an open market. Sales of goods are recognized when the Group company has delivered products to the customer. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer and the customer has accepted the products in accordance with the sales contract. No contracts with multiple performance obligations are carried out. In most cases the goods are transferred to the customer the same day as the issue of the invoice, thus no income from sales of goods are recognised over time.

Sales of services

Revenue from services is recognised at the moment of sale as the services provided by the Group are not continuous and there are no services contracts with multiple performance obligations.

Interest income and expenses

Interest income and expenses are recognized using the effective interest method. In the cash flow statement interest received is classified as cash flows from investing activities, and interest paid is classified as cash flows from operating activities.

2.24. Employee benefits

Social security contributions

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

Termination benefits

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

Bonus plans

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

Employee share option plan

The Group approved employee shares option plan in 2019 (share-based payments related with the approved plan are described in note 2.25).

Under the plan, participants are granted options to receive the Company's shares for no consideration which only vest if service conditions are met. The service condition for the option receiver is to complete a 3-year term of service with the Group. After the condition is met, the employee is eligible to exercise the option. No other conditions are applied to the receiver. If the receiver does not fulfill the service condition, the option does not come into force according to the Company decision and they are not eligible to exercise the option, unless otherwise determined by the decision of the board (regarding the employees subordinated to the board) or the decision of the chief executive of the Company (regarding the employees subordinated to the management). The option becomes no longer effective if any restructuring, bankruptcy, liquidation or similar proceedings of the Company are commenced, and such proceedings continue and / or end with liquidation of the Company; Also if both parties (the Company and the receiver) agree to terminate the option agreement, and if the receiver has caused damage to the Company through his actions or omissions.

These share-based payments for employees are equity-settled only. When exercisable, each option is convertible into one ordinary share. The shares will be issued from the Reserve for share-based payments to employees (formed and approved by the shareholders) at the nominal value of EUR 0.29, thereby increasing the Company's share capital.

Options are granted under the plan for no consideration. There are no social security contributions or income tax which would be payable by the Company at the time of the exercise (or any other time during the vesting period) and which should be accrued in the liabilities. Employees intending to exercise the option and receive the shares of the Company will need to pay the personal income tax on their own at the time of exercise.

2.25. Share-based payments

Total cumulative expenses of share-based payments are calculated based on the formula described below. The expenses are accounted in the statement of profit or loss and are equity settled based on the days lapsed since the grant date until the exercise date. Each year the entity will revise the expense to reflect the best available estimate of the number of equity instruments expected to vest.

The total expenses of share-based payments are calculated based on the formula:

Share price @ grant date x Shares granted x (1-annual staff turnover)^(vesting period)

Where:

The share price of options is based on the closing price of the Company's shares at grant date on the Nasdaq Stock Exchange.

The grant date is set to be the date of the option agreement between the Company and the receiver as all the terms and conditions are set in this agreement and there are no other arrangements which would need to be confirmed at a later date.

Shares granted – shares to be granted to an employee based on the option agreement.

Staff turnover – chance that the option will be exercised is adjusted by the forecasted staff turnover rate during the vesting period. The rate is calculated based on historical staff turnover data of 2 years. The historical staff turnover data includes turnover only of the positions which are entitled to receive the share-based payments. The turnover of other positions are excluded from the rate.

There are option agreements which are signed with a special condition that applied for certain option receivers that are that have no employment relationship with the Company. Such option receivers do not need to fulfil the service condition to complete a 3-year term of service with the Group, but they will still need to wait 3 years vesting period before being able to exercise the option. Due to this staff turnover adjustment is excluded in the calculation of the expenses of these options as it does not affect their chances to receive the option.

2.26. Segment information

Management has determined the operating segments based on the reports reviewed by the CEO and CFO that are used to make strategic decisions. The operating segments defined by the Group are dairy, crop growing, mushrooms growing and consumer packaged goods.

The management of the Group also assesses individually the performance of each agricultural entity. The individual performance of these companies is analysed based on a measure of gross profit of different operating segments: mushroom growing segment, milk production and cattle sale in dairy segment, growing of different crops such as wheat, legumes, rapeseed, barley, etc., as well as crop trading, agricultural services and land rent results in crop-growing segment..

Expenses of the Group companies, which may be directly attributed to a specific segment, are allocated to this segment. Expenses of the Group companies, which take part in more than one segment, are allocated pro rata in accordance with the pre-set procedure for allocation of expenses.

2.27. Investments in subsidiaries in the separate financial statements of the Company

Investments in subsidiaries are accounted for at cost less impairment. Cost is calculated based on the price paid and adjusted to reflect changes in price paid arising from contingent consideration amendments. Cost also includes directly attributable costs of investment.

2.28. Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments and the amount initially recognised less, where appropriate, the cumulative of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or as the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no consideration, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.29. Subsequent events

Post-balance sheet events that provide additional information about the Group's financial position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

3. Risk management

3.1. Financial risk management

Financial risk factors

The Group's and the Company's activities expose them to financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk, liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Board of Directors is responsible for the risk management policies and procedures.

Market risk

(i) Foreign exchange risk

The absolute majority of the Group's operations are conducted in Lithuania, which adopted the euro - a common currency in the euro area – with effect from 1 January 2015. Purchases and expenses as well as revenues are mostly denominated in a functional currency, however some sales conducted in countries with currency other than the euro (e.g. Sweden, Norway, Poland, Canada).

The Group companies do not have significant foreign exchange risk concentration, and therefore no financial instruments were used in order to hedge against foreign exchange risks.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from borrowings with floating interest rate. Borrowings with floating interest rates expose the Group to cash flow interest rate risk. Borrowings with fixed interest rates do not expose the Group to cash flow or fair value interest rate risk because all borrowings are carried at amortised cost.

The Group's financial liabilities include borrowings and financial leases with floating interest rate, which is linked to EURIBOR. Most of bank borrowings and lease liabilities are repriced every 3 or 6 months. Other borrowings are repriced monthly or every 3 months.

The Group's cash flow and interest rate risk is periodically monitored by the Group's management. It analyses its interest rate exposure on a dynamic basis taking into consideration refinancing, renewal of existing positions, alternative financing sources. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift.

The Group has interest rate swap contract to hedge against floating interest rate risk to pay fixed interest of 0.5 per cent on outstanding loan balance of EUR 632 thousand as of 31 December 2020 (2019: EUR 1,053 thousand) and receive a 3-month EURIBOR interest. The contract duration is linked to the outstanding loan agreement of the Group's agricultural entity, which terminates in 2022. The group held IRS contract to pay fixed interest of 1 per cent on outstanding loan balance of EUR 3,640 thousand as of 31 December 2019, which was terminated in 2020 as the loan amount was settled.

The negative change in market value of these derivatives is recognised in the statement of profit or loss in the respective period (see note 28), and the carrying amount of the derivative is adjusted accordingly. In 2020, the change was negative and amounted to EUR 8 thousand (in 2019 the change was negative - EUR 24 thousand), and it was accounted for in finance costs (note 28). The carrying amount of the derivative liability was EUR 384 thousand as of 31 December 2020 (EUR 376 thousand as of 31 December 2019). The derivatives are accounted for in current portion of non-current borrowings of the balance sheet.

As of 31 December 2020 the Group's borrowings with floating interest rates amounted to EUR 35,770 thousand (2019: EUR 30,343 thousand), all of which were denominated in EUR. As long as EURIBOR remains below 0%, the increase or decrease in EURIBOR effect on the Group will be close to 0, as most of the Group's borrowings are subject to clauses under which EURIBOR cannot be lower than 0 for interest calculation purposes. In case EURIBOR becomes above 0, a 1 p.p. increase in floating interest rate will result in EUR 333 thousand annual effect on the Group's pre-tax result (2019: EUR 280 thousand).

As of 31 December 2020, the Company's borrowings with floating interest rates amounted to EUR 97 thousand (31 December 2019: EUR 17,003 thousand). In case EURIBOR becomes above 0, a 1 p.p. increase in a floating interest rate will result in EUR 1 thousand annual effect on the Company's pre-tax result (2019: EUR 170 thousand). See note 17 for more details.

Credit risk

Credit risk is managed at the Group level. The Group's management is responsible for credit risk management. Credit risk arises from cash and cash equivalents, short-term deposits with banks, as well as credit exposures to customers, mainly related to outstanding receivables and loans granted. Credit risk arising from cash balances at banks is minimal, as the Group deals with the banks which have high credit ratings established by foreign rating agencies. The Company sells the majority of its products to wholesalers and has policies in place to ensure that sales of products are made only to customers with an appropriate credit history. The Group makes an assessment of the credit quality of the customer, taking into account its financial position, past experience and other factors.

Credit period is awarded only to a few customers who are well known to the Group and have good credit history. The Group has credit risk concentration as exposures are distributed among several key clients which are the strongest players in the local agricultural market (see note 21).

The Group in some cases uses credit insurance and has established specific limits for some of its clients, which are usually new clients with insufficient track record of payments.

As of 31 December 2020, the Company had issued guarantees to banks for loans taken by the Group's subsidiaries for total amount of EUR 35,611 thousand (2019: EUR 16,339 thousand) (notes 30;31).

See notes 11, 12 and 13 for further disclosure on credit risk.

Liquidity risk

Cash flow forecasting is performed at the Group companies, which are aggregated by the Group's Finance Department. The Group's Finance Department monitors rolling forecast of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance ratio targets and other material information. Borrowed capital accounts for a large share of the Group's total capital.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

		Contractual cash flows					
GROUP	Carrying amount	Total	Payable on demand	Less than a year	Between 1 and 2 years	Between 3 and 4 years	Over 5 years and later
31 December 2020							
Borrowings	53,303	61,835	-	8,280	14,479	29,256	9,821
Lease liabilities	41,238	51,639	-	10,204	9,321	13,819	18,294
Guarantees issued	-	232	232	-	-	-	-
Trade and other payables	16,563	16,563	-	16,563	-	-	-
Total	**111,104**	**130,269**	**232**	**35,047**	**23,800**	**43,075**	**28,115**
31 December 2019							
Borrowings	50,789	56,568	-	31,340	2,178	2,836	20,214
Lease liabilities	43,204	54,949	-	9,725	9,318	14,289	21,618
Guarantees issued	-	2,268	2,268	-	-	-	-
Trade and other payables	13,652	13,652	-	13,652	-	-	-
Total	**107,645**	**127,437**	**2,268**	**54,717**	**11,496**	**17,125**	**41,831**

		Contractual cash flows				
COMPANY	Carrying amount	Total	Payable on demand	Less than a year	Between 1 and 2 years	Between 3 and 4 years	Over 5 years and later
31 December 2020							
Borrowings	21,818	26,961	-	1,651	4,092	21,218	-
Lease liabilities	855	1,017		235	185	322	273
Guarantees issued	-	35,843	35,843	-	-	-	-
Trade and other payables	283	283	-	283	-	-	-
Total	**22,957**	**64,104**	**35,843**	**2,169**	**4,277**	**21,540**	**273**
31 December 2019							
Borrowings	37,987	43,163	-	20,195	1,111	2,223	19,634
Lease liabilities	969	1,181		199	230	334	418
Guarantees issued	-	16,571	16,571	-	-	-	-
Trade and other payables	328	328	-	328	-	-	-
Total	**39,284**	**61,243**	**16,571**	**20,722**	**1,342**	**2,557**	**20,051**

Amounts payable on demand include guarantees issued by the Group or the Company, which represent the Group's/Company's maximum exposure at the balance sheet date.

Borrowings include loans from financial institutions and Green Bonds issued on 13 December 2019. For more details refer to note 17.

3.2. Capital risk management

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 may adjust the amount of dividends payable to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Pursuant to the Lithuanian Law on Companies the authorised share capital of a public limited liability company and private limited liability company must be not less than EUR 29,000 and EUR 2,900, respectively, and the shareholders' equity must not be lower than 50 per cent of the company's registered share capital. As of 31 December 2020 and 31 December 2019 the Company complied with these requirements.

As of 31 December 2020, 33 of all the Group companies did not comply with the above requirements (2019: 40 companies). The Board of the companies not meeting the above requirements must convene a shareholders' meeting to solve the problem of capital adequacy level. The incompliance of these Group companies had no impact on loan covenants.

3.3. Fair value estimation

The three levels of the fair value hierarchy have been defined as follows:

Level 1 includes the fair value of assets which is established based on quoted prices (unadjusted) in active markets for identical assets;
Level 2 includes the fair value of assets which is established based on other directly or indirectly observable inputs;
Level 3 includes the fair value of assets which is established based on unobservable inputs.

There were no transfers between any levels during the year.

The fair value of financial instruments traded in active markets (such as trading securities or available-for sale securities) is based on quoted market prices at the balance sheet date. The carrying value of non-current receivables, trade receivables and trade payables is deemed to approximate their fair values. Respective receivables are classified as level 1 in the fair value hierarchy.

The fair value of non-current and current loans granted is measured by discounting the future cash flows, using market interest rate. They are classified as level 3 in the fair value hierarchy due to use of unobservable inputs, including own credit risk.

The carrying value of the bonds is calculated by discounting the face value of bonds with a discount rate that is set with reference to bond interest rates, net of bond issue cost and discounts. Both, the discounts and related expenses are accounted as interest expenses over 5-year period. As of 31 December 2020 fair value of bonds was EUR 20,027 thousand.

As of 31 December, the Group and the Company had the following structure of interest-bearing financial liabilities (taking into account bank and other borrowings and lease liabilities) (presented at their carrying amounts):

GROUP	Liabilities with fixed interest rate	Liabilities with floating interest rate
31 December 2020		
Borrowings from financial institutions	3,632	29,847
Lease liabilities	35,488	5,750
Green bonds	18,818	-
Other borrowings	833	173
Total	**58,771**	**35,770**

31 December 2019	Liabilities with fixed interest rate	Liabilities with floating interest rate
Borrowings from financial institutions	4,692	23,013
Lease liabilities	36,220	6,985
Green bonds	18,523	-
Other borrowings	4,215	345
Total	**63,650**	**30,343**

COMPANY	Liabilities with fixed interest rate	Liabilities with floating interest rate
31 December 2020		
Borrowings from financial institutions	3,000	-
Lease liabilities	758	97
Green bonds	18,818	-
Other borrowings	-	-
Total	**22,576**	**97**

31 December 2019	Liabilities with fixed interest rate	Liabilities with floating interest rate
Borrowings from financial institutions	-	16,900
Lease liabilities	866	103
Green bonds	18,523	-
Other borrowings	2,564	-
Total	**21,953**	**17,003**

The fair value of non-current borrowings with floating interest rates approximates their carrying amounts. Average effective interest rate on borrowings of the Group with floating interest rate was 3.65 per cent as of 31 December 2020 (2019: 3.98 per cent).

Considering that there were no major changes in the market since the loan agreement conditions were renegotiated (in the current and previous reporting periods), the management treats the agreed interest rate as the one which approximates market interest rate. These facts show that as of 31 December 2020 and 31 December 2019 the fair values of the Group's financial liabilities with fixed interest rates approximated their carrying amounts. The Group's fixed interest rate was higher by 1.99 p.p. than the floating interest rate as of 31 December 2020 (2019: higher by 1.28 p.p.).

On 13 December 2019 the Group issued 20,000 units of green bonds with a nominal value of EUR 1,000 each and an annual interest rate of 6%. The maturity date of bonds is 17 December 2024. Coupon payment dates are scheduled for 17 December of each year until 2024. The bonds were introduced for trading in a regulated market on AB Nasdaq Vilnius Bond list.

The fair value of the biological assets is disclosed in note 9 and the fair value of agricultural land is disclosed in note 5.

4. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods are addressed below.

Listed below are the most significant areas that involved management judgement.

Impairment of property, plant and equipment (except land)

At each balance sheet date, the Group reviews the carrying amount of its property, plant and equipment to determine whether there is any indication that those assets might be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and the value-in-use. In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or group of cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (of group of cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss. No impairment indications were identified in 2019 and 2020 for property, plant and equipment.

Valuation of cultivated agricultural land

The Group evaluates its land portfolio annually at the end of each year. In 2020 the Group hired independent valuators to evaluate the entire land portfolio owned by the Group: each unique agricultural land plot in different regions of Lithuania was evaluated individually. The evaluation was performed by independent valuators from Inreal UAB. The valuator assessed the values of the selected land plots by comparing them to the comparable market transactions of land plots with a similar size, fertility, region and subregion (village). The valuation was performed in November of 2020 and there were no significant value changes between the end of the reporting period and the date of the valuation. The valuation revealed an increase in the value of land by EUR 851 thousand for the whole portfolio of cultivated land (2019: EUR 3,152 thousand), as the average price of agricultural land rose from EUR 5.6 thousand per hectare to EUR 5.9 thousand per hectare in 2020.

The table below summarises the changes in fair value of agricultural land in different regions during 2019 and 2020.

	31 December 2020			31 December 2019		
Region	Area (ha)	Values (EUR '000)	Average value (EUR/ha)	Area (ha)	Values (EUR '000)	Average value (EUR/ha)
Total	**4,681***	**27,471**	**5,869**	**4,489***	**25,253**	**5,626**
Radviliškis region	941	6,062	6,441	879	5,771	6,562
Jonava region	437	2,395	5,483	459	2,223	4,848
Šakiai region	499	3,675	7,357	476	3,377	7,089
Šiauliai region	358	2,128	5,946	350	1,934	5,518
Kėdainiai region	300	2,216	7,378	294	2,214	7,529
Jurbarkai region	334	1,596	4,775	331	1,523	4,597
Anykščiai region	299	1,304	4,359	276	1,193	4,323
Raseiniai region	345	1,967	5,701	317	1,737	5,482
Panevėžys region	322	1,855	5,759	280	1,504	5,369
Mažeikiai region	190	1,111	5,833	190	902	4,735
Other	656	3,163	4,822	635	2,875	4,527

* The Group holds title to 4,629 ha (2019: 3,969 ha) out of 4,681 ha (2019: 4,489 ha) The remaining portion of 52 ha is consolidated in the Group's financial statements based on land-repurchase agreement of a company which holds title to this land.

Change in the average value of agricultural land per hectare:

Region	31 December 2020	31 December 2019	Change, EUR	Change (%)
Total	**5,869**	**5,626**	**243**	**4.32**
Radviliškis region	6,441	6,562	(121)	(1.84)
Jonava region	5,483	4,848	635	13.10
Šakiai region	7,357	7,089	268	3.78
Šiauliai region	5,946	5,518	428	7.76
Kėdainiai region	7,378	7,529	(151)	(2.01)
Jurbarkai region	4,775	4,597	178	3.87
Anykščiai region	4,359	4,323	36	0.83
Raseiniai region	5,701	5,482	219	3.99
Panevėžys region	5,759	5,369	390	7.26
Mažeikiai region	5,833	4,735	1,098	23.19
Other	4,822	4,527	295	6.52

The value of land is determined based on level 2 of fair value hierarchy.

Valuation of biological assets

The Group's biological assets are measured at fair value less costs to sell at each balance sheet date. Total fair value of all biological assets as of 31 December 2020 amounted to EUR 26,751 thousand (2019: EUR 25,432 thousand).

Due to the specifics of the agricultural produce, fair value of dairy cows cannot be determined using the market approach, as such biological assets in areas where the Group operates are not traded in active market which does not allow using the market value. The fair value of dairy cows is determined using the discounted cash flow model. The model uses projected revenue from milk sales over the remaining useful life of each cow based on the milk sales price assumption. In the 2020 forecast, the average milk sales price assumption over the next 3 years was EUR 0.430 per kg (EUR 0.444 per kg in the 2019 forecast); current cow herd has an estimated useful life of 1 to 3 years (same as in 2019), and an average yields of 25.47 kg per cow per day (24.00 kg per cow per day in the forecast of 2019). At the end of the useful life the cow is expected to be sold for meat. The projected revenue is reduced by the amount of costs directly related to herd growing (feeds, medicines, payroll expenses and other) over the same period.

The free cash flow is discounted with the Group's post-tax WACC of 7.58% (2019: 7.77%). Obtained results showed that the value of cow herd was EUR 6,310 thousand as of 31 December 2020 (2019: EUR 5,744 thousand). If the average milk price over the next 3 years was lower by 5%, the cow herd value would decrease by EUR 735 thousand (2019: EUR 737 thousand), and if the milk price was higher by 5%, the cow herd value would increase by similar amount.

The value of dairy cows is determined based on level 3 of fair value hierarchy.

For determining the fair value of other livestock, the Group uses the average price of meat per kilo. For young bulls and heifers, the fair value of livestock is determined by multiplying the market prices of meat per kg (meat's market price depends on the age group of the livestock) by the total weight of livestock held at the reporting date. The fair value of livestock (other than dairy cows) as of 31 December 2020 amounted to EUR 3,390 thousand (2019: EUR 3,654 thousand). A 10% change in market price of meat would result in EUR 337 thousand (2019: EUR 328 thousand) change in the fair value of the Group's livestock (other than dairy cows).

The fair value of livestock (other than dairy cows) is determined based on level 2 of fair value hierarchy.

At the end of the reporting period crops are valued in view of biological transformation at the year end. At year-end, most crops are in the stage of having only a little biological transformation, and therefore, it is appropriate to consider that their fair value approximates their cost. In case of winter crops, their biological transformation may appear to be substantial at the year end. Accordingly, winter crops are stated at fair value at the year end, provided the Group concludes that biological transformation of these crops is more significant than it is typical for specific period. The fair value of winter crops at the year-end is calculated based on the following formula and assumptions:

Fair value of the crops = costs incurred + (cultivated land area (ha) * forecasted average yield (tons per ha) * forecasted grain price per ton – cultivated land area (ha) * forecasted total costs per ha) * T * (1 - X), where:

- Costs incurred are costs actually incurred in relation to particular crops during the period ended 31 December 2020.
- Cultivated land area (ha) is the area in hectares, seeded with particular crops and expected to be harvested.
- Forecasted average yield (tons per ha).
- Forecasted grain price per ton is an average sales prices of particular crops as contracted for the following season (if no future contracts are in place, contracts prices of previous periods are used).
- Forecasted total cost per ha.
- T is a percentage of time between the seeding date and the expected harvest date (as of 31 December 2020, i.e. the date of fair value measurement of crops, the percentage of time was around 37%, depending on particular crops.).
- X is the adjustment ratio for possible unexpected negative effects to the harvest. The same adjustment ratio of 20% was used in fair value measurement as of 31 December 2020 as in 2019.

As of 31 December 2020, the fair value of winter crops from the 2020/2021 season exceeded the forecasted costs by EUR 2,018 thousand. The difference was accounted for in the financial statements as gain (loss) on initial recognition of a biological asset at fair value.

As of 31 December 2020, the total fair value of crops was EUR 14,903 thousand (2019: EUR 13,809 thousand).

The fair value of winter crops is determined based on level 3 of fair value hierarchy.

The mycelium cultivation seedbeds are harvested at least 7-8 times annually in the production process , whereas mushrooms are harvested daily and sold on average within 3 days after the harvest. At the end of the reporting period the mycelium cultivation seedbeds were measured based on accrued expenses that were incurred to produce the seedbeds, as there was only little biological transformation since the date of seeding, and there was no harvesting at the end of the reporting period and during the first week thereafter. The fair value of mycelium cultivation seedbeds approximated its production cost and amounted to EUR 2,149 thousand as of 31 December 2020 (2019: EUR 2,226 thousand).

Valuation of agricultural produce

Mushrooms, compost and milk are harvested and sold daily right after the harvest. Livestock sold for meat is evaluated at the price for which the meat is sold at the time of the sale. Crops harvested are evaluated at the point of harvest based on prices established in contracts. If such contracts are not concluded or were never concluded by the Group the crops harvested are evaluated with reference to market prices. If the market prices are not available or reliable for a particular culture, the crops harvested are evaluated at cost.

Estimates concerning useful lives of property, plant and equipment

The useful lives of property, plant and equipment are determined by management at the time the asset is acquired and reviewed on an annual basis for possible changes. The useful lives are based on historical experiences with similar assets as well as anticipation of future events, which may impact their life. The management have not identified any property, plant and equipment assets that needs to be impaired in 2020.

The effect of changes in the useful lives on depreciation charges are as follows:

	Change in depreciation expenses, %	
Assumption	**2020**	**2019**
Useful life of PP&E increase by 1 year	(10.62)	(6.14)
Useful life of PP&E decrease by 1 year	10.15	7.00

Income taxes

Tax authorities have a right to examine the accounting records of the Company and its Lithuanian subsidiaries at any time during the 5-year period after the current tax year and assess additional taxes and fines. In the opinion of the Group's management, currently there are no circumstances which would give rise to substantial liability in this respect to the Group.

The Group's and the Company's accumulated tax losses amounted to EUR 55.8 million and EUR 16.8 million, respectively, as of 31 December 2020 (31 December 2019: EUR 51.5 million and EUR 13.9 million, respectively) (note 19). The management recognizes deferred tax asset in the standalone financial statements of Group's entities only if the utilisation of accumulated tax loss can be substantiated. As of 31 December 2020, the Group's and the Company's accumulated tax losses carried forward for which no deferred tax asset was recognised amounted to EUR 39.0 million and EUR 14.4 million, respectively (2019: EUR 36.5 million and EUR 12.2 million, respectively). Deferred income tax assets from accumulated tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the accumulated tax losses can be utilised. Deferred income tax assets from accumulated tax losses were recognised for subsidiaries which had the history of taxable profit in the past.

Impairment of investment in subsidiaries (the Company)

As of 31 December 2020 and 2019, the management of the Company tested its investments in subsidiaries and receivables for impairment indications. During the test, management compared the cost of investment in a particular subsidiary with net assets of that subsidiary as of 31 December 2020 and 2019. If the net assets of the subsidiary was lower than the carrying amount of investment, management considered that such subsidiary had impairment indications, and the recoverable amount of such investment was estimated using the discounted cash flow method. Assumptions used during the impairment tests in 2020 were as follows: annual growth rate of 5% was applied over the forecast period of 5 years. The discount rate (WACC) was based on 4.45% cost of debt (2019: 4.86%), 12% cost of capital (2019: 10%) and the Group's capital structure – 56% debt and 44% equity (2019: 51% debt and 49% equity). Cost of capital was estimated using the risk-free rate of return of 0.16% (2019: 0.30%), sector's levered beta of 0.79 (2019: 0.59), market risk premium of 7.04% (2019: 7.56%), additional risk premium for business risk (3.5% in both 2020 and 2019), and additional risk premium for liquidity risk (2.5% in both 2020 and 2019). During the impairment test, the Group used a post-tax discount rate (WACC) of 7.23% (2019: 7.38%). No additional impairment or reversals of prior impairments were recognised for investments in subsidiaries in 2020.

Sensitivity of change in assumptions used during the investment impairment test is provided below:

			Increase in impairment amount, EUR'000			
	Change in assumption		Increase in assumption		Decrease in assumption	
Assumption	**2020**	2019	**2020**	2019	**2020**	2019
Annual growth rate	1 p.p.	1 p.p.	No impact	No impact	66	No impact
WACC	0.5 p.p.	0.5 p.p.	1,427	114	No impact	No impact

It was also assumed that the Common Agricultural Policy of the European Union would not change and that the Group companies would continue to be subsidised at the similar level for all products after the current rural development programming period ending in 2021. The Common Agricultural Policy allows European farmers to satisfy the needs of the European Union citizens. The main goals of it is to ensure decent living conditions of the farmers and stable supply of safe food and food products at acceptable prices to the general public. As these

needs of the European Union citizens (ability to buy, the price, the variety, the quality of food products, etc.) and goals to preserve the nature will be ever present, the assumption is made that the European Union will continue to subsidise its agricultural sector. For consideration regarding going concern see note 2.2.

In addition, the Group assumed that lease expenses (interest and right-of-use assets depreciation) related with IFRS 16 will remain in the similar level as in 2020 as the Group does not expect changes in the lease terms and interest rate applied. The Group has estimated impact on the statement of profit or loss if incremental borrowing or lease term would change.

		Change in ROU assets depreciation and interest expenses, EUR'000			
		Increase in assumption		Decrease in assumption	
Assumption	Change in assumption	Change in interest expenses	Change in depreciation	Change in interest expenses	Change in depreciation
2020					
Annual interest rate	1 p.p.	287	(189)	(312)	201
Lease term	1 year	34	(17)	(31)	18
2019					
Annual interest rate	1 p.p.	278	(185)	(305)	198
Lease term	1 year	38	(20)	(36)	21

Impairment of goodwill

The Group has performed the annual goodwill impairment assessment in accordance with the accounting policies stated in note 2.9. Management has used the 'value in use' calculations to test goodwill for impairment. The annual test for impairment requires the Group to make substantial estimates across a variety of inputs. For example, the weighted average cost of capital ('the WACC') which is used as the discount rate, itself has many inputs including expected debt/equity ratio, risk free rates of return, market specific risk factors and an estimate of the entity's specific Beta (i.e., the correlation between the risk of the underlying entity versus a market or index volatility as a whole). In addition to the WACC, the Group has to make projections of the potential future cash flows. This annual exercise requires management to assess past performance and consider the projections in light of that past performance. Key estimates in this process include revenue development, post-tax WACC rate, EBITDA development, perpetuity growth development, capex expenditure.

The recoverable amount of the cash-generating unit (Grybai LT, KUB) was determined based on value-in-use calculations which use cash flow projections based on financial budget prepared for 2021. Cash flows for the year 2022-2025 are extrapolated using the estimated growth rate of 5%. Forecasted EBITDA margin in the projected results of Grybai LT, KB is 31%. Forecasted free cash flow is adjusted by capital expenditures estimate which approximates Grybai LT, KB annual PP&E depreciation charge. The free cash flow is discounted with Grybai LT, KB individual post-tax discount rate (WACC) of 6.88%. The discount rate (WACC) was based on 3.50% cost of debt, 33% cost of capital, capital structure of 87% debt and 13% equity. Cost of capital was estimated using the risk-free rate of return of 0.16%, sector's levered beta of 3.91, market risk premium of 7.04%, additional risk premium for business risk of 3.5%, and additional risk premium for liquidity risk of 2.5%.

Based on the assessment the Group concluded that no impairment should be recorded against goodwill of Grybai LT, KUB cash-generating unit as of 31 December 2020.

The sensitivity of the key assumptions used in goodwill impairment test is specified below:

		Increase in impairment amount, EUR'000	
	Change in assumption	Increase in assumption	Decrease in assumption
Assumption	2020	2020	2020
Annual growth rate	1 p.p.	No impact	No impact
WACC	0.5 p.p.	No impact	No impact
EBITDA	5 p.p.	No impact	No impact

5. Property, plant and equipment

GROUP	Land	Buildings	Structures and machinery	Vehicles, equipment and other PP&E	Construction in progress	Total
Carrying amount						
As of 31 December 2018	**21,638**	**41,495**	**25,701**	**2,746**	**1,312**	**92,892**
- Initial recognition of IFRS 16 (2.2)	38,031	975	-	-	-	39,006
- additions	777	6	1,488	324	1,655	4,250
- disposals and write-offs	(19)	(37)	(305)	(117)	(339)	(817)
- revaluation (note 4)	3,152	-	-	-	-	3,152
- depreciation (including ROU assets)	(5,359)	(2,382)	(4,282)	(755)	-	(12,778)
- reclassifications (notes 2.2, 8)	2,401	921	-	-	(921)	2,401
As of 31 December 2019	**60,622**	**40,978**	**22,602**	**2,198**	**1,707**	**128,108**
- purchase of subsidiaries (note 24)	-	2,262	2,223	132	-	4,617
- additions	6,667	454	2,289	781	2,273	12,465
- disposals and write-offs	(6)	(17)	(147)	(46)	-	(216)
- revaluation (note 4)	851	-	-	-	-	851
- depreciation (including ROU assets)	(5,855)	(2,499)	(4,196)	(722)	-	(13,273)
- reclassifications	-	271	718	2	(990)	-
As of 31 December 2020	**62,279**	**41,448**	**23,489**	**2,345**	**2,991**	**132,552**
Acquisition cost						
31 December 2018	21,638	52,695	39,547	5,101	1,312	120,293
31 December 2019	65,981	54,560	40,730	5,308	1,707	168,286
31 December 2020	73,494	57,529	45,813	6,177	2,991	186,004
Accumulated depreciation and impairment losses as at						
31 December 2018	-	(11,200)	(13,846)	(2,355)	-	(27,401)
31 December 2019	(5,359)	(13,582)	(18,128)	(3,110)	-	(40,179)
31 December 2020	(11,214)	(16,081)	(22,324)	(3,832)	-	(53,452)
Carrying amount as at						
31 December 2018	**21,638**	**41,495**	**25,701**	**2,746**	**1,312**	**92,892**
31 December 2019	**60,622**	**40,978**	**22,602**	**2,198**	**1,707**	**128,108**
31 December 2020	**62,279**	**41,448**	**23,489**	**2,345**	**2,991**	**132,552**

Right-of-use assets (ROU assets) recognized by the Group included the following categories of PP&E:

2019	Land	Buildings
Acquisition cost	40,433	975
Additions	295	-
Less: accumulated depreciation	(5,359)	(133)
Carrying amount as of 31 December 2019	**35,369**	**842**

2020	Land	Buildings
Acquisition cost	**40,728**	**975**
Additions	5,292	33
Less: accumulated depreciation	(11,214)	(271)
Carrying amount as of 31 December 2020	**34,806**	**737**

During 2020 major investments were in structures and machinery, vehicles, equipment and other PP&E due to expansion of cultivated land area.

The increase in land value as of 31 December 2020 compared to 31 December 2019 also came from revaluation of land as of 31 December 2020 amounting to EUR 851 thousand (2019: EUR 3,152 thousand).

As of 31 December 2020 the property, plant and equipment with the carrying amount of EUR 59,336 thousand (2019: EUR 63,248 thousand) had been pledged as security for bank borrowings. The assets leased serve as a security for lease liabilities under the lease agreements.

COMPANY	Buildings	Construction in progress	Vehicles	Equipment and other other PP&E	Total
Carrying amount					
As of 31 December 2018	**-**	**122**	**204**	**89**	**415**
- Initial recognition of IFRS 16	975	-	-	**-**	975
- additions	-	46	3	1	50
- disposals and write-offs	-	-	-	-	-
- depreciation	(133)	-	(43)	(32)	(208)
As of 31 December 2019	**842**	**168**	**164**	**60**	**1,232**
- additions	33	1,444	22	36	1,535
- disposals and write-offs	-	-	(5)	-	(5)
- depreciation	(138)	-	(42)	(24)	(204)
As of 31 December 2020	**737**	**1,612**	**139**	**70**	**2,560**
Acquisition cost as at					
31 December 2018	-	122	306	186	614
31 December 2019	975	168	309	187	1,639
31 December 2020	1,008	1,612	326	223	3,169
Accumulated depreciation and impairment losses as at					
31 December 2018	-	-	(101)	(98)	(199)
31 December 2019	(133)	-	(144)	(130)	(407)
31 December 2020	(271)	-	(186)	(154)	(611)
Carrying amount as of 31 December 2018	**-**	**122**	**204**	**89**	**415**
Carrying amount as of 31 December 2019	**842**	**168**	**164**	**60**	**1,232**
Carrying amount as of 31 December 2020	**737**	**1,612**	**140**	**70**	**2,560**

Construction in progress are capitalised expenses incurred in R&D project for laboratory development. The project is expected to be finalised by 31 December 2021 and all expenses capitalised as construction in progress will be reclassified to Company's structures and machinery.

As of 31 December 2020, right-of-use assets (ROU assets) recognized by the Company included the following categories of PP&E:

2019	**Buildings**
Acquisition cost	975
Less: accumulated depreciation	(133)
Carrying amount as of 31 December 2019	**842**

2020	**Buildings**
Acquisition cost	975
Additions	33
Less: accumulated depreciation	(271)
Carrying amount as of 31 December 2020	**737**

As of December 31 the carrying amount of the Group's property, plant and equipment acquired under lease consisted of the following:

Structures and machinery	**2020**	**2019**
Acquisition cost	21,017	19,079
Less: accumulated depreciation	(7,438)	(5,366)
Carrying amount	**13,579**	**13,713**

Right-of-use assets	**2020**	**2019**
Acquisition cost	47,029	41,703
Less: accumulated depreciation	(11,486)	(5,492)
Carrying amount	**35,543**	**36,211**

The consolidated statement of profit or loss of the **Group** shows the following amounts relating to right-of-use assets recognized under IFRS 16 as of 31 December:

	2020	**2019**
Depreciation (recorded in Gain (loss) on initial recognition of a biological asset at fair value and from a change in fair value of a biological asset) (note 21)	5,545	5,042
Depreciation (recorded in operating expenses (note 23)	450	450
Interest expenses recorded in finance costs (note 28)	1,748	2,093
Total	**7,743**	**7,585**

The statement of profit or loss of the **Company** shows the following amounts relating to lease to right-of-use assets recognized under IFRS 16 as of 31 December:

	2020	2019
Depreciation (recorded in operating expenses note 23)	138	133
Interest expenses recorded in financial expenses (note 28)	53	59
Total	**191**	**192**

Had no revaluations of land taken place, the carrying amounts of land would have been the following:

	Land
Carrying amount of land without revaluation effect as of 31 December 2019	10,938
Carrying amount of land without revaluation effect as of 31 December 2020	12,317

6. Investments in subsidiaries

The movements in the Company's investments were the following during the year ended 31 December:

	2020	2019
As of 1 January	**96,433**	**96,438**
Capitalization of non-current receivables from subsidiaries	-	-
Acquisition of subsidiaries / additional acquisitions)	-	-
Sale of subsidiaries	-	(5)
As of 31 December	**96,433**	**96,433**

In 2019 the Company sold one of its subsidiaries – Ars Ingenii UAB.

As of 31 December 2020 and 31 December 2019, the Company performed impairment tests on investment into subsidiaries as disclosed in note 4. As a result of the tests, no additional impairment loss or reversal of prior losses was identified.

7. Financial assets at fair value through profit or loss and investments accounted for using equity method

Investments accounted for using the equity method

The movements in individually immaterial associates accounted for using the equity method were the following during the year ended 31 December:

	2020	2019
As of 1 January	**57**	**57**
Acquisition of investments	-	-
Aggregate amount of the Group's share of profit (loss)	-	-
As of 31 December	**57**	**57**

Financial assets at fair value through profit or loss

In 2018 the Group entities invested into 5 individually immaterial associates that were accounted for as financial assets at fair value through profit or loss. These associates were sold during the second half of 2020.

The movements in financial assets at fair value through profit or loss were as follows during the year ended 31 December:

	2020	2019
As of 1 January	**355**	**355**
Acquisition of investments	-	-
Disposal of investments	(355)	-
As of 31 December	**-**	**355**

8. Intangible assets

The Group's intangible assets consisted of the following as of 31 December:

GROUP	Goodwill	Land rent contracts	Other intangible assets	Total
Carrying amount				
As of 31 December 2018	**-**	**2,401**	**26**	**2,427**
- Acquisition of subsidiaries (note 24)	-	-	-	-
- additions	-	-	-	-
- disposals	-	-	-	-
- amortization	-	-	(12)	(12)
- reclassification to right-of-use assets (note 5)	-	(2,401)	-	(2,401)
As of 31 December 2019	**-**	**-**	**14**	**14**
- Acquisition of subsidiaries (note 24)	3,465	-	-	3,465
- additions		-	9	9
- disposals		-	-	-
- amortization		-	(11)	(11)
As of 31 December 2020		**-**	**12**	**3,477**
Carrying amount as of 31 December 2018	**-**	**2,401**	**26**	**2,427**
Carrying amount as of 31 December 2019	**-**	**-**	**14**	**14**
Carrying amount as of 31 December 2020	**3,465**	**-**	**12**	**3,477**

The amortization charges of intangible assets are included in operating expenses (note 23). For the goodwill impairment assessment refer to Note 4.
The Company's intangible assets consisted of the following as of 31 December:

COMPANY	Other intangible assets
Carrying amount	
As of 31 December 2018	**8**
- additions/(disposals and write-offs)	-
- amortization	(6)
As of 31 December 2019	**2**
- additions/(disposals and write-offs)	4
- amortization	(1)
As of 31 December 2020	**5**
Carrying amount	
Carrying amount as of 31 December 2018	**8**
Carrying amount as of 31 December 2019	**2**
Carrying amount as of 31 December 2020	**5**

9. Biological assets

The Group's biological assets consisted of the following as of 31 December:

	2020	2019
Livestock	9,699	9,397
Total non-current biological assets	**9,699**	**9,397**
Crops	14,903	13,809
Mycelium cultivation seedbed	2,149	2,226
Total current biological assets	**17,052**	**16,035**
As of 31 December	**26,751**	**25,432**

The Group's livestock quantity (number of units) consisted of the following:

	Dairy cows	Heifers	Other livestock	Total
As of 31 December 2018	**3,558**	**2,997**	**148**	**6,703**
Additions	-	75	-	75
Increase (birth)	-	1,789	1,680	3,469
Reclassifications from other groups	1,266	(1,266)	-	-
Sales	(1,095)	(288)	(1,512)	(2,895)
Natural mortality	(203)	(460)	(167)	(830)
As of 31 December 2019	**3,526**	**2,847**	**149**	**6,522**
Additions	-	95	-	95
Increase (birth)	-	1,678	1,624	3,302
Reclassifications from other groups	1,157	(1,157)	-	-
Sales	(1,061)	(302)	(1,345)	(2,708)
Natural mortality	(151)	(417)	(182)	(750)
As of 31 December 2020	**3,471**	**2,744**	**246**	**6,461**

The Group's livestock value consisted of the following:

	Dairy cows	Heifers	Other livestock	Total
As of 31 December 2018	**5,275**	**3,718**	**135**	**9,128**
Additions	-	32	-	32
Increase (birth)	-	54	50	104
Makeweight	-	3,249	260	3,508
Reclassifications from other groups	2,302	(2,302)	-	-
Sales	(470)	(94)	(152)	(716)
Natural mortality	(336)	(94)	(31)	(461)
Gain (loss) arising from changes in fair value of biological assets (note 21)	(1,028)	(955)	(216)	(2,199)
As of 31 December 2019	**5,744**	**3,608**	**46**	**9,397**
Additions	-	123	-	123
Increase (birth)	-	58	52	110
Makeweight	-	3,404	307	3,711
Reclassifications from other groups	2,707	(2,707)	-	-
Sales	(523)	(101)	(123)	(747)
Natural mortality	(247)	(101)	(30)	(378)
Gain (loss) arising from changes in fair value of biological assets (note 21)	(1,371)	(940)	(206)	(2,517)
As of 31 December 2020	**6,310**	**3,344**	**45**	**9,699**

The Group produced 25,384 tons of milk in 2020 (2019: 24,492 tons).

The fair value of livestock is attributed to Level 3 (dairy cows) and level 2 (other livestock) in the fair value hierarchy. See note 4 for more details.

The Group's crops consisted of the following:

2020	Winter wheat	Winter rapeseed	Winter rye	Winter barley	Summer crops	Total
Total area seeded (land prepared), ha	9,648	2,496	29	-	26,312	**38,486**
Total expenses incurred	4,293	1,243	24	-	7,325	**12,884**
Average expenses per ha (EUR)	445	498	805	-	278	**335**
2019						
Total area seeded (land prepared), ha	11,358	2,557	188	405	25,265	**39,772**
Total expenses incurred	4,716	1,123	83	105	6,332	**12,359**
Average expenses per ha (EUR)	415	439	443	259	251	**311**

In 2020 the Group's harvest amounted more than 168 thousand tons of grains and vegetables (2019: 140 thousand tons).

The movements in biological assets (other than livestock) of the Group were as follows:

	Crops	Mycelium cultivation seedbed
Type of biological assets	**Current**	**Current**
Balance as of 31 December 2018	**12,302**	**2,088**
Sowing and other expenses until point of harvest	22,123	26,359
Harvest of crops/mushrooms	(38,258)	(26,221)
Gain (loss) on changes in fair value of biological assets (note 21)	3,831	-
Autumn sowing and land preparation for spring	12,359	-
Gain (loss) on changes in fair value of biological assets - winter crops (notes 4, 21)	1,450	-
Balance as of 31 December 2019	**13,809**	**2,226**
Sowing and other expenses until point of harvest	22,028	28,171
Harvest of crops/mushrooms	(41,510)	(28,248)
Gain (loss) on changes in fair value of biological assets (note 21)	5,674	-
Autumn sowing and land preparation for spring	12,884	-
Gain (loss) on changes in fair value of biological assets - winter crops (notes 4, 21)	2,018	-
Balance as of 31 December 2020	**14,903**	**2,149**

Gain (loss) on initial recognition of a biological asset at fair value significantly improved from EUR 5.28 million in 2019 to gain of EUR 7.69 million in 2020 due to more favourable weather conditions compared to 2018/2019 season. However, earlier harvesting of some cultures and rainy winter and spring in 2020 negatively affected yields and quality of some crops.
The Group produced 12,906 tons of fresh mushrooms in 2019 (2019: 12,256 tons).

The fair value of crops is attributed to Level 3 in the fair value hierarchy. Crops are valued at fair value and if fair value cannot be determined, cost is used as an approximation of the fair value. As of 31 December 2020 summer crops were valued at cost since no biological transformation had taken place by the year end and winter cops were valued at fair value as biological transformation had taken place between the date of seeding and the year end. The valuation of 2020/2021 crops is disclosed in note 4.

The costs incurred comprise land tillage, seeds, organic fertilizer expenses, payroll costs, machinery depreciation, and repair expenses.

At point of harvest prices of crops harvested are determined by the management according to contracts prices and by examining the market prices of particular crops, less the costs to sell. The harvest is recognised as inventory at fair value less costs to sell, and the difference between fair value less costs to sell and production cost is accounted for in the statement of profit or loss as gain (loss) on initial recognition of a biological asset at fair value.

As of 31 December 2020 and 31 December 2019 the cost was used as an approximation of the fair value of mycelium cultivation seedbed as only little biological transformation had taken place since initial cost incurrence. The Group harvest the seedbed in production process at least 7–8 times annually.

The majority of biological assets of the Group companies – 28 per cent – had been pledged under corporate mortgages as collateral for borrowings as of 31 December 2020 (31 December 2019: around 81.5 per cent).

10. Inventory

As of December 31 the Group's inventories consisted of the following:

	2020	2019
Agricultural produce	25,007	23,943
Raw materials	6,677	6,464
Total	**31,684**	**30,407**
Less: Revaluation to net realizable value of agricultural produce	(1,249)	(1,449)
Carrying amount	**30,435**	**28,958**

Inventory recognized as expense during 2020 amounted to EUR 64,950 thousand (2019: EUR 62,297 thousand).

As of 31 December 2020, 74 per cent of inventories of the Group companies had been pledged under corporate mortgages as collateral for borrowings (2019: 93 per cent).

11. Financial instruments by category

The Group's financial assets at amortized cost as per balance sheet as of 31 December:	2020	2019
Non-current trade and other receivables	446	5,676
Financial assets at fair value through profit or loss	57	355
Current trade and other receivables	10,033	9,700
Cash and cash equivalents	2,541	3,732
Total	**13,077**	**19,463**

The Group's financial liabilities at amortized cost as per balance sheet as of 31 December:	2020	2019
Borrowings	53,303	50,789
Lease liabilities	41,238	43,204
Trade payables	16,334	13,433
Other payables and current liabilities	229	219
Total	**111,104**	**107,645**

Financial assets of the Group include all current and non-current trade and other receivables as per the Group's balance sheet except for prepayments and VAT receivables from the State budget. Non-current financial assets and financial assets at fair value through profit or loss consist of the shares and interests held in other Lithuanian companies, the shares of which are not publicly traded, and long-term loans granted to other Lithuanian companies. The Group keeps all cash balances with the banks awarded an investment grade long-term credit rating by Moody's, Standard&Poor's or Fitch credit rating agencies.

Financial liabilities of the Group include all current and non-current payables as per the Group's balance sheet, except for advances received, deferred capital grants, payroll-related liabilities, deferred income tax and other taxes.

The Company's financial assets at amortized cost as per balance sheet as of 31 December:	2020	2019
Non-current trade and other receivables	9,286	21,223
Current trade and other receivables	3,211	1,309
Cash and cash equivalents	301	2,753
Total	**12,710**	**25,285**

The Company's financial liabilities at amortized cost as per balance sheet as of 31 December:	2020	2019
Borrowings	21,818	37,987
Lease liabilities	855	969
Trade and other payables	310	328
Total	**22,962**	**39,284**

Financial assets of the Company include all current and non-current trade and other receivables as per the Company's balance sheet, except for prepayments and VAT receivables from the State budget. Non-current financial assets are long-term loans granted to subsidiaries. The Company keeps all its cash balances with the banks awarded an investment grade long-term credit rating by Moody's, Standard&Poor's or Fitch credit rating agencies.

Financial liabilities of the Company include all current and non-current payables as per the Company's balance sheet, except for advances received, accruals, and payroll-related liabilities.

Credit quality of financial assets

The loss rates and the loss allowances determined for the Group's financial assets **(trade receivables)** were as follows:

Credit quality of trade receivables	Not past due	1–30 days past due	31–90 days past due	90 days and more past due	Total
As of 31 December 2020					
Expected loss rate	0.36%	1.69%	0.68%	6.81%	
Total trade receivables, gross	3,371	651	886	1,719	**6,628**
Loss allowance (note 12)	(12)	(11)	(6)	(117)	**(146)**
Total trade receivables, net as of 31 December, 2020	**3,359**	**640**	**880**	**1,602**	**6,482**
As of 31 December 2019					
Expected loss rate	1.26%	3.20%	3.06%	3.57%	
Total trade receivables, gross	4,378	1,132	1,045	692	**7,247**
Loss allowance (note 12)	(55)	(36)	(32)	(25)	**(148)**
Total trade receivables, net as of 31 December, 2019	**4,323**	**1,096**	**1,013**	**668**	**7,100**

The Group's financial assets **(other receivables at amortized cost, including non-current receivables)** were allocated to the individual stages of impairment as follows:

Credit quality of other receivables at amortized cost	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
As of 31 December 2020				
Receivables from NPA	86	-	-	**86**
Receivables from employees	84	-	-	**84**
Non-current receivables, gross	450	-	-	**450**
Other receivables	1,059	-	2,856	**3,915**
Gross carrying amount	**1,679**	**-**	**2,856**	**4,535**
Loss allowance	(4)	-	(534)	**(538)**
Total other receivables at amortized cost, net as of 31 December, 2020	**1,675**	**-**	**2,322**	**3,997**
As of 31 December 2019				
Receivables from NPA	1,385	-	-	**1,385**
Receivables from employees	43	-	-	**43**
Non-current receivables, gross	4,894	-	1,082	**5,976**
Other receivables	173	-	1,000	**1,173**
Gross carrying amount	**6,495**	**-**	**2,082**	**8,577**
Loss allowance	(7)	-	(292)	**(299)**
Total other receivables at amortized cost, net as of 31 December, 2019	**6,488**	**-**	**883**	**8,278**

Receivables from the National Payment Agency are the direct subsidies receivable for crops and milk, which are due by 30 April of the following year and are regulated by the state. Accordingly. they are identified as low-risk receivables. Receivables from employees are also identified as low-risk receivables.

Non-current receivables include receivables from Ars Ingenii UAB were determined to be low-risk loan. Loss allowance for this loan was determined based on 12-month expected credit losses – the entire expected credit loss on the loans was multiplied by the probability that the loss will occur within the next 12 months. Total amount of loss allowance calculated for this loan was EUR 4 thousand as at 31 December 2020.

Other receivables also include current portion of non-current receivables from Fixed Yield Investment Fund and Symbol LLC.

Loans to Fixed Yield Investment Fund with the total carrying amount of EUR 563 thousand as of 31 December 2020 (31 December 2019: EUR 551 thousand) will mature in 2021, The loss allowance for this loan was decreased from EUR 3 thouand as of 31 December 2019 to nil as of 31 December 2020.

Following the disposal of subsidiaries Karakash OOO and Karakash Agro OOO in March 2018, a receivable of EUR 2,856 thousand from Symbol LLC was accounted for within other current receivables as of 31 December 2020 (EUR 1,000 thousand as other current receivables and EUR 1,082 thousand as non-current receivable as at 31 December 2019). The receivable was determined as higher-risk receivable but there was no objective evidence of impairment, and therefore, it was allocated to stage 3, and the loss allowance was determined based on lifetime expected credit losses. However due to severe weather conditions across the entire Eastern Europe region in 2019, the loss allowance increased from EUR 292 thousand as of 31 December 2019 to EUR 534 thousand as of 31 December 2020.

All loans are held-to-collect. All loans were concluded to meet SPPI test, and as a result they will be measured at amortized cost. The loss allowance for loans was calculated using a 3-stage model. The loss allowance was determined individually for each loan.

The loss allowance for Group's other receivables at amortized cost:

31 December 2020	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Expected loss rate	-	-	14.02%	
Fixed Yield Investment Fund	563	-	-	563
Ars Ingenii UAB	450	-	-	450
Symbol LLC (disposal of subsidiaries Karakash and Karakash Agro)	-	-	2,856	2,856
Loss allowance	**(4)**	**-**	**(534)**	**(538)**
31 December 2019				
Expected loss rate	0.14%	-	14.02%	
Cooperative entity Grybai Lt	3,892	-	-	-
Fixed Yield Investment Fund	551	-	-	-
Ars Ingenii UAB	450	-	-	-
Symbol LLC (disposal of subsidiaries Karakash and Karakash Agro)	-	-	2,082	-
Loss allowance	**(7)**	**-**	**(292)**	**(299)**

The loss rates and the loss allowances determined for the Company's financial assets **(trade receivables)** were as follows:

31 December 2020	Not past due	1–30 days past due	31–90 days past due	90 days and more past due	Total
Expected loss rate	0.01%	0.01%	0.01%	0.01%	
Total trade receivables	796	572	687	1,062	**3,118**
Total	**796**	**572**	**687**	**1,062**	**3,118**
31 December 2019					
Expected loss rate	0.01%	0.01%	0.01%	0.01%	
Total trade receivables	1,255	2	14	36	**1,307**
Total	**1,255**	**2**	**14**	**36**	**1,307**

No loss allowance was recognized for the Company's trade receivables as of 31 December 2020 and 31 December 2019 as expected loss rates were immaterial.

The counterparty risk of banks and financial institutions is managed by selecting counterparties with high credit quality and by monitoring thereof after. The risk grade and probability of default of banks and financial institutions is based on the available risk ratings awarded by the rating agencies Moody's, Standard & Poor's and Fitch. Related credit risks are considered as low, therefore lowest possible expected loss rate (0,01%) is applied to cash and cash equivalents. No loss allowances for Company's cash and cash equivalents, and for short-term deposits with banks were recognized as of 31 December 2020 and 31 December 2019 as expected loss rates were immaterial.

12. Trade receivables, prepayments and other receivables

The trade receivables, prepayments and other receivables consisted of the following as at December 31:

	GROUP		COMPANY	
	2020	2019	2020	2019
Trade receivables	6,628	7,247	3,118	1,309
Subsidies and grants receivable from NPA	86	1,385	-	-
VAT receivable	1,281	639	-	1
Prepayments and deferred expenses	4,771	2,982	386	352
Amounts receivable from private individuals	84	43	-	-
Other receivables	3,915	1,173	95	-
Total	**16,764**	**13,470**	**3,599**	**1,662**
Less: loss allowance	(680)	(148)	-	-
Carrying amount	**16,084**	**13,322**	**3,599**	**1,662**

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. The Group does not hold any collateral as security for the receivables.

Subsidies and grants receivable from NPA are accrued amounts of direct and organic subsidies for 2020 expected to be received in the first half of 2021.

Prepayments and deferred expenses mainly consist of prepayments to suppliers.

Other receivables include mainly receivable Symbol LLC and loan receivable from Fixed Yield Investment Fund.

The majority of the Group's trade receivables, prepayments and other receivables – around 34 per cent – had been pledged under corporate mortgages as collateral for borrowings as of 31 December 2020 (31 December 2019: 63 per cent).

The loss allowances for trade receivables as of 31 December were as follows:

	GROUP	COMPANY
Carrying amount of loss allowance as of 31 December 2018	**(66)**	**-**
Increase in trade receivables loss allowance recognised in profit or loss during the year (note 23)	(82)	-
Carrying amount of loss allowance as of 31 December 2019	**(148)**	**-**
Decrease in trade receivables loss allowance recognised in profit or loss during the year (note 23)	148	-
Increase in trade receivables loss allowance recognised in profit or loss during the year (note 23)	(146)	
Loss allowance of other receivables reclassified from non-current receivables (note 13)	(295)	
Increase in loss allowance of other receivables recognised in profit or loss during the year (note 23)	(239)	
Carrying amount of loss allowance as of 31 December 2020	**(680)**	**-**

13. Non-current receivables

Group

The Group's non-current receivables consisted of the following as of 31 December:

	2020	2019
Loans granted to:		
Cooperative entity Grybai Lt	-	3,892
Fixed Yield Investment Fund	-	551
Symbol LLC (on disposal of subsidiaries Karakash OOO and Karakash Agro OOO, note 24)	-	1,082
Ars Ingenii UAB	450	450
Loss allowance (IFRS 9)	(4)	(299)
Total	**446**	**5,676**

Loans granted to Cooperative Grybai Lt were capitalised at the acquisition of respective entity. Loan granted to Ars Ingenii UAB wil mature in 2022. The interest rate on the loan granted to Ars Ingenii UAB was 4.00%. Loans to Fixed Yield Investment Fund and loan to Symbol LLC were reclassified to other receivables as the loans will mature in 2021.

The calculation of loss allowance is described in note 11.

The Company's non-current receivables consisted of the following as of 31 December:

	2020	2019
Loans granted		
Žemės Vystymo Fondas 20 UAB	9,286	21,223
Total	**9,286**	**21,223**

In 2020 the Company reduced loan exposure to Žemės Vystymo Fondas 20 UAB. Annual interest rate payable on the loan is 4.60%. The loan will mature on 31 December 2023. The loan was determined as low risk and it was allocated to stage 1. No loss allowance was recognized for the Company's non-current receivables as of 31 December 2020 and 31 December 2019 as expected loss rates were immaterial.

14. Cash and cash equivalents

The Group's cash and cash equivalents consisted of the following as of 31 December:

	GROUP		COMPANY	
	2020	2019	2020	2019
Cash at bank	2,483	3,703	301	2,753
Cash on hand	58	29	-	-
Carrying amount	**2,541**	**3,732**	**301**	**2,753**

No loss allowances were recognized for the Group's cash and cash equivalents as of 31 December 2020 and 31 December 2019 as indicated in note 11.

15. Share capital and reserves

Share capital of the Company

The share capital of AUGA Group AB as of 31 December 2020 was EUR 65,951 thousand (31 December 2019: EUR 65,951 thousand). The share capital is divided into 227,416,252 ordinary registered shares (2018: 227,416,252 ordinary registered shares) with the nominal value of EUR 0.29 each and fully paid. Each share vests usual tangible and intangible rights as per the Law on Companies of the Republic of Lithuania and the Company's Statutes. Share premium reserve was formed after secondary public shares offering held on 23 August 2018. Share premium reserve amounted to EUR 6,707 thousand as of 31 December 2020 (31 December 2019: EUR 6,707 thousand).

Reserves

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfer of at least 5% of net profit, calculated in accordance with Lithuanian regulatory legislation on accounting, is compulsory until the reserve reaches 10% of the share capital. The legal reserve can be used to cover the accumulated losses. The legal reserve of the Group equalled to EUR 1,834 thousand as of 31 December 2020 (31 December 2019: EUR 1,834 thousand).

In 2020 revaluation reserve increased due to revaluation of land portfolio owned by the Group. Each year at the year-end Group initiates land portfolio valuation. The Group calculated an increase of EUR 851 thousand for the whole land portfolio (2019: EUR 3,152 thousand) due to rise in the average price of agricultural land in 2020. Land revaluation effect to the revaluation reserve (net of taxes) amounted to EUR 725 thousand (2019: EUR 1,332 thousand).

In 2018 the Company formed a reserve to grant shares for employees. In 2020 the reserve for share based payments to employees was increased by 3,051,724 shares with a nominal value of EUR 0.29 and in total of EUR 885 thousand based upon Shareholders' approval (in 2019 reserve increased by EUR 667 thousand). Reserve to grant shares for employees as of 31 December 2020 amounted to EUR 2,509 thousand (EUR 1,624 thousand as of 31 December 2019).

Employee Option Plan was approved by shareholders at the annual general shareholders' meeting on 30 April, 2019. The service condition for the Option receiver is to complete a 3-year term of service to the Group. After the condition is met employee is eligible to exercise the option.

Reserve to grant shares for employees	**Number of shares, units**	**Value, EUR**
Total reserve as of 31 December 2018	**3,300,000**	**957**
Shares allocated to employees based on option agreements as of 31 December 2019	2,558,860	742
Unallocated shares as of 31 December 2019	3,041,140	882
Total reserve as of 31 December 2019	**5,600,000**	**1,624**
Shares allocated to employees based on option agreements as of 31 December 2020	4,785,690	1,388
Unallocated shares as of 31 December 2020	3,866,034	1,121
Total reserve as of 31 December 2020	**8,651,724**	**2,509**

In 2020 the Group recognised employee benefit expenses of EUR 247 thousand related share options granted to employees.

16. Deferred grant income

The movements in deferred grant income and subsidies of the Group (only related to assets) were the following during the year ended 31 December:

	2020	**2019**
Carrying amount as of 1 January	**2,992**	**3,433**
Deferred grants, subsidies received	722	-
Amortisation of deferred grants related to property, plant and equipment	(466)	(441)
Carrying amount as of 31 December	**3,248**	**2,992**

Deferred grants will be recognised in the statement of profit or loss as follows:

	2020	**2019**
Within one year	376	502
After one year	2,872	2,490
Total	**3,248**	**2,992**

There are no unfulfilled conditions and other contingencies in relation to the deferred grant income.

In 2020 the Group accounted for EUR 9,987 thousand of direct and organic subsidies relating to costs that were recognised in full in the statement of profit or loss (2019: EUR 7,234 thousand). As these subsidies are cost related, they were deducted from the cost of sales. As of 31 December 2020, the Group has reclassified the subsidies related to grasslands and pastures from agricultural to dairy segment in order to gain a better representation of the segments' results. This reclassification was performed in comparable the period as well. The performed reclassification does not have any impact to financial results of the Group. In 2020 the Group recognised EUR 7,454 thousand of subsidies in the agriculture segment and EUR 2,533 thousand in dairy segment (2019: EUR 5,195 thousand and EUR 2,039 thousand, respectively).

The movements in deferred grant income and subsidies of the Company (only related to assets) were the following during the year ended 31 December:

	2020	2019
Carrying amount as of 1 January	**-**	**-**
Deferred grants, subsidies received	722	1
Amortisation of deferred grants related to property, plant and equipment	-	-
Carrying amount as of 31 December	**722**	**1**

Deferred grants will be recognised in the statement of profit or loss as follows:	2020	2019
Within one year	-	-
After one year	722	1
Total	**722**	**1**

The Company receives financing for R&D project which is classified as construction in progress in 2020 as assets are under development. The Company anticipates to finalize the project before 31 December 2021, thus as of 31 December 2020 no depreciation is calculated for developed assets and grants also are not amortised.

17. Borrowings

As of 31 December, the Group's non-current borrowings consisted of the following:

	2020	2019
Bank borrowings		
Borrowings of mushroom growing companies	8,892	1,970
Borrowings of FMCG companies	1,184	-
Borrowings of agricultural entities	11,003	6,435
Borrowings of the Company	3,000	-
Non-current amounts payable to third parties		
Non-current amount payable to creditors	753	3,489
Non-current amount payable for investment fund for land purchased	253	1,072
Green Bonds	18,818	18,523
Total	**43,903**	**31,489**
Less: amounts payable within one year (according to agreements)	(3,409)	(10,819)
Total non-current borrowings	**40,494**	**20,670**

On 13 December 2019 the Group issued 20,000 units of Green Bonds (hereinafter the Bonds) with a nominal value of EUR 1,000 each and an annual interest rate of 6%. The maturity date of Bonds is 17 December 2024. Coupon payment dates are scheduled for 17 December of each year until 2024. The Bonds were introduced for trading in a regulated market on AB Nasdaq Vilnius Bond list.

The companies of the Group have signed agreements to refinance loans and provide additional limits with commercial banks in Q4 2020.

As of 31 December 2020, the Group met all financial covenants set on the Group level for newly signed loan agreements. Two covenants on stand-alone subsidiaries level were breached. As per loan agreement the only possible sanction for this breach was an increase of the interest margin. However, the banks agreed that certain aspects were not taken into account when determining the covenants, therefore waivers were issued by the banks confirming that no sanctions as per above will be applied. The Group does not expect to breach the covenants in a following periods as reasons for breach are already eliminated/additional measures implemented.

The Group's structure of interest-bearing borrowings, including lease liabilities (note 18):

	2020	2019
Gross debt – fixed interest rates	(58,771)	(63,650)
Gross debt – floating interest rates	(35,770)	(30,343)
Net debt	**(94,541)**	**(93,993)**

All borrowings from credit institutions have been secured with property, plant and equipment pledged as collateral (note 5). In addition, the majority of agricultural entities have corporate mortgages, whereas mushroom growing company has pledged most of its non-current and current assets as a collateral for borrowings (notes 9, 10 and 12).

As of 31 December, the Group's current borrowings consisted of the following:

	2020	2019
Bank borrowings		
Borrowings of mushroom growing companies	2,400	2,400
Borrowings of agricultural entities	-	-
Borrowings of the Company	-	16,900
Borrowings of grain selling entity	7,000	-
Total	**9,400**	**19,300**

Current bank borrowings consisted of EUR 9,400 thousand credit-line facilities in 2020 (2019: EUR 19,300 thousand). The limits on credit-line facilities available to the Group were EUR 12,400 thousand as of 31 December 2020 (2019: EUR 21,900 thousand). The undrawn amounts of credit-line facilities in 2020 and 2019 were EUR 3,000 thousand and EUR 2,600 thousand, respectively.

Average interest rate on current and non-current bank borrowings was 3.91% in 2020 (2019: 4.22%)

As of 31 December, the Company's non-current borrowings consisted of the following:

	2020	2019
Borrowings from credit institutions	3,000	-
Non-current amount payable to creditors	-	2,564
Green bonds	18,818	18,523
Total	**21,818**	**21,086**
Less: amounts payable within one year (according to agreements)	(272)	(2,564)
Total non-current borrowings	**21,546**	**18,522**

As of 31 December, the Company's current borrowings consisted of the following:

	2020	2019
Borrowings from credit institutions	-	16,900
Total	**-**	**16,900**

The Company's structure of interest-bearing borrowings, including lease liabilities (note 18):

	2020	2019
Gross debt – fixed interest rates	(22,576)	(21,953)
Gross debt – floating interest rates	(97)	(17,003)
Net debt	**(22,673)**	**(38,956)**

The Group's net debt as of 31 December was as follows:

		Financial liabilities				
	Cash and cash equiva-lents	Lease payments due within 1 year	Lease payments due after 1 year	Borrowings due within 1 year	Borrow-ings due after1 year	Total
Net debt as of 31 December 2018	**2,281**	**(3,618)**	**(7,889)**	**(30,526)**	**(13,829)**	**(53,581)**
Cash flows	1,451	865	7,088	407	(6,841)	2,970
Acquisitions of property, plant and equipment under lease contracts	-	(188)	(456)	-	-	(644)
Adoption of IFRS16	-	(4,113)	(34,893)	-	-	(39,006)
Net debt as of 31 December 2019	**3,732**	**(7,054)**	**(36,150)**	**(30,119)**	**(20,670)**	**(90,261)**
Cash flows	(1,344)	5,021	3,001	17,707	(18,422)	5,963
Acquisitions of property, plant and equipment under lease contracts	-	(5,428)	(533)	-	-	(5,961)
Acquisitions – Grybai LT KB (note 24)	153	-	-	(397)	(1,107)	(1,351)
Other non-cash items	-	(95)	-	-	(295)	(390)
Net debt as of 31 December 2020	**2,541**	**(7,556)**	**(33,682)**	**(12,809)**	**(40,494)**	**(92,000)**

The Company's net debt as of 31 December was as follows:

		Financial liabilities				
	Cash and cash equivalents	Lease payments due within 1 year	Lease payments due after 1 year	Borrow-ings due within 1 year	Borrow-ings due after 1 year	Total
Net debt as of 31 December 2018	**49**	**(16)**	**(163)**	**(21,897)**	**(1,000)**	**(23,027)**
Cash flows	2,704	5	181	2,433	(17,523)	(12,201)
Acquisitions of property, plant and equipment under lease contracts	-	-	-	-	-	-
Other non-cash items	-	(133)	(842)	-	-	(975)
Net debt as of 31 December 2019	**2,753**	**(144)**	**(825)**	**(19,464)**	**(18,523)**	**(36,203)**
Cash flows	(2,452)	(35)	207	19,275	(1,900)	15,095
Acquisitions of property, plant and equipment under lease contracts	-	(9)	(50)	-	-	(59)
Other non-cash items	-	-	-	(83)	(1,123)	(1,206)
Net debt as of 31 December 2020	**301**	**(188)**	**(668)**	**(272)**	**(21,546)**	**(22,372)**

18. Lease liabilities

As of 31 December, the Group's minimum future lease payments consisted of the following:

	2020		2019	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within 1 year	10,204	7,556	9,725	7,054
Between 2 and 5 years	41,434	33,682	45,224	36,150
Minimum lease payments	**51,639**	**41,238**	**54,949**	**43,204**
Less: future finance charges	(10,401)	-	(11,745)	-
Present value of minimum lease payments	**41,238**	**41,238**	**43,204**	**43,204**

The Group's lease liabilities consisted of the following:

	2020	2019
Lease liabilities		
Lease liabilities related to right-of-use assets*	34,626	34,960
Lease liabilities related to other assets**	6,613	8,244
Total	**41,239**	**43,204**
Less: amounts payable within one year		
Lease liabilities related to right-of-use assets*	4,607	4,113
Lease liabilities related to other assets**	2,950	2,942
Total	**7,557**	**7,054**
Total non-current lease liabilities	**33,682**	**36,150**

* Lease liabilities classified as operating lease before adoption of IFRS 16.
** Lease liabilities classified as financial lease before adoption of IFRS 16.

The Group's lease liabilities are secured by the lessor's title to the lessee's assets acquired (note 5). The fair value of the Group's lease liabilities approximates their carrying amount.

As of 31 December, the Company's minimum future lease payments consisted of the following:

	2020		2019	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within 1 year	235	188	199	144
Between 2 and 5 years	781	668	982	825
Minimum lease payments	**1,017**	**855**	**1,181**	**969**
Less: future finance charges	(161)	-	(212)	-
Present value of minimum lease payments	**855**	**855**	**969**	**969**

The Company's lease liabilities consisted of the following:

	2020	2019
Lease liabilities		
Lease liabilities related to right-of-use assets*	758	866
Lease liabilities related to other assets**	97	103
Total	**855**	**969**
Less: amounts payable within one year		
Lease liabilities related to right-of-use assets*	125	116
Lease liabilities related to other assets**	63	28
Total	**188**	**144**
Total non-current lease liabilities	**667**	**825**

19. Income taxes

Income tax expense in the statement of profit or loss for the Group is calculated as follows:

	GROUP		COMPANY	
	2020	2019	2020	2019
Current income tax for the year	-	-	-	-
Change in deferred income tax	(442)	(773)	-	-
Total income tax expense (benefit)	**(442)**	**(773)**	**-**	**-**

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

	GROUP			
	2020		2019	
	Tax rate	Amount	Tax rate	Amount
Profit (loss) before tax, at a tax rate of 15%	-	1,350	-	(3,992)
Tax calculated at a tax rate of 15%	15.00%	203	15.00%	(599)
Total theoretical income tax amount		**203**		**(599)**
Non-taxable income	15.00%	(4,961)	15.00%	(3,012)
Non-deductible expenses	15.00%	806	15.00%	1,898
Current year losses for which no deferred tax asset is recognised	15.00%	752	15.00%	58
Changes in assumptions related to prior year	15.00%	2,758	15.00%	882
Income tax expense (benefit) at a tax rate of 15%		**(442)**		**(773)**
Total income tax expense (benefit)		**(442)**		**(773)**

Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	COMPANY	
	2020	2019
Profit (loss) before tax	4,141	(1,394)
Tax calculated at a tax rate of 15%	621	(209)
Total theoretical tax amount	**621**	**(209)**
Non-taxable income	(1,004)	(106)
Non-deductible expenses	26	202
Investment project relief	(362)	(453)
Intra-group transfers of tax losses	348	217
Current-year losses for which no deferred tax asset is recognised	371	349
Total income tax	**-**	**-**

Tax rate of 15% is applied for all companies. Same tax rate was applied in 2019.

Deferred tax	Deferred taxes as of 31 December 2019	Loss allowance	Tax losses	Revaluation of assets (through OCI)	Effect of IFRS16	Deferred taxes as of 31 December 2020	Tax setoff	Deferred taxes as of 31 December 2020
Deferred tax asset	**2,348**	36	407	-		**2,790**	(1,431)	**1,359**
Deferred tax liability	**(2,788)**		-	(126)	(1)	**(2,914)**	1,431	**(1,483)**
Total deferred tax	**(440)**	36	407	(126)	(1)	**(123)**	-	**(123)**

As of 31 December 2020 and 2019 deferred income tax was calculated using income tax rate of 15%.

Deferred tax asset	GROUP		COMPANY	
	2020	2019	2020	2019
Accruals and loss allowance	257	221	-	-
Revaluation of land	9	9	-	-
Tax loss carried forward	2,525	2,118	-	-
Total deferred tax assets, gross	**2,791**	**2,348**	**-**	**-**
Offset against deferred tax liability	(1,431)	(1,279)	-	-
Total deferred tax assets, net	**1,359**	**1,069**	**-**	**-**

Deferred tax liabilities	GROUP		COMPANY	
	2020	2019	2019	2019
Deferred tax liability arising on acquisition of subsidiaries	-	-	-	-
Effect of IFRS16	136	135	-	-
Revaluation of land	2,778	2,653	-	-
Total deferred tax liability, gross	**2,914**	**2,788**	**-**	**-**
Offset against deferred tax asset	1,431	(1,277)	-	-
Total deferred tax liability, net	**1,483**	**1,509**	**-**	**-**

In the management's opinion, the whole amount of the Group's deferred tax asset will be recovered after more than 12 months from the date of these financial statements when future taxable profit will be available for offsetting with accumulated tax loss.

The amount of unused tax losses carried forward for the Group and the Company is as follows:

	GROUP		COMPANY	
	2020	2019	2020	2019
Total tax losses carried forward	55,836	51,534	16,755	13,959
Less: intra-group transfers of tax losses	-	-	(2,318)	(1,730)
Less: deferred tax asset recognised on tax losses carried forward	(16,833)	(14,960)	-	-
Total tax losses carried forward for which no deferred tax asset was recognised	**39,003**	**36,574**	**14,437**	**12,229**

According to the amendments to the Law on Corporate Income Tax of the Republic of Lithuania, tax losses from operating activities can be carried forward indefinitely. As from 1 January 2011, according to the new amendments to the Law on Corporate Income Tax, the companies belonging to the same group or companies can use their taxable profit to cover tax losses carried forward of other Group companies. As from 1 January 2014, not more than 70% of taxable profit can be offset against tax losses carried forward from operating activities.

20. Other payables and current liabilities

Other payables and current liabilities consisted of the following as of 31 December:

	GROUP		COMPANY	
	2020	2019	2020	2019
Employment-related liabilities	2,787	2,345	210	175
Vacation reserve	1,099	1,016	222	173
Advances received	819	1,135	-	7
Taxes payable	4	13	-	1
Deferred revenue/accrued expenses	340	(7)	(6)	13
Other payables	230	219	1	5
Total	**5,279**	**4,721**	**427**	**374**

Other payables mainly include payables for land rent to organizations and private individuals.

21. Segment information

Statement of profit or loss

2020	Total	Total reportable segments	Dairy		Total dairy	Crop-growing			Total crop growing	Mushroom growing	Fast moving consumer goods	Other segments
			Milk	Cattle meat		Wheat	Peas, beans	Other crops				
Revenue	**139,811**	**129,402**	10,065	2,979	**13,044**	29,141	15,799	35,081	**80,021**	**30,001**	**6,336**	**10,409**
Total cost of sales	**(143,639)**	**(131,878)**	(9,752)	(3,633)	**(13,385)**	(31,522)	(15,869)	(36,733)	**(84,124)**	**(28,248)**	**(6,122)**	**(11,761)**
Gross profit as reported to management of the Group (a)	**(3,828)**	**(2,476)**	313	(654)	**(341)**	(2,381)	(70)	(1,653)	**(4,103)**	**1,753**	**214**	**(1,352)**
Elimination of intragroup transactions												
Intragroup revenue	**56,738**	**46,329**	-	2,232	**2,232**	13,759	9,408	19,474	**42,641**	**-**	**1,456**	**10,409**
Intragroup cost of sales	**(61,177)**	**(49,416)**	-	(2,886)	**(2,886)**	(13,909)	(9,415)	(21,214)	**(44,538)**	**-**	**(1,992)**	**(11,761)**
Eliminations, net (b)	**(4,439)**	**(3,087)**	-	(654)	**(654)**	(150)	(7)	(1,740)	**(1,897)**	**-**	**(536)**	**(1,352)**
Total revenue from external customers	**83,073**	**83,073**	10,065	747	**10,812**	15,382	6,391	15,607	**37,380**	**30,001**	**4,880**	**-**
Direct subsidies (c)	**9,987**	**9,987**	1,287	1,246	**2,533**			7,454	**7,454**	**-**	**-**	**-**
Sanctions by NPA (d)	**-**	**-**			**-**			-	**-**	**-**	**-**	**-**
Gain (loss) on changes in fair value of biological assets (e)	**5,175**	**5,175**			**(2,517)**			7,692	**7,692**	**-**	**-**	**-**
Gross profit ((a)-(b)+(c)+(d)+(e))	**15,773**	**15,773**			**330**				**12,940**	**1,753**	**750**	**-**
Depreciation included in cost of sales	**7,279**	**7,279**			**589**			4,950	**4,950**	**1,534**	**206**	**-**

2019	Total	Total reportable segments	Dairy		Total dairy	Crop-growing			Total crop growing	Mushroom growing	Fast moving consumer goods	Other segments
			Milk	Cattle meat		Wheat	Peas, beans	Other crops				
Revenue	**132,991**	**107,525**	9,424	2,799	**12,223**	26,991	10,710	26,096	**63,797**	**28,707**	**2,798**	**25,466**
Total cost of sales	**(118,621)**	**(109,841)**	(9,925)	(3,619)	**(13,544)**	(28,316)	(11,069)	(27,938)	**(67,323)**	**(26,221)**	**(2,752)**	**(8,780)**
Gross profit as reported to management of the Group (a)	**14,370**	**(2,316)**	(501)	(820)	**(1,321)**	(1,325)	(359)	(1,842)	**(3,526)**	**2 486**	**45**	**16,686**
Elimination of intragroup transactions												
Intragroup revenue	**61,855**	**36,389**	-	2,083	**2,083**	15,444	5,693	13,168	**34,306**	**-**	**-**	**25,466**
Intragroup cost of sales	**(47,016)**	**(38,236)**	-	(2,903)	**(2,903)**	(15,619)	(5,700)	(14,014)	**(35,333)**	**-**	**-**	**(8,780)**
Eliminations, net (b)	**14,838**	**(1,848)**	-	(820)	**(820)**	(175)	(7)	(846)	**(1,028)**	**-**	**-**	**16,686**
Total revenue from external customers	**71,134**	**71,134**	9,424	715	**10,139**	11,548	5,016	12,926	**29,490**	**28,707**	**2,798**	**-**
Direct subsidies (c)	**9,307**	**9,307**	1,035	1,005	**2,039**	-	-	**7,268**	**7,268**	**-**	**-**	**-**
Sanctions by NPA (d)	**(2,073)**	**(2,073)**	-	-	-	-	-	**(2,073)**	**(2,073)**			
Gain (loss) on changes in fair value of biological assets (e)	**3,082**	**3,082**	-	-	**(2,199)**	-	-	5,281	**5,281**	**-**	**-**	**-**
Gross profit ((a)-(b)+(c)+(d)+(e))	**9,847**	**9,847**			**(661)**				**7,977**	**2,486**	**45**	**-**
Depreciation included in cost of sales	**7,226**	**7,226**			**507**			5,070	**5,070**	**1,649**	**-**	**-**

'Dairy' includes milk processing and cattle raising, whereas 'Crop-growing' includes growing of wheat, legumes, vegetables and other cash crops and forage crops. 'Fast moving consumer goods' includes packaged products prepared for end consumers, such as conserved vegetables, soup, packaged organic fresh vegetables and other. 'Other segments' include accounting and management services provided by the Company to subsidiaries, also agricultural services, rent of land and equipment (both inside and outside the Group).

Synergy between the segments are as follows:

a) The crop growing segment prepares feed for cows (corn silage, hay, haylage) and sells to dairy segment;
b) The dairy segment supplies the crop growing segment with manure (organic fertilizer);
c) Other segments provide agricultural and land rent services to the main segments;
d) Other segments provide grain drying and storage services, as well as rent land and equipment to the crop growing segment.

The Group's largest customers are as follows:

2020	Share of total sales, %
Largest customers	
ICA Sverige AB (buyer of mushrooms)	8.59
Nordic Sugar Kėdainiai (buyer of crops)	7.81
Okregowa Spoldzielnia Mleczarska w Piatnicy (buyer of milk)	6.43
Total	**22.83**
2019	
Largest customers	
ICA Sverige AB (buyer of mushrooms)	9.61
Cerexport SARL (buyer of crops)	6.29
Dagab Inkop AB (buyer of mushrooms)	4.72
Total	**20.61**

Around 50% of total revenue of the Group was generated by 11 largest customers in 2020, while in 2019 50% of total revenue of the Group was generated by 16 largest customers.

Breakdown of revenue by geographical territory is provided in the table below.

	2020	2019
Revenue by geographical territory, (representing over 10 % of the Group's total sales)	**%**	**%**
Lithuania	27.88	27.62
Sweden	14.97	15.70
Germany	13.85	13.96
Other countries	43.30	42.73
Total	**100.00**	**100.00**

All property of the Group is geographically located in Lithuania.

Breakdown of the Company's revenue by nature is provided in the table below:

	2020	2019
Business consultation and financial accounting services	3,395	3,373
Dividends from subsidiaries	6,438	-
Other revenue	9	5
Total	**9,842**	**3,378**

22. Cost of sales by nature of expenses

Breakdown of the Group's cost of sales by nature of expenses:

	2020	2019
Services from contractors	11,522	9,287
Payroll expenses	13,508	11,855
Social security expenses	2,873	2,522
Depreciation of property, plant and equipment and ROU assets	7,279	7,226
Raw materials	7,664	5,573
Organic fertilizers	6,779	5,751
Packaging	7,862	5,796
Feed for animals	2,831	2,897
Spare parts and inventory	3,400	2,560
Land rent	4,821	3,577
Fuel costs	3,223	3,321
Electricity	1,115	1,211
Seeds	4,756	3,645
Realised gain (loss) on change in fair value of agricultural produce on initial recognition	(200)	579
Write-downs of inventory	2,063	1,861
Medicine	294	260
Other expenses	2,672	3,682
Provision due to sanctions of NPA	-	2,073
Less: direct subsidies from the State	(9,987)	(9,307)
Total	**72,475**	**64,369**

In March 2020 the Group was sanctioned by the National Payment Agency for the total amount of EUR 2,07 thousand as the Group did not comply with the requirement for undersown crops in each of the declared perennial grass fields for at least one year but not more than two years during a 5-year commitment period based on the requirements of Lithuanian Rural Development Programme 2014-2020 measure "Organic Farming". The Group accounted for the total amount of sanctions in 2019, which resulted in an increase of cost of sales of crop-growing segment and a decrease of receivables from NPA as of 31 December 2019. The Group did not account for any sanctions from NPA in 2020 as majority of planned subsidies were received by 31 December 2020 and the requirements established by the NPA that were breached in 2019 were eliminated in 2020.

23. Operating expenses

Operating expenses consisted of the following as of 31 December:

	GROUP		COMPANY	
	2020	2019	2020	2019
Payroll expenses	3,689	3 ,700	2,032	1,882
Social security expenses	997	999	549	508
Share-based payment amortization	247	247	247	247
Fines and late payments	63	227	-	-
Depreciation of PP&E, ROU assets and amortization of IA	754	888	205	208
Loss allowance of amounts receivable (notes 12, 13)	237	180	-	-
Consultation and business plan preparation	187	339	155	271
Insurance and tax expenses	767	609	54	23
Selling expenses	930	594	386	407
Fuel costs	194	198	55	70
Real estate registration and notary fees	151	117	14	29
Rent and utilities	365	193	37	38
Transportation costs	297	275	119	85
Office administration	503	457	63	151
Other expenses	846	559	352	203
Total	**10,227**	**9,582**	**4,267**	**4,122**

Expense for the Group's defined contribution plans amounted to EUR 3,017 thousand in 2020 (2019: EUR 2,726 thousand) and were accounted for in cost of sales, operating expenses, and construction in progress. Payments under the defined contribution plans represent contributions payable to the State Social Security Fund only, amounting to 14% from the gross salary expense of all employees.

In April 2019 the Company approved the Employee Option Plan and recognised expenses of share-based payments to employees in relation to share options granted to employees under the approved Employee Option Plan. It should be noted that respective expenses are equity-settled and are recognized evenly per 3-year vesting period. For the details refer to the note 2.25.

All service fees for the services provided by the audit firm to the Group and the Company are presented below:

	GROUP		COMPANY	
	2020	2019	2020	2019
Audit of financial statements based on the contracts	93	73	57	50
Other services	30	1	30	-
Total	**123**	**74**	**87**	**50**

24. Increase in shareholding, acquisitions and disposals of subsidiaries

Acquisition of shares of Grybai LT, KB

On 14 February 2020 Group companies Baltic Champs UAB and AUGA Luganta UAB together with other shareholders of Grybai LT, KB capitalised loans provided to Grybai LT, KB which resulted in an increase in share capital of Grybai LT, KB and a change in the Group's interest in the company. As a result, the Group's share in Grybai LT, KB increased from 22% to 61 %. On 28 May 2020 Group companies Agromilk, KB, Juodmargelis, KB and Šventosios pievos, KB has bought-out the rest of minority shareholders and with this transaction the Group took over the full control of Grybai LT, KB. On 15 December 2020, Baltic Champs UAB bought part of interest in Grybai LT, KB held by Agromilk, KB, Juodmargelis, KB and Šventosios pievos, KB and as of 31 December 2020 holds 95% of shares in Grybai LT,KB while 5% of shares are held by other Group companies.

Grybai LT, KB owns production plant that produces end-consumer goods.

The previously held interest in Grybai LT, KB was remeasured to fair value at the date when Group obtained a control, and a gain of EUR 900 thousand was recognised in the statement of profit or loss as of 31 December 2020.

The assets acquired and the liabilities assumed as a result of the acquisition are as follows:

	Fair value as of 31 May 2020
Non-current assets	
PP&E	4,617
Current assets	
Inventory	915
Trade receivables and other current assets	831
Cash and cash equivalents	153
Non-current liabilities	
Financial liabilities	(927)
Deferred tax liability	-
Current liabilities	
Other financial liabilities	(576)
Trade payables and other current liabilities	(1,904)
Net identifiable assets acquired	**3,108**
Add: goodwill	3,465
Net assets acquired	**6,573**
Cash paid for shares	1,504
Settlement of pre-existing relationships	2,746
Loan capitalisation	1,423
Total purchase consideration	**5,673**
Less: fair value of net identifiable assets acquired	(3,108)
Add: remeasurement of previously held interest	900
Goodwill	**3,465**

Before the take-over of full control, Grybai LT, KB provided manufacturing services to the Group and produced end-consumer goods under Auga brand and other brands. The Group has acquired Grybai LT, KB in order to expand its production capacity of end-consumer goods, have full control over manufacturing processes and improve these processes.

Outflow of cash to acquire Grybai LT, KB, net of cash acquired:

Cash consideration	1,504
Less: cash and cash equivalents acquired	153
Net outflow of cash	**1,351**

The fair value of the acquired trade receivables approximated contractual amount of trade receivables and amounted to EUR 800 thousand. None of acquired trade receivables are expected to be uncollectible.

The acquired company Grybai LT, KB contributed revenue of EUR 2,641 thousand and net profit of EUR 231 thousand to the Group for the period from 1 June 2020 to 31 December 2020.

If the acquisition of Grybai LT, KB had occurred on 1 January 2020, the Group's revenue would have been higher by EUR 1,130 thousand, and net profit would have been lower by EUR 130 thousand.

25. Dividends from subsidiaries

During the Annual General Meetings of Shareholders of the Group companies held in 2020 a decision was made to pay out dividends to shareholders. Group entities that distributed dividends in 2020 is provided in the table below. Due to this the Company has received EUR 6,438 thousand dividend income. As of 31 December 2019 no dividends were distributed.

	Share-owners share of dividends (%)				Share-owners share of dividends (EUR)		
Entity distributing dividends	AUGA Group, AB	Other Group companies	Non-controlling interest	**Dividends (EUR)**	AUGA Group, AB	Other Group companies	Non-controlling interest
Žemės vystymo fondas 20, UAB	100.00%	-	-	**1,300,000**	1,300,000	-	-
AVG Investment, UAB	100.00%	-	-	**150,000**	150,000	-	-
eTime inves, UAB	100.00%	-	-	**1,285,000**	1,285,000	-	-
Baltic Champs, UAB	100.00%	-	-	**1,870,000**	1,870,000	-	-
AUGA Spindulys, ŽŪB	99.99%	-	0.01%	**520,000**	519,948	-	52
AUGA Mantviliškis, ŽŪB	99.94%	0.00%	0.06%	**110,000**	109,934	1	65
AUGA Dumšiškės, ŽŪB	99.86%	0.02%	0.12%	**110,000**	109,846	22	132
AUGA Želsvelė, ŽŪB	99.82%	0.04%	0.14%	**810,000**	808,542	324	1,134
AUGA Žadžiūnai, ŽŪB	99.80%	0.01%	0.19%	**285,000**	284,430	28	542
Šventosios pievos, KB	-	100.00%	-	**699,000**	-	699,000	-
Grain LT, UAB	-	100.00%	-	**280,000**	-	280,000	-
AUGA Lankesa, ŽŪB	-	99.73%	0.27%	**68,000**	-	67,816	184
AUGA Grūduva, UAB	-	98.97%	1.03%	**1,630,000**	-	1,608,586	21,414
KTG Eko Agrar, UAB	-	100.00%	--	**996,000**	-	996,000	-
Total	**-**	**-**	**-**	**10,113,000**	**6,437,700**	**3,651,778**	**23,522**

26. Other income

	GROUP		COMPANY	
	2020	**2019**	**2020**	**2019**
Interest income	349	616	1,035	478
Insurance benefits	100	60	2	-
Other income (expenses)	22	81	90	99
Total	**471**	**757**	**1,127**	**577**

27. Other gains/(losses)

	GROUP		COMPANY	
	2020	**2019**	**2020**	**2019**
Gain (loss) on disposal of of financial assets at fair value through profit or loss	(131)	-	-	-
Gain (loss) on disposal of property, plant and equipment	110	(16)	-	-
Gain (loss) on remeasurement of interest held in Grybai LT, KB at fair value (note 24)	900	-	-	-
Other	-	3	-	5
Total	**879**	**(13)**	**-**	**5**

28. Finance costs

The table below presents finance costs for the year ended 31 December:

	GROUP		COMPANY	
	2020	2019	2020	2019
Bank interest expenses	1,684	1,908	897	973
Finance costs related to ROU assets (IFRS 16)	1,748	2,093	53	59
Lease and other finance costs (excluding lease related to acquisition of ROU assets)	255	295	2	3
Interest expenses of other borrowings	1,706	558	1,513	161
Foreign exchange negative effect	47	19	-	-
Fair value change of derivatives	8	24	-	-
Interest expenses on borrowings from subsidiaries	-	-	-	-
Other finance costs	99	103	95	36
Total	**5,547**	**5,000**	**2,561**	**1,232**

29. Basic and diluted earnings per share

Basic and diluted earnings per share were as follows for the year ended 31 December :

	GROUP		COMPANY	
	2020	2019	2020	2019
Net profit (loss) attributable to shareholders of the Company	1,772	(3,228)	4,141	(1,394)
Weighted average number of shares	227,416,252	227,416,252	227,416,252	227,416,252
Earnings (loss) per share (EUR)	**0.01**	**(0.01)**	**0.02**	**(0.01)**

30. Related party transactions

In 2020 the average number of members of the Management Board and the key management personnel of the Company was 6 persons (2019: 6 persons).

i) Payments to members of the Management Board and the key management personnel (CEO)

Payments paid to members of the Management Board and the key management personnel of the Company, EUR	2020	2019
Salaries	204,830	174,666
Legal service fees	-	114,137
Total payments	**204,830**	**288,803**

(ii) Other transactions with related parties

All the shareholders of AUGA group AB (note 1) who have significant influence over the Group company through direct or indirect ownership of voting rights in that Group company, are considered to be related parties. Trading transactions with related parties were carried out on commercial terms and conditions and based on market prices.

Transactions with related parties were as follows:

2020 *Parties related to the Group*	Loans granted	Amounts receivable and prepayments	Amounts receivable	Borrowings	Amounts payable	Purchases of goods	Sales of agricultural produce
Grybai LT KB*	-	-	-	-	-	1,328	345
Parties related to ultimate shareholder of the Group							
Farmer Kęstutis Juščius	-	-	9	-	-	-	-
Baltic Champs Group UAB	-	-	-	-	-	-	-
Total	**-**	**-**	**9**	**-**	**-**	**1,328**	**345**

2019 *Parties related to the Group*	Loans granted	Amounts receivable and prepayments	Amounts receivable	Borrowings	Amounts payable	Purchases of goods	Sales of agricultural produce
Grybai LT KB	3,892	151	305	-	11	1,541	533
Parties related to ultimate shareholder of the Group							
Farmer Kęstutis Juščius	-	-	9	-	-	-	-
Baltic Champs Group UAB	-	-	-	2,564	-	-	-
Total	**3,892**	**151**	**314**	**2,564**	**11**	**1,541**	**533**

**Transactions with Grybai LT, KB for the year 2020 are provided until the date of the acquisition (Note 24).*

The Company's balances and transactions with the Group companies and other related parties are as follows:

2020 *Parties related to the Company*	Loans granted	Amounts receivable and prepayments	Borrowings	Accounts payable	Interest on borrowings and purchases	Sales and interest income
Subsidiaries						
Agricultural entities	-	1,376	-	5	23	2,372
Trade companies	-	-	-	150	108	52
Other subsidiaries	9,286	1,799	-	-	139	2,106
Baltic Champs Group UAB	-	-	-	-	21	-
Other related parties						
Kęstutis Juščius	-	9	-	-	-	-
Total	**9,286**	**3,184**	**-**	**155**	**291**	**4,530**

2019 *Parties related to the Company*	Loans granted	Amounts receivable and prepayments	Borrowings	Amounts payable	Interest on borrowings and purchases	Sales and interest income
Subsidiaries						
Agricultural entities	-	755	-	1	16	2,384
Trade companies	-	18	-	22	103	64
Other subsidiaries	21,223	513	-	55	21	1,540
Baltic Champs Group UAB	-	-	2,564	-	-	-
Other related parties						
Grybai LT KB	-	116	-	14	35	5
Kęstutis Juščius	-	9	-	-	-	-
Total	**21,223**	**1,411**	**2,564**	**92**	**174**	**3,993**

On 3 October 2018 the Company and Baltic Champs Group UAB (holding 55.04 per cent of shares in the Company) signed agreement on extension of loan for amount of up to EUR 4 million. The loan was provided with no collateral, there were no up-front or similar fees, and with fixed interest rate that meets market conditions. As of 31 December 2019, the outstanding balance of the loan was EUR 2.5 million. During 2020 the loan was fully repaid.

On 1 March 2019 AUGA group AB and Baltic Champs Group UAB signed agreement on extension of loan for amount of up to EUR 2 million. Final repayment date of the loan was 31 December 2019. The loan was provided with no collateral, with no up-front or similar fees, and with fixed interest rate that meets market conditions. As of 31 December 2019 the loan was fully repaid.

31. Off-balance sheet commitments and contingencies

The Group's commitments related to lease of low-value assets amounted to EUR 30 thousand in 2020 (2019: EUR 39 thousand).

As of 31 December 2020, the Company had issued guarantees to banks for borrowings of the Group's subsidiaries for the total amount of EUR 35,611 thousand (2019: EUR 16,339 thousand).

No full-scope tax audit was carried out by the tax authorities at the Company for the period from 2015 to 2020 . According to effective tax legislation, the tax authorities may at any time inspect the Company's accounting registers and records for the period of five years preceding the reporting tax period and assess additional taxes and penalties. The Company's management is not aware of any circumstances which could give rise to additional tax liabilities.

Litigations

There are no ongoing litigation processes that are material or could result in material losses.

32. COVID-19 pandemic effect

In light of the COVID-19 pandemic's effects on the business environment, measures have been taken to address the most significant coronavirus-related risks throughout the Group's key business units, namely crop growing, dairy production, mushroom growing and fast-moving consumer goods (FMCG).

Additional measures have been taken to ensure the safety of the Group's employees and the continuation of its daily activities. With additional measures applied, all Group companies are operating at the required capacities.

At the market level, agricultural production companies stood out as some of the least affected by the crisis, given the nature of their produce and increased demand from households. However, prolonged restrictions eventually impact all businesses. Later in the year, the mushroom segment was somewhat affected by pandemic caused changes in the market.
Crop growing

The Company's management did not see any significant changes in the crop market. If the pandemic continues and the Group would faces a labour shortage due to high numbers of infected or quarantined persons this risk may be mitigated via temporary employment, as was successfully done in 2020.

Dairy

Milk production has been running at regular capacity and there were no problems with product demand. The management is not seeing at present nor does it forecast a decrease of demand in this segment. However, the risk of labour shortage remains, if the numbers of infected or quarantined persons were to rise dramatically. If this scenario occurs, the Group is ready to mitigate this risk with temporary employment, as was done in 2020.

Mushroom growing

The biggest threat in the mushroom growing segment is related to production, given the labour intensity of the production operations. Therefore, the Company has implemented various measures to ensure the safety of employees and to minimize contact among them. The Group could face a shortage of labour if the number of infected or quarantined persons were to increase dramatically. Labour shortages were successfully compensated with temporary employment from the outside and secondment from other companies of the Group in 2020.

In 2020, several business areas of the segment were negatively affected by the pandemic due to instability in the market:

- sales to wholesalers working with HoReCa decreased,
- sales of mushroom seedbeds to Russia decreased,
- market volatility increased which made it challenging to sell mushrooms at the best fresh mushroom price.

The Group is looking for new export markets for sales diversification and implements efficiency initiatives to reduce costs.

FMCG

The growing demand for long shelf-life packaged products (dairy products, soups, etc.) was observed across all markets. In terms of the associated risks in this segment, these are mainly related to possible interruptions in the supply chain of raw materials that the Group cannot produce in-house.

The Group made a decision do not apply for financial state support programs and paid back downtime subsidies, already received by several companies of the Group.

33. Subsequent events

On 24 February 2021 AUGA group, AB acquired 100% UAB Grain LT shares from another company of the group UAB AUGA Grūduva. As the acquisition of shares was concluded between Group companies, the acquisition will have no material effect on the financial results of the Group. This acquisition is a part of the Company's overall efficiency strategy, which aims to increase operational efficiency and simplify the group's structure and processes. On 6 April 2021 UAB Grain LT share capital was increased by EUR 10 million by capitalized UAB Grain LT's debt to the Company.

* * * *



INDEPENDENT AUDITOR'S REPORT

Independent auditor's report

To the shareholders of AUGA group AB

Report on the audit of the separate and consolidated financial statements

Our opinion

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

Our opinion is consistent with our additional report to the Audit Committee dated 16 April 2021.

What we have audited

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

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

Basis for opinion

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

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

Independence

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

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

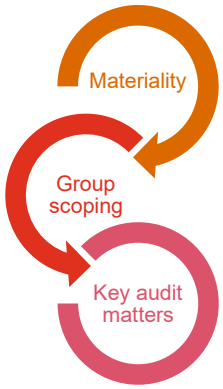
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Company code 111473315, registered with the Legal Entities' Register of the Republic of Lithuania

The non-audit services that we have provided to the Company and the Group, in the period from 1 January 2020 to 31 December 2020, are disclosed in the Note 23 to the separate and consolidated financial statements.

Our audit approach

Overview



- Overall Group and Company materiality: Euro 694 thousand and Euro 693 thousand respectively

- We conducted our audit work at 4 significant reporting units, all located in Lithuania.
- Our audit addressed substantially all of the Group's revenues and assets.

- Valuation of land
- Valuation biological assets and agricultural produce
- Lease term determination and application of discount rate

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

Materiality

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

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

Overall Company materiality	EUR 693 thousand (2019: EUR 603 thousand)
Overall Group materiality	EUR 694 thousand (2019: EUR 711 thousand)
How we determined it	Overall Company materiality was determined as 0.8% of the Company's net assets. Overall Group materiality was determined as 0.8% of the Group's total revenue.

Rationale for the materiality benchmark applied	We chose net assets as the benchmark for overall Company materiality because, in our view, it is the most appropriate measure for the Company as a holding company with no external income. We chose total revenue as the benchmark for overall Group materiality because total revenue is one of the Group's key performance indicators analysed by the management and communicated to the shareholders. Total revenue is also a more stable measure compared to profitability ratio, as it does not depend directly on such external factors as the EU's farming subsidy policy. We chose to apply 0.8% of net assets to overall Company materiality and 0.8% of total revenue to overall Group materiality, which are within the range of acceptable quantitative materiality thresholds for these benchmarks.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above EUR 35 thousand as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of land (Refer to Note 2 *Summary of significant accounting policies*; Note 4 *Critical accounting estimates and assumptions*; Note 5 *Property, plant and equipment*). The carrying value of land as at 31 December 2020 was EUR 62.3 million (including EUR 34.8 million right-of-use assets) (31 December 2019: EUR 60.6 million including EUR 35.3 million right-of-use assets) and gain from fair value adjustments recognised in 2020 amounted to EUR 0.9 million (2019: EUR 3.2 million). For properties comprising 20% of the land value, the management used the work performed by independent external valuers; for the remaining properties, the management performed the valuation itself, using the results of the independent valuation. Valuations are performed by a licensed appraiser with sufficient regularity so that the carrying	Our procedures in relation to the valuation of land by management's valuation expert included as follows: • evaluation of the independent external valuers' competence, capabilities and objectivity; • assessing the methodology that was used and the key assumptions for appropriateness based on our knowledge of the agricultural land market; • checking the input data for accuracy and relevance; • verifying the list of land plots, that were subject to valuation for completeness; • examining the selected independent valuations by obtaining the market prices of agricultural land plots in the same geographical area from an independent source, adjusting them for productivity parameters, and comparing the price per hectare of the selected land plots to that used by the management's valuation expert.

amounts do not differ materially from that which would be determined using the fair values at the end of each reporting period. The valuations took into account evidence of market transactions for properties and locations comparable to those of the Group.

We focused on this area given the materiality of the land and a significant impact of fair value change on the consolidated financial statements. We also focused on this area as the valuations involve significant judgements and the valuation results are highly sensitive to the assumptions underlying those valuations. In particular, key inputs used in valuation were price per hectare and adjustments for differences in key attributes such as land size and productivity.

For the above reason and due to existence of significant estimation uncertainty, we focused on this area during our audit.

As valuations of agricultural land plots involved subjectivity in relation to the assumptions and inputs used by the management, we determined a range of market prices per hectare that were considered to be reasonable and compared them to the market prices per hectare used by the management.

We tested, on a sample basis, whether the management had used the appropriate data from valuations performed by independent valuers, for measurement of the fair value of the remaining properties, based on their location, size and quality.

We also assessed the disclosures in Note 4 to the consolidated financial statement for appropriateness.

Valuation of biological assets and agricultural produce

(Refer to Note 2 *Summary of significant accounting policies*, Note 4 *Critical accounting estimates and assumptions*, Note 10 *Inventory* and Note 9 *Biological assets*)

The carrying amount of biological assets as at 31 December 2020 was EUR 26.7 million (31 December 2019: EUR 25.4 million) and gain from change in fair value recognised in 2020 amounted to EUR 5.2 million (2019 fair value gain amounted to: EUR 3.1 million).

As in previous year, we focused on this area because it involves the management's estimates in determining the fair value of biological assets and agricultural produce, and because of significance of gains from revaluation of harvested crops and livestock in 2020.

Biological assets consist of livestock (including milk cows, heifers and bulls), crops and mycelium cultivation seedbed growing in the Group's farms in Lithuania.

Livestock is measured at the fair value less estimated point-of-sale costs. The fair value of milk cows is determined using the future cash flow forecast model, including the expected cash flows from milk sales and subsequent

We obtained the valuation of livestock of the Group. We traced the input data to the independent market information and tested the key assumptions used in calculating the fair value of livestock.

We also involved our valuation expert to assist us with the assessment of the discount rates used by the management in the discounted cash flows model.

We tested the internal control procedures over the Group's purchase process and allocation of costs to crops and mycelium cultivation seedbed.

For the assessment of the fair value of crops, we reviewed the expected crop yields and compared them to historical information on actual yields, as well as traced the expected sales prices of crops to the available market information.

We also performed a detailed testing over the calculation of the fair value of grain at the point of harvest, by comparing the available market information about the crop prices at the time of harvest and the sales prices agreed with customers, where available, to the prices used by the management.

We performed a detailed testing of the cost of mycelium cultivation seedbed at the balance sheet date.

sale of cows. The fair value of heifers and bulls is determined using the average expected sales price per kg of meat of heifers or bulls, and based on the market research performed by the management.

The fair values of winter crops are based on the expected harvested yield less costs to sell.

Agricultural produce is measured at the fair value at its point of harvest, which reflects the expected market price of the produce, eliminating the costs to sell.

The cost of mycelium cultivation seedbed and other crops approximated the fair value as at 31 December 2020 as only little biological transformation took place. The cost was estimated by allocating all direct and directly attributable indirect costs to the newly seeded other crops and newly cultivated mycelium seedbed.

Lease term determination and application of discount rate

(Refer to Note 2 *Summary of significant accounting policies*, Note 4 *Critical accounting estimates and assumptions*, and Note 18 *Leases*)

The Group has accounted for a right-of-use assets of EUR 35.5 million (EUR 36.2 million as at 31 December 2019) and lease liabilities of EUR 41.2 million as at 31 December 2020 (EUR 43.2 million as at 31 December 2019).

We paid attention to this area during our audit, as the balances recorded were material, the process to identify and process all relevant data associated with the leases was complex and the measurement of the right-of-use asset and lease liability was based on assumptions such as discount rates and the lease terms, including termination and renewal options.

Our audit procedures included analysis of the completeness and accuracy of the new, modified or remeasured lease contracts identified and recorded in the lease accounting system during 2020 and calculation of the right-of-use assets and lease liability:

We obtained an understanding of internal processes around identification of leases and obtained the related lease contracts data

We performed procedures to assess the process of lease term determination and management's assessment whether options to extend a lease are reasonably certain to be exercised, by reviewing the contractual terms and other relevant documents

We challenged management assumptions, specifically on the assumptions used to determine the discount rates;

We assessed the completeness and accuracy of input data used in the calculation by reconciling inputs to the lease contracts and tested them on a sample basis;

For the sample of lease contracts selected, we checked whether the accounting treatment of leases is consistent with the definitions of IFRS 16, including factors such as lease term, discount rate and measurements principles;

	We recalculated on a sample basis the right-of-use asset and lease liability for selected lease contracts and verified the mathematical accuracy of the calculation; -We recalculated for the same sample lease payments, interest and amortisation expenses recognised during the period; We also read the disclosures in the consolidated financial statements regarding right-of-use assets and lease liabilities

How we tailored our Group audit scope

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

The Group comprises the Company and 137 subsidiaries operating in Lithuania (refer to Note 1 *General information*). A full-scope audit was performed by PwC Lithuania for the following significant reporting units:

- AUGA Group AB
- Baltic Champs UAB
- Auga Gruduva UAB
- Grain LT UAB

For other entities of the Group, we carried out audit work on the selected balances and transactions, which were assessed by us as material from the Group audit perspective.

Reporting on other information including the consolidated annual report

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

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

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

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

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

- the information given in the consolidated annual report for the financial year for which the financial statements are prepared, is consistent with the financial statements; and

- the consolidated annual report has been prepared in accordance with the Law of the Republic of Lithuania on Consolidated Financial Reporting by Groups of Undertakings and the Law of the Republic of Lithuania on Financial Reporting by Undertakings.

The Company and the Group presented the social responsibility report as a part of the consolidated annual report.

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events

or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the Company and the Group on 19 May 2016. Our appointment has been renewed annually by shareholders resolution representing a total period of uninterrupted engagement appointment of 5 years.

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

On behalf of PricewaterhouseCoopers UAB

Rimvydas Jogėla
Partner
Auditor's Certificate No.000457

Vilnius, Republic of Lithuania
16 April 2021

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



ANNEXES

ANNEX NO. 1: SUBSEQUENT EVENTS 1 JANUARY 2020 – 16 APRIL 2021

The Company informs of all material events over the CNS system of NASDAQ Vilnius and on the ESPI information system which is operated by Polish FSA, as well as on Electronic Information Base which is operated by Warsaw Stock Exchange.

Announcement date	Announcement header
12.04.2021	AUGA group, AB will organise an Investor Conference Webinar dedicated to retail investors
08.04.2021	Notice on Convocation of the ordinary General Meeting of Shareholders of AUGA group, AB on 30 April 2021
06.04.2021	AUGA group, AB (the Company) increased subsidiary UAB Grain LT (Grain LT) share capital by EUR 10 million by capitalized Grain LT's debt to the Company
01.03.2021	AUGA group, AB presentation of financial results for the 12 months of 2020
26.02.2021	Interim information on AUGA group, AB for the 12-month period ending 31 December 2020
24.02.2021	AUGA group, AB (the Company) acquired 100% UAB Grain LT (Grain LT) shares from another company of the group UAB AUGA Grūduva
23.02.2021	AUGA group, AB will organise an Investor Conference Webinar to introduce unaudited financial results for the 12 months of 2020
17.02.2021	AUGA group, AB Published Green Bond Report
03.02.2021	Dates of periodic information disclosure of AUGA group, AB for the year 2021 (investor calendar)
27.01.2021	Announcement on suspension of AUGA group, AB green bonds trading for one day due to NASDAQ technical change in trading system
01.12.2020	AUGA group, AB presentation of financial results for the 9 months of 2020
01.12.2020	CORRECTION: Report on interim financial results of AUGA group, AB for 9-months period ended 30 September 2020
01.12.2020	Report on interim financial results of AUGA group, AB for 9-months period ended 30 September 2020
26.11.2020	The companies of AUGA group, AB have signed agreements with financial institutions to refinance loans and provide additional limits
24.11.2020	AUGA group, AB will organize an Investor Conference Webinar to introduce unaudited financial results for the 12 months of 2020
16.11.2020	WOOD & Company has published a report on AUGA group, AB
06.11.2020	CORRECTION: Dates of periodic information disclosure of AUGA group, AB for the year 2020 (investor calendar)
02.09.2020	AUGA group, AB presentation of financial results for the 6 months of 2020
31.08.2020	Report on interim financial results of AUGA group, AB for six-months period ended 30 June 2020
28.08.2020	AUGA group, AB will organize an Investor Conference Webinar to introduce unaudited financial results for the 12 months of 2020
01.07.2020	AUGA group, AB enters Australian market
20.06.2020	Enlight Research has published a report on AUGA group
02.06.2020	AUGA group, AB held an investor conference webinar
01.06.2020	AUGA group, AB has published detailed Strategy presentation for investors
31.05.2020	AUGA group, AB presentation of financial results for the 3 months of 2020
29.05.2020	Companies controlled by AUGA group, AB acquired the control of Cooperative company "Grybai LT".
26.05.2020	AUGA group, AB will hold an Investor Conference Webinar to introduce unaudited financial results for the 3 months of 2020
30.04.2020	Decisions of the Ordinary General Meeting of Shareholders of AUGA group, AB which Took Place on 30th April
27.04.2020	INFORMATION FOR MEDIA: AUGA group, AB introduces its five-year strategy: key aims include delivering organic food with no cost to nature and becoming a synonym for sustainability
22.04.2020	AUGA group, AB Notification of transactions by persons discharging managerial responsibilities
22.04.2020	AUGA group, AB progresses with its employee motivation scheme through share options
17.04.2020	Notice on the update of questions of the agenda of the ordinary General Meeting of Shareholders of AUGA group, AB on 30 April 2020 by drafts of decisions and related information
11.04.2020	Notice on the update of questions of the agenda of the ordinary General Meeting of Shareholders of AUGA group, AB on 30 April 2020 by drafts of decisions and related information
08.04.2020	Notice on Convocation of the ordinary General Meeting of Shareholders of AUGA group, AB on 30 April 2020
04.03.2020	AUGA group, AB held an investor conference webinar
28.02.2020	Interim information on AUGA group, AB for the 12-month period ended 31 December 2019
27.02.2020	AUGA group will hold an Investor Conference Webinar to introduce unaudited financial results for the 12 months of 2019
19.02.2020	AUGA group became the first Baltic issuer on the Nasdaq Sustainable Bond Network
28.01.2020	Dates of periodic information disclosure of AUGA group, AB for the year 2020 (investor calendar)

ANNEX NO. 2: AUGA GROUP AB DISCLOSURE CONCERNING THE COMPLIANCE WITH THE GOVERNANCE CODE FOR THE COMPANIES LISTED ON THE REGULATED MARKET IN 2020

The public limited liability company AUGA Group, AB (hereinafter referred to as the "**Company**"), acting in compliance with Article 22 (3) of the Law of the Republic of Lithuania on Securities and paragraph 24.5 of the Listing Rules of AB Nasdaq Vilnius, hereby discloses how it complies with the Corporate Governance Code for the Companies listed on Nasdaq Vilnius as well as its specific provisions or recommendations. In case of non-compliance with this Code or some of its provisions or recommendations, the specific provisions or recommendations that are not complied with must be indicated and the reasons for such non-compliance must be specified. In addition, other explanatory information indicated in this form must be provided.

1. Summary of the Corporate Governance Report:

According to the Articles of Association of Company the governing bodies of the Company are the General Shareholder's Meeting, the Board and CEO. The Company does not have a supervisory board, but supervision functions set by the Law on Companies of the Republic of Lithuania are performed by the Board, which is a non-executive managing body of the Company and is comprised from four independent members: Dalius Misiūnas, Andrej Cyba, Tomas Kučinskas, Murray Steele and Tomas Krakauskas, which meets the independence criteria under the statutory, but at his request and by the decision of the Board, he is not considered independent members due to his employment relationship with Company's minority shareholder UAB "ME Investicija" (holds 8.39% of shares).

There are one committee in the Company - Audit Committee. The Audit Committee is an advisory body of the Board in matters related to accounting, audit, risk management, internal control and internal audit, supervision, budgeting and compliance. The Audit Committee consists of three independent members of the Board. The Company does not have a Nomination and Remuneration Committees as its functions are performed by the Board.

More information about the corporate governance, shareholders' rights, activities of the Board and the Committees are provided in the Consolidated Annual Report of Company for the year ended 31 December 2020 and in structured table of this Corporate Governance report.

2. Structured table for disclosure:

PRINCIPLES/ RECOMMENDATIONS	YES/NO/NOT APPLICABLE	COMMENTARY
Principle 1: General meeting of shareholders, equitable treatment of shareholders, and shareholders' rights **The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders.**		
1.1. All shareholders should be provided with access to the information and/or documents established in the legal acts on equal terms. All shareholders should be furnished with equal opportunity to participate in the decision-making process where significant corporate matters are discussed.	YES	The Company's documents and statutory information are publicly available on the Company's website: https://auga.lt/investuotojams (in Lithuanian and English) All shareholders have equal rights to participate in General Shareholders' Meetings and to take decisions that are important to the Company.
1.2. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all of their holders.	YES	The ordinary registered shares comprising the Company's share capital confer the same rights on all shareholders.
1.3. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	YES	The Company publicly discloses information about the rights attached to newly issued shares. Investors can find out about the rights attached to the shares already issued in the Articles of Association published on the Company's website.
1.4 Exclusive transactions that are particularly important to the company, such as transfer of all or almost all assets of the company which in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders.	YES	Clause 6.4.25 of the Company's Articles of Association stipulates that the any decision on exceptional transactions of major importance, such as the transfer of all or substantially all of the Company's assets, which would effectively entail a disposal of the Company, is within the exclusive competence of the General Meeting of Shareholders.

1.5 Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest.	YES	The venue of the General Meeting of Shareholders is in Vilnius, usually in the conference room of the business center where the Company's registered office is located. The procedures for convening and conducting the General Meeting of Shareholders comply with the provisions of the law and provide shareholders with equal opportunities to participate in the meetings and to have early access to draft decisions and other materials necessary for decision-making.
1.6 With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed.	YES	All information for shareholders and investors is published on the Company's website and in the information systems of the Nasdaq Vilnius Stock Exchange and the Warsaw Stock Exchange in Lithuanian and English (only in English on the Warsaw Stock Exchange).
1.7 Shareholders who are entitled to vote should be furnished with the opportunity to vote at the general meeting of shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	YES	The shareholders of the Company may exercise their right to attend the General Meeting of Shareholders either in person or through a duly authorized representative. They can also vote in advance in writing by filling in a general ballot paper.
1.8 With a view to increasing the shareholders' opportunities to participate effectively at general meetings of shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus provide shareholders with the conditions to participate and vote in general meetings of shareholders via electronic means of communication. In such cases the security of transmitted information must be ensured and it must be possible to identify the participating and voting person.	NO	The Company does not comply with this Recommendation as the Company is currently unable to ensure the security of the information transmitted and to positively establish the identity of the person participating and voting. In the future, the Company will consider the possibility to implement this Recommendation.
1.9 It is recommended that the notice on the draft decisions of the general meeting of shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit company if these issues are included into the agenda of the general meeting of shareholders. Where it is proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial positions held (or proposed) should be provided.	YES	The draft resolutions of the General Meeting of Shareholders, should these questions be included on the agenda of the General Meeting of Shareholders, disclose the proposed nominations of new members of the Board, the proposed remuneration of the Board members, and the proposed appointment of an audit firm. The candidate questionnaires, which are made public and included in the shareholders' meeting materials, include information on the candidates' education, work experience and other positions held.
1.10 Members of the company's collegial management body, heads of the administration or other competent persons related to the company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.	NO	During the General Meeting of Shareholders of the Company on 30 April 2020 and the Meeting to be convened on 30 April 2021, a nation-wide quarantine was/is in force on the territory of the Republic of Lithuania, therefore, in accordance with the security requirements in place, all the shareholders were/are given the opportunity to participate in the meeting in the only way possible – i.e. by filling in a general ballot paper and

		submitting it to the Company in advance. In view of this, the Company was/is not in a position to implement this principle at these General Meetings. After the lifting of the quarantine regime on the territory of the Republic of Lithuania, the Company shall implement this principle.
Principle 2: Supervisory board **2.1. Functions and liability of the supervisory board** **The supervisory board of the company should ensure representation of the interests of the company and its shareholders, accountability of this body to the shareholders and objective monitoring of the company's operations and its management bodies as well as constantly provide recommendations to the management bodies of the company.** **The supervisory board should ensure the integrity and transparency of the company's financial accounting and control system.**		
2.1.1 Members of the supervisory board should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders and represent their interests, having regard to the interests of employees and public welfare.	NOT APPLICABLE	The Company does not have a supervisory board.
2.1.2 Where decisions of the supervisory board may have a different effect on the interests of the company's shareholders, the supervisory board should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed about the company's strategy, risk management and control, and resolution of conflicts of interes.	NOT APPLICABLE	
2.1.3 The supervisory board should be impartial in passing decisions that are significant for the company's operations and strategy. Members of the supervisory board should act and pass decisions without an external influence from the persons who elected them.	NOT APPLICABLE	
2.1.4 Members of the supervisory board should clearly voice their objections in case they believe that a decision of the supervisory board is against the interests of the company. Independent members of the supervisory board should: a) maintain independence of their analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence.	NOT APPLICABLE	
2.1.5 The supervisory board should oversee that the company's tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the long-term interests of the company and its shareholders, which may give rise to reputational, legal or other risks.	NOT APPLICABLE	
2.1.6 The company should ensure that the supervisory board is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting or other experts on matters pertaining to the competence of the supervisory board and its committees.	NOT APPLICABLE	
2.2. Formation of the supervisory board **The procedure of the formation of the supervisory board should ensure proper resolution of conflicts of interest and effective and fair corporate governance**		
2.2.1 The members of the supervisory board elected by the general meeting of shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance between the qualifications of the members of the supervisory board, it should be ensured that members of the supervisory board, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks.	NOT APPLICABLE	

2.2.2 Members of the supervisory board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience.	NOT APPLICABLE	
2.2.3 Chair of the supervisory board should be a person whose current or past positions constituted no obstacle to carry out impartial activities. A former manager or management board member of the company should not be immediately appointed as chair of the supervisory board either. Where the company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.	NOT APPLICABLE	
2.2.4 Each member should devote sufficient time and attention to perform his duties as a member of the supervisory board. Each member of the supervisory board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the supervisory board. Should a member of the supervisory board attend less than a half of the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof.	NOT APPLICABLE	
2.2.5 When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company-related circumstances.	NOT APPLICABLE	
2.2.6 The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders.	NOT APPLICABLE	
2.2.7 Every year the supervisory board should carry out an assessment of its activities. It should include evaluation of the structure of the supervisory board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its objectives. The supervisory board should, at least once a year, make public respective information about its internal structure and working procedures.	NOT APPLICABLE	
Principle 3: Management Board **3.1. Functions and liability of the management board** **The management board should ensure the implementation of the company's strategy and good corporate governance with due regard to the interests of its shareholders, employees and other interest groups.**		
3.1.1 The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy.	YES	In April 2020, the Board of the Company approved the Company's strategy, which was presented at the General Meeting of Shareholders on 30 April 2020 and is publicly available on the Company's website in Lithuanian and English. During the General Meeting of Shareholders on 30 April 2020, the Board of the Company presented its comments on the implementation of the Company's strategy together with the materials of the General Meeting.
3.1.2. As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the articles of association of the	YES	The Board, as the collegial governing body of the Company, performs the functions

company, and in such cases where the supervisory board is not formed in the company, it performs *inter alia* the supervisory functions established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development.		assigned to it by the law and the Articles of Association of the Company. In accordance with the requirements of the Law on Joint-Stock Companies of the Republic of Lithuania, the Board, among other functions, also performs supervisory functions. Board meetings ensure effective oversight of the company's activities. The duties of this collegial body are in line with those laid down by Lithuanian law as required for an issuer whose securities are traded on a regulated market. In carrying out its functions, the Board takes into account the needs of the Company, its shareholders, employees and other stakeholders, and has as its primary objective the creation of a sustainable business.
3.1.3 The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers.	YES	The Company's internal policies are approved by the Company's Board, and their implementation is discussed at Board meetings where the Company's Board hears reports on the implementation of these policies. The Company has adopted the following policies: • Code of Business Ethics • Environmental Policy • Policy on Human Rights, Non-Discrimination, Child and Forced Labour • Animal Welfare Policy • Suppliers' Code of Conduct • Policy on Prevention on Corruption and Conflicts of Interest • Occupational Safety and Health Policy The Company establishes risk management and control measures to ensure regular and direct accountability of the management. One such measure is the appointment of the Company's internal auditor, who is appointed by the Company's Board and reports directly to the Company's Audit Committee.
3.1.4 Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance[1] on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.	YES	Please refer to 3.1.3
3.1.5 When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence.	YES	In appointing the Chief Executive Officer of the Company, the Board aims to ensure an appropriate balance of qualifications, experience and competence.
3.2 Formation of the management board		
3.2.1 The members of the management board elected by the supervisory board or, if the supervisory board is not formed, by the general meeting of shareholders should collectively ensure the required diversity of qualifications,	YES, except gender equality	The members of the Company's Board are elected by the General Meeting of Shareholders. The members of the Board

[1] Link to the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance: https://www.oecd.org/daf/anti-bribery/44884389.pdf

professional experience and competences and seek for gender equality. With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the management board, it should be ensured that the members of the management board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks.		nominated and elected by the General Meeting of Shareholders are qualified and competent to perform their functions and have many years of experience in such activities, as evidenced by the information on Board members' education, experience and other positions held, which is publicly available on the Company's website. The Company does not ensure gender balance as there are no women on the Board.
3.2.2 Names and surnames of the candidates to become members of the management board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest should be disclosed without violating the requirements of the legal acts regulating the handling of personal data at the meeting of the supervisory board in which the management board or individual members of the management board are elected. In the event that the supervisory board is not formed, the information specified in this paragraph should be submitted to the general meeting of shareholders. The management board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the company's annual report.	YES	The questionnaires of candidates for the Board, containing information about their education, qualifications, professional experience, positions held and involvement in other companies, are presented together with the draft resolutions to the General Shareholders' Meeting and are published as a material event notice so that shareholders can have access to this information before the General Meeting. These details about the current members of the Board are also provided in the Company's Annual Report each year.
3.2.3 All new members of the management board should be familiarized with their duties and the structure and operations of the company.	YES	Upon election, all new members of the Board are briefed on the Company's activities and their main responsibilities, as well as on the legal requirements. Each year, a tour of the subsidiaries is organized for Board members to enable the Board to gain a better insight into the Company's operations. Board members are also regularly informed about changes in legislation and other developments that may have an impact on the company's operations.
3.2.4 Members of the management board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience and sufficiently frequent reconfirmation of their status.	YES	All Board members are appointed for a fixed term of two years, with the possibility of individual re-election for another term.
3.2.5 Chair of the management board should be a person whose current or past positions constitute no obstacle to carry out impartial activity. Where the supervisory board is not formed, the former manager of the company should not be immediately appointed as chair of the management board. When a company decides to depart from these recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision.	YES	The Chairman of the Board is an independent member of the Board who has no connection with the Company or its controlling shareholder.
3.2.6 Each member should devote sufficient time and attention to perform his duties as a member of the management board. Should a member of the management board attend less than a half of the meetings of the management board throughout the financial year of the company, the supervisory board of the company or, if the supervisory board is not formed at the company, the general meeting of shareholders should be notified thereof.	YES	Members of the Company's Board actively participate in Board meetings and devote sufficient time to their duties as Board members. All Board members have attended the vast majority of Board meetings.
3.2.7 In the event that the management board is elected in the cases established by the Law where the supervisory board is not formed at the company, and some of its members will be independent[2], it should be announced which members of the management board are deemed as	YES	All five members of the Board meet the criteria of independence provided for in the Law; however, at the request of Mr. Tomas Krakauskas and by the decision of the Board, Mr. Tomas Krakauskas is not

[2] For the purposes of this Code, the criteria of independence of the members of the board are interpreted as the criteria of unrelated persons defined in Article 33(7) of the Law on Companies of the Republic of Lithuania.

independent. The management board may decide that, despite the fact that a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company-related circumstances.		considered to be independent due to his working relationship with the Company's minority shareholder *UAB "ME investicija"* (which holds 8.39% of the Company's shares).
3.2.8 The general meeting of shareholders of the company should approve the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board.	YES	The remuneration of the members of the Board is approved by the Company's General Meeting of Shareholders.
3.2.9 The members of the management board should act in good faith, with care and responsibility for the benefit and the interests of the company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to no-compete agreements and they should not use the business information or opportunities related to the company's operations in violation of the company's interests.	YES	To the best of the Company's knowledge, all members of the Board act for the Company's benefit and with the Company's interests in good faith, and not their own personal interests or those of third parties. To the best of the Company's knowledge, the members of the Board do not pursue any personal interests in their decision-making. The performance contracts concluded with the members of the Board contain provisions on the absence of conflict of interest, in addition to confidentiality and non-competition obligations.
3.2.10 Every year the management board should carry out an assessment of its activities. It should include evaluation of the structure of the management board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the management board, and evaluation whether the management board has achieved its objectives. The management board should, at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.	YES	The Board has carried out a self-assessment in 2020. Information on the structure of the Board is provided in the Company's Annual Report and is published on the Company's website.
Principle 4: Rules of procedure of the supervisory board and the management board of the company **The rules of procedure of the supervisory board, if it is formed at the company, and of the management board should ensure efficient operation and decision-making of these bodies and promote active cooperation between the company's management bodies.**		
4.1 The management board and the supervisory board, if the latter is formed at the company, should act in close cooperation in order to attain benefit for the company and its shareholders. Good corporate governance requires an open discussion between the management board and the supervisory board. The management board should regularly and, where necessary, immediately inform the supervisory board about any matters significant for the company that are related to planning, business development, risk management and control, and compliance with the obligations at the company. The management board should inform he supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.	NOT APPLICABLE	The Company does not have a Supervisory Board.
4.2 It is recommended that meetings of the company's collegial bodies should be held at the respective intervals, according to the pre-approved schedule. Each company is free to decide how often meetings of the collegial bodies should be convened but it is recommended that these meetings should be convened at such intervals that uninterruptable resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter.	YES	Board meetings are convened in accordance with a pre-agreed schedule and are normally held at least once a month, or by written ballot where urgent decisions are required.
4.3 Members of a collegial body should be notified of the meeting being convened in advance so that they would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion	YES	In accordance with the Board's Rules of Procedure, members of the Board receive a notice about the meeting, the agenda of

could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the company require immediate resolution.		the meeting and all materials relating to the matters to be discussed at the meeting at least 5 days in advance. The agenda is not normally changed during a meeting unless all members of the Board are present, or unless the absent members have indicated that they agree to the change of agenda.
4.4 In order to coordinate the activities of the company's collegial bodies and ensure effective decision-making process, the chairs of the company's collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and close cooperate in resolving other matters related to corporate governance. Meetings of the company's supervisory board should be open to members of the management board, particularly in such cases where issues concerning the removal of the management board members, their responsibility or remuneration are discussed.	NOT APPLICABLE	The Company does not have a Supervisory Board.
Principle 5: Nomination, remuneration and audit committees **5.1. Purpose and formation of committees** **The committees formed at the company should increase the work efficiency of the supervisory board or, where the supervisory board is not formed, of the management board which performs the supervisory functions by ensuring that decisions are based on due consideration and help organise its work in such a way that the decisions it takes would be free of material conflicts of interest.** **Committees should exercise independent judgment and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body.**		
5.1.1 Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory functions, establishes committees. It is recommended that the collegial body should form the nomination, remuneration and audit committees[3].	NO	The Company's Board has established an Audit Committee but has not formed Remuneration or Nomination Committees.
5.1.2 Companies may decide to set up less than three committees. In such case companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees.	YES	The Company does not have Nomination and Remuneration Committees, as the independent Board partly covers the functions of these committees in the exercise of its functions. The Board of the Company appoints the Chief Executive Officer of the Company, determines his/her remuneration and makes recommendations to the Chief Executive Officer of the Company on the appointment and remuneration of persons in senior positions. The Rules of Procedure of the Company's Board stipulate that committees are to be formed only from members of the Board, however, in the presence of a five-member Board, the Company does not consider it expedient to form more than one committee.

[3] The legal acts may provide for the obligation to form a respective committee. For example, the Law on the Audit of Financial Statements of the Republic of Lithuania provides that public-interest entities (including but not limited to public limited liability companies whose securities are traded on a regulated market of the Republic of Lithuania and/or of any other Member State) are under the obligation to set up an audit committee (the legal acts provide for the exemptions where the functions of the audit committee may be carried out by the collegial body performing the supervisory functions).

5.1.3 In the cases established by the legal acts the functions assigned to the committees formed at companies may be performed by the collegial body itself. In such case the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole.	YES	Please refer to answer 5.1.2.
5.1.4 Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.	YES	The Audit Committee is composed of three members, all of whom are independent members of the Board. The Chairman of the Audit Committee is not the Chairman of the Board.
5.1.5 The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.	YES	The functions and duties of the Audit Committee are set out in the Regulation of Audit Committee approved by the Board of the Company. The Audit Committee reports regularly to the Board. The above information on the Audit Committee is published on the Company's website and in the Annual Report.
5.1.6 With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee.	YES	The Audit Committee has the right to invite to its meetings the General Manager of the Company, member/members of the Management Board, Chief Financial Officer, employees responsible for finance, accounting and treasury issues, external auditors and other persons whose participation is necessary to discuss the issues provided by the Audit Committee
5.2. Nomination committee		
5.2.1 The key functions of the nomination committee should be the following: 1) to select candidates to fill vacancies in the membership of supervisory and management bodies and the administration and recommend the collegial body to approve them. The nomination committee should evaluate the balance of skills, knowledge and experience in the management body, prepare a description of the functions and capabilities required to assume a particular position and assess the time commitment expected; 2) assess, on a regular basis, the structure, size and composition of the supervisory and management bodies as well as the skills, knowledge and activity of its members, and provide the collegial body with recommendations on how the required changes should be sought; 3) devote the attention necessary to ensure succession planning.	NOT APPLICABLE	
5.2.2 When dealing with issues related to members of the collegial body who have employment relationships with the company and the heads of the administration, the manager of the company should be consulted by granting him/her the right to submit proposals to the Nomination Committee.	NOT APPLICABLE	

5.3. Remuneration committee		
The main functions of the remuneration committee should be as follows: 1) submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of the administration for approval. Such policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so; 2) submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned; 3) review, on a regular basis, the remuneration policy and its implementation.	NOT APPLICABLE	
5.4 Audit committee		
5.4.1 The key functions of the audit committee are defined in the legal acts regulating the activities of the audit committee[4].	YES	The core functions and duties of the Company's Audit Committee are consistent with those set out in this Recommendation.
5.4.2 All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The heads of the company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches.	YES	The Regulation of Audit Committee provides for the right of Audit Committee members to receive this information, and the Audit Committee Members are presented with it.
5.4.3 The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.	YES	Please refer to answer 5.1.6.
5.4.4. The audit committee should be informed about the internal auditor's work program and should be furnished with internal audit reports or periodic summaries. The audit committee should also be informed about the work program of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group.	YES	The internal auditor and external auditors present their work plans and reports to the Audit Committee on a regular basis.
5.4.5 The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.	YES	The functions of the Company's Audit Committee, as set out in the Regulation of Audit Committee approved by the Board, comply with the indicated Recommendation.
5.4.6 The audit committee should submit to the supervisory board or, where the supervisory board is not	YES, except that Audit	The Committee informs the Company's Board of its activities and performance by

[4] Issues related to the activities of audit committees are regulated by Regulation No. 537/2014 of the European Parliament and the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, the Law on the Audit of Financial Statements of the Republic of Lithuania, and the Rules Regulating the Activities of Audit Committees approved by the Bank of Lithuania.

formed, to the management board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved.	Committee did not submit its half-yearly report)	submitting a written report on its activities before the Company's Annual Reports are submitted for approval to the Company's General Meeting of Shareholders. In 2020 the Audit Committee did not submit its half-yearly report.
Principle 6: Prevention and disclosure of conflicts of interest **The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism of disclosure of conflicts of interest related to members of the supervisory and management bodies.**		
Any member of the company's supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the company which elected him/her or the company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.	YES	This Recommendation is respected, as ensured by the provisions of the Board's Rules of Procedure, which stipulate that Board members must avoid any conflict of interest and, in the event of such a conflict, immediately inform the Board of the conflict. To the best of the Company's knowledge, there have been no cases of conflicts of interest involving Board members or CEO to this date.
Principle 7: Remuneration policy of the company **The remuneration policy and the procedure for review and disclosure of such policy established at the company should prevent potential conflicts of interest and abuse in determining remuneration of members of the collegial bodies and heads of the administration, in addition it should ensure the publicity and transparency of the company's remuneration policy and its long-term strategy.**		
7.1 The company should approve and post the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy.	YES	The Company's Remuneration Policy was approved by the General Meeting of Shareholders of 30 April 2020 and is published on the Company's website. The Company's Remuneration Policy applies to the CEO and the Board.
7.2 The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.	YES	The Company's Remuneration Policy covers all forms of remuneration applied by the Company.

7.3 With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.	YES	The remuneration of the members of the Board of is fixed and is approved by the General Meeting of Shareholders.
7.4 The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in general should not be higher than the non-variable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.	YES	The Remuneration Policy provides sufficient detail on the CEO's remuneration policy. The severance pay provisions in the Remuneration Policy are in line with these Recommendations.
7.5 In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares.	YES	The Company's Remuneration Policy applies only to the Board and the Chief Executive Officer. Board members do not participate in any incentive schemes. The CEO may be entitled to stock option schemes. The purpose of share option schemes is to create long-term value for shareholders and to increase the motivation and loyalty of the CEO to the company. The Remuneration Policy for the CEO is in line with these Recommendations.
7.6 The company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the company's remuneration policy, compared to the previous financial year.	YES	Please refer to answer 7.1. In accordance with the statutory procedure, the Company will publish its Remuneration Report together with the Annual Report.
7.7 It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the general meeting of shareholders. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the general meeting of shareholders.	YES	The Company's Remuneration Policy is approved and amended by the General Meeting of Shareholders. The Company's rules for granting stock options are approved and amended by the General Meeting of Shareholders.
Principle 8: Role of stakeholders in corporate governance **The corporate governance framework should recognize the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between companies and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle the concept "*stakeholders*" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interests in the company concerned.**		
8.1 The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.	YES	The Company respects all the rights of stakeholders protected by law, which enables stakeholders to participate in the management of the company. More information on this in provided in the Company's Sustainable Business Report.

8.2 The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company's authorized capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc.	YES	Senior management staff attend meetings of the Company's Board. This enables the Company's employees to have influence on decisions important for the Company. The Company conducts employee surveys to better understand their attitudes towards their work and to identify strengths and areas for improvement. The Company also carries out specific community surveys. In the cases provided for by law, the Company would ensure that stakeholders are able to participate in the management of the Company.
8.3 Where stakeholders participate in the corporate governance process, they should have access to relevant information.	YES	When the Company's employees participate in Board meetings, they are provided with all necessary information relating to agenda items. The company continuously educates its employees on climate change topics, elaborates the main issues and explains the technologies being developed, so that every employee can make the maximum contribution to the changes being pursued.
8.4 Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function.	YES	The Company operates a special e-mail address, etika@auga.lt, through which any stakeholder can anonymously report illegal or unethical practices. If such notifications were received, the Board would be informed immediately.
Principle 9: Disclosure of information **The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company.**		
9.1 In accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following:	YES	Please refer to each individual point separately.
9.1.1 operating and financial results of the company;	YES	Disclosed on the Company's website and in Interim and Annual Reports.
9.1.2 objectives and non-financial information of the company;	YES	Disclosed quarterly in Interim and Annual Reports.
9.1.3 persons holding a stake in the company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary;	YES	Disclosed on the Company's website and in Interim and Annual Reports.
9.1.4 members of the company's supervisory and management bodies who are deemed independent, the manager of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration;	YES	Disclosed on the Company's website and in Interim and Annual Reports.
9.1.5 reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities;	YES	Depending on the nature of the information, this information is disclosed on the Company's website and/or in Interim and/or Annual Reports.
9.1.6 potential key risk factors, the company's risk management and supervision policy;	YES, except that The Company does	Risk factors are disclosed in Interim and Annual Reports.

	not have a risk management and monitoring policy	The Company does not have a risk management and monitoring policy.
9.1.7 the company's transactions with related parties;	YES	Disclosed on the Company's website and in Interim and Annual Reports.
9.1.8 main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the company's shares or share options as incentives, relationships with creditors, suppliers, local community, etc.);	YES	Disclosed on the Company's website and in Interim and Annual Reports.
9.1.9 structure and strategy of corporate governance;	YES	Disclosed on the Company's website and in Interim and Annual Reports.
9.1.10 initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects. This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not exempt companies from their obligation to disclose information as provided for in the applicable legal acts.	YES	The information is published about the Company and by a consolidated basis for the whole group.
9.2 When disclosing the information specified in paragraph 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies.	YES	This information is disclosed.
9.3 When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and the manager of the company should be disclosed, as provided for in greater detail in Principle 7.	YES	Disclosed on the Company's website and in Interim and Annual Reports.
9.4 Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.	YES	The Company provides information to shareholders, investors and stock exchanges to the same extent and simultaneously in the Lithuanian and English languages and makes it available to the public in both Lithuanian and English on its website and via the information systems of the Nasdaq Vilnius Stock Exchange and the Warsaw Stock Exchange (in the case of the Warsaw Stock Exchange, only in English).
Principle 10: Selection of the company's audit firm **The company's audit firm selection mechanism should ensure the independence of the report and opinion of the audit firm.**		
10.1 With a view to obtain an objective opinion on the company's financial condition and financial results, the company's annual financial statements and the financial information provided in its annual report should be audited by an independent audit firm.	YES	An independent audit firm audits the consolidated set of annual financial statements of the Company and its group of companies in accordance with the International Financial Reporting Standards applicable in the European Union. The audit firm also conducts a review of the Annual Report.
10.2 It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not	YES	The nomination of the audit firm is proposed to the General Meeting of

formed at the company, by the management board of the company.		Shareholders by the Board of the Company.
10.3 In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders.	YES	Expenditure on audit services is approved by the General Meeting of Shareholders. In the course of 2020, the Company (its group companies) commissioned the following services from the auditors: • Advice on the application of the provisions of the Law on Corporate Income Tax – EUR 750 • Editorial review of the English version of the financial statements template – EUR 3,135 These non-audit services provided by the auditors do not materially affect the audit and the independence of the auditors and comply with the requirements of the specific provisions for statutory audits of public-interest entities and repealing Commission Decision 2005/909/EC.