AUGA GROUP, AB

Consolidated Annual Report,
Consolidated and Separate Financial Statements and Independent Auditor's Report for the Year ended 31 December 2021

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1. OVERVIEW

1.1. CEO's foreword

Dear AUGA community,

The world is currently facing more than a few crises – COVID-19 has far from disappeared, climate change is only getting worse, and we are now on the side-lines of a war in Europe. The latter event has united the whole Western world like never before. Therefore, I have hope that we will be able to maintain this focus and use it to deal with climate change, because we simply cannot continue working as we have until now – sustainability must be at the core of all businesses and organisations.

Global organisations such as the Intergovernmental Panel on Climate Change (IPCC) declare that today we do not have any other alternatives than finding solutions to combat climate change. Otherwise, the whole world will reach a point where processes become irreversible. We are already feeling this problem affecting us, AUGA group can confirm this with its own experience of extreme weather conditions through summer 2021.

Financially, 2021 was challenging for AUGA group. We suffered financial losses, mainly due to low crop yields caused by heatwaves in the summer. We also experienced technical challenges that prevented us from achieving the desired results in the mushroom and dairy segments. COVID-19 negatively impacted our output especially in the manual labour heavy mushroom segment and the disruption in logistics caused by the pandemic created additional challenges for product exports to foreign markets.

Despite the difficult situations in key business segments, in 2021, AUGA group made significant progress in developing technological projects that will eventually allow us to work more sustainably and more efficiently. Our group of companies managed to take an important step – we developed and introduced the world's first zero-emission hybrid biomethane electric tractor for professional use. The strong interest expressed by international media from 25 countries proves the timeliness and relevance of this solution. The tractor developed by AUGA group also earned regional recognition at the Baltic Sustainability Awards, where it was named the best green innovation of the year. We plan to deploy these tractors in our fields as early as 2022. Their use on AUGA group farms will be an important step in reducing future emissions by all companies of the Group.

In 2021, AUGA group managed to reduce its total operating emissions by 6%. It is important to note that technological projects under development have not yet contributed to this reduction in emissions – it was mainly due to lower yields and decreased consumption of fuel and other resources. The objectives set by the Group during the reporting year were presented for evaluation to Science Based Targets Initiative. We have received confirmation that AUGA group's commitment to reducing its operational emissions by 27% by 2025 is in line with science-based emission reduction targets to halt global warming at 1.5 °C.

Last year, Group continued to pay attention to social responsibility and its employees – we continued our stock options programme, took care of the safety of our employees in the working environment, and their health in a responsible way by providing additional health insurance.

Adherence to good practices in the sustainable governance part remains an important priority for AUGA group. So, in 2021 we elected a new Independent Board. We are glad that the vision of our group of companies encourages more and more investors to contribute their capital to the future solutions of AUGA group – the number of investors increased by 35.5% in 2021 compared to the previous year. The good practices of sustainable governance by AUGA group were not overlooked on the national scale – the Lithuanian Business Confederation awarded AUGA group for fair and transparent activities in the social responsibility awards.

Although 2021 was challenging, these setbacks and lessons learned laid a solid foundation for the coming years. In 2022, we plan to launch biomethane production, complete testing of specialised feed technology, and we have already secured funding for this. 2022 will be a significant starting point for our transformation into an AgTech company, and we aim for this to become a real breakthrough in the implementation of a sustainable agricultural model. It will also enable us to produce sustainable food for consumers with no cost to nature, and those consumers will be able to contribute to the fight against climate change in their daily choices.

The technologies developed today by AUGA group's research and development team can help solve the technological bottlenecks in agriculture, as we have already done with the first zero-emission tractor and continue with the development of specialised feed technology. We will strive to test and adapt our technological prototypes at our farms as soon as possible. We are also pursuing a bigger goal – we see that the technologies we are developing are relevant and significant on a global scale, so we will do our utmost to ensure that proven food production solutions can be applied as soon as possible to the activities of other farmers who want to work more sustainably. Today, our mission and the focus of our activities are to bring these technologies to the world and to implement, together with the community, a significant change in the fight against climate change.

Kęstutis Juščius
CEO, AUGA group

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1.2. AUGA group at a glance

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

1,233 employees

39.1 th. ha of arable land

4 business segments

71.7 million EUR revenue

9.1 million EUR EBITDA

The first distributor of **green bonds** in the Baltic States among fully privately-owned companies listed in Nasdaq

2,528 shareholders

Listed on Nasdaq Vilnius

111 th. tons of crop production sold

26 th. tons of dairy sold

12 th. tons of mushrooms sold

Products are sold in 38 countries

70 % of sales is export

GRI 102-10

1.3. Business model

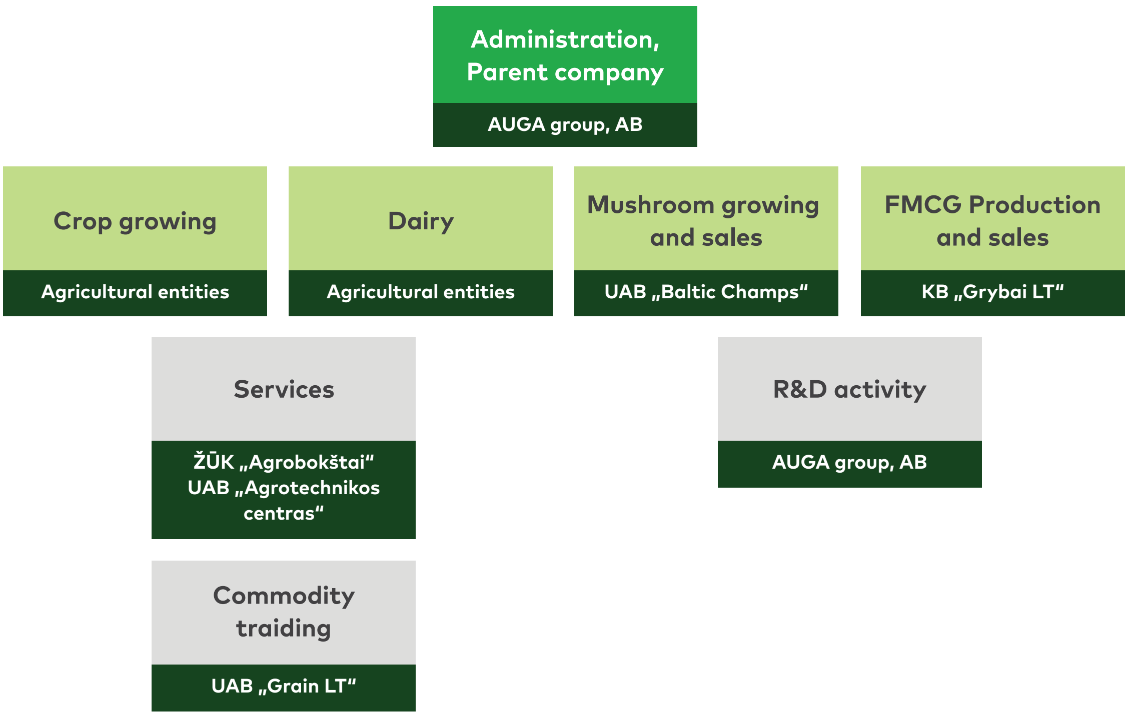
AUGA group, AB, (hereinafter – the Company) and its subsidiaries (hereinafter – the Group, AUGA group) operates in Lithuania (headquarters – Konstitucijos ave. 21C, Vilnius). AUGA group is the largest vertically integrated organic food producer in Europe. The group of companies develops a sustainable farming model in the organically certified arable land that is based on new technologies.

AUGA group operates in four main business segments:

- **Crop growing** - the Group's companies grow organic wheat, legumes, rapeseed, sugar beets, and other crops. The Group also grows organic vegetables and prepares organic feed for livestock.
- **Dairy** - this segment of the Group 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 AUGA group is one of the largest producer of mushrooms in the Baltic region. The Company supplies white and brown champignons, oyster, portobello, eringi, and shiitake mushrooms, as well as compost for mushroom growing.
- **Fast-moving consumer goods (FMCG)** – the Group offers a wide range of end-consumer products 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 also produces private labels. This segment is of strategic importance for the Group, and is currently the fastest-growing segment. AUGA products are based on innovative food production standards and growing global consumer demand for healthier and more sustainable.

In its strategy AUGA group is committed to become an agricultural technology (AgTech) company by 2025. To achieve this goal, the Group is investing in R&D and developing technologies that will help address the negative environmental impact of agriculture, i.e greenhouse gasses emitted by this sector. This developing AgTech business segment is one of the Group's top priorities, enabling its transformation from an agricultural company to a technology-based company.

AUGA group is distinguished by the variety of its activities. The Group consists of the following companies, grouped by business segments or activities important to the business:



The Group develops its operations in more than 39 th. ha of arable land in the most fertile areas of Lithuania. 11.8% of the land is owned by the Group. AUGA group gains efficiency of returns through the leasing of land rather than low returns as an owner.

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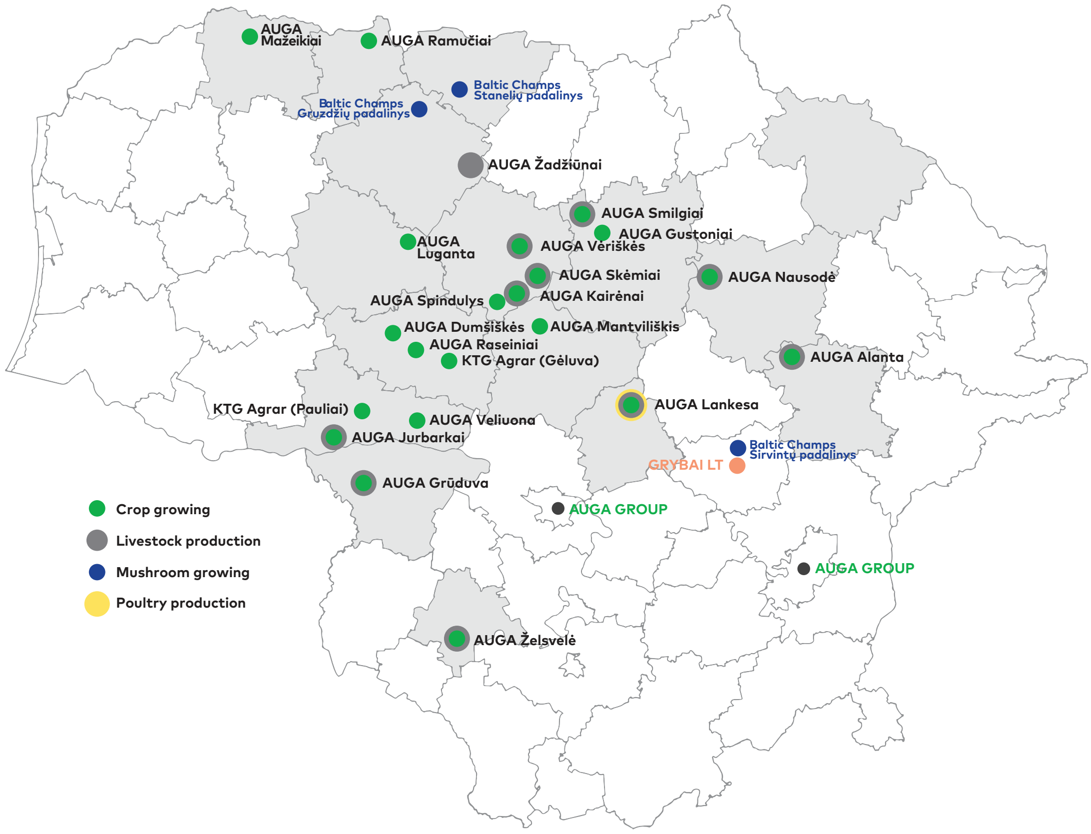
All Group activities take place in Lithuania. The location of Groups' headquarters and operations are shown on the map below:



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 applied min-till technology in almost 100% of its fields, all divisions of the Group are supplied with certified green electricity or produce it themselves. The Group's farms implement a closed-loop agricultural model that links different business segments. Commodities (fodder crops) grown in the crop segment are used as animal feed and straw for the production of mushroom compost. In the dairy segment, the organic waste (manure) generated from its activities is used as fertilizer in crop production and to produce compost in the mushroom growing segment. In 2022, it is planned to integrate biogas production in a closed-loop model.

The Group's competitive advantages:

- **Economies 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, ir allows AUGA group to gain a significant cost advantage.

- **Vertical integration** – the Group operates on a 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 that products are of consistently high quality. This helps to gain and maintain trust from private label producers, retailers, as well as the final consumers of branded AUGA products.

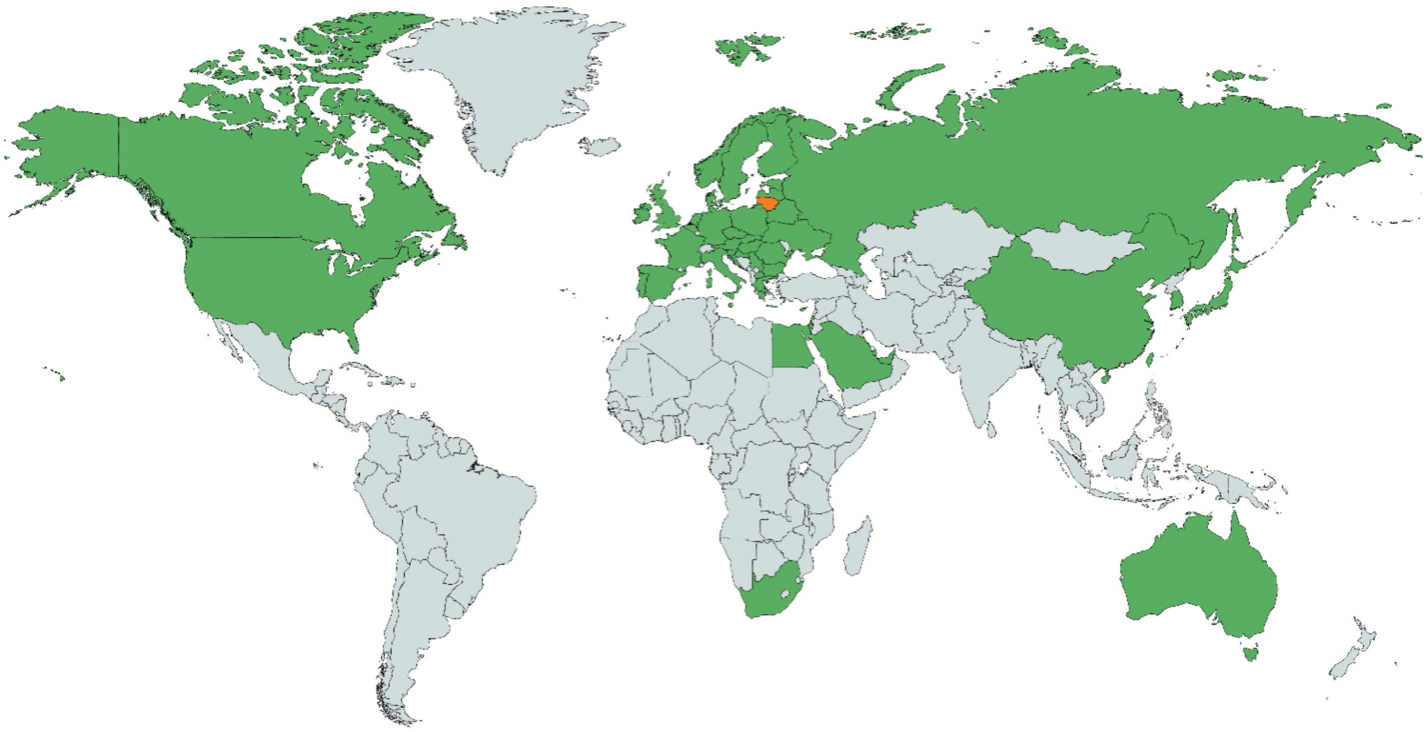
- **Synergies among different branches of agriculture** - the closed-loop agriculture model, due to its integration with the dairy and mushroom growing segment, creates the possibility to obtain sufficient quantities of organic farming compliant fertilizers (manure) for crop growing. Crop production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

- **Creating and integrating technologies into practice** - modern technologies are the key to future global progress in curbing climate change. By developing innovative solutions in agriculture that are not available on the market today, the Group aims to develop a sustainable farming standard and breakthrough throughout the whole food system.

The Company exports its products to **38 countries around the world**. The most important export markets of AUGA group are: the USA, Germany, Japan, Netherlands, the United Kingdom, and the Scandinavian countries.

Export of products to Russia and Belarus in 2021 accounted for <0.5% of total sales, and in 2022 the projects with this market were discontinued.

A map of export markets in 2021 is presented below:



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AUGA end-consumer product portfolio

Ready-to-eat soups

Preserved pulses and mushrooms

Grain products and rapeseed oil

Fresh mushrooms

Fresh vegetables

Dairy products

Eggs

People

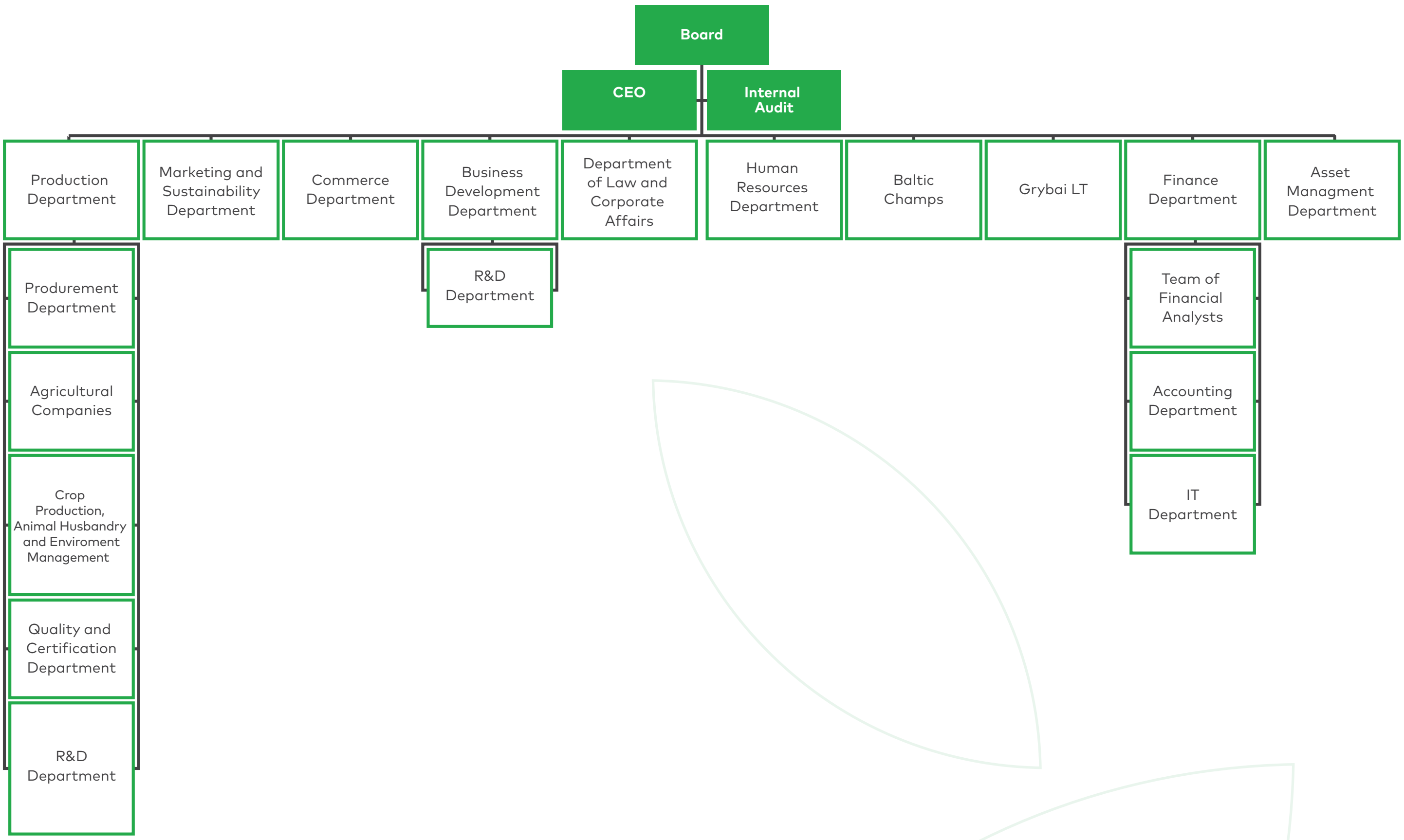
The team of AUGA group employees includes professional agricultural specialists with many years of experience, technology engineers, professionals in finance, marketing, sales and other fields.

As of December 31, 2021, the total number of employees in AUGA group was 1,233 including those on parental leave (34 employees).

Number of employees			
	2021	2020	2019
Managers	62	63	56
Specialists	210	205	144
Workers	927	968	949
Total*:	**1,199**	**1,236**	**1,149**

*The table shows data excluding employees on parental leave.

Organisational structure of the Group:



More information about the Group's staff can be found in the 2021 Sustainability Report.

1.4. Strategy

In 2020, AUGA group announced its strategy to improve efficiency in all business segments and set a standard for sustainable farming. The Group is pursuing the latter goal, as the agricultural sector in which it operates is one of the largest polluters in Lithuania and the world. According to the Food and Agriculture Organization (FAO) at the United Nations, about a quarter of global greenhouse gas emissions come from agriculture. Therefore, in view of this problem and the growing need of consumers to eat more sustainably, AUGA group is paying great attention to this in its strategy.

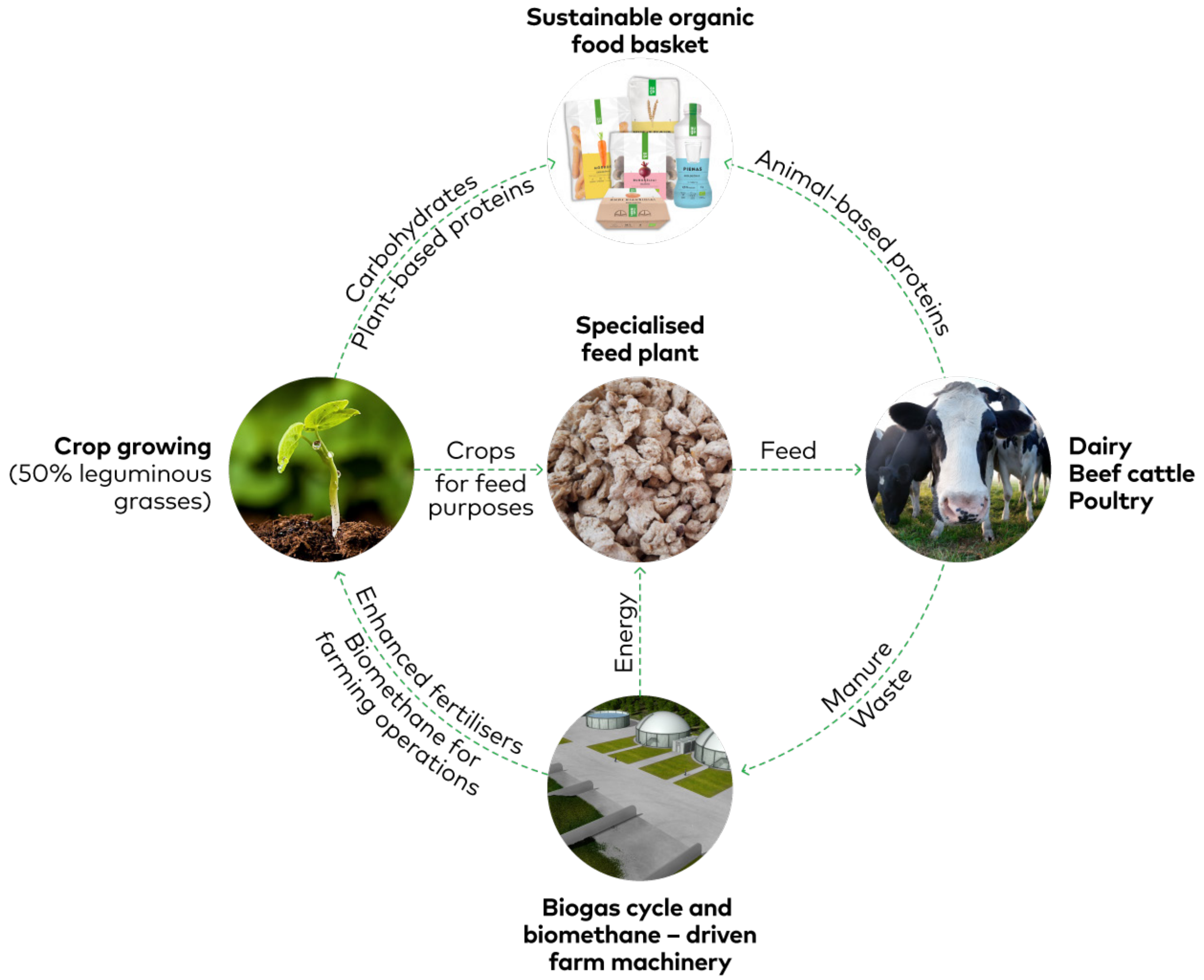
The announced strategy envisages the development of a new model for sustainable organic food production, the Sustainable Organic Food Architecture (SOFA), which will be integrated into the Group's current circular economy model. SOFA will help address the most pressing technological challenges in the food industry while maintaining a momentum of scale, quality and yield growth.

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

- **Biogas cycle infrastructure and biogas powered vehicles** which will enable farm operations to run without fossil fuels, using manure not only as a fertilizer but also as a source of biofuel production. 50% less emissions from fossil fuel use on farms will be achieved. The first result achieved by AUGA group is a biomethane and electric zero-emission tractor for professional use designed and presented in 2021. Read more in the R&D section.

- **Specialised feed technology** which will improve milk yield and 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.



The goals of the innovation agenda

The goals of AUGA group's innovation agenda are to significantly reduce greenhouse gas emissions from to 2019 to 2025 (overall emission reduction target of 27%) and to become a climate-neutral player in the organic food market by 2030.

AUGA group will be recognized as an asset-light business based on agricultural technology (AgTech). The Group plans to apply its developed technology not only to AUGA group farms. Innovative solutions and a sustainable agriculture experience will be made available to farmers around the world who are seeking to work sustainably.

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

- **To consumers** – ability to deliver a consumer basket with the least cost to nature.
- **To farmers** – functionality of Sustainable Organic Food Architecture, which reduces carbon dioxide and its equivalent 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.

1.5. Vision, mission, values

With the release of the new strategy, AUGA group has updated its vision, mission and values, which are in line with the Group's day-to-day operations, goals and pursued results. Sustainability has become the core of its vision and mission.

VISION — a synonym for sustainable food and lifestyle.

MISSION — to deliver organic food with no cost to nature.

AUGA group is guided by the following values in its operations: sustainability, innovation and positive impact.

Sustainability

We care not only about reducing our footprint on the environment, and our corporate social responsibility, we are also developing 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. Risk management

The Risk Management Guidelines were approved by the Company's Audit Committee and the independent Board in 2021. Each year, the Group performs an assessment of the main risks and draws up a risk assessment map. In its risk assessment, the Group took into account both risk probability and risk significance.

The main risks identified for the Group are:

Climate conditions: Climate conditions are one of the most important risk factors for agricultural activity. Poor or unfavorable meteorological conditions have a significant impact on productivity and may adversely affect the yield of agricultural products, hurt the preparation of feed, destroy crops, and cause other damage. Any damage caused by adverse climate conditions can negatively affect the performance of the Group.

Prices of agricultural products. The Group's revenue and performance depend on a number of factors, including prices of raw materials for agricultural production, which are beyond the Group's control. Agricultural product prices are strongly influenced by various factors that are difficult to predict and are not dependent on the Group (weather conditions, state policy in agriculture, changes in global demand due to demographic changes, changes in living conditions, competitive products in other countries). Factors such as climate conditions, infections, pest infestations, national agricultural policies in different countries, and so on can have a significant impact on the supply and prices of primary agricultural products. Changes in demand for key agricultural raw materials may be affected by various international and local programs implemented in accordance withthe national agricultural policies as well as variations in global demand due to demographic shifts and changes in living conditions in different countries around the world. These factors can cause significant fluctuations in the prices of agricultural products and may therefore have a negative impact on the Group's activities, financial situation, and performance.

Changes in EU subsidies: The Group generates significant revenues from EU subsidies, which is important for the continuity of its activities. If, for any reason, these subsidies were to be terminated or reduced, this could have significant consequences for many of the Group's activities, including reduced cash flows and profitability of its operating activities, a decrease in the value of land and investment property, as well as possible value drops on property, facilities, or equipment. Significant changes in EU subsidy programmes could also threaten the long-term continuity of the Group's activities.

Postponing the implementation of strategic projects. The Group is currently in a transition period and several key projects related to the development of biogas infrastructure, the development of specialised feed technologies, and regenerative crop rotation are crucial for the implementation of the Group's long-term strategy. In developing these projects, the Group faces the following risks:

- insufficient innovation or unsuitability for practical or market use;
- lack of skills in project management;
- lack of human resources.

Liquidity risk. The Group's business model requires high working capital and the production cycle of the crop segment is long and the sales volume of crop production fluctuates over the years. Therefore, the Group faces significant fluxes in working capital needs.

Increase in land leasing costs. The Group leases 88.2% of the farmland used by AUGA group. We believe that in the long term, leasing land instead of managing it allows us to use the available resources more efficiently and ensures a higher return for the Group's shareholders. However, the increase in inflation in 2021 put pressure on lease price growth.

Risk of disease. The Group's activities are related to property of plant or animal origin. Diseases can have a direct impact on the Group's results, production quantity and quality, write-offs. Bovine epidemic diseases (e.g.: bovine spongiform encephalopathy, commonly known as mad cow disease), any other diseases, bacteria, etc. can reduce the demand for such products, fearing possible consequences. Such changes can aggravate the Group's financial situation.

This risk is particularly significant for the mushroom segment due to the high concentration of production capacity in one location.

Discrepancy in investment volumes vs needs. Currently, AUGA group is in a transition period: the Group needs to ensure the development of existing activities, the implementation of efficiency programmes and the Group's long-term strategy. Both areas require investments, the financing of which depends on the Group's results, market situation, and other external factors.

Increase in production costs. In 2021, inflation was fixed at 4.7% in Lithuania, with average wages rising by 10.74 %. Fuel, wages, leasing of land and agricultural machinery are significant cost components in the Group's activities, so it is necessary to ensure cost growth control and compensate for the increase in costs by increasing efficiency and sales prices.

Financing risk: Organic agriculture requires a lot of working capital. A significant level of the Group's borrowed capital could have material consequences, such as:

- the Group's access to additional financing for working capital, investments, acquisitions, debt servicing, etc. can be restricted;
- the Group's flexibility to adapt to changing market conditions can be limited;
- while certain restrictions in credit agreements relating to business and financial matters are specific to such financing transactions, they can still limit the Group's ability to borrow more funds, pledge assets, and/or engage in other types of mergers or transactions, which to a certain extent can limit the possibilities for active development and possibly reduce the competitive advantage in the future;
- possible restrictions on the extension of the maturities of existing financial liabilities.

AUGA group understands that it has an impact on the environment, social and economic areas through its development. The main topics of the impact are listed in the section Materiality assessment of sustainability criteria.

Financial and capital risks are described in more detail in Note 3 to the financial statements.

The impact of the COVID-19 pandemic is disclosed in Note 32 to the financial statements.

GRI 102-15

2. RESULTS

2.1. Overall performance

AUGA group, AB and its subsidiaries' have experienced a setback in terms of financial results in 2021. The main reason was the heatwaves that occurred during the summer which caused a decrease in the yields of most cultures grown as part of the agricultural segment.

Sales revenue of the Group amounted to EUR 71.72 million in the 12-month period of 2021. This marks a 14% fall on the equivalent period of the year before, when sales revenue was EUR 83.07 million. Revenue decreased in the agricultural and mushroom growing segments, while the revenues of dairy and FMCG segments have increased by EUR 0.66 million and EUR 1.31 million accordingly.

The Group's gross profit reached EUR 3.95 million in 2021. This demonstrated a 75% decrease compared to the same period last year (2020), when gross profit amounted to EUR 15.77 million. The Group's net loss accounted for EUR 15.44 million during the 12 months of 2021, compared to a EUR 1.79 million profit a year earlier. The Group's EBITDA amounted to EUR 9.10 million in 2021, representing a 56% fall compared to the previous year, when EBITDA was EUR 20.83 million.

In the table below the main financial figures of the Group are provided for the three-year period from 2019 to 2021 in th. EUR.

Main performance indicators of the Group	2021	2020	2019	Variance 2021/2020, %	Variance 2020/2019, %
Revenues	71,721	83,073	71,134	-14%	+17%
Direct subsidies	12,858	9,987	7,234	+29%	+38%
Gross profit (loss)	3,952	15,773	9,847	-75%	+60%
Operating profit (loss)	(9,819)	6,896	1,009	n/a	+583%
Finance costs	(6,459)	(5,547)	(5,000)	+16%	+11%
Net profit (loss) (including IFRS 16 effect)	(15,435)	1,792	(3,218)	n/a	n/a
EBITDA (including IFRS 16 effect)	9,101	20,834	17,119	-56%	+22%
Net cash flow from operating activities	10,930	13,373	5,415	-18%	+147%
Net cash flow from operating activities before changes in working capital	11,979	10,814	9,653	+11%	+12%
Total non-current assets	155,130	147,590	144,676	+5%	+2%
Total current assets	57,149	66,112	62,047	-14%	+7%
Total equity	78,980	92,816	90,075	-15%	+3%
Total non-current liabilities	88,414	78,907	61,321	+12%	29%
Total current liabilities	45,085	41,979	55,327	+7%	-24%
Non-current and current financial debt (including IFRS 16 effect)	102,984	94,541	93,993	+9%	+1%
Adjusted working capital	28,531	41,953	40,161	-32%	+4%
EBITDA margin, % (including IFRS 16 effect)	12.69	25.08	24.07	-49%	+4%
Operating margin, %	(13.69)	8.30	1.42	n/a	+485%
Gross margin, %	(21.52)	2.16	(4.52)	n/a	n/a
ROE, %	(17.79)	1.96	(3.54)	n/a	n/a
ROA, %	(7.24)	0.85	(1.70)	n/a	n/a
ROCE, %	(13.37)	4.81	0.78	n/a	+517%
P/E ratio	(6.54)	56.35	(25.72)	n/a	n/a
Debt/EBITDA (including IFRS 16 effect)	11.32	4.54	5.49	+149%	-17%
Equity ratio (excluding IFRS 16 effect)	0.37	0.43	0.44	-15%	-0%
Current ratio	1.27	1.57	1.12	-20%	+40%

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.

2.2. Business segments

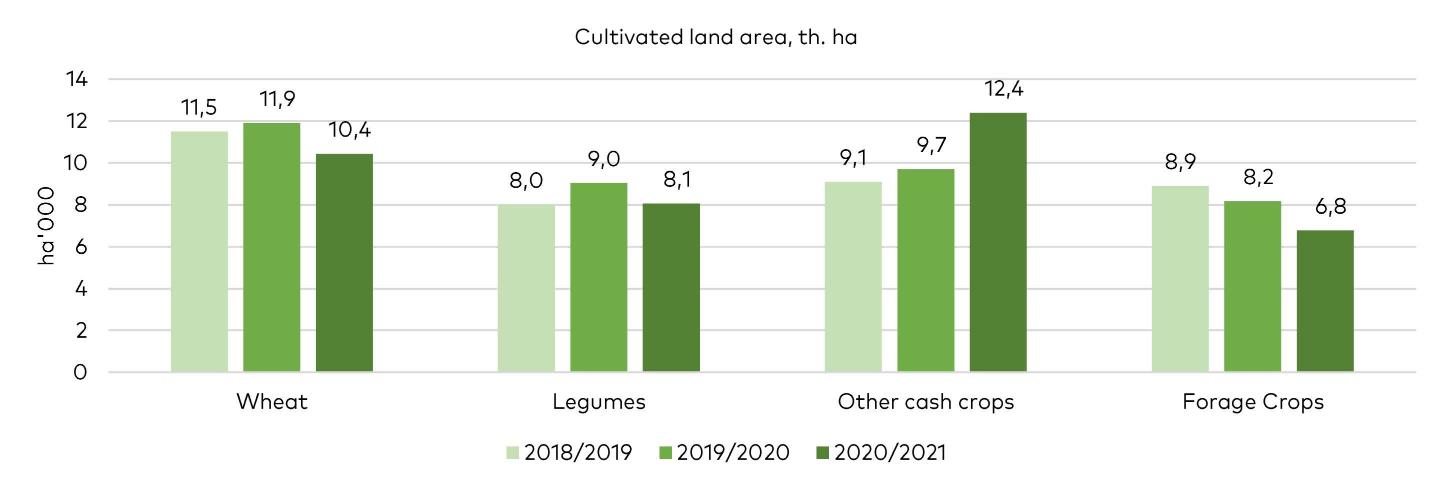
Crop growing segment overview

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 2020/2021

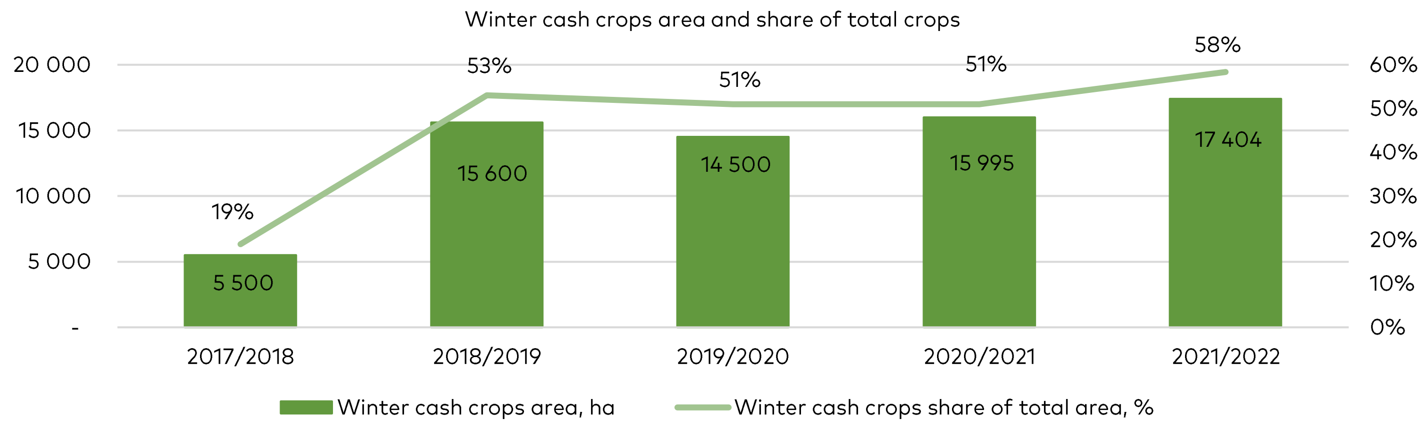
The total cultivated land area by the Group amounted to 39.1 thousand hectares (ha) in the 2020/2021 season and is slightly less than the cultivated area in the 2019/2020 season. In the 2020/2021 season, 30.9 thousand ha is seeded with cash crops (30.6 thousand in the 2019/2020 season) out of which 10.4 thousand ha is dedicated to wheat, 8.1 thousand ha to legumes and 12.4 thousand ha to other cash crops. The majority – 8.9 thousand ha out of total 10.4 thousand ha – of wheat was winter wheat, which is a similar proportion to the season of 2019/2020 as winter crops usually have higher yield potential compared to summer alternatives. Forage crops comprises 6.8 thousand ha in the 2020/2021 season compared to 8.2 thousand ha in the 2019/2020 season.

By the end of reporting period (31 December 2021), all cultures of the 2020/2021 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.

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 2021 were favourable for sowing and other preparatory land works for the season of 2021/2022. As a result, seeding and land preparation works for winter cash crops to be sown in the season of 2021/2022 were completed on time. In 2021, the Group sowed around 17.4 th. ha of cash crops – winter wheat, winter rye, winter rapeseed and seed clover - which will be harvested in 2022. This represent 58% of total cash crops area to be sown in the season of 2021/2022. For comparison, in the 2020/2021 season around 16 th. ha of winter cash crops were sown in the autumn of 2020. The condition of the cash crops at the reporting date is good. Mild weather during winter months should not have an adverse impact on the seeded crops. Extreme colds or newly fallen layers of snow are not expected. Favourable autumn weather also allowed for proper cultivation of the land and preparation for summer crop sowing in the spring 2022. As a result, the Group is well prepared for the season of 2021/2022 and positive about next year harvest potential.



As of the 31 December 2021 the Group performed the revaluation on biological assets at fair value for cultures to be sown in 2022. 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 price per tonne – cultivated area in ha * forecasted total cost per ha) * T * (1 - x), where:
2021.

- 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 previous season's results, updated according to the most recent data.
- Forecasted price per tonne – average sales prices in contracts adjusted according to the developments in the market.
- Forecasted total cost per ha. Actual costs accrued at the end of the period, adjusted for growth in the main cost components by 5%.
- 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 2021, the average completion percentage estimated for current season crops 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.

It should be noted that the fair value of forage crops even at its point of harvest is measured at production cost incurred on forage crop. In other words, forage crop production cost is used as a measure of the fair value of that forage crop since there is no active market for forage crops and there is no reliable data to calculate market price of the forage crops. Due to this the net result on revaluation of forage crops is equal to zero.

The table below provides harvested land plot by crop group in 2020/2021, 2019/2020 and 2018/2019 seasons. Land plot of wheat and legumes slightly decreased in the season of 2020/2021 compared to previous period and constituted 60% of all cash crops land plot compared to 68% in the previous season.

Harvested land plot by culture group, ha	12-month of 2021	12-month of 2020	12-month of 2019	Variance 2021/2020, %	Variance 2020/2019, %
Wheat	10,441	11,896	11,503	-12%	+3%
Legumes	8,056	9,035	8,039	-11%	+12%
Other cash crops	12,397	9,664	9,129	+28%	+6%

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	12-month of 2021	12-month of 2020	12-month of 2019	Variance 2021/2020, %	Variance 2020/2019, %
Wheat	786	818	884	-4%	-7%
Legumes	802	805	792	0%	+2%
Other cash crops	1,085	1,139	1,176	-5%	-3%

Cost of legumes remained at the similar level in the season of 2020/2021 compared to previous season, while the cost of wheat per hectare in 2020/2021 season decreased compared to last year. Cost of legumes remained at the same level as in previous year as some cost increased while other decreased – land tillage cost has increased while cleaning and drying along with seeds cost have decreased. Cost of wheat has decreased in 2021 due to reduced organic fertilizer costs and reduced cleaning and drying costs as the harvest amount was lower compared to previous season. As wheat and other cash crops constitute 74% of all cash crops in Group's crop structure, decreasing wheat growing cost is an important milestone in improving crop growing segment results.

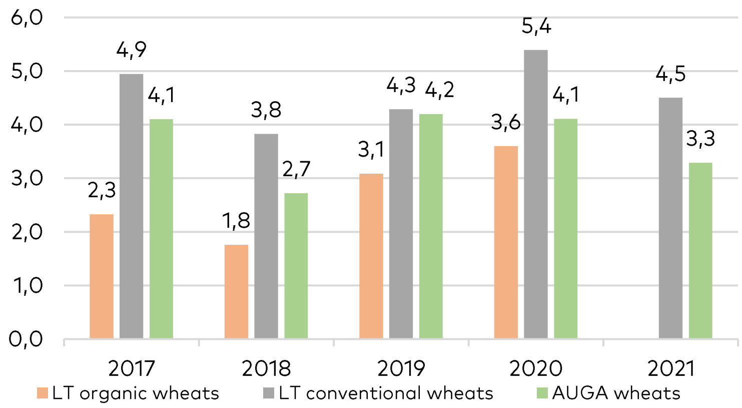
The table below depicts wheat, legume and other cash crops yields in the 2020/2021 and past two seasons. Wheat yield in 2020/2021 was 3.27 t/ha which is 20% lower than the yield of wheat in the previous year. Legumes yield in 2021 decreased by 60% compared to previous year from 2.7 t/ha to 1.09 t/ha. Yield decreased due to weather conditions in June and July - average temperature in June was second highest since 1961, while average temperature in July was the highest in the previous 60 years. A relatively low yield was produced as plants stop growing when the air temperature reaches 25–27 °C. During the heatwave in Lithuania, the nights were too hot for dew to form, thus, the plants did not have the right conditions to revive overnight. Legumes along with other summer cultures were affected the most.

Average yield, t/ha	12-month of 2021	12-month of 2020	12-month of 2019	Variance 2021/2020, %	Variance 2020/2019, %
Wheat	3.27	4.11	4.21	-20%	-2%
Legumes	1.09	2.70	1.67	-60%	+62%
Other cash crops	5.72	9.72	8.24	-41%	+18%

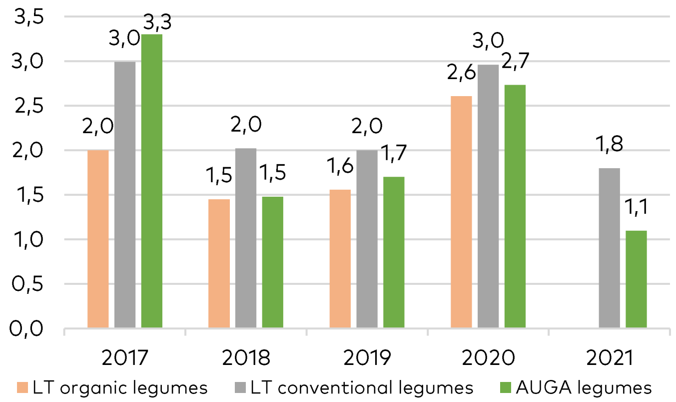
The Group has anticipated a higher yield this year. As can be seen from the table below, actual wheat yield was 20% lower, while the yield of legumes was 64% lower compared to the expected yield at the beginning of harvesting.

Average yield in the season of 2020/2021, t/ha	Forecasted result for the season of 2020/2021	Actual result for the season of 2020/2021	Variance, %
Wheat	4.11	3.27	-20%
Legumes	3.07	1.09	-64%
Other cash crops	7.93	5.72	-28%

As can be seen from the data presented, Group's average wheat and legumes yields in 2021 were lower compared to the yields achieved in conventional farming. Extreme weather conditions had negative impact on the Group crops, especially on legumes as organic farms are more sensitive to extreme weather. It should be noted that according to the requirements imposed to the organic farms, the Group is entitled to harvest certain amount of legumes land plot. For implementation of the Group's long-term strategic goals, it is very important to achieve organic agriculture crop yields as close as possible to country's average conventional agriculture yields. Therefore, one of the Group's goals established in the long- term strategy is to substitute up to 50% of cash crops with leguminous grasses by 2025. Leguminous grasses are less sensitive to hot weather that are expected in the future as a result of climate change.



Wheat yield in Lithuania, t/ha



Legumes yield in Lithuania, t/ha

NOTE: The data of LT organic farms for 2021 has not yet been published.
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 depicts comparison of wheat, legumes and other cash crops prices at which the harvest was evaluated (at fair value) in the seasons of 2020/2021, 2019/2020 and 2018/2019. It should be noted that at the time of the publication of the financial statements for the four quarters of 2021, significant part of the 2020/2021 season harvest has already been sold or contracted at fixed prices, therefore fair value of the crops was estimated based on average contract prices.

Average price of 1 tonne of crop, eliminating sales costs, EUR/t	12-month of 2021	12-month of 2020	12-month of 2019	Variance 2021/2020, %	Variance 2020/2019, %
Wheat	241	208	243	+16%	-15%
Legumes	347	353	357	0%	-1%
Other cash crops	189	174	181	+9%	-4%

As can be seen from the data above, the price of 1 tonne of wheat in the season of 2020/2021 increased by 16% compared to previous season. The increase is partly related to better quality of the wheat harvest – the Group harvested 55% of food wheat and 45% feed wheat. The prices of legumes slightly decreased in the season of 2020/2021. Average price of legumes has decreased as the structure of the legumes harvest changed – the proportion of beans, which is more expensive crop than peas, has decreased.

Due to poorer crops harvest in the market, market prices started to grow in August. However, part of Group's cash crops are contracted before the harvesting in order to manage risk. As the yield of certain crops fell by about 60%, the Group dedicated almost all the harvest to cover previous contracts. Thus, increase in legumes market price will not significantly impact the harvest result. However, rising market prices had a positive impact on the crop growing segment result in the 4th quarter when the remaining uncontracted harvest has been sold at higher prices.

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	12-month of 2021	12-month of 2020	12-month of 2019	Variance 2021/2020, %	Variance 2020/2019, %
Wheat	2	35	217	-93%	-84%
Legumes	(422)	148	(195)	n/a	n/a
Other cash crops	(10)	550	324	n/a	+70%

Average gain per 1 hectare from wheat decreased in the season of 2020/2021 compared to previous season due to poorer harvest. However, the Group succeeded in cutting wheat growing costs while the market prices grew, which helped to diminish negative impact of decreased harvest. Legumes result in the season of 2020/2021 was significantly worse compared to previous seasons. Loss from legumes were influenced by poor harvest – yield was 60% lower compared to previous year. Poor harvest resulted from extreme heat waves in the summer. 8 out of 13 other cash crops were subject to a decreased yield.

Average total cost of forage crops per hectare of cultivated land in 2020/2021 season, was 826 Eur/ha or 8% more than in 2019/2020 season, when they amounted 767 Eur/ha. The increase of costs per 1 ha of forage crops is attributed to a decrease of land dedicated to growing forage crops. In 2021 the area used for forage crops is 15% smaller compared to the previous year.

Forage crops results	12-month of 2021	12-month of 2020	12-month of 2019	Variance 2021/2020, %	Variance 2020/2019, %
Cost per 1 ha cultivated land, EUR/ha	826	767	721	+8%	+12%
Average yield, t/ha	7.57	7.39	6.10	+2%	+24%

As of 31 December 2021, the Group recognized a EUR 3.49 million loss on the initial recognition of biological assets at fair value. It should be noted that as of 31 December 2020 Group has already recognised a loss of EUR 2.02 million on the initial recognition of biological assets at fair value for the 2020/2021 season's crops. Group has also calculated a EUR 2.33 million gain on the initial recognition of biological assets at fair value. Therefore, the total loss on revaluation of biological assets at fair value for the year 2021 is EUR 3.18 million.

Crops value, EUR million	12-month of 2021	12-month of 2020	12-month of 2019	Variance 2021/2020, %	Variance 2020/2019, %
Gain (loss) on revaluation of biological assets at fair value (harvest of the 2020/2021 season)	(5.51)	5.67	3.83	n/a	+48%
Gain (loss) on revaluation of biological assets at fair value (crops sown in the 2021/2022 season)	2.33	2.02	1.45	+15%	+39%
Total gain (loss) on revaluation of biological assets at fair value	**(3.18)**	**7.69**	**5.28**	**n/a**	**+46%**

Crop growing segment sales results

Total revenue generated from sales in the crop growing segment amounted to EUR 23.56 million in 2021. This is a 33% decrease in revenue compared to 2020, when sales revenue was EUR 35.25 million. Sale decreased due to the following reasons: (1) smaller share of previous season's harvest was sold in 2021 compared to 2020, while the harvest of 2018/2019 was sold in 2019 and 2020 in similar proportions; (2) the harvest in the 2020/2021 season is significantly lower compared to the 2019/2020 season.

Crop growing segment results, EUR million	12-month of 2021	12-month of 2020	12-month of 2019	Variance 2021/2020, %	Variance 2020/2019, %
Sales revenue	23.56	35.25	29.49	-33%	+20%
Cost of sales	25.15	36.12	30.45	-30%	+19%
Inventory write-offs	4.05	1.39	1.54	+191%	-10%
Result of sales of agricultural produce	**(5.64)**	**(2.26)**	**(2.49)**	**-150%**	**+9%**

The crop growing segment's sales cost for the 12-month of 2021 amounted to EUR 25.20 million versus EUR 36,12 million in 2020. The cost of sales in 2021 were impacted by a one-off event – additional drying and cleaning cost of clover seeds and inventory impairment (EUR 0.77 million). Total agricultural produce inventory write-offs during the 12-month of 2021 amounted to EUR 4.05 million compared to EUR 1.39 in the equivalent period of 2020 due to additional write-offs and changes in internal pricing of forage crops.

Agricultural subsidies and gross profit of the crop growing segment

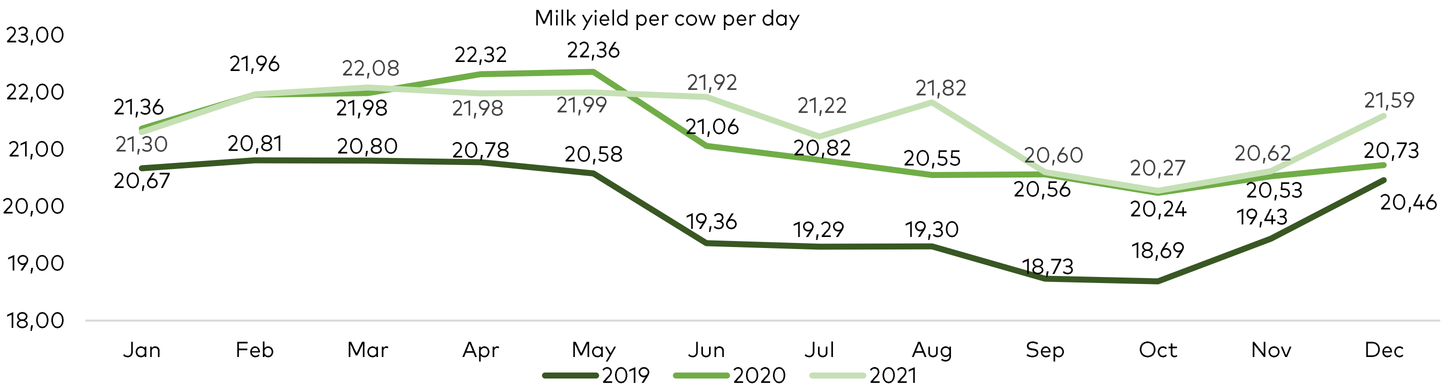
Total amount of agricultural subsidies accrued for 12-month of 2021 was EUR 9.69 million compared to EUR 7.45 million during the same period in 2020. Accrued subsidies amount is based on calculations according to the latest information available on subsidising programmes regulations for 2021. Increase in subsidies amount in 2021 is mainly related with increased organic subsidies. Due to changes in subsidizing programme the Group will be entitled to receive organic subsidies for all organic crops declared while in the previous year the Group received organic subsidies only for part of its crops.

In 2021, gross result 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 a EUR 0.89 million loss, compared to gross profit of EUR 12.94 million in the previous year. The loss mainly resulted from the poor harvest in 2021.

Gross profit of crop growing segment, EUR million	12-month of 2021	12-month of 2020	12-month of 2019	Variance 2021/2020, %	Variance 2020/2019, %
Gain (loss) on revaluation of biological assets at fair value recognised in reporting period	(3.16)	7.69	5.28	n/a	+46%
Result of sales of agricultural produce	(5.64)	(2.20)	(2.49)	-156%	+12%
Subsidies	9.69	7.45	5.19	+30%	+43%
Gross profit	**0.89**	**12.94**	**7.98**	**-93%**	**+62%**

Dairy segment overview

Total sales revenue of the dairy segment amounted to EUR 13.61 million in 2021. This compares to total sales of EUR 12.95 million in 2020 and represents a 5% increase. The Group faced challenges in production at the beginning of the year, and milk yield did not reach the desired result during the first half of the year. Nevertheless, due to the initiatives focusing on efficiency improvement, the results were improved in the second half of the year. Average milk yield in 2021 was 21.45 kg per cow per day compared to 21.21 kg per cow per day in 2020 (1% increase). Despite fluctuations of sales in new markets and increased internal milk usage, higher production capacities have contributed to the growth of sold milk volumes – from 25.38 thousand tonnes in 2020 to 25.69 thousand tonnes in 2021 (1% increase).



In the 12-month of 2021 the average price of milk sold was around EUR 416 per tonne or 5% higher comparing to the same period last year when it was EUR 397 per tonne. Average milk price increased due to the larger share of organic milk sold, sales to new markets and rising market prices at the end of the year.

The share of milk sold at organic production prices reached 98% in the 12-month of 2021 compared to 94% during the same period in 2020. The share of milk sold at organic prices had been steadily growing from the beginning of 2019 and currently falls in the range of 95-100%.

The dairy segment's cost of sales amounted to EUR 13.15 million during the 12-month of 2021 compared to EUR 12.56 million during the same period last year (5% increase). The cost of milk increased due to changes in feeds structure.

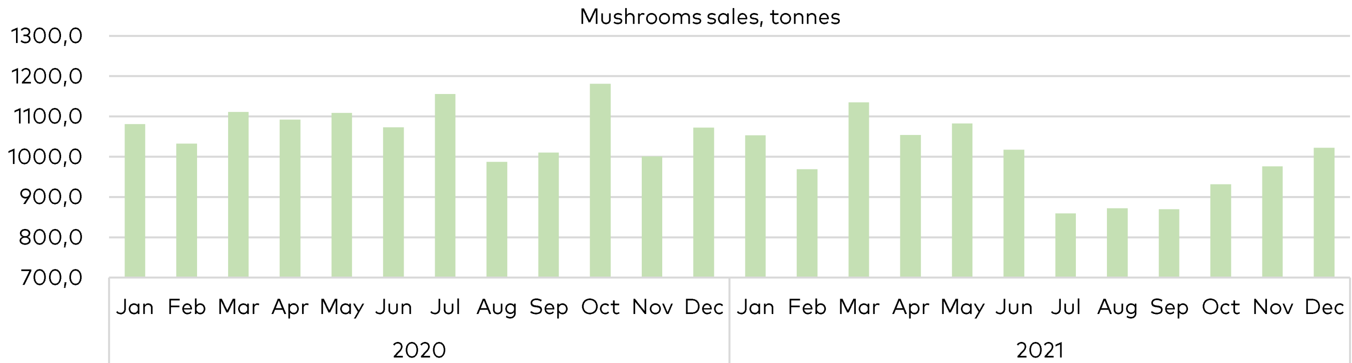
During the 12-month of 2021, a loss of EUR 2.77 million was incurred on the revaluation of biological assets (animal herd). In comparison, a EUR 2.52 million loss was incurred during the same period a year earlier. The Group is seeking to increase milk yields per cow, which would allow to increase the production quantities and reduced costs. In order to achieve higher milk yields and the quality of cow herd in general, aged cows are substituted with more productive ones. Write-offs of aged cows increased loss from revaluation of biological assets. The substitution began in 2020 and continues throughout 2021.

Gross profit of EUR 0.85 million was recorded in the dairy segment, compared to a EUR 0.4 million gross profit in 2020. Difficulties in the production process and increased loss from revaluation from biological assets (animal herd) did not allow to fully reach expected results. However, consistent attention to this segment, herd renewal, favorable market conditions and the use of new technologies have all contributed to the improvement of the segment's results in the second half of the year.

	12-month of 2021	12-month of 2020	12-month of 2019	Variance 2021/2020, %	Variance 2020/2019, %
Total quantity of products sold, t	**27,053**	**26,799**	**25,891**	**+1%**	**+4%**
Milk, t	25,685	25,384	24,492	+1%	+4%
Dairy commodities, t	624	714	667	-13%	+7%
Cattle, t	743	700	732	+6%	-4%
Revenue, EUR million	**13.61**	**12.95**	**12.05**	**+5%**	**+12%**
Milk, EUR million	10.69	10.07	9.42	+6%	+7%
Dairy commodities, EUR million	2.02	2.13	1.91	-5%	+12%
Cattle, EUR million	0.90	0.75	0.72	+20%	+4%
Cost of sales, EUR million	**13.15**	**12.56**	**12.62**	**+5%**	**-0,5%**
Milk, EUR million	10.36	9.75	9.93	+6%	-2%
Dairy commodities, EUR million	1.89	2.07	1.97	-9%	+5%
Cattle, EUR million	0.90	0.75	0.72	+20%	+4%
Revaluation of biological assets, EUR million	**(2.77)**	**(2.52)**	**(2.19)**	**-10%**	**-14%**
Subsidies, EUR million	**3.17**	**2.53**	**2.04**	**+25%**	**+24%**
Gross profit, EUR million	**0.85**	**0.40**	**(0.72)**	**+113%**	**n/a**

Mushrooms segment overview

The results of the mushroom segment were impacted negatively due to challenges in the production process and COVID-19 pandemic, which caused a decrease in production capacities. The Group has consistently increased its production volumes in the fourth quarter and, as a result, has restored the production volumes by the end of 2021.



Sales in the mushroom growing segment were lower compared to previous year and amounted to EUR 28.36 million during the 12-month of 2021. In the equivalent period in 2020, sales in this segment were EUR 30 million. The revenue from mushroom sales were lower by EUR 1.64 million as the volume of mushrooms produced was 12,002 tonnes compared to 12,906 tonnes in the 12-month period of 2020. The Group experienced this decrease due to disruptions in the production processes which were caused by extremely high temperatures during the summer and an increased number of COVID-19 cases. Revenue from mushroom seedbed sales decreased by EUR 1.15 million as the sales channel to Russia closed and restrictions due to COVID-19 were imposed.

During the 12-month period of 2021, the share of organic mushrooms decreased and amounted to 5.7% of total mushrooms volume sold, while in previous year share of organic mushrooms was 7.5%.

In the 12-month period of 2021, average non-organic and organic mushrooms sales price increased by around 6% compared to the same period in 2020. The average price of 1 tonne of mushrooms sold was 2,324 EUR/tonne in the 12-month period of 2021 (2,199 EUR/tonne in the 12-month period of 2020). The average mushroom price increased mainly due to larger sales of packaged mushrooms and rising selling price.

The total cost of sales of the mushroom growing segment amounted to EUR 27.69 million in the 12-month period of 2021 and was EUR 0.56 million lower compared to the same period in 2020 when it was EUR 28.25 million. The average cost of 1 tonne of mushrooms sold increased from 2,084 EUR/tonne to 2,294 EUR/tonne. Cost of mushrooms mainly increased due to the disruptions in the production process. Furthermore, the length of the production process itself did not allow the Group to solve this problem fast by minimizing the costs that it bears in this process as most of these are fixed costs. Also, higher sales of packaged mushrooms resulted in higher packaging costs which in turn increased the total costs of this segment.

According to the Group's data, the gross profit of the segment for the 12-month period of 2021 amounted to EUR 0.67 million, demonstrating a 62% fall on the same period last year, when the gross profit of the segment was EUR 1.75 million. In the beginning of 2022 production volumes of this segment have reached the historical average level and this will have a positive impact on the profitability of the mushroom segment.

	12-month of 2021	12-month of 2020	12-month of 2019	Variance 2021/2020, %	Variance 2020/2019, %
Sold mushrooms, t	**12,002**	**12,906**	**12,256**	**-7%**	**+5%**
Average price (Eur/t)	2,323	2,199	2,147	+6%	+2%
Total revenue, EUR million	**28.36**	**30.00**	**28.71**	**-5%**	**+5%**
Mushroom sales revenue, EUR million	27.89	28.38	26.32	-2%	+8%
Compost sales revenue, EUR million	0.47	1.62	2.39	-71%	-32%
Cost of sale, EUR million	**27.69**	**28.25**	**26.22**	**-2%**	**+8%**
Cost of mushrooms sold, EUR million	27.45	26.89	23.73	+2%	+13%
Cost of compost sold, EUR million	0.24	1.36	2.49	-82%	-45%
Gross profit, EUR million	**0.67**	**1.75**	**2.49**	**-62%**	**-29%**

Fast-moving consumer goods (FMCG) segment

Total sales in the segment amounted to EUR 6.19 million in the four quarters of 2021. In the equivalent period last year, sales in the FMCG segment were EUR 4.88 million.

Plans for this segment were disrupted by worldwide logistics problems, but the segment continued to grow in 2021. sales growth in this segment was 27%. Logistics create some challenges, but based on current pipeline, reopened business fairs and live contacts with customers, the Group expects similar levels of growth in 2022 as well.

Cost of sales were EUR 4.66 million for the 12-month period of 2021 compared to EUR 4.13 million for the same period in 2020.

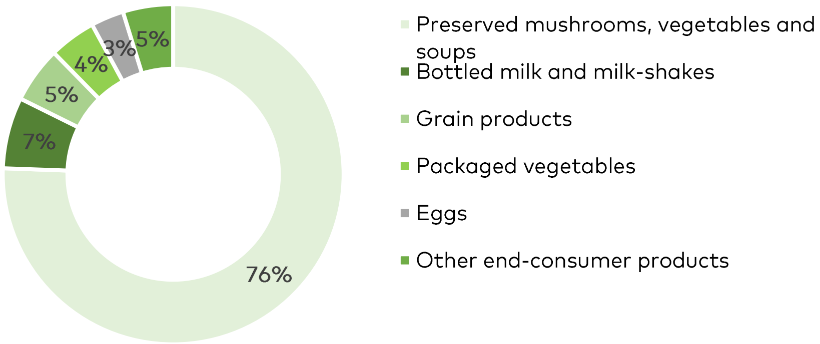
During the 12-month period of 2021, the FMCG segment's gross profit jumped to EUR 1.54 million. During the same period in 2020, gross profit amounted to EUR 0.75 million. It should be noted that Grybai LT KB (entity operating in the FMCG segment) results were included in the consolidated financial statements as of 1 June 2020. The segment's profitability margin is growing and reached 25% in the 12-month period of 2021.

FMCG segment results, EUR million	12-month of 2021	12-month of 2020	12-month of 2019	Variance 2021/2020, %	Variance 2020/2019, %
Sales revenue	6.19	4.88	2.80	+27%	+74%
Cost of goods sold	4.66	4.13	2.75	+13%	+50%
Gross profit	**1.54**	**0.75**	**0.05**	**+105%**	**+1530%**

During the 12-month period of 2021 the Group has exported its products to 36 countries compared to 31 countries in the same period in 2020. Sales grew both in local and in foreign markets – sales in Lithuania, USA and Japan had the highest impact to the sales growth in the segment.

Preserved products, especially ready-to-eat organic soups, remain the main product group in the segment. The FMCG sales revenue structure for 2021 is depicted in the chart below.

Revenue structure of the fast moving consumer goods sales, %



2.3. Operating expenses

The Group's operating expenses during the 12-month period of 2021 amounted to EUR 14.36 million compared to EUR 10.23 million in the same period last year. Operating expenses increased mainly due to increased salaries, selling, share-based payments and impairment of receivables expenses. Additionally, operating expenses of Grybai LT KB is fully represented in 2021, while operating expenses of Grybai LT KB were only partly represented in the comparative period as the respective entity was included in the consolidated financial statements as of 1 June 2020.

2.4. Capital expenditures and R&D

Total investments (additions) into property, plant and equipment amounted to EUR 10.05 million in the four quarters of 2021 (EUR 7.14 million in the four quarters of 2020). The split of investments (additions) into property, plant and equipment is provided in the table below.

Investments (additions) into property, plant and equipment, EUR'000

	Land*	Buildings*	Constructions and machinery	Vehicles, equipment and other	Construction in progress	Total
2021 I-IV quarters	1,182	493	4,397	1,116	2,863	**10,051**
2020 I-IV quarters	1,375	421	2,289	781	2,273	**7,139**

*excluding additions related with the right-of-use assets.

Investments into property, plant and equipment have increased significantly in 2021 as the Group is focusing its resources to implement goals determined in the strategy: development and implementation of new technologies, securing its own organic combined feedstock production capacity, improving animal welfare and agricultural operations.

In September of 2021, the Group introduced its first hybrid biomethane-electric tractor for professional use. This is the Group's first step in offering technological solutions that will eliminate climate pollution throughout the food supply chain, from field to table, and allow food to be produced with no cost to nature. The Group is currently developing other sustainable solutions for technologies that will eliminate greenhouse gas emissions from soil and from digestive processes of cattle. These technology projects are part of the Group's strategy to become an AgTech company.

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:

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

More information on these projects is presented in the Sustainable business report, section Research and experimental development.

2.5. Finance costs and financial liabilities

The Group's interest bearing debt increased and reached EUR 63.87 million as of 31 December 2021. Finance costs (excl. IFRS 16 effect) have barely changed from EUR 3.80 million in 2020 to EUR 3.89 million in 2021:

EUR thousand	2021	2020	2019	Variance 2021/2020, %	Variance 2020/2019, %
Current and non-current financial liabilities	102,985	94,541	93,993	+9%	+1%
Current and non-current financial liabilities (excl. IFRS 16 effect)	63,871	59,915	59,034	+7%	+1%
Cash and cash equivalents	2,446	2,541	3,732	-4%	-32%

Organic agriculture is a working capital-intensive business, due to this reason the Group's debt level has historically always been fairly high.

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.

As of 31 December 2021 the Group's adjusted working capital was EUR 28.53 million compared to EUR 41.95 million on 31 December 2020. Financial liabilities (excl. IFRS 16 effect) of the Group minus cash and cash equivalents minus adjusted working capital as of 31 December 2021 were EUR 32.89 million or EUR 17.47 million higher than at the end of 2020. This change was mainly affected by the poor harvest of 2021, which in turn has decreased the levels of inventory, accounts receivable and increased accounts payable:

EUR thousand	2021	2020	2019	Variance 2021/2020, %	Variance 2020/2019, %
Adjusted working capital,	28,531	41,953	40,161	-32%	+4%
Net debt – adjusted working capital*	32,894	15,421	15,141	+113%	+2%

**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.*

Despite poor financial results, the Group is successfully co-operating with financial institutions. Financing agreements made in the end of 2020 and the beginning of 2021 had increased the non-current portion of liabilities ensuring a long-term cooperation and reducing the risk of refinancing.

2.6. Cash flow

Despite the fact, that worse financial results had a negative effect on the cash flows from operating activities, the Group still managed to continue investments in new technologies and their development. The Group's net cash flow from operating activities has decreased to EUR 10.93 million, compared to net cash flow from operating activities in the amount of EUR 13.37 million in the year of 2020:

	2021	2020	2019	Variance 2021/2020, %	Variance 2020/2019, %
Net cash flows from /(to) operating activities, EUR million	10.93	13.37	5.42	-18%	+147%
Net cash flows from /(to) investing activities EUR million	(5.89)	(7.23)	(2.44)	-19%	+196%
Net cash flows from /(to) financing activities, EUR million	(5.14)	(7.34)	(1.52)	-30%	+383%

2.7. Information on shares and bonds

Shares

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

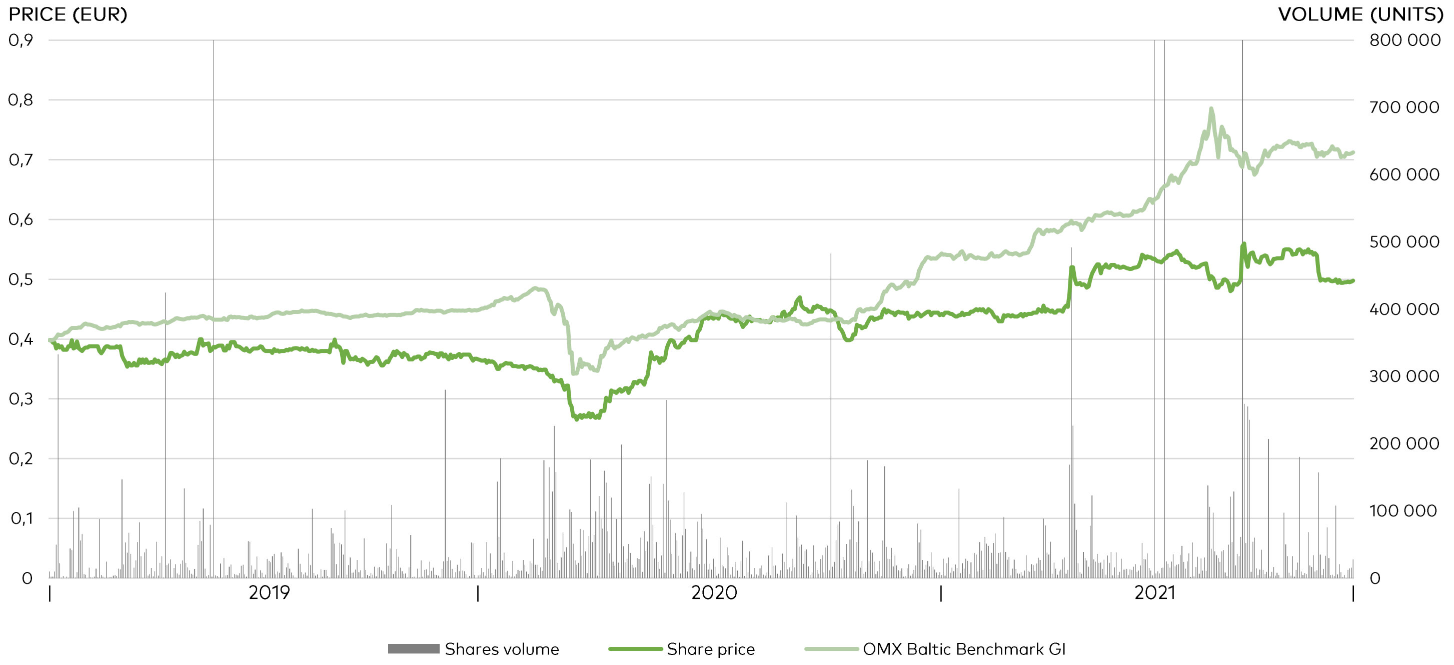
Type of shares	Number of shares	Share nominal value (in EUR)	Total share capital (in EUR)	Issue Code ISIN
Ordinary registered shares	227,416,252	0.29	65,950,713.08	LT0000127466

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

Reporting period	Price, EUR					Total turnover	
	Average	Open	High	Low	Last	Units	EUR
2021 I-IV quarters	0.503	0.444	0.560	0.426	0.498	19,565,724	9,833,736

From 1 January 2021 to 31 December 2021 the share price has increased by 12.16%. The OMX Baltic Benchmark index increased by 42.01% during the respective period of time.

AUGA group, AB share price, turnover and changes of OMX Baltic Benchmark index from 1 January 2019 to 31 December 2021:



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**).

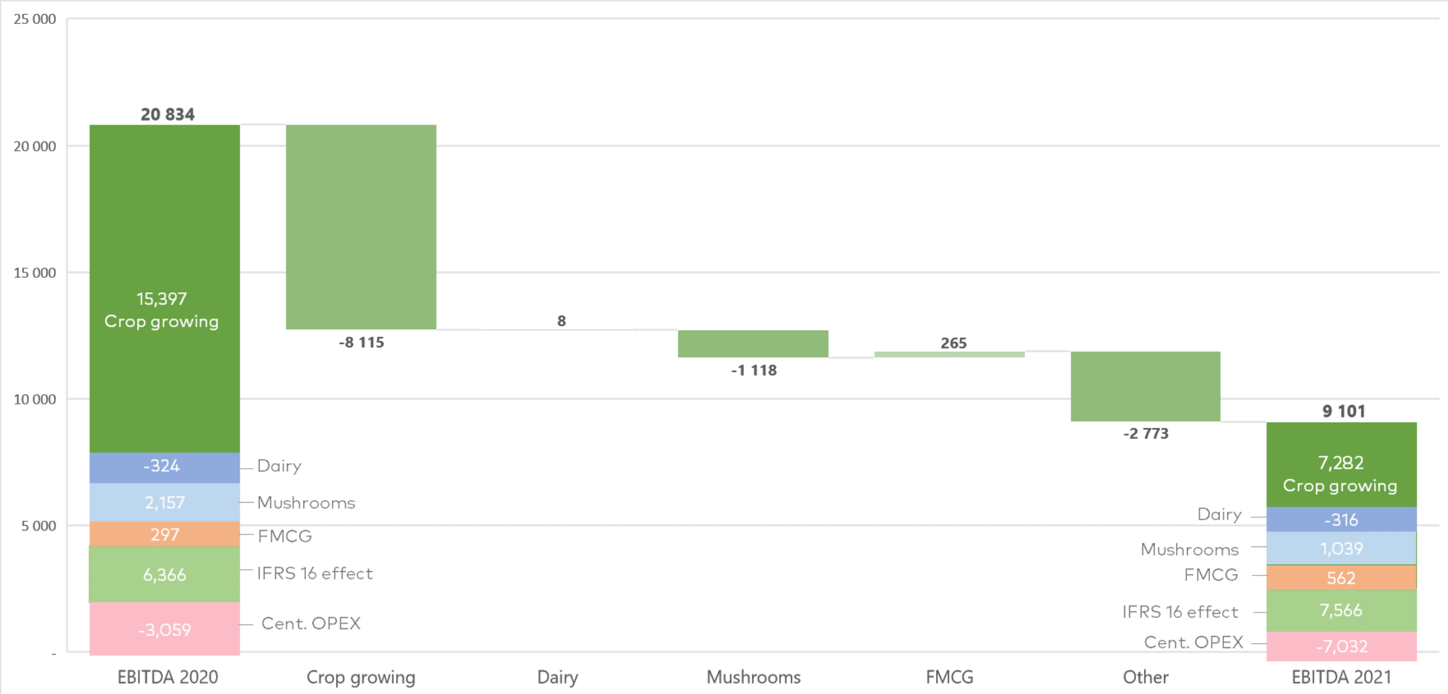
Green bond details	
Issuer	AUGA group, AB
ISIN code	LT0000404238
Listing	Nasdaq Vilnius
Denomination	EUR 1,000
Issue size	EUR 20,000,000
Tenor	2019-2024
Maturity date	17.12.2024
Fixed coupon rate	6% (By decision of the Company, the coupon rate is calculated by applying the act/360 convention)

Bonds' trading annual turnover was EUR 3.80 million in 2021.

The Company has an obligation to publish a separate annual report regarding the use of funds. The report can be found on the Company's website.

2.8. Summary of 2021 results and outlook into 2022

The Group has achieved significantly worse financial results in 2021. Crop growing and mushroom segments have had the biggest impact:



In 2021, the Group's results were significantly worse than in the previous periods. However, the increase in prices of crops, as well as, their good current condition allows the Group to have positive expectations regarding the results of the crop growing segment in 2022.

The primary focus of the AUGA group in the dairy segment is to increase the efficiency. In the first half of 2021 the Group has faced production challenges which were successfully solved. Therefore, in 2022 a steady growth of yields is expected. Higher yields, together with significantly increasing prices are favourable circumstances for the improvement of results in the dairy segment.

The Group is foreseeing that the issues in the production of mushrooms will be resolved and the attention will shift towards the increase in sales of organic production and the search for new markets. In order to reach the historical results it is crucial to control the growth of costs and compensate this growth by increasing the price of products.

It is expected that the fast-moving consumer goods (FMCG) segment will continue it's significant growth due to growing consumer demand in the home and export markets. Moreover, exhibitions and face-to-face meetings that are organizing with the clients will have a positive impact on the segment's growth in the future.

2021 was a successful year in terms of developing and implementing new technologies which will contribute to the achievement of the Group's Strategy. Successive creation of novel methodologies in the agricultural business, their implementation in actual operations and readiness to further develop such technological solutions will be the Group's top priority in 2022.

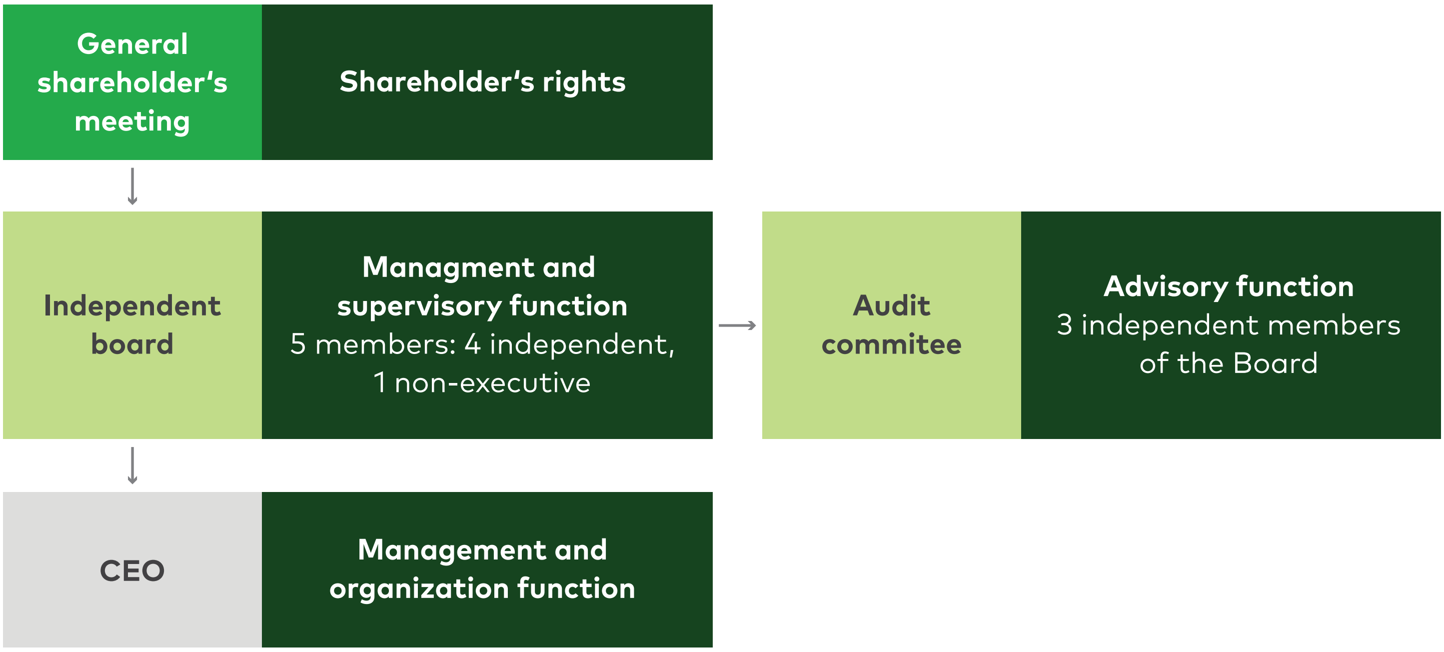
Information regarding important events after the end of the financial year is presented in the explanatory notes of the financial statement (note 33).

3. GOVERNANCE REPORT

3.1. 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.

The members of the Board are elected by the General Meeting in accordance with the procedure established by the Law on Companies of the Republic of Lithuania. The Chair of the Board is elected by the Board from its members for two years.

The Company does not have an approved diversity policy for the election of the Company's CEO or members of the Board, but the Company has a Human Rights, Non-Discrimination, Child and Forced Labor Policy, which also applies to the election of the Company's CEO or members of the Board.

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

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

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

- monitoring the process of the preparation of the financial statements of the Company,
- monitoring the audit process of the Company,
- analysing the effectiveness of internal audit and risk management systems,
- approval of requirements for external auditors and evaluation of both the qualification and the 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 of the Company, 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.

The Articles of Association of the Company shall constitute a document governing the conduct of business of the Company. The original copy of the Articles of Association of the Company shall be kept in the custody of the Company. The Articles of Association of the Company shall be amended following the procedure provided by the laws of the Republic of Lithuania and Articles of Association. A resolution to amend the Articles of Association of the Company shall be adopted by the general meeting of shareholders with the qualified majority of at least 2/3 of votes conferred by the shares of all shareholders present at the meeting, except in cases specified in the Law of the Republic of Lithuania on Companies.

Information on the Company's compliance with the Code of Corporate Governance is provided in the Annex.

3.2. Share capital structure and shareholders

The share capital of AUGA group, AB as of 31 December 2021 is EUR 65.95 million (unchanged from 31 December 2020). The share capital is divided into 227,416,252 ordinary shares (unchanged from 31 December 2020). Each issued share has a EUR 0.29 nominal value and is fully paid.

The total number of shareholders on 31 December 2021 increased 35.5% and was 2,528 and on 31 December 2020 it was 1,866.

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

Shareholder's name	31 December 2021		31 December 2020	
	Number of shares	% owned	Number of shares	% owned
Baltic Champs Group UAB (identification code: 145798333; address: Poviliškiai v., Šiauliai region mun., Lithuania)	126,686,760	55.71	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
Žilvinas Marcinkevičius	15,919,138	7.00	15,919,138	7.00
UAB „ME Investicija" (identification code: 302489393; address: Račių st. 1, Vilnius , Lithuania)	<11,370,813	< 5.00	19,082,801	8.39
Minority shareholders	64,999,718	28.58	47,435,738	20.86
Total:	**227,416,252**	**100.00**	**227,416,252**	**100.00**

Shareholders distribution by country and by type was as follows:

Country	Type	Owned shares in the Company, units	Owned shares in the Company, %
Lithuania	Legal entity	168,113,646	73.92
	Natural person	24,970,660	10.98
Other countries	Legal entity	31,184,219	13.71
	Natural person	3,147,727	1.38
Total:	**Legal entity**	**199,297,865**	**87.64
	Natural person	**28,118,387**	**12.36**

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 2021:

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	CEO	6 881	0,0030

* Kęstutis Juščius, CEO, is the ultimate owner of Baltic Champs Group UAB, controlling 55.71% of the Company's shares.
** Tomas Krakauskas is an employee of UAB „ME Investicija", which manages less than 5% 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 its financing bank in respect of the financing provided by it, and 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.

Information on significant agreements, which could be affected by the change in shareholders 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 2021, 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), Kęstutis 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.

3.3. 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.

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 2021:

Name, surname	Position	Status	Appointment date
Andrej Cyba	Member	Independent	30.04.2021
Tomas Krakauskas*	Member	Non-executive	30.04.2021
Dalius Misiūnas	Chairman	Independent	30.04.2021
Murray Steele**	Member	Independent	30.04.2021
Michaela Tod	Member	Independent	30.04.2021

*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 less than 5% of shares).

** 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.

The current Board's tenure is until the annual general meeting of shareholders of the Company in 2023.

Members of the Board

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 "PEF 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). Board Member of SIA "Baltic Dairy Board" (legal form: Private limited company, code 43603036823, registered address Stacijas 1, Bauska, Latvia) (2021 – 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).

Dalius Misiūnas

(Chairman)

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), Member of Supervisory Board of) „Swedbank", AB (legal form: Public limited company, code 112029651, registered address Konstitucijos ave. 20A, Vilnius, Lithuania) (2021 – 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).

Michaela Tod

Education, qualification: Vienna University of Economics and Business, Business and Economics, 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) (2021 – present).

Miscellaneous: Supervisory Board member of mytheresa.com GmbH (legal form: Private limited Company, code: HRB 135658, registered address Einsteinring street 37, Munich, Germany) (2020 – present).

During 2021, 10 ordinary meetings of the Board were held. During all Board meeting the quorum prescribed by legal acts and Articles of Association was met.

During 2021, 4 meetings of the Board of the previous term of office (until 30 April 2021) were held (Andrej Cyba, Dalius Misiūnas, Murray Steele, Tomas Krakauskas participated at 4 meetings of the Board, and Tomas Kučinskas participated at 3 meetings of the Board) and 6 meetings of the Board of the current terms of office (from 30 April 2021) Dalius Misiūnas, Michaela Tod, Murray Steele and Tomas Krakauskas participated at 6 Board meetings and Andrej Cyba participated at 5 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 102-22 GRI 102-23

Members of Audit committee

Members of Audit Committee of the Company as of 31 December 2021:

Name, surname	Position	Status
Andrej Cyba	Chairman	Independent
Murray Steele	Member	Independent
Michaela Tod	Member	Independent

During 2021, 10 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 all Audit Commitee meetings.

3.4. 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
(03.12.2020 – 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 2021.

3.5. Remuneration report

The Remuneration Report of the Company has been prepared for the financial reporting year 2021, which coincides with the calendar year. The Report as a part of the Consolidated Annual Report of the Company has been prepared in accordance with the Law on Financial Statements of Entities of the Republic of Lithuania, the Remuneration Policy of the of the Company, and other legal acts.

On 30 April 2021, the General Meeting of Shareholders of the Company did not express any disapproval or other observations on Remuneration Report 2020 of the Company, which, as a part of the Consolidated Annual Report of the Company, is publicly available on the Company's website.

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.:

- 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;
- 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.

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.

Fixed remuneration (gross amount) for the independent Board members is as provided in the table below.

Remuneration of the individual members of the Board, EUR	2021	2020	2019
Dalius Misiūnas (30.04.2019-present)	27,500	30,000	17,500
Andrej Cyba (17.06.2019-present)	19,000	22,800	13,300
Tomas Kučinskas (30.04.2019-30.04.2021)	5,700	20,900	13,300
Murray Steele (30.04.2019-present)	20,900	23,572	16,447
Tomas Krakauskas (30.04.2019-present)	20,900	20,900	13,300
Michaela Tod (30.04.2021-present)	13,300	0	0
Total:	**107,300**	**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 the 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 employment 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.

GRI 102-35

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

Remuneration paid to members of the board*, EUR	2021	2020	2019*
Total remuneration	107,300	118,172	202,717
Number of Board members	5	5	5
Average annual remuneration per 1 member	21,460	23,634	38,009

*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 2021.

No share options were granted to members of the Board in 2021.

The Company did not pay variable remuneration to the Board members in 2021.

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.

Table below provides average gross salaries per month of the Group employees:

Average gross salaries of the employees of the Group, EUR	2021	2020	2019
CEO	7,584	7,222	7,174
Managers	3,414	3,431	3,363
Specialists	1,893	1,793	1,641
Workers	1,209	1,168	1,122

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.

	2021	2020	2019
Average gross salaries of the employees of the Group, EUR	1,469	1,405	1,308
Net profit (loss), th. EUR	(15,435)	1,792	(3,218)

The Group introduced a 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 Chams 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 2021 (section – Employees and diversity).

GRI 102-35

Employee share option plan

The establishment of 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 motivation.

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.

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. 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 in accordance with current legislation.

Additional information about share the option plan:

	2021	2020	2019
Number of participating employees	235	221	205
Number of allocated shares	2,381,701	2,226,830	2,558,860

Employees who hold share options and those who will become minority shareholders in the future are more involved in the activities of the company and the improvement of its performance, they feel motivated and become more loyal. The internal surveys carried out in the agricultural companies of AUGA group show that 92% of employees holding share options feel and understand their value in the company as professionals; knowing that they have share options is not only a kind evaluation, but also a motivation to do their best

Viktorija Gružauskienė
Personnel Director of AUGA group

4. SUSTAINABILITY REPORT

4.1. ABOUT THE SUSTAINABILITY REPORT

The Sustainability Report is an annual review of all AUGA group activities, which the Group has been publishing since 2017. The latest AUGA group Sustainability Report for 2020 was released in 2021 April.

This Sustainability Report covers the activities of all the Group's companies in the period from 1 January until 31 December 2021. In order to see the change in activity in key areas, AUGA group also publishes data from previous years for comparison. The Sustainability Report 2021 is part of the Annual Report, which is published on the Nasdaq Baltic website and AUGA group website.

The information contained in this report includes information of all the Group companies, unless otherwise stated. Separate sustainability reports are not prepared for the Group's subsidiaries.

AUGA group publishes its activity reports as required by the regulation of listed companies. Nonetheless, it is first and foremost important for the Group to seek transparent and fair accountability to its stakeholders. The data presented in the Sustainability Report shall be disclosed in accordance with the principle of materiality. The Sustainability Report 2021 identifies the key activities and achievements of the Group in the field of environmental, social and governance (ESG) during the reporting year and the goals expected to be achieved in the future. This report also presents the results of annual community surveys and biennial materiality assessment of sustainability criteria of AUGA group (the most recent assessment was made in 2021).

In preparing the Sustainability Reports, AUGA group follows the Nasdaq ESG Guide and for the second year in a row discloses its performance in accordance with the Global Reporting Initiative (GRI) standard model (GRI Core). It is important for the Company to comply with the Sustainable Development Goals set by the United Nations. Therefore it follows these principles in its activities and informs of their implementation in the Sustainability Report. It also reports on its progress in implementing the principles of the United Nations Global Compact. The Group's Annual Report, which includes an integrated and Sustainability Report, complies with the requirements for such reports set forth in the legislation of the Republic of Lithuania and the Communication from European Commission C/2017/4234 - Guidelines on Non-Financial Reporting.

AUGA group always strives for consistency and aims to present publicly available data sets in an informative, convenient, standard format. Sustainability Reports are published annually in a similar structure. By doing so, the Group seeks to ensure that all relevant information about the current period and historical data is readily available to its stakeholders.

AUGA group strives for the data presented in the Sustainability Report to be transparent. The Group orders an audit of its emissions by an independant international company Carbon Footprint. The full Sustainability Report was audited for the first time by an independant consulting company Sustain Advisory in 2021.

The newly entered into force Taxonomy Regulation (EU) 2020/852 and its implementing legislation establish a classification system for sustainable economic activities and investments. It identifies activities that are considered to make a significant contribution to achieving environmental goals, by doing this, contributing to the EU Green Deal. Companies are required to disclose the share of their operations that is sustainable in terms of Revenue, CAPEX and OPEX. This system aims to ensure transparency for stakeholders: shareholders, investors, etc. The current version of the Taxonomy Regulation and its implementing legislation do not include and classify agricultural activities, so although the Group is engaged in organic farming and sustainable farming, it is not yet able to apply the taxonomy to disclose which part of the Group's operations meets the taxonomy. This can be disclosed when the European Commission provides appropriate criteria for the technical analysis of the classification of agricultural activities.

AUGA group strategically pursues sustainability goals and develops sustainability-related activities within the organization. The contact person responsible for sustainability is Gediminas Judzentas, Marketing and Sustainability Director of AUGA group (g.judzentas@auga.lt).

Nasdaq G8 | Nasdaq G9 | Nasdaq G10
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

4.2. OUR APPROACH TO SUSTAINABILITY

Sustainability strategy

Sustainability is the DNA of AUGA group, and the Group strives to implement it across all three areas of sustainability: social, governance and environmental, which is the main focus of the Group. Although the Group is engaged in organic farming and already doing more than required by farming standards in the area, these measures are not enough to reduce the negative environmental impact of agriculture.

Globally, agriculture is responsible for almost a quarter of the world's greenhouse gas emissions, and currently there are simply no solutions to reduce them. Recognizing this, the Group takes the lead in developing new technological solutions that will create a standard for sustainable agriculture and produce food with no cost to nature. The Group will work to ensure that the innovative solutions it develops will be applied globally, empowering consumers around the world to make a positive impact on climate change.

AUGA group expects its technologies to meet the needs of its stakeholders and have a significant effect on reducing environmental impacts.

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

Although AUGA group focuses on the environment, social issues are also an important part of the Group's activities. These include ensuring safety at work, compliance with the principle of gender equality, human rights and non-discrimination, zero tolerance to child or forced labour, and building a dialogue with communities in the regions where the Group's companies operate. The Group also applies good governance practices through the independent Board model and seeks to ensure transparency to investors and other stakeholders.

The sustainability goals and achievements of AUGA group are regularly discussed by the management team, engaging the independent Board. Although AUGA group includes many companies with diverse activities, they all have to follow the Group's core sustainability principles.

The Group has a responsible person who develops its sustainability activities and reports to the CEO.

GRI 102-20

Sustainability management

AUGA group strives to ensure that sustainability in the Group is managed following the best global practices and recommendations of international sustainability standards.

An evaluation of criteria, which are relevant to the Group and its stakeholders, is carried out every two years. For more information, see section Materiality assessment of sustainability criteria.

Material sustainability criteria are governed by appropriate policies and procedures. All current policies are published on AUGA group website. The policies are reviewed regularly at the beginning of each year or more frequently if needed. Policy changes are approved by the Board.

A Sustainability Report, approved by the Board, is published annually as part of the Group's annual financial statements. At the annual Board review meeting for sustainability, the annual targets are being approved and the Board provides comments to management on sustainability governance.

The procedure of sustainability reporting and other principles of sustainability management are described in more detail in the section About the Sustainability Report.

Sustainability commitments and international frameworks

UN Global Compact

In 2021, the Group became an official member of the United Nations (UN) Global Compact. As a member of this pact, the Company is committed to report annually on its compliance with the 10 basic principles and to set even more ambitious targets for the implementation of a sustainable food value chain.

The purpose of the UN Global Compact		Description of implementation
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights.	p. 64
	Make sure that they are not complicit in human rights abuses.	p. 64
Forced Labour	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	p. 69
	The elimination of all forms of forced and compulsory labour.	p. 64
	The effective abolition of child labour.	p. 64
	The elimination of discrimination in respect of employment and occupation.	p. 64
Environment	Businesses should support a precautionary approach to environmental challenges.	p. 50
	Undertake initiatives to promote greater environmental responsibility.	p. 52-53
	Encourage the development and diffusion of environmentally friendly technologies.	p. 52-53
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery.	p. 70

GRI 103-02 GRI 103-03

UN sustainable development goals

The sustainable activities of AUGA group are inextricably linked with the universally accepted UN Sustainable Development Goals. Based on the nature of its activities, the Group aims at contributing to seven 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

Business Ambition for 1.5°C

In 2021, AUGA group took a major step towards sustainability by becoming one of the first companies in the Baltic states to join the international initiative Business Ambition for 1.5°C. Since joining the initiative, the Group's targets have been audited by international experts. They assess that AUGA group's commitment to reduce emissions from its operations by 27% by 2025 is aligned with the science-based targets in order to limit global warming to 1.5°C.

Business Ambition for 1.5°C is supported by the Science-Based Targets Initiative, the UN Global Compact and the international non-profit We Mean Business coalition.

The European Climate Pact

In December 2021, AUGA group joined the EU-wide European Climate Pact which aims at connecting and sharing knowledge on climate change with other countries and organisations and taking concrete action to mitigate climate change. Finding new and innovative solutions to tackle climate change is one of the top priorities of AUGA group, and this international commitment demonstrates once again the Group's determination to contribute to the reduction of negative environmental impact.

Disclosure of sustainability data to other international frameworks

AUGA group is concerned to ensure that information on its sustainability performance is made available to investors and other stakeholders of the Group, and that sustainability indicators are comparable to those of other companies. For this reason, AUGA group provides its environment, social and governance information to international organisations such as CDP, Nasdaq ESG Data Portal and ISS ESG which has awarded the Prime status to the Group for its sustainable performance. According to ISS ESG, AUGA group ranks among the top 10% of food and beverage companies in the world in the sphere of sustainability.

”

We are a long-standing player in the agricultural sector and we are well aware of the impact our activities have on climate change. As part of the international initiatives to combat climate change, we assure that we will continue our actions started earlier and pursue sustainability throughout the food chain. At the same time, we want to demonstrate that our targets are science-based and to give even more confidence and transparency to all AUGA group stakeholders. “

Gediminas Judzentas
Marketing and Sustainability Director at AUGA group

Materiality assessment of sustainability criteria

A close and high-quality dialogue with stakeholders is an important task of AUGA group. Relevant stakeholder groups are identified by the management team based on the type and scale of their activities and overall business needs. Cooperation with these groups allows responding to their needs and pursuing a positive impact on various areas. To achieve this, the Group conducts a materiality assessment of sustainability criteria among its stakeholders every two years. The stakeholder groups selected on the basis of the Group's line of business include employees, consumers, investors, non-governmental and governmental organisations, suppliers, customers, regional communities and the media. The management team and members of the independent Board of AUGA group are involved in this assessment.

The assessment uses an anonymous survey to determine the significance of the key sustainability criteria for all the listed communities of AUGA group. It also establishes the relevance of the same sustainability criteria for the Group's operations, taking the business strategy and market trends into account.

The first materiality assessment of sustainability criteria was implemented in 2017 and published in the Group's first Sustainable Business Report. The assessment was carried out again in 2019. In 2021, the Company conducted a third assessment of the sustainability criteria. In the light of the market realities, AUGA group reviewed the previously applied sustainability criteria and added several new ones, such as the biodiversity preservation, land, air and water pollution, involvement in social activities, etc. All indicated sustainability criteria include the impact of activities within AUGA group.

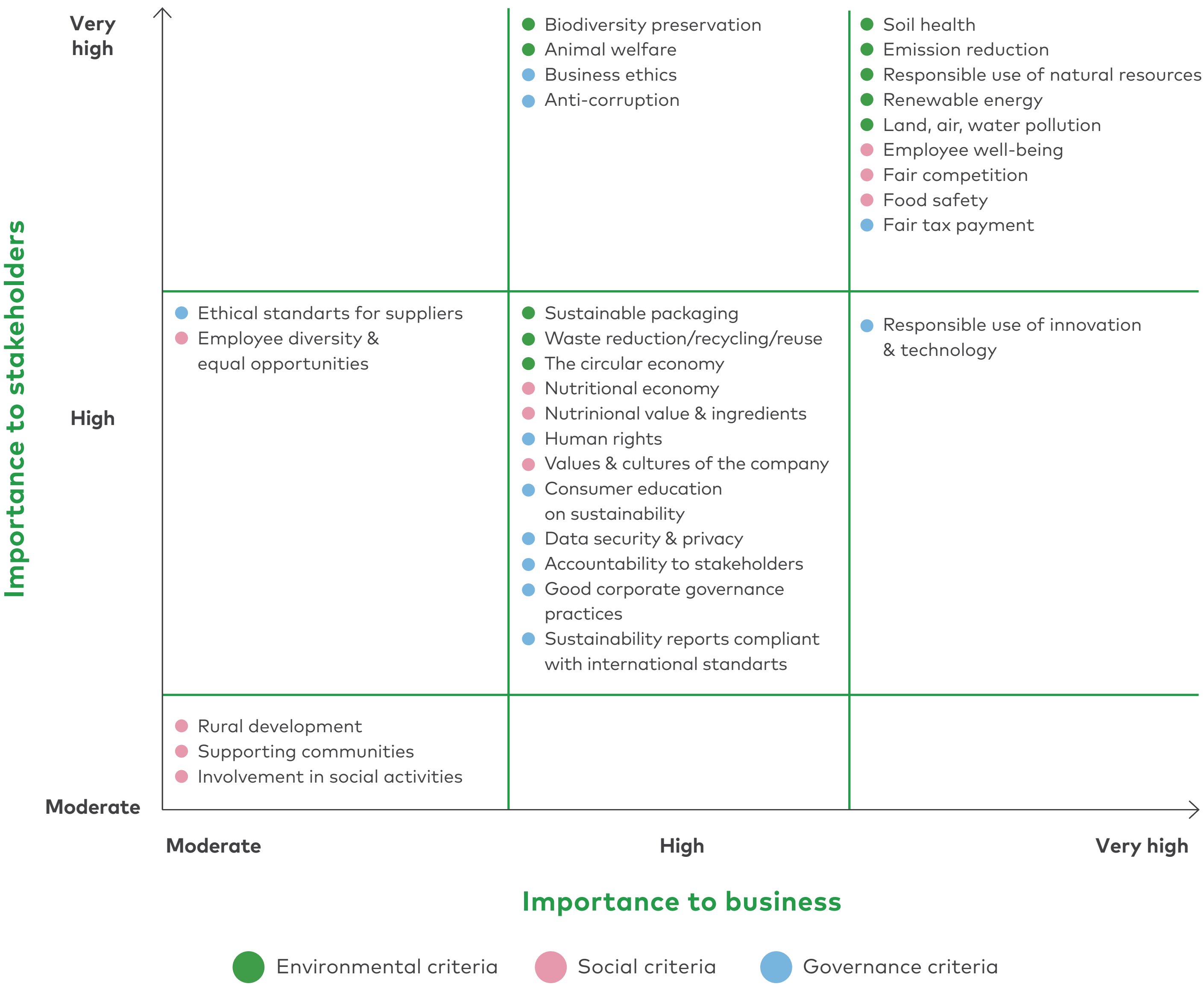
The table below lists all the criteria and stakeholders included in the survey. The most important criteria are marked in dark green.

The main criteria of sustainability

The main criteria of sustainability	Consumers	Employees	Investors	Customers	(Non) Governmental Organizations	Suppliers	Media
Emission reduction							
Biodiversity preservation							
Soil health							
Responsible use of natural resources							
Renewable energy							
Sustainable packaging							
Waste reduction/recycling/reuse							
Animal welfare							
The circular economy							
Land, air, water pollution							
Human rights							
Employee diversity & equal opportunities							
Rural development							
Employee well-being							
Fair competition							
Values & culture of the company							
Consumer education on sustainability							
Supporting communities							
Involvement in social activities							
Nutritional value & ingredients							
Food safety							
Business ethics							
Anti-corruption							
Ethical standarts for suppliers							
Data security & privacy							
Accountability to stakeholders							
Responsible use of innovation and technology							
Good corporate governance practices							
Fair tax payment							
Sustainability reports compliant with international standards							

GRI 102-40 | GRI 102-42 | GRI 102-43 | GRI 102-44 | GRI 103-01

Materiality assessment matrix:



The survey data shows that emissions reduction is one of the highest priorities for both AUGA group management and its stakeholders. Other environmental aspects are also important for all stakeholders and businesses: soil health, responsible use of natural resources, renewable energy, land, air, water pollution. This confirms that the the Group has chosen the right sustainability strategy, in which emission reduction is the main target, and pays close attention to other environmental factors.

Stakeholders also give the highest priority to animal welfare and the newly introduced biodiversity preservation criteria in this assessment. From now on, the Group will pay more attention to the topic of biodiversity preservation, which is included in the Environmental Policy, and cooperation with local universities has been started in order to implement and improve good practices for the biodiversity preservation. The Group is consistently investing in the living conditions of livestock farms and this program will continue in line with the approved Animal Welfare Policy.

The most important social criteria in the opinion of the surveyed groups and management are the safety and health of employees, fair pay and food safety. AUGA group continues to focus on these criteria. It is planned to complete the implementation of the occupational safety and health system in all Group companies, employees will be provided with supplementary health insurance. Food safety has always been and now is a daily priority in both ownership and outsourced production, and the Group's organizational structure has employees responsible for it.

Due payment of taxes, business ethics, and the application of anti-corruption principles in business are the main criteria of governance area that have been identified in the surveys by the stakeholders. The management of AUGA group also agrees with this. The Group will continue to adhere to the principles laid out in the Code of Business Ethics and other policies in order to meet the expectations of stakeholders.

As criteria of biodiversity, food safety and fair tax payment are important for business and stakeholders, in 2022 it is planned to disclose these areas in more details following the GRI standards.

Memberships and partnerships

AUGA group adheres to the universally acknowledged principles of sustainability and believes that organisations with members having common interests can achieve better sustainability results by sharing ideas on environment, social responsibility and sustainable governance. Participating in the activities of associations, sharing good practices and solving problems in the field of sustainability are important for AUGA group; therefore, the Group for several years has been a member of the following organisations: the Lithuania Association of Agricultural Companies (LŽŪBA), the Lithuanian Organic Farmers Association (LEŪA), the Responsible Business Association of Lithuania (LAVA) and the Baltic Institute of Corporate Governance. Baltic Champs that is part of the Group is a member of the Lithuanian Association of Mushroom Growers and Processors (LGAPA), while AUGA Luganta belongs to the Lithuanian Vegetable Growers Association (LDAA). In 2021, AUGA group became an official member of the UN Global Compact and the Science-Based Targets Initiative.

The Group has been a partner of various educational institutions for a number of years for the purpose of educating young professionals on various sustainability issues. AUGA group cooperates with Lithuanian universities, including the Agricultural Academy of Vytautas Magnus University (VDU), Kaunas University of Technology (KTU), the Veterinary Academy of the Lithuanian University of Health Sciences (LSMU), Kaunas University of Applied Sciences, Vilnius Business College and ISM University of Management and Economics.

Associations and organizations:

Universities and colleges:

4.3. ENVIRONMENT

Our activities and achievements

In 2021, the Group developed and presented the world's first zero-emissions, biomethane and electricity powered tractor, AUGA M1, for professional use. During the reporting period, the prototype tractor was further improved, and the first tractors are expected to be deployed on AUGA group farms in 2022.

In 2021, AUGA group continued to develop other technological projects, the specialised feed technology was being tested, and the related crop rotation model was further developed by increasing the areas of grass crops, with the aim of reducing total emissions by 27% by 2025 and achieving the relevant emissions intensity targets in crucial operating units.

During the reporting period, AUGA group developed a waste management procedure which was presented and implemented in all farms.

Following good practice, AUGA group continued to conduct climate oversight reviews on management's regular agenda quarterly, and with its top governing body, the independent Board, semi-annually.

The Group actively communicated with its employees on environmental issues, introducing them to, and reminding them of the current Environmental and Animal Welfare Policies, held on-site presentations, and covered these topics in staff newsletters.

AUGA group updated its Environmental Policy to include biodiversity issues.

BALTIC SUSTAINABILITY AWARDS

At the end of 2021, the zero-emission tractor developed by AUGA group was recognised as the winner in the green innovation category at the Baltic Sustainability Awards.

Organic farming

In 2015, AUGA group made a strategic decision to turn from conventional agriculture to organic farming and began transforming all of its farms established in various regions of Lithuania. AUGA group thus introduced production methods that allow for reducing of the agri-footprint on the environment, protecting the fields and final products from pesticides and other chemicals, and giving consumers an opportunity to eat more environmentally friendly and healthier food. The transformation process was completed in 2017. Today, AUGA group operates entirely on organically certified land, and the newly added, organically non-certified areas, are also being converted to organic farming.

The main differences between organic and conventional farming are as follows:

- In organic farming, no pesticides or other chemicals are used, and only natural fertilisers are allowed.
- Proper soil preparation and conservation of biodiversity are important, and soil must be improved through crop rotation.

Natural fertilisation and crop rotation ensure soil fertility and erosion resistance.

It is important to note that today AUGA group, by developing organic farming, does more than is currently required by EU organic regulations:

1. The Group implements a closed-loop organic farming model that ensures synergies among different agricultural sectors and the reuse of organic waste.

2. The Group applies min-till technologies in almost all of its cultivated lands. These technologies protect the soil from erosion, preserve biodiversity, increase the most fertile soil layer, and cut consumption of fossil fuel. This reduces greenhouse gas emissions.

Biodiversity

Biodiversity is one of the key objectives of AUGA group's Environmental Policy. Through its agricultural activities, the Group has the ability to have a direct impact on the environment, living organisms and ecosystems, and play a vital role in their conservation. The Group aims to protect and improve biodiversity in the following ways:

- The Group does not use chemical pesticides and other chemical plant protection products in its organic production fields. The Group seeks to engage exclusively in organic farming and to convert all newly added land to organic production.
- In its organic farming activities, the Group only uses organic fertilisers and gradually reduces the need for them through crop rotation and the increase of areas of leguminous grasses capable of nitrogen fixation and carbon capture.
- The Group applies a rotation plan with at least four different crops cultivated over seven years.
- Where organic fertilisers are used, the Group aims at minimising the leaching of fertilisers into water bodies, by applying fertiliser only at specified times, maintaining buffer zones for water bodies and applying all organic fertilisers used to the soil at once.
- The Group leaves the established buffer zones for drainage ditches and water bodies and carries out their extensive maintenance.
- The Group aims at maximising the use of min-till farming.
- It seeks to allocate at least 30-50% in crop rotation to flowering plants (legumes and grasses) that are of benefit to pollinators and, in cooperation with beekeepers, seeks to establish mobile apiaries near flowering fields.
- In the winter season, the Group leaves at least 50% of the area under agricultural crops, catch crops or plant residues that are beneficial to soil and terrestrial fauna.
- The Group fights climate change that is harmful for biodiversity by developing and implementing GHG emission reduction technologies in agriculture.
- The Group is committed to engaging in research, conservation and education activities, collaborating with universities, governmental and non-governmental organisations, and other stakeholders on biodiversity issues.

Greenhouse gases

AUGA group's emissions have been audited by the independent company Carbon Footprint for several years already. The Company that has been audited the CO_2 footprint of the Group is one of the global leaders in this field.

With an independent audit in place, the Group declares to its stakeholders that the information published is reliable and transparent.

The worldwide concern is that agriculture is responsible for a quarter of greenhouse gases. In AUGA group, greenhouse gas (GHG) emissions from the Group's activities decreased during the reporting period. The emissions amounted to 64,149 t CO_2e, compared to 68,133 t CO_2e generated the year before. The calculation of the Group's emissions (Scope 1, 2, and 3) includes not only CO_2 but also CH_4, N_2O, HFCs gases, converted to CO_2 equivalent according to standard factors and denoting the final total CO_2e. PFCs, SF_6, NF_3 gases are not emmited in the Group's activities.

The main reasons for the lower footprint of AUGA group's activities in 2021 were lower direct and indirect emissions from the soil due to lower yields in the crop segment and lower consumption of fossil fuels and freon. The updated emission calculation factors for 2021 also determined certain lower emissions for the reporting period (about 2%). The emissions increased in the animal husbandry sector partly due to higher livestock numbers and in the FMCG segment due to growing sales of packaged products. As the technologies developed by AUGA group had not yet been implemented in the agricultural activities, they had no impact on overall emissions. The technologies developed by the Group, once tested and applied in 2022, are expected to have a positive impact and reduce the environmental footprint of AUGA group's activities.

The largest sources of GHG emissions at AUGA group include cattle digestion processes, the use of fossil fuels in farming operations and soil emissions from organic fertiliser and crop residues. These trends have been seen for several years in a row. The companies of the Group buy and use only green electricity in their operations. This solution resulted in the total savings of as much as 3,944 t CO_2e in 2021.

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

The estimates of the Group's GHG emissions are based on a generally accepted international methodology. Emissions from operations are classified into three groups: direct (Scope 1), indirect (Scope 2) and other (Scope 3).

Emissions, t CO_2e*	2021	2020	2019**
Scope 1	61,727	66,144	71,014
Scope 2	9	6	6
Scope 3	2,414	1,983	1,800
Total:	**64,149**	**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 2021 would be 68, 409 t CO_2 e.
** Base year from which AUGA group emission reduction targets were set.

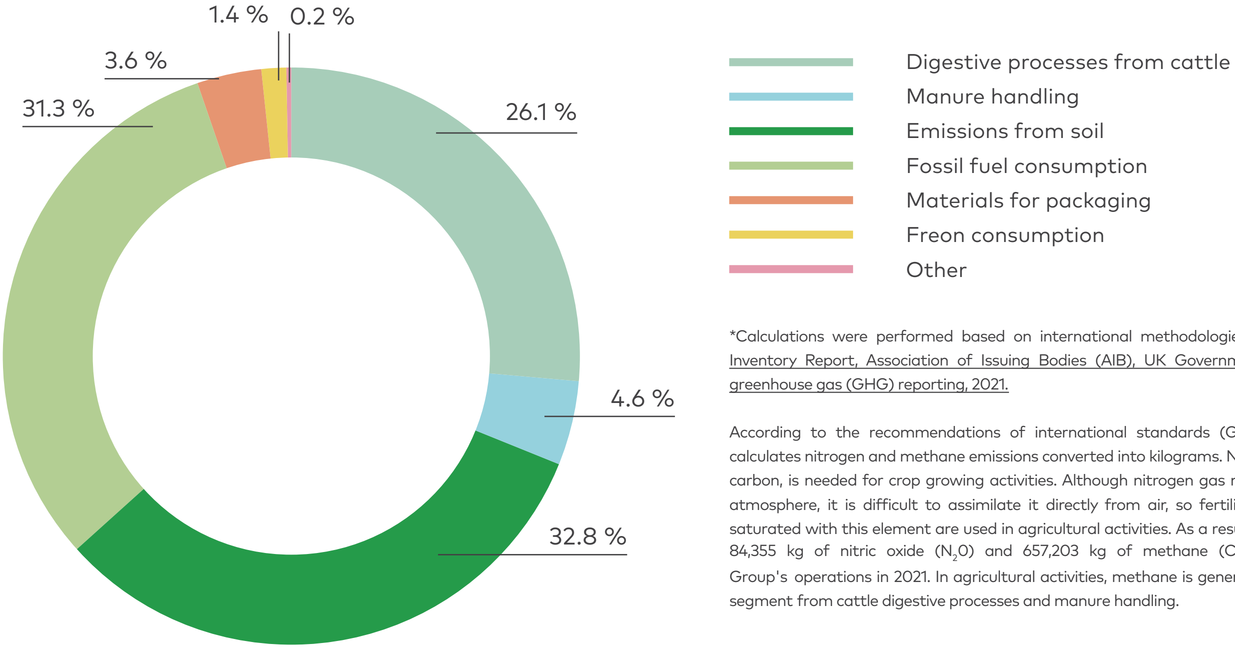
Direct emissions (Scope 1) include all sources directly controlled by the Group while conducting its activities. Indirect emissions (Scope 2) are generated by energy purchased from other suppliers (not produced by the Group). Other sources (Scope 3) include indirect emissions not covered by Scopes 1 and 2, but directly related with the Group's operations.

The direct emissions calculated in Scope 1 also include biogenic emissions from decomposing biomass (in the fields from manure and plant residues). These include direct emissions of N_2O from the soil, indirect volatilization of N_2O from the soil, and leaching of N_2O from the soil. The total amount of these biogenic emissions converted to CO_2 equivalents in 2021 amounted to 21,052 t CO_2e. Biogenic emissions from the combustion of biofuels for heating (e.g. firewood) are not typical and therefore not included.

AUGA group has defined systematic boundaries for the life cycle assessment from-cradle-to-gate, i.e. it calculates GHG emissions from the extraction of resources to the realisation (sale) of the Company's products. According to the availability, completeness and relevance to operations of data, AUGA group has chosen to include these data in the estimates of other sources (Scope 3) of emissions: water, electricity and heating transmission losses, paper for office use, waste and business travel.

Nasdaq E1 | GRI 305-01 | GRI 305-02 | GRI 305-03 | GRI 305-05

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, 2021.

According to the recommendations of international standards (GRI), AUGA group separately calculates nitrogen and methane emissions converted into kilograms. Nitrogen, similarly to oxygen or carbon, is needed for crop growing activities. Although nitrogen gas makes up 75% of the Earth's atmosphere, it is difficult to assimilate it directly from air, so fertilisers (liquid or solid manure) saturated with this element are used in agricultural activities. As a result of this fertilisation method, 84,355 kg of nitric oxide (N_2O) and 657,203 kg of methane (CH_4) were emitted from the Group's operations in 2021. In agricultural activities, methane is generated in the animal husbandry segment from cattle digestive processes and manure handling.

GHG emissions intensity

The indicators of GHG emissions intensity are calculated dividing the annual emissions by the various units of economic activity. They show how much CO_2 is emitted in the operations of the Group through the financial, production, arable land and other units. As in the case of the calculation of total emissions, the calculation of the relative emissions shall include all GHGs from activities (CO_2, CH_4, N_2O, HFCs) converted to CO_2e. All emissions of the Group in Scope 1, 2 and 3 are included in the calculation of indicators per 1 EUR of revenue and per employee. In the calculation of emissions per cow and per tonne of milk, per hectare and per tonne of crop production or per tonne of mushroom production, only Scope 1 and 2 emissions are allocated to the respective activity segment - livestock, crop production and mushroom growing, respectively.

The table below shows the comparable data for 2021 and the previous periods.

	2021	2020	2019
t CO_2e / 1 EUR revenue	0.00089	0.00082	0.00102
t CO_2e / 1 employee	52.03	53.61	61.04
t CO_2e / 1 cow*	3.19	3.05	3.04
t CO_2e / t ECM milk*	0.73	0.67	0.68
t CO_2e / ha**	0.85	0.91	1.05
t CO_2e / t crop production**	0.46	0.31	0.37
t CO_2e / t mushroom production***	0.30	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.

The biggest changes are seen in the emissions per livestock unit and per tonne of milk indicators, due to higher fuel and freon consumption in livestock operations. The relative emission indicator per unit of crop production increased as well. The latter increase is explained by the lower seasonal harvest which used a similar amount of organic fertilisers and fossil fuels as in previous years.

The table of GHG emission intensity highlights the rows that are essential to the emission reduction targets set in the strategy of AUGA group until 2025, in particular, the reduction of emissions per tonne of milk produced (up to 50%) and per tonne of dry matter of crop production (up to 30%). Despite the deterioration of relative emissions indicators in 2021, the Group plans to achieve these targets having implemented the key technological projects of the specialised feed technology, the related crop rotation and the switch from fossil fuels to biomethane on farms. The effect of these technologies is not yet reflected in the 2021 data.

Nasdaq E2 GRI 305-04

Energy

Energy usage

During the reporting period, AUGA group consumed 366,336 gigajoules (GJ) of energy, while in 2020 the figure amounted to 377,715 GJ.

Energy type	Value			Energy, GJ		
	2021	2020	2019	2021	2020	2019
Natural gas	5,912,158 kWh	4,364,818 kWh*	4,020,549 kWh	21,284	15,713	14,473
Liquefied petroleum gas	437,021 l	736,442 l	412,332 l	10,926	18,411	10,308
Petroleum	52,898 l	63,157 l	55,867 l	1,822	2,175	1,924
Diesel	7,085,071 l	7,330,265 l	7,360,383 l	270,445	279,804	280,954
Diesel for production drying	148,818 l	139,514 l	151,244 l	5,671	5,316	5,763
Total direct energy:				**310,148**	**321,422**	**313,425**
Electricity	15,554,946 kWh	15,599,997 kWh	15,372,857 kWh	55,998	56,159	55,342
Heat	52,963 kWh	37,301 kWh	35,795 kWh	191	134	128
Total indirect energy:				**56,187**	**56,293**	**55,470**
Total:				**366,336**	**377,715**	**368,895**

The energy usage data in the table are presented using an internal accounting system. Conversion factors for the Department for Environment, Food & Rural Affairs - GOV.UK (DEFRA) are used to convert energy to GJ.

* Including full and corrected Grybai LT data, the total consumption of natural gas was 5,560,476 kWh in 2020.

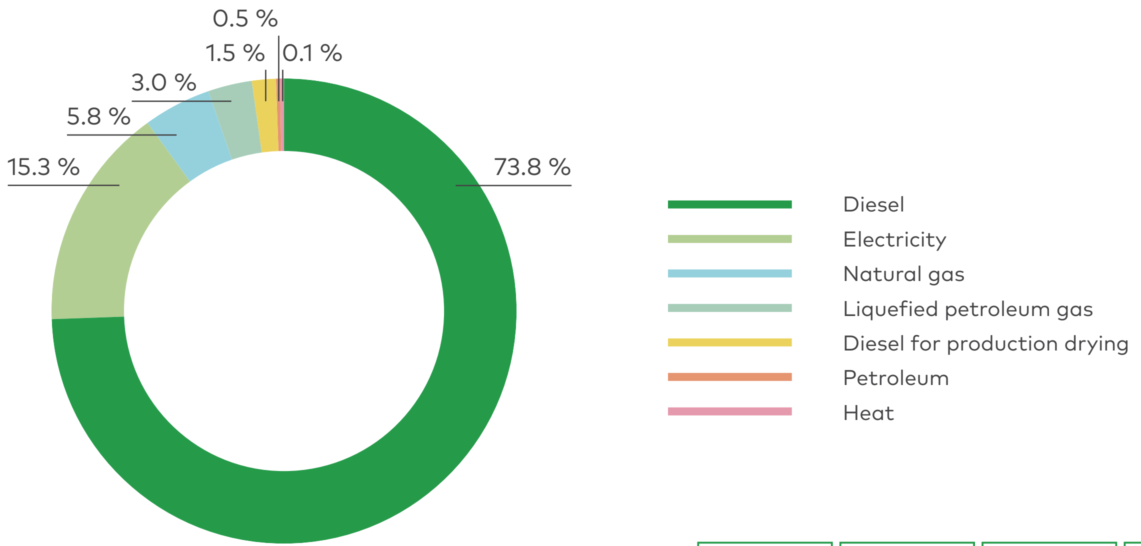
The biggest change in the consumption of natural gas in 2021 was recorded due to technical data difference in the production company Grybai LT. In 2020 the partial data was used as the company was consolidated to Group's accounting in the middle of the year. Also, some mistakes in accounting were observed which were corrected in 2021.

According to data the Group, in 2021 the consumption of natural gas increased by 11% in the Group's company Baltic Champs. It was due to lower than usual temperatures during the cold season. The lower overall energy consumption was mainly due to the reduced use of liquefied petroleum gas in the product drying operations and of petrol in 2021. AUGA group does not sell any kind of energy.

AUGA group includes many companies engaged in a wide range of activities. Due to their different operations, the Group does not have a centralised policy for reducing energy consumption. Each company is independent to implement energy saving initiatives based on the nature of its activities.

Energy consumed outside the Group's operations and in the supply chain is not calculated due to lack of data.

Energy distribution



Nasdaq E3 | Nasdaq E5 | GRI 302-03 | GRI 302-04

Energy intensity

The energy consumption intensity indicators are calculated by dividing annual energy consumption by the units of economic activity. They show how much energy is used to implement a particular activity. AUGA group calculates energy intensity through financial, production, arable land and other units.

During the reporting period, there was an increase in the relative indicators per hectare, per unit of crop and mushroom production. Energy consumption per unit of crop and mushroom production increased due to the lower volume of produce grown. Meanwhile, the increase in the indicator per hectare was due to the reduction of the total number of hectares, with a slight increase in the amount of energy from fuel and electricity used in crop production activities.

	2021	2020	2019
GJ / 1 Eur revenue	0.00511	0.00454	0.00519
GJ / 1 employee	297.11	297.18	309.22
GJ / 1 cow*	3.46	3.66	3.27
GJ / t ECM milk*	0.80	0.80	0.74
GJ / ha**	4.98	4.50	4.80
GJ / t crop production**	2.74	1.53	1.68
GJ / t mushroom production***	7.04	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.

The types of energy that are used in the energy intensity calculation include direct and indirect types of energy, as shown in the table above.

Nasdaq E4

Water

AUGA group's operations in the agricultural sector result in a significant volume of annual water consumption, which is needed for growing crops and mushrooms, watering animals in dairy farming and preparing products for final consumption. Water for ensuring production processes is derived from wells located at agricultural companies or centralised municipality water supply. Water consumption is monitored using water metres. It is worth mentioning that the Group monitors the environmental impact of water consumption through CO_2e emissions.

In the reporting period, AUGA group consumed 368.9 megalitre (368,869 cubic metres) of water. It is as increase of 8.8% compared to the previous year. This change was due to the extreme heat during the 2021 season when the crop segment used more water than usual to save the harvest.

	2021	2020	2019
Total (ML)	368.9	338.9	267.7
Total (m^3)	368,869	338,913	267,669

The Group does not currently record the amount of water reclaimed.

AUGA group does not have an approved water reduction or reclaiming policy across the Group. Each company belonging to AUGA group independently implements water saving or reuse initiatives according to its activities.

Nasdaq E6 | GRI 303-05

Waste

AUGA group understands that, in order to be sustainable, it must not only create innovations to eliminate the environmental impact of agriculture, but also take care of waste generated in its operations.

AUGA group strives to manage as much of the waste generated in the company as possible following the principle - reduce, reuse, recycle. To ensure enhanced control of waste management and make the process clearer, in 2021 AUGA group prepared a waste generation, storage and disposal procedure which has been implemented in all Group companies. This procedure is not approved by the Board of AUGA Group as the Group's waste management policy.

Based on the prepared procedure, the Group's companies comply with the requirements of the Republic of Lithuania for the storage and management of waste: the generated waste is sorted, waste accounting is performed using the national GPAIS system, it is ensured that waste is transferred only to waste management companies. In order to ensure circularity, the Group's companies utilize the generated organic waste in their own activities. The waste which cannot be utilized is collected by waste management companies and used for energy production.

In 2021, the Group generated 1,354.2 tonnes of waste. Distribution of waste by type:

Category (t)	2021	2020	2019
Paper	74.8	49.9	52.6
Plastic	472.0	428.2	529.9
Municipality waste	349.0	338.7	231.4
Tires	78.5	68.5	23.8
Metal	280.4	406.7	88.2
Oil	15.2	8.9	11.6
Electronics	0.9	0.7	1.9
Batteries	1.2	1.2	2.0
Asbestos	42.7	12.1	0.8
Organic waste	0.3	0.9	1.4
Wood	39.2	113.0	0
Total:	**1,354.2**	**1,429.3**	**944.1**

In 2021 there was a rise in paper and plastic waste due to the increased use of packaging in the growing end-consumed product segment, and asbestos as a result of the renovation of farm buildings.

In 2021 the Group additionally accounted 438.6 t of waste from vegetables not suitable for the market and handed them over to biogas production. This amount of waste was not included in the calculation of emissions.

Waste sorting and recycling has always been an important task for the Group. Therefore, AUGA group uses various formats (such as newsletters, message boards, and staff meetings) to continuously educate its employees about proper waste sorting.

GRI 306-01 GRI 306-02 GRI 306-03

Environmental management

As environmental protection is one of the Group's top priorities, AUGA group adheres to its internal Environmental Policy and Environmental Management System.

The Group's Environmental Policy, which was approved in 2019 and updated in 2021, is aimed at laying down the guidelines and principles to ensure the management of the environmental impact of AUGA group throughout its business cycle. It provides that the Group shall:

- operate in compliance with all mandatory requirements of environmental legislation;
- cooperate with business partners, public authorities and institutions on environmental issues;
- monitor the environmental impacts, in particular, calculate the organisation's carbon footprint, use of natural and energy resources and waste generation;
- conserve natural and energy resources: develop a closed-loop organic farming method, apply min-till farming technologies and use renewable energy sources;
- create and implement technologies to reduce the Group's GHG emissions in three key areas: the use of fossil fuel, soil cultivation and cattle digestion processes;
- manage as much waste generated at the company as possible in line with the reduce, reuse and recycle principle;
- develop employee competence and a responsible approach to environmental protection.

The Group's environmental management system has been in force since 2020. It ensures that environmental control and improvement procedures are carried out annually within AUGA group, such as annual audits, discussions of results by management of the Group, identification of risks and corrective actions. It is a framework that provides for the management of the Group's environmental impact and risks in all key business processes.

AUGA group adheres to the Precautionary Principle when developing its environmental activities.

Nasdaq E7 | GRI 102-11

Climate oversight

In 2020, AUGA group formulated its innovation agenda laying down clear emission reduction targets and measures to achieve them. The Group has set to reduce its emissions by 27% by 2025 and become a climate-neutral market player by 2030.

In order for the Group to achieve these climate targets, it is essential to periodically review ongoing projects, monitor the process and track the results. AUGA group holds quarterly management reviews of the major projects, including biogas infrastructure and biogas-powered vehicles, the development of specialised feed, and the use of regenerative crop rotation. These meetings discuss the projects' progress, challenges and achievements, planned investments and budgets. Such regular reviews allow the Group to quickly address challenges and take decisions that facilitate the achievement of the key strategic objectives.

AUGA group also organises semi-annual reviews of these projects at meetings of the independent Board. The progress of the innovation agenda, current challenges and results are introduced to the Board of AUGA group. Involving the independent Board in the development of these projects allows improving the management of environmental risks and making the right decisions to achieve the desired results. These reviews of innovation projects with the independent Board have been held since 2020, and this tried and tested practice will be continued.

Nasdaq E8 **Nasdaq E9**

Research and development

The main goal of AUGA group's Research and Development (R&D) Department is to develop and implement innovative agricultural technologies that ensure operational efficiency and enable activities with a lower negative climate impact.

Biogas purification and application technologies

The long-term goal of AUGA group is to achieve climate-neutral food growing processes through technology. One of the key areas of AUGA group's innovation agenda is to ensure that fossil fuels in farm vehicles will be replaced with biomethane that is produced from agricultural waste generated in other segments of the Group. That is why AUGA group is investing in biogas cleaning technologies.

In 2019, AUGA group, together with experienced partners (scientific and business institutions), implemented an R&D project to improve the efficiency indicators of biogas cleaning technology. The R&D project was part-financed by the European Regional Development Fund under the Operational Programme for EU Structural Funds Investments for 2014-2020, priority axis 1 'Strengthening Research and Development and Innovation', Implementing Measure No. J05-LVPA-K 'Intelligence'. The total value of the project is EUR 0.86 million.

The logical follow-up to the development of sustainable gas cleaning technologies is the creation of a real-scale prototype laboratory. The Biopower Plants Development Cluster, in which AUGA group participates has decided to initiate the project 'Research Laboratory for the Application of Biomethane Concentration Enhancement Methods in Large-Scale Anaerobic Digesters'. The project will provide complex laboratory equipment for R&D activities. Using the laboratory equipment acquired during the project, it plans to develop and offer globally competitive technological solutions. The project is financed by European Union Structural Funds. The value of the project amounts to EUR 1.88 million, of which EUR 1.22 million (incl. VAT) come from the EU-funded programme Inoklaster LT.

In 2021, 2 financing agreements for biogas cleaning, transportation and compression equipment were signed with the Environmental Management Agency. These agreements were signed by AUGA Smilgiai and AUGA Grūduva. The mentioned farms and AUGA Kairėnai will start producing biomethane in Q3-Q4 of 2022. The production capacity of each power plant is up to 250 m^3 / h of biomethane. The production and use of the latter will save up to 4,774 tons of CO_2 emissions per year (per one power plant), which will also be an additional source of revenue for AUGA group. It is worth to mention, agricultural waste (manure, etc.) will be recycled, so the Group will have the opportunity to use digestate as a fertilizer in its agricultural activities and biomethane as a fuel for agricultural machinery.

Biomethane powered agricultural machinery

In September 2021, AUGA group developed and launched the world's first zero-emission, biomethane-electric powered hybrid tractor, AUGA M1, for professional use. AUGA M1 hybrid tractor is unique in that it overcomes two major obstacles: refuelling and long working time, which have so far prevented major corporations around the world from offering such machines for professional use.

The patented design developed by AUGA group allows equipping the tractor with larger biomethane gas cylinders. AUGA M1 tractor uses a hybrid biomethane-electric fuel system. When the tractor is running, an internal combustion engine powered by biomethane generates energy and transmits it directly to the electric motors that turn the wheels. Under normal operating conditions that do not require much power, the tractor stores the generated energy in the batteries. The system wastes no energy under low loads, uses a relatively small but efficient engine and is capable of generating high power when needed. These solutions enable up to 12-hour operation of the tractor. AUGA group has solved the refuelling problem by offering quick and convenient gas cartridge replacement. In 2021 at the end of November, the Group signed the cooperation agreement on the contract manufacturing for AUGA's hybrid tractors with Rokiškio mašinų gamykla, AB. In 2022, these tractors are expected to be in use on AUGA group farms.

Nasdaq E10

In 2021, the Group allocated **EUR 2,592,161** for implementing the technological projects, compared to EUR 2,207,801 in 2020.

Specialised feed technology

The Group is developing a specialised feed technology aimed at reducing methane emissions from cattle digestion processes. Since dairy farming is a significant 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 the Group finds it important to take this problem into account. The concept of specialised feed technology includes innovative processes and technologies used for feed production and processing by monitoring and assessing the effect of such feed on livestock. The use of new feed would significantly reduce livestock methane emissions per volume of milk produced and will help to ensure livestock welfare.

In 2021, the R&D team of AUGA group developed and installed the first pilot prototype of specialized feed technology and developed the feed production process. The digestibility of feed is one of the key factors influencing the release of methane. It is expected that AUGA group solution will allow to produce the feed that will reduce methane emissions by up to 50% per unit of production. Such a solution will be applied in the production processes of organic feed for the first time in Lithuania. In addition, it is important to mention that the Group is currently testing this technology, during which CO_2 emissions, changes in milk yield and animal health have been monitored. According to the data, all three monitored indicators allow Group to expect that the technology will fully meet the expectations of AUGA group and allow them to be improved.

Robotics technology in mushroom growing

Baltic Champs, UAB and its partner Aksonas, UAB continue to implement the project 'Development of an innovative robotic technology prototype for mushroom growing at Baltic Champs, UAB, co-financed by the European Union Structural Funds. The Company uses artificial intelligence and robotic systems for research and technological development aimed at reducing the risk of infections and diseases in mushrooms and improving the yield and quality of mushrooms.

As the existing mushroom growing technologies are labour intensive, which directly affects the quality of production and results in higher labour costs, the research and experimental development project seeks to create and implement the following new technological solutions:

- a data processing system;
- artificial intelligence solutions that control mushroom growing, the microclimate and the irrigation system;
- a robotic champignon processing technology;
- an automated mushroom sorting system.

The project is financed by the European Regional Development Fund under the Operational Programme for EU Structural Funds Investments for 2014-2020, priority axis 1 'Strengthening Research and Development and Innovation', No. J05-LVPA-K 'Intelligence. Joint science-business projects'. The total value of the project is EUR 1.75 (excl. VAT). Baltic Champs, UAB and its partner Aksonas, UAB will allocate at least EUR 0.80 million for the implementation of the project, and the remaining amount will be provided by the European Regional Development Fund.

The projects are at different stages of technological progress, depending on their importance in the Group's innovation agenda, the validity of technological assumptions used and the market situation.

Targets for 2022

As environmental issues are at the forefront in AUGA group, the Group will continue to maintain its strategic focus on implementing R&D projects and developing technological solutions that will help to reduce climate pollution from agriculture: the launch of biomethane production is scheduled, the use of zero-emission hybrid tractors developed by AUGA group is planned to be implemented on the farms, and the testing of the specialised feed technology is to be completed in 2022. Calculations of their impact on emission reduction will be carried out as well.

In 2022, the Group also plans to assess the environmental impact of its consumer product basket and carry out a life cycle assessment of selected products, engaging external research teams. A broader assessment of Scope 3 emissions is also planned.

AUGA group will continue to review climate change issues consistently with management on a quarterly basis, and with the top governing body, the independent Board, semi-annually.

In 2022, AUGA group will work on employee education, developing their competencies and fostering a responsible approach to environmental protection. Employees will be reminded of the Group's Environmental and Animal Welfare Policies, and also will be actively involved in the technology development process of AUGA group and informed about the impact of innovations being developed and other related outcomes. The Group plans to issue six newsletters, organise two staff meetings in all its units and carry out an annual knowledge check of the Environmental and Animal Welfare Policies.

4.4. SOCIAL RESPONSIBILITY

Our activities and achievements

In 2021, the Group set a goal to review the Occupational Health and Safety Management System effective in the Group companies and to update it in line with the principles of the ISO Management System. The goal has not been achieved due to changes in the organisation personnel, and it remains one of the main tasks for 2022.

In 2021, the codes of conduct and policies in force in the Group were adhered to and the annual update of the employee knowledge of these topics was conducted.

AUGA group continued to focus on the issues of social equality, fair pay, and gender equality. Pursuant to its Human Rights, Non-Discrimination, Child and Forced Labour Policy, the Group did not tolerate any form of discrimination within the organisation, made every effort to ensure occupational health and safety and provided additional health insurance to its employees.

The Group carried out a share options program for the third consecutive year. In 2021, 235 employees were engaged in the program, of which 44 were new participants.

Companies of AUGA group operate in different regions of Lithuania; therefore, efforts were made to integrate them more closely and share good practices among them. The Group's management organised several roadshows across the Group, increased the frequency of newsletters, with five detailed newsletters reaching employees in 2021, and aimed not only at informing about the Group's activities, but also at educating on important topics such as sustainability.

Public education on sustainability topics is also one of the Company's social activities, and for this reason the Group publishes the 'AUGA reads' newsletter; representatives of the Group participated in 22 different conferences and events at universities.

In 2021, a survey of the communities in which AUGA group operates was conducted as well. Its aim was to achieve the close dialogue with the communities, understand their needs and help to address the arising problems, this way contributing to regional and rural development.

AUGA group also seeks to contribute to national initiatives intended to support communities, and it has been a sponsor of the 'Maisto bankas' for several years. The Group also participated in the 'Sidabrinė linija' initiative. Products worth a total of EUR 25,000 were donated to these organisations in 2021.

In 2021, the Group company Baltic Champs was one of the first in Lithuania to receive an international GRASP certificate, which is in addition to another international standard, GLOBAL G.A.P. module, measuring the application of the principles of corporate social responsibility.

Community survey

AUGA group carried out its agricultural, production, and other activities in various regions of Lithuania; therefore, a close link with communities is an important interest of the Group. For the fourth year in succession, AUGA group has conducted a survey to assess its activities in the regions and receive feedback from elderships and communities. The results help the Group to identify key regional problems and contribute to their solution and community wealth building.

The survey consists of a variety of questions: whether AUGA group contributes to the activities of a community or eldership or makes efforts to reduce environmental pollution, and whether the Group is considered a socially responsible employer. It also assessed the communication between AUGA group and community members, and the meeting of their expectations in cooperation with the Group.

The 2021 survey data show that the Group increased its contribution to the activities of elderships and communities during the reporting period, with 84.6% of the respondents answering 'Yes' to this question in 2021, compared to 76.5% in 2020. It is encouraging that 90.9% of the respondents said that AUGA group's assistance had lived up to the expectations of communities. The Group's companies are actively involved in the activities of regional communities, hear out their needs and try to meet them.

It is also important to mention that 92.3% of representatives of communities and elderships who participated in the survey consider the Group a major employer in their region, and for two successive years the respondents have rated AUGA group as a socially responsible employer.

Results

Employees and diversity

The following tables show the data for AUGA group as of the end of the reporting period (2021), according to AUGA group's business management system.

Age and education of employees

Age of employees	Number			Share,%		
	2021	2020	2019	2021	2020	2019
Under 30 years old	169	190	165	13.7	14.9	13.8
30-50 years old	580	606	569	47.0	47.7	47.7
Over 50 years old	484	475	459	39.3	37.4	38.5
Total:	**1,233**	**1,271**	**1,193**	**100.0**	**100.0**	**100.0**

According to AUGA group, the total number of employees as of 31 December 2021 was 1,233, showing a 3% decrease, compared to the previous year when the number of employees had been 1,271. This change is linked to improvements in technological processes and efficiency gains. The total number of employees includes people on parental leave (34 in 2021). The largest group of employees by age in 2021 remains the same as that in the previous year (30-50 years old). The table does not include members of the independent Board. The age distribution is as follows: 3 members or 60% in the 30-50 age group, and 2 members or 40% in the age group 50 and older.

Education	Head office			Agricultural entities		
	2021	2020	2019	2021	2020	2019
University	86	72	59	272	270	208
Special vocational	3	4	2	411	452	430
Secondary	2	2	4	425	436	452
Total:	**91**	**78**	**65**	**1,108**	**1,158**	**1,090**

Employees on parental leave are not included in this table.

In 2021, an increase in the number of employees with a university degree was seen (both in the head office and in agricultural entities) compared to 2020. Similar trends were observed in the past as well. The growing number of employees with higher education is related to the Group's focus on the development of technological projects.

GRI 102-08 GRI 405-01

Distribution of employees by employment contracts

	Women			Men		
	2021	2020	2019	2021	2020	2019
Permanent employees	514	542	503	719	729	690
Temporary employees	0	0	0	0	0	0
Total:	**514**	**542**	**503**	**719**	**729**	**690**
Full-time employees	503	538	499	702	712	680
Part-time employees	11	4	4	17	17	10
Total:	**514**	**542**	**503**	**719**	**729**	**690**
Working under service contracts	1	2	1	1	1	1

At the end of 2021, the Group did not have employees working under temporary employment contracts. AUGA group employees working under service contracts are not included in the total number of employees.

According to the 2021 data of AUGA group business governance system, the number of part-time employees remains low, compared to the previous year. In 2021, the number of such employees accounted for 2.2% of the total, while that of employees with service contracts amounted to 0.2%.

It is worth mentioning that the Group operates in the agricultural sector where activities are seasonal. Therefore, AUGA group hires seasonal workers annually who provide such services as weeding, picking, drying, measuring, and similar work. The Group companies pay such workers for their services according to payment receipts. During the 2021 season, the Group hired 417 additional seasonal workers to provide the above agricultural services. At the end of the season, these workers are not included in the final number of employees.

Gender diversity

In 2021, similar as in previous years, the majority of employees were men, which is typical to agricultural sector. The Group does not discriminate its employees in any way on gender basis and provides equal employment and career opportunities, based on employee qualification.

	Women, number			Men, number		
	2021	2020	2019	2021	2020	2019
Workers and specialists	467	494	458	670	679	605
Management	13	13	14	49	50	42
Total:	**514**	**542**	**507**	**719**	**729**	**686**

	Women, %			Men, %		
	2021	2020	2019	2021	2020	2019
Workers and specialists	42.8	43.8	43.1	57.2	56.2	56.9
Management	19.7	20.6	25.0	80.3	79.4	75.0
Total:	**41.7**	**42.6**	**42.2**	**58.3**	**57.4**	**57.8**

*The table does not include members of independant Board.

Nasdaq S4 | Nasdaq S5 | Nasdaq G1 | GRI 405-01

Employee turnover*

In 2021, the total turnover of employees reached 29.9%, while in 2020 it was 24.9%. The overall increase in employee turnover is in line with trends in the entire Lithuanian labour market. Employee turnover data are calculated from the actual number of employees at the end of the year.

Employee turnover by gender						
	Number			Share in each group, %		
	2021	2020	2019	2021	2020	2019
Women	152	114	94	29.8	21.0	18.5
Men	216	202	166	30.0	27.7	24.2
Total:	**368**	**316**	**260**	**29.9**	**24.9**	**21.8**

Bigger number of employee turnover in 2021 remains among men. However, according to the data for 2021, the turnover among women has increased to 29.8%, compared to 21.0% in the previous year. This indicator is determined by the increased number of mushroom pickers, most of whom are women, in the mushroom growing company Baltic Champs.

Employee turnover by contracts						
	Number			Share in each group, %		
	2021	2020	2019	2021	2020	2019
Full-time employees	366	316	256	30.7	24.9	21.8
Part-time employees	2	0	4	7.1	0.0	0.0
Working under service contracts	0	0	0	0.0	0.0	0.0
Total:	**368**	**316**	**260**	**29.9**	**24.9**	**21.8**

Employee turnover by age						
	Number			Share in each group, %		
	2021	2020	2019	2021	2020	2019
Under 30 years old	131	98	104	77.5	51.6	63.0
30-50 years old	153	126	92	26.4	20.8	16.2
Over 50 years old	84	92	64	17.4	19.4	13.9
Total:	**368**	**316**	**260**	**29.9**	**24.9**	**21.8**

In terms of the number of employees, the age group under 30 is the smallest in AUGA group and accounts for 13.7% of all employees in the Group. The high turnover of employees in this age group partially reflects the labor market trends in Lithuania, as younger employees tend to change jobs more often.

* All activities of AUGA group are developed in one region, Lithuania, therefore the data are not separated by countries and geographical regions.

Nasdaq S3 | GRI 401-01

New employees*

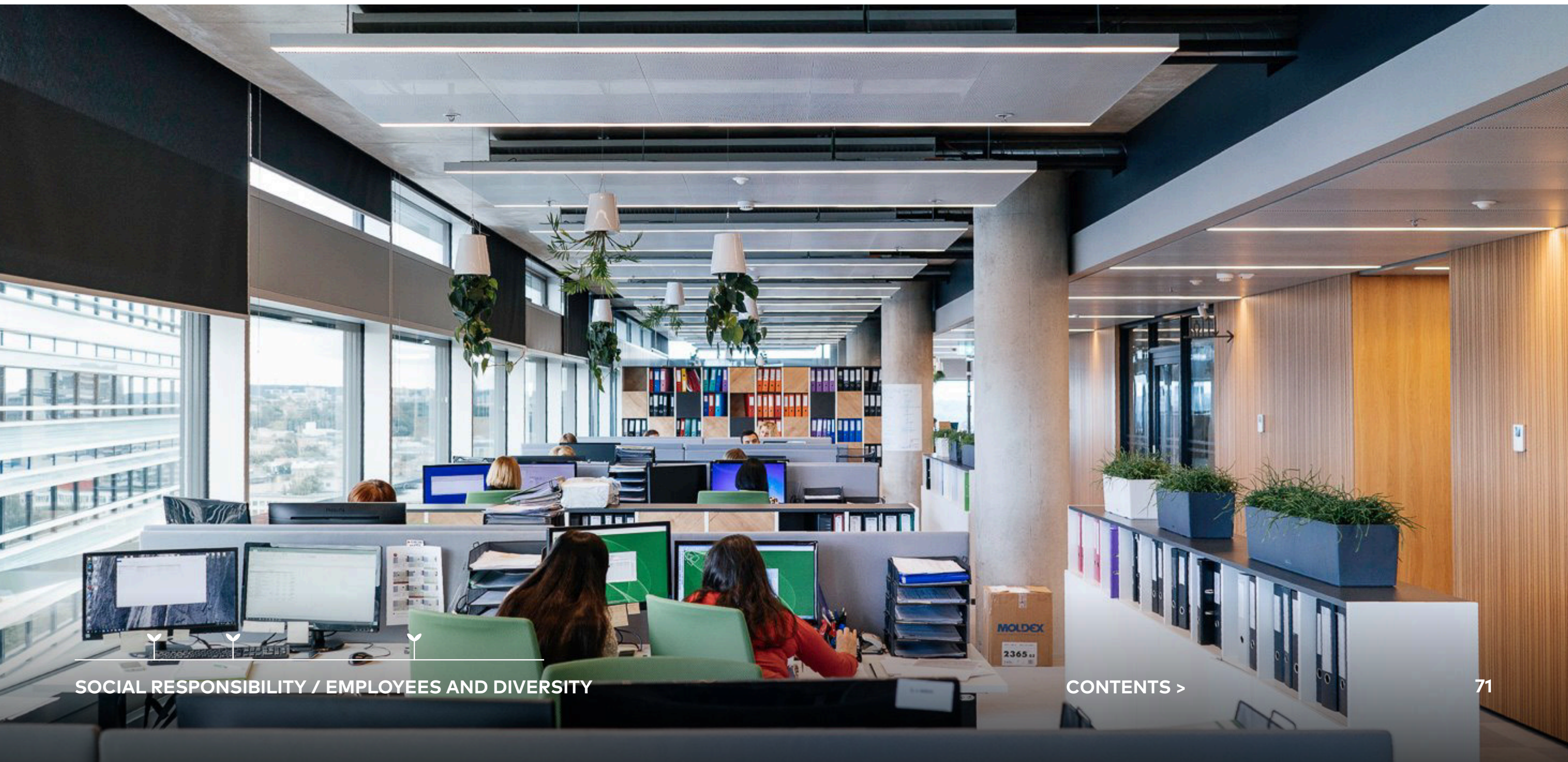
New employees by gender						
	Number			Share in each group, %		
	2021	2020	2019	2021	2020	2019
Women	122	129	64	23.7	23.8	12.6
Men	209	230	136	29.1	31.6	19.8
Total:	**331**	**359**	**200**	**26.8**	**28.2**	**16.8**

In 2021, the majority of newly hired workers were men. This trend has been seen in previous years. This is due to the fact that the Group operates in the agricultural sector, which typically employs more men due to the nature of its work. It is important to note that when hiring new employees, the Group evaluates them based on their qualifications and motivation to work and does not discriminate in any way on the basis of their gender.

New employees by age						
	Number			Share in each group, %		
	2021	2020	2019	2021	2020	2019
Under 30 years old	133	151	63	78.7	79.5	38.2
30-50 years old	128	150	103	22.1	24.8	18.1
Over 50 years old	70	58	34	14.5	12.2	7.4
Total:	**331**	**359**	**200**	**26.8**	**28.2**	**16.8**

* All activities of AUGA group are developed in one region, Lithuania, therefore the data are not separated by countries and geographical regions.

GRI 401-01



Remuneration and its distribution

Remuneration policy

Employee well-being is an important objective of the Group, which is ensured through a fair and transparent Remuneration policy. It provides 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 issues of implementing the remuneration policy, AUGA group uses the remuneration data analytics platform of the international company KORN FERRY. The platform allows the Group to verify the dominant remuneration trends in the market.

CEO pay ratio

In 2021, the CEO pay ratio was 5.34, staying almost unchanged from the previous year's 5.33. A marginal change was due to an increase in the number of business trips. For several years in a row, the Group has seen a decrease in the CEO (the highest-paid employee) pay ratio to the median salary of permanent employees of all Group companies. In 2020, this ratio amounted to 5.33, while in 2019 it had been 5.75. These data are published annually in the Annual Report.

This change was due to the annual reviews of employee pay in line with the dominant market trends, while the CEO pay had remained unchanged. It is important to mention that the CEO of the Company is one of its main shareholders through his controlled Baltic Champs Group, UAB (see more in the Remuneration statement).

Excluding the CEO pay, the median of permanent workers of the Group changes insignificantly and does not affect the ratio.

Gender pay ratio

Under the provisions laid down in the Human Rights, Non-Discrimination, Child and Forced Labour Policy, employees of AUGA group are not discriminated against based on their gender. The work of each employee is evaluated on the basis of results achieved in his or her field, and the Group does not tolerate different salaries for the same type of work.

In 2021, according to AUGA group, the median gender pay ratio for AUGA group employees decreased to 1.22, down from 1.28 in 2020. Higher salaries for men in AUGA group are determined by the positions held and qualifications.

The distribution of median salary ratios for men to women by employee category is given in the table below:

Median men to women salary ratio	2021	2020
Management	1.31	1.84
Specialists	1.18	1.26
Workers	1.22	1.19
Total:	**1.22**	**1.28**

The calculations of this median pay excluded employees who were on sick leave for more than 100 hours during the year, as well as those who were on parental leave.

Additional financial incentives for employees

The Group seeks to continuously motivate its employees, one of the measures for this being a share options program. AUGA group has applied this measure for three years. In 2021, 235 employees participated in the program, of whom 44 were new participants.

Additional financial incentives are provided to AUGA group's employees for achieving significant performance. In 2021, additional incentives were granted to 85 employees. Employees of the Group also receive financial incentives in the form of a symbolic 'thank you' bonus at the end of the year. In 2021, a total of 1,157 employees received such bonuses.

Nasdaq S1 | Nasdaq S2 | GRI 102-35 | GRI 102-38 | GRI 405-02

Health and safety

Occupational health and safety policy

It is extremely important for the Group to ensure a safe working environment for its employees. Employee safety is seen as one of the top priorities in all operations of the Group. For this reason, AUGA group has an Occupational Health and Safety Policy. It is designed to identify dangers and risks that may occur in the Group's activities. The policy also provides for measures to minimise accidents.

According to this policy, AUGA group continuously strives to improve the working environment for its employees, the rules for safety at work and their implementation mechanisms. The Group's management understands its responsibility to provide all necessary means for employees to perform their duties properly on a day-to-day basis and strictly adheres to these principles. Employees can and are encouraged to make proposals to their employer on the implementation of occupational safety in the activities of the Group.

To ensure smooth implementation of this policy, the Group also carries out periodic occupational health and safety audits. This control is ensured by qualified external consultants.

All new employees of the Group must get familiar with the rules and update this knowledge regularly. AUGA group expects all its business partners to adhere to these occupational health and safety principles and reminds them of this every year.

The Occupational Health and Safety Policy is published on the website of AUGA group.

Accidents at work

AUGA group operates in the agricultural sector where manual work is common. In 2021, the Group witnessed 13 accidents in which workers suffered minor injuries. The affected workers recovered quickly and none of them registered for long-term incapacity resulting from the suffered injury. In 2021, it was not established that seasonal workers working on payment receipts were suffered injuries at work. No deaths were recorded at the workplace in 2021, as in previous years.

The Group companies aim at reducing the risk of potential injuries at work and have a goal of reducing this risk to 0. For this reason, safety procedures are regularly reviewed, employees receive training on safe working processes, risks are discussed and attention is paid to the introduction of safety measures to prevent accidents at work. In 2021, there were 0.0105 accidents per employee (or 0.0006% of all working hours). In 2020 this figure reached 0.0062 (or 0.0004% of all working hours).

Health and safety training of employees

In 2021, AUGA group carried out health and safety training for employees in their production units on the following topics: general health and safety training, loading of goods with a forklift, electric forklift and manually, working with hazardous chemical materials, animals and other machinery. Workers were also trained to work at heights, in forest conditions with chainsaws, wells, excavations and closed tanks. The on-the-job trainings on cargo work, fire safety, lifting equipment, gas boiler, high-altitude work, and COVID-19 prevention were carried out.

Supplementary health insurance

AUGA group takes care of the health of its employees and provides supplementary health insurance for all workers of the Group employed under a permanent contract for more than three months. Supplementary health insurance allows employees to receive services at all healthcare institutions, enables early healthcare of the insured, ensures aid in cases that are difficult to predict, and helps to save time for access to healthcare.

This health insurance makes it quicker and more convenient to access health-related services, such as medical treatment at selected health care institutions, consultations with family and other physicians, various tests, medicines, and other health-enhancing services, including therapeutic massages and physiotherapy sessions. With this insurance, AUGA group workers can enhance not only their physical but also emotional health, as they can also visit psychologists. In addition, workers can use their supplementary health insurance to reimburse the costs of COVID-19 tests when requested by a medical institution.

The Group's data shows that AUGA group workers use the possibility of having medical examinations and enhancing their health more often.

Ensuring consumer safety and health

AUGA group ensures that food products are grown and produced following the requirements of organic production, without using synthetic fertilizers, pesticides, genetically modified organisms (GMOs) and other substances prohibited in organic farming. End-consumer products are preservative free. AUGA group aims that that its products contain less sugar, more fibre, more protein and other health benefits. This information is provided on the packaging.

AUGA branded products and private labels are produced following best practices in manufacturing and quality assurance. The Group's companies employ product quality specialists who ensure that consumers and customers receive a product that meets all safety and quality requirements.

In all companies of the Group and 3rd party manufacturers, that produce AUGA products, food safety management systems are in place. The Group's company Grybai LT, which produces ready-to-eat soups and other preserved products is certified with international food safety standard BRCGS.

Nasdaq S7 | Nasdaq S8 | GRI 403-01 | GRI 403-05 | GRI 403-06 | GRI 403-09

Principles of employee rights and protection

AUGA group has had the Human Rights, Non-Discrimination, Child and Forced Labour policies since 2019, which were reviewed and approved by the independent Board as required. This policy is aimed at ensuring the fundamental principles of human rights under the applicable laws of the Republic of Lithuania and international standards in order to achieve that employees feel safe in the working environment, and to avoid discrimination and any kind of forced or child labour in the Group.

All AUGA group employees who notice situations where human rights and the principles of non-discrimination, child and forced labour in the Group are infringed can report them anonymously by email to etika@auga.lt.

In 2021 all new employees joining the Group were briefed on the Group's Human Rights, Non-Discrimination, Child and Forced Labour Policy. The latest employee training on this topic was carried out in 2020.

Human rights

AUGA group develops its activities in all spheres according to the universally accepted principles of human rights defined by the United Nations Universal Declaration of Human Rights, the United Nations Resolution on Business and Human Rights, and the core conventions of the International Labour Organisation. Respect for human rights is also enshrined in the Group's Code of Business Ethics which stipulates that these principles are an integral part of AUGA group's values and culture.

Adherence to these principles is also important not only within AUGA group, but also among its stakeholders. AUGA group encourages its partners to comply with the universal human rights standards and seeks to avoid business relationships and partnerships with other organisations that ignore the principles of human rights in their activities.

We are pleased that there were no cases of human rights violations in the Group's activities during 2021.

Non-discrimination

AUGA group does not tolerate any discrimination in the working environment and strives to ensure that its employees suffer no humiliation, harassment, or other insults on the basis of gender, age, nationality, race, religious and political beliefs, or other personal characteristics. On the contrary, the policy provides that employees should have equal access to work and professional development, and that their performance should be evaluated on the basis of competencies they possess and their application in the day-to-day work to achieve results. The principle of non-discrimination is also observed strictly in staff selection and negotiations on salary.

The management of AUGA group adheres to these principles and encourages its employees to show respect and tolerance in ensuring human rights. In 2021, not a single case of violating the principle of non-discrimination was recorded in the whole Group.

Child and forced labour

Forced and child labour is not tolerated in the activities of the Group, and AUGA group complies with the prohibitions and restrictions stipulated in Lithuanian and international laws. The Human Rights, Non-Discrimination and Forced or Child Labour Policy in AUGA group does not allow for any form of forced labour, including involuntary employment relations or their certain conditions relating to the taking of deposits or personal documents and restrictions on the freedom of movement. The Group does not tolerate or contribute to human trafficking in any way either.

According to AUGA group data, in 2021 no cases of child or forced labour were recorded.

The Human Rights, Non-Discrimination and Child or Forced Labour Policy, which are valid in AUGA group, is published on the Group's website.

Nasdaq S6 | Nasdaq S9 | Nasdaq S10 | GRI 406-01

Targets for 2022

AUGA group has set a goal of completing the Occupational Health and Safety Management System by 2022 and implementing it group-wide.

The Group will work to further reduce the number of potential accidents during 2022. The target is 0 accidents at work causing loss of health.

In 2022, the Group will seek to ensure the implementation of existing policies and codes of conduct. As every year, AUGA group will update its employees' knowledge on the policies and codes of conduct in force in the Group.

AUGA group will strive to adhere to the policies of social equality, fair pay, and gender equality, as it used to do in the past. The Group will not tolerate discrimination in its subsidiaries and will ensure employee safety and additional health care.

In 2022, AUGA group will seek to contribute to socially responsible initiatives throughout Lithuania.

The Group will continue to educate employees and the public on all three sustainability areas and will strive to make sustainable habits part of employees' daily life. The Group plans to issue six staff newsletters and 10 'AUGA reads' publications.

In 2022, as every year, the Group will repeat the surveys of communities in which AUGA group operates, in order to maintain a close dialogue with them.

4.5. SUSTAINABLE GOVERNANCE

Our activities and achievements

In 2021, AUGA group continued implementing its corporate governance model based on the highest transparency standards and in April of the same year elected a new independent Board for a two-year term. The newly elected Board is actively involved in the governance of the Group. In 2021, the Board held 10 meetings, of which 6 meetings were organised under the new Board.

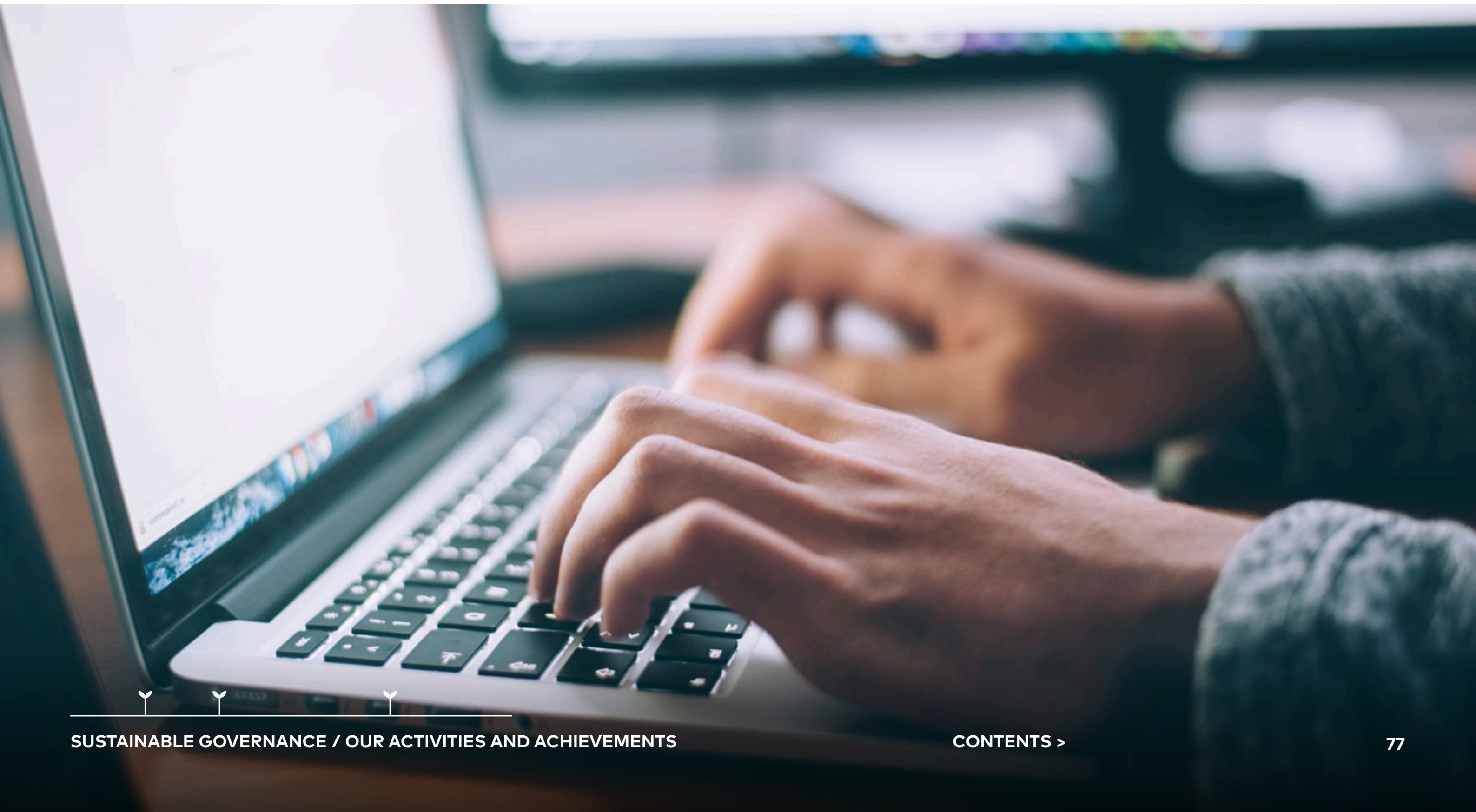
In 2021, the Group updated its Articles of Association and the Board Regulations. The new versions further contribute to the implementation of good corporate governance practices and to ensuring transparency and accountability to minority and majority shareholders and investors. The updates include clearer provisions on avoiding conflict of interests, opting out and self-assessment, disclosure of information to shareholders, and quorum calculation. The Articles of Association of the Company are published on AUGA group website.

In order to keep the environmental and social impact assessment of its activities up to date, in 2021 the Group carried out a materiality assessment of the sustainability criteria, involving the key groups of stakeholders.

AUGA group has always demonstrated active support to, and sought to improve its relations with investors, and it will continue these good practices in 2021 by improving the content of its publicly available reports, organising events for local and international investors, such as web conferences after the release of quarterly results, physical meetings with investors following the announcement of annual results, and an end-of-the-year event to review technological development.

It is important for the Group companies to follow internally approved policies that define the activities, engaging employees, suppliers and other stakeholders of AUGA group. As in the previous years, once a year the Group's employees updated their knowledge of policies in force in AUGA group by taking specially prepared tests. The existing policies of AUGA group for 2021 were reviewed at Board and management meetings, with comments and discussion on the implementation of the procedures.

In 2021, AUGA group was evaluated for its fair and transparent activities at the national 'Socially Responsible Business Awards'. The award was presented in recognition of AUGA group's development of investor relations, the publication of its Sustainability Reports, and the implementation of its independent Board model.



Board

The independent Board model has been in place in the Group since 2019, when the Supervisory Board model was abandoned to implement good sustainable governance practices. Members of AUGA group Board are elected every two years. In April 2021, a new independent Board of the Group was elected, composed of international experts. Dalius Misiūnas (Chairman of the Board), Murray Steele, Tomas Krakauskas and Andrej Cyba were re-elected for a second term. Michaela Tod was elected as a new member of the Group's Board.

The main responsibilities of the independent Board of AUGA group are to approve the Group's strategy and business plans, annual budgets and possible risks of the Group's operations, and a risk management policy. Members of the Board also approve the annual financial and non-financial goals of the CEO, assume responsibility for the supervision and application of the Group's good governance practices. The independent Board approves the Sustainability Report of AUGA group and contributes comments and insights to its preparation.

To comply with good governance practices, Board meetings are organised regularly. At the meetings, members of the Board, using their expertise, submit proposals for the above areas to the management of AUGA group and take the most important decisions in cooperation with them.

Gender diversity

The new independent Board elected in 2021 consists of 80% of men (i.e. 4 out of 5). It is important to mention that members of the Board are elected according to their experience and competencies that may be conducive to the Group's performance, without discrimination based on gender.

Board independence

The separation of powers is clearly defined in AUGA group's governance model, identifying the responsibilities and roles of each governing body. Pursuant to the applicable procedures of AUGA group, the Chief Executive Officer may not become a member of the independent Board, being directly subordinated to this governing body.

independent members account for as many as 80% of the Board (or 4 out of 5 members). One member of the Board is an employee of UAB ME Investicijos which owns less than 5% of shares in the Company. None of the Board members hold any other position in the companies of AUGA group.

Incentivized pay for sustainability

The Group does not provide financial incentives to employees or members of the management and supervisory bodies for the formation, development, and implementation of the long-term sustainability strategy. Employees responsible for this area receive financial incentives under the general procedure similarly to other staff members. Employees engaged in the development of sustainability also participate in the share options program to be rewarded for their performance in this area.

All information about each member of the independent Board, their education, positions in other organisations and the number of shares held is published on the official website of AUGA group and in the Annual Report.

Nasdaq G2 | Nasdaq G3 | GRI 102-26 | GRI 102-32

Collective bargaining

As in the previous years, in 2021 AUGA group did not enter into any collective agreements with employees. Employees are not prohibited from showing initiative in creating employee associations or implementing other social partnerships as defined in the Labour Code, to the extent these concern the relations between the employer and employees and collective bargaining. Pursuant to the Human Rights, Non-Discrimination, Child and Forced Labour Policy, the Group opposes disciplinary or discriminatory actions against workers who choose to set up associations peacefully and lawfully. According to the guidelines set out in the policy, employees of the Group are prohibited from using intimidation of any kind to prevent other employees from exercising their right to freedom of association or their right not to belong to any association.

Investor relations

Stakeholder engagement is one of AUGA group's top priorities in implementing sustainable governance practices. In 2021, the Group continued to focus on maintaining relations with existing investors and establishing new ones. AUGA group aims at ensuring that investors are informed regularly about the Group's activities and results, thus creating an open and trustworthy relationship with one of the most important stakeholder groups.

During the reporting period, AUGA group continued its active efforts to ensure that investors have convenient access to all relevant information, including analysts' assessments, quarterly reports, video conferences, presentations, and performance results in Excel format. This information is published on the website of AUGA group, in the investor newsletter, and on the Nasdaq Baltic website. In 2021, the Group improved the content of publicly available reports.

As in the past, in 2021 the Group's performance was assessed by independent international analysts, in particular WOOD & Company, Enlight Research and LHV Bank. In 2021, AUGA group organised 7 events for local and international investors and published 21 newsletters. The Group also actively communicated its activities through the media. In 2021, news about AUGA group was published in 25 countries.

Investor interest in the Group's activities is growing. During the reporting period, the Group saw an increase in the number of equity investors, which amounted to 2,528 at the end of the year, compared to 1,866 in 2020.

Nasdaq G4 | GRI 102-41

Business ethics

AUGA group has had a Code of Business Ethics, a Policy on Prevention of Corruption and Conflict of Interest and a Supplier Code of Conduct for several years. Through the principles set out in these codes and policies, the Group seeks to establish and maintain high standards of business ethics in its own organisations and in those of its partners and suppliers.

Business ethics and anti-corruption

The Code of Business Ethics is one of the crucial documents providing for the key working principles of AUGA group. The Code defines the principle of fair treatment of workers and the importance of complying with international human rights standards and ensuring equality, health and safety. The Code specifies the rules implementing the protection of personal data, confidential information, business and financial documents, the provision of work equipment, the relationship with customers and competitors, and the overall communication of AUGA group.

Employees and other stakeholder groups of the Company may submit proposals for improving the Code, report violations and receive the necessary information related to its implementation. They can do this by email to: etika@auga.lt. Only the Head of the Personnel Department of the Company has access to this mailbox. According to the 2021 information, the Group did not receive any reports of violations of the Code.

AUGA group adheres to the Policy on Prevention of Corruption and Conflicts of Interest which stipulates that the Group will not tolerate corruption in any of its forms, and in case of specific manifestations of corruption within the organisation, the Group will take immediate action to prevent such situations.

The anti-corruption policy also provides that every employee is obliged to disclose whether he or she engages or intends to engage in any activity that may give rise to a conflict of interest. Pursuant to this policy, employees must act impartially, not provide unlawful benefits to other business entities, and not get involved in situations that cause or could potentially cause a conflict of interest with the Group's interests, or have a negative impact on their freedom of action or decisions related to job functions.

All new employees of AUGA group (331 or 100%) are familiarized with these core documents of the Group. Administrative staff, managers and specialists* with e-mail access (246 or 20%), had to update their knowledge on the Policy on Prevention of Corruption and Conflicts of Interest in the online system and to perform knowledge verification tests in 2021. In case of failing the test it had to be taken again. The members of the independent Board did not carry out these follow-up trainings. No violations of anti-corruption policies were registered in 2021.

The Code of Business Ethics and the Anti-Corruption Policy are available to all stakeholders on AUGA group's website.

Due payment of taxes

As stated in AUGA Group's Code of Business Ethics, the Group complies with all applicable tax laws and strives to ensure that its obligations to the state are met in a transparent, responsible and timely manner. The Group does not use tax avoidance schemes and does not work with partners who use such schemes in their operations.

Supplier code of conduct

AUGA group cooperates with a wide range of local and international business partners and suppliers to develop its activities. To comply with good governance practices, the Group chooses its partners responsibly and strives to ensure a sustainable supply chain, mobility and flexibility, adapting to the existing business needs. AUGA group aims at developing long-term partnerships and ensuring a close dialogue not only on day-to-day operations, but also on the implementation of sustainability principles within organisations. AUGA group encourages its partners to adhere to the highest standards of sustainability and good corporate governance practices, as provided for in the Group's Supplier Code of Conduct.

The document that defines supplier relations and principles of their activities stipulates that it is important for the Group to ensure that its business partners conduct their business according to the basic environmental, social and governance (ESG) criteria and the United Nations Sustainable Development Goals. The document states that the Group expects its suppliers to comply with environmental regulations and animal welfare standards, as well will the principles of human rights, care of workers' health and prevention of any discrimination or forced child labour. In 2021, the Group did not record any violations of the above principles among its business partners.

In 2021, AUGA group again informed the suppliers accounting for 70% of the Group's procurement turnover on the Supplier Code of Conduct and reminded them of the key principles of transparent business.

The Supplier Code of Conduct is published on the website of AUGA group.

* All activities of AUGA group are developed in one region, Lithuania, therefore the data are not separated by countries and geographical regions.

Nasdaq G5 | Nasdaq G6 | GRI 102-09 | GRI 102-25 | GRI 205-02 | GRI 205-03

Data privacy

AUGA group implements the Privacy Policy to ensure personal data protection for the Group's employees. The Group also responsibly complies with the universally binding laws on the protection of natural persons in personal data processing and on free movement of such data. AUGA group also adheres to the legal framework for personal data protection in the Republic of Lithuania, as provided for by Regulation (EU) 2016/679 of the European Parliament and of the Council.

Targets for 2022

In 2022, AUGA group will continue to apply a corporate governance model based on the highest transparency standards, actively engaging the independent Board. In view of the geopolitical situation in the region and the increasingly fragmented supply chains, the focus of the independent Board and the management team in 2022 will be on the development of technological projects that will help to enhance the resilience of the business model.

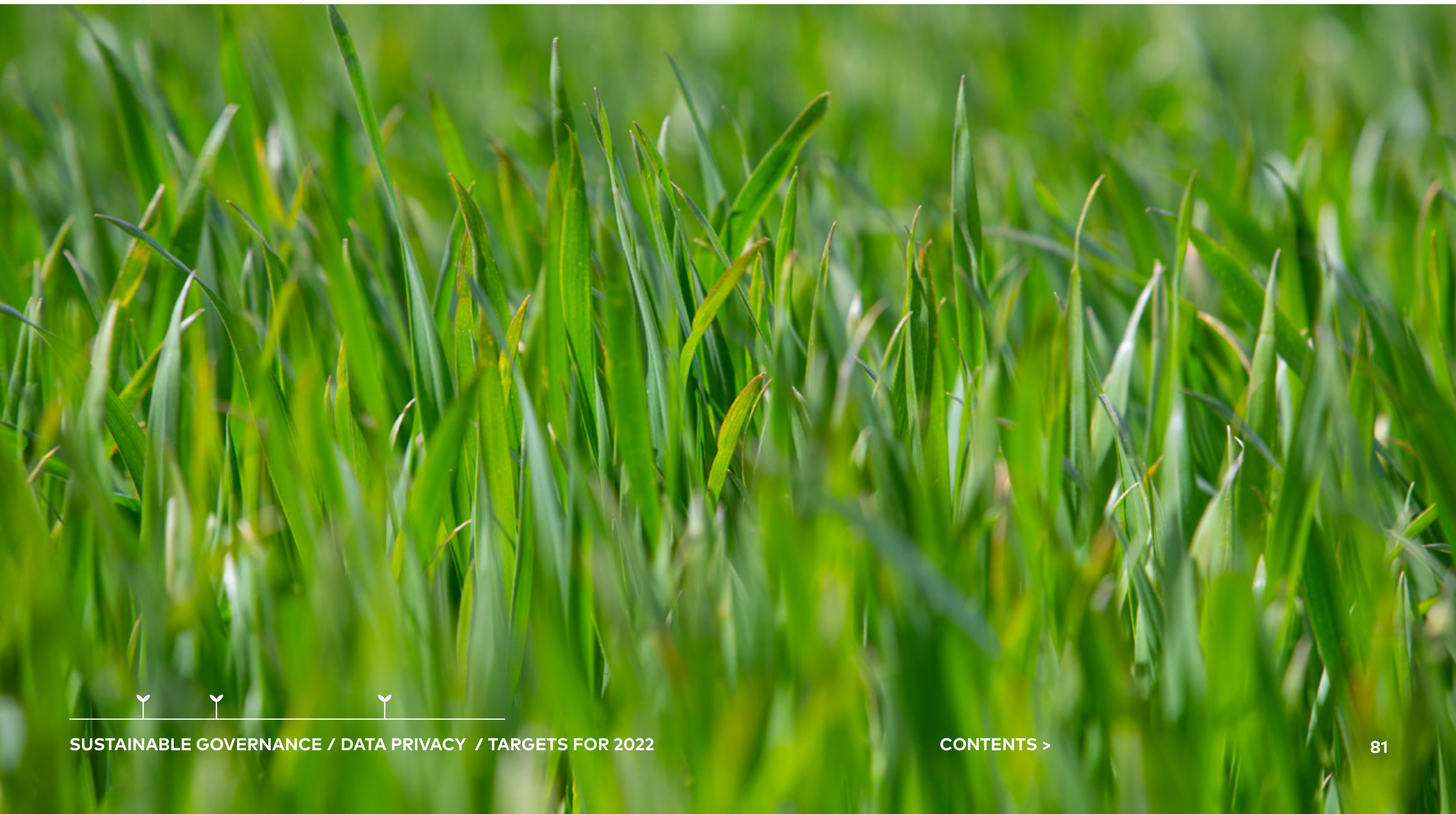
AUGA group will seek to maintain a close dialogue with its stakeholder groups and to comply with the sustainability criteria relevant for them, as shown by the survey.

Proactive and quality investor relations will remain one of the Group's top priorities in the area of sustainable governance. The Group plans to continue holding online conferences for local and international investors, ensuring coherent information of existing investors and those interested in the Group about the relevant news of AUGA group through special investor newsletters, the media and the Group's website. The plan is to maintain the same regularity of events as last year, in particular 4 quarterly online conferences, investor meetings after the publication of the annual report in spring, and a technology launch event in autumn. The company will seek a higher rating for investor relations at the biannual Nasdaq Baltic Awards.

AUGA group will continue to focus on the implementation and improvement of the approved policies, engaging the management, employees of the Group and other stakeholder groups. AUGA group will continue to test employee knowledge of the Group's policies.

In 2022, AUGA group aims at updating its personal data processing rules in line with the latest personal data protection practices in Lithuania.

Nasdaq G7



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SUSTAIN ADVISORY

Tvaru kvadratu, MB
Nemencines pl. 4E-30, Vilnius, LT-10109, Lithuania | Tel. +37060383728
info@sustainadvisory.eu | www.sustainadvisory.eu
Company Code 305610779

Independent Assurance Statement

To the stakeholders of AUGA group, AB.

We were engaged by AUGA group, AB (hereinafter - AUGA group) to provide independent limited assurance of its Sustainability Report 2021 (hereinafter - Sustainability Report), which is published as a separate document and as part of its Consolidated Annual Report 2021 ("Sustainability report" section of the "AUGA GROUP, AB Consolidated Annual Report, Consolidated and Separate Financial Statements and Independent Auditor's Report for the Year ended 31 December 2021").

The management of AUGA group is responsible for the preparation and presentation of the Sustainability Report in accordance with the GRI Sustainability Reporting Standards 2020 (GRI Standards) Core option. We were not involved in the drafting of the report. Our responsibility was to provide an independent assurance on the completeness and accuracy of information provided in the Sustainability Report within the scope described below.

Scope of Assurance

The scope of assurance was to verify that the Sustainability Report is prepared in accordance with the GRI Standards reporting requirements. The complete list of the assured disclosures can be found within the "GRI list of indicators" of the Sustainability Report.

Methodology

As part of the independent limited assurance of the Sustainability Report, our work included:

- Evaluating the overall format and content of the report, considering the compliance of the provided information with the GRI Standards' principles and disclosure requirements.
- Verifying that the report includes all significant impacts in the reporting period and does not omit relevant information.
- Verifying that the management approach for all the material topics is sufficiently covered throughout the report.
- Follow-up communication with the relevant personnel to confirm the completeness and accuracy of disclosures.

Our independent assurance engagement took place from 10th to 31th March 2022. During the engagement process AUGA group were allowed to make minor adjustments in the Sustainability Report where necessary to fully comply with the GRI requirements.

Conclusion

Based on our work performed, nothing has come to our attention to indicate that the Sustainability Report is not prepared in accordance with the GRI Standards reporting requirements.

SUSTAIN ADVISORY

Tvaru kvadratu, MB
Nemencines pl. 4E-30, Vilnius, LT-10109, Lithuania | Tel. +37060383728
info@sustainadvisory.eu | www.sustainadvisory.eu
Company Code 305610779

Limitations

We have not carried out any work related to future projections outside the defined reporting period and statements of position, commitment, belief or opinion by AUGA group. Our work also excluded the information that is audited by other external third parties and any external documents that the report provides links to.

Independence, Impartiality and Competence

Sustain Advisory is an independent specialised sustainability consulting company. Our team of certified sustainability specialists has trained and consulted over 90 companies in Lithuania and internationally on adopting best practices of sustainability reporting, policy and strategy creation, CO_2 emissions calculation and more. Therefore, we have excellent practical and theoretical knowledge required to perform this assurance.

Sustain Advisory does not have a business relationship with AUGA group beyond that required of this assurance engagement. We have provided this assurance independently, there has been no conflict of interest.

All our work, including this assurance engagement, is based on ethical business practices and principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Ieva Kazakeviciute
Director
“Sustain Advisory”
31st March 2022

Statement of verification

AUGA Group AB
Konstitucijos pr. 21C
Quadrum North
LT-08130 Vilnius
LITHUANIA

6th April 2022

Scope

AUGA Group AB engaged Carbon Footprint Ltd to verify its carbon footprint assessment and supporting evidence for the period **1st January 2021 to 31st December 2021**. AUGA is responsible for the information within the carbon footprint report. The responsibility of Carbon Footprint Ltd is to provide a conclusion as to whether the statements made are in accordance with the Greenhouse Gas (GHG) Protocol.

Methodology

The verification was led by Georgina Whitlock, Senior Environmental Consultant, Carbon Footprint Ltd. Carbon Footprint Ltd completed the review in accordance with the 'ISO 14064 Part 3 (2019): *Greenhouse Gases: Specification with guidance for the verification and validation of greenhouse gas statements'*. The work was undertaken to provide a limited level of assurance with respect to the GHG statements made. Carbon Footprint Ltd believes that the review of the assessment and associated evidence, coupled with this subsequent report, provides a reasonable and fair basis for our conclusion.

The following data was within the scope of the verification (below shows the post-audit results):

Scope 1: enteric fermentation, managed soil, manure management, fossil fuels and refrigerant loss – **61 726.81 tCO_2e**

Scope 2: purchased electricity & district heating – **3 953.15 tCO_2e** (location-based) and **9.04 tCO_2e** (market-based)

Scope 3: business travel (air), electricity & district heating transmission losses, paper & packaging materials, waste disposal and water consumption – **2 729.09 tCO_2e** (location-based) and **2 413.56 tCO_2e** (market-based)

Location-based total: 68 409.05 tCO_2e
Market-based total: 64 149.41 tCO_2e

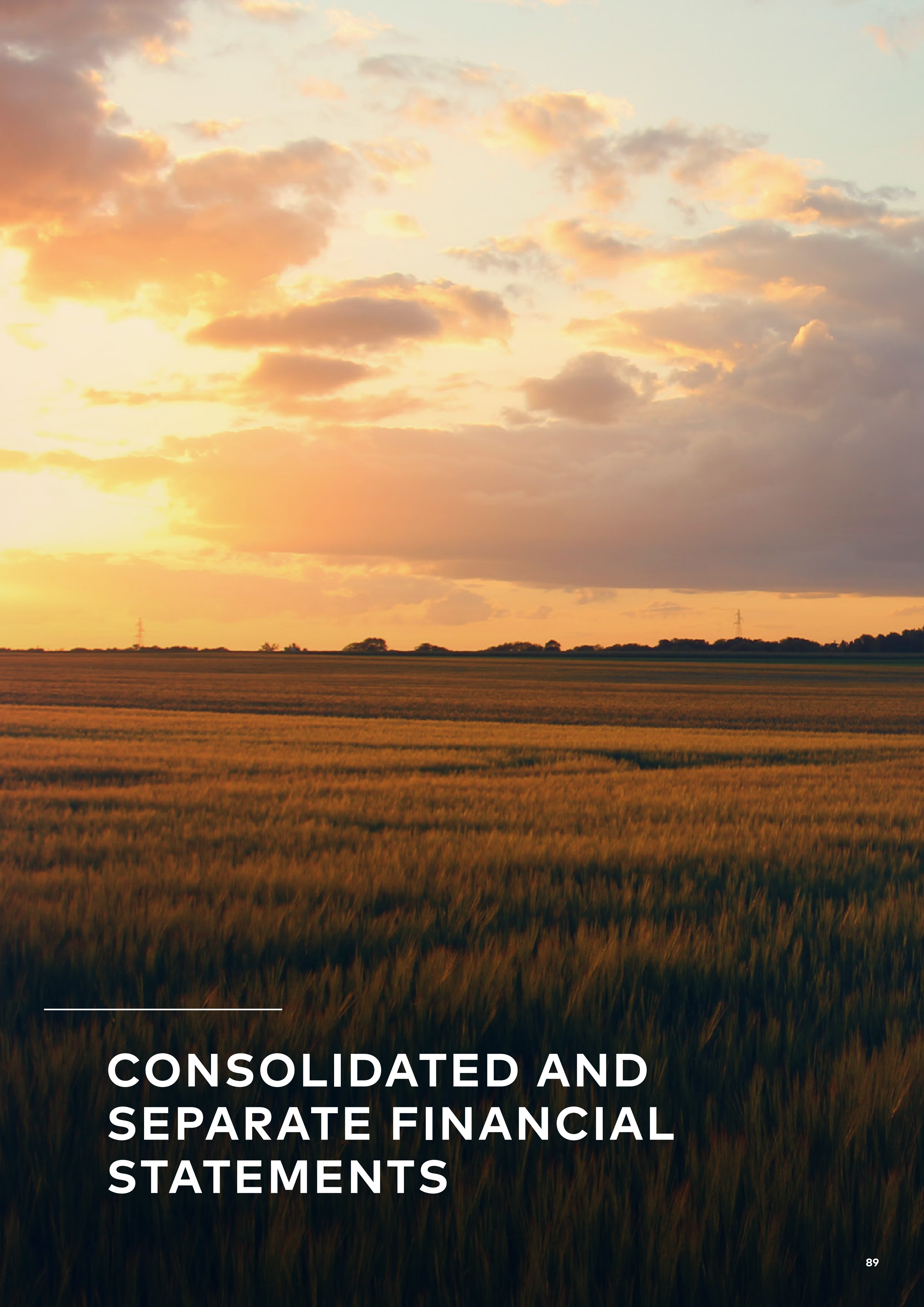
Assurance opinion

Based on the results of our verification process, Carbon Footprint Ltd provides limited assurance of the GHG emissions statement, **and found no evidence that the GHG emissions statement:**

- is not materially correct and is not a fair representation of the GHG emissions data and information;
- has not been prepared in accordance with the GHG Protocol.

It is our opinion that AUGA has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of GHG emissions for the stated period and boundaries.

Georgina Whitlock, *MEnvSci (Hons)*
Senior Environmental Consultant
Carbon Footprint Ltd



CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(All amounts are in EUR thousand, unless otherwise stated)

Balance sheet

		As of 31 December			
		GROUP		COMPANY	
ASSETS	**Notes**	**2021**	**2020**	**2021**	**2020**
Non-current assets					
Property, plant and equipment	5	99,883	97,009	2,693	1,823
Right-of-use assets	5	39,374	35,543	562	737
Investments in subsidiaries	6	-	-	106,675	96,433
Intangible assets	8	3,485	3,477	10	5
Non-current receivables at amortised cost	13	449	446	-	9,286
Investments accounted for using equity method	7	57	57	-	-
Deferred tax asset	19	2,089	1,359	-	-
Biological assets	9	9,993	9,699	-	-
Total non-current assets		**155,330**	**147,590**	**109,940**	**108,284**
Current assets					
Biological assets	9	19,398	17,052	-	-
Inventory	10	24,096	30,435	7	11
Trade receivables, prepayments and other receivables	12	10,894	16,084	4,517	3,599
Cash and cash equivalents	11, 14	2,446	2,541	10	301
		56,834	**66,112**	**4,534**	**3,911**
Assets held for sale		315	-	-	-
Total current assets		**57,149**	**66,112**	**4,534**	**3,911**
TOTAL ASSETS		**212,479**	**213,702**	**114,474**	**112,195**
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	10,250	9,213	-	-
Legal reserve	15	2,041	1,834	2,041	1,834
Reserve for share-based payments to employees	15	3,002	2,509	3,002	2,509
Retained earnings		(9,329)	6,237	9,827	11,089
Equity attributable shareholders of the parent		**78,622**	**92,450**	**87,528**	**88,090**
Non-controlling interest		358	366	-	-
Total equity		**78,980**	**92,816**	**87,528**	**88,090**
Non-current liabilities					
Borrowings	17	46,115	40,494	21,633	21,546
Lease liabilities	18	37,641	33,682	516	668
Deferred grant income	16	3,105	3,248	953	722
Deferred tax liability	19	1,553	1,483	-	-
Total non-current liabilities		**88,414**	**78,907**	**23,102**	**22,936**
Current liabilities					
Current portion of non-current borrowings	17	5,767	3,409	2,728	272
Current portion of non-current lease liabilities	18	7,878	7,556	151	188
Current borrowings	17	5,583	9,400	-	-
Trade payables	20	19,482	16,335	388	282
Other payables and current liabilities	20	6,375	5,279	577	427
Total current liabilities		**45,085**	**41,979**	**3,844**	**1,169**
Total liabilities		**133,499**	**120,886**	**26,946**	**24,105**
TOTAL EQUITY AND LIABILITIES		**212,479**	**213,702**	**114,474**	**112,195**

The accompanying explanatory notes presented on pages 95 - 145 are an integral part of these financial statements.

These financial statements were approved and signed on 19 April 2022.

Kęstutis Juščius
Chief Executive Officer

Mindaugas Ambrasas
Chief Financial Officer

(All amounts are in EUR thousand, unless otherwise stated)

Statement of profit or loss and statement of other comprehensive income

	Notes	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
		Year ended 31 December			
Revenue	21	71,721	83,073	3,254	3,404
Dividends from subsidiaries	25	-	-	2,359	6,438
Cost of sales	21, 22	(61,841)	(72,475)	-	-
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	(5,928)	5,175	-	-
GROSS PROFIT		**3,952**	**15,773**	**5,613**	**9,842**
Operating expenses	23	(14,361)	(10,227)	(5,175)	(4,267)
Other Income	26	702	471	258	1,127
Other gains/(losses)	27	(112)	879	21	-
Operating profit		(9,819)	6,896	717	6,702
Finance costs	28	(6,459)	(5,547)	(1,841)	(2,561)
PROFIT (LOSS) BEFORE INCOME TAX		(16,278)	1,350	(1,124)	4,141
Income tax expense	19	843	442	-	-
NET PROFIT / (LOSS) FOR THE YEAR		(15,435)	1,792	(1,124)	4,141
ATTRIBUTABLE TO:					
Shareholders of the Company		(15,427)	1,772	(1,124)	4,141
Non-controlling Interest		(8)	20	-	-
Basic and diluted earnings (loss) per share (EUR)	29	(0.07)	0.01	(0.01)	0.02
STATEMENT OF OTHER COMPREHENSIVE INCOME					
NET PROFIT/ (LOSS) FOR THE PERIOD		(15,435)	1,792	(1,124)	4,141
Other comprehensive Income:					
Items that will not be reclassified to profit or loss:					
Revaluation of land, gross of tax	5	1,221	851	-	-
Deferred tax liability from revaluation	19	(183)	(126)	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		(14,397)	2,517	(1,124)	4,141
ATTRIBUTABLE TO:					
Equity holders of the Company		(14,389)	2,497	(1,124)	4,141
Non-controlling Interest		(8)	20	-	-
		(14,397)	2,517	(1,124)	4,141

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Kęstutis Juščius
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Mindaugas Ambrasas
Chief Financial Officer

(All amounts are in EUR thousand, unless otherwise stated)

Statement of changes in equity

GROUP	Share capital	Share premium	Revaluation reserve	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 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
Other comprehensive income									
Revaluation of land, net of tax (note 5, 19)	-	-	725	-	-	-	725	-	725
Total comprehensive income	-	-	725	-	-	1,772	2,497	20	2,517
Share-based payments (note 15)	-	-	-	-	-	247	247	-	247
Transfer to legal reserve (note 15)	-	-	-	-	-	-	-	-	-
Transfer to other reserve (note 15)	-	-	-	885	-	(885)	-	-	-
Dividends paid to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	(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**
Comprehensive income									
Net profit (loss) for the period	-	-	-	-	-	(15,427)	(15,427)	(8)	(15,435)
Other comprehensive income									
Revaluation of land, net of tax (note 5, 19)	-	-	1,038	-	-	-	1,038	-	1,038
Total comprehensive income	-	-	1,038	-	-	(15,427)	(14,389)	(8)	(14,397)
Share-based payments (note 15)	-	-	-	-	-	562	562	-	562
Transfer to legal reserve (note 15)	-	-	-	-	207	(207)	-	-	-
Transfer to other reserve (note 15)	-	-	-	493	-	(493)	-	-	-
Dividends paid to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	-
Balance as of 31 December 2021	**65,951**	**6,707**	**10,251**	**3,002**	**2,041**	**(9,328)**	**78,623**	**358**	**78,980**

The accompanying explanatory notes presented on pages 95 - 145 are an integral part of these financial statements.

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Kęstutis Juščius
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Mindaugas Ambrasas
Chief Financial Officer

(All amounts are in EUR thousand, unless otherwise stated)

COMPANY	Share capital	Share premium	Legal reserve	Reserve for share-based payments to employees	Retained earnings	Total
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
Total comprehensive income	**-**	**-**	**-**	**-**	4,141	4,141
Share-based payments (note 15)	-	-	-	-	247	247
Transfer to legal reserve (note 15)	-	-	-	-	-	-
Transfer to other reserve (note 15)	-	-	-	885	(885)	-
Balance as of 31 December 2020	**65,951**	**6,707**	**1,834**	**2,509**	**11,089**	**88,090**
Comprehensive income						
Net profit (loss) for the period	-	-	-	-	(1,124)	(1,124)
Total comprehensive income	-	-	-	-	(1,124)	(1,124)
Share-based payments (note 15)	-	-	-	-	562	562
Transfer to legal reserve (note 15)	-	-	207	-	(207)	-
Transfer to other reserve (note 15)	-	-	-	493	(493)	-
Balance as of 31 December 2021	**65,951**	**6,707**	**2,041**	**3,002**	**9,827**	**87,528**

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Chief Financial Officer

(All amounts are in EUR thousand, unless otherwise stated)

Statement of cash flows

		Year ended 31 December			
		Group		Company	
	Notes	2021	2020	2021	2020
Net profit (loss) before income tax		**(16,278)**	**1,350**	**(1,124)**	**4,141**
Adjustments for non-cash items and other adjustments					
Depreciation expenses (PP&E)	5	7,811	7,279	246	67
Depreciation expenses (ROU assets)	5	6,482	5,995	132	138
Amortization expenses	8	10	11	2	5
Share-based payments to employees expenses	15, 23	562	247	562	247
Write-offs and impairments of PP&E		68	-	45	-
(Gain) loss on sales of non-current assets	27	72	21	-	5
Gain (loss) on remeasurement of interest held in Grybai LT, KB at fair value	27	-	(900)	-	-
Loss allowance for receivables	12,13	2,557	237	-	-
Write-offs of inventory and biological assets	22	4,756	2,063	-	-
Interest and fines income	26	(349)	(349)	(106)	(1,035)
Finance costs	28	3,892	3,798	1,800	2,508
Finance costs related to ROU assets	28	2,567	1,748	41	53
Dividends from subsidiaries	25	-	-	(2,359)	(6,438)
Loss (gain) on changes in fair value of biological assets	21	5,928	(5,175)	-	-
Amortisation of grants related to assets	16	(523)	(466)	(149)	-
Revaluation to net realizable value of agricultural produce	10	287	(200)	-	-
Changes in working capital					
(Increase) decrease in biological assets		(9,347)	3,856	-	-
(Increase) decrease in trade receivables and prepayments		2,616	(784)	(918)	(1,937)
(Increase) decrease in inventory		1,296	(2,424)	4	39
(Decrease) increase in trade and other payables		4,386	1,912	(24)	13
		16,793	**18,219**	**(1,848)**	**(2,194)**
Interest paid		(5,863)	(4,846)	(1,449)	(1,231)
Net cash flows from /(to) operating activities		**10,930**	**13,373**	**(3,297)**	**(3,426)**
Cash flows from /(to) investing activities					
Purchase of property, plant and equipment		(7,015)	(6,636)	(1,119)	(1,481)
Purchase of non-current intangible assets	8	(18)	(9)	(7)	(4)
Purchase of investments		(2)	-	-	-
Payment for acquisition of subsidiary, net of cash acquired	24	-	(1,352)	-	-
Proceeds from sale of PP&E		194	148	-	-
Proceeds from sale of financial assets at fair value through profit or loss	27	-	224	-	-
Grants related to assets, received from NPA	16	380	722	380	722
Dividends received from subsidiaries	12	-	-	2,359	6,438
Other loans repaid	13	574	-	-	12,848
Other loans granted	13	-	(324)	-	-
Net cash flows from/(to) investing activities		**(5,887)**	**(7,227)**	**1,613**	**18,523**
Cash flows from /(to) financing activities					
Bonds		-	-	-	-
Repayment of bank borrowings		(13,948)	(32,410)	(272)	(1,000)
Proceeds from borrowings		18,789	36,681	-	3,109
Proceeds from other borrowings		-	-	1,852	2,600
Repayment of other borrowings		(753)	(3,588)	-	(22,084)
Lease payments		(9,226)	(8,022)	(187)	(173)
Net cash flows from/(to) financing activities		**(5,138)**	**(7,339)**	**1,393**	**(17,547)**
Net (decrease) / increase in cash and cash equivalents		**(95)**	**(1,191)**	**(291)**	**(2,450)**
Cash and cash equivalents at the beginning of the period		**2,541**	**3,732**	**301**	**2,753**
Cash and cash equivalents at the end of the period		**2,446**	**2,541**	**10**	**301**

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Kęstutis Juščius
Chief Executive Officer

Mindaugas Ambrasas
Chief Financial Officer

(All amounts are in EUR thousand, unless otherwise stated)

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, Lithuania
Register code:	126264360
Registrant of the Register of Legal entities:	VĮ Registrų centras

The Company's main business activity is management of agricultural companies in Lithuania. 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 2021, the Group had 1,199 employees (2020: 1,236 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:

Shareholder's name	31 December 2021 Number of shares	31 December 2021 Interest held, %	31 December 2020 Number of shares	31 December 2020 Interest held, %
Baltic Champs Group UAB	126,686,760	55.71	125,167,939	55.04
European Bank for Reconstruction and Development	19,810,636	8.71	19,810,636	8.71
Žilvinas Marcinkevičius	15,919,138	7.00	15,919,138	7.00
ME Investicija UAB	<11,370,813	<5.00	19,082,801	8.39
Minority shareholders	64,999,718	28.58	47,435,738	20.86
Total	**227,416,252**	**100.00**	**227,416,252**	**100.00**

The shares in the Company are listed on Nasdaq Vilnius Baltic Main list. The securities of the Company were also traded in Warsaw Stock Exchange (hereinafter, "WSE"). On 6 December 2021 the Company provided a request to the Polish Financial Supervision Authority to delist the shares of the Company from trading on the WSE. The request was filed, taking into consideration the tender offer, aimed at delisting of shares of the Company from trading on WSE, was implemented and the necessary decision of the general meeting of shareholders of the Company adopted. More on approval of the request in note 33.

The fiscal year of the Company and its subsidiaries corresponds with calendar year.

As of 31 December 2021, the consolidated group (hereinafter the "Group") consisted of the Company and 127 subsidiaries (31 December 2020: 137). In 2021 The Company acquired 100% UAB Grain LT shares from other group companies UAB AUGA Grūduva. There were 9 non-operating Group Companies sold: Turvaste Partners OÜ, Nakamaa Agro OÜ, Hindaste Invest OÜ, Tuudi River OÜ, Palderma Partners OÜ, Ave-Martna Capital OÜ, Hobring Invest OÜ, Rukkirahu Capital OÜ and Pahasoo OÜ. Biržai district and Rinkuškiai reclamation infrastructure users association has been deregistered. 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. 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 2021 and 2020 is provided in the table below.

(All amounts are in EUR thousand, unless otherwise stated)

No.	Name of subsidiary	Legal form	Legal entity code	Registered office	Profile	Group ownership interest, %	
						31/12/21	31/12/20
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%
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%

(All amounts are in EUR thousand, unless otherwise stated)

No.	Name of subsidiary	Legal form	Legal entity code	Registered office	Profile	Group ownership interest, %	
						31/12/21	31/12/20
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 pienininkystės 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%
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%
51.	Biržai distr., Rinkuškiai reclamation infrastructure users association	*2	302465556	Biržų r. sa., Biržai, Vytauto g. 38	**A	-	48,67%
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%
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%

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(All amounts are in EUR thousand, unless otherwise stated)

No.	Name of subsidiary	Legal form	Legal entity code	Registered office	Profile	Group ownership interest, %	
						31/12/21	31/12/20
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%
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%
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%
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%
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%
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%
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%

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(All amounts are in EUR thousand, unless otherwise stated)

No.	Name of subsidiary	Legal form	Legal entity code	Registered office	Profile	Group ownership interest, %	
						31/12/21	31/12/20
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%
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%
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%
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%
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%

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(All amounts are in EUR thousand, unless otherwise stated)

No.	Name of subsidiary	Legal form	Legal entity code	Registered office	Profile	Group ownership interest, %	
						31/12/21	31/12/20
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%
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 and the Company 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) and valid for 31 December 2021. The consolidated and separate 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, biological assets (livestock and crops) and interest rate swaps, 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 consolidated and separate financial statements are presented in the national currency, the euro (EUR), which is the Group's (disclosed in note 2.6.) and Company's functional and presentation currency.

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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 2021 the Group's current assets exceeded current liabilities by EUR 12,064 thousand (31 December 2020: 24,133 thousand). The current ratio (current assets/current liabilities) of the Group amounted to 1.27 (31 December 2020: 1.57), while quick ratio (current assets (excluding biological assets and inventory)/current liabilities) was 0.30 (31 December 2020: 0.44).

As of 31 December 2021, the Company's current assets exceeded current liabilities by EUR 689 thousand (31 December 2020: 2,742 thousand). The current ratio of the Company was 1.18 (31 December 2020: 3.35) and quick ratio was 1.18 (31 December 2020: 3.34).

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

New standards, amendments and interpretations

In 2021 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 2021.

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

a) *The Group/Company has adopted the new and amended IFRS and IFRIC interpretations for the first time as of financial year ended 31 December 2021:*

– Interest rate benchmark reform – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16, IFRS 2 (effective for annual periods beginning on or after 1 January 2021). The Group and the Company has assessed that these amendments had no impact on these financial statements as all floating rate borrowings of the Group and the Company use an interest base of EURIBOR with an interest rate floor of 0%. The EURIBOR was negative before and after the change in the method of setting EURIBOR. As a result, an interest rate floor of 0% was used to calculate the interest rate. Therefore, these changes did not have any impact on the interest rate itself or on future cash flows.

b) *Standards, interpretations and amendments not yet effective and not early adopted by the Group and the Company:*

– **Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.**
The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment the proceeds from the sale of a produced asset while the entity prepares the asset for its intended use. For the purposes of IAS 2, the cost of such an asset will not include depreciation of the asset under test because it is not yet ready for its intended use. The amendment to IAS 16 also clarifies that an entity "tests whether an asset is operating properly" when assessing the technical and physical characteristics of the asset.
Amendment 37 clarifies the meaning of "contract costs". The amendment clarifies that costs directly related to the performance of the contract include incremental costs for the performance of the contract; and how other costs directly attributable to the performance of the contract are included.
IFRS 3 has been amended to refer to 2018 conceptual frameworks for financial statements to determine what constitutes an asset or liability in a business combination.
The amendment to IFRS 9 specifies which fees should be included in the 10% derecognition test for financial liabilities.
Model 13 in IFRS 16 has been amended to remove the model for payments by a lessor for improvements to leased assets.
IFRS 1 provides an exemption that is permitted if a subsidiary adopts IFRS later than its parent company. The requirement for entities to exclude cash flow taxes in accordance with IAS 41 in measuring fair value has been removed.

The Group and the Company are assessing the impact of these amendments on the Group's and the Company's financial statements.

c) *Standards, interpretations and amendments not yet endorsed by the EU and not early adopted by the Group and the Company:*

– IFRS 14 Regulatory Deferral Accounts.
– Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28.
– Classification of liabilities as current or non-current – Amendments to IAS 1.
– Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1.
– Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies.
– Amendments to IAS 8: Definition of Accounting Estimates.
– Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12.

The Group and the Company are assessing the impact of these amendments on the Group's and the Company's financial statements.

Other new or amended standards and/or their interpretations that have not yet entered into force do not have a material impact on 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 initially recognizing their acquisition 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 and the Company, 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 Company 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.

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 and the Company 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

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.

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.

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 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 and the Company 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 and the Company 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 and the Company 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 and the Company 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 and the Company has transferred substantially all the risks and rewards of ownership.

2.11.3 Measurement

At initial recognition, the Group and the Company 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 and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company 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 and the Company subsequently measures all equity investments at fair value. Where the Group's and the Company's management has elected to present fair value gains and losses on equity investments in FVOCI, 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 and the Company'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 and the Company 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 31 December 2021 or over period of 24 months before 1 January 2021 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 indicators such as:

- 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 and the Company from the tax authorities), transport, storage and other costs directly attributable to the acquisition 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 and the Company 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 and the Company 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). The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2021 or 24 months before 1 January 2021, 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 and the Company 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 the basis of information stated above, the loss allowance as of 31 December 2021 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 the Company, 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. Authorized capital and legal reserve

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 authorized capital (more information is provided in note 15). It is mandatory to make an annual contribution of 5% of the distributed profit, which is calculated based on accounting standards foreseen by law, until the reserve reaches 10% of authorized capital. In accordance with the law, the legal reserve may be used to cover the losses of the firm.

2.16. Revaluation reserve

Revaluation gains of long term tangible assets 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/Company 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/Company 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.

In its business relationships with suppliers, the Group/Company is using factoring services when a financial institution agrees to pay the Group's suppliers sooner while the Group agrees to pay the financial institution for it. The Group assigns such liabilities to trade and other payables since the nature and function of these liabilities is similar to the nature and function of trade and other payables. Payments dedicated to deal with these liabilities are reflected in the cash flow of operating activities. The use of factoring services ensures a long-term co-operation and enables both the Group and it's suppliers to balance their cash flows due to the payment terms matching the agricultural business cycle (180-270 days).

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 a period longer than 12 months after the balance sheet date or agreed payments are made after one year according to an agreed payment schedule.

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 method over the shorter of the two periods - their estimated useful life or the lease term. The Group uses the exception in IFRS 16 - it does not recognize the right-of-use assets and liabilities for short-term and low-value contracts. Leases have a term of 2 to 95 years. Lease obligations related to the right-of-use assets were measured at the present value of the remaining lease payments, discounted at the annual fixed interest rate of the Group's Green Bonds, for which almost all land held by the Group is pledged. The interest rate applied in 2021 and 31 December 2020 was equal to 6%.
Lease payments included in the measurement of a lease liability include fixed payments (including in-substance fixed payments) and variable lease payments (that depend on an index or rate).
The lease term is a non-cancellable term. The periods covered by an option to extend or terminate the lease (if any) are included in the lease term only if it is reasonably certain that the lease will be extended or terminated.
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). The Group/Company 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 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 statement of profit or loss and statement of other 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 consolidated 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 (additionally eliminating intercompany sales inside the Group in the event of consolidated income).

The Group and the Company 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/Company 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/Company 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 and the Company considers that this is the most adequate way of disaggregation as it depicts the nature of Group's/Company's activities and amounts, timing, uncertainty of the Group's/Company'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/Company 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/Company 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/Company 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/Company 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/Company 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 has approved an 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 fulfil the service condition, the option will not come into force and he/she will not be eligible to exercise the option.

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 revises 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, 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, only a small part of transactions were in another currency in the first quarter of 2018 (operations in Crimea), also 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 211 thousand as of 31 December 2021 (2020: EUR 632 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 (EUR 3,640 thousand as of 31 December 2019) and receive a 3-month EURIBOR interest. The agreement 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 2021, there negative change of EUR 5 thousand (in 2020 the negative change was EUR 8 thousand). The carrying amount of the derivative liability was EUR 389 thousand as of 31 December 2021 (EUR 384 thousand as of 31 December 2020). The derivatives are accounted at fair value in the current portion of non-current borrowings of the balance sheet.

As of 31 December 2021 the Group's borrowings with floating interest rates amounted to EUR 41,041 thousand (2020: EUR 35,770 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 425 thousand annual effect on the Group's pre-tax result (2020: EUR 333 thousand).

(All amounts are in EUR thousand, unless otherwise stated)

As of 31 December 2021, the Company's borrowings with floating interest rates amounted to EUR 83 thousand (31 December 2020: EUR 97 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 (2020: EUR 1 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 Group 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 2021, the Company had issued guarantees to banks for loans taken by the Group's subsidiaries for total amount of EUR 34,175 thousand (2020: EUR 35,611 thousand) (note 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 2021							
Borrowings	57,465	67,005	-	15,569	12,021	39,068	346
Lease liabilities	45,519	58,259	-	10,405	9,440	14,084	24,330
Guarantees issued	-	232	232	-	-	-	-
Trade and other payables	20,462	20,462	-	20,462	-	-	-
Total	**123,446**	**145,958**	**232**	**46,436**	**21,460**	**53,153**	**24,677**
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**

Taking into account that payment terms for liabilities that are under supplier financing schemes may differ from standard payment terms applied on trade and other payables, the "less than a year" part of contractual cash flows was split into two parts to indicate the amount of payables over a standard payment term (up to 3 months), and during the period from 3 to 12 months. As of 31 December 2021 trade and other payables which have a payment term of up to 3 months amounted to EUR 14,198 thousand, 3-12 month payment term – EUR 6,264 thousand (2020 – EUR 13,569 thousand and EUR 2,994 thousand respectively).

(All amounts are in EUR thousand, unless otherwise stated)

COMPANY	Carrying amount	Total	Contractual cash flows: Payable on demand	Less than a year	Between 1 and 2 years	Between 3 and 4 years	Over 5 years and later
31 December 2021							
Borrowings	24,361	29,360	-	4,208	1,316	23,836	-
Lease liabilities	667	773	-	164	166	333	109
Guarantees issued	-	34,407	34,407	-	-	-	-
Trade and other payables	393	393	-	393	-	-	-
Total	**25,421**	**64,933**	**34,407**	**4,765**	**1,482**	**24,169**	**109**
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**

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 2021 and 31 December 2020 the Company complied with these requirements.

As of 31 December 2021, 35 of all the Group companies did not comply with the above requirements (2020: 33 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 compliance with debt covenants.

Incompliance with debt covenants and its impact on the Group's risk management is described in more detail in note 17.

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 2021, fair value of bonds was EUR 20,457 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):

(All amounts are in EUR thousand, unless otherwise stated)

GROUP	Liabilities with fixed interest rate	Liabilities with floating interest rate
31 December 2021		
Borrowings from financial institutions	2,939	35,162
Lease liabilities	39,623	5,879
Green bonds	19,114	-
Other borrowings	253	-
Total	**61,928**	**41,041**

31 December 2020	Liabilities with fixed interest rate	Liabilities with floating interest rate
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**

COMPANY	Liabilities with fixed interest rate	Liabilities with floating interest rate
31 December 2021		
Borrowings from financial institutions	2,728	-
Lease liabilities	579	83
Green bonds	19,114	-
Other borrowings	2,520	-
Total	**24,940**	**83**

	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**

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 3.57 per cent as of 31 December 2021 (2020: 3.65 per cent).

Considering that there were no major changes in the market since the loan agreement conditions were renegotiated (in the 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 2021 and 31 December 2020 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 2.38 p.p. than the floating interest rate as of 31 December 2021 (2020: higher by 1.99 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/Company 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/Company 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/Company 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. In 2020 and 2021 there were no indications showing that the recoverable amount could be smaller than the carrying amount, therefore, no impairment was made for the Group's property, plant and equipment.

Valuation of cultivated agricultural land

The Group evaluates its land portfolio annually at the end of each year. In 2021 the Group hired independent valuators which evaluated 75% of the 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 2021 and there were no significant value changes between the end of the reporting period and the date of the valuation. The value of the land which was not separately assessed by Inreal UAB was determined based on the average value of land which was evaluated by Inreal UAB and which is in the same subregion as the land plot which was not separately assessed. The valuation revealed an increase in the value of land by EUR 1,221 thousand for the whole portfolio of cultivated land (2020: EUR 851 thousand). Also, the total value of Group's land portfolio was additionally increased by acquisition of new land over the reporting period up until the valuation date. The average price of agricultural land rose from EUR 5.9 thousand per hectare to EUR 6 thousand per hectare in 2021.

The table below summarises the changes in fair value of agricultural land in different regions during 2020 and 2021.

	31 December 2021			31 December 2020		
Region	**Area (ha)**	**Values (EUR '000)**	**Average value (EUR/ha)**	**Area (ha)**	**Values (EUR '000)**	**Average value (EUR/ha)**
Total	**4,966***	**29,875**	**5,995**	**4,681***	**27,471**	**5,869**
Radviliškis region	1,009	6,742	6,684	941	6,062	6,441
Jonava region	428	2,608	6,090	437	2,395	5,483
Šakiai region	530	3,937	7,428	499	3,675	7,357
Šiauliai region	362	2,358	6,515	358	2,128	5,946
Kėdainiai region	319	2,258	7,085	300	2,216	7,378
Jurbarkai region	380	1,832	4,822	334	1,596	4,775
Anykščiai region	308	1,477	4,804	299	1,304	4,359
Raseiniai region	406	2,176	5,354	345	1,967	5,701
Panevėžys region	333	1,946	5,849	322	1,855	5,759
Mažeikiai region	189	1,010	5,359	190	1,111	5,833
Other	703	3,530	5,020	656	3,163	4,822

* The Group holds title to 4,914 ha (2020: 4,629 ha) out of 4,966 ha (2020: 4,681 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.

(All amounts are in EUR thousand, unless otherwise stated)

Change in the average value of agricultural land per hectare:

Region	31 December 2021	31 December 2020	Change, EUR	Change (%)
Total	**5,995**	**5,869**	126	2.15
Radviliškis region	6,684	6,441	243	3.77
Jonava region	6,090	5,483	607	11.07
Šakiai region	7,428	7,357	71	0.97
Šiauliai region	6,515	5,946	569	9.57
Kėdainiai region	7,085	7,378	(293)	(3.97)
Jurbarkai region	4,822	4,775	47	0.98
Anykščiai region	4,804	4,359	445	10.21
Raseiniai region	5,354	5,701	(347)	(6.09)
Panevėžys region	5,849	5,759	90	1.56
Mažeikiai region	5,359	5,833	(474)	(8.13)
Other	5,020	4,822	198	4.11

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 2021 amounted to EUR 29,391 thousand (2020: EUR 26,751 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 2021 forecast, the average milk sales price assumption over the next 4 years was EUR 0.436 per kg (EUR 0.430 per kg in the 2020 forecast); current cow herd has an estimated useful life of 1 to 4 years (2020 – from 1 to 3 years). The cows' average estimated useful life was prolonged by taking into consideration the actual age of cows. 32.4% of Group's cows are older than 5 years (useful life longer than 3 years) and the average yield, used in the valuation model, is calculated by taking these cows into account. The extension of cows' useful life has a positive impact on Group's financial result by EUR 1,736 thousand. An average yield is 24.45 kg per cow per day (25.47 kg per cow per day in the forecast of 2020). 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 7.77% (2020: 7.58%). Obtained results showed that the value of cow herd was EUR 6,730 thousand as of 31 December 2021 (2020: EUR 6,310 thousand). If the average milk price over the next 4 years was lower by 5%, the cow herd value would decrease by EUR 1,086 thousand (2020: EUR 735 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 2021 amounted to EUR 3,103 thousand (2020: EUR 3,390 thousand). A 10% change in market price of meat would result in EUR 308 thousand (2020: EUR 337 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 2021.
- 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. The fair value was calculated using contractual, forward market prices, taking into account the contracts signed for the sale of the 2021/2022 harvest.

(All amounts are in EUR thousand, unless otherwise stated)

- Forecasted total cost per ha – actual harvest costs for the 2020/2021 season, adjusted for growth in key input components of 5%.
- T is a percentage of time between the seeding date and the expected harvest date. As of 31 December 2021, i.e. the date of fair value measurement of crops, the percentage of time was around 37%, depending on particular crops (2020 – 37%).
- 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 2021 as in 2020.

As of 31 December 2020, the fair value of winter crops from the 2021/2022 season exceeded the forecasted costs by EUR 2,334 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 2021, the total fair value of crops was EUR 17,108 thousand (2020: EUR 14,903 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 2,290 thousand as of 31 December 2021 (2020: EUR 2,149 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 2021 and 2020.

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

	Change in depreciation expenses, %	
Assumption	**2021**	**2020**
Useful life increase by 1 year	(11.24)	(10.62)
Useful life decrease by 1 year	11.27	10.15

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 71.8 million and EUR 19.4 million, respectively, as of 31 December 2021 (31 December 2020: EUR 55.8 million and EUR 16.8 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 2021, the Group's and the Company's accumulated tax losses carried forward for which no deferred tax asset was recognised amounted to EUR 52.0 million and EUR 18.4 million, respectively (2020: EUR 39.0 million and EUR 14.4 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 2021 and 2020, the management of the Company tested its investments in subsidiaries 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 2021 and 2020. If the net assets of the subsidiary were 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 2021 were as follows: annual growth rate of 5% was applied over the forecast period of 5 years. The discount rate (WACC) was based on 2.51% cost of debt (2020: 4.45%), 9.96% cost of capital (2020: 12%) and the Group's capital structure – 56% debt and 44% equity (2020: 56% debt and 44% equity). Cost of capital was estimated using the risk-free rate of return of 0.16% (2020: 0.16%), sector's levered beta of 0.79 (2020: 0.79), market risk premium of 5.08% (2020: 7.04%), additional risk premium for business risk of 3.4% (2020 – 3.5%), and additional risk premium for liquidity risk (2.5% in both 2021 and 2020). During the impairment test, the Group used a post-tax discount rate (WACC) of 5.56% (2020: 7.23%). No additional impairment or reversals of prior impairments were recognised for investments in subsidiaries in 2021.

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

	Change in assumption		Increase in impairment amount, EUR'000			
			Increase in assumption		Decrease in assumption	
Assumption	**2021**	2020	**2021**	2020	**2021**	2020
Annual growth rate	1 p.p.	1 p.p.	No impact	No impact	No impact	66
WACC	0.5 p.p.	0.5 p.p.	No impact	1,427	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 2021 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**
2021					
Annual interest rate	1 p.p.	316	(211)	(346)	225
Lease term	1 year	(256)	141	267	(142)
2020					
Annual interest rate	1 p.p.	287	(189)	(312)	201
Lease term	1 year	34	(17)	(31)	18

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). 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, KB) was determined based on value-in-use calculations which use cash flow projections based on financial budget prepared for 2022. Cash flows for the year 2023-2026 are extrapolated using the estimated growth rate of 5%. Forecasted EBITDA margin in the projected results of Grybai LT, KB is 23%. 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 7.23%. The discount rate (WACC) was based on 3.50% cost of debt and a capital structure of 53% debt and 47% equity. Cost of capital was estimated using the risk-free rate of return of 0.16%, sector's levered beta of 0.74, market risk premium of 5.08%, additional risk premium for business risk of 3.4%, 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 2021.

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

		Increase in impairment amount, EUR'000	
Assumption	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
2021			
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

(All amounts are in EUR thousand, unless otherwise stated)

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 2019	**60,622**	**40,978**	**22,602**	**2,198**	**1,707**	**128,108**
- Initial recognition of IFRS 16 (2.2)	-	2,262	2,223	132	-	4,617
- additions and new lease contracts	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 (notes 2.2, 8)	-	271	718	2	(990)	-
As of 31 December 2020	**62,279**	**41,448**	**23,489**	**2,345**	**2,991**	**132,552**
- purchase of subsidiaries (note 24)	-	-	-	-	-	-
- additions and new lease contracts	11,539	493	4,397	1,116	2,863	20,408
- disposals and write-offs	(2)	(155)	(123)	(34)	-	(314)
- revaluation (note 4)	1,221	-	-	-	-	1,221
- depreciation (including ROU assets)	(6,351)	(2,535)	(4,470)	(938)	-	(14,294)
- reclassifications	-	-	(314)	1,651	(1,653)	(315)
As of 31 December 2021	**68,686**	**39,251**	**22,978**	**4,140**	**4,201**	**139,257**
Acquisition cost						
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
31 December 2021	86,251	57,867	49,772	8,910	4,201	207,001
Accumulated depreciation and impairment losses as at						
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)
31 December 2021	(17,565)	(18,616)	(26,794)	(4,770)	-	(67,745)
Carrying amount as at						
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**
31 December 2021	**68,686**	**39,251**	**22,978**	**4,140**	**4,201**	**139,257**

Reclassifications total value in 2021 is related to UAB Baltic Champs EUR 315 thousand reclassifications from non-current tangible assets to assets held for sale.

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

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**

2021	Land	Buildings
Acquisition cost	46 020	1 008
Additions	10 357	-
Disposals and write-offs	-	(44)
Less: accumulated depreciation	(17 565)	(403)
Carrying amount as of 31 December 2021	**38 812**	**562**

During 2021 major investments were made into structures and machinery, vehicles, equipment and other PP&E in order to achieve the Group's strategy.

(All amounts are in EUR thousand, unless otherwise stated)

The increase in land value as of 31 December 2021 compared to 31 December 2020 also came from revaluation of land as of 31 December 2021 amounting to EUR 1,221 thousand (2020: EUR 851 thousand).

As of 31 December 2021 the property, plant and equipment with the carrying amount of EUR 53,300 thousand (2020: EUR 59,336 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 PP&E	Total
Carrying amount				
As of 31 December 2019	**842**	**168**	**224**	**1,232**
- additions	33	1,444	58	1,535
- disposals and write-offs	-	-	(5)	(5)
- depreciation	(138)	-	(66)	(204)
As of 31 December 2020	**737**	**1,612**	**209**	**2,560**
- additions	-	1,061	58	1,119
- disposals and write-offs	(44)	-	-	(44)
- depreciation	(132)	-	(246)	(378)
- reclassifications	**-**	**(1,651)**	**1,651**	**-**
As of 31 December 2021	**562**	**1,021**	**1,672**	**3,255**
Acquisition cost as at				
31 December 2019	975	168	496	1,639
31 December 2020	1,008	1,612	548	3,169
31 December 2021	964	1,021	2,259	4,244
Accumulated depreciation and impairment losses as at				
31 December 2019	(133)	-	(274)	(407)
31 December 2020	(271)	-	(340)	(611)
31 December 2021	(403)	-	(586)	(989)
Carrying amount as of 31 December 2019	**842**	**168**	**224**	**1,232**
Carrying amount as of 31 December 2020	**737**	**1,612**	**209**	**2,560**
Carrying amount as of 31 December 2021	**562**	**1,021**	**1,672**	**3,255**

Construction in progress are capitalised expenses incurred in R&D project for laboratory development. The project is expected to be finalised by 31 December 2022 and all expenses capitalised as construction in progress will be reclassified to Company's structures and machinery.

As of 31 December 2021, right-of-use assets (ROU assets) recognized by the Company included the following categories of PP&E:

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

2021	**Buildings**
Acquisition cost	1,008
Additions	-
Disposals and write-offs	(44)
Less: accumulated depreciation	(403)
Carrying amount as of 31 December 2021	**562**

(All amounts are in EUR thousand, unless otherwise stated)

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	2021	2020
Acquisition cost	20,149	21,017
Less: accumulated depreciation	(6,317)	(7,438)
Carrying amount	**13,832**	**13,579**

Right-of-use assets	2021	2020
Acquisition cost	57,341	47,029
Less: accumulated depreciation	(17,968)	(11,486)
Carrying amount	**39,373**	**35,543**

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

	2021	2020
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)	5,866	5,545
Depreciation (recorded in operating expenses (note 23)	533	450
Interest expenses recorded in finance costs (note 28)	2,567	1,748
Total	**8,966**	**7,743**

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:

	2021	2020
Depreciation (recorded in operating expenses note 23)	132	138
Interest expenses recorded in financial expenses (note 28)	41	53
Total	**173**	**191**

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 2020	12,317
Carrying amount of land without revaluation effect as of 31 December 2021	13,221

6. Investments in subsidiaries

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

	2021	2020
As of 1 January	**96,433**	**96,433**
Capitalization of non-current receivables from subsidiaries	10,000	-
Acquisition of subsidiaries / additional acquisitions)	242	-
Sale of subsidiaries	-	-
As of 31 December	**106,675**	**96,433**

In 2021 the Company acquired the subsidiary UAB Grain LT and capitalized its debt.

As of 31 December 2021 and 31 December 2020, 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.

(All amounts are in EUR thousand, unless otherwise stated)

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:

	2021	2020
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**

8. Intangible assets

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

GROUP	Goodwill	Other intangible assets	Total
Carrying amount			
As of 31 December 2019	**-**	**14**	**14**
- Acquisition of subsidiaries (note 24)	3,465	-	3,465
- additions	-	9	9
- disposals	-	-	-
- amortization	-	(11)	(11)
- reclassification to right-of-use assets (note 5)	-	-	-
As of 31 December 2020	**3,465**	**12**	**3,477**
- Acquisition of subsidiaries (note 24)	-	-	-
- additions	-	18	18
- disposals	-	-	-
- amortization	-	(10)	(10)
As of 31 December 2021	**3,465**	**19**	**3,485**
Carrying amount as of 31 December 2019	**-**	**14**	**14**
Carrying amount as of 31 December 2020	**3,465**	**12**	**3,477**
Carrying amount as of 31 December 2021	**3,465**	**19**	**3,485**

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 2019	**2**
- additions/(disposals and write-offs)	4
- amortization	(1)
As of 31 December 2020	**5**
- additions/(disposals and write-offs)	7
- amortization	(2)
As of 31 December 2021	**10**
Carrying amount	
Carrying amount as of 31 December 2019	**2**
Carrying amount as of 31 December 2020	**5**
Carrying amount as of 31 December 2021	**10**

(All amounts are in EUR thousand, unless otherwise stated)

9. Biological assets

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

	2021	2020
Livestock	9,993	9,699
Total non-current biological assets	**9,993**	**9,699**
Crops	17,108	14,903
Mycelium cultivation seedbed	2,290	2,149
Total current biological assets	**19,398**	**17,052**
As of 31 December	**29,391**	**26,751**

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

	Dairy cows	Heifers	Other livestock	Total
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**
Additions	-	158	-	158
Increase (birth)	-	1 997	1,562	3,559
Reclassifications from other groups	1 253	(1,264)	11	-
Sales	(1,007)	(428)	(1,420)	(2,855)
Natural mortality	(140)	(301)	(143)	(584)
As of 31 December 2021	**3,577**	**2,906**	**256**	**6,739**

The Group's livestock value consisted of the following:

	Dairy cows	Heifers	Other livestock	Total
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 (recognised as part of changes in fair value of biological assets (note 21))	(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**
Additions	-	205	-	**205**
Increase (birth)	-	74	47	**121**
Makeweight	-	3,253	382	**3,635**
Reclassifications from other groups	3,613	(3,615)	2	**-**
Sales	(609)	(117)	(172)	**(898)**
Natural mortality (recognised as part of changes in fair value of biological assets (note 21))	(257)	(79)	(27)	**(363)**
Gain (loss) arising from changes in fair value of biological assets (note 21)	(2,167)	(64)	(175)	**(2,406)**
As of 31 December 2021	**6,890**	**3,001**	**102**	**9,993**

The Group produced 27,499 tons of milk in 2021 (2020: 25,384 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.

(All amounts are in EUR thousand, unless otherwise stated)

The Group's crops consisted of the following:

2021	Winter wheat	Winter rapeseed	Winter rye	Winter barley	Summer crops	Total
Total area seeded (land prepared), ha	10,815	2,408	333	229	24,832	**38,618**
Total expenses incurred	5,124	1,384	198	73	7,994	**14,774**
Average expenses per ha (EUR)	474	575	595	318	322	**383**
2020						
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**

In 2021 the Group's harvest amounted more than 112 thousand tons of grains and vegetables (2020: 168 thousand tons).

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

Type of biological assets	Crops Current	Mycelium cultivation seedbed Current
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**
Sowing and other expenses until point of harvest	21,406	27,833
Harvest of crops/mushrooms	(30,820)	(27,692)
Gain (loss) on changes in fair value of biological assets (note 21)	(5,489)	-
Autumn sowing and land preparation for spring	14,774	-
Gain (loss) on changes in fair value of biological assets - winter crops (notes 4, 21)	2,334	-
Balance as of 31 December 2021	**17,108**	**2,290**

Gain (loss) on initial recognition of a biological asset at fair value changed from a gain of EUR 7.69 million in 2020 to a loss of EUR 3.16 million in 2021. Significantly lower results were affected by unfavourable weather conditions in 2021 compared to the season of 2019/2020. The yield of most crops was severely negatively affected by the heatwaves that occurred during the summer.

The Group sold 12,002 tons of fresh mushrooms in 2021 (2020: 12,906 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 2021 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 2021/2022 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.

Both in 31 December 2021 and 31 December 2020 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.

Part of biological assets of the Group companies – 17 per cent – had been pledged under corporate mortgages as collateral for borrowings as of 31 December 2021 (31 December 2020: around 28 per cent).

(All amounts are in EUR thousand, unless otherwise stated)

10.Inventory

As of December 31 the Group's inventories consisted of the following:

	2021	2020
Agricultural produce	18,828	25,007
Raw materials	6,804	6,677
Total	25,632	**31,684**
Less: Revaluation to net realizable value of agricultural produce	(1,536)	(1,249)
Carrying amount	**24,096**	**30,435**

Inventory recognized as expense during 2021 amounted to EUR 57,852 thousand (2020: EUR 64,950 thousand).

As of 31 December 2021, the majority of the Group companies inventories, 62 per cent had been pledged under corporate mortgages as collateral for borrowings (2020: 74 per cent).

11.Financial instruments by category

The Group's financial assets at amortized cost as per balance sheet as of 31 December:	**2021**	**2020**
Non-current trade and other receivables	449	446
Current trade and other receivables	5,084	9,947
Cash and cash equivalents	2,446	2,541
Total	**7,979**	**12,934**

The Group's financial liabilities at amortized cost as per balance sheet as of 31 December:	**2021**	**2020**
Borrowings	57,465	53,303
Lease liabilities	45,519	41,238
Trade payables	19,482	16,334
Other payables and current liabilities	980	229
Total	**123,446**	**111,104**

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. The Group holds 98.2% of its cash balances in bank accounts with banks (or their groups) awarded an investment grade long-term credit rating by Moody's, Standard&Poor's or Fitchratings 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:	**2021**	**2020**
Non-current trade and other receivables	-	9,286
Current trade and other receivables	4,172	3,211
Cash and cash equivalents	10	301
Total	**4,182**	**12,710**

The Company's financial liabilities at amortized cost as per balance sheet as of 31 December:	**2021**	**2020**
Borrowings	24,361	21,818
Lease liabilities	667	855
Trade and other payables	393	310
Total	**25,421**	**22,962**

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 Fitchratings credit rating agencies.

(All amounts are in EUR thousand, unless otherwise stated)

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 2021					
Expected loss rate	0.56%	1.84%	1.98%	14.29%	
Total trade receivables, gross	3,238	483	309	689	**4,718**
Loss allowance (note 12)	(18)	(9)	(6)	(98)	**(132)**
Total trade receivables, net as of 31 December, 2021	**3,219**	**474**	**303**	**590**	**4,587**
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**

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 2021				
Expected loss rate	0.01%	0.2%	100%	
Receivables from NPA	1,455	-	-	**1,455**
Receivables from employees	83	-	-	**83**
Non-current receivables, gross	-	450	-	**450**
Other receivables	473	-	3,106	**3,579**
Gross carrying amount	**2,011**	**450**	**3,106**	**5,567**
Loss allowance	-	(1)	**(3,106)**	**(3,107)**
Total other receivables at amortized cost, net as of 31 December, 2021	**2,011**	**449**	**-**	**2,460**
As of 31 December 2020				
Expected loss rate	0.23%		14%	
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**

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. An impairment was not recognized to stage 1 receivables as probable losses from these receivables are immaterial.

Non-current receivables include receivables from Ars Ingenii UAB which is a loan that is expected to be returned. This loan was granted by carrying out a principal and interest payment test, as a result, it will be evaluated at amortized cost. It is perceived that at the date of reporting the credit risk of this receivable is moderate, thus, the loss allowance for this loan was calculated based on the expected credit losses throughout the whole period of the loan. The total expected credit loss was multiplied by the probability of non-compliance of obligation. Total amount of loss allowance calculated for this loan was EUR 1 thousand as at 31 December 2021.

Other receivables include receivables from Symbol LLC and a loan issued to UAB Aksonas.

(All amounts are in EUR thousand, unless otherwise stated)

Following the disposal of subsidiaries Karakash OOO and Karakash Agro OOO in March 2018, a receivable of EUR 3,106 thousand from Symbol LLC was accounted for within other receivables as of 31 December 2021 (EUR 2,856 thousand as other receivables as at 31 December 2020). The receivable was determined as higher-risk receivable and there was objective evidence of impairment, therefore, it was allocated to stage 3, and the loss allowance was determined based on lifetime expected credit losses. However, due to an offer received from Symbol LLC to purchase the receivable amount, severe weather conditions across the entire Eastern Europe region in 2021 and due to an increased risk a conservative estimate for the impairment has been made and the loss allowance was increased from EUR 534 thousand as of 31 December 2020 to EUR 3,106 thousand as of 31 December 2021.

The loss rates and the loss allowances determined for the Company's financial assets **(trade receivables)** were as follows:

31 December 2021	**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	835	321	612	2,399	**4,167**
Total	**835**	**321**	**612**	**2,399**	**4,167**
31 December 2020					
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**

No loss allowance was recognized for the Company's trade receivables as of 31 December 2021 and 31 December 2020 as expected loss rates were immaterial and 99% of the trade receivables are from Group's companies.

The counterparty risk of banks and financial institutions is managed by selecting counterparties with high credit quality and by continually monitoring the riskiness of chosen partners. 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 2021 and 31 December 2020 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**	
	2021	**2020**	**2021**	**2020**
Trade receivables	4,656	6,628	4,167	3,118
Subsidies and grants receivable from NPA	1,455	86	-	-
VAT receivable	641	1,281	7	-
Prepayments and deferred expenses	3,714	4,771	329	386
Amounts receivable from private individuals	83	84	2	-
Other receivables	3,582	3,915	12	95
Total	**14,131**	**16,764**	**4,517**	**3,599**
Less: loss allowance	(3,237)	(680)	-	-
Carrying amount	**10,894**	**16,084**	**4,517**	**3,599**

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 2021 expected to be received in the first half of 2022.

Prepayments and deferred expenses mainly consist of prepayments to suppliers.

Other receivables mainly include receivable from Symbol LLC (note 11)

Taking into consideration all the separate financial statements of the Group's companies', part of the Group's trade receivables, prepayments and other receivables – EUR 30,854 thousand – had been pledged under corporate mortgages as collateral for borrowings as of 31 December 2021 (31 December 2020: EUR 21,538 thousand).

(All amounts are in EUR thousand, unless otherwise stated)

The loss allowances for trade receivables as of 31 December were as follows:

	GROUP	COMPANY
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)**	-
Decrease in trade receivables loss allowance recognised in profit or loss during the year (note 23)	146	-
Increase in trade receivables loss allowance recognised in profit or loss during the year (note 23)	(132)	
Increase in loss allowance of other receivables recognised in profit or loss during the year (note 23)	(2,572)	
Carrying amount of loss allowance as of 31 December 2021	**(3,237)**	**-**

13.Non-current receivables

Group

The Group's non-current receivables consisted of the following as of 31 December:

	2021	2020
Loans granted to:		
Ars Ingenii UAB	450	450
Loss allowance (IFRS 9)	(1)	(4)
Total	**449**	**446**

Loan granted to Ars Ingenii UAB will mature in 2022. The interest rate on the loan granted to Ars Ingenii UAB is a fixed rate of 4.00%.

The calculation of loss allowance is described in note 11.

The Company's non-current receivables consisted of the following as of 31 December:

	2021	2020
Loans granted		
Žemės Vystymo Fondas 20 UAB	-	9,286
Total	**-**	**9,286**

14.Cash and cash equivalents

The Group's cash and cash equivalents consisted of the following as of 31 December:

	GROUP		COMPANY	
	2021	2020	2021	2020
Cash at bank	2,398	2,483	10	301
Cash on hand	48	58	-	-
Carrying amount	**2,446**	**2,541**	**10**	**301**

No loss allowances were recognized for the Group's cash and cash equivalents as of 31 December 2021 and 31 December 2020 as indicated in note 11.

(All amounts are in EUR thousand, unless otherwise stated)

15.Share capital and reserves

Share capital of the Company

The share capital of AUGA Group AB as of 31 December 2021 was EUR 65,951 thousand (31 December 2020: EUR 65,951 thousand). The share capital is divided into 227,416,252 ordinary registered shares (2020: 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 2021 (31 December 2020: 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 2,041 thousand as of 31 December 2021 (31 December 2020: EUR 1,834 thousand).

The Group's revaluation reserve consists of revaluation of land portfolio owned by the Group. At the end of each year the Group initiates land portfolio valuation. The Group calculated an increase of EUR 1,221 thousand for the whole land portfolio (2020: EUR 851 thousand) due to rise in the average price of agricultural land in 2021. Land revaluation effect to the revaluation reserve (net of taxes) amounted to EUR 1,038 thousand (2020: EUR 725 thousand) and its value amounted to 10,250. EUR (31 December 2020: EUR 9,213 thousand).

In 2018 the Company formed a reserve to grant shares for employees, which value amounted to 957 thousand EUR. In 2019 April the reserve for share-based payments to employees was increased by EUR 667 thousand and as of 31 December 2019 the value of this reserve amounted to EUR 1,624 thousand. In 2020 April the reserve for share-based payments to employees was increased by EUR 855 thousand and as of 31 December 2020 the value of this reserve amounted to EUR 2,509 thousand. According to the shareholders decision in 2021 this reserve was increased by 1,700,000 shares, each with a nominal value of EUR 0.29, and the total amount transferred to this reserve amounted to EUR 493 thousand. (In April 2020, this reserve was increased by EUR 855 thousand). Reserve to grant shares for employees as of 31 December 2021 amounted to EUR 3,002 thousand (EUR 2,509 thousand as of 31 December 2020).

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 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**
Shares allocated to employees based on option agreements as of 31 December 2021	7,167,391	2,079
Unallocated shares as of 31 December 2021	3,184,333	923
Total reserve as of 31 December 2021	**10,351,724**	**3,002**

In 2021 the Group recognised employee benefit expenses of EUR 562 thousand related share options granted to employees.

(All amounts are in EUR thousand, unless otherwise stated)

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:

	2021	2020
Carrying amount as of 1 January	**3,248**	**2,992**
Deferred grants, subsidies received	380	722
Amortisation of deferred grants related to property, plant and equipment	(523)	(466)
Carrying amount as of 31 December	**3,105**	**3,248**

Deferred grants will be recognised in the statement of profit or loss as follows:

	2021	2020
Within one year	544	376
After one year	2,561	2,872
Total	**3,105**	**3,248**

There are no unfulfilled conditions and other contingencies in relation to the deferred grant income.

In 2021 the Group accounted for EUR 12,858 thousand of direct and organic subsidies relating to costs that were recognised in full in the statement of profit or loss (2020: EUR 9,987 thousand). As these subsidies are cost related, they were deducted from the cost of sales. 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. In 2021 the Group recognised EUR 9,690 thousand of subsidies in the agriculture segment and EUR 3,168 thousand in dairy segment (2020: EUR 7,454 thousand and EUR 2,533 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:

	2021	2020
Carrying amount as of 1 January	**722**	**-**
Deferred grants, subsidies received	380	722
Amortisation of deferred grants related to property, plant and equipment	(149)	-
Carrying amount as of 31 December	**953**	**722**

Deferred grants will be recognised in the statement of profit or loss as follows:	2021	2020
Within one year	170	-
After one year	783	722
Total	**953**	**722**

The Company receives financing for R&D project. Costs related to this project are accrued in the construction in progress account while the asset is being developed. The Company anticipates to finalize the project before 31 December 2022, thus, while the asset is being developed and partially used in the Company's operations, as of 31 December 2021 the Company has calculated amortisation for part of the asset and the subsidies related to this part of the asset that is being used in operations.

17. Borrowings

As of 31 December, the Group's non-current borrowings consisted of the following:

	2021	2020
Bank borrowings		
Borrowings of mushroom growing companies	7,590	8,892
Borrowings of FMCG companies	1,007	1,184
Borrowings of agricultural entities	21,189	11,003
Borrowings of the Company	2,728	3,000
Non-current amounts payable to third parties		
Non-current amount payable to creditors	-	753
Non-current amount payable for investment fund for land purchased	253	253
Green Bonds	19,114	18,818
Total	**51,882**	**43,903**
Less: amounts payable within one year (according to agreements)	(5,767)	(3,409)
Total non-current borrowings	**46,115**	**40,494**

(All amounts are in EUR thousand, unless otherwise stated)

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 fixed interest rate of 6% (by the decision of the Group, interest is calculated in accordance with the Act/360 interest calculation convention). The maturity date of Bonds is 17 December 2024. Coupon payment dates are scheduled for 17 December of each year up to and including 2024. The Bonds were introduced for trading in a regulated market on AB Nasdaq Vilnius Bond list.

Due to significant financial results deterioration, as of 31 December 2021, Group did not comply with the financial covenants set out in the financing agreements signed with three financial institutions. As per loan agreement sanction for this breach was an increase of the interest margin, which was applied. However, at the end of the financial year assurances have been received from all financial institutions that no sanctions other than interest rate increases would be imposed on the Group and that the loans could therefore be classified as non-current.

Interest coverage ratio (EBITDA to net interest expense ratio) financial covenant was set in the Green bond Prospectus for the first tranche (it‘s balance value was EUR 19,114 thousand as at 31 December 2021), which is calculated annually on the basis of annual audited financial statements - the ratio must be higher than 2. According to the audited financial reports for 2021, actual interest coverage ratio was 1.6 and the covenant was not met at the end of the reporting period.
According to the rules set out in the Prospectus, the Group has 6 months period to improve the situation and reach the covenant, so there is no effect on 31 December 2021. According to evaluation of the Group's management, based on information available at the date of preparation of financial report and taking into account approved budget for 2022 and business plans, the covenant will be met in the set period unless significant changes in the environment occur that the Group cannot anticipate and / or control (including the weather conditions that will determine the Group's 2022 harvest).

The Group’s structure of interest-bearing borrowings, including lease liabilities (note 18):

	2021	2020
Gross debt – fixed interest rates	61,928	58,771
Gross debt – floating interest rates	41,057	35,770
Net debt	**102,985**	**94,541**

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:

	2021	2020
Bank borrowings		
Borrowings of mushroom growing companies	2,400	2,400
Borrowings of grain selling entity	3,183	7,000
Total	**5,583**	**9,400**

Current bank borrowings consisted of EUR 12,400 thousand credit-line facilities in 2021 (2020: EUR 12,400 thousand). The limits on credit-line facilities available to the Group were EUR 12,400 thousand as of 31 December 2021 (2020: EUR 12,400 thousand). The undrawn amounts of credit-line facilities in 2021 and 2020 were EUR 6,817 thousand and EUR 3,000 thousand, respectively.

Average interest rate on current and non-current bank borrowings was 3.80% in 2020 (2020: 3.91%)

As of 31 December, the Company’s non-current borrowings consisted of the following:

	2021	2020
Borrowings from credit institutions	2,728	3,000
Non-current amount payable to creditors	2,520	-
Green bonds	19,114	18,818
Total	**24,361**	**21,818**
Less: amounts payable within one year (according to agreements)	(2,728)	(272)
Total non-current borrowings	**21,633**	**21,546**

The Company had no short-term loans as of 31 December 2020 and 2021.

(All amounts are in EUR thousand, unless otherwise stated)

The Company's structure of interest-bearing borrowings, including lease liabilities (note 18):

	2021	2020
Gross debt – fixed interest rates	(24,945)	(22,576)
Gross debt – floating interest rates	(83)	(97)
Net debt	**(25,028)**	**(22,673)**

The Group'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	Borrowings due within 1 year	Borrow-ings due after1 year	Total
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)
Acquisition of 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)**
Cash flows	(95)	6,804	2,422	1,459	(5,326)	5,264
Acquisitions of property, plant and equipment under lease contracts	-	(7,126)	(6,093)	-	-	(13,219)
Acquisitions	-	-	-	-	-	-
Other non-cash items	-	-	(288)	-	(295)	(583)
Net debt as of 31 December 2021	**2,446**	**(7,878)**	**(37,641)**	**(11,350)**	**(46,115)**	**(100,538)**

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	Borrowings due within 1 year	Borrowings due after 1 year	Total
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)**
Cash flows	(291)	661	126	272	1,402	1,570
Acquisitions of property, plant and equipment under lease contracts	-	(24)	(41)	-	-	(64)
Other non-cash items	-	-	66	(2,728)	(1,489)	(4,151)
Net debt as of 31 December 2021	**10**	**(151)**	**(516)**	**(2,728)**	**(21,633)**	**(25,018)**

(All amounts are in EUR thousand, unless otherwise stated)

18.Lease liabilities

As of 31 December, the Group's minimum future lease payments consisted of the following:

	2021		2020	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within 1 year	10,405	7,878	10,204	7,556
Between 2 and 5 years	47,854	37,641	41,434	33,682
Minimum lease payments	**58,259**	**45,519**	**51,639**	**41,238**
Less: future finance charges	(12,740)	-	(10,401)	-
Present value of minimum lease payments	**45,519**	**45,519**	**41,238**	**41,238**

The Group's lease liabilities consisted of the following:

	2021	2020
Lease liabilities		
Lease liabilities related to right-of-use assets*	39,114	34,626
Lease liabilities related to other assets**	6,406	6,613
Total	**45,519**	**41,239**
Less: amounts payable within one year		
Lease liabilities related to right-of-use assets*	5,198	4,607
Lease liabilities related to other assets**	2,680	2,950
Total	**7,878**	**7,557**
Total non-current lease liabilities	**37,641**	**33,682**

* 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:

	2021		2020	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within 1 year	164	151	235	188
Between 2 and 5 years	609	516	781	668
Minimum lease payments	**773**	**667**	**1,017**	**855**
Less: future finance charges	(106)	-	(161)	-
Present value of minimum lease payments	**667**	**667**	**855**	**855**

The Company's lease liabilities consisted of the following:

	2021	2020
Lease liabilities		
Lease liabilities related to right-of-use assets*	579	758
Lease liabilities related to other assets**	88	97
Total	**667**	**855**
Less: amounts payable within one year		
Lease liabilities related to right-of-use assets*	120	125
Lease liabilities related to other assets**	31	63
Total	**151**	**188**
Total non-current lease liabilities	**516**	**668**

(All amounts are in EUR thousand, unless otherwise stated)

19.Income taxes

Income tax expense in the statement of profit or loss for the Group is calculated as follows:

	GROUP		COMPANY	
	2021	2020	2021	2020
Current income tax for the year	-	-	-	-
Change in deferred income tax	(657)	(442)	-	-
Total income tax expense (benefit)	**(657)**	**(442)**	**-**	**-**

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			
	2021		2020	
	Tax rate	Amount	Tax rate	Amount
Profit (loss) before tax, at a tax rate of 15%	-	(14,824)	-	1,350
Tax calculated at a tax rate of 15%	15.00%	(2,224)	15.00%	203
Total theoretical income tax amount		**(2,224)**		**203**
Non-taxable income	15.00%	(4,459)	15.00%	(4,961)
Non-deductible expenses	15.00%	3,189	15.00%	806
Current year losses for which no deferred tax asset is recognised	15.00%	427	15.00%	752
Changes in assumptions related to prior year	15.00%	2,409	15.00%	2,758
Income tax expense (benefit) at a tax rate of 15%		**(657)**		**(442)**
Total income tax expense (benefit)		**(657)**		**(442)**

Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	COMPANY			
	2021		2020	
Profit (loss) before tax	-	(1,124)	-	4,141
Tax calculated at a tax rate of 15%	15.00%	(169)	15.00%	621
Total theoretical tax amount		**(169)**		**621**
Non-taxable income	15.00%	(400)	15.00%	(1,004)
Non-deductible expenses	15.00%	35	15.00%	26
Investment project relief	15.00%	(295)	15.00%	(362)
Intra-group transfers of tax losses	15.00%	429	15.00%	348
Current-year losses for which no deferred tax asset is recognised	15.00%	399	15.00%	371
Income tax expense (benefit) at a tax rate of 15%		-		-
Total income tax		-		-

Tax rate of 15% is applied for all companies. Same tax rate was applied in 2020.

Deferred tax	**Deferred taxes as of 31 December 2020**	Loss allowance	Tax losses	Revaluation of assets (through OCI)	Effect of IFRS16	**Deferred taxes as of 31 December 2021**	**Tax setoff**	**Deferred taxes as of 31 December 2021**
Deferred tax asset	**2,791**	233	442	-	-	**3,466**	(1,515)	**1,951**
Deferred tax liability	**(2,914)**	-	-	(183)	(19)	**(3,115)**	1,515	**(1,601)**
Total deferred tax	**(123)**	**233**	**442**	**(183)**	**(19)**	**351**	**-**	**351**

As of 31 December 2021 and 2020 deferred income tax was calculated using income tax rate of 15%.

Deferred tax asset	GROUP		COMPANY	
	2021	2020	2021	2020
Accruals and loss allowance	490	257	-	-
Revaluation of land	9	9	-	-
Tax loss carried forward	2 967	2,525	-	-
Total deferred tax assets, gross	**3 466**	**2,791**	**-**	**-**
Offset against deferred tax liability	(1,515)	(1,431)	-	-
Total deferred tax assets, net	**1,951**	**1,359**	**-**	**-**

Deferred tax liabilities	GROUP		COMPANY	
	2021	2020	2021	2020
Effect of IFRS16	155	136	-	-

(All amounts are in EUR thousand, unless otherwise stated)

Revaluation of land	2,960	2,778	-	-
Total deferred tax liability, gross	**3,115**	**2,914**	**-**	**-**
Offset against deferred tax asset	1,515	1,431	-	-
Total deferred tax liability, net	**1,601**	**1,483**	**-**	**-**

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	
	2021	**2020**	**2021**	**2020**
Total tax losses carried forward	71,833	55,836	19,446	16,755
Less: intra-group transfers of tax losses	-	-	(2,862)	(2,318)
Less: deferred tax asset recognised on tax losses carried forward	(19,780)	(16,833)	-	-
Total tax losses carried forward for which no deferred tax asset was recognised	**52,053**	**39,003**	**16,584**	**14,437**

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

The Group's trade payables consist of regular atrade payables and other current liabilities as well as payable accounts to supplier that are engaged in a factoring agreement. As of 31 December 2021, the latter amounted to EUR 7 million – 36% of total trade payables.

Other payables and current liabilities consisted of the following as of 31 December:

	GROUP		COMPANY	
	2021	**2020**	**2021**	**2020**
Employment-related liabilities	2,289	2,787	266	210
Vacation reserve	1,338	1,099	287	222
Advances received	890	819	-	-
Taxes payable	17	4	6	-
Deferred revenue/accrued expenses	861	340	-	(6)
Other payables	980	230	18	1
Total	**6,375**	**5,279**	**577**	**427**

Other payables mainly include payables for land rent to organizations and private individuals.

(All amounts are in EUR thousand, unless otherwise stated)

21. Segment information

Statement of profit or loss

2021	Total	Total reportable segments	Dairy	Crop-growing	Mushroom growing	Fast moving consumer goods	Other segments
Revenue	124,290	117,307	19,191	60,784	28,360	8,972	6,983
Cost of sales (a)	(128,117)	(119,427)	(18,474)	(64,974)	(27,692)	(8,287)	(8,690)
Gross profit as reported to management of the Group (b)	(3,827)	(2,120)	717	(4,190)	669	685	(1,707)
Eliminations of intergroup transactions							
Intergroup revenue	52,570	45,587	5,579	37,226	-	2,781	6,983
Intergroup cost of sales (c)	(53,419)	(44,729)	(5,324)	(35,773)	-	(3,632)	(8,690)
Eliminations, net (d)	(849)	858	255	1,453	-	(851)	(1,707)
Total revenue of external customers	71,721	71,721	13,611	23,557	28,360	6,191	-
Direct subsidies (e)	12,858	12,858	3,168	9,690	-	-	-
Total cost of sales of external customers (a)-(c)+(e)	(61,841)	(61,841)	(9,983)	(19,510)	(27,692)	(4,656)	-
Gain (loss) on changes in fair value of biological assets (f)	(5,928)	(5,928)	(2,772)	(3,156)	-	-	-
Gross profit (b)-(d)+(e)+(f)	3,952	3,952	857	892	669	1,535	-
Depreciation included in cost of sales	7,288	7,288	644	4,636	1,651	357	-

2020	Total	Total reportable segments	Dairy	Crop-growing	Mushroom growing	Fast moving consumer goods	Other segments
Revenue	139,811	129,402	15,177	77,888	30,001	6,336	10,409
Cost of sales (a)	(143,639)	(131,878)	(15,452)	(82,057)	(28,248)	(6,122)	(11,761)
Gross profit as reported to management of the Group (b)	(3,828)	(2,476)	(275)	(4,169)	1,753	214	(1,352)
Eliminations of intergroup transactions							-
Intergroup revenue	56,738	46,329	2,232	42,641	-	1,456	10,409
Intergroup cost of sales (c)	(61,177)	(49,416)	(2,886)	(44,538)	-	(1,992)	(11,761)
Eliminations, net (d)	(4,439)	(3,087)	(654)	(1,897)	-	(536)	(1,352)
Total revenue of external customers	83,073	83,073	12,945	35,247	30,001	4,880	-
Direct subsidies (e)	9,987	9,987	2,533	7,454	-	-	-
Total cost of sales of external customers (a)-(c)+(e)	(72,475)	(72,475)	(10,033)	(30,065)	(28,248)	(4,130)	-
Gain (loss) on changes in fair value of biological assets (f)	5,175	5,175	(2,517)	7,692	-	-	-
Gross profit (b)-(d)+(e)+(f)	15,773	15,773	396	12,874	1,753	750	-
Depreciation included in cost of sales	7,279	7,279	589	4,950	1,534	206	-

(All amounts are in EUR thousand, unless otherwise stated)

In 2021 the Group has reclassified milk products (butter, cream, etc.) from the agricultural segment to the dairy segment in order to improve the precision of segment results. Reclassification was also performed in the comparative period so that the periods were comparable.The revenue of dairy segment in 2020 increased by EUR 2,133 thousand, cost of sales – EUR 2,067 thousand, and gross profit increased by EUR 67 thousand. The revenue, cost of sales and gross profit of the agriculture segment in 2020 has decreased accordingly.

'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:

2021	**Share of total sales, %**
Largest customers	
ICA Sverige AB (buyer of mushrooms)	8.46
Okregowa Spoldzielnia Mleczarska w Piatnicy (buyer of milk)	7.62
Nordic Sugar Kėdainiai (buyer of crops)	6.91
Total	**23.00**
2020	
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**

Around 50% of total revenue of the Group was generated by 10 largest customers in 2021, while in 2020 50% of total revenue of the Group was generated by 11 largest customers.

Breakdown of revenue by geographical territory is provided in the table below.

	2021	**2020**
Revenue by geographical territory, (representing over 10 % of the Group's total sales)	**%**	**%**
Lithuania	29.56	27.88
Sweden	15.55	14.97
Germany	15.13	13.85
Other countries	39.77	43.30
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:

	2021	**2020**
Business consultation and financial accounting services	3,248	3,395
Dividends from subsidiaries	2,359	6,438
Other revenue	5	9
Total	**5,612**	**9,842**

(All amounts are in EUR thousand, unless otherwise stated)

22. Cost of sales by nature of expenses

Breakdown of the Group's cost of sales by nature of expenses:

	2021	2020
Services from contractors	9,348	11,522
Payroll and social security expenses	13,762	16,381
Depreciation of property, plant and equipment and ROU assets	7,811	7,279
Raw materials	7,636	7,664
Organic fertilizers	3,458	6,779
Packaging	6,381	7,862
Feed for animals	3,803	2,831
Spare parts and inventory	3,136	3,400
Land rent	4,530	4,821
Fuel costs	2,702	3,223
Electricity	1,159	1,115
Seeds	3,315	4,756
Realised gain (loss) on change in fair value of agricultural produce on initial recognition	369	(200)
Write-downs of inventory	4,756	2,063
Medicine	358	294
Other expenses	2,177	2,672
Less: direct subsidies from the State	(12,858)	(9,987)
Total	**61,841**	**72,475**

2021 payroll and social security costs declined significantly due to lower workloads, which were affected by lower yields. In the reporting year, the cost of depreciating inventories increased due to additional depreciation of forage crops and changes in internal pricing.

23. Operating expenses

Operating expenses consisted of the following as of 31 December:

	GROUP		COMPANY	
	2021	2020	2021	2020
Payroll and social security expenses	4,934	4,686	2,742	2,581
Share-based payment amortization	562	247	562	247
Fines and late payments	17	63	-	-
Depreciation of PP&E, ROU assets and amortization of IA	812	754	288	205
Write-offs and value decrease of PP&E	23	-	-	-
Loss allowance of amounts receivable (notes 12, 13)	2,635	237	-	-
Consultation and business plan preparation	273	187	201	155
Insurance and tax expenses	799	767	75	54
Selling expenses	1,638	930	619	386
Fuel costs	256	194	71	55
Real estate registration and notary fees	104	151	-	14
Rent and utilities	387	365	30	37
Transportation costs	313	297	150	119
Office administration	654	503	58	63
Other expenses	954	846	379	352
Total	**14,361**	**10,227**	**5,175**	**4,267**

In 2021 the Group has experienced a significant increase in selling expenses. This happened due to the full inclusion of Grybai LT, KB costs while in 2020 this company was only included from the 1st of June.

Expense for the Group's defined contribution plans amounted to EUR 3,184 thousand in 2021 (2020: EUR 3,017 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 amounts are in EUR thousand, unless otherwise stated)

All service fees for the services provided by the audit firm to the Group and the Company are presented below:

	GROUP		COMPANY	
	2021	2020	2021	2020
Audit of financial statements based on the contracts	100	93	60	57
Other services	1	30	1	30
Total	**101**	**123**	**61**	**87**

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.

(All amounts are in EUR thousand, unless otherwise stated)

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 2021 a decision was made to pay out dividends to shareholders. Group entities that distributed dividends in 2021 is provided in the table below. Due to this the Company has received EUR 2,359 thousand dividend income (2020: EUR 6,438 thousand).

	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%	-	-	**781,000**	**781,000**	-	-
AVG Investment, UAB	100.00%	-	-	**9,000**	**9,000**	-	-
AWG Investment 1, UAB	100.00%	-	-	**1,258,000**	**1,258,000**	-	-
eTime inves, UAB	100.00%	-	-	**311,000**	**311,000**	-	-
Arnega UAB	-	100.00%	-	**37,000**	-	**37,000**	-
Kairių ūkis ŽŪK	-	100.00%	-	**14,000**	-	**14,000**	-
Šiaurinė valda ŽŪK	-	100.00%	-	**3,000**	-	**3,000**	-
Siesarčio ūkis KB	-	100.00%	-	**11,000**	-	**11,000**	-
Kašėta KB	-	100.00%	-	**11,000**	-	**11,000**	-
Šventosios pievos KB	-	100.00%	-	**316,000**	-	**316,000**	-
Juodmargėlis KB	-	100.00%	-	**198,000**	-	**198,000**	-
Agromilk KB	-	100.00%	-	**301,000**	-	**301,000**	-
AUGA Grūduva, UAB	-	98.97%	1.03%	**1,262,000**	-	1,249,001	12,999
KTG Eko Agrar, UAB	-	100.00%	-	**225,000**	-	**225,000**	-
Agrar Raseiniai UAB	-	100.00%	-	**4,000**	-	**4,000**	-
Jurbarkų ekologinis ūkis ŽŪB	-	100.00%	-	**6,000**	-	**6,000**	-
Lankesos ekologinis ūkis ŽŪB	-	100.00%	-	**8,000**	-	**8,000**	-
Mantviliškio ekologinis ūkis ŽŪB	-	100.00%	-	**7,000**	-	**7,000**	-
Skėmių ekologinis ūkis ŽŪB	-	100.00%	-	**6,000**	-	**6,000**	-
Laumės pieno ūkis KB	-	100.00%	-	**25,000**	-	**25,000**	-
Total	**-**	**-**	**-**	**4,793,000**	**2,359,000**	**2,421,001**	**12,999**

(All amounts are in EUR thousand, unless otherwise stated)

26.Other income

	GROUP		COMPANY	
	2021	2020	2021	2020
Interest income	348	349	106	1,035
Insurance benefits	112	100	-	2
Other income (expenses)	241	22	152	90
Total	**702**	**471**	**258**	**1,127**

27.Other gains/(losses)

	GROUP		COMPANY	
	2021	2020	2021	2020
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	(72)	110	-	-
Gain (loss) on remeasurement of interest held in Grybai LT, KB at fair value (note 24)	-	900	-	-
Other	(40)	-	21	-
Total	**(112)**	**879**	**21**	**-**

28.Finance costs

The table below presents finance costs for the year ended 31 December:

	GROUP		COMPANY	
	2021	2020	2021	2020
Bank interest expenses	1,640	1,684	186	897
Bonds	1,532	1,492	1,532	1,492
Finance costs related to ROU assets (IFRS 16)	2,567	1,748	41	53
Lease and other finance costs (excluding lease related to acquisition of ROU assets)	249	255	3	2
Foreign exchange negative effect	61	47	-	-
Fair value change of derivatives	5	8	-	-
Interest expenses on borrowings from subsidiaries	-	-	28	-
Other finance costs	404	313	51	116
Total	**6,458**	**5,547**	**1,841**	**2,561**

29.Basic and diluted earnings per share

Basic and diluted earnings per share were as follows for the year ended 31 December:

	GROUP		COMPANY	
	2021	2020	2021	2020
Net profit (loss) attributable to shareholders of the Company	(15,613)	1,772	(1,124)	4,141
Weighted average number of shares	227,416,252	227,416,252	227,416,252	227,416,252
Earnings (loss) per share (EUR)	**(0.07)**	**0.01**	**(0.01)**	**0.02**

30.Related party transactions

In 2021 the average number of members of the Management Board and the key management personnel of the Company was 6 people (2020: 6 people).

i) Payments to members of the Management Board and the key management personnel (CEO)

(All amounts are in EUR thousand, unless otherwise stated)

Payments paid to members of the Management Board and the key management personnel of the Company, EUR	2021	2020
Salaries	198,308	204,830
Legal service fees	-	-
Total payments	**198,308**	**204,830**

(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:

2021

Parties related to the Group	Loans granted	Amounts receivable and prepayments	Amounts receivable	Borrowings	Amounts payable	Purchases of goods	Sales of agricultural produce
Parties related to ultimate shareholder of the Group							
Farmer Kęstutis Juščius	-	-	9	-	-	-	-
Total	**-**	**-**	**9**	**-**	**-**	**-**	**-**

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	-	-	-	-
Total	**-**	**-**	**9**	**-**	**-**	**1,328**	**345**

**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:

2021

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	-	2,193	-	-	268	3,671
Trade companies	-	-	-	44	152	37
Other subsidiaries	-	1,991	2,520	66	80	1,306
Baltic Champs Group UAB	-	-	-	-	-	-
Other related parties						
Kęstutis Juščius	-	9	-	-	-	-
Total	**-**	**4,193**	**2,520**	**110**	**500**	**5,014**

2020

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	-	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**

31.Off-balance sheet commitments and contingencies

The Group's commitments related to lease of low-value assets amounted to EUR 45 thousand in 2021 (2020: EUR 30 thousand).

As of 31 December 2021, the Company had issued guarantees to banks for borrowings of the Group's subsidiaries for the total amount of EUR 34,175 thousand (2020: EUR 35,611 thousand).

No full-scope tax audit was carried out by the tax authorities at the Company for the period from 2017 to 2021. 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 2021, in the context of the ongoing COVID-19 pandemic, the Group updated the related risks that can affect key business segments and the organisation of activities.

Crop growing

There were no significant changes in crop sales during 2021. All obligations under the existing agreements were and are being fulfilled. The Group's management sees the risk of labour shortages in this segment due to workers suffering from COVID-19 and is ready to deal with this risk by using temporary employment. There was no significant shortage of existing staff due to the coronavirus in 2021.

Dairy

Milk production was carried out at normal capacity in 2021 and no problems were noted regarding a decrease in production demand. The milk is supplied to the local market (Baltic countries and Poland) and Germany and is mainly used for producing fresh products. The management does not see or predict a decline in demand for this segment in the future. However, the risk of labour shortages remains, which the Group is ready to manage by using temporary employment. There was no significant shortage of existing staff due to the coronavirus in 2021.

Mushroom growing

The Group implements a range of measures to ensure the safety of workers and to reduce contacts between them. Nevertheless, outbreaks of COVID-19 in production units in 2021 caused a short-term lack of capacity, which affected the segment's performance. The pandemic has had a negative impact on the mushroom production segment in the following respects as well: sales of fresh mushrooms to wholesalers working with the HoReCa sector decreased, fluctuations in the market made it more difficult to sell fresh mushrooms at the best price, and the increased demand for packaged mushrooms reduced profitability. In addition, sales of compost to Russia finally stopped in 2021.

In 2021, the Group took steps to expand trading markets and adapt new initiatives to implement efficiency in the mushroom growing segment and reduce costs.

FMCG

Risks in this business segment are mainly related to possible disruptions in the supply chain of raw materials that the Group does not grow itself. In 2021, the Group's plans were also adjusted by disrupted global logistics, with costs increasing due to lack of transport; the supply chain unbalanced. However, there is still growing demand for ready-to-eat products (milk products, soups, etc.) on all markets.

33. Subsequent events

On 24 February 2022 the war in Ukraine escalated. None of the Group's companies operate in Ukraine, Russia or Belarus. 2021 sales to the countries involved in the war amounted to 0.5%. from the total turnover of the Group, in 2022 it is not planned to continue sales to Russia or Belarus. The Group's accounts receivable from these countries amount to EUR 3,263 thousand as of 31 December 2021 and EUR 3,296 thousand as of 24 February 2022. On both of these dates the Group had an amount of EUR 3,106 thousand receivable from Symbol LLC. As of 31 December 2021 an impairment of 100% was already recognized for this account.
The Group's management believes that the war has no material impact on the Group's assets, liabilities as at 31 December 2021, as well as on the Group's profit or loss and cash flows for the year 2021 - the war is considered to be a non-adjusting post-balance sheet event.

On 14 March 2022 the Polish Financial Supervision Authority has made the decision to give consent to the delisting of the Company's shares from the Warsaw Stock Exchange from 8 April 2022. As of this date, the Company's shares will no longer be listed on the Warsaw Stock Exchange. The board of Warsaw Stock Exchange has also agreed to delist the Company's shares from the respective exchange on 8 April 2022. Because of delisting, the last day of trading of Company's shares in the regulated market of Warsaw Stock Exchange was 7 April 2022.

On 18 March 2022 AUGA group, AB signed financing agreements, on the basis of which KŪB "Business Aid Fund" provided the Company with financing of EUR 7.28 million.

* * * *

GRI 102-15

ANNEXES

CORPORATE GOVERNANCE REPORTING FORM FOR THE YEAR ENDED 31 DECEMBER 2021

The public limited liability company AUGA Group, AB (hereinafter referred to as the "**Company**"), acting in compliance with Article 12 (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, Michaela Tod, Murray Steele and Tomas Krakauskas, which meets the independence criteria under the statutory regulations, 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 less than 5% of the Company's shares).

There is 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 3 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 2021 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 (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	YES	Clause 6.4.25 of the Company's Articles of Association stipulates that the any decision on exceptional

company which in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders.		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	NO	During the General Meetings of Shareholders of the Company on 30 April 2020 and on 30 April 2021, a nation-wide quarantine was in force on the territory of the

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.		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 not in a position to implement this principle at these General Meetings. After the end of the quarantine - during the General Meeting convened on 29.04.2022 this principle will be implemented.
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 interest.	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	NOT APPLICABLE	

advice from external legal, accounting or other experts on matters pertaining to the competence of the supervisory board and its committees.		
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	NOT APPLICABLE	

year, make public respective information about its internal structure and working procedures.		
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 is publicly available on the Company's website in Lithuanian and English. In April 2021, 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 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.	YES	The Board, as the collegial governing body of the Company, performs the functions assigned to it by the law and the Articles of Association of the Company. In accordance with the requirements of the Law on 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	YES	Please refer to 3.1.3

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.		
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, 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.	YES,	The members of the Company's Board are elected by the General Meeting of Shareholders. The members of the Board 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.
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	YES	The Chairman of the Board is an independent member of the Board who has no connection with the Company or its controlling shareholder.

[1] Link to the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance: https://www.oecd.org/daf/anti-bribery/44884389.pdf

recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision.		
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.
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 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.	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 considered to be independent due to his working relationship with the Company's minority shareholder UAB "ME investicija" (holds less than 5% 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 2021. Information on the structure of the Board is provided in the Company's Annual Report and is published on the Company's website.

[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.

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 e-mail when 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 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.	YES	The Board receive a notice about the meeting, the agenda of the meeting and all materials relating to the matters to be discussed at the meeting 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.
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	YES	The functions and duties of the Audit Committee are set out in the Regulation of Audit Committee approved by the

[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).

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.		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	YES	The internal auditor and external auditors present their work plans and reports to the Audit Committee on a regular basis.

[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.

report describing all relationships between the independent audit firm and the company and its group.		
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 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.	YES, except that Audit Committee did not submit its half-yearly report)	The Committee informs the Company's Board of its activities and performance by 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 2021 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	YES	The Company's Remuneration Policy covers all forms of remuneration applied by the Company.

company can recover the disbursed amounts or suspend the payments.		
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 published 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	YES	Please refer to each individual point separately.

information publicly disclosed by the company should include but not be limited to the following:		
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 not have a risk management and monitoring policy	Risk factors are disclosed in Interim and Annual Reports. 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	Disclosed quarterly in Interim and Annual Reports.
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	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	YES	Information is disclosed about the consolidated results of the whole group of companies.

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.		
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 formed at the company, by the management board of the company.	YES	The nomination of the audit firm is proposed to the General Meeting of 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	Remuneration on audit services is approved by the General Meeting of Shareholders. During 2021 the Company (its group companies) did not receive any other services from the auditors.

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 2021 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