AUGA group, AB
consolidated Annual Report, Consolidated and Separate Financial Statements and Independent Auditor‘s Report for the Year Ended 31 December 2023

Contents

1. Overview

1.1 Founder's Foreword

Dear members of the AUGA community,

Scientists from the National Environmental Information Center of the U.S. Department of Commerce found that 2023 was the hottest year in the last 174. While the world is embroiled in intense discussions, the situation regarding climate change only worsens. It is time to pause for a moment and ask: isn't the climate situation in our own hands?

For years, AUGA group has been working to find tech solutions that reduce the negative environmental impact created of agriculture, one of the most polluting sectors. In 2023, we introduced the first batch of the AUGA M1 tractor, which is powered by biomethane and electricity. According to our calculations, using one such tractor can save 100 tons of CO_2 per year compared to its fossil fuel-powered counterparts. The first batch of tractors was tested and used for real farm work in 2023. Such trials will be continued this year to further improve this technology, ensure its reliability, and enable the start of mass production. In 2023, we also developed prototypes of other technologies powered by sustainable fuels, which we plan to introduce in 2024.

To ensure the necessary resources of biomethane, an alternative fuel, for powering tractors on farms, we completed the installation of three biomethane units in 2023. The biomethane will not only be used to power tractors; we have also started to supply this green gas, which is produced from secondary raw materials, to the natural gas system in 2024. This will contribute to achieving emissions reduction targets in other sectors, and the energy independence of both our country and Europe as a whole.

Livestock activities contribute significantly to climate change. Therefore, we are creating specialized cattle feed to mitigate emissions in this sector. In 2023, the Lithuanian University of Health Sciences validated AUGA Tech's feed technology. We are pleased to report that the tests confirmed increased yield without compromising milk quality, while reducing methane emissions by 32% per liter of raw milk.

In 2023, the conditions in the agricultural industry were not favourable. Due to lower demand for organic products worldwide and the decrease in prices for these products, the financial results of AUGA group deteriorated. In 2023, the Group's gross loss amounted to EUR 0.96 million, compared to EUR 15.27 million of gross profit in 2022. The EBIDTA was EUR 1.18 million, while in 2022 this indicator was EUR 19.58 million. Already recognising this trend in the summer of 2023, we made the decision to cultivate some of the land using regenerative conventional farming methods. This will allow us to diversify market risks, reduce fluctuations in fertility and income, lay the groundwork for future growth, and improve financial results.

GRI 2-22

In 2023, we actively evaluated the organizational structure of the Group and the compatibility of individual activities and units with the AUGA group's strategy. Grybai LT is a successfully developed product manufacturing unit for soup and other canned products which was grown from scratch, and has become an independent, profit-generating entity with a strong base of international clients. However, this manufacturing activity no longer aligned with our strategy. Due to the significant need for ingredients that we could not grow on our farms according to the sustainable farming standards of AUGA, it became incompatible with the Group's long-term perspective of providing consumers with sustainable food. The unit was profitably sold to another food industry group operating in Lithuania, which will continue to supply canned products to consumers in up to 30 countries worldwide.

The company's long-term strategy aims to provide sustainable products to every conscious consumer in Lithuania through the AUGA product line. In 2023, we introduced a new line that is tailored to these consumers, with the main raw materials - milk, oats, eggs, vegetables - coming from the organic farms of the AUGA group in Lithuania. Throughout the year, these products gained shelf presence and expanded to offer a range of 11 different options.

Despite the challenging year for agriculture, we did not deviate from our strategy. Instead, we placed a significant emphasis on the development of our technologies and sustainable farming standards. This gave rise to a restructuring of the business and as a result in the first half of 2023, we divided the business into three companies: AUGA Tech - focusing on the development of sustainable agricultural technologies, AUGA SOFA - responsible for developing the sustainable farming standard and overseeing its implementation through 11 co-operatives established as production units from the existing farming operations, and AUGA Trade - organising the production of more sustainable products and supplying more sustainable raw materials to food producers.

At the 2023 World Climate Change Conference COP28, the question of what will help solve the issue of agricultural emissions was repeatedly raised during discussions. While the world debates, we take action. Every day, we work on organic and regenerative conventional farming plots, learning and expanding our horizons to find a social compromise between nature, farmers, and consumers.

Our technologies, supported by scientific findings, help to reduce the sector's negative impact on the environment. With the AUGA community's support, we will strive to implement these technologies extensively, thereby contributing to mitigating climate change.

Kęstutis Juščius

AUGA group, AB Chair of the Board

1.2 AUGA group at a Glance and the Most Important 2023 Events

1191 employees

38.2 thous. hectars of arable land

81.4 EUR million revenue

Listed on **Nasdaq Vilnius**

3442 shareholders

110 thous. tonnes of crop production sold

24 thous. tonnes of dairy production sold

11.5 thous. tonnes of mushrooms sold

59% of sales is export

2023.02.
Launch of AUGA M1 production batch

2023.04.
Introduction of a new line of more sustainable organic products

2023.05.
Introduction of a new operating model of the Group

2023.06.
Completed installation works of 3 biomethane power plants

2023.07.
Sale of the Grybai LT

2023.08.
Start of the regenerative conventional agriculture

2023.09.
Changes in the management

2023.11.
Tests results of feed technology were confirmed by LSMU VA

1.3 Business Model

AUGA group, AB (hereinafter - the Company) and its subsidiaries (hereinafter - the Group, AUGA group) operate in Lithuania (with headquarter in Konstitucijos str. 21C, Vilnius). AUGA group develops organic and regenerative conventional agriculture, applying a sustainable farming model. Also creates emission-reducing agricultural technologies, and offers more sustainable organic products to consumers and raw materials to processors. In 2023, the Group carried out its activities on 38.2 thousand hectares of land in the most fertile areas of Lithuania. 12.9% of the arable land belongs to the Group. Other lands are operated by AUGA group through leasing, thereby obtaining a higher return than by owning them outright.

1.3.1 Business Segments

AUGA group operates in five business segments, which include agriculture and food production industries, as well as activities focused on the development and application of sustainable agricultural technologies:

- Crop growing – the Group grows wheat, leguminous crops, rapeseed, sugar beet, oats and other crops. Additionally, vegetables are grown and organic animal feed is prepared. In 2023, 1/3 of cropland has been cultivated using regenerative conventional agriculture methods.
- Dairy – this segment of the Group includes organic milk production and cattle breeding. The Group develops this activity in 8 dairy farms.
- Mushroom growing – The company's subsidiary Baltic Champs is one of the largest and most modern mushroom growers in the Baltic region. The company supplies consumers with white and brown champignons, oyster, portobello, eryngii, shiitake mushrooms, and also produces compost which is used for mushroom growing.
- Fast-moving consumer goods (FMCG) – the Group offers a wide range of organic products for the final consumer, which include: dairy and oat products, eggs, vegetables. Until 2023 July, the Group's company Grybai LT produced ready-to-eat soups, canned vegetables and stews. From the aforementioned date, the Group sold this part of the business to the company Kauno grūdai. The products sold by AUGA group are marked with the AUGA brand.
- Technologies for sustainable agriculture (AgTech) – AUGA Tech, UAB, is a company indirectly owned by the AUGA group, that develops and manufactures agricultural technologies that reduce emissions. The company develops biomethane infrastructure, the AUGA M1 hybrid biomethane and electric tractor for professional use, and other agricultural machinery. AUGA Tech, UAB also develops specialized feed technology that reduces methane emissions from livestock operations.

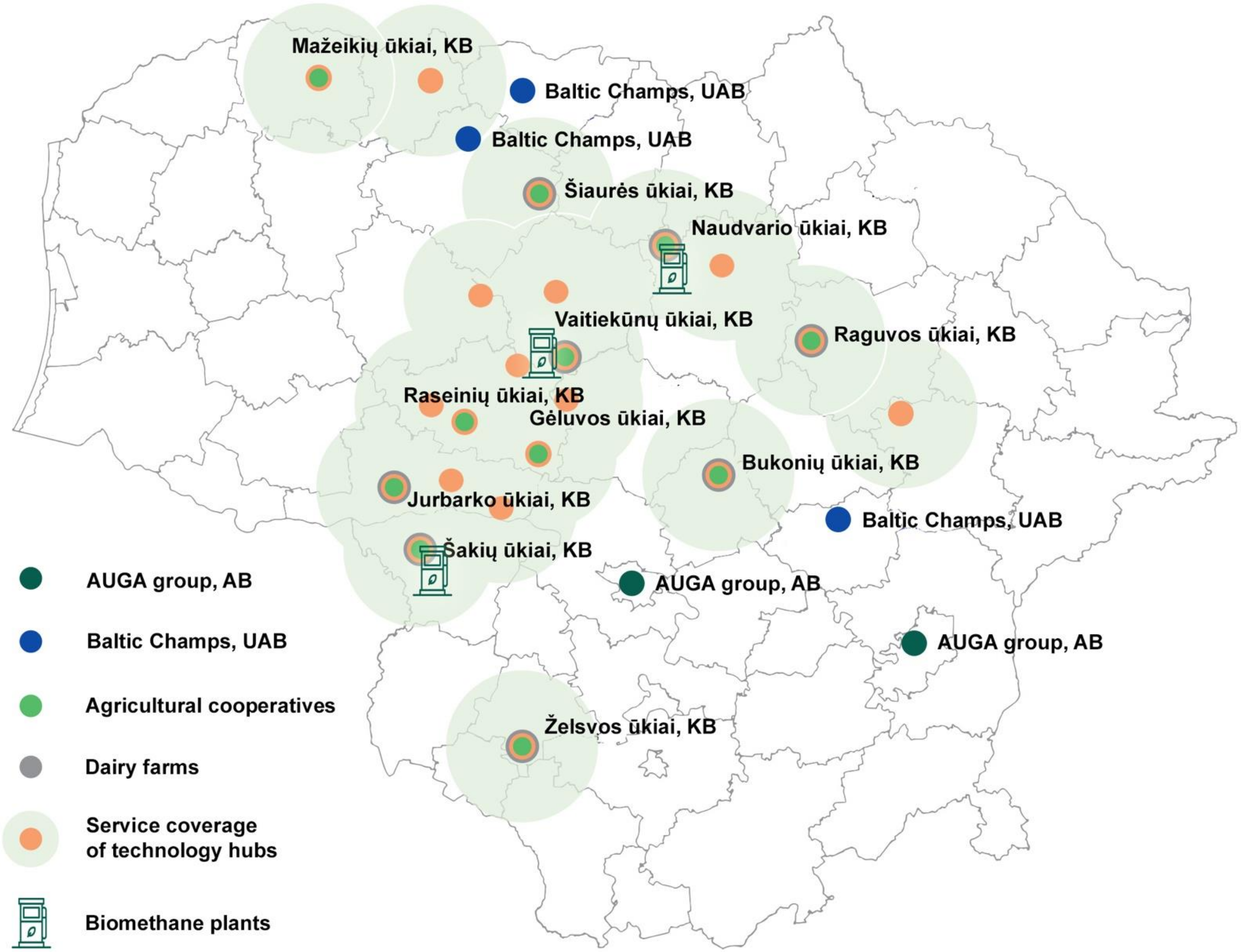
1.3.2 Competitive Advantages of the Group

- Economies of scale – the Group operates over large areas of land. Combined with still lower labour costs and economies of scale, this provides a significant cost advantage.
- Vertical integration – Group farms grow a wide range of raw materials, organise their processing and preparation for consumption by itself or together with outsourced production partners. This allows us to offer consumers various end-use products, such as: milk or oat products, vegetables, mushrooms, eggs.
- Full traceability – the Group ensures full traceability - from seeds to packaging - and high product quality.
- Synergy between different branches of agriculture – The group operates on a closed-loop agricultural model, which allows supplying different business segments with the necessary agricultural products. For example, the organic dairy farming segment operates in synergy with organic crop farming. Crops used for animal feed in livestock are grown for crop rotation, and the organic waste generated in the segment's activities is used as fertilizer in crop farming.
- Technology development and application in practice – emission-reducing agricultural technologies are the guarantor of the future progress of the sector, which will allow curbing the issues of climate change. By creating innovative solutions in agriculture that are not yet available on the market, the Group aims to implement a standard of sustainable agricultural activity and a breakthrough in the entire food system. Both consumers and investors will support such companies today and in the future.

GRI 2-1 | GRI 2-9 | GRI 2-6

1.3.3 Map of Activities

All the Group's activities take place in Lithuania. The location of the Group's headquarter and subsidiaries are shown on the map below:



1.3.4. Export Markets

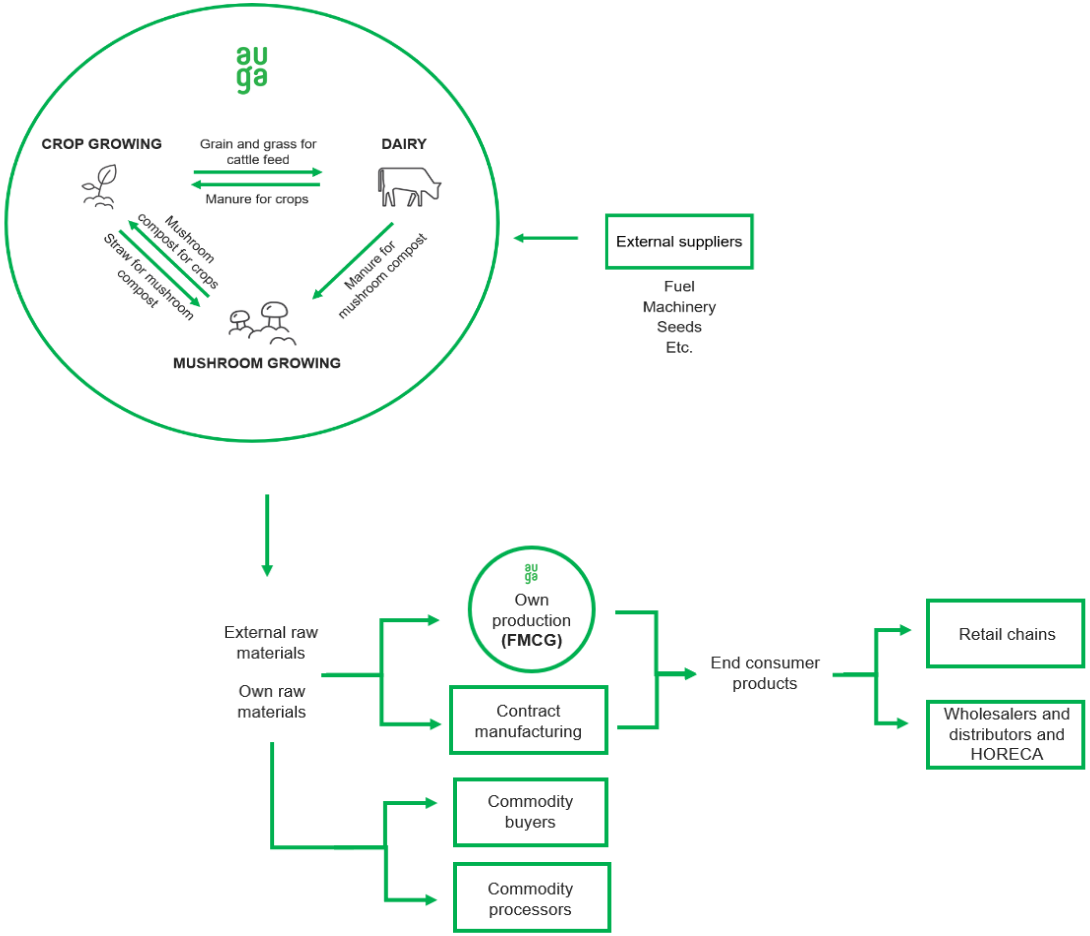
In 2023, the Group's export markets covered 35 countries worldwide. This list changed after July 2023 as the company Grybai LT, which produced ready-to-eat products for final consumption: soups, canned vegetables, stews, was sold. After that date, the most important markets for raw materials and other Group products remained: Germany, the Netherlands, the United Kingdom, and Scandinavian countries. A line of more sustainable organic products has been introduced for the domestic market - Lithuania.

The Group's raw materials and mushroom export markets (2023)	Company's Grybai LT export markets (2023)
Estonia, UAE, Cyprus, Latvia, Poland, Malta, Romania, Serbia, Slovakia, Finland, Sweden, Norway, Belgium, Czech Republic, Denmark, Italy, Japan, Netherlands, UK, Hungary, Germany.	Australia, Belgium, Czech Republic, Chile, Denmark, Estonia, Greece, Hong Kong, Italy, Israel, UAE, Japan, USA, Cyprus, Croatia, Latvia, Poland, Lebanon, Malta, Norway, Peru, Portugal, France, Romania, Serbia, Singapore, Slovakia, Slovenia, Finland, Taiwan, UK, Hungary, Germany.

1.3.4 Export Markets

AUGA group's supply chain is extensive and complex. Implementing the principle of a circular economy, the Group can supply itself with some of the resources and raw materials it needs. For example, organic waste from livestock (manure) and mushroom compost serves as crop fertilisers, and cultivated crops are used as ingredients for cattle feed. Also, crop products (straw) are used together with livestock manure in mushroom growing activity. The Group purchases fuel, seeds, other products, and rents or buys the machinery from external suppliers.

The Group's produced raw materials are sold to buyers or processors. Additionally, the Group manufactures final products for consumers from its own grown raw materials, labelled with the AUGA brand. The manufactured products are sold in retail networks, distributed through wholesale customers, distributors, HORECA channels, and others.



1.3.6 End-products for Consumers

Organic dairy products	Organic grain products	Organic vegetables and other
Milk 2.5% fat.	Oatmeal porridge with apples and cinnamon	Potatoes
Milk 2.5% fat.	Oatmeal porridge with apricots and banana	Beetroot
Milk 3.5% fat. UHT	Oatmeal porridge with banana and strawberries	Carrots
Milk 2.5% fat. UHT, lactose-free	Oatmeal porridge with apples and raspberries	Onions
Kefir 2.5% fat.	Oatmeal porridge with wild berries	
Sour cream 30% fat.	Oatmeal porridge with raisin, chia and kiwi	Eggs
Curd 9% fat.	Oatmeal porridge with pear, sour cherry and plum	
Butter 82% fat.		
	Oatmeal	
	Instant oatmeal	

In 2023 April the Group launched a new line of more sustainable, organic products under the AUGA brand. These products are made from organic raw materials grown on AUGA group farms in Lithuania only, which apply more sustainable farming methods and implement technologies that reduce the negative impact on the environment. The Group also supplies organic oatmeal porridges to the market, the main ingredient of which is oats from AUGA group farms, accounting for an average of 74% of the final product.

Organic soups and stews*	Organic canned products*
Carrot soup	Canned champignons
Beetroot soup	Canned, sliced champignons
Tomato soup	Marinated champignons
Champignon soup	Beetroots in apple juice
Vegetable soup Minestrone	Pickled beetroots
Three lentil soup	White beans in brine
Butternut squash soup	Red kidney beans in brine
Spicy curry soup	White beans in tomato sauce
Cold tomato soup Gazpacho	Red kidney beans in chilli sauce
Sauerkraut soup	Chickpeas in brine
Vegan chilli bean soup	Double steamed red kidney beans
Sweet corn soup	Double steamed white kidney beans
Red Curry bowl	Double steamed chickpeas
Yellow Curry bowl	
Green Curry bowl	

* In 2023 July AUGA group sold the company Grybai LT, which produced the abovementioned products, to the company Kauno grūdai. 18 months from the sale, company will be able to continue supplying production in the market under AUGA brand.

1.4 Strategy

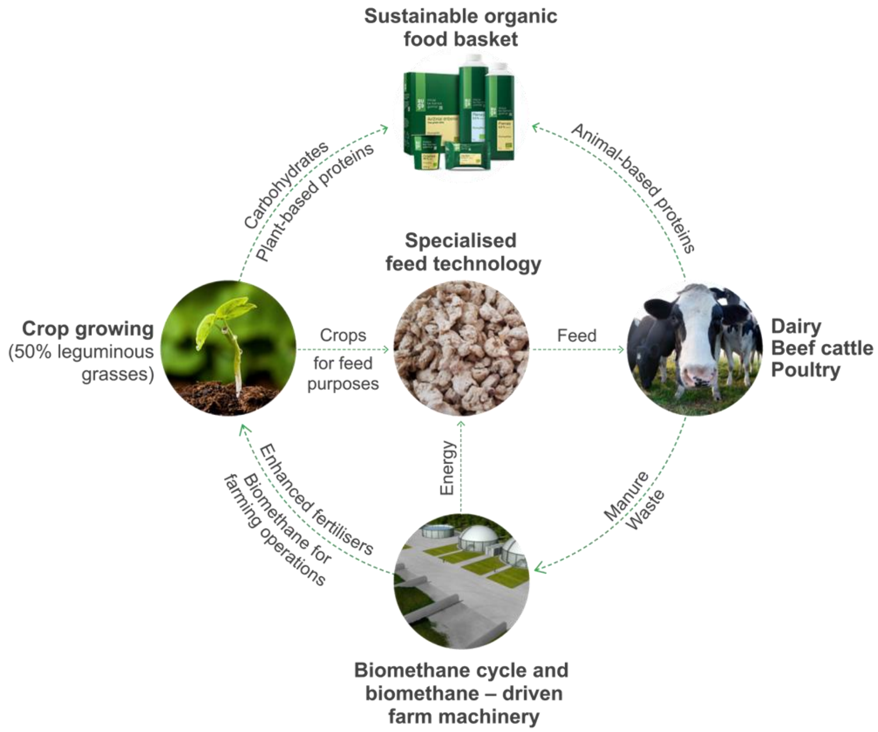
In 2020, AUGA group announced its strategy to improve efficiency in all business segments and set a standard for sustainable farming. The Group is pursuing the latter goal, as the agricultural sector, in which it operates, is one of the largest environmental polluters in Lithuania and the world. According to the latest data provided by the International Panel on Climate Change (IPCC), published in 2023 on year 2019, agriculture is responsible for over 22% of global emissions.*

Considering this problem and the growing need of consumers to eat more sustainably, AUGA group is paying great attention to it 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 to 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:

1. Creation of biomethane cycle infrastructure and biomethane powered vehicles, which will enable to run farm operations without fossil fuels, using manure not only as a fertiliser, but also as a source of biofuel production. The emissions from fossil fuel use on farms will be reduced by 50%.
2. Specialised feed technology, which will provide an opportunity to reduce methane emissions from ruminants by 50% (calculated per one tonne of cow's milk), as well as improve milk yield.
3. Regenerative crop-rotation, which will replace cereal crops with perennial leguminous grasses capable of sequestering carbon and fixing nitrogen in the soil. Emissions will be reduced by 30%, calculated per tonne of dry matter of crop production.



* Sixth Assessment Report of the Intergovernmental Panel on Climate Change, Synthesis Report 2023

1.4.1 The Goals of the Innovation Agenda

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

AUGA group will be recognized as an asset-light business based on agricultural technologies (AgTech). The Group plans for the technologies it has developed to be applied not only in AUGA group farms. Innovative solutions and experience in sustainable agriculture will be made available to all farmers who want to work sustainably.

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

- For consumers – the ability to deliver a consumer basket with no cost to nature.
- For farmers – functionality of Sustainable Organic Food Architecture, which reduces carbon dioxide ant its equivalent emissions.
- For investors – resilience in business structure through long-term financing and impact-driven lenders.
- For shareholders – a unique asset-light business model, assuring a 15% return on capital, multiplying the Company's value by 3 times and retaining growth dynamics after the implementation of the strategy.

1.4.2 Implementation of the Strategy

The Company's strategy is publicly available on the AUGA group's website and is consistently being implemented. Every year, the Company publishes both a strategy implementation report and its Annual Report on the Nasdaq website.

The first result of implementing the 2020-2025 strategy was in 2021, when AUGA group presented the prototype of the biomethane and electricity powered AUGA M1 tractor for professional use. It can save 100 t of CO_2e emissions per year compared to analogues powered by fossil fuels. During 2023, the Group presented the first factory batch of tractors to the public assembled at Rokiškis machine factory.

In 2023, significant advancements were also made in other strategic projects. Throughout the reporting period, the Group completed the installation of 3 biomethane infrastructure objects and began preparations for its connection to the natural gas network. Additionally, the results of the feed technology tests, which took two years, were validated in 2023.These tests were evaluated by scientists from the Veterinary Academy of the Lithuanian University of Health Sciences, who confirmed the validity of the results. It was demonstrated that this technology not only increases milk yield without compromising milk quality, but also reduces methane emissions from cows digestive processes by 32% per litre of raw milk produced.

To achieve the strategy's objective of implementing a sustainable farming standard and developing sustainable technologies in the agricultural sector, the Group converted one-third of its arable land to regenerative conventional agriculture in 2023. This transition will not only foster the further development of AUGA's sustainable farming standard, but will also significantly reduce emissions from agricultural practices, benefiting both organic and conventional farms.

In 2023, the Group also introduced a new business model aimed at fostering the dissemination of technologies and the development of a sustainable food supply. This entailed creating a new organizational structure: AUGA Tech, responsible for developing and manufacturing innovative agricultural technologies to be commercialized; AUGA SOFA, tasked with developing the AUGA sustainable farming standard and providing services to agricultural cooperatives and farmers through franchise agreements; and AUGA Trade, focused on organizing the production, trade, and marketing of sustainable products for consumers. These various branches of activity within the new business model are consolidated by the company AUGA Community. The new organizational structure will enable the implementation of a new business model and will be more favourable for attracting investments.

During the reporting period, the Group launched a new line of organic sustainable products for consumers. Further details about these new products can be found in section 1.3.7 End Products for Consumers.

In 2023, the Group allocated EUR 3.387 million for the implementation of technological projects. This amount was 17% lower than EUR 4.077 million allocated in the previous year.

1.5 Vision, Mission, Values

Vision – a synonym for sustainable food and lifestyle.
Mission – food with no cost to nature.

AUGA group's activities are guided by the following core values: 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.

1.6 Risk Management

The Risk Management Guidelines were approved by the Company's audit committee and the Board in 2021. Each year, the Group performs an assessment of its main risks and draws a risk assessment map, considering both probability and impact of the outlined risks. The main risks identified for the Group at the start of 2023 were:

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

Changing prices of organic products. Certified organic products are generally more expensive than their conventional counterparts, for reasons such as limited supply, smaller volumes and regulatory barriers. Nevertheless, the organic premium has historically covered the loss of foregone earnings, arising from higher production costs, lower efficiency, and greater labour input. The diminishing premium of organic poses a significant risk to the Group's financial performance.

Financing risk. Organic and, in particular, regenerative conventional agriculture requires a lot of working capital. Under a significant level of Group's borrowed capital, certain material restrictions might arise:

- the Group's access to additional financing for working capital, investments, acquisitions, debt servicing, etc., could be restricted;
- the Group's flexibility to adapt to changing market conditions could 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 competitive advantage in the future;
- possible restrictions on the extension of the maturities of existing financial liabilities.

Liquidity risk. As the Group's business model requires high working capital, the production cycle in the crop segment is long, and the sales volume of crop products fluctuate during the year, with limited ability to hedge**,** the Group faces significant fluctuations in the working capital needs.

Changes in EU subsidies. The Group receives a significant amount of 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 a substantial impact on many of the Group's activities, including reduction of cash flows and on the profitability of operations, a decrease in the value of land and investment property, and a possible drop in the value of the property, facilities, and equipment. Significant changes in EU subsidy programmes could also threaten the long-term continuity of the Group's activities.

Lack of HR resources. Field operations require employment of lower-skilled workers, who are in high demand in rural areas. This demographic faces a problem of a dwindling workforce, characterised by aging and a diminishing population, which has been both a longstanding and widespread risk for all activities in rural areas. Additionally, according to the Official Statistics Portal, the employment rate in Lithuania is at its highest level since 1998, standing at 63.1%. In the light of these indicators, the Group recognises the risk of failing to adequately staff all field operations, which may lead to operational challenges, hinder the ability to meet production targets, maintain quality standards, or capitalise on market opportunities.

New business activity of biomethane operations. The introduction of biomethane operations, i.e. production of renewable gas which secures a clean energy source while simultaneously solving one of the most prominent emission sources in agriculture, is an integral step towards establishing an additional long-term source of income and achieving the Group's strategic goals. Successful commencement of biomethane production would allow to eventually attain full circularity between business segments and activities, whereas project delays may incur unforeseen costs, especially considering its complexity, undefined regulatory environment and little immediate demand in the home market.

Reinvestment into current equipment. Long-standing agricultural operations require reinvestment on a regular basis, needed to maintain an optimal level of efficiency. Due to the long-standing Group's perspective on Sustainability, it has been chosen not to proactively invest in agricultural equipment that is not powered by non-renewable energy sources, unless it is a vital need to keep up with acceptable level of farming operations. Due to the fact that it has been taking time to bring in-house developed sustainable technologies to scale to cover the needs of the farms as well as external partners, equipment underinvestment is increasingly becoming a more significant risk.

Technology speed to market. Development processes of sustainable farming technologies (such as hybrid and electric-powered tractors as well as feed processing) in a climate technology area where the Community at large is to benefit from the reduction of the pollution in agriculture, but the landscape of industry representatives is very sporadic and the corresponding greening efforts are not enough, bringing certain technologies to the market is a challenge. While the Group recognises and prepares for addressing potential market entry barriers, such as adaptation to market dynamics or lack of existing regulations, considering the scope and variety of technological projects undertaken by the Group, establishing a hold as a new market player in the sustainable technology market may take longer than expected.

Raising capital for greening technologies and initiatives. Introduction of new sustainable farming technologies to the market is circumscribed both by capital resources and the level of technology readiness, which together pose a vicious circle question. As finances are required to bring the sustainable technologies through the levels of technology readiness swiftly, prove their viability and reach the target farms and partners, the Group needs to secure additional capital for that activity on its own. Without securing the required funds for commercialisation of sustainable technology, the timely completion of strategic objectives set forth by the Group stands at risk.

2. Results

2.1. Overall Performance

Main performance indicators of the Group*	2023 m.	2022 m.	2021 m.	Variance 2023/22 m.	Variance 2022/21 m.
Revenues	81,483	80,088	71,721	+2%	+12%
Direct subsidies	11,846	12,711	12,858	-7%	-1%
Gross profit (loss)	(957)	15,270	3,952	n/a	+286%
Operating profit (loss)	(7,977)	3,099	(9,819)	n/a	n/a
Finance costs	(10,262)	(7,537)	(6,459)	-36%	-17%
Net profit (loss)	(18,447)	(5,351)	(15,435)	-245%	+65%
EBITDA	1,182	19,580	9,101	-94%	+115%
Net cash flow from operating activities	(7,425)	691	8,140	n/a	-92%
Net cash flow from operating activities before changes in working capital	(75)	9,346	11,979	n/a	-22%
Total non-current assets	159,728	162,584	155,330	-2%	+5%
Total current assets	68,699	68,834	57,149	0%	+20%
Total equity	62,627	77,533	78,980	-19%	-2%
Total non-current liabilities	60,578	83,236	88,414	-27%	-6%
Total current liabilities	105,222	70,649	45,085	+49%	+57%
Non-current and current financial liabilities	127,034	117,027	102,984	+9%	+14%
Adjusted working capital	28,494	32,424	28,531	-12%	+14%
EBITDA margin, %	1.45	24.45	12.69	-94%	+93%
Operating margin, %	(9.79)	3.87	(13.69)	n/a	n/a
Net margin, %	(22.64)	(6.68)	(21.52)	-239%	+69%
ROE, %	(26.32)	(6.84)	(17.79)	-285%	+62%
ROA, %	(8.02)	(2.41)	(7.24)	-233%	+67%
ROCE, %	(6.33)	2.29	(7.15)	n/a	n/a
P/E ratio	(3.89)	(16.41)	(7.11)	+76%	-131%
Debt/EBITDA	107.49	5.98	11.32	+1 698%	-47%
Equity ratio	0.27	0.34	0.37	-18%	-10%
Current ratio	0.65	0.97	1.27	-33%	-23%

* Main performance indicators comprise results from both continuing and discontinued operations (incl. Grybai LT), while in consolidated financial statements, results from discontinued operations are disclosed separately.

AUGA group, AB and its subsidiaries' financial results have deteriorated in 2023 when compared to previous year. The main reason for the Group's financial performance is fallen purchase prices for organic products.

Sales revenue of the Group amounted to EUR 81.48 million in the 12-month period of 2023. This marks a 2% increase on the equivalent period of the year before, when sales revenue was EUR 80.09 million. Revenue has increased in crop growing and mushroom segments, while in dairy and fast-moving consumer goods segments sales have decreased.

The Group's gross loss amounted to EUR 0.96 million in 2023 compared to gross profit of EUR 15.27 million in 2022. The Group's net loss accounted for EUR 18.45 million during the 12 months of 2023, compared to a net loss of EUR 5.35 million a year earlier. The Group's EBITDA amounted to EUR 1.18 million in 2023, representing a decrease of 94% compared to the previous year, when EBITDA was EUR 19.58 million.

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.

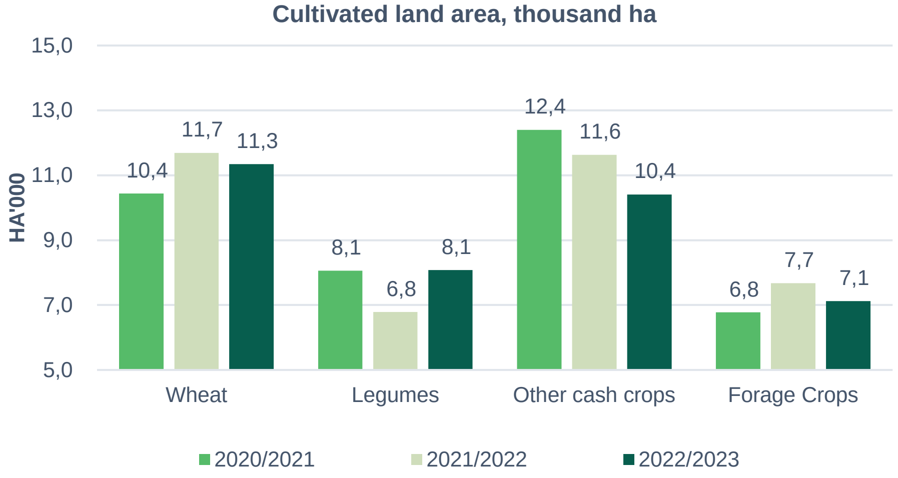
2.2. Business Segments

2.2.1. 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 2022/2023

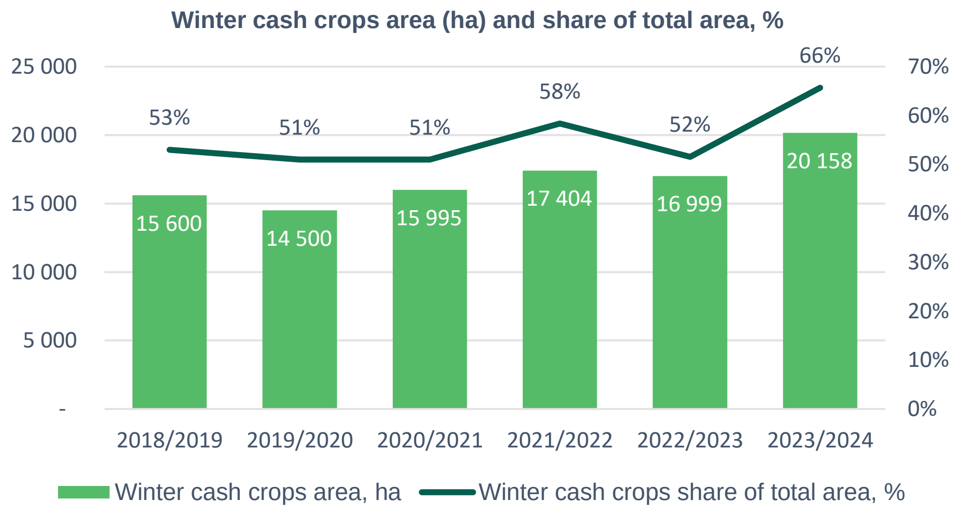
The total cultivated land area by the Group amounted to 38.2 thousand hectares (ha) in the 2022/2023 season and is slightly less than the cultivated area in the 2021/2022 season. In the 2022/2023 season, 29.8 thousand ha is seeded with crops (30.1 thousand in the 2021/2022 season) out of which 11.3 thousand ha is dedicated to wheat, 8.1 thousand ha to legumes and 10.4 thousand ha to other cash crops. The majority – 10 thousand ha out of total 11.3 thousand ha – of wheat will be winter wheat as winter crops usually have higher yield potential compared to summer alternatives. Forage crops comprise 7.1 thousand ha in the 2022/2023 season compared to 7.7 thousand ha in the 2021/2022 season.



As of 31 December 2023 the Group has fully completed the harvest of 2022/2023. The gain (loss) on revaluation of agricultural produce was calculated for crops (wheat, legumes and other cash crops) that were harvested by the end of the reporting period. Value of forage crops was based on actual costs.

Harvest in the season of 2023/2024

At the end of each quarter the Group evaluates the fair value of crops which have not yet been harvested. The weather conditions during 2023 autumn were favourable for the preparatory work needed for 2023/2024 season. The sowing of winter crops and land tillage work were completed according to schedule. In 2023 there were 20 thous. ha dedicated to winter crops – wheat, triticale, rapeseed, clover, barley, rye and vicia – which will be harvested in 2024. This adds up to 66% of land that was sown with wheat, legumes and other cash crops for the 2023/2024 season. For comparison, in 2022/2023 season there was 17 thous. ha of winter crops sown. Winter crops are in good condition at the time reporting of financial statements. Based on the Group's judgement, the mild winter should not have an adverse effect on the upcoming harvest. Favorable conditions in autumn enabled the Group to complete all the necessary land tillage work and prepare the land for the 2024 spring sowing. The Group is well prepared for the 2023/2024 season and is optimistic with regards to the potential of the next year's harvest.



As of 31 December 2023 the group has evaluated the gain (loss) on revaluation of agricultural produce for crops that will be harvested in 2024. The calculation was based on the formula given below:

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

- Cost incurred is cost actually incurred for a particular crop as of 31 December 2023.
- Cultivated area in ha is the area of a particular crop seeded and expected to be harvested.
- Historical average yield tonnes per ha.
- Forecasted price per tonne. Contracted average sales prices are used for fair value estimation adjusted according to the development in the market.
- Forecasted total costs per ha. Average historical cost levels after evaluating the current situation.
- 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 2023, the average completion percentage estimated for next year's harvest crops was around 35%.

The formula discussed above will be used to estimate fair value of cash crops (winter and summer crops) for coming quarters as well until the actual harvest will be completed. Forecasted parameters used in the fair value estimation will be re-evaluated quarterly and adjusted by taking into consideration the most recent data.

It should be noted that the fair value of forage crop, even at its point of harvest, is measured based on production cost incurred on forage crop. In other words, forage crop production costs are 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.

Table below provides harvested land plot of wheat, legumes and other crops in the current and past two seasons. Land plot of wheat and legumes increased in the season of 2022/2023 compared to previous period and constituted 65% of all cash crops land plot compared to 61% in the previous season.

Harvested land plot by culture group, ha	12-month of 2023	12-month of 2022	12-month of 2021	Variance 2023/22	Variance 2022/21
Wheat	11,345	11,693	10,441	-3%	+12%
Legumes	8,077	6,785	8,056	+19%	-16%
Other cash crops	10,411	11,628	12,397	-10%	-6%

Comparison of wheat, legumes and other cultures average cost per hectare of land is provided in the table below. It is important to note that the analysis of costs in the 3rd quarter was performed based on the data available at the time. However, after the 4th quarter the group performs a more extensive cost.

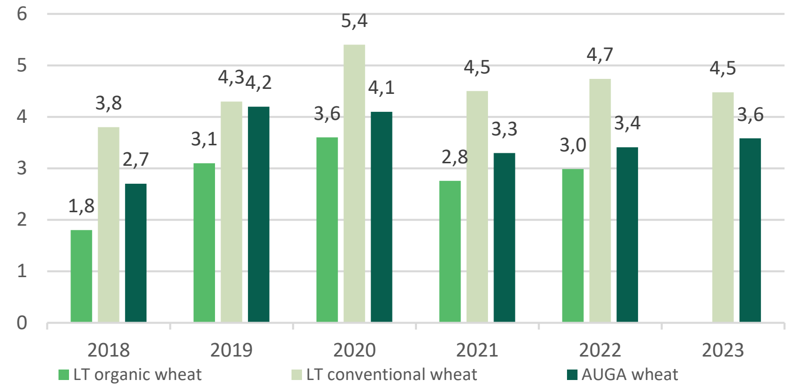
Cost per 1 ha cultivated land, EUR/ha	12-month of 2023	12-month of 2022	12-month of 2021	Variance 2023/22	Variance 2022/21
Wheat	1,103	1,033	786	+7%	+31%
Legumes	935	926	802	+1%	+15%
Other cash crops	1,266	1,237	1,085	+2%	+14%

As seen from the data the average cost of wheat in the season of 2022/2023 increased by 7% while the cost of legumes has increased by 1% compared to previous season. The cost increase was due to the prices of fertilizers and seeds which reached highs in the current season. The rise in average salary which led to an increase in wages cost also contributed to the average cost growth.

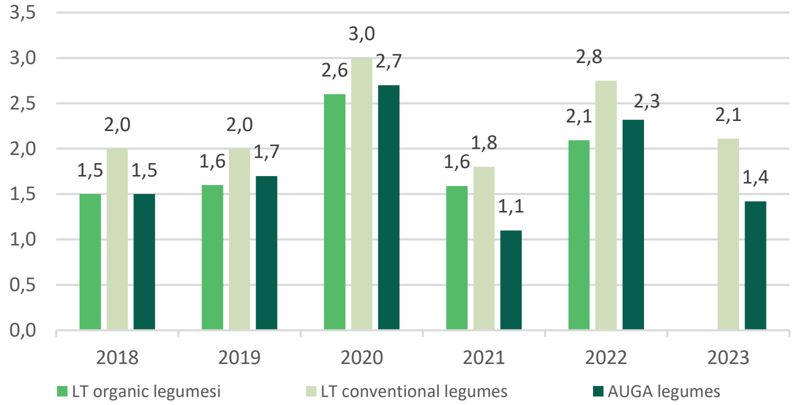
Table below depicts wheat, legume and other crops yields in the current and past two seasons. Wheat yield in 2023 was 3.55 t/ha which is 4% higher than wheat yield in the equivalent period last year. Legumes yield in 2023 decreased by 39% compared to previous year from 2.32 t/ha to 1.41 t/ha. Legumes were mainly affected by the yield of beans which differs significantly over last year due to drought which occurred at the beginning of the 2023 season and caused the decrease of yield in the season of 2022/2023.

Average yield, t/ha	12-month of 2023	12-month of 2022	12- month of 2021	Variance 2023/22	Variance 2022/21
Wheat	3.55	3.41	3.27	+4%	+4%
Legumes	1.41	2.32	1.09	-39%	+113%
Other cash crops	5.93	4.47	5.72	+33%	+22%

Yield of wheat in Lithuania, t/ha



Yield of leguminous crops in Lithuania, t/ha



NOTE: The data of LT organic farms for 2023 has not yet been published, the data of conventional farms in the LT is preliminary. Reference: LCSS Institute of Economics and Rural Development, Forecasts of crop area, yield and harvest of agricultural crops in 2023, the Group's data.

Table below depicts comparison of wheat, legumes and other crops prices at which the harvest was evaluated (at fair value) in the seasons of 2022/2023, 2021/2022 ir 2020/2021. It should be noted that at the time of the publication of the financial statements for the four quarters of 2023, significant part of the 2022/2023 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 2023	12-month of 2022	12-month of 2021	Variance 2023/22	Variance 2022/21
Wheat	260	403	240	-35%	+68%
Legumes	467	576	347	-19%	+66%
Other cash crops	204	246	189	-17%	+30%

As can be seen from the data above, the price of 1 tonne of wheat in the season of 2022/2023 decreased by 35% while legumes dropped 19% compared to previous season. This was mainly affected by one of the lowest purchase prices of organic production in the last year.

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

Gain (loss) on revaluation of agricultural produce at point of harvest, EUT/ha	12-month of 2023	12-month of 2022	12-month of 2021	Variance 2023/22	Variance 2022/21
Wheat	(178)	341	2	n/a	+16 950%
Legumes	(273)	458	(422)	n/a	n/a
Other cash crops	(55)	(137)	(10)	-60%	-1 270%

In the 2022/2023 season the loss of wheat as well as legumes per hectare amounted to EUR 178 and EUR 273 respectively, while a profit was recorded in the previous season. The main reasons for this loss, as mentioned in the text above, are the sharp drop in the purchase prices of organic production, the increased cost of fertilizers, seeds as well as wages and the low yield of legumes. Precisely because of the low organic prices and the sensitivity of summer organic crops to weather conditions a third of the land will be cultivated using regenerative conventional farming in the coming season. As a consequence, the areas of summer organic crops will be 40% smaller compared to this season.

Forage crops results	12-month of 2023	12-month of 2022	12-month of 2021	Variance 2023/22	Variance 2022/21
Cost per 1 ha cultivated land, EUR/ha	955	767	826	+25%	-7%
Average yield, t/ha	7.69	6.83	7.57	+13%	-10%

As of 31 December 2023, the Group recognized a EUR 5.28 million loss on the initial recognition of biological assets at fair value. It should be noted that as of 31 December 2022 Group has already recognised a gain of EUR 1.97 million on the initial recognition of biological assets at fair value. At the end of reporting period the Group has also calculated EUR 1.29 million gain on the initial recognition of biological assets at fair value for the 2023/2024 season's crops. Thus, loss on the initial recognition of biological assets at fair value accounted for the year 2023 amounts to EUR 5.95 million.

Crops value, EUR million	12-month of 2023	12-month of 2022	12-month of 2021	Variance 2023/22	Variance 2022/21
Gain (loss) on revaluation of biological assets at fair value (harvest of the 2022/23 season)	(7.24)	2.83	(5.51)	n/a	n/a
Gain (loss) on revaluation of biological assets at fair value recognized in next period (harvest of 2023/24 season)	1.29	1.97	2.33	-35%	-15%
Total gain (loss) on revaluation of biological assets at fair value	**(5.95)**	**4.80**	**(3.18)**	**n/a**	**n/a**

Crop growing segment sales results

Total revenue generated from sales in the crop growing segment amounted to EUR 30.08 million in 2023, which marks an increase of EUR 2.50 million in revenue compared to 2022. Sales revenues were increased by higher quantity of the harvest sold this year.

Crop growing segment results, EUR million	12-month of 2023	12-month of 2022	12-month of 2021	Variance 2023/22	Variance 2022/21
Sales revenue	30.08	27.58	23.56	+9%	+17%
Cost of sales	(33.60)	(27.71)	(25.15)	-21%	-10%
One-time income (inventory write-offs)	(0.41)	(1.26)	(4.05)	+67%	+69%
Result of internal transactions	(2.70)	(0.68)	n/a	-297%	n/a
Results of sales of agricultural produce	**(6.63)**	**(2.07)**	**(5.64)**	**-220%**	**+63%**

The crop growing segment's cost of sales of 2023 amounted to EUR 33.60 million, 21% more compared to the same period of last year. Cost of sales exceeded sales revenue due to crops sold at below-revenue post-harvest prices. Due to more effective maintenance of inventories, write-offs are decreasing – at the end of 4th quarter of 2023 they amounted to only EUR 0.41 million, compared with EUR 1.26 million in the same period last year. Internal transactions between segments are executed based on fixed pricing and in the end of 2023 its effect amounted to a loss of EUR 2.70 million.

Agricultural subsidies and gross profit of the crop growing segment

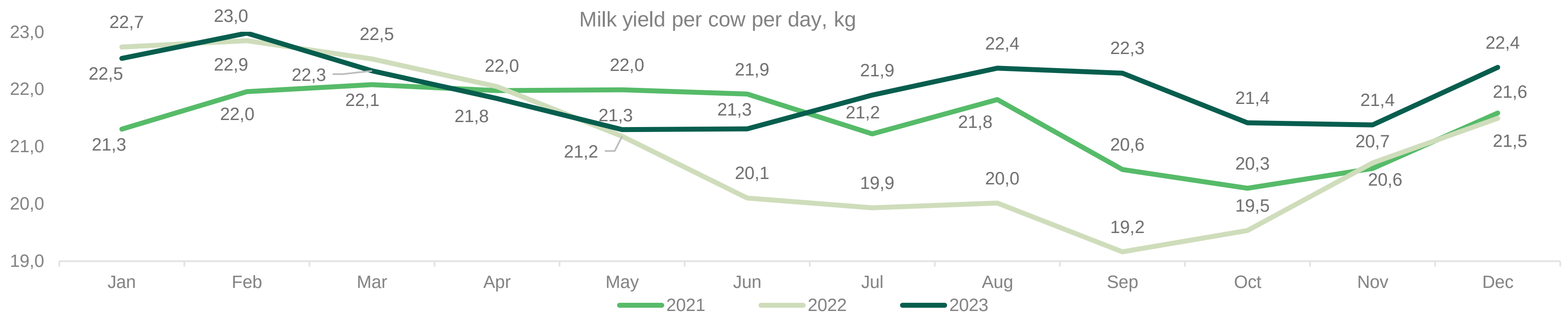
Total amount of agricultural subsidies accrued in 12 months of 2023 was EUR 9.04 million which is slightly less compared to the subsidies accrued in the same period last year. Accrued subsidies amount is based on calculations according to currently applicable and achievable requirements of subsidising programmes regulations as of 31st December. Although, payments per hectare have increased, in total the Group will receive about EUR 1 million less per year than last year due to the conversion of a part of organic land to conventional land.

The gross result of the crop growing segment, encompassing the results of agricultural produce sales, gain (loss) on changes in fair value of biological assets and agricultural subsidies, has decreased in 2023 when compared to last year due to a decrease in result on revaluation of biological assets at fair value and lower selling prices of agricultural products. Gross loss amounted to EUR 3.54 million at the end of 2023. In the same period of 2022, gross profit was EUR 12.43 million.

Gross profit of crop growing segment, EUR million	12- month of 2023	12- month of 2022	12-month of 2021	Variance 2023/22	Variance 2022/21
Gain (loss) on revaluation of biological assets at fair value recognised in reporting period	(5.95)	4.80	(3.18)	n/a	n/a
Result of sales of agricultural produce	(6.63)	(2.07)	(5.64)	-220%	+63%
Subsidies	9.04	9.70	9.69	-7%	0%
Gross profit	**(3.54)**	**12.43**	**0.89**	**n/a**	**+1 297%**

2.2.2. Dairy Segment Overview

The quantity of milk produced in the four quarters of 2023 increased by 2% compared to the same period last year, even though average herd size of dairy cows decreased from 3,539 (in the four quarters of 2022) to 3,456 (in the four quarters of 2023). It was compensated by average milk yield which during the 12-month period of 2023 grew by 5% compared to the same period last year.



Although the quantity of milk produced was higher, the total quantity sold decreased due to the consumption of the part of milk for a new line of dairy products, the result of which is reflected in the FMCG segment.

During the year of 2023 milk purchase prices decreased by 18% compared to 2022, which had the main impact on the results of the segment. Dairy sales revenue fell to EUR 14.74 million in the reporting period, compared to EUR 16.50 million last year.

Dairy segment maintained a higher level of cost of sales which amounted to EUR 14.97 million during the 12 months of 2023 and that is EUR 0,06 million more than in the same period last year. The growth of costs was mainly influenced by an increase in salary expenses, growing prices of feeds.

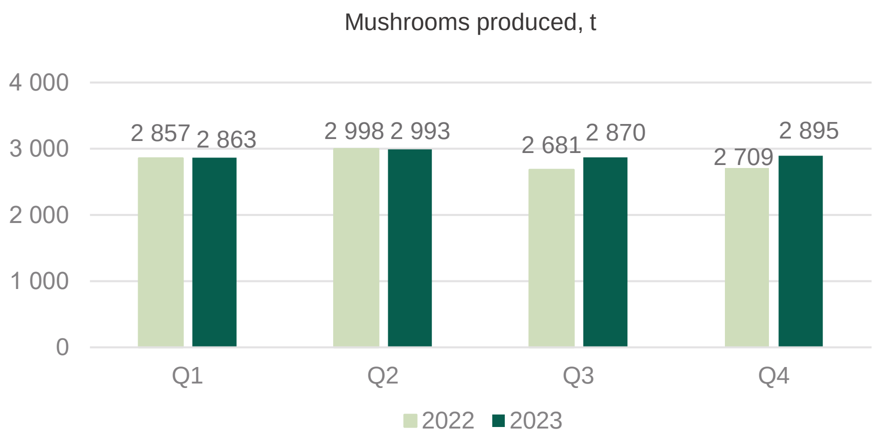
In 2023, a loss of EUR 3 million was incurred due to the revaluation of biological assets (animal herd). In comparison, the loss due to the revaluation of biological assets (animal herd) was 44% lower last year.

After the Group improved milk yield, controlled production costs and cost price in the last quarter of 2023 as well as production prices rise in November and December 2023, the segment's gross loss decreased by 33% from the announced result in the previous quarter and reached EUR 0.43 million.

	12- month of 2023	12- month of 2022	12- month of 2021	Variance 2023/22	Variance 2022/21
Total quantity of products sold, t	**25,720**	**26,594**	**27,053**	**-3%**	**-2%**
Milk, t	23,766	25,334	25,685	-6%	-1%
Dairy commodities, t	1,077	457	624	+136%	-27%
Cattle, t	877	803	743	+9%	+8%
Revenue, EUR million	**14.74**	**16.50**	**13.61**	**-11%**	**+21%**
Milk, EUR million	10.38	13.48	10.69	-23%	+26%
Dairy commodities, EUR million	3.09	1.71	2.02	+81%	-15%
Cattle, EUR million	1.27	1.31	0.90	-3%	+46%
Cost of sales, EUR million	**(14.97)**	**(14.91)**	**(13.15)**	**0%**	**-13%**
Milk, EUR million	(10.66)	(11.94)	(10.36)	+11%	-15%
Dairy commodities, EUR million	(3.04)	(1.66)	(1.89)	-83%	+12%
Cattle, EUR million	(1.27)	(1.31)	(0.90)	+3%	-46%
Revaluation of biological assets, EUR million	**(3.00)**	**(2.09)**	**(2.77)**	**-44%**	**+25%**
Subsidies, EUR million	**2.80**	**3.07**	**3.17**	**-9%**	**-3%**
Gross profit, EUR million	**(0.43)**	**2.57**	**0.85**	**n/a**	**+202%**

2.2.3. Mushroom Segment Overview

In the last quarter of 2023, the segment showed particularly good results. Segment profit in the 4th quarter of 2023 amounted to EUR 0.60 million and was EUR 0.50 million higher compared to the same period last year. Although the volume of production remained similar to 2022, the control of production costs and the decrease in energy prices enabled costs to be maintained at the 2022 level. Sales prices increased by 10% in 2023, remained at this level and have the potential to increase in 2024. Excluding packaging & transportation, the growth of mushroom price is even bigger.



	12-month of 2023	12-month of 2022	12-month of 2021	Variance 2023/22	Variance 2022/21
Sold mushrooms, t	**11,510**	**11,552**	**12,002**	**0%**	**-4%**
Average price (EUR/t)	2,633	2,384	2,323	+10%	+3%
Total revenue, EUR million	**30.73**	27.90	28.36	**+10%**	**-2%**
Mushroom sales revenue, EUR million	30.31	27.54	27.89	+10%	-1%
Compost sales revenue, EUR million	0.42	0.36	0.47	+17%	-23%
Cost of sales, EUR million	**(29.00)**	**(29.30)**	**(27.69)**	**+1%**	**-6%**
Cost of mushrooms sold, EUR million	(28.58)	(28.94)	(27.45)	+1%	-5%
Cost of compost sold, EUR million	(0.42)	(0.36)	(0.24)	-17%	-50%
Gross profit, EUR million	**1.72**	**(1.40)**	**0.67**	**n/a**	**n/a**

Cost of sales amounted to EUR 29.00 million in the four quarters of 2023, which is lower than last year. The average cost of sales per 1 tonne of mushrooms sold has also decreased from 2,505 EUR/tonne to 2,483 Eur/tonne.

In 2023, the mushroom growing segment generated a gross profit of EUR 1.72 million, compared to a gross loss of EUR 1.4 million in 2022.

2.2.4. Fast-moving Consumer Goods (FMCG) Segment

In 2023, the gross profit of the FMCG segment was EUR 1.29 million, compared to a gross profit of EUR 1.74 million in 2022. In mid-2023, the sale of 100% shares of the Kooperatinė bendrovė Grybai LT, a producer of canned products, had the most significant impact on the segment's result.

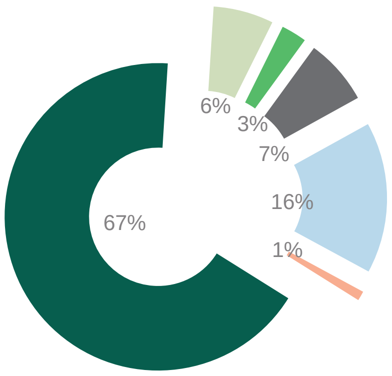
In 2023, the Group launched a new line of organic dairy products for consumers and aims to increase product's range and expand its sales network.

FMCG segment results, EUR million	12-month of 2023	12-month of 2022	12-month of 2021	Variance 2023/22	Variance 2022/21
Sales revenue	5.94	8.12	6.19	-27%	+31%
Cost of goods sold	(4.65)	(6.38)	(4.66)	+27%	-37%
Gross profit	**1.29**	**1.74**	**1.54**	**-26%**	**+13%**

During the 12-month period of 2023 the Group has exported its products to 35 countries compared to 33 countries in the same period in 2022.

The 2023 FMCG sales revenue structure with respect to product types is depicted in the chart below.

Revenue structure of the fast moving consumer goods sales, %



2.3. Selling and Administrative Expenses

The Group's selling and administrative expenses during the 12-month period of 2023 amounted to EUR 13.98 million compared to EUR 11.40 million in the same period last year. The increase is mainly due to increased marketing expenses, investments related to the introduction of new end-consumer products, and higher employee pay.

2.4. Capital Expenditures and R&D

Total investments (additions) into property, plant and equipment amounted to EUR 6.36 million in 2023 (2022 - EUR 7.21 million). 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

	2023	2022
Land*	23	436
Buildings*	626	265
Constructions and machinery	2,646	1,951
Vehicles, equipment and other	768	285
Construction in progress	2,298	4,271
Total:	**6,361**	**7,208**

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

The Group continues to develop its technology projects and is preparing to scale them. The AUGA M1 tractors from the first production batch are being further tested. AUGA Tech obtained a patent in the USA, the States to the Eurasian Patent Convention and Australia for the structure of the AUGA M1 biomethane and electric-powered tractor for large farms. The company indirectly owned by the AUGA group, has applied for patents in other strategic markets.

In November 2023, the Group announced the confirmed results of testing of its feed technology. Tests showed that the technology enables an increase in the milk yield with no impact on the milk's quality and a reduction of the methane emissions from cows' digestive processes by 32% per litre of raw milk. The test results were evaluated and their validity was confirmed by scientists from the Veterinary Academy of the Lithuanian University of Health Sciences.

In 2024, two out of three biomethane plants started supplying the biomethane gas to the natural gas grid.

2.5. Finance Costs and Financial Liabilities

The Group's interest bearing debt increased and reached EUR 80.96 million as of 31 December 2023. Finance costs (excl. IFRS 16 effect) have shifted from EUR 4.82 million in 2022 to EUR 7.14 million in 2023:

	2023 m.	2022 m.	2021 m.	Pokytis 2023/22	Pokytis 2022/121
Current and non-current financial liabilities, EUR thousand	127,034	117,027	102,984	+9%	+14%
Current and non-current financial liabilities (excl. IFRS 16 effect), EUR thousand	80,955	74,188	63,871	+9%	+16%
Cash and cash equivalents, EUR thousand	3,455	3,337	2,446	+4%	+36%

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 2023 the Group's adjusted working capital was EUR 28.49 million compared to EUR 32.42 million on 31 December 2022. Financial liabilities (excl. IFRS 16 effect) of the Group minus cash and cash equivalents minus adjusted working capital as of 31 December 2023 were EUR 49.00 million or EUR 10.58 million higher than at the end of 2022.

	2023 m.	2022 m.	2021 m.	Pokytis 2023/22	Pokytis 2022/21
Adjusted working capital, EUR thousand	28,494	32,424	28,531	-12%	+14%
Net debt – adjusted working capital*, EUR thousand	49,006	38,427	32,894	+28%	+17%

**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.*

This year the difference between net debt and adjusted working capital grew due to the Group's poor financial results in 2023. Significant increase of costs in 2023 required additional working capital, part of which was financed by loans.

2.6. Cash Flow

Deteriorated financial results and delayed payments from National Paying Agency resulted in negative net cash flows from operating activities in 2023. Positive net cash flows from investing activities were affected by the sale of Grybai LT company.

	2023	2022	2021	Variance 2023/22	Variance 2022/21
Net cash flows from /(to) operating activities, EUR million	(7.43)	0.69	8.14	n/a	-92%
Net cash flows from /(to) investing activities EUR million	4.42	(5.40)	(5.89)	n/a	+8%
Net cash flows from /(to) financing activities, EUR million	3.13	5.60	(2.35)	-44%	n/a

2.7. Information on Shares and Bonds

2.7.1. Shares

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

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

Types of shares	Number of shares	Share nominal value (Eur)	Total share capital (Eur)	Issue Code ISIN
Ordinary registered shares	231,735,132	0.29	67,203,188.28	LT0000127466

Ataskaitinis periodas	Price, EUR					Total turnover	
	Average	Open	Max	Min	Last	Units	EUR
2023 I-IV quarters	0.381	0.390	0.570	0.296	0.310	6,480,225	2,469,780

From 1 January 2023 to 31 December 2023 the share price has decreased by 20.49%. The OMX Baltic Benchmark index increased by 4.19% during the respective period.

AUGA group, AB share price, turnover and changes of OMX Baltic Benchmark index from 1 January 2021 to 31 December 2023:

Source: NASDAQ Vilnius stock exchange

2.7.2. 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**).

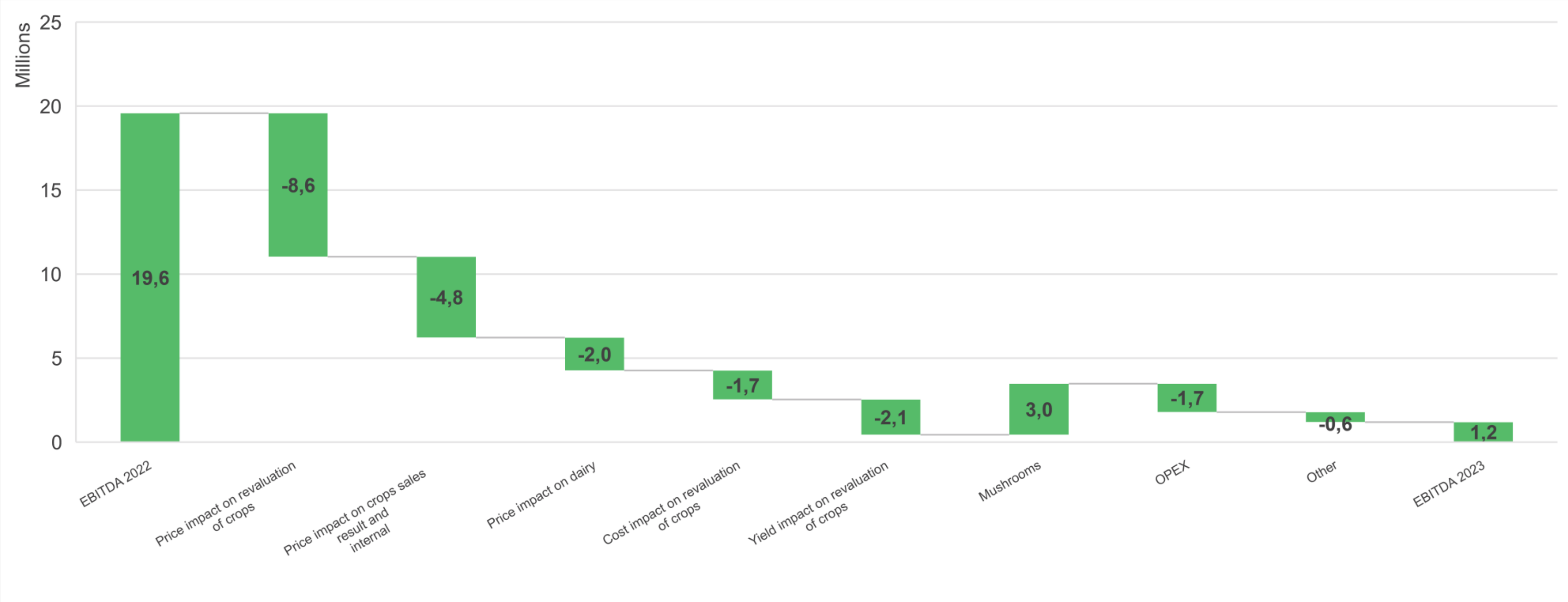
Green bond details	
Issure	AUGA group, AB
ISIN code	LT0000404238
Listing	Nasdaq Vilnius
Denomination	1 000 Eur
Issue size	20 000 000 Eur
Term	2019-2024
Maturity date	2024-12-17
Fixed coupon rate	6% (By decision of the Company, the coupon rate is calculated by applying the act/360 convention)

Bonds' trading annual turnover was EUR 0.43 million in 2023.

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 2023 Results and Outlook into 2024

The Group's financial results have deteriorated significantly in 2023 compared to 2022. Agriculture segment had the biggest impact:



In 2023, the results of the crop growing segment deteriorated significantly. Timely and proper seeding, favourable weather conditions during the winter season create positive expectations for the 2024 harvest. Winter crops, which are less sensitive to climate changes and therefore produce a larger and more stable harvest even in more difficult conditions during spring or summer, will make up about 2/3 of the area of crops intended for sale, compared to 1/2 in previous years. In 2024, about half of the area of crops intended for sale will be cultivated in a conventional way. The yield of crops grown this way is significantly higher than the yield of organic crops.

Despite the increase in production volumes, 2023 was not a successful year for the dairy segment. Price correction will have a positive impact on the segment's results in 2024. It is planned that the overall result will improve next year due to the transition of 27% of dairy farming to the convention.

Higher selling prices and lower costs resulted in improved mushroom growing segment results in 2023. The Group believes that in 2024 stable production volumes, current cost/price level will be maintained and it will allow to achieve financial result.

In 2023, the fast moving consumer goods segment was mostly affected by the sale of the main company in this segment. Preserved products have been partially replaced by a new line of dairy products. In 2024, the Group will seek to grow the assortment of the products and expand sales network.

2023 was a successful year in terms of developing and implementing new technologies which will contribute to the achievement of the Group's Strategy. Successful 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 2024.

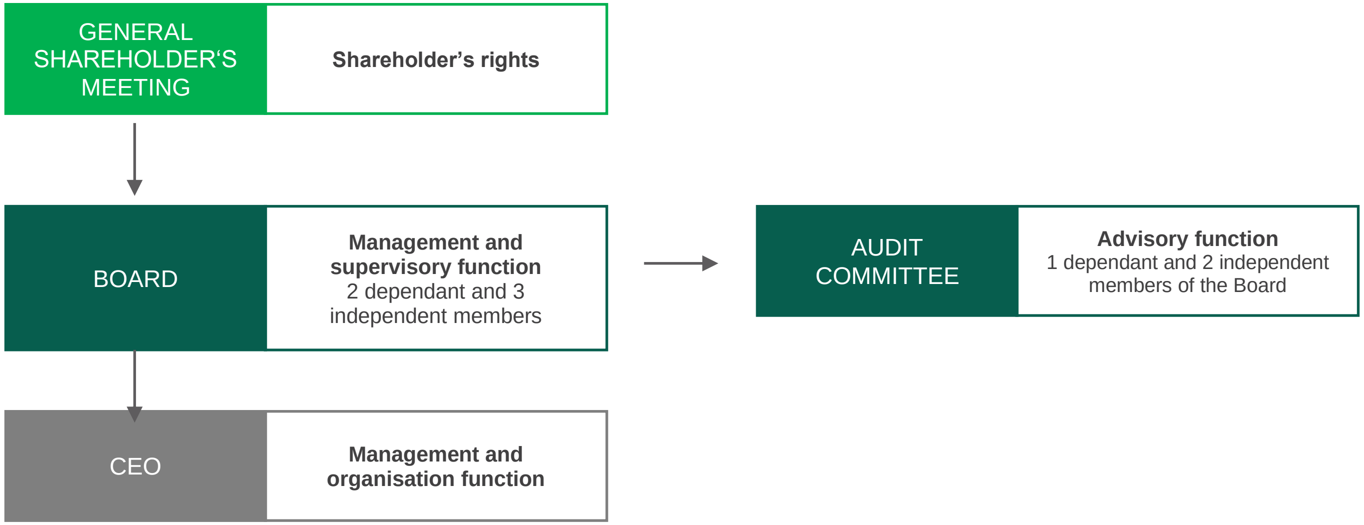
Information regarding important events after the end of the financial year is presented in the explanatory notes of the financial statement (note 34).

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.

There are three corporate bodies in the Company: the general shareholders' meeting, the board (hereinafter – the Board), 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 Labour Policy, which applies to the election of the Company's CEO or members of the Board. The Company's Board is elected taking into account their competences, which would be applicable in the implementation of strategic projects of the entire Group and would cover important areas, such as, for example, the implementation of sustainability, relations with investors, product development and so on. Also, one independent member of the Board is delegated by the second largest shareholder - the European Bank for Reconstruction and Development. This practice will continue to be followed in the future while electing a new composition 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:

- consideration and approval of the Group's strategy
- consideration and approval of the Group's annual budget and business plan;
- consideration and approval of the risk level acceptable in the Group's activity and the risk management policy;
- consideration and 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, who is in charge of Group's management and organisation of activities. The Board approves the Sustainability Report of AUGA group, provides comments and insights during the process of its preparation

The members of the audit committee are elected by the Board of the Company from among its members, by a simple majority vote for a two-year term, which coincides with the term of office of the committee members as members of the Board. The Board, considering the complexity of the Company's activities and the level of risk, may decide to increase the number of committee members and/or change its composition. The members of the committee must be of impeccable reputation, appropriate qualifications and experience, collegiately possessing knowledge in the field of finance, accounting, or auditing of financial statements and in the sector, in which the Company operates.

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.
- approving the requirements for external auditors and evaluating both the qualification and the experience of external auditors.

The CEO oversees the daily management of the Company and has the authority to represent the Company in relations with third parties. According to the Articles of the Company, the CEO is entitled to take decisions on transactions, which value 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 2023 was EUR 67.20 million (EUR 66.62 million on 31 December 2022). The Company's authorized capital consists of 231,735,132 ordinary registered shares (229,714,102 ordinary registered shares on 31 December 2022). Each issued share has a EUR 0.29 nominal value and is fully paid. The increase in the number of shares and authorised capital was a result of implementation (realisation) of the share option contracts in June 2023, which were signed in 2020 under the employee share option programme.

Total number of shareholders on 31 December 2023 increased by 15.74% and was 3,442, while on 31 December 2022 this figure was 2,974.
Shareholders, who held more than 5% of all shares of the Company:

Shareholder's name	31 December 2023		31 December 2022	
	Number of shares	% owned	Number of shares	% owned
UAB Baltic Champs Group (identification code: 145798333; address: Poviliškiai v., Šiauliai region mun., Lithuania)	126,686,760	54.67	126,686,760	55.15
European Bank for Reconstruction and Development (identification code: EBRDGB2LXXXX; address: One Exchange Square, London EC2A 2JN, United Kingdom)	19,810,636	8.55	19,810,636	8.62
Žilvinas Marcinkevičius	15,919,138	6.87	15,919,138	6.93
Minority shareholders	69,318,598	29.91	67,297,568	29.30
Total:	**231,735,132**	**100.00**	**229,714,102**	**100.00**

Shareholders distribution by country and by type is as follows:

Country	Type	Owned shares, units	Owned shares, %
Lithuania	Legal entities	169,189,517	73.01%
	Natural persons	11,860,797	5.12%
Other countries	Legal entities	31,560,429	13.62%
	Natural persons	19,124,389	8.25%
Total:	**Legal entities**	**200,749,946**	**86.63%**
	Natural persons	**30,985,186**	**13.37%**

On 31 December 2023, the following part of the shares was managed by the Company's management and the members of the Board:

Name, Surname	Position	Owned shares in the Company, units	Owned shares in the Company, %
Elina Chodzkaitė-Barauskienė	CEO	25,000	0.011
Kristina Daudoravičienė	Member of the Board	25,476	0.011
Kęstutis Juščius*	Chair of the Board	1,392	0.0006

*Kęstutis Juščius, CEO, is the ultimate owner of Baltic Champs Group, UAB, which controls 54.67% of the Company's shares.

None of the shareholders have special voting rights. There are no restrictions on voting rights in the company.

3.2.1 Information on Own Shares

The Company has not acquired any of its own shares.

3.2.2 Transfer Restrictions

Laws and the Articles of Association do not provide restrictions on the transfer of shares. Separate share transfer restrictions are possible but can only be imposed by the shareholders and only in agreed-upon cases.

3.2.3 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.

3.2.4 Agreements Between the Shareholders

According to 31 December 2023 data it is not known, or the Company has not been informed about any agreements between shareholders.

The company, its main shareholder Baltic Champs Group, UAB, Kęstutis Juščius and the European Bank for Reconstruction and Development (EBRD) on 19 July 2018 entered into an agreement on the basis of which Baltic Champs Group, UAB undertook to vote for the candidate nominated by the EBRD as a member of the Board, as long as the EBRD controls at least 3% of the Company's shares. The Company also undertook to comply with certain environmental protection, social compliance, corporate governance recommendations and requirements. Considering this, this agreement by its nature cannot be considered as a shareholder’s agreement.

3.2.5 Investor Relations

Stakeholder engagement is one of AUGA group's top priorities in implementing sustainable management practices. The Group aims to ensure that investors are regularly informed about the Group's activities and results, thereby creating an open and reliable relationship with one of the most important groups of stakeholders of AUGA group. The Group publishes all relevant information: analyst assessments, quarterly reports, videos of remote conferences, presentations and performance results in Excel format on its website, in the investor newsletter, on the Nasdaq Baltic website. As before, and in 2023, the Group's activities were assessed by international analyst companies: WOOD & Company and Enlight Research and. In 2023, AUGA group organised 4 events for local and international investors, published 11 informative newsletters. The Group actively communicated its activities by also using mass media.

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 general shareholders' meeting approved independency criteria for members of the Company's collegiate bodies, which comply with the independency criteria established by the Law on Companies of Republic of Lithuania, ensuring, that to be independent, a member must not be related with the Company and/or its controlling shareholder[1].[2] Separation of powers is clearly defined in the management model of AUGA group, therefore the CEO of the Company, according to the current procedure of the Company, cannot be a member of the independent Board and is directly subordinate to this management body.

Based on legal acts and on the assessment carried out at the November 2023 Board meeting:

- members of the Board (60%) Peter Bryde, Andrej Cyba and Justina Klyvienė are considered as independent members of the Board.
- 2 Board members (40%) are considered as dependent members of the Board: (i) Kristina Daudoravičienė is considered to be a dependent member of the Board as she is a director and a member of the Board of Baltic Champs Group, UAB, the controlling shareholder of the Company, as well as the CFO of Baltic Champs, UAB, a company directly controlled by the Company; (ii) Kęstutis Juščius is deemed to be a dependent member of the Management Board as he is the sole owner and Chair of the Management Board of the Company's controlling shareholder, Baltic Champs Group, UAB, as well as a director of the Company's directly controlled company AUGA Community, UAB and the Company's indirectly controlled company AUGA Tech, UAB.

60% of the Board members are male. Information about members of the Board until 28 April 2023 (Ordinary General Meeting of Shareholders):

Name, Surname	Position	Status	Appointment day
Andrej Cyba	Member	Independent	30.04.2021
Tomas Krakauskas	Member	Independent	30.04.2021
Dalius Misiūnas	Chair	Independent	30.04.2021
Murray Steele	Member	Independent	30.04.2021
Michaela Tod	Member	Independent	30.04.2021

The Board held 4 ordinary meetings from 1 January 2023 to 28 April 2023. During this period, all 5 members of the Board attended all 4 meetings (a quorum was present at all Board meetings in accordance with the law and the Articles of Association of the Company).

On 28 April 2023, the term of the Board tenure ended, and a new composition of Board was elected at the Ordinary General Meeting of Shareholders.

Information about members of the Board from 28 April 2023 to 7 November 2023:

Name, Surname	Position	Status	Appointment day
Ivars Bergmanis	Member	Independent	28.04.2023
Andrej Cyba	Member	Independent	28.04.2023
Dalius Misiūnas	Chair	Independent	28.04.2023
Murray Steele	Member	Independent	28.04.2023
Michaela Tod*	Member	Independent	28.04.2023

*Michaela Tod resigned as a member of the Board with effect from 17 September 2023

The Board held 5 ordinary meetings from 28 April 2023 to 7 November 2023. During this period Ivars Bergmanis, Andrej Cyba, Dalius Misiūnas and Murray Steele attended all 5 meetings and Michaela Tod attended 4 meetings (a quorum was present at all Board meetings in accordance with the law and the Company's Articles of Association).

On 15 September 2023, after a careful evaluation of the managerial needs associated with the transformation towards a technology-sharing business model, the decision was taken to convene an Extraordinary General Meeting of the Company on 7 November 2023 to renew the composition of the Board.

[1] The criteria for the independence of the Board members are established in Article 33, Part 7 of the Law on Joint Stock Companies of the Republic of Lithuania; the independence criteria of the company's Board members, approved by 2019 general shareholders meeting, are available at the Nasdaq site.

Information about the members of the Board as of 31 December 2023 (from 7 November 2023).

Name, Surname	Position	Status	Appointment day
Peter Bryde	Member	Independent	07.11.2023
Andrej Cyba	Member	Independent	07.11.2023
Kristina Daudoravičienė	Member	Dependent	07.11.2023
Kęstutis Juščius	Chair	Dependent	07.11.2023
Justina Klyvienė	Member	Independent	07.11.2023

The Board held 2 ordinary meetings from 7 November 2023 to 31 December 2023. During this period, all 5 members of the Board attended all 2 meetings (a quorum was present at all Board meetings in accordance with the law and the Articles of Association of the Company). The current Board's tenure is until the annual general meeting of shareholders of the Company, which will take place in 2025.

Every year, the Board conducts an assessment of its activities. This evaluation includes an assessment of the Board's structure, work organization, and ability to function as a group, as well as an assessment of the competence and effectiveness of each Board member's work and an assessment of whether the Board has achieved its set objectives. In 2023, after the Group announced a new business model and operational structure, with the emergence of new competencies enabling the achievement of strategic goals, it was decided to update the composition of the Board and supplement it with new members.

3.3.1 Board Members

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: Board member of AB „Vilkyškių pieninė" (legal form: Public limited company, code 277160980, registered address: Prano Lukošaičio g. 14, Vilkyškiai, Pagėgiai district municipality, Lithuania) (2008 – present); CEO of UAB Piola (legal form: private limited liability company, code 120974916, registered office address: Mindaugo g. 16-52, Vilnius, Lithuania) (2009-present); CEO of UAB "PEF GP1" (legal form: private limited liability company, code 302582709, registered office address: Maironio g. 11, Vilnius, Lithuania) CEO of UAB "PEF GP2" (legal form: private limited liability company, code 302582716, registered office address: Maironio g. 11, Vilnius, Lithuania) (2012 – present), Chairman of the Board of "INVL Finasta", UAB FMĮ (legal form: Private limited company, code: 304049332, registered address: Gynėjų str. 14, Vilnius, Lithuania) (2016 – present); Chief Business Development Officer of "INVL Asset Management", UAB (legal form: Private limited company, code 126263073, 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 "INVL ATKLĀTAIS PENSIJU FONDS", AS (legal form: Public limited company, code: 40003377918, registered address: Smilšu 7-1, Riga, Latvia) (2016 - present); Chairman of the Board of "VOKĖ-III", UAB (legal form: Limited liability company, code: 120959622, registered address: Piliakalnio str. 70, Nemenčinė, Lithuania) (2020 – present), CEO (2023 – present); Board Member of SIA "Baltic Dairy Board" (legal form: Private limited company, code: 43603036823, registered address: Stacijas 1, Bauska, Latvia) (2021 – present); CEO of "LAMA Capital", UAB (legal form: Limited liability company, code: 306178639, registered address: Šaltinių str. 24-10, Vilnius, Lithuania) (2022 – present); CEO of UAB "V3 Installation Solutions" (legal form: Private limited company, code 124100519, registered address: Pašilaičių g. 14-74, Vilnius, Lietuva) (2023 – present).

GRI 2-9 GRI 2-10 GRI 2-11

Peter Bryde

Education, qualification: Copenhagen Business School, Business Administration bachelor's degree, Finance and Accounting master's degree; attended the Agricultural Business Seminar at Harvard University (2011).

Activity: Member of the Board of AUGA group, AB (legal form: Public limited company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius, Lithuania) (2023 – present).

Kristina Daudoravičienė

Education, qualification: Vilnius University, Master of Economics degree.

Activity: Member of the Board of AUGA group, AB (legal form: Public limited company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius, Lithuania) (2023 – present).

Miscellaneous: CEO, member of the board of Baltic Champs Group, UAB (legal form: Private limited company, code: 145798333, registered address: Poviliškių k. Šiauliai district municipality, Lithuania) (2013 – present); CFO of Baltic Champs, UAB (legal form: Private limited company, code: 302942064, registered address: Poviliškių k.15, Šiauliai district municipality, Lithuania) (2013 – present); CEO of TECHNOLOGY INVEST, UAB (legal form: Private limited company, code: 304539998, registered address Kalvarijų g. 143-304, Vilnius,, Lithuania) (2017 – present).

Kęstutis Juščius (Chair)

Education, qualification: Vilnius University, Business Administration, bachelor's degree.

Activity: Chair of the Board of AUGA group, AB (legal form: Public limited company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius, Lithuania) (2023 – present).

Miscellaneous: Chair of the Board of Baltic Champs Group, UAB (legal form: Private limited company, code: 145798333, registered address: Poviliškių v. Šiauliai district municipality, Lithuania) (2014 - present); President of Lithuanian Mushrooms Growers and Processors Association (legal form: Association, code: 124135819, registered address: Zibalų str. 37, Širvintos, Lithuania) (2013 – present); CEO of AUGA Community, UAB (legal form: Private limited company, code: 302820797, registered address Konstitucijos ave. 21C, Vilnius, Lithuania) (2022 – present); CEO of AUGA Tech, UAB (legal form: Private limited company, code: 302820808, registered address: Taikos ave.131b Kaunas, Lithuania) (2023 – present).

GRI 2-9 GRI 2-10

Justina Klyvienė

Education, qualification: Vilnius University Institute of International Relations and Political Science, Master of European Public Administration bachelor's and master's degrees; BI Norwegian Business School, Master of Management for Executives degree.

Activity: Member of the Board of AUGA group, AB (legal form: Public limited company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius, Lithuania) (2023 – present).

Miscellaneous: CEO of UAB "ORP" (legal form: Private limited company, code: 122087425, registered address: Padvarės g. 69, Vilnius, Lithuania) (2017 – present); Head of development of VšĮ Alter State (legal form: public institution, code 305619931, registered office address: Laisvės pr. 71-14, Vilnius, Lithuania) (2019 – present); Board member of Viešoji įstaiga Inovacijų agentūra (legal form: public institution, code 125447177, registered office: Juozo Balčikonio g. 3, Vilnius, Lithuania) (2022– present).

3.3.2 Board Committees

The Company has one committee – audit committee. The audit committee is an advisory body of the Board in the areas of accounting, auditing, risk management, internal control and auditing, supervision, budgeting, and legality of operations. Its functions are described in the section 3.1. Governance model. 67% of the audit committee consists of men.

The changes in the composition of the Audit Committee during 2023 are due to changes in the composition of the Board.

Information about members of the audit committee until 28 April 2023:

Name, Surname	Position	Status
Andrej Cyba	Chair	Independent
Murray Steele	Member	Independent
Michaela Tod	Member	Independent

Information about members of the audit committee from 7 November 2023:

Name, Surname	Position	Status
Ivars Bergmanis	Member	Independent
Andrej Cyba	Chair	Independent
Murray Steele	Member	Independent

Information members of the audit committee as of 31 December 2023:

Name, Surname	Position	Status
Peter Bryde	Member	Independent
Andrej Cyba	Chair	Independent
Kristina Daudoravičienė	Member	Dependent

During 2023, 7 audit committee meetings were held. At all meetings there was a quorum in accordance with legislation and the regulations of the Company's audit committee. All members participated in all audit committee meetings.

3.4 Management

Elina Chodzkaitė-Barauskienė *CEO* (2023 – present)

Education, qualification: Diplomatic Academy of Vienna, Master of Advanced International Studies, University College London (UCL), Bachelor of Arts (BA) in Politics and Eastern European Studies.

Activity: CEO of AUGA group, AB (legal form: Public Limited Company, code: 126264360, registered address: Konstitucijos ave. 21C, Vilnius, Lithuania) (2023 – present).
Miscellaneous: Director of MB Digital Alchemy (legal form: Small partnership, code: 305532412, registered address: S. Stanevičiaus g. 42A, Vilnius, Lithuania) (2022 - present).

Other key management personnel (who have left office) in the period 2023:

- CEO Kęstutis Juščius (2019 - November 2023).
- CFO Mindaugas Ambrasas (2020 - August 2023).

3.5 Information on Transactions with Related Parties

Information on transactions with related parties is disclosed in the explanatory notes (note 30) of the consolidated and separate financial statements for the year ended 31 December 2023.

GRI 2-9

3.6 Remuneration Report

The Remuneration Report of the Company has been prepared for the financial reporting year 2023, which coincides with the calendar year. The Report is a part of the Consolidated Annual Report of the Company prepared in accordance with the Law on Financial Statements of Entities of the Republic of Lithuania, the Remuneration Policy of the Company, and other legal acts.

On 28 April 2023, the general meeting of shareholders of the Company unanimously approved the Remuneration Report of the Company which, as a part of the Consolidated Annual Report of the Company, is publicly available on the Company's website.

3.6.1 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 the following remuneration for the performance of Board member functions:

- EUR 2,280 (before taxes) for the members of the Board, and EUR 3,000 (before taxes) for the Chair of the Board, irrespective of the annual number of the Board meetings;

- For the Board members living abroad – compensation of 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 he/she 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 Group's procedures in force (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 programme.

The remuneration paid to the Board and the CEO is in accordance with the Company's Remuneration Policy for the Executive Management, which was approved by the general meeting of shareholders and is publicly available on the AUGA group'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.

The amount of accrued fixed remuneration for the Board members is provided in the table below:

Remuneration of the individual members of the Board, EUR	2023	2022	2021	2020	2019
Dalius Misiūnas, Chair of the Board (30.04.2019 – 07.11.2023)	10,000	32,500	27,500	30,000	17,500
Andrej Cyba (17.06.2019 – 07.11.2023)	21,280	24,700	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 – 07.11.2023)	21,280	24,700	20,900	23,572	16,447
Tomas Krakauskas (30.04.2019 – 28.04.2023)	7,600	24,700	20,900	20,900	13,300
Michaela Tod (30.04.2019 – 17.09.2023)	16,720	24,700	13,300	-	-
Ivars Bergmanis (28.04.2023 – 07.11.2023)	13,680	-	-	-	-
Total:	**90,560**	**131,300**	**107,300**	**118,172**	**73,847**
Remuneration of the individual members of the Board, EUR	2023	2022	2021	2020	2019
Kęstutis Juščius, Chair of the Board (07.11.2023 – present)	6,000	-	-	-	-
Andrej Cyba (07.11.2023 – present)	5,793	-	-	-	-
Peter Bryde (07.11.2023 – present)	4,560	-	-	-	-
Justina Klyvienė (07.11.2023 – present)	4,560	-	-	-	-
Kristina Daudoravičienė (07.11.2023 – present)	5,539	-	-	-	-
Total:	**26,451**	**-**	**-**	**-**	**-**

On April 28, 2023, at the Company's general meeting of shareholders, in accordance with usual practice, a new Board was elected, which is elected every two. This is reflected in the first part of the Company's Board members' remuneration table. Following a change in the Group's business model, at the extraordinary general meeting of shareholders on 7 November 2023, the Company's Board was withdrawn before the end of the term and the new Board members were elected, whose remuneration is shown in the second part of the table.

It is important to mention that in 2019 significant changes were made in the corporate governance structure and the Company formed an independent Board. Until 30 April 2019, the Board members were formed out of employees of the Group and they did not receive any 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 a direct remuneration for their employment position within the Group (i.e. the Board included Group’s internal lawyer, CEO). Thus, historical figures are not comparable and do not give a clear overview of governance bodies’ remuneration development.

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

Remuneration paid to members of the Board, EUR	2023	2022	2021	2020	2019*
Total remuneration	117,011	131,300	107,300	118,172	202,717
Number of Board members	10	5	5	5	5
Average annual remuneration per 1 member	11,701	26,260	21,460	23,634	38,009

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

2 members of the Company's Board received remuneration from the Company's subsidiaries during 2023. During the reporting period (7 November to 31 December), Kristina Daudoravičienė, a member of the Board, received a remuneration of EUR 6,893 (before tax) from Baltic Champs, UAB for her position as CFO. Kęstutis Juščius, Chair of the Board, received a remuneration (before tax) of EUR 13,911 from AUGA Community, UAB for his position as a Director during the reporting period (7 November to 31 December).

No share options were granted to members of the Board in 2023. The Company did not pay variable remuneration to the Board members in 2023.

3.6.2 Employees Remuneration

Average gross salaries per month of the Group employees are provided in the table below:

Average gross salaries of the employees of the Group (before taxes), EUR	2023	2022	2021	2020	2019
CEO	7,728	7,498	7,584	7,222	7,174
Managers	3,787	3,710	3,414	3,431	3,363
Specialists	2,196	2,036	1,893	1,793	1,641
Workers	1,425	1,243	1,209	1,168	1,122
Other indicators	2023	2022	2021	2020	2019
Average gross salaries of the employees of the Group (before taxes), EUR	1,707	1,509	1,469	1,405	1,308
Net profit (loss), th. EUR	(18,447)	(5,351)	(15,435)	1,792	(3,218)

Kęstutis Juščius, who was the Chief Executive Officer of the Company until 7 November 2023, is the main shareholder of the Company through UAB Baltic Champs Group, UAB, has not received variable remuneration and has not been granted share options.

Elina Chodzkaitė-Barauskienė did not receive variable remuneration when she became the Company's Chief Executive Officer on 7 November 2023 and no share options were granted during 2023. More information about the Group’s personnel is presented in the AUGA group’s Sustainability Report section 4.4.2. Employees and Diversity.

3.6.3 Employee Share Option Programme

The Group runs a share option programme for its specialists and management personnel as an additional motivational tool. On 30 April 2019, during the general meeting of shareholders, the share option programme for employees was approved. The number of contracts in 2023 was 186, and the number of shares – 2,021,030.

The employee options programme provides long-term benefits to employees and increases their motivation. Under the plan, participants are granted options to receive shares of the Company for free, but only if the employee completes a 3-year term of service in the Group. After this condition is met, the employee is eligible to exercise the option.

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

These share-based payments to employees are equity-settled only. When exercisable, each option can be convertible into one fully-fledged ordinary share. Such shares are issued from a reserve formed and approved by the shareholders to provide shares for employees, at the nominal value of EUR 0.29, this way increasing the Company's share capital.

Under the programme, options are granted free of charge. Employees, who will exercise their options and receive shares of the Company, must pay income tax at the time of exercise of the option, in accordance with the applicable legislation.

Information regarding the share option programme:

	2023	2022	2021
Number of participating employees	255	238	235
Number of allocated shares	2,199,523	1,651,185	2,381,701

3.7 Taxes and Regulatory Compliance

As specified in the AUGA group's Code of Business Ethics, the Group complies with all applicable tax laws and strives to ensure that obligations to the state are fulfilled 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 activities.

During the reporting period, the Group had no significant violations of legal acts or imposed sanctions that would have a significant impact on the Group, its activities, or the interests of stakeholders.

GRI 2-27

4. Sustainability Report

4.1 About the Sustainability Report

The Sustainability Report is a review of AUGA group activities, which the Group has been publishing annually since 2017. The latest AUGA group Sustainability Report for 2022 was released in April 2023.

Unless specified otherwise, the Sustainability Report for 2023 covers the activities of all the Group's companies in the period from 1 January until 31 December 2023. In order to objectively assess the dynamics of activity changes, AUGA group also includes data from previous years. The Sustainability Report for 2023 is part of the Consolidated Annual Report, which is published on the Nasdaq Baltic website and the AUGA group website.

Unless otherwise stated, the information contained in this report covers all the Group's companies. Separate sustainability reports are not prepared for the Group's subsidiaries.

AUGA group publishes its activity reports in the form required by regulations for listed companies. Nonetheless, what is first and foremost important for the Group is 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 for 2023 identifies the key activities and achievements of the Group in the environmental, social and governance (ESG) areas during the reporting year and the goals expected to be achieved in the future. This report also presents the biennial materiality assessment of AUGA group's sustainability criteria (the most recent assessment was made in 2023).

In preparing its Sustainability Reports, AUGA group follows the Nasdaq ESG Guide and is disclosing its performance in accordance with the Global Reporting Initiative (GRI) standards. 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.

In 2023, all information regarding the Group's management is contained in the consolidated report's section 3. Governance Report to avoid duplication of information, when some information on sustainable governance practices was also included in the Sustainability Report section.

The Group's Consolidated Annual Report, which includes the 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. The report discloses information in accordance with the taxonomy regulation (EU) 2020/852, which establishes a classification system for sustainable economic activities and investments, for the part of the Group's activities to which the regulation applies.

AUGA group always strives for consistency and tries to present the publicly released datasets in an informative, convenient, and standard format. Its Sustainability Reports are published annually maintaining a similar structure. In this way, the Group seeks to ensure that all relevant information about the current period and historical data is readily available to its stakeholders.

Keen to make the data presented in its Sustainability Report transparent, since 2019 AUGA group has had an audit of its emissions carried out by the independent international company Carbon Footprint. The Group's management has also decided to audit the entire Sustainability Report. The full Sustainability Report was audited for a third time by an independent consulting company Sustain Advisory in 2023.

The contact person responsible for sustainability is Elzė Laužikaitė, Sustainability research specialist of AUGA group (e.lauzikaite@auga.lt).

Nasdaq G8 | Nasdaq G9 | Nasdaq G10 | GRI 2-3 | GRI 2-4 | GRI 2-5 | GRI 3-1 | GRI 3-2 | GRI 3-3

4.2 Our Approach to Sustainability

In managing the area of sustainability, AUGA group aims to abide by the best global practices and recommendations envisaged in international sustainability standards. The Group has a sustainability strategy, which it applies across all its companies and activities.

AUGA group's management team with an involvement of the Board regularly discusses sustainability goals and achievements. The Group has a sustainability manager, who spearheads AUGA group's sustainability activities and reports it to the CEO. Additionally, one Board member is responsible for overseeing the area of sustainability (until September 2023, this position were held by Michaela Tod. From 2024, responsibilities were taken over by Kęstutis Juščius, Chair of the Board of the newly elected Board.). The Group's sustainability manager submits a sustainability overview to the Board once a year. This review not only presents the Sustainability Report for the past year, but also global sustainability trends, changes in EU and local regulation, consumer research, and practices of other companies. At least twice a year, joint meetings of the Group's sustainability manager and the Board member responsible for sustainability are held, also including the managers of other relevant functional areas, regarding the implementation of the organisation's sustainability strategy. In 2023, members of the Group's highest governing body (the Board) and the management team did not have specific training in the field of sustainability.

The Group's sustainability strategy is inseparable from stakeholder engagement and ongoing dialogue with them regarding relevant topics. Also, every two years, AUGA group conducts an assessment of what factors are the most important to the Group and its stakeholders. This is done in order to have a positive impact on the most relevant areas. The Group accounts to its stakeholders by annually publishing a Sustainability Report, which is approved by the Board, together with the annual financial statements. An annual Board meeting for reviewing sustainability matters also approves the annual goals and the Board provides feedback to the management regarding sustainability management.

To promote transparency and honesty in all its activities, AUGA group has policies in place on good governance, social issues and environmental protection policies. In pursuit of the same goals, the Group also provides activity reports and sustainability data to international initiatives that monitor and supervise sustainable activities. It is a member of a variety of organisations in this area.

Procedures for preparing the Sustainability Report along with standards and other principles of sustainability reporting are described in more detail in the section 4.1 About the Sustainability Report.

GRI 2-14 GRI 2-16

4.2.1 Sustainability Strategy

AUGA group's sustainability strategy is an integral part of the Group's business strategy, which is described in more detail in the section 1.4 Strategy. The five-year strategy presented in 2020 is publicly available on the AUGA group website and is consistently being implemented. Sustainability is in the DNA of AUGA group, which it strives to achieve in all three areas of sustainability: social responsibility, sustainable governance and environmental protection, to which it gives particular emphasis.

Globally, agriculture is responsible for more than 20% of the world's greenhouse gas emissions. Working in this sector and having a deep understanding of market and global demand for emissions reduction, AUGA group takes leadership in addressing this pressing issue. In 2018, the Group set ambitious emission reduction targets (for more details, see section 4.3.4 Greenhouse Gases) and began developing new technologies that will allow us to set the standard for sustainable agriculture and produce food with no cost to nature.

The sustainable technology development strategy is being consistently implemented by creating machinery powered by alternative fuels, specialized feed technologies, and deploying biomethane infrastructure. There was significant progress made in this area in 2023. Read more about it in section 1.4.2 Implementation of the Strategy.

The Group aims for its innovative solutions to be widely applicable and enable all farmers to work more sustainably, thus providing consumers with the option to choose food with no cost to nature. In implementing this part of the strategy in 2023, a new organizational structure was created, allowing sustainable agricultural technologies to be applied in farms on a cooperative basis, thereby reducing agricultural emissions.

To ensure economies of scale and to reach a wider circle of farmers, in 2023, the Group converted part of organic land to conventional regenerative practices. Also the Group will invite farmers to join the sustainable farming community and has restructured its existing operations into 11 cooperatives to enable this. This will ensure greater expansion of AUGA's sustainable farming standard and significantly reduce agricultural emissions not only in organic but also conventional farms.

Social issues are an important part of the Group's activities. Significant issues include ensuring employee safety and health, working conditions and compensation, additional employee incentives, employee diversity and equal opportunities, community engagement, product safety and nutritional value for consumers, and consumer education in sustainability. These issues are addressed through existing company policies, practices, and programs. It is important to note that at present, the Group does not set specific targets in the social area.

The Group also applies good governance practices through the Board model, adheres to approved policies within the Group (business ethics, animal welfare, supplier code of ethics, bribery and corruption prevention), and aims to ensure transparency towards investors and other stakeholders. Policies are reviewed as needed and updated.

The significance of key environmental, social, and governance issues is regularly reviewed every two years, prioritizing them accordingly. For more information, please refer to Section 4.2.4 Assessment of Dual Significance of Sustainability Criteria.

Through its sustainable strategy, AUGA group pursues the following results for these main target groups:

CONSUMERS	FARMERS	PRIVATE AND INSTITUTIONAL INVESTORS	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

4.2.2 UN Sustainable Development Goals

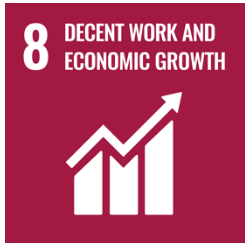
Based on the nature of AUGA group's activities, the Group aims to contribute to the seven UN Sustainable Development Goals. The list was last updated in 2019. AUGA group has integrated these UN Sustainable Development Goals:

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

Sustainable sourcing
Resources efficiency of products and services
Material recycling
Procurement practices
Product and services information and labelling

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

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



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

Deforestation and forest degradation
Genetic diversity of farms and domesticated animals
Land remediation
Landscapes forest management and fibre sourcing
Natural ecosystems
Water ecosystems

Infrastructure investments
Access to financial services
Environmental investments
Research and development

4.2.3 Stakeholders

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 to respond to their needs and pursue a positive impact on various areas. The Group's named stakeholders, main topics and forms of dialogue with them are presented in the table below.

Stakeholders	Topics	Forms of dialogue
Employees	▪ Performance results, technology development progress, sustainability, and business strategy ▪ Employee welfare, compensation, and options ▪ Market news, general education in the field in which the Group operates	▪ Intranet and notice boards ▪ Electronic means ▪ Internal events ▪ Specialised newsletters ▪ Surveys
Consumers	▪ Products, their composition, production processes ▪ Group's activities, technological progress, sustainability strategy ▪ Education on sustainability topics	▪ Places of sale ▪ Social networks ▪ Events and exhibitions ▪ Advertisement and media publications.
Investors	▪ Performance results, technology development progress, sustainability, and business strategy ▪ Market trends and news	▪ Live meetings ▪ Specialised newsletters ▪ Remote conferences ▪ Events ▪ Annual and quarterly reports ▪ Nasdaq platform
Non-governmental and governmental organizations	▪ Market trends and new ▪ Regulatory issues ▪ Sharing of experience	▪ Meetings ▪ Events
Suppliers	▪ Product and service supply questions ▪ Group's results, operational and technological progress, sustainability, and business strategy	▪ Meetings ▪ Electronic means
Clients	▪ Products, their composition, production processes ▪ Group's activities, technological progress, sustainability strategy	▪ Meetings ▪ Electronic means ▪ Visits to the Group ▪ Events and exhibitions
Regional communities	▪ Local needs of communities, needed support ▪ Education about the Group's activities and applied technologies	▪ Meetings ▪ Electronic means ▪ Visits to the Group or community events
Media	▪ Group's results, operational and technological progress, sustainability, and business strategy ▪ Products, their composition, production processes ▪ Market news, general education in the field in which the Group operates	▪ Interviews ▪ Meetings, according to the need ▪ Electronic means ▪ Visits to the Group ▪ Press releases

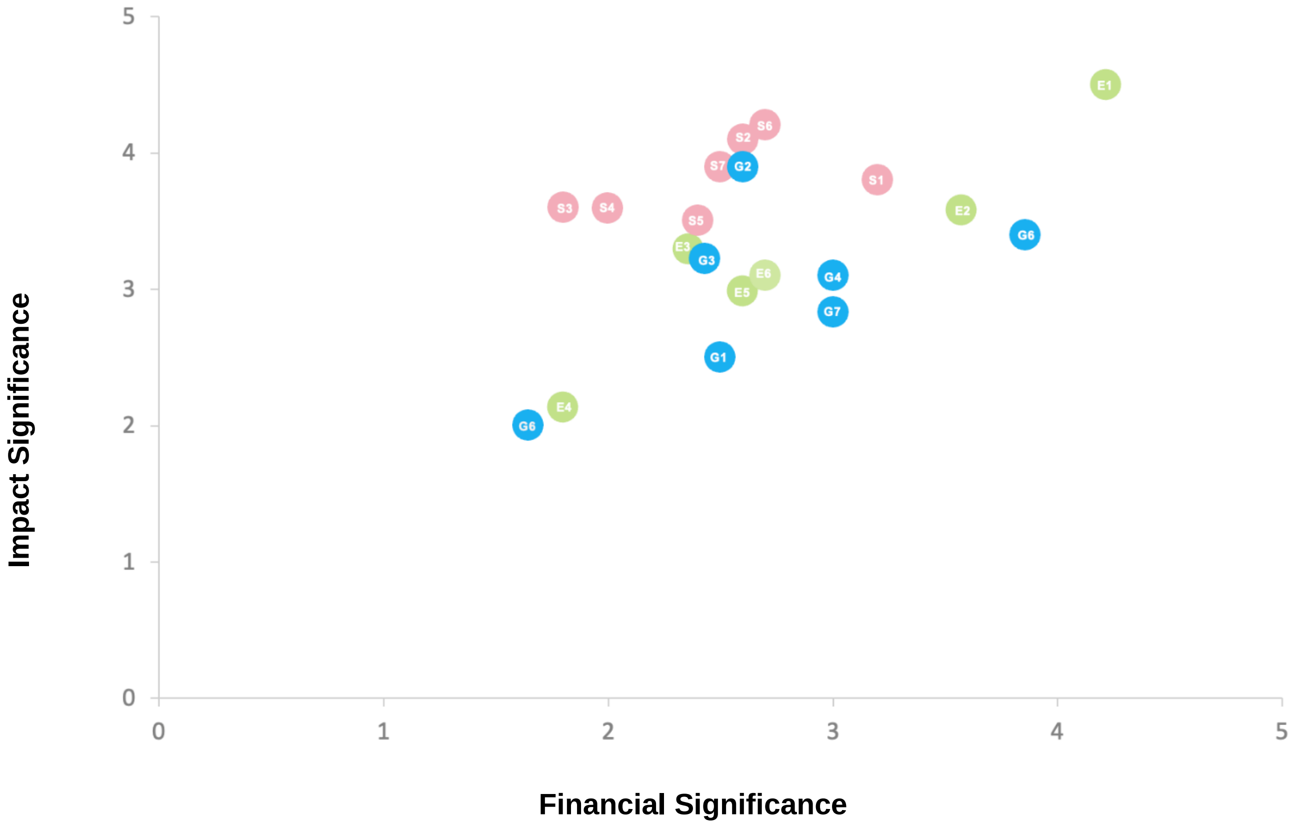
GRI 2-12 GRI 2-29

4.2.4 Double Materiality Assessment of Sustainability Criteria

To date, the Group has conducted a biennial assessment of the materiality of sustainability criteria. This assessment is conducted with stakeholders and with the management team and Board members of AUGA group Through anonymous surveys, these assessments determine the importance of key sustainability criteria for all groups. The last of these assessments was conducted in 2021.

In 2023, in light of the new requirements of the EU Sustainability Reporting Standard (under the EU CSRD directive), which comes into effect in 2024, the Group decided to conduct a a double materiality assessment this year, according to future methodologies. The new assessment was conducted with the involvement of AUGA group's management team and members of the Board. Participants' opinions were gathered through anonymous surveys. The leadership team and Board members evaluated sustainability criteria based on aspects of the Group's environmental and stakeholder impact, and the financial impact on the Group. Subsequently, a review of the received matrix was conducted.

Double Materiality Matrix of Sustainability Criteria, According to the Evaluation Conducted in 2023:



Environmental criteria
E1. Climate change and emissions
E2. Renewable energy
E3. Earth, air and water pollution
E4. Water resources
E5. Biological diversity and ecosystems
E6. Circular economy (reduce, reuse, recycle)
Social criteria
S1. Work conditions and renumeration
S2. Employees health and safety
S3. Employees diversity and equal rights
S4. Ensuring employees human rights
S5. Relations with communities
S6. Consumer health and safety
S7. Consumer education in the field of sustainability
Governance criteria
G1. Company's values and culture
G2. Business ethics
G3. Animal welfare
G4. Relations with suppliers
G5. Corruption and bribery prevention
G6. Innovation and technology leadership

GRI 2-12 GRI 2-29

The assessment conducted indicates that climate change and emissions is a pivotal criterion where the Group can have a direct impact through its activities. This criterion also has significant financial implications for the entire organization. That is why, reducing emissions and implementing innovative technologies have been key priorities of the Group for several years. Additionally, renewable energy remains a significant priority for the management team of AUGA group and members of the Board in the environmental field (both in terms of impact significance and financial significance). So too does pollution of land, air, and water (in terms of impact significance), circular economy (both in terms of impact significance and financial significance), biodiversity, and ecosystems (in terms of impact significance).

According to the 2023 assessment, it is evident that the most significant social criteria in terms of impact on the environment and stakeholders are consumer safety and health, as well as consumer education in sustainability. Food safety has always been and remains a daily priority in both AUGA group's own production and in contract manufacturing, and employees responsible for food safety are part of the Group's organizational structure. Additionally, in the opinion of the management and Board members of AUGA group, employee safety and health, as well as working conditions and compensation, are important criteria in the impact area. Reflecting this priority, the Group operates a system for Employee Health and Safety, and provides additional health insurance to employees. Participants in the financial impact assessment highlighted the following criteria: working conditions and remuneration, consumer and employee safety and health.

The most important governance criteria in terms of impact on the environment and stakeholders were identified as business ethics, innovation and technology leadership, animal welfare, and supplier relations. In the financial impact area, the following governance criteria were highlighted: innovation and technology leadership, relations with suppliers, and compliance and transparency.

GRI 2-12 GRI 2-29

4.2.5 Policies

AUGA group has seven policies that create conditions for fair and transparent relations with all stakeholders, ensure mechanisms for safe work and help protect employees and Board members from various types of discrimination. The Group's policies and business ethics code are based on good corporate practices and principles that comply with the Universal Declaration of Human Rights, the European Convention for the Protection of Human Rights and Fundamental Freedoms, the International Covenant on Civil and Political Rights, the United Nations Universal Declaration of Human Rights, the United Nations Resolution on Business and Human Rights, the main conventions of the International Labour Organization, other international accords and the legal acts of the Republic of Lithuania. All the policies are publicly available on the AUGA group website.

Policies are reviewed at the beginning of each year or more frequently, if needed. Designated managers, who oversee the relevant areas of activity, are responsible for implementation of policies. Policy changes are approved by the Board. Employees' and suppliers' knowledge regarding current policies is updated annually. The Group has an approved process for the required submission to the Board of an annual report on the implementation of policies and recorded complaints for the past year no later than before the Company's ordinary general meeting of shareholders of the corresponding year.

All the policies apply to the employees of AUGA group and the members of its management bodies, including the members of the Board and audit committee. Employees, who notice situations in which valid policy guidelines are violated, can anonymously report them to e-mail: etika@auga.lt. In 2023, no complaints were received or violations recorded regarding any policies approved by the Group. Upon receiving a complaint at the email address etika@auga.lt regarding the situation at hand, the manager responsible for the respective area is promptly informed, depending on the nature of the complaint. They are required to formulate a plan for resolving the situation and implement it within the specified timeframe The Group does not have uniform procedures for dealing with all complaints or negative impacts. When necessary, it is dealt with following general internal procedures and in compliance with the requirements of the law of the Republic of Lithuania. The Group has not envisaged other complaints management processes. Stakeholders are not involved in the complaint creation mechanism or its improvement.

In 2023, all new employees (411 or 100%) were introduced to the policies. Employees of the Group's administration, managers and specialists with e-mail access (303 or 25%) refreshed their knowledge of the policies via online system. Those who failed the test had to re-take it. The Board members did not take these tests

Title	Description	Annual employee knowledge update	Employee participation, %
Code of business ethics	The code defines the principles of fair treatment of employees and compliance with international human rights standards as well as the importance of ensuring equality, health and safety. It specifies the rules that govern the protection of private persons data, confidential information, business and financial documents, proper care for work tools, the relationship with customers and competitors, and the general communication by the AUGA group.	Yes	88.8
Environmental protection policy	The document specifies the guidelines and principles for ensuring the management of AUGA group's impact on the environment in its daily activities. The environmental protection policy envisages compliance with the requirements of environmental protection legislation and other obligations assumed by the Group, in order to reduce the probability of incidents and their impact on the environment, to ensure biodiversity, and to reduce greenhouse gas emissions generated during operations.	Yes	88.8
Policy on human rights, non-discrimination, child and forced labour	This policy is aims to ensure the fundamental principles of human rights in accordance with the valid legal acts of the Republic of Lithuania and international standards, in order for employees to feel safe in the working environment and to prevent and avoid any instance of discrimination or of forced or child labour.	Yes	88.8
Animal welfare policy	This policy provides guidelines and principles for ensuring animal welfare in the Group, setting out the basic principles to be followed in accordance with the animal freedom guidelines recognised by the World Organisation for Animal Health. The policy defines the responsibilities of animal handlers for the continuous improvement of farm animal welfare.	Yes	88.0
Policy on the prevention of corruption and conflict of interest	This policy states that the Group does not tolerate corruption in any of its forms, and in case of specific manifestations of corruption in the organisation, it immediately takes action to prevent such situations. It is the duty and responsibility of employees to act impartially, to not provide impermissible benefits to other business entities, and not to get involved in situations that cause or could potentially cause a conflict of interest with the interests of the Group and/or have a negative impact on the freedom of their own actions or decisions related to work functions.	Yes	88.8
Employee safety and health policy	This document identifies dangers and risks that may occur in the Group's activities. The policy also includes measures minimising the number of accidents.	Yes	88.8
Supplier's code of ethics	This document, which defines relations with suppliers and their principles of activity, stipulates that it is important for the Group that its business partners conduct their activities in accordance with the fundamental Environmental, Social and Governance (ESG) principles and the United Nations Sustainable Development Goals. The Group expects its suppliers to comply with environmental regulations and animal welfare standards, as well as to care for human rights, employee health and the prevention of any discrimination or child or forced labour.	Yes	70.0[1]

[1] Share of suppliers informed about the policy, calculated based on purchasing turnover in 2023.

Nasdaq S9 | Nasdaq S10 | Nasdaq G5 | Nasdaq G6 | GRI 2-15 | GRI 2-23 | GRI 2-24 | GRI 2-25 | GRI 2-26 | GRI 406-1

4.2.6 Sustainability Commitments and Data Disclosure on International Platforms

In 2021, the Group became an official member of the United Nations (UN) Global Compact. It thus committed to reporting annually on compliance with the 10 main principles of the international compact and to setting even more ambitious goals for the implementation of a sustainable food value chain.

The Group is keen to ensure that information on its sustainability performance is available to its investors and other stakeholders, and that its sustainability indicators are comparable to those of other companies. For this reason, AUGA group provides its environmental, social and governance information to the international environmental data disclosure platform CDP. In 2023, the Group received a C which is in the Awareness band.

4.2.7 Memberships and Partnerships

Active involvement in associations, the exchange of best practices, and addressing emerging sustainability challenges remain pivotal for AUGA Group. The Group has maintained its membership in key organizations, including the Lithuanian Association of Agricultural Companies (LŽŪBA), the Lithuanian Organic Farmers Association (LEŪA) and the Baltic Institute of Corporate Governance (BICG). Baltic Champs, a subsidiary of the Group, aligns itself with the Lithuanian Association of Mushroom Growers and Processors (LGAPA), while AUGA Luganta is affiliated with the Lithuanian Vegetable Growers Association. In 2023, the Group was also a member of the Responsible Business Association of Lithuania.

In its dedication to fostering the education of young professionals on various sustainability issues and enhancing its image as an attractive employer, the Group has consistently partnered with various educational institutions. AUGA Group collaborates with esteemed Lithuanian universities, including VMU Academy of Agriculture, Kaunas University of Technology (KTU), LSMU Faculty of Veterinary Medicine, Kaunas College, Vilnius Business College, and ISM University of Management and Economics.

GRI 2-28

4.2.8 Taxonomy Review

The Taxonomy Regulation (EU) 2020/852 and its implementing acts have established a system for classifying sustainable economic activities and investments. It defines activities that are considered to significantly contribute to environmental objectives, thereby contributing to the implementation of the European Green Deal. Companies are required to disclose the portion of their activities that are sustainable, as measured by revenue, CAPEX (investments), and OPEX (operating expenses) indicators.

According to the provisions of Article 8 of the Taxonomy Regulation, companies established in Europe with more than 500 employees must provide a Taxonomy report. AUGA group falls within this category. When submitting the report for the year 2023, an assessment was made to determine which of the Group's economic activities are eligible for Taxonomy and which of these activities are aligned with the requirements for sustainable activities. Currently, agricultural and food production activities are not included and classified in the current version of the Taxonomy Regulation and its implementing acts. Therefore, although the Group engages in organic and regenerative conventional farming and applies principles of sustainable agriculture, it cannot disclose which core activities of the Group meet the requirements of the Taxonomy. This compliance will be disclosed once the European Commission prepares technical analysis criteria for agricultural and food production activities. Until then, compliance will be disclosed for non-core group activities that are currently classified under the Taxonomy and can be evaluated for their alignment.

The first technical screening criteria were approved for activities that contribute to climate change mitigation or adaptation. The European Commission adopted a final delegated act for the remaining four objectives – sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; protection and restoration of biodiversity and ecosystems – in June 2023. This means that from 2024 onwards, companies must disclose the application of new Taxonomy environmental objectives for the previous year (in this case, 2023), and from 2025 onwards, and alignment with the Taxonomy regarding these objectives must be disclosed.

Accounting policy

The Group's financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) adopted for use in the European Union (EU). For more information, please refer to the section on Consolidated and Separate Financial Statements in the Summary of Significant Accounting Policies.

Taxonomy Eligibility

In preparing the Taxonomy review, AUGA group assessed which economic activities of the Group meet the requirements according to the standards proposed for other industries. Economic activities relevant to the Group, which currently fall under taxonomy classification and can be assessed for their alignment with the Taxonomy sustainability criteria, include:

- construction of new buildings (NACE code – F41);
- renovation of existing buildings (NACE code – F41, F43);
- electricity generation using solar energy (NACE code – D35.11);
- transport by motorcycles, passenger cars, and light commercial vehicles (NACE code – H49.39);
- freight transport by road (NACE code – H49.4.1);
- scientific research and development (NACE code – M72);
- recovery of bio-waste by anaerobic digestion or composting (NACE code – E38.21);
- conservation and restoration of ecosystems and species therein.

Taxonomy Alignment

For all activities, except for those newly added this year (recovery of bio-waste by anaerobic digestion or composting and conservation and restoration of ecosystems and species therein), an assessment of compliance with the Taxonomy Regulation's sustainability criteria was conducted according to the following rules:

- whether the activity substantially contributes to one of the six environmental objectives,
- whether no significant harm is done to the remaining environmental objectives,
- whether the activity meets minimum standards of social responsibility.

The Group's scientific research and development activities, aimed at creating adaptable technological solutions to implement climate-neutral food production processes, meet all of the Taxonomy compliance criteria. The activity contributes to two specified environmental objectives - climate change mitigation and adaptation - without causing significant harm to remaining objectives and meets minimum social safeguards.

Do no Significant Harm Criteria

The Group's scientific research and development activities do not have negative impacts, direct or indirect, on any of the all six environmental objectives outlined in Article 17 of the Taxonomy Regulation. An activity is considered to cause significant harm if:

- It results in a large quantity of greenhouse gases (GHGs) being emitted (climate change mitigation)
- It increases the current and future adverse effects of climate on the activity itself or on humans, nature, or assets (climate change adaptation)
- It damages water bodies, including surface water and groundwater, affecting their good status, good organic potential, or the good status of marine waters (sustainable use and protection of water and marine resources)
- It inefficiently uses materials or significantly depletes natural resources, leading to a significant increase in waste generation, incineration, or disposal, or if long-term waste disposal could cause significant long-term harm to the environment (transition to a circular economy)
- It significantly increases the number of pollutants emitted into the air, water, or soil (pollution prevention and control)
- It significantly harms the good condition and resilience of ecosystems or habitats and species, including those of European Union importance (protection and restoration of biodiversity and ecosystems).

Minimal Social Safeguards

The Group's activities comply with social responsibility standards – it follows seven policies that enable transparent relationships with all stakeholders. The Group's policies – Code of Business Ethics, Environmental Policy, Human Rights, Non-Discrimination, Child Labor, and Forced Labor Policy, Animal Welfare Policy, Corruption and Conflict of Interest Prevention Policy, Employee Health and Safety Policy. Supplier Code of Ethics - are based on corporate best practices and on principles aimed at ensuring social guarantees for all parties. The Group's policies are developed based on principles that align with the Universal Declaration of Human Rights, the European Convention on Human Rights and Fundamental Freedoms, the International Covenant on Civil and Political Rights, the United Nations Universal Declaration of Human Rights, the United Nations resolution on business and human rights, key International Labour Organization conventions, and other international and Lithuanian laws. More information about these policies can be found in section 4.2.4 Policies.

KPI's

None of the Group's economic activities that are currently subject to the Taxonomy involve commercial activities generating sales. Therefore, according to the current Taxonomy criteria, the application and compliance based on revenues are both equal to 0%. The same applies to OPEX.

For activities that are subject to the Taxonomy, CAPEX in 2023 amounted to a total of EUR 7.200 million, which equals 99.4% of total CAPEX (EUR 7.238 million). The CAPEX for all Group research and development activities meeting the Taxonomy criteria in 2023 amounted to EUR 3.185 million, which is 44% of the total CAPEX. [1]

The alignment of the Group's revenues, OPEX, and CAPEX with the Taxonomy application and compliance criteria is presented in the following graphs:

[1] This number consists of investments in long-term tangible assets excluding employee wages.

Environment

4.3.1 Our Activities and Achievements in 2023[1]

80.731 t CO_2e
emissions from operations
↓ 6.4%

3.387 M EUR
invested in R&D
↓ 17%

biomethane
infrastructure completed

0.99 t CO_2e
emission intensity per t of ECM milk
↑ 1.8%

845.2 t
waste generated
↓ 20.7%

feed technology trials showed
-32%
methane emissions per l of raw milk

0.42 t CO_2e
emission intensity per t of crop production
↓ 16.0%

27.1 %
share of crops that are leguminous[2]
↑ 20.1%

factory version of the
AUGA M1
was introduced, testing began

331,839 m3
water used
↑ 10.3%

322,110 GJ
energy consumed
↓ 2.9%

[1] Comparisons are to 2022. Indicators were recalculated retrospectively.
[2] All crops but fodder included in the calculation.

4.3.2. Organic Farming and Sustainability Practices

AUGA group has been systematically reducing the environmental impact of its core activities since 2015, when it made a strategic decision to move from conventional agriculture to organic farming and began transforming farms in the various regions of Lithuania. For several years, AUGA group has been investing in the development and implementation of emission-reducing technologies in its production activities and exploring production methods that leave a smaller agricultural footprint on the environment. To broaden that positive impact, in 2023 the Group began implementing more sustainable practices and technologies in conventional agriculture, converting some of the company's organic lands to conventional land. This step will facilitate the use of innovative agricultural technologies among farmers practicing different farming methods. On its own farms, AUGA group implements:

Min-till technologies. In using these technologies, only the surface layer of the soil is cultivated. This protects the soil from erosion, helping to preserve its fertile layer and the microorganisms contained in it, and reduces the consumption of fossil fuels.
Green energy. AUGA group farms and all its companies use only certified green electricity. Part of the energy from renewable sources is produced internally by the group.
Long-term crop rotation. Under the crop rotation plan, a minimum of four different crops are cultivated over a period of seven years. This practice enhances soil quality and promotes biodiversity. The annual expansion of areas dedicated to perennial grasses and leguminous crops allows for a reduction in the reliance on fertilisers and in emissions.
More sustainable animal husbandry. To enhance animals’ well-being, AUGA group gives them access to the outdoors, allowing grazing in pastures during the summer. Cow feed is based on perennial leguminous grasses, which offer a more sustainable and lower-emission alternative to commonly used grains, corn silage, or soybeans.
A closed-loop organic farming method. We ensure synergies across the different agricultural sectors and secondary use of organic waste. Fodder grown in the crop segment serves as animal feed, while straw is used for mushroom compost. Organic waste (manure) generated in the dairy segment is used as fertiliser in crop production and, in the mushroom growing segment, to produce compost. Beginning in 2024, manure will also be utilised for biomethane production, and the resulting by-product, digestate, will be used to fertilise fields.
Precise fertilisation. To diminish the soil’s annual intake of nitrogen and other mineral substances, soil tests are carried out, enabling accurate determination of plant fertilisation requirements and the formulation of optimal fertilisation maps.

On AUGA group’s organic farms, pesticides and other chemical substances are not used, and only natural fertilisers are used.

4.3.3 Biodiversity

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

In its organic agriculture activities, the group does not use any chemical pesticides or other chemical products for plant protection. In conventional fields, it prioritises natural plant protection measures, such as crop rotation, mechanical weed control, and selection of resistant seeds.
Based on soil analyses, it optimises the use of mineral fertilisers and gradually reduces the need for fertiliser by implementing crop rotation and expanding areas with leguminous crops capable of nitrogen fixation and carbon sequestration in the soil.
A long-term crop rotation plan is followed, under which at least four different crops are grown over seven years.

Where fertilisers are used, the group works to minimise fertiliser washout to water bodies and only fertilises in certain periods of time, also respecting water body protection zones; it incorporates organic fertilisers into the soil.
The group carefully identifies the prescribed protection zones for irrigation channels and water bodies and manages them extensively.
In fields with wetlands or peat bogs, the group applies only minimum tillage cultivation (min-till) and/or extensive agricultural practices.
The group strives to maximize the use of min-till farming technology.
The aim is to allocate a minimum of 30-50% of crop rotation area to flowering plants (leguminous plants, grasses) which are beneficial for pollinators and to collaborate with beekeepers to place beehives in the vicinity of these flowering fields.
In the winter season, the group leaves at least 50% of cropland area covered with crops, intermediate crops, or crop residues. This practice reduces soil erosion, enriches the soil with nutrients, enhances soil microbiological activity, and increases the biomass of earthworms.
To mitigate eutrophication* and prevent the deterioration of natural water ecosystems, the group commits to creating intermediate crop mixtures based on the specific crop rotation plan and soil condition of each field. The plants are chosen to maximize the absorption of excess nitrogen.
The group cultivates a portion of cereal crops together with undersown cover crops (fodder grasses) to enrich the soil with biological nitrogen and organic matter. As these materials slowly decompose, they provide nourishment for soil biodiversity and increase the amount of sequestered carbon.
In fields located within protected areas, the group maintains perennial meadows or pastures, limits the number of grazing animals, and ensures the preservation of the existing hydrological regime.
The roots of individual trees growing in fields are protected at the canopy** perimeter. Such solitary trees play a crucial role in providing wildlife with stepping stones between healthy habitat patches. In such locations, insects that settle or established fungal spores can later spread further into another territory.
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, and to collaborating on biodiversity issues with universities, governmental and non-governmental organisations, and other stakeholders.

* Eutrophication is an increase in the biological productivity of a water body due to an increased supply of nutrients (nitrogen and phosphorus) compounds.
** The tree protection zone is the territory that involves the projection of the canopy on the ground, where the roots and the canopy of the tree are protected

Activities in protected areas

To ensure the protection of biodiversity on the Group's cultivated lands, an inventory was conducted in 2023 to identify areas of high natural value for farming and the species therein. AUGA group conducts agricultural activities on 338 hectares of land within the network of nature protection areas "Natura 2000", accounting for less than 1% of all land cultivated by the Group.

“Natura 2000" is a European network of protected areas aimed at preserving, maintaining, and, if necessary, restoring natural habitats, species of animals, and plants within the European Community territory. In Lithuania, these areas cover about 14% of the land area[1]. AUGA group does not engage in agricultural activities in areas where they are prohibited due to strict protection regulations. The Group's cultivated lands within the "Natura 2000" network mostly fall into areas where extensive farming requirements apply - the number of grazing animals is limited, the existing hydrological regime is maintained, haymaking is allowed only in certain seasons, and perennial meadows and pastures are preserved.

To adapt farming methods so that they do not pose a threat to habitat and species distribution ranges and further contribute to preserving ecosystem diversity, national data on protected areas are reviewed annually.

Cultivated land falling within "Natura 2000" territory (ha)			
Region	Special Areas of Conservation	Special Protection Areas for birds	In total, across either site type
Akmenė district municipality	25	25	25
Alytus district municipality	69	69	69
Anykščiai district municipality	<1		<1
Jurbarkas district municipality	51		51
Kalvarija municipality	106	141	141
Kėdainiai district municipality		40	40
Mažeikiai district municipality	1	<1	1
Panevėžys district municipality	5	5	5
Radviliškis district municipality	6		6
Šakiai district municipality	<1		<1
Total:	**264**	**280**	**338**

* Prepared using publicly available data from the State Service of Protected Areas. Habitat and bird important protection areas often overlap, with land areas in each type of territory listed separately in the table.

[1] State service for protected areas under Ministry of the Environment, 2023 December.

GRI 304-1

4.3.4 Greenhouse Gases

Greenhouse Gas Accounting and Reporting

AUGA group has been calculating its greenhouse gas emissions (GHG) generated in its operations since 2018. The GHG accounting undergoes annual verification by independent auditors according to the ISO14064-3 standard. In 2020, the Group established targets for the reduction of its GHG emissions, also implementing measures to achieve them and adopting 2019 as the base year against which future GHG emissions are measured. In 2021, AUGA group joined the Science-Based Targets initiative (SBTi) to align its goals with the latest scientific recommendations.

In 2023, the group initiated significant structural changes: (1) it converted one-third of its arable land to regenerative conventional agriculture; (2) it established 11 cooperatives to enable more farmers to adhere to AUGA's sustainable farming standard; and (3) it sold the company Grybai LT which produced canned products for final consumption. In light of these structural and functional changes during the reporting period, the group fundamentally reviewed its emission calculation methodology. New sources of GHG emissions were included due to the conversion to regenerative conventional agriculture. The emission, energy consumption, water, and waste accounting presented in this document for 2023 includes data from the first half of 2023 from the company Grybai LT, which was sold on July 21, 2023 to Kauno Grūdai.

To align the GHG calculation methodology with the latest recommendations for agricultural sector companies, new GHG emission sources from Land Use, Land-Use Change, and Forestry (**LULUCF**) sector were included in the group's accounting[1]. The LULUCF sector focuses on the carbon cycle — carbon movement between the atmosphere and the terrestrial biosphere. This sector includes both carbon dioxide emissions and carbon sequestration in biomass and soil. AUGA group does not engage in forestry activities or contribute to land-use change (e.g., draining of peatlands), hence, the Group's LULUCF emissions include (1) emissions released from soil to the atmosphere and (2) carbon sequestration in the soil. In modelling the changes in soil organic carbon stocks, consideration was given to the land cultivation practices and their intensity in each field. The group's accounting also encompasses historically drained organic soils under cultivation, which represent approximately 1.1% of all cultivated lands in Lithuania and 6.2% of the area of perennial meadows[2].

For a more precise calculation of GHG emissions, a detailed accounting of livestock activities was implemented, taking into consideration the manure management system for each farm and barn.

The GHG emissions for 2022 were retrospectively recalculated using the updated methodology. However, recalculating indicators older than two years (<2022), according to the new methodology would be inaccurate; that would require data not previously collected in the Group, and some relevant business activities were not conducted. The base year established in the Group's strategy (2019) cannot be retrospectively recalculated and used for annual emission comparisons. For these reasons, a decision was made to review AUGA group’s emission reduction targets in 2024. The GHG accounting for 2023 reflects only half of the season in the new operating model, as structural changes within the Group – transitioning to conventional agriculture, establishing cooperatives, and selling Grybai LT – took place in the middle of the year. The Group aims to set comprehensive emission reduction targets reflecting climate change scenarios. Therefore, in 2024 the Group will collect the missing data for new business activities, conduct a detailed accounting of indirect emissions (Scope 3), and review its reduction targets to align with the latest scientific recommendations with the aim of limiting global warming to 1.5°C.

[1] SBTi Forest, Land and Agriculture (FLAG) Guidance (2023)

[2] Lithuania National Inventory Report for years 1990-2021 (2023)

Nasdaq E1 | GRI 305-1 | GRI 305-2 | GRI 305-3 | GRI 305-5

Annual GHG Emissions

Emissions, t CO_2e	2023	2023 (w/o LULUCF)	2022[1]	2022[1] (w/o LULUCF)
Scope 1	76,192	72,069	81,181	72,065
Scope 2[2]	4		5	
Scope 3[3]	4,535		5,020	
Total:	**80,731**	**76,608**	**86,206**	**77,090**

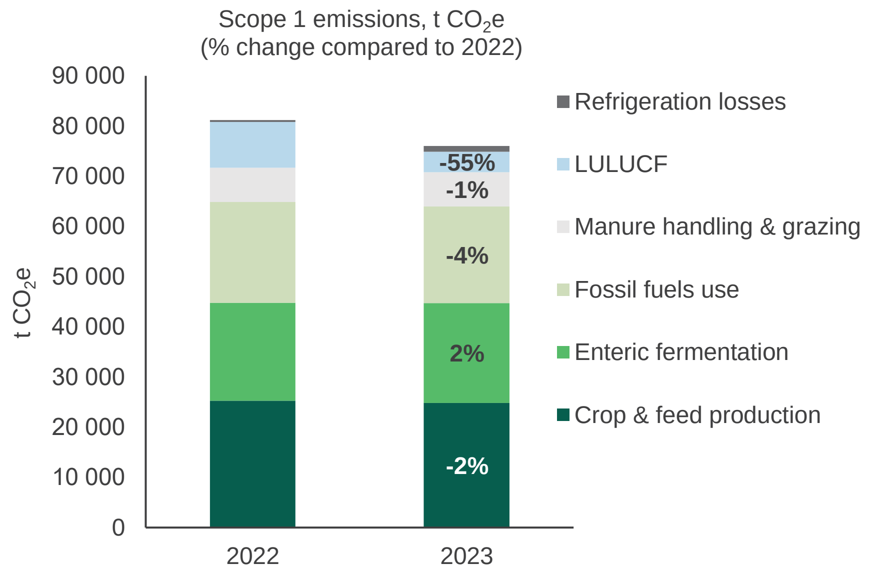
[1] GHG emissions for the year 2022 were retrospectively recalculated.
[2] Calculated using the "market-based method", evaluating based on actual electricity purchases. When calculated using the "location-based method", i.e. according to the country-specific nature of energy production, the Group's total GHG emissions in 2023 would be 84,424 t CO_2e, in 2022 it would be 89,734 t CO_2e.
[3] Incomplete scope (refer to Methodology).

In 2023, AUGA group recorded a reduced environmental footprint of 4,990 t CO_2e, or 6.4% less than in 2022. The decrease in overall GHG emissions was primarily due to: (1) **sustainable land cultivation practices** such as minimal tillage and extensive field grazing, resulting in a 55% reduction in Land Use, Land-Use Change, and Forestry (LULUCF) emissions (4,994 t CO_2e less); (2) **decreased consumption of fossil fuels**, leading to 4% less emissions (801 t CO_2e less); (3) 2% **lower soil emissions** (404 t CO_2e less), attributed to the use of organic and inorganic fertilizers, as well as crop residues in fields after harvest. The implementation of long-term, regenerative crop rotations and optimised fertiliser use has led to a consistent annual decrease in nitrogen (N) fertiliser consumption. These three categories collectively constitute 63.5% of all emissions within Scope 1.

Scope 1 sources	2023	2023 (w/o LULUCF)	2022[1]	2022[1] (w/o LULUCF)
Crop & feed production	32.6%	34.5%	31.1%	35.0%
Enteric fermentation	26.0%	27.5%	24.1%	27.1%
Fossil fuel use	25.3%	26.7%	24.7%	27.9%
Manure handling & grazing	9.0%	9.5%	8.5%	9.5%
Refrigeration losses	1.7%	1.8%	0.4%	0.5%
LULUCF	5.4%	-	11.2%	-
Total:	**100%**	**100%**	**100%**	**100%**

[1] GHG emissions for the year 2022 were retrospectively recalculated.

Nasdaq E1 | GRI 305-1 | GRI 305-2 | GRI 305-3 | GRI 305-5



Livestock digestion processes and manure management constitute 35.0% of Scope 1 GHG emissions. Methane (CH_4) emitted during cattle digestion contributes the most to GHG generation (19,839 t CO_2e, or 76% of all emissions in these categories). Methane emissions from barns and manure management systems contribute to this category as well (4,578 t CO_2e, or 18%). GHG emissions from these activities in 2023 were similar to the previous year's levels, totalling 26,660 t CO_2e. The 1% increase in these emissions is attributable to the growth in the number of cattle during the year (by 4%). Heifers and young bulls, with lower emissions per animal than dairy cows, constituted 132% of the total cattle change. A significant change in this category is expected with the implementation of the specialized feed production technology. In 2023, researchers from the Veterinary Academy of the Lithuanian University of Health Sciences validated the results of trials conducted by AUGA Tech UAB on the feed production technology and confirmed that the company's feeds reduce methane emissions produced by cattle digestion by 32% per litre of raw milk.

Gases used for refrigeration equipment constitute 1.7% of all Scope 1 emissions, making this the smallest category. During the reporting period, more leaks and system additions were recorded in the mushroom production sector, leading to a 940 t CO_2e increase (or 273% more than the previous year).

The Group's companies purchase and use only green electricity in their operations. This decision resulted in a saving of 3,438 t CO_2e in 2023, which would be attributable to indirect Scope 2 emissions.

In 2023, there was a decrease in indirect Scope 3 emissions (by 488 t CO_2e, or 10% less). The change was primarily due to a reduced quantity of product packaging released to the market and intended for consumers, as the company Grybai LT, which produced ready-to-eat food products, was sold in July 2023. The Group's activities consumed 10.3% more water than in 2022, for a corresponding 10.3% increase in indirect emissions related to water extraction.

In scope 1, emissions from the LULUCF sector also include biogenic emissions resulting from biomass (manure and plant residues in fields), as well as direct and indirect CO_2 and N_2O emissions from soil (see Greenhouse Gas Accounting and Reporting). Biogenic emissions from burning biofuels for heating (e.g., firewood) are not typical and are not included. Indirect biogenic emissions from scope 3 are not included in the calculation methodology due to lack of data beyond the organization's operational boundaries and in the supply chain.

Indicators of Emission Intensity

The indicators for GHG emissions intensity are calculated by dividing the annual emissions by the various units of economic activity. These indicators quantify the CO_2e emissions in the Group's operations across financial, production, arable land, and other units. When calculating emissions per euro of revenue and per employee, all Group emissions in Scopes 1, 2, and 3 are considered. When calculating emissions per cattle and per tonne of milk, per hectare and tonne of crop production, and per tonne of mushroom production, only Scope 1 and 2 emissions are considered, assigned to the corresponding activity segment – animal husbandry, crop production, or mushroom cultivation.

Emissions, t CO_2e	2023	2022[1]	Annual change
t CO_2e / 1 million euros of revenue	991.7	1,076.4	-7.9%
t CO_2e / 1 employee	67.78	70.31	-3.6%
t CO_2e / 1 cow	3.95	4.01	-1.6%
t CO_2e / t ECM[2]	0.99	0.98	1.8%
t CO_2e / ha	1.09	1.23	-10.8%
t CO_2e / t crop production	0.42	0.50	-16.0%
t CO_2e / t mushroom production	0.31	0.24	32.4%

[1] GHG emissions for the year 2022 were retrospectively recalculated.
[2] Energy-corrected milk (ECM) is a relative unit of measurement of milk. It converts an amount of raw milk to the equivalent quantity of "corrected" milk with 4.0% fat and 3.3% protein.

Nasdaq E2 | GRI 305-3 | GRI 305-4

The intensity of emissions per million euros of revenue decreased by 7.9% compared to 2022. This change was influenced by both a 6.4% reduction in total emissions and a 1.65% increase in income.

The emission intensity per tonne of mushroom production increased by 19.9%, which was primarily driven by higher refrigeration losses on site.

In the livestock sector, emission intensity grew by 1.8% when calculated per tonne of ECM milk produced. However, when calculated per number of cattle raised, the emission intensity indicator decreased by 1.6%. These indicators reflect annual increase in the number of non-dairy cattle, specifically heifers and young bulls, which contribute to the generation of emissions despite not producing milk.

An indicator showing a significant positive change is emissions per unit of crop production. This indicator decreased by 16%, primarily due to a larger seasonal yield (2,8% more), achieved with reduced fertiliser and fossil fuel usage compared to the previous year.

Methodology

Emissions inventory calculations are based on the latest Greenhouse Gas Protocol[1] (GHG Protocol) and methodologies of the Intergovernmental Panel on Climate Change[2] (IPCC), incorporating all greenhouse gases generated in the activities: nitrous oxide (N_2O), methane (CH_4), carbon dioxide (CO_2) and gases used in refrigeration equipment.

The carbon footprint is measured in tonnes of CO_2 equivalent (CO_2e), calculated using the Global Warming Potential (GWP) of greenhouse gases, indicating the warming potential of one kilogram of gases compared to one kilogram of CO_2 over a hundred years. These global warming potentials are employed for the calculations[3]:

- CO_2 – 1
- CH_4 – 29.8
- N_2O – 273
- HFC-32 – 771
- HFC-125 – 3170
- HFC-134a – 1526
- HFC-143a – 4800
- PFCs, SF6, NF3 gases are not emitted in the Group's activities.

Emissions were calculated using internal accounting data and emission factors from the following sources: the 2023 Lithuanian National Greenhouse Gas Inventory Report[4] and a 2023 report of the UK Department for Environment, Food & Rural Affairs[5].

Direct emissions (Scope 1) include all sources directly controlled by the Group in its operational activities. Indirect emissions (Scope 2) are generated from energy purchased by the Group from external suppliers. Other indirect emissions (Scope 3) include emissions that do not fall within the calculations of the first two categories but are directly related to the Group's activities. The following indirect emission sources were calculated based on actual consumption:

- water supply
- transmission losses of electricity and heat
- disposal of waste and wastewater treatment
- end-of-life treatment of consumer products packaging
- office paper
- business travel

For several years, the Group's emission inventory has undergone independent audits conducted by Carbon Footprint, a leading CO_2 footprint auditor. Through these independent audits, the Group aims to assure its stakeholders that its emission data is reliable and transparent.

[1] GHG Protocol for Corporate Accounting and Reporting Standard; GHG Protocol Land Sector and Removals Guidance.
[2] Intergovernmental Panel on Climate Change (IPCC), 2019 Guidelines for National Greenhouse Gas Inventories.
[3] IPCC Sixth Assessment Report, Working Group I (2021), chapter 7.
[4] Lithuania National Inventory Report for the years 1990-2021 (2023)
[5] Department for Environment, Food and Rural Affairs; DEFRA. Government Conversion Factors for Greenhouse Gas (GHG) Reporting.

4.3.5 Energy

Direct and Indirect Energy Consumption

	Energy, GJ		Energy distribution, %	
Type of energy	2023	2022[1]	2023	2022[1]
Natural gas	12,390	16,485	3.9%	5.0%
Liquefied natural gas	13,982	9,581	4.3%	2.9%
Petrol	2,295	2,197	0.7%	0.7%
Diesel	236,465	247,078	73.5%	74.5%
Diesel for drying products	4,744	6,471	1.5%	2.0%
Total direct energy:	**269,877**	**281,812**		
Electricity energy	52,041	49,705	16.1%	15.0%
Heating	144	164	0.0%	0.0%
Cooling	48	71	0.0%	0.0%
Total **indirect energy:**	**52,233**	49,940		
Total:	**322,110**	**331,753**	**100%**	**100%**

Energy consumption data is obtained from AUGA group's internal accounting system.
[1] Energy consumption levels for 2022 were retrospectively recalculated using the newest energy density coefficients. More information is available in section 4.3.4 "Methodology".

In 2023, AUGA group consumed 9,643 gigajoules (GJ) of energy less than in 2022 (or 2,9+% less). The drop in total energy consumption was driven by a rapid decrease in the use of diesel fuel for transportation. Diesel consumption for transportation in 2023 was 294,455 litres (10,613 GJ, or 4%) less than in 2022. This downward trend has continued for several consecutive years. The most significant factor behind it is systematic changes taking place across AUGA group farms. Although the Group's total arable land area was almost unchanged (in 2023, it was 0.9% smaller compared to 2022), larger areas were planted with easier-to-maintain crops, such as clover. Additionally, field cultivation was made more efficient through the use of lighter seeders, which consume less fuel and can cover a larger area in a single pass. Energy consumed for drying production partly depends on weather conditions during harvest, which presents a challenge for reducing energy demand for these operations.

Nasdaq E3 | Nasdaq E4 | Nasdaq E5 | GRI 302-3 | GRI 302-4

The Group invests in renewable energy sources: only certified green electricity is used on farms, and solar power plants are installed in some of them. During the reporting period, the amount of green electricity generated and sold on the market corresponds to the amount of energy consumed in AUGA group offices during the same period.

AUGA group owns multiple companies engaged in diverse activities. Due to the different nature of their operations, the Group has not established centralised rules for reducing energy consumption. Each company independently implements energy-saving initiatives according to the nature of its operations. Energy consumed outside the Group's operations and in the supply chain (upstream, downstream) is not accounted for due to lack of data.

Intensity of Energy Consumption

Indicator	2023	2022[1]
GJ / 1 million euros of revenue	3,956.6	4,142.4
GJ / 1 employee	270.5	270.6
GJ / 1 cattle	3.89	3.45
GJ / t ECM[2]	0.98	0.84
GJ / ha	4.67	4.68
GJ / t crop production	1.81	1.92
GJ / t mushroom production	5.70	5.92

[1] Energy consumption levels for 2022 were retrospectively recalculated using the newest energy density coefficients. More information is available in section 4.3.4 "Methodology".
[2] Energy corrected milk (ECM) is a relative unit of measurement of milk. It converts an amount of raw milk to the equivalent quantity of "corrected" milk with 4.0% fat and 3.3% protein.

Energy consumption intensity indicators are calculated by dividing the annual energy consumption by units of economic activity. They quantify how much energy is utilised to carry out specific activities. AUGA group calculates energy consumption intensity on the basis of financial, production, arable land, and other units. Both direct and indirect energy sources are included in the calculation. When calculating energy consumption intensity per cattle and tonne of milk, per hectare and tonne of crop production, and per tonne of mushroom production, only energy consumed in the corresponding segment is considered – animal husbandry, crop production, or mushroom cultivation.

In crop production, the intensity of energy consumption decreased marginally (0.1% less per hectare and 5.8% less per unit of crop production). This reduction reflects both a 2.8% higher yield and a 1% decrease in total energy consumption, particularly in diesel fuel usage for transportation (5,705 GJ or 3.6% less).

A decrease in energy consumption per unit of mushroom production (down 3.9% per production unit) was observed again, as in the last several years, primarily driven by reduced fossil fuel use (4,407 GJ or 11.0% less natural gas, LPG, diesel, and petrol).

During the reporting period, there was an increase in energy consumption intensity in the livestock sector, particularly per cattle and unit of milk production. This change was driven by increased fuel and electricity consumption attributable to livestock activities, as well as by a rise in the number of cattle, notably heifers and young bulls. Although they do not produce milk, they contribute to energy consumption, and their increase last year constituted 132% of the total cattle change.

4.3.6 Water

Consumed, m^3	2023	2022	2021
Water	331,839	300,782	368,867

For its operations in the agricultural sector, AUGA group consumes a significant amount of water, which is needed for crop and mushroom production as well as to water livestock. In 2023, a relatively small amount of water (2.3% of the total) was consumed for the production of consumer-ready food products, primarily during the first half of the year by the company Grybai LT while it was part of the Group. Water for production processes is sourced from wells located at agricultural companies or centralised municipality water supplies. Consumption is monitored using water metres. It is important to note that the Group monitors the environmental impact of water consumption in terms of CO_2e emissions. Water consumed outside the Group's operations and supply chain is not accounted for due to lack of data. Detailed accounting of Scope 3 emissions, including modelling water consumption in the supply chain, is planned for 2024.

During 2023, AUGA group consumed 31,057 m^3, or 10.3%, more water than in 2022. The year 2023 was marked by warmer than average temperatures and irregular rainfall[1]. Particularly dry spring and early summer months in many regions where AUGA group operates led to droughts, resulting in increased irrigation needs and higher water consumption.

In the mushroom cultivation segment, practices of secondary water usage are employed. Water used in compost production for mushroom cultivation is reused multiple times. Excess unabsorbed water is collected and reused until almost all water is utilized for mushroom compost. AUGA group does not have an approved water reduction or reclaiming policy across the companies of the Group. Each company in the AUGA group independently implements water saving and reuse initiatives based on the nature of its activities. Water is not used from areas that face water shortages.

4.3.7 Waste

Waste generated, t	2023	2022	2021
Plastic	366.9	399.1	472.0
Municipality waste	89.8	325.9	349.0
Metal	137.8	121.6	280.4
Glass	1.5	0	0
Paper	57.6	78.6	74.8
Tires*	42.8	27.2	78.5
Asbestos*	2.8	23.4	42.7
Wood	32.6	10.3	39.2
Oil*	11.9	9	15.2
Batteries*	3.2	2.9	1.2
Electronics	0.6	1.2	0.9
Organic waste	0	0	0.3
Other waste**	97.7	66.3	25.4
Total:	**845.2**	**1,065.5**	**1,379.6**

* Household formed hazardous waste, according to the Law on Waste Management of the Republic of Lithuania
** Other waste transferred to waste management companies but not falling into the categories listed above. Quantities were retrospectively recalculated for 2022 and 2021.

AUGA group understands that to be sustainable it must not only innovate to eliminate the negative environmental impact of agriculture but also manage the waste generated in its production activities. The group's aim to efficiently handle the waste generated in its operations is based on the principles of reduce, reuse, recycle. To ensure control and clarity in the process, in 2021 AUGA group developed waste generation, storage, and disposal procedures, which were implemented across all group agricultural enterprises. Waste generated across the Group is sorted and accounted for using the national GPAIS system, ensuring that waste is only transferred to companies licensed

[1] Lithuanian Hydrometeorological Service

Nasdaq E6 | GRI 303-5 | GRI 306-1 | GRI 306-2 | GRI 306-3 to handle it, i.e. waste management companies. To implement circular economy principles in its operations, the Group's agricultural companies compost organic waste and reuse it, resulting in 100% utilization of organic waste.

In 2023, as in the previous year, the Group's activities generated less waste (220.3 tonnes, or 20.7% less). The most significant change was observed in the municipal waste category. Due to the Group’s waste-sorting culture, waste in this category was reduced by 72% compared to 2022. Waste sorting and recycling have always been important for the Group. Thus, AUGA group continuously educates its employees about proper waste sorting in various ways, such as by providing information on the intranet, notice boards, and near waste sorting bins.

4.3.8 Environmental Management

Environmental protection is a top priority for AUGA group, which for that reason abides by an Environmental Protection Policy and Environmental Management System. The Group's Environmental Policy, which was approved in 2019 and updated in 2021, sets out guidelines and principles to ensure the management of AUGA group’s environmental impact throughout its business cycle. It stipulates 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 its environmental impacts, in particular by calculating 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 of the waste generated at the company as possible in line with the reduce, reuse and recycle principle.
Develop employees’ competences and sense of responsibility for environmental protection.

The Group's environmental management system has been in force since 2020. It stipulates environmental control and improvement procedures within the Group, such as annual audits, discussions of the results by the management of the Group, and identification of risks and corrective actions. It is a framework for managing the Group's environmental impact and risks in all key business processes.

In its environmental activities, AUGA group adheres to the ‘precautionary principle’.

4.3.9 Climate Change Oversight

In 2020, AUGA group formulated its innovation agenda laying down clear emission reduction targets and measures to achieve them. 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. At these meetings, projects’ progress is discussed, along with 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 the projects at its Board meetings. The progress of the innovation agenda, current challenges and results are introduced to the Board as the highest governing body of the AUGA group. Involving the Board in the development of these projects allows for improving the management of environmental risks and making the right decisions to achieve the desired results. These reviews of innovation projects together with the Board have been held since 2020, and this tested practice will be continued to be followed.

Nasdaq E7 Nasdaq E8 Nasdaq E9

Employees and Social Responsibility

Accidents:

13

Per working hours:

0.00062%

GRASP

Certification renewed for Baltic Champs and AUGA Luganta

Employees taking part in share option programme:

255

New participants:

41

4.4.2 Employees and Diversity

The following tables show data for the AUGA group as of the end of the reporting period (2023). All AUGA group activities are carried out in one region, Lithuania, therefore the data are not broken down by country or geographical regions.

Employees and diversity			2023			2022			2021		
	Category	Measurement	Total	Women	Men	Total	Women	Men	Total	Women	Men
Total:		Number	**1,191**	514	677	**1,226**	523	703	**1,233**	514	719
		Distribution, %		43.2	56.8		42.7	57.3		41.7	58.3
By age	Under 30 years old	Number	143	71	72	165	75	90	169	60	109
		Share, %	12.0	6.0	6.0	13.5	6.1	7.3	13.7	4.9	8.8
	30-50 years old	Number	538	231	307	564	243	321	580	256	324
		Share, %	45.2	19.4	25.8	46.0	19.8	26.2	47.0	20.8	26.3
	Over 50 years old	Number	510	212	298	497	205	292	484	198	286
		Share, %	42.8	17.8	25.0	40.5	16.7	23.8	39.3	16.1	23.2
By position	Workers and specialists	Number	1,120	494	626	1,166	509	657	1,171	502	669
		Distribution, %		44.1	55.9		43.7	56.3		42.9	57.1
	Management	Number	71	20	51	60	14	46	62	12	50
		Distribution, %		28.2	71.8		23.3	76.7		19.4	80.6
By employment type	Permanent employees	Number	1,191	514	677	1,226	523	703	1,233	514	719
	Temporary employees	Number	0	0	0	0	0	0	0	0	0
	Full-time employees	Number	1,169	502	667	1,208	513	695	1,205	503	702
	Part-time employees	Number	22	12	10	18	10	8	28	11	17
	Working under service contracts	Number	2	1	1	2	1	1	2	1	1

*Data about Group employees is collected from the official payroll calculation and employee accounting system, which contains all information about hired and departed employees. The report presents data based on the last day of 2023 (December 31).

According to AUGA group data, as of 31 December 2023, the total number of employees was 3% lower (35 fewer people) than in 2022. The total number of employees includes individuals on childcare leave (in 2023, there were 31 such employees).

In 2023, as in previous years, there were more male workers than female, a situation which is typical in the agricultural sector. While men are still a majority in the management team, the proportion of women managers has increased. The Group does not discriminate based on employees' gender and provides equal opportunities for all in terms of work and career advancement. The distribution of genders among Board members is not included in the overall table. In the Board, 3 out of 5 members (or 60%) are men.

By age category, as in previous year, the largest group of employees remains 30-50 years old. There is a slight growth in the "Over 50 years old" category. The Board members are not included in the table. Their ages are distributed as follows: 30-50 age group - 2 members or 40%, over 50 years old - 3 members or 60%.

Nasdaq S4 | Nasdaq S5 | Nasdaq G1 | GRI 2-7 | GRI 2-7 | GRI 2-8 | GRI 405-1

As of the last day of 2023, the Group had no employees working under fixed-term contract. Employees of AUGA group working under service contracts are not included in the total number of employees. The number of employees working under service contracts remained unchanged compared to 2022 and accounted for only 0.16% of all employees.

It is important to mention that the Group operates in the agricultural sector, which has seasonal activities. Therefore, every year, AUGA group hires seasonal workers who provide services such as harvesting, peeling, drying, and measurement. The Group pay such workers for their services according to payment receipts. At the end of the year, these workers are not included in the final number of employees. In 2023, during the season, the Group hired additional 317 seasonal workers who provided the before mentioned agricultural services. This compares to 254 seasonal workers hired in 2022.

4.4.3 Employee Turnover and New Employees

The following table presents the number of employees who left the Group (employee turnover) and the number of new employees during the reporting year, broken down by various groups, and with percentage expressions of these numbers within each of the groups.

Employee turnover		2023		2022		2021	
		Number	%	Number	%	Number	%
Total:		**410**	**34.4**	**402**	**32.8**	**368**	**29.8**
By gender	Women	216	42.0	177	33.8	152	29.6
	Men	194	28.7	225	32.0	216	30.0
By age	Under 30 years old	107	74.8	121	73.3	131	77.5
	30-50 years old	187	34.8	172	30.5	153	26.4
	Over 50 years old	116	22.7	109	21.9	84	17.4
By employment type	Full-time employees	406	34.7	399	33.0	366	30.0
	Part-time employees	4	18.2	3	16.7	2	7.0
	Working under services contracts	0	0.0	0	0.0	0	0.0
New employees		Number	%	Number	%	Number	%
Total:		**411**	**32.2**	**395**	**32.2**	**331**	**26.8**
By gender	Women	221	43.0	186	35.6	122	23.7
	Men	190	28.1	209	29.7	209	29.1
By age	Under 30 years old	112	78.3	145	87.9	133	78.7
	30-50 years old	195	36.2	157	27.8	128	22.1
	Over 50 years old	104	20.4	93	18.7	70	14.5

In 2023, the overall employee turnover rate slightly increased. The turnover rate for women rose to 42%, compared to 33.8% in previous years. This reflects an increased turnover of mushroom pickers, most of whom are women, at the company Baltic Champs. For to the same reason, there is a higher number of newly hired female employees during the reporting period.

Nasdaq S3 GRI 401-1 GRI 2-8

4.4.4 Remuneration and its Distribution

Remuneration Policy

Employee well-being is an important objective of the Group, and one way it ensures that is through a fair and transparent remuneration policy. The policy provides for a distribution of employee pay according to their positions, specifying remuneration forms, the calculation of wages and their adjustment in the event of deviations from normal working conditions, also setting out the basis for awarding additional compensation.

In the Group, there is no remuneration committee overseeing the remuneration setting process. Once a year, the remuneration budget is presented and approved by the members of the AUGA group Board. According to the Board's comments and formulated tasks, the remuneration policy can be changed. AUGA group does not conduct a survey of interested parties, including shareholders, regarding the current remuneration policy in the Group. AUGA group implements a fair and transparent remuneration policy, which establishes salary ranges, calculation methods, and adjustment principles. Additionally, it utilizes the KORN FERRY remuneration data analysis platform to track market trends. Compensation consultants do not participate in the remuneration setting process at AUGA group.

CEO and Employee Pay Ratio

In 2023, the ratio of CEO and median employee pay was 4.53 and was 6% lower than the previous year's ratio of 4.84. For several years in a row the ratio of the pay of the CEO (the highest-paid employee) to the Group's median salary of permanent employees has been decreasing.

This change is influenced by the fact that employees' pay are reviewed annually as needed, taking into account job performance and prevailing market trends, while the CEO's pay has remained unchanged. During employee pay evaluation, alignment with sustainability goals is not broadly applied. The median employee salary in 2023 amounted to EUR 1848, which was 19% higher, compared to the previous year.

Gender Pay Ratio

Ratio of men's and women's median salaries	2023	2022	2021
Workers	1.15	1.28	1.22
Management	1.62	1.33	1.31
Specialists	1.08	1.16	1.18
Total:	**1.09**	**1.22**	**1.22**

The work of each employee is evaluated according to the results achieved in his or her field**.** In the Group, different pay for similar work is not tolerated. In 2023, the median pay ratio of employees of different genders working at AUGA **g**roup was 1.09 (or an 8.26% difference between the median pay of men and women). A larger pay gap at the managerial level was influenced by a small sample size. There has been a positive trend observed for several years in a row – in 2023, the pay gap at the group level decreased from 18.0% to 8.26%, and at the specialist level, it decreased from 13.8% to 7.4%. AUGA group conducts all its activities in one region, Lithuania, therefore the data are not distinguished by country and geographical regions.

Additional Incentives for Employees

One way the Group seeks to continuously motivate its employees is through a share option programme. AUGA group has offered this incentive for five years. In 2023, 255 employees participated in this programme, with 44 of them being new participants. Further information about the share option programme is provided in section 3.6.3. Share Option Programme.

Additional financial incentives are allocated to AUGA group's employees for achieving significant work results. In 2023, 70 employees received additional financial incentives. The Group's employees are also encouraged with symbolic appreciation bonuses at the end of the year. In 2023, 1,158 employees received these bonuses.

The Group does not provide financial incentives to employees or members of management or supervisory bodies for the formation, development, and implementation of a long-term sustainability strategy. Employees responsible for this area are financially encouraged in the same way as other employees of the Group.

Collective Agreements

In 2022 AUGA group did not conclude any collective agreements with employees (0%). Employees are not prohibited from taking the initiative to create employee associations defined in the Labour Code or implementing other social partnerships, as far as the relations between the employer and employees are concerned or conducting collective negotiations. The Group, in accordance with Human Rights, Non-Discrimination, Children and Forced Labour Policy, does not support disciplinary or discriminatory actions against employees, who choose to join associations peacefully and lawfully. According to the guidelines set out in the policy, employees of the Group are prohibited from using any form of intimidation to prevent other employees from exercising their right to join or not to join any association.

Nasdaq S1 | Nasdaq S2 | Nasdaq G3 | Nasdaq G4 | GRI 2-19 | GRI 2-20 | GRI 2-21 | GRI 2-30 | GRI 405-2

4.4.5 Health and Safety

Occupational Health and Safety Policy

AUGA group considers it 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 AUGA group. Under its Occupational Health and Safety Policy, the Group continuously strives to improve the working environment for its employees, the rules for safety at work and their implementation mechanisms. The Occupational Health and Safety Policy is published on the AUGA group website.

Additionally, at least once a year, the Group conducts periodic work safety and health audits. The process is overseen by qualified external consultants from two companies that specialise in work safety matters. They are thus responsible for training employees, preparing, revising, and improving job instructions, investigating accidents at work and preparing their prevention plans, and making suggestions for improving general work safety. Companies of the Group are periodically inspected by the State Labour Inspectorate. During the reporting year, no fines were received for work safety violations and no significant non-compliances were recorded.

The Group does not have a unified occupational safety and health system that meets ISO standards. Specialised requirements apply for specific areas of activity. Every new employee of the Group must familiarise themself with the rules and update this knowledge regularly. AUGA group expects that all its business partners to adhere to these occupational safety and health principles as well and therefore reminds them about that every year.

Accidents at Work

AUGA group operates in the agricultural sector, where manual work is common. Each employee working in the Group is provided with safety and health instructions specifically suited to their duties, which detail the main possible risks in the workplace and explain how to avoid them. All employees, when they start working for the Group, are required to familiarise themselves with these instructions and periodically updated that knowledge. In 2023, the Group registered 13 accidents, in which workers suffered minor injuries. The workers involved recovered quickly, and none of them suffered long-term disability resulting from the injury. Only one more serious injury, a leg fracture, was recorded in 2023. All the Group employees working under full-time, part-time and service contracts are included in the number of accidents. No workplace accidents were observed in 2023 among seasonal workers, who work on the basis of payment receipts. As in previous years, no deaths were recorded at the workplace during the year.

The Group's companies strive to reduce the risk of potential injuries at work, with the 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 introducing safety measures to prevent accidents at work. In 2023, there were 0.00812 accidents per employee (or 0.00062% of all working hours, i.e., 2,084,929 hours).

In 2022, this figure was 0.0114 per employee (or 0.00066% of all working hours). In 2023, the accident rate per million hours worked was 6.24. Seasonal workers are not included in this figure.

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

Health and Safety Training of Employees

In 2023, 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 animals; and metal processing equipment.

Supplementary Health Insurance

AUGA group cares about the health of its employees and provides supplementary health insurance for all workers employed under a permanent contract for more than three months. Seasonal workers do not receive additional health insurance.

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 – employees are given the conditions to visit psychologists. In addition, workers can use their supplementary health insurance to reimburse the costs of COVID-19 tests, when required by a medical institution.

Ensuring Consumer Health and Safety

AUGA group ensures that end-consumers products are manufactured in compliance with organic production requirements. Chemical fertilizers, pesticides, and other substances prohibited in organic farming are not used during raw material production. The Group aims for its products to contain less sugar, more fiber, more protein, and other beneficial nutrients in its products. This information is provided on product packaging.

AUGA products are produced following best practices in manufacturing and quality assurance overseen by quality specialists. They ensure that consumers receive products that meet all safety and quality requirements.

4.5 GRI Indicators

GRI indicators	Title	Page
GRI 2: General Disclosures 2021		
The Organisations and its Reporting Practices		
2-1	Organisational Details	6
2-2	Entities Included in the Organisation's Sustainability Reporting	83
2-3	Reporting Period, Frequency, and Contact Point	45
2-4	Restatements of Information	45
2-5	External Assurance	45
Activities and Workers		
2-6	Activities, Value Chain and Other Business Relationships	6, 8, 9, 10
2-7	Employees	71
2-8	Workers who are not Employees	71, 72
Governance		
2-9	Governance Structure and Composition	6, 36, 37, 39
2-10	Nomination and Selection of the Highest Governance Body	36, 37
2-11	Chair of the Highest Governance Body	36
2-12	Role of Highest Governance Body in Overseeing the Management of Impacts	49, 50, 51
2-13	Delegation of Responsibility for Managing Impacts	31
2-14	Role of the Highest Governance Body in Sustainability Reporting	46
2-15	Conflicts of Interest	52
2-16	Communication of Critical Concerns	52
2-17	Collective Knowledge of the Highest Governance Body	46
2-18	Collective Knowledge of the Highest Governance Body	33
2-19	Remuneration Policies	73
2-20	Process to Determine Remuneration	73
2-21	Annual Total Compensation Ratio	73
Strategy, Policies and Practices		
2-22	Statement on Sustainable Development Strategy	4
2-23	Policy Commitments	52
2-24	Embedding Policy Commitments	52
2-25	Processes to Remediate Negative Impact	52
2-26	Mechanisms for Seeking Advice and Raising Concerns	52
2-27	Compliance with Laws and Regulations	43
2-28	Membership Associations	54
Stakeholder Engagement		
2-29	Approach to Stakeholder Engagement	49, 50, 51
2-30	Collective Bargaining Agreements	73
GRI 302: Energy 2016		
302-3	Energy Intensity	66
302-4	Reduction of Energy Consumption	66
GRI 303: Water and Effluents 2016		
303-5	Water Consumption	67

GRI 304: Biodiversity 2016		
304-1	Operational Sites Owned, Leased, Managed in, or Adjacent to, Protected Areas and Areas of High Biodiversity Value Outside Protected Areas	61
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG Emissions	62. 63
305-2	Energy Indirect (Scope 2) GHG Emissions	63, 63
305-3	Other Indirect (Scope 3) GHG Emissions	63, 63
305-4	GHG Emissions Intensity	64
305-5	Reduction of GHG Emissions	62, 63, 64
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impact	67
306-2	Management of significant waste-related impact	67
306-3	Waste generated	67
GRI 401: Employment 2016		
401-1	New Employee Hires and Employee Turnover	72
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational Health and Safety Management System	75
403-5	Worker Training on Occupational Health and Safety	75
403-6	Promotion of Worker Health	75
403-9	Work-Related Injuries	75
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of Governance bodies and Employees	71
405-2	Ratio of Basic Salary and Remuneration of Women to Men	73
GRI 406: Non-discrimination 2016		
406-1	Incidents of Discrimination and Corrective Actions Taken	51
GRI 3: Material Topics		
3-1	Process to Determine Material Topics	45
3-2	List of Material Topics	45
3-3	Management of Material Topics	45

4.6 Nasdaq ESG Indicators

Nasdaq indicator	Title	Page
Environmental Indicators		
E1	GHG Emissions	62, 63
E2	Emissions Intensity	64
E3	Energy Usage	66
E4	Energy Intensity	66
E5	Energy Mix	66
E6	Water Usage	67
E7	Environmental Operations	68
E8	Climate Oversight / Board	68
E9	Climate Oversight / Management	68
E10	Climate Risk Mitigation	XX
Social indicators		
S1	CEO Pay Ratio	73
S2	Gender Pay Ratio	73
S3	Employee Turnover	72
S4	Gender Diversity	71
S5	Temporary Worker Ratio	71
S6	Non-Discrimination	52
S7	Injury Rate	75
S8	Global Health & Safety	75
S9	Child & Forced Labour	52
S10	Human Rights	52

Corporate Governance indicators		
G1	Board Diversity	71
G2	Board Independence	31
G3	Incentivized Pay	73
G4	Collective Bargaining	73
G5	Supplier Code of Conduct	52
G6	Ethics & Anti-Corruption	52
G7	Data Privacy	76
G8	ESG Reporting	45
G9	Disclosure Practices	45
G10	External Assurance	45

4.7 UN Global Compact Indicators

UN Global Compact objectives		Page
Human Rights	Support and respect the protection of internationally proclaimed human rights	52
	Ensure that the Company does not contribute to human rights violations	52
Forced Labour	Uphold the freedom of workers association and effective recognition of the right to collective bargaining	73
	Support the elimination of all forms of forced and compulsory labour	52
	Ensure effective abolition of child labour	52
	Aim to eliminate discrimination in respect of employment and occupation	52
Environmental protection	Apply preventive measures to ensure environmental protection	68
	Undertake initiatives to promote greater environmental responsibility	68
	Encourage the development and diffusion of environmentally friendly technologies	12
Anti-Corruption	Work against corruption in all its forms, including extortion and bribery	52

4.8. Independent Auditor's Conclusion on the Emissions Report

Statement of verification

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

19 March 2024

Scope
AUGA Group AB (henceforth referred to as AUGA) engaged Carbon Footprint Ltd to verify its greenhouse gas (GHG) emissions assessment and supporting evidence for the period **1st January 2023 to 31st December 2023**. AUGA is responsible for the information within the GHG inventory. The responsibility of Carbon Footprint Ltd is to provide a conclusion as to whether the statements made are in accordance with the GHG Protocol Corporate Standard/Agricultural Guidance.

Methodology
The verification was led by Ross Campbell, 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: Managed soil (with the inclusion of land use change, liming and synthetic fertiliser use), enteric fermentation, manure management, fossil fuels and refrigerant loss – **76 191.67 tCO_2e.**

Scope 2: Purchased electricity & district heating – **3 441.72 tCO_2e** (location-based) and **3.96 tCO_2e** (market-based).

Scope 3: Business travel (air), electricity & district heating transmission losses, paper & packaging materials, waste disposal and water consumption – **4 791.06 tCO_2e** (location-based) and **4 534.76 tCO_2e** (market-based).

Location-based total: **84 424.45 tCO_2e**
Market-based total: **80 730.39 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.

Ross Campbell, *BSc(Hons)*
Environmental Consultant
Carbon Footprint Ltd

4.9. Independent Auditor's Conclusion on the Sustainability Report

SUSTAIN ADVISORY

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Company Code 305610779
VAT code LT100015236019

Independent Review Statement

To the stakeholders of AUGA group, AB.

We were engaged by AUGA group, AB (hereinafter - AUGA group) to provide independent limited review of its Sustainability Report 2023 (hereinafter - Sustainability Report), which is published as part of its Consolidated Annual Report 2023 ("Sustainability report" and other parts of the Consolidated Annual Report, where specific pages are indicated in the "List of GRI indicators" section of the Sustainability Report, of the "AUGA GROUP, AB Consolidated Annual Report, Consolidated and Separate Financial Statements and Independent Auditor's Report for the Year ended 31 December 2023").

The management of AUGA group is responsible for the preparation and presentation of the Sustainability Report in accordance with the GRI Sustainability Reporting Standards 2021 updated version. We were not involved in the drafting of the report. Our responsibility was to provide an independent review on the completeness and accuracy of information provided in the Sustainability Report (and in other parts of the Consolidated Annual Report, where specific pages are indicated in the "List of GRI indicators" section of the Sustainability Report) within the scope described below.

Scope of Review

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

Methodology

As part of the independent limited review 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 with the aim to understand the disclosures.

Our independent review engagement took place from 11th to 19th March 2024. 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

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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. Verification of data (both quantitative and qualitative) and accuracy of information, including verification with any other company documents, collection, and calculation principles was not performed. 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 150 companies in Lithuania and internationally on adopting best practices of sustainability reporting, policy and strategy creation, GHG calculation and more. Therefore, we have excellent practical and theoretical knowledge required to perform this review.

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

All our work, including this review 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"
9th April 2024

Consolidated and Separate Financial Statements

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

Balance Sheets

		As at 31 December			
		GROUP		COMPANY	
ASSETS	**Notes**	**2023**	**2022**	**2023**	**2022**
Non-current assets					
Property, plant and equipment	5	90,816	93,711	1,130	2,749
Right-of-use assets	6	48,664	48,322	531	577
Investments in subsidiaries	7	-	-	108,745	106,688
Intangible assets	8	5,213	5,243	326	1,753
Trade and other receivables	11	536	518	3,265	5,817
Investments accounted for under the equity method		57	57	-	-
Other assets	12	1,718	1,299	66	66
Deferred income tax assets	19	2,292	2,919	-	-
Biological assets	9	10,686	10,515	-	-
Total non-current assets		**159,982**	**162,584**	**114,062**	**117,650**
Current assets					
Biological assets	9	23,073	19,883	-	-
Inventories	10	28,663	35,241	4	28
Trade and other receivables	11	10,118	7,832	2,773	2,708
Other assets	12	3,390	2,541	290	299
Cash and cash equivalents	13	3,455	3,337	10	9
Total current assets		**68,699**	**68,834**	**3,077**	**3,044**
TOTAL ASSETS		**228,681**	**231,418**	**117,139**	**120,694**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	15	67,203	66,617	67,203	66,617
Share premium	15	6,707	6,707	6,707	6,707
Legal reserve	15	2,041	2,041	2,041	2,041
Revaluation reserve	15	15,613	13,565	-	-
Reserve for share-based payments to employees	15	2,893	2,829	2,893	2,829
Retained earnings		(33,060)	(14,654)	3,218	7,507
Equity attributable shareholders of the Company		**61,397**	**77,105**	**82,062**	**85,701**
Non-controlling interest		394	428	-	-
Total equity		**61,791**	**77,533**	**82,062**	**85,701**

(All amounts are in EUR ’000 unless otherwise stated)

Non-current liabilities					
Borrowings	16	14,640	37,160	3,581	24,446
Lease liabilities	17	40,532	39,750	371	433
Grants	18	4,691	4,463	717	842
Deferred income tax liabilities	19	1,805	1,863	-	-
Total non-current liabilities		**61,668**	**83,236**	**4,669**	**25,721**
Current liabilities					
Borrowings	16	64,007	32,638	28,800	7,588
Lease liabilities	17	7,855	7,479	166	143
Trade payables	20	27,721	25,352	1,032	846
Other amounts payable	21	5,639	5,180	410	695
Total current liabilities		**105,222**	**70,649**	**30,408**	**9,272**
Total liabilities		**166,890**	**153,885**	**35,077**	**34,993**
TOTAL EQUITY AND LIABILITIES		**228,681**	**231,418**	**117,139**	**120,694**

The accompanying notes are an integral part of these financial statements.

These financial statements were approved and signed on 30 April 2024.

Elina Chodzkaitė-Barauskienė
Chief Executive Officer

Kristupas Baranauskas
Chief Financial Officer

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

Statements on Profit or Loss and Other Comprehensive Income

STATEMENT OF PROFIT OR LOSS		Year ended 31 December			
		GROUP		COMPANY	
Continuing operations	**Notes**	**2023**	**2022**	**2023**	**2022**
Revenue	22	77,442	72,821	2,545	3,878
Dividends from subsidiaries	26	-	-	4,701	2,057
Cost of sales	22, 23	(70,892)	(62,583)	(1)	(8)
Change in fair value of biological assets	9, 22	(8,960)	2,701	-	-
GROSS PROFIT		**(2,410)**	**12,939**	**7,245**	**5,927**
Selling expenses	24	(2,142)	(1,638)	(973)	(1,612)
Administrative expenses	25	(11,836)	(9,766)	(4,572)	(4,685)
Impairment loss of investments in subsidiaries	7	-	-	(3,839)	-
Net impairment reversal (loss) of financial assets		197	(202)	-	-
Other income	27	152	444	447	155
Other gain/(loss), net	28	137	352	(3)	2
OPERATING PROFIT (LOSS)		**(15,902)**	**2,129**	**(1,695)**	**(214)**
Finance costs	29	(10,177)	(7,435)	(2,600)	(2,203)
LOSS BEFORE INCOME TAX		**(26,079)**	**(5,306)**	**(4,295)**	**(2,417)**
Income tax	19	(208)	(913)	-	-
LOSS FROM CONTINUING OPERATIONS		**(26,287)**	**(6,219)**	**(4,295)**	**(2,417)**
Profit from discontinued operation (attributable to equity holders of the company)	30	7,840	868	-	-
NET LOSS FOR THE PERIOD		**(18,447)**	**(5,351)**	**(4,295)**	**(2,417)**
NET PROFIT/(LOSS) ATTRIBUTABLE TO:					
Shareholders of the Company		(18,413)	(5,421)	(4,295)	(2,417)
Non-controlling interest		(34)	70	-	-
Basic and diluted earnings/(loss) per share (EUR)	31	(0.08)	(0.02)	(0.02)	(0.01)

STATEMENT OF OTHER COMPREHENSIVE INCOME

(All amounts are in EUR ’000 unless otherwise stated)

NET PROFIT/(LOSS) FOR THE PERIOD		**(18,447)**	**(5,351)**	**(4,295)**	**(2,417)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Revaluation of land, before tax	5	2,409	1,881	-	-
Deferred income tax liability on revaluation of land	19	(361)	1,433	-	-
Total other comprehensive income		2,048	3,314	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(16,399)**	**(2,037)**	**(4,295)**	**(2,417)**
COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:					
Shareholders of the Company		(16,365)	(2,107)	(4,295)	(2,417)
Non-controlling interest		(34)	70	-	-
		(16,399)	**(2,037)**	**(4,295)**	**(2,417)**

The accompanying notes are an integral part of these financial statements.

Elina Chodzkaitė-Barauskienė
Chief Executive Officer

Kristupas Baranauskas
Chief Financial Officer

(All amounts are in EUR ’000 unless otherwise stated)

Statements of Changes in Equity

GROUP	**Equity attributable to shareholders of the Company**								
	Share capital	**Share premium**	**Revaluation reserve**	**Reserve for share-based payments to employees**	**Legal reserve**	**Retained earnings/ (deficit)**	**Equity attributable to shareholders of the Company**	**Non-controlling interest**	**Total**
Balance at 1 January 2022	**65,951**	**6,707**	**10,251**	**3,002**	**2,041**	**(9,328)**	**78,623**	**358**	**78,980**
Comprehensive income									
Net (loss) for the year	-	-	-	-	-	(5,421)	(5,421)	70	**(5,351)**
Other comprehensive income									
Revaluation of land after income tax effect (notes 5, 19)	-	-	3,314	-	-	-	3,314	-	**3,314**
Total comprehensive income	-	-	3,314	-	-	(5,421)	(2,107)	70	**(2,037)**
Share-based payment (note 15)	-	-	-	-	-	589	589	-	**589**
Transfer to reserve for share-based payments to employees (note 15)	-	-	-	493	-	(493)	-	-	-
Issue of new shares (note 15)	666	-	-	(666)	-	-	-	-	-
Balance at 31 December 2022	**66,617**	**6,707**	**13,565**	**2,829**	**2,041**	**(14,654)**	**77,105**	**428**	**77,533**
Comprehensive income									
Net profit/(loss) for the year	-	-	-	-	-	(18,413)	(18,413)	(34)	**(18,447)**
Other comprehensive income									
Revaluation of land after income tax effect (notes 5, 19)	-	-	2,048	-	-	-	2,048	-	**2,048**
Total comprehensive income	-	-	2,048	-	-	(18,413)	(16,365)	(34)	**(16,399)**
Share-based payment (note 15)	-	-	-	-	-	657	657	-	**657**
Transfer to reserve for share-based payments to employees (note 15)	-	-	-	650	-	(650)	-	-	-
Issue of new shares (note 15)	586	-	-	(586)	-	-	-	-	-
Balance at 31 December 2023	**67,203**	**6,707**	**15,613**	**2,893**	**2,041**	**(33,060)**	**61,397**	**394**	**61,791**

The accompanying notes are an integral part of these financial statements.

Elina Chodzkaitė-Barauskienė
Chief Executive Officer

Kristupas Baranauskas
Chief Financial Officer

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

COMPANY	Share capital	Share premium	Reserve for share-based payments to employees	Legal reserve	Retained earnings/(deficit)	Total
Balance at 1 January 2022	**65,951**	**6,707**	**3,002**	**2,041**	**9,827**	**87,528**
Comprehensive income						
Net (loss) for the year	-	-	-	-	(2,417)	**(2,417)**
Total comprehensive income	-	-	-	-	(2,417)	**(2,417)**
Share-based payment (note 15)	-	-	-	-	589	**589**
Transfer to reserve for share-based payments to employees (note 15)	-	-	493	-	(493)	**-**
Issue of new shares (note 15)	666	-	(666)	-	-	**-**
Balance at 31 December 2022	**66,617**	**6,707**	**2,829**	**2,041**	**7,506**	**85,700**
Comprehensive income						
Net (loss) for the year	-	-	-	-	(4,295)	**(4,295)**
Total comprehensive income	**-**	**-**	**-**	**-**	***(4,295)***	***(4,295)***
Share-based payment (note 15)	-	-	-	-	657	**657**
Transfer to reserve for share-based payments to employees (note 15)	-	-	650	-	(650)	**-**
Issue of new shares (note 15)	586	-	(586)	-	-	**-**
Balance at 31 December 2023	**67,203**	**6,707**	**2,893**	**2,041**	**3,218**	**82,062**

The accompanying notes are an integral part of these financial statements.

Elina Chodzkaitė-Barauskienė
Chief Executive Officer

Kristupas Baranauskas
Chief Financial Officer

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

Statements of Cash Flows

		GROUP		COMPANY	
Cash flows from operating activities	**Notes**	**2023**	**2022**	**2023**	**2022**
Net profit/(loss) before income tax from:					
Continuing operations		(26,079)	(5,306)	(4,295)	(2,417)
Discontinued operations		7,840	868	-	-
Profit before income tax including discontinued operations		**(18,239)**	**(4,438)**	**(4,295)**	**(2,417)**
Adjustments for non-cash items of expenses/(income) and other adjustments					
Depreciation expenses (PP&E)	5	6,443	6,661	221	259
Depreciation expenses (ROU assets)	6	8,651	8,062	170	131
Amortisation expenses	8	24	16	1	6
Share-based payment expenses recognised in profit or loss	15, 25	657	589	657	589
Write-offs of PP&E		48	5	-	-
Reversal of impairment of PP&E	5	-	(393)	-	-
(Gain) loss on disposal of PP&E	28	(54)	(297)	(9)	(3)
Gain from sale of subsidiary	30	(7,303)	-	-	-
Loss allowance for amounts receivable and write-off of debts	11	(189)	202	4	-
Provision due sanctions of NPA		565	-	-	-
Write-down allowance for inventories and biological assets	23	978	2,150	-	-
Impairment loss of investments in subsidiaries	7	-	-	3,839	-
Interest income	27	(45)	(40)	(238)	(30)
Finance costs	29	7,226	4,815	2,541	2,153
Interest costs on ROU assets	29	3,036	2,722	29	25
Dividends from subsidiaries	26	-	-	(4,701)	(2,057)
(Gain)/loss on change in fair value of biological assets	22	8,960	(2,701)	-	-
Amortisation of assets-related grants	18	(599)	(473)	(125)	(111)
Inventory write-down allowance	10	(17)	(2)	-	-
Changes in working capital					
(Increase) decrease in biological assets		(11,990)	1,529	-	-
(Increase) decrease in trade receivables, prepayments and other receivables		(4,708)	(1,031)	5,594	(4,373)
(Increase) decrease in inventory		3,827	(13,293)	24	(21)
(Decrease) increase in trade and other payables		5,521	4,140	(5,702)	892
		2,792	**8,223**	**(1,989)**	**(4,956)**
Interest paid		(10,217)	(7,532)	(2,329)	(2,171)
Net cash flows from//(to) operating activities		**(7,425)**	**691**	**(4,319)**	**(7,127)**
Cash flows from investing activities					
Acquisition of PP&E	5	(6,361)	(7,208)	(58)	(1,434)
Acquisition of intangible assets	8	(2,044)	(753)	(229)	(727)
Acquisition of subsidiaries	7	-	-	-	(16)
Disposal of subsidiaries	7	-	-	-	3
Proceeds from sale of subsidiary	30	11,911	-	-	-
Disposal of PP&E	28	82	730	18	5
Assets-related grants received from the NPA	18	827	1,831	-	-
Dividends from subsidiaries	26	-	-	701	2,057

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

Repayments of loans grated		-	-	-	-
Loans granted		-	-	-	-
Net cash flows from/(to) investing activities		**4,415**	**(5,400)**	**432**	**(112)**
Cash flows from financing activities					
Bonds		5,880	6,000	-	6,000
Repayment of borrowings		(8,329)	(4,057)	(2,577)	(600)
Proceeds from borrowings		15,944	10,096	6,628	1,978
Payments received under supplier financing arrangement		7,042	11,515	-	-
Payments made to financial institutions under supplier financing arrangement		(9,139)	(10,685)	-	-
Lease payments		(8,270)	(7,269)	(163)	(141)
Net cash flows from/(to) financing activities		**3,128**	**5,600**	**3,888**	**7,237**
Net (decrease) / increase in cash and cash equivalents		**118**	**891**	**1**	**(1)**
Cash and cash equivalents in the beginning of the period		**3,337**	**2,446**	**9**	**10**
Cash and cash equivalents at the end of the period		**3,455**	**3,337**	**10**	**9**
Non-cash financing and investing activities	30				
Cash flows of discontinued operation	30				

The accompanying notes are an integral part of these financial statements.

Elina Chodzkaitė-Barauskienė
Chief Executive Officer

Kristupas Baranauskas
Chief Financial Officer

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

Notes to the Financial Statements

1. General Information

General information about AUGA Group AB (the "Company"):

Company name:	AUGA Group AB
Share capital:	EUR 66,617,089.59
Registered office address:	Konstitucijos pr. 21C, Quadrum North, LT-08130, Vilnius, Lithuania
Telephone number:	+370 5 233 53 40
Email address:	info@auga.lt
Website address:	www.auga.lt
Legal form:	Public limited liability company
Date and place of registration:	25 June 2003, Vilnius, Lithuania
Legal entity's code:	126264360
Administrator of the Register of Legal Entities:	State enterprise Centre of Registers

The Company's main business activity is management of agricultural companies in Lithuania. The main areas of operation of the Group are as follows: growing and sale of agricultural crops, production and sale of milk, growing and sale of mushrooms, production and sale of consumer packaged goods. As at 31 December 2023, the Group had 1,191 employees (2022: 1,226 employees).
The parent company of AUGA Group AB is Baltic Champs Group UAB which is wholly (100%) owned by ultimate controlling party Kęstutis Juščius.

Shareholders holding over 5% of shares in the Company:

	At 31 December 2023		At 31 December 2022	
Shareholder's name	**Number of shares**	**Interest held, %**	**Number of shares**	**Interest held, %**
Baltic Champs Group UAB	126,686,760	54.67	126,686,760	55.15
European Bank for Reconstruction and Development	19,810,636	8.55	19,810,636	8.62
Žilvinas Marcinkevičius	15,919,138	6.87	15,919,138	6.93
Minority shareholders	69,318,598	29.91	67,297,568	29.30
Total	**231,735,132**	**100.00**	**229,714,102**	**100.00**

The Company's shares are listed on the Baltic Main List of Nasdaq Vilnius Stock Exchange.

The fiscal year of the Company and its subsidiaries corresponds with a calendar year.
These financial statements were authorised for issue on 30 April 2024 by the Management Board and signed by CEO and CFO. The shareholders of the Company have a statutory right not to approve these financial statements and require that the management prepares a new set of financial statements.

(All amounts are in EUR ’000 unless otherwise stated)

As of 31 December 2023, the consolidated group (hereinafter the “Group”) consisted of the Company and 163 subsidiaries (31 December 2022: 139). In 2023, as a result of implementation of changes in organisational structure, the Company established 25 new entities: Gotlybiškių pienas UAB, Pamargės pienas UAB, Buktos pienas UAB, Biržulių pienas UAB, Brastos pienas UAB, Vaitiekūnų pienas UAB, Panemunės pienas UAB, Pagulbio pienas UAB, Margavonių pienas UAB, Gudelių pienas UAB, Pakruojo lygumos UAB, Agnasas UAB, Daugava UAB, Gausus derlius UAB, Cooperative entity Šakių ūkiai, Cooperative entity Raguvos ūkiai, Cooperative entity Naudvario ūkiai, Cooperative entity Šiaurės ūkiai, Cooperative entity Želsvos ūkiai, Cooperative entity Bukonių ūkiai, Cooperative entity Gėluvos ūkiai, Cooperative entity Raseinių ūkiai, Cooperative entity Jurbarko ūkiai, Cooperative entity Vaitiekūnų ūkiai, Cooperative entity Mažeikių ūkiai. In 2022, as a result of implementation of changes in organisational structure, the Company established 15 new entities. The list of individually material subsidiaries included in the Group's consolidated financial statements in 2023 and 2022 is provided in the table below.

No.	Name of subsidiary	Legal form	Legal entity code	Address, registration date and place	Profile of activities	Group‘s ownership interest, %	
						31/12/2023	31/12/2022
1.	UAB Baltic Champs	*2	302942064	Šiaulių r., Poviliškių k., 15, Registration place: Šiaulių r. sav., Registration date: 21/12/2012	**D	100,00%	100,00%
2.	UAB AGROSS	*2	301807601	Vilniaus m. sav., Vilnius, Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 24/07/2008-07-24	**A	100,00%	100,00%
3.	UAB Grain LT	*2	302489354	Vilniaus m. sav., Vilnius, Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 17/03/2010	**H	100,00%	100,00%
4.	UAB Agrotechnikos centras	*2	302589187	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Jonavos r. sav., Registration date: 03/02/2011	**F	100,00%	100,00%
5.	UAB AUGA trade	*2	302753875	Jonavos r. sav. Bukonių k. Lankesos g. 2, Registration place: Jonavos r. sav., Registration date: 29/02/2012	**H	100,00%	100,00%
6.	UAB Žemės vystymo fondas 6	*2	300589719	Vilniaus m. sav. Vilniaus m. Smolensko g. 10, Registration place: Vilniaus m. sav., Registration date: 10/08/2006	**E	100,00%	100,00%
7.	UAB Žemės vystymo fondas 20	*2	300887726	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Jonavos r. sav., Registration date: 22/06/2007	**B	100,00%	100,00%
8.	UAB AUGA Grūduva	*2	174401546	Šakių r. sav. Gotlybiškių k., Registration place: Šakių r. sav., Registration date: 24/02/1997	**A	98,98%	98,98%
9.	ŽŪB 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%
10.	ŽŪB AUGA Smilgiai	*1	168548972	Panevėžio r. sav. Smilgių mstl. Panevėžio g. 23-1, Registration place: Panevėžio r. sav, Registration date: 16/09/1992	**A	99,98%	99,98%
11.	ŽŪB AUGA Skėmiai	*1	171306071	Kėdainių g. 13, Skėmių k., Radviliškio r., Registration place: Radviliškio r. sav., Registration date:01/10/1992	**A	100,00%	100,00%
12.	ŽŪB AUGA Nausodė	*1	154179675	Anykščių r. sav. Nausodės k. Nausodės g. 55, Registration place: Anykščių r. sav., Registration date: 11/08/1992	**A	99,94%	99,94%
13.	ŽŪB AUGA Dumšiškės	*1	172276179	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 29/09/1992	**A	99,38%	99,38%
14.	ŽŪB 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%
15.	ŽŪB 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%
16.	ŽŪB 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%
17.	ŽŪB 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%
18.	ŽŪB 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%
19.	ŽŪB AUGA Lankesa	*1	156913032	Jonavos r. sav. Bukonių k., Registration place: Jonavos r. sav., Registration date: 06/04/1999	**A	99,59%	99,59%
20.	ŽŪB AUGA Kairėnai	*1	171327432	Radviliškio r. sav. Kairėnų k., Registration place: Radviliškio r. sav., Registration date: 02/03/1993	**A	98,47%	98,47%
21.	ŽŪB AUGA Jurbarkai	*1	158174818	Jurbarko r. sav. Klišių k. Vytauto Didžiojo g. 99, Registration place: Jurbarko r. sav., Registration date: 31/07/1992	**A	98,47%	98,47%
22.	ŽŪB 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%
23.	ŽŪK AgroBokštai	*3	302485217	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 02/03/2010	**A	99,64%	99,64%
24.	KB Dotnuvėlės valdos	*3	302618614	Šiaulių r. sav. Žadžiūnų k. Gudelių g. 30-2, Registration place: Šiaulių r. sav., Registration date: 21/04/2011	**A	99,92%	99,92%

(All amounts are in EUR ’000 unless otherwise stated)

No.	Name of subsidiary	Legal form	Legal entity code	Address, registration date and place	Profile of activities	Group‘s ownership interest, %	
						31/12/2023	31/12/2022
25.	KB Šventosios pievos	*3	302618201	Raseinių r. sav. Kalnujų mstl. Žieveliškės g. 1, Registration place: Raseinių r. sav., Registration date: 20/04/2011	**A	99,26%	99,26%
26.	KB Šušvės žemė	*3	302618767	Kelmės r. sav. Pašiaušės k. Vilties g. 2, Registration place: Kelmės r. sav., Registration date: 21/04/2011	**A	99,64%	99,64%
27.	KB Žalmargėlis	*3	303145954	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 23/09/2013	**A	99,53%	99,53%
28.	KB Juodmargėlis	*3	303159014	Raseinių r. sav. Kalnujų mstl. Žieveliškės g. 1, Registration place: Raseinių r. sav., Registration date: 03/10/2013	**A	99,81%	99,81%
29.	KB AgroMilk	*3	302332698	Raseinių r. sav. Kalnujų mstl. Žieveliškės g. 1, Registration place: Raseinių r. sav., Registration date: 23/04/2009	**A	99,34%	99,34%
30.	UAB AUGA Community	*2	302820808	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Jonavos r. sav., Registration date: 16/07/2012	**G	100,00%	100,00%
31.	UAB AUGA Tech	*2	302820797	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Jonavos r. sav., Registration date: 16/07/2012	**J	100,00%	100,00%
32.	UAB AUGA Ramučiai	*2	302854479	Akmenės r. sav. Ramučių k. Klevų g. 11, Registration place: Akmenės r. sav., Registration date: 08/09/2012	**A	100,00%	100,00%
33.	UAB AUGA Luganta	*2	300045023	Kelmės r. sav. Pašiaušės k. , Registration place: Kelmės r. sav., Registration date: 05/09/2012	**A	100,00%	100,00%
34.	ŽŪB 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%
35.	ŽŪB 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%
36.	ŽŪB 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%
37.	ŽŪB 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%
38.	ŽŪB 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%
39.	ŽŪB 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%
40.	KB Žemėpačio pieno ūkis	*3	303432388	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 22/10/2014	**A	99,46%	99,46%
41.	KB Žemynos pienelis	*3	303427989	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 17/10/2014	**A	99,46%	99,46%
42.	KB Laumės pieno ūkis	*3	303427996	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 17/10/2014	**A	99,46%	99,46%
43.	KB Medeinos pienas	*3	303428112	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 17/10/2014	**A	99,46%	99,46%
44.	KB Gardaitis	*3	303429381	Panevėžio r. sav. Gustonių k. M. Kriaučiūno g. 15, Registration place: Radviliškio r. sav., Registration date: 20/10/2014	**A	99,46%	99,46%
45.	KB Dimstipatis	*3	303429424	Mažeikių r. sav. Naikių k. Mažeikių aplinkl. 9, Registration place: Mažeikių r. sav., Registration date: 20/10/2014	**A	99,46%	99,46%
46.	KB Aušlavis	*3	303429456	Anykščių r. sav. Nausodės k. Nausodės g. 55, Registration place: Radviliškio r. sav., Registration date: 20/10/2014	**A	99,46%	99,46%
47.	KB Austėjos pieno ūkis	*3	303428094	Mažeikių r. sav. Naikių k. Mažeikių aplinkl. 9, Registration place: Mažeikių r. sav., Registration date: 17/10/2014	**A	99,46%	99,46%
48.	KB Giraičio pieno ūkis	*3	303429399	Mažeikių r. sav. Naikių k. Mažeikių aplinkl. 9, Registration place: Mažeikių r. sav., Registration date: 20/10/2014	**A	99,46%	99,46%
49.	UAB AUGA Mažeikiai	*2	300610348	Mažeikių r. sav. Naikių k. Mažeikių aplinkl. 9, Registration place: Mažeikių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
50.	UAB Agronuoma	*2	303204954	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**E	100,00%	100,00%
51.	UAB AUGA Raseiniai	*2	304704364	Raseinių r. sav. Kalnujų mstl. Žieveliškės g. 1, Registration place: Raseinių r. sav., Registration date: 06/11/2017	**A	100,00%	100,00%
52.	UAB Tėvynės žemelė	*2	303301428	Antano Tumėno g. 4, Vilniaus sav., Vilnius, Registration date: 30/04/2014	**E	98,98%	98,98%

(All amounts are in EUR ’000 unless otherwise stated)

No.	Name of subsidiary	Legal form	Legal entity code	Address, registration date and place	Profile of activities	Group‘s ownership interest, %	
						31/12/2023	31/12/2022
53.	UAB Tėviškės žemelė	*2	303207199	Antano Tumėno g. 4, Vilniaus sav., Vilnius, Registration date: 17/12/2013	**E	98,98%	98,98%
54.	KB Grybai LT	*3	302765404	Žibalų g. 37, Širvintos, Registration date: 17/04/2012	**I	-	100,00%
55.	UAB AUGA SOFA	*2	306199583	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration date: 19/12/2022	**C	100,00%	100,00%
56.	UAB Gotlybiškių pienas	*2	306238837	Šakių region, Šakių sen., Gotlybiškių v., Lankų st. 10, Registration date: 31/01/2023	**A	100,00%	-
57.	UAB Pamargės pienas	*2	306237977	Panevėžio region, Smilgių sen., Smilgių vs. 7, Registration date: 31/01/2023	**A	100,00%	-
58.	UAB Buktos pienas	*2	306238627	Marijampolės region, Liudvinavo sen., Būriškių v., Želsvelės st. 12, Registration date: 31/01/2023	**A	100,00%	-
59.	UAB Biržulių pienas	*2	306238495	Jonavos region., Bukonių sen., Bukonių v., Lankesos st. 16, Registration date: 31/01/2023	**A	100,00%	-
60.	UAB Brastos pienas	*2	306238698	Anykščių region, Troškūnų sen., Kirmėlių v., Nausodės st. 2, Registration date: 31/01/2023	**A	100,00%	-
61.	UAB Vaitiekūnų pienas	*2	306238602	Radviliškio region, Grinkiškio sen., Kairėnėlių v., Grinkiškio st. 53, Registration date: 31/01/2023	**A	100,00%	-
62.	UAB Panemunės pienas	*2	306242807	Jurbarko region, Jurbarkų sen., Klišių v., Vytauto Didžiojo st. 101, Registration date: 31/01/2023	**A	100,00%	-
63.	UAB Pagulbio pienas	*2	306238367	Molėtų region, Alantos sen., Rasokalnio v. 1, Registration date: 31/01/2023	**A	100,00%	-
64.	UAB Margavonių pienas	*2	306238050	Radviliškio region, Šeduvos city sen., Žilionių v. 12, Registration date: 31/01/2023	**A	100,00%	-
65.	UAB Gudelių pienas	*2	306237984	Šiaulių region., Kairių sen., Žadžiūnų v., Gudelių st. 44C, Registration date: 31/01/2023	**A	100,00%	-
66.	UAB Pakruojo lygumos	*2	306238844	Šiaulių region., Kairių sen., Žadžiūnų v., Gudelių st. 30-3, Registration date: 31/01/2023	**E	100,00%	-
67.	UAB Agnasas	*2	306238812	Raseinių region, Kalnujai, Žieveliškės st. 1, Registration date: 31/01/2023	**E	100,00%	-
68.	UAB Daugava	*2	306238449	Panevėžio region., Smilgiai, Panevėžio st. 36, Registration date: 31/01/2023	**E	100,00%	-
69.	UAB Gausus derlius	*2	306238709	Radviliškio region, Skėmių sen., Skėmių v., Kėdainių st. 13, Registration date: 31/01/2023	**E	100,00%	-
70.	KB Šakių ūkiai	*3	306324670	Šakių region., Šakių sen., Gotlybiškių v., Mokyklos st. 2, Registration date: 23/05/2023	**A	100,00%	-
71.	KB Raguvos ūkiai	*3	306323903	Anykščių region., Troškūnų sen., Nausodės v., Nausodės st. 55, Registration date: 23/05/2023	**A	100,00%	-
72.	KB Naudvario ūkiai	*3	306323821	Panevėžio region., Smilgiai, Panevėžio st. 23-1, Registration date: 23/05/2023	**A	100,00%	-
73.	KB Šiaurės ūkiai	*3	306324243	Šiaulių region, Kairių sen., Žadžiūnų v., Gudelių st. 30-2, Registration date: 23/05/2023	**A	100,00%	-
74.	KB Želsvos ūkiai	*3	306324371	Marijampolės mun., Liudvinavo sen., Želsvos v., Želsvelės st. 1, Registration date: 24/05/2023	**A	100,00%	-
75.	KB Bukonių ūkiai	*3	306325142	Jonavos region., Bukonių sen., Bukonių v., Lankesos st. 2, Registration date: 24/05/2023	**A	100,00%	-
76.	KB Gėluvos ūkiai	*3	306324745	Raseinių region., Ariogalos sen., Gėluvos v., Dvaro st. 30, Registration date: 24/05/2023	**A	100,00%	-
77.	KB Raseinių ūkiai	*3	306325459	Raseinių region., Kalnujai, Žieveliškės st. 1, Registration date: 25/05/2023	**A	100,00%	-
78.	KB Jurbarko ūkiai	*3	306325039	Jurbarko region., Jurbarkų sen., Klišių v., Vytauto Didžiojo st. 99, Registration date: 25/05/2023	**A	100,00%	-
79.	KB Vaitiekūnų ūkiai	*3	306325676	Radviliškio region., Skėmių sen., Skėmių v., Kėdainių st. 13, Registration date: 25/05/2023	**A	100,00%	-
80.	KB Mažeikių ūkiai	*3	306325434	Mažeikių region., Mažeikių apylinkės sen., Naikių v., Mažeikių aplinkl. 9, Registration date: 25/05/2023	**A	100,00%	-

COMMENTS:

*	**	
*1 Agricultural entity	**A Agricultural activities	**G Management of subsidiaries
*2 Private limited liability company	**B Group's cash pool	**H Trade and logistics
*3 Cooperative entity	**C Farming operations	** I Food production
	**D Mushroom growing and trade	**J Technology development
	**E Land management	
	**F Lease of machinery	

Impact of the war in Ukraine

There are no Group entities operating in Ukraine, Russia, and Belarus, and sales to these countries were only of one-off nature and amounted to EUR 85 thousand in 2022, representing 0.12% of the Group's total sales. As from the end of February 2022, sales to Russia and Belarus were discontinued in full.
The Group's management believes the war had no direct impact on the activities, assets and liabilities of the Group entities. However, the impact of war on commodity markets, energy prices also affect the Group's performance in 2022: the rising prices of raw materials and finished products caused increase in the Group's revenue, but on the other hand, the emerging energy crisis and other factors caused growth of production costs.

2. Summary of Material Accounting Policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the annual periods presented unless otherwise stated (the adoption of new and amended standards).

2.1. Basis of Preparation

The Group's/Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), effective as at 31 December 2023 (all references to IFRS hereinafter should be construed as references to IFRS, as adopted by the EU).

The consolidated and separate financial statements have been prepared on the historical cost basis, except for the following: a) land classified as property, plant and equipment, which is measured at revalued amount; b) biological assets (livestock and crops) measured at fair value less costs to sell.

The consolidated and separate financial statements are presented in the national currency of Lithuania, the euro (EUR), and all amounts are rounded to the nearest thousand (EUR '000) unless otherwise stated. The euro is the Group's and the Company's functional and presentation currency.

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

Going concern basis

The Group's/Company's financial statements have been prepared on a going concern basis.

As of 31 December 2023, the Company's current liabilities exceeded its current assets by EUR 27,331 thousand. At the same time as of 31 December 2023, the Group's current liabilities exceeded its current assets by EUR 36,523 thousand and the cash balance at the end of the year was EUR 3,455 thousand.

Balance of current borrowings subject to refinancing as at 31 December 2023:

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

Type of liabilities	Group	Company (excluding intercompany balances)	Refinancing plan
Bonds (maturing on 17 October 2024)	5,937	-	a)
Bonds (maturing on 17 December 2024)	19,705	19,705	b)
Bonds (covenant breach, maturing in 2026)	6,000	6,000	c)
Borrowings from credit institutions (maturing in 2024)	10,156	2,193	d)
Borrowings from credit institutions (covenant breach, maturing later than in 2024)	4,669	-	e)
Credit lines (maturing in 2024)	15,540	-	d)
Credit lines (maturing in 2025)	2,000	-	d)
Total	**64,007**	**27,898**	

Refinancing plans:

a) The Group intends to redeem smaller issue of bonds in notional value of EUR 6,000 thousand (carrying amount EUR 5,937 thousand) from its operating cashflows by 17 October 2024. The Group intends to decrease the amount of arable land eliminating those land plots which offer lower yields or are located in unfavourable locations, resulting in higher than optimal costs as these land plots are located farther away from the main arable plots and require additional operating costs (human resources, fuel) to cultivate them. The plots under review will be up to 4,000 ha. Decrease in cultivated land plots should release the need for working capital in amount of up to EUR 6,000 thousand after 2024 harvest, as the Group will not use working capital to cultivate those plots for the next harvest season. Released working capital can be used for refinancing of obligations (currently the Group estimates that average working capital savings can exceed over EUR 1,500 per ha). As of the date of issue of these financial statements, the Group has not yet identified specific land plots.

b) The Company and the Group have a couple of options for the redemption of green bonds in notional value of EUR 20,000 thousand (carrying amount EUR 19,705 thousand). These bonds are secured with the land pledge thus the Group and the Company have options of either refinancing the total amount of bonds by issuing new secured bonds with the land pledge or refinancing the current bonds through bank financing provided individually to separate entities of the Group who own the land and can pledge it directly to guarantee banking instruments. This option would result in the refinanced bonds of the Group and the recognition of intercompany borrowings from subsidiaries at the Company stand-alone level. At the date of issue of these financial statements, the Group and the Company focus on a baseline scenario for refinancing the bonds by the new bond issue in the amount of EUR 20,000 thousand.

c) The Company and the Group did not comply with the financial covenants set forth in the bonds issued to KŪB Pagalbos Verslui Fondas. After year end, the Company signed the agreement with the financial institution waiving the covenants compliance for 2023 and amending the required covenants for the year 2024 and subsequent years as well as prospectively increasing the interest rate applied by 1.5 pp.

d) For the other short term borrowings from credit institutions and credit lines the Group expects to renegotiate the terms of financing with respective credit institutions by extending the terms of repayment for not less than 12 months as they fall due (amount of these borrowings is EUR 27,696 thousand for the Group and EUR 2,193 thousand for the Company as at 31 December 2023). Part of obligations as of issue date of these financial statements were already refinanced (with outstanding balance as of 2,932 thousand as of 31 December 2023). In addition, the Group in its crop business has cyclical cash flow, where main portion of cash flows can be expected in second half of the year after crop harvest and which will be used to cover outstanding credit lines. Historically the Group refinanced short term financing (credit lines) after crop harvest and plans to refinance them in the second part of 2024.

e) The Group did not comply with the financial covenants set forth in financing agreement with AS „Citadele banka“ Lietuvos filialas. Confirmation from the bank was received after year end assuring that no additional sanctions will be imposed due to non-compliance with the loan covenants and the bank will not request the repayment of the loan earlier than 2025 (maturity date).

The Group's net loss from continuing operations was EUR 26,287 thousand in 2023, while in the previous year was EUR 6,219 thousand. The Group's EBITDA was EUR 1,182 thousand in 2023, while in the previous year EBITDA was EUR 19,580 thousand. The Group' s EBITDA does not include sale of subsidiary Grybai LT, which was successfully sold by the Group and resulted in cash inflow of 16,911 thousand.

2023 was a challenging year. The largest negative impact on the annual result was caused by the falling purchase prices of organic products in the crop and dairy segments. In view of this trend, in the summer of 2023 the Management decided to cultivate a part of the land through regenerative conventional agriculture, hence in 2024 the revenue from the different forms of agriculture (organic and conventional) will be split approximately equally, as compared to 70%/30% ratio for 2023. This will diversify revenue, reduce yield and income volatility and lay the foundations for more sustainable financial results. In addition, the Group continues to focus on strategic projects - the development of sustainable agricultural technologies, and in the first half of 2024 will seek to attract funding for technology development. As a result of various planned strategic and operational changes, the Group plans to generate EUR 23,300 thousand EBITDA in 2024.

Considering the expected improvements in operating performance of the Group, the Management is of the opinion that private and/or public sources of funding should be accessible to the Group in 2024, and therefore assume that the Company and the Group will be able to successfully refinance its current bonds, loans and credit lines and hence continue its operations as a going concern.

Summarising the above, there exists a material uncertainty about the successful refinancing of the current financial debt, which may cast significant doubt upon the Company's and the Group's ability to continue as a going concern. The part d) of refinancing plan represents the main source of material uncertainty, due to its nature and dependency on the successful implementation of planned strategic and operational changes as well as the importance of achieving forecast EBITDA in 2024. Therefore, the Company and the Group may be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Company and the Group were unable to continue as a going concern in the foreseeable future.

2.2. New Standards, Amendments and Interpretations

In 2023, the Group/Company adopted all new and revised standards and interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) that are relevant to their operations and effective for the reporting period beginning on 1 January 2023.

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

a) The following new and/or amended IFRSs and interpretations of the International Financial Reporting Interpretations Committee were adopted for the first time by the Group/Company in the year ended 31 December 2023:

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting

IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Group/Company has adopted this amendment by reviewing the disclosures of the accounting policies. The Group/Company has specified or deleted the accounting policies related to consolidation, foreign currency translation, assets held for sale, financial assets, expense recognition, investment in subsidiaries.

There are no other new or amended standards and/or interpretations that are effective from 2023 and that might have significant impact on the Group/Company.

b) Certain amendments to accounting standards have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.3. Consolidation

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 over the entity. Generally, the Group controls an entity when the Group's shareholding has more than 50% of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intragroup transactions

Intragroup transactions, intragroup balances and unrealised gains resulting from intragroup transactions are eliminated. Gains or losses resulting from intragroup transactions that are included in assets are also eliminated. Unrealised losses are also eliminated, but considered as impairment indicator of the asset transferred.

2.4. Property, Plant and Equipment

Property, plant and equipment, except land, is stated at cost less subsequent accumulated depreciation and impairment loss. Land is stated at revalued amount.

Buildings mostly represent cow farms, workshop facilities and grain storage buildings. Plant and machinery comprise agricultural equipment and milking farm equipment.

Land mostly represents agricultural land stated at revalued amount, which is based on periodic, i.e. at least triennial, valuations by external independent valuers.

Property, plant and equipment is initially recognised at cost, including non-refundable purchase taxes and any costs directly attributable to bringing the asset into operation or moving the asset to present location.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group/Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. 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 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 for other categories of property, plant and equipment (except construction in progress) is calculated using the straight-line method to write off their cost or revaluated amounts to their residual values over their estimated useful lives as follows:

Buildings	20–50	years
Plant and machinery	4–20	years
Motor vehicles	1–10	years
Other fixtures, fittings, tools and equipment	1-10	years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The assets' residual value and useful lives are reviewed annually to ensure that they match the expected pattern of consumption.

Construction-in-progress represents property, plant and equipment under construction. Such assets are carried at cost, less any recognised amount of impairment loss. The cost includes designing, construction works, machinery and equipment to be installed and other direct costs.

Property, plant and equipment is written off when it is disposed or when no economic benefits are expected from its use or disposal. Gain and loss on disposal is estimated by comparing the proceeds with the carrying amount of the asset disposed, and the difference is recognised under operating expenses in the statement of profit or loss. When the revalued assets are sold, the respective 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 of acquisition and subsequently reviewed on an annual basis.

2.5. 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 at the date of acquisition. Goodwill on acquisition of subsidiary is included in 'intangible assets'. Following the initial recognition, goodwill is carried at cost less accumulated impairment loss. Goodwill is tested annually for impairment. Impairment losses on goodwill are not reversed.

For the purpose of impairment testing, goodwill is allocated to each of the acquirer’s cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination in which the goodwill arose, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.
If goodwill has been allocated to a cash-generating unit and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Internally generated intangible assets

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use
- management intends to complete the product and use or sell it
- there is an ability to use or sell the product
- it can be demonstrated how the product will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the product are available
- the expenditure attributable to the product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the product include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

The internally generated intangible asset with a limited useful life amortises using the straigh-line method. The amortization period will be assessed and determined upon completion of the development activity.

Other intangible assets

Amortisation of other intangible assets is calculated on a straight-line basis over the established 5 years amortisation period.

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

Other intangible assets are tested for impairment whenever there are indications that the assets may be impaired.

2.6. Impairment of Non-financial Assets

Non-financial assets (other than goodwill, biological assets, inventories and deferred income tax) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount 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 or cash-generating unit‘s fair value less costs to sell and the 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 recognised in prior years is recorded when there is an indication that previously recognised impairment losses no longer exist or have decreased significantly.

When the carrying amount of an asset exceeds its recoverable amount, impairment is recognised in the statement of profit or loss. The reversal of impairment losses is recognised in statement of profit or loss under the same line item as impairment losses.

2.7. Biological Assets

On initial recognition and at each balance sheet date, biological assets are stated at 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 stated at fair value less estimated costs to sell at the point of harvest, and subsequently it is recorded as inventories (note 2.9). Agricultural produce is included in biological assets only until the point of harvest.

The costs incurred during the growth period (crops, mushrooms, livestock until 1st lactation period) are capitalised and included in the respective category of assets. At each reporting date, the biological assets are revalued to their fair value. The gain or loss on revaluation (the difference between the fair value and the costs incurred) is recognised under the line item “Change in fair value of biological assets in statement of profit or loss. On sales of the produce (crops, mushrooms, milk, meat), the carrying amount of the biological assets/agricultural produce is recognised in the statement of profit or loss by type of costs incurred – all costs incurred by type under the line item “Cost of sales”, including gain/loss from change in fair value.

In the statement of profit or loss, the line item “Change in fair value of biological assets” includes: (1) gain (loss) from change in fair value of agricultural produce not sold at the reporting date (mainly crops, as milk and mushrooms are sold immediately) and (2) gain (loss) from change in fair value of dairy cows, (2.1) during the growth period being the difference between the costs incurred and recognised, and the fair values at reporting dates; and (2.2) during the milking period being the decrease in the fair value based on the remaining useful life of the cows; and any other changes due to changes in the inputs used for the cash flow forecasts.

All other movements on the account of biological assets (note 9) are recorded as capitalised costs.

The line item “Cost of sales” includes all costs incurred to grow crops, mushrooms and produce milk and meat sold during the reporting period. The costs incurred to in relation to produce not sold at the reporting date are capitalised at initial cost, and in subsequent periods will be included in “Cost of sales” when the produce is sold. The costs incurred to grow dairy cows are not included in “Cost of sales”; instead, the carrying amount of cows is written- off over the useful life of the cows as the change in the fair value under the line item “Change in fair value of biological assets“.

Fair value measurement

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

2.8. Financial Assets

Classification

The Group/Company classify their financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income (FVOCI),
- those to be measured subsequently at fair value through profit or loss (FVPL), and
- those to be measured at amortised cost.

All Group‘s/Company‘s financial assets are measured at amortised cost.

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.

Measurement

Initial measurement

On initial recognition, the Group/Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement

All financial assets fall within category of assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised 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 recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group/Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Impairment of financial assets

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

Other financial assets

The Group/Company follows a three-stage model for impairment of 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 recognised 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 recognised, 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 a weighting factor.

- Stage 3 - comprises balances with objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and interest income is calculated on the net carrying amount (i.e. net of loss allowance).

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 reorganisation.

Financial assets are written off, in whole or in part, when there is no reasonable expectation of recovery. This is generally the case when the Group determines that a debtor has no assets or sources of income that could generate sufficient cash flows to recover the amounts written off. 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 written off when they are identified as uncollectible. The financial assets that are written off may still be subject to enforcement activity in order to comply with the Group‘s debt recovery procedures.

Trade receivables

The Group/Company applies the simplified approach under IFRS 9 to measure the expected credit losses by using 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 & consumer packaged goods). The expected loss rates are based on the payment profiles of sales over a period of 36 month and the corresponding historical credit losses incurred over 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/Company has identified the EU GDP growth rate to be the most relevant factor, and accordingly, adjusts the historical loss rates based on the expected changes in this factor.

Based on information stated above, the loss allowance 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/Company, and default on contractual payments with past due period greater than 12 months.

2.9. Inventories

Cost of agricultural produce harvested from the biological assets

The Group measures agricultural produce harvested from the biological assets initially at its fair value less costs to sell at the point of harvest. Such value is the cost of agricultural produce.

Subsequent measurement

Inventories are stated at the lower of cost and net realisable value. Cost is determined under FIFO method. The cost of inventories comprises purchase price, taxes (other than those subsequently recoverable by the Group/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.

2.10. 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.

2.11. Revaluation Reserve

Gain on revaluation of property, plant and equipment is recognised in equity and included in the 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 included in the revaluation reserve in equity, the revaluation loss is recognised in the statement of profit or loss. If the revaluation surplus exists relating to a previous revaluation of that asset, the revaluation loss, not in excess of the existing surplus, is recognised in revaluation reserve. Revaluation reserve represents revaluation surplus, net of tax. Deferred tax liability is calculated on the total value of the revaluation reserve.

2.12. Grants

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 related to assets include grants intended for purchase of property, plant and equipment. They are included in non-current liabilities as deferred income from grants, and they are credited to profit or loss on a systematic basis over the expected useful lives of the related assets. The amount of grants related to property, plant and equipment is deducted from depreciation expenses of the related asset.

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

2.13. Trade Payables

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

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

2.14. Supplier Financing Arrangement (Factoring)

Supplier financing arrangement is a reverse factoring arrangement, where a financial institution (the factor) agrees to pay amounts the Group owes to the suppliers and the Group agrees to pay the financial institution at the same date as, or a date later than suppliers are paid. Based on the arrangements the Group authorises the factor to repay the invoices to the suppliers. When the factor repays the invoice, the Group assumes an unconditional obligation to repay to the factor. This represents a change of the creditor with a written consent of the Group. The moment of legal release of a debtor under obligation which is being assigned by way of factoring transaction is defined by Article 6.909, part 3, of the Lithuanian Civil Code. It establishes that in the case of factoring, only the payment of outstanding monetary claim releases the original debtor from its obligations towards the supplier. Therefore, while the factored amounts are still unpaid and remain on the Group's balance sheet, the Group is not legally released from its obligations towards the original suppliers, even if they have transferred those amounts to the factor (third party) by way of factoring transaction. Based on the above, the Group continues recognising liabilities until it is unconditionally and legally released from obligations towards the original suppliers.

The Group presents liabilities that are part of a reverse factoring arrangement as part of trade payables only when those liabilities have a similar nature and function to trade payables. However, these liabilities are presented separately when the size, nature or function of those liabilities makes separate presentation relevant to an understanding of the Group’s financial position. In assessing whether it is required to present such liabilities separately, the Group considers the amounts, nature and timing of those liabilities. In the separate and consolidated balance sheet, the Group’s liabilities under the supplier financing arrangements are presented under the same line item as trade payables. The Group presents the supplier financing arrangements as cash flows from financing activities in its consolidated statement of cash flows. The use of factoring services ensures a long-term co-operation and enables both the Group and the suppliers to balance their cash flows by matching the payment terms to the agricultural business cycle (180-270 days).

2.15. Borrowings

Borrowings and bonds are recognised initially at fair value, net of transaction costs incurred. Borrowings and bonds are subsequently measured 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/Company has an unconditional right to defer settlement of the liability for a period longer than 12 months after the balance sheet date or contractual payments are made after one year based on the agreed payment schedule.

2.16. Borrowing Costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.17. Lease – Where the Group/Company is a Lessee

Right-of-use assets are initially measured at cost, and subsequently they are measured at cost less any accumulated depreciation and any accumulated impairment losses, 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.

The right-of-use assets are depreciated under the depreciation requirements of IAS 16, Property, Plant and Equipment. If, under the lease agreement, ownership of the leased asset transfers to the Group/Company at the end of the lease term or if the cost of the right-of-use asset reflects that the Group/Company will exercise a purchase option, the Group/Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the right-of-use asset. Otherwise, the Group/Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease term varies as follows:

Land	2–98	years
Buildings	1–5	years
Plant and machinery	1–5	years
Motor vehicles	1–5	years
Other fixtures, fittings, tools and equipment	1–5	years

The lease duration aligns with the long term 5-year strategy aimed at sustaining crop cultivation operations. The lease term is a non-cancellable period. 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 lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Lease liabilities arising from the right-of-use assets are 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 plots owned (note 5) by the Group have been pledged as collateral. The interest rate applied as at 31 December 2023 and 2022 was 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 a rate. The potential future increases in variable lease payments based on an index or rate are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. The variable lease payments that do not depend on change in an index or other variable are recognised as expense in the period when they occur.

The right-of-use assets are subject to impairment (see note 2.6).

Short-term lease and lease 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 of the assets.

2.18. Lease – Where the Group/Company is 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 "Other income" in the statement of profit or loss.

2.19. Current and Deferred Income Tax

Profit is subject to current income tax rate of 15% in accordance with the laws of the Republic of Lithuania.

Current income tax expenses are calculated and accrued for in the separate and consolidated financial statements on the basis of information available at the moment of preparation of the financial statements and management's estimates of income tax 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 accumulated tax losses can be utilised.

Under the Lithuanian laws, the tax losses from operating activities can be carried forward indefinitely if the taxpayer continues to engage in business activities in which such losses have been incurred. When calculating income tax, only up to 70% of current period taxable profit can be offset against tax losses carried forward from previous periods.

Deferred tax assets and liabilities are offset when they relate to taxes levied by the same taxation authority and when there is a legally enforceable right to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.20. Revenue Recognition

Revenue is recognised at the fair value of the consideration received or receivable for goods and services sold in the ordinary course of business. Revenue is presented net of value-added tax, rebates and discounts (also after elimination of intragroup sales in case of consolidated revenue).

The Group/Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group/Company, and the specific criteria have been met in respect of each type of the Group's/Company'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 specific nature of each arrangement.

Revenue is measured with reference to the transaction prices agreed under the contracts. The consideration becomes receivable mostly when the legal title of ownership has been transferred.

The Group disaggregates revenue from contracts with customers based on operating segments as follows: dairy, crop growing, mushrooms growing, consumer packaged goods, and other. The Group considers this to be the most appropriate way of disaggregation as it reflects the profile of the Group's activities and the amounts, timing, uncertainty of the Group's revenue and cash flows.

Sales of goods

The Group produces and sells a range of agricultural produce in an open market. Revenue from sales of goods is recognised when the products are delivered by the Group entity to the customer. Delivery occurs when the products have been shipped to the specified location, the obsolescence and loss risks have been transferred to the customer, and the customer has accepted the products in accordance with the sales contract. The Group enters in no contracts with multiple performance obligations. Typically, goods are transferred to the customer on the same date as the invoice date, and accordingly, revenue is recognised at the point of time rather than over time.

Sales of services

Revenue from sales of services is recognised at the time of sale of services to a customer, as the services provided by the Group are not continuous in nature and do not include multiple performance obligations.

Interest income

Interest income on financial assets measured at amortised cost is recognised on a time-proportion basis using the effective interest rate method. For the purpose of the cash flow statement, interest received is classified as cash flows from investing activities.

Financing components

The Group has no contracts where a period between the sale date of goods and services to a customer and the settlement date by customer for those goods and services would be longer than one year. Accordingly, the Group does not adjust the transaction prices for the time value of money.

2.21. 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.

Employee share option plan – share-based payments

For details on share-based payments plan refer to note 2.22.

2.22. Share-based Payments

The Group has an employee share option plan that was approved in 2019.

Under the plan, the participants are granted the options to receive the Company’s shares for no consideration, which only vest if the service condition is 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, an employee obtains the right to exercise the option. There are no other conditions for the receiver. If the receiver does not fulfil the service condition, the option will become no longer effective and the employee will not obtain the right to exercise the option.

The option becomes no longer effective in the event of commencement of any restructuring, bankruptcy, liquidation or similar proceedings of the Company that continue and/or end with the liquidation of the Company; also, if both parties (the Company and the receiver) agree to terminate the share option contract; and if the receiver has caused damage to the Company through his actions or omissions.

These share-based payments to 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 (that was formed and approved by the shareholders), with the nominal value of EUR 0.29 each, 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 that would become payable by the Company at the time of exercising the options (or any other time during the vesting period), and that should be accrued in the liabilities.

The total cumulative expenses of share-based payments are calculated using the formula set out below. The expenses are accounted for in the statement of profit or loss and reversed in equity in the balance sheet based on the days lapsed since the grant date until the option exercise date. The Group/Company reviews annually the effective share option contracts to reflect as accurately as possible the number of equity instruments expected to be vested to the employees.

The following formula is used to calculate the total cumulative expenses of share-based payments:

Share price at grant date x shares granted x (1 – annual staff turnover rate) ^ (vesting period)

Where:

Share price is based on the closing price of the Group’s/Company’s shares on Nasdaq stock exchange at the grant date;

Grant date is the date of the share option contract entered into between the Group/Company and the receiver of share options, as all the terms and conditions are set forth in this contract and there are no other arrangements that would need to be confirmed at a later date;

Shares granted are the shares to be granted to an employee under the share option contract at the end of the vesting period;

Staff turnover rate: the probability of exercise of option is adjusted by the expected staff turnover rate during the vesting period. The rate is calculated using the historical data on staff turnover over the last 2 years. The historical staff turnover data includes the turnover only in those job positions that are entitled to receive the share-based payments. The turnover rate in other job positions is excluded from the above staff turnover rate.

2.23. Segment Reporting

Management has determined the operating segments based on the reports delivered to the Board of Directors that are used to make strategic decisions. The operating segments defined by the Group are as follows: 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 entities is analysed based on the gross profit margins of individual operating segments: mushroom growing segment, milk production and cattle sale (dairy segment), crop growing such as wheat, rapeseed, barley, etc., as well as crop trading, agricultural services and land rent (crop growing segment).

The Group‘s expenses that may be directly attributed to the specific operating segment are allocated to the respective segment. Expenses of the Group entities that are attributed to more than one operating segment are allocated on a proportionate basis in line with the pre-set procedure for allocation of expenses.

2.24. Investments in Subsidiaries in the Company‘s Separate Financial Statements

Investments in subsidiaries are accounted for at cost less impairment loss.

2.25. Comparative figures

Where necessary, comparative figures have been reclassified to accurately reflect changes in this year's disclosures, ensuring appropriate representation of transactions.

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

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 transactions are conducted in the euros (EUR). Only a small part of transactions are conducted in other currency (Poland, USA).

The Group entities are not exposed to significant foreign exchange risk concentration, and therefore, no financial instruments were used in order to hedge foreign exchange risks.

(ii) Cash flow and fair value interest rate risk

The Group's exposure to cash flow interest rate risk arises from borrowings with floating interest rate.

The Group's financial liabilities include borrowings and lease liabilities with floating interest rates linked to EURIBOR. Interest rates on the absolute majority of bank borrowings and lease liabilities are repriced every 3 or 6 months. Interest rates on other borrowings are repriced monthly or every 3 months.

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

As at 31 December 2023, the Group's borrowings with floating interest rate amounted to EUR 42,033 thousand (31 December 2022: EUR 41,858 thousand), all of which were denominated in EUR. Had the floating interest rate (directly depending on EURIBOR) changed by 1 percentage point, this would result in EUR 419 thousand annual effect on the Group's pre-tax result (2022: EUR 385 thousand).

As at 31 December 2023, the Company's borrowings with floating interest rate amounted to EUR 2,343 thousand (31 December 2022: EUR 3,128 thousand). Had the floating interest rate changed by 1 p.p., this would result in EUR 27 thousand (31 December 2022: EUR 31 thousand) annual effect on the Company's pre-tax result. See note 16 for more information.

Breakdown of the Group's and the Company's financial liabilities bearing interest (considering bank borrowings and other borrowings, bonds and lease liabilities) (by carrying amount):

GROUP	**Liabilities with fixed interest rate**		**Liabilities with floating interest rate**	
	At 31 December 2023	**At 31 December 2022**	**At 31 December 2023**	**At 31 December 2022**
Borrowings from credit institutions	4,719	2,279	42,033	41,857
Bonds	31,642	25,409	-	-
Other financial liabilities	253	253	-	-
Lease liabilities	46,079	43,009	2,308	4,220
Total	**82,693**	**70,950**	**44,341**	**46,077**

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

COMPANY	Liabilities with fixed interest rate		Liabilities with floating interest rate	
	At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
Borrowings from credit institutions	854	803	2,343	3,128
Bonds	25,705	25,409	-	-
Borrowings from subsidiaries	3,479	2,694	-	-
Lease liabilities	499	519	38	57
Total	**30,537**	**29,425**	**2,381**	**3,185**

The fair value of financial liabilities with floating interest rates approximates their carrying amount. As at 31 December 2023, the weighted average effective interest rate on the Group's financial liabilities with floating interest rate was 8,89% (31 December 2022: 7.39%). As at 31 December 2023, the Group's fixed interest rate was 6.98% (31 December 2022: 6.22%).

In December 2019, the Group issued 20,000 units of green bonds with the nominal value of EUR 1,000 each and annual interest rate of 6%. The maturity date of bonds is 17 December 2024. The coupon payment dates are scheduled for 17 December annually until 2024. The bonds have been introduced for trading in a regulated market of AB Nasdaq Vilnius, Bonds list.

In March 2022, the Group entered into financing arrangement, under which KŪB Pagalbos Verslui Fondas acquired newly issued 600,000,000 units of bonds with the total nominal value of EUR 6,000 thousand. The maturity date of bonds is 15 March 2026.

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, as well as credit exposures to customers, mainly related to outstanding receivables and loans granted.

As at 31 December 2023, the Company had issued guarantees to the banks to secure fulfilment of financial liabilities of the Group's subsidiaries for the total value of EUR 44,704 thousand (31 December 2022: EUR 38,812 thousand) (note 33)

Maximum exposure to credit risk

Maximum exposure to credit risk at the balance sheet date is equal to the carrying amount of each category of amounts receivable, as presented below. The Group holds no collateral to secure these amounts receivable.

	GROUP		COMPANY	
	At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
Trade receivables	5,354	6,742	2,773	8,511
Subsidies and grants receivable from the National Paying Agency (NPA)	4,661	998	-	-
Receivable from natural persons	97	80	-	3
Loan granted	536	518	-	-
Other receivables	6	12	3,265	11
Cash and cash equivalents	3,455	3,337	10	9
Total	**14,109**	**11,687**	**6,048**	**8,534**

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

Trade receivables

The Group sells most 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. Before entering into a transaction with a customer, the Group assesses the credit quality, taking into account its financial position, past experience and other factors.
A 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 customers that are the strongest players in the local agricultural market (see note 22).

In certain cases the Group uses credit insurance and has established specific limits for some of its customers that are usually new customers with insufficient track record of payments. When calculating the expected credit losses (ECL), the Group analyses movements in amounts receivable. The analysis is based on the balances of trade receivables at the beginning and end of year, taking into account the amounts settled or offset. This allows calculating the outstanding balance of trade receivables that were unpaid as they fell due. This in turn allows calculating the percentage of outstanding balances in each category of past due receivables. The estimated rates are applied to the year-end balances of receivables by category of past due receivables, and thereby the expected credit losses are calculated.

Movement in loss allowance for trade receivables during the year:

	GROUP	COMPANY
Carrying amount of loss allowance for trade receivables at 1 January 2022	**(132)**	**-**
Decrease in loss allowance for trade receivables during the year, recognised in profit or loss	44	**-**
Carrying amount of loss allowance for trade receivables at 31 December 2022	**(88)**	-
Increase in loss allowance for trade receivables during the year, recognised in profit or loss	(109)	-
Carrying amount of loss allowance for trade receivables at 31 December 2023	**(197)**	**-**

Movement in loss allowance for other receivables during the year:

Carrying amount of loss allowance for other receivables at 1 January 2022	**(3,107)**	**-**
Increase in loss allowance for other receivables during the year, recognised in profit or loss	-	-
Carrying amount of loss allowance for other receivables at 31 December 2022	**(3,107)**	-
Receivables written off during the year as uncollectible	2 792	-
Unused amount reversed	315	-
Carrying amount of loss allowance for other receivables at 31 December 2023	**-**	**-**

Calculation of loss rates and loss allowances for the Group's trade receivables:

Credit quality of the Group's trade receivables	**Receivables not past due**	**Past due from 1 to 30 days**	**Past due from 31 to 90 days**	**Past due over 90 days**	**Total**
At 31 December 2023					
Expected credit loss rate	0.19%	0.02%	1.48%	27.37%	
Total trade receivables, gross	2,737	1,860	270	684	**5,551**
Loss allowance (note 11)	(5)	-	(4)	(187)	**(197)**
Total trade receivables, net at 31 December 2023	**2,732**	**1,860**	**266**	**497**	**5,354**
At 31 December 2022					
Expected credit loss rate	0.30%	3.12%	2.98%	8.41%	
Total trade receivables, gross	5,417	801	101	511	**6,830**
Loss allowance (note 11)	(16)	(25)	(3)	(43)	**(88)**
Total trade receivables, net at 31 December 2022	**5,401**	**776**	**98**	**468**	**6,742**

Calculation of loss rates and loss allowances for the Company's trade receivables:

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

Credit quality of the Company's trade receivables	**Receivables not past due**	**Past due from 1 to 30 days**	**Past due from 31 to 90 days**	**Past due over 90 days**	**Total**
At 31 December 2023					
Expected credit loss rate	0.01%	0.01%	0.01%	0.01%	
Total trade receivables	243	534	410	1,586	**2,773**
Total	**243**	**534**	**410**	**1,586**	**2,773**
At 31 December 2022					
Expected credit loss rate	0.01%	0.01%	0.01%	0.01%	
Total trade receivables	1,425	399	736	5,951	**8,511**
Total	**1,425**	**399**	**736**	**5,951**	**8,511**

As at 31 December 2023 and 2022, no loss allowances were recognised for the Company's trade receivables, since the expected credit loss rates and expected credit loss amount were not material because 99% of receivables were from subsidiaries.

Although a large portion of trade receivables were designated as past due in 2023 and 2022, a part of the Company's trade receivables were classified as non-current (note 11).

Subsidies and grants receivable from the NPA, receivables from natural persons, loan granted and other receivables

Other receivables at amortised cost, including loans granted and non-current receivables, were attributed to the following impairment stages:

Credit quality of other receivables at amortised cost	**Stage 1 (12-month ECL)**	**Stage 2 (lifetime ECL)**	**Stage 3 (lifetime ECL)**	**Total**
At 31 December 2023				
Expected credit loss rate	0.01%	0.2%		
Receivables from the NPA	4,661	-	-	**4,661**
Receivables from private individuals	97	-	-	**97**
Loan granted	-	536	-	**536**
Other receivables	6	-	-	**6**
Carrying amount, gross	**4,764**	**536**	**-**	**5,300**
Loss allowance	-	(1)	-	**(1)**
Total other receivables, net at 31 December 2023	**4,764**	**535**	**-**	**5,299**
At 31 December 2022				
Expected credit loss rate	0.01%	0.2%	100%	
Receivables from the NPA	998	-	-	**998**
Receivables from employees	80	-	-	**80**
Loan granted	-	518	-	**518**
Other receivables	12	-	3,106	**3,118**
Carrying amount, gross	**1,090**	**518**	**3,106**	**4,714**
Loss allowance	-	(1)	(3,106)	**(3,107)**
Total other receivables, net at 31 December 2022	**1,090**	**517**	**-**	**1,607**

Subsidies and grants receivable from the National Paying Agency (NPA) represent accumulated amounts of direct and ecological subsidies for 2023 that are expected to be received during the first half of 2024. As at 31 December 2023, the Group had receivable amount of subsidies equal to EUR 4,661 thousand (31 December 2022: EUR 998 thousand). As at 31 December 2023 the receivable amount of subsidies was higher compared with the end of 2022 due to delayed payment of subsidies for ecological system programs.

Receivables from the NPA represent direct subsidies receivable for crops and milk, which are paid by the first half of the next year and are in control of the State, and therefore, they are considered as low risk.

Receivables from employees are also considered as low risk. No loss allowance was recognised for Stage 1 receivables, since the expected credit loss rates were immaterial.

The loan of EUR 536 thousand granted to Ars Ingenii UAB is considered as recoverable. The loan is measured at amortised cost. At the reporting date, the loan was treated as exposed to moderate credit risk, and therefore, loss allowance for this loan was calculated with reference to lifetime ECL – total ECL was multiplied by probability of default. As at 31 December 2022, total loss allowance for this loan amounted to EUR 1 thousand.

In 2023, the payment schedule of the loan granted to Ars Ingenii UAB was modified, while the final repayment date for loan remained set for August 31, 2025.

Receivable on disposal of subsidiaries: Following the disposal of subsidiaries Karakash OOO and Karakash Agro OOO in March 2018, other receivables as at 31 December 2022, included non-current amount receivable of EUR 3,106 thousand from Symbol LLC. It was assessed that this amount receivable was exposed to high risk and there was an objective evidence of its impairment. Accordingly, it was attributed to Stage 3, and loss allowance was calculated with reference to lifetime ECL. As at 31 December 2022, loss allowance was equal to the amount of receivable of EUR 3,106 thousand. During 2023 loss allowance was reversed. The Group received EUR 315 thousand repayment and wrote off EUR 2,791 thousand.

Cash and cash equivalents
The counterparty risk of banks and financial institutions is managed through careful selection of counterparties and continuous monitoring of their risk level. The risk and probability of default of banks and financial institutions is based on the ratings awarded by the rating agencies Moody's, Standard & Poor's and Fitch. Therefore, the lowest expected credit loss rate (0.01%) was applied when calculating expected credit losses for cash and cash equivalents.

As at 31 December 2023 and 2022, no loss allowance was recognised for the Company's cash and cash equivalents, since the expected credit loss rates were immaterial.

As at 31 December 2023, 87.00% (31 December 2022: 97.89%) of the Group‘s cash balances were held at banks with long-term credit rating of *Investment grade* awarded by international rating agencies Moody‘s, Standard&Poors or Fitchratings.

The Company‘s all cash balances were held at banks with long-term credit rating of *Investment grade* awarded by international rating agencies Moody‘s, Standard&Poors or Fitchratings.

Liquidity risk

Cash flow forecasting is performed at the Group entities, 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. Borrowed capital is managed by the Group's cash pool, whose one of goals is more efficient managing of the Group's cash.

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:

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

GROUP	Carrying amount	Contractual cash flows					
		Total	On demand	Within 1 year	Between 1 and 2 years	Between 3 and 4 years	Over 5 years and later
At 31 December 2023							
Borrowings	78,647	86,024	-	58,048	12,443	10,159	5,374
Lease liabilities	48,387	61,599	-	10,751	10,212	15,419	25,217
Guarantees issued	-	232	232	-	-	-	-
Supplier financing arrangements	4,443	4,689	-	4,689	-	-	-
Trade and other payables	23,510	23,510	-	23,510	-	-	-
Total	**154,987**	**176,054**	**232**	**96,998**	**22,655**	**25,578**	**30,591**
At 31 December 2022							
Borrowings	69,798	76,249	-	36,448	29,493	9,634	674
Lease liabilities	47,229	60,185	-	10,315	9,526	16,295	24,049
Guarantees issued	-	232	232	-	-	-	-
Supplier financing arrangements	6,978	7,356	-	7,356	-	-	-
Trade and other payables	18,566	18,566	-	18,570	-	-	-
Total	**142,571**	**162,588**	**232**	**72,689**	**39,019**	**25,929**	**24,723**

As at 31 December 2023, trade and other payables with settlement term of 3 months or less amounted to EUR 18,834 thousand, with settlement term from 3 to 12 months amounted to EUR 4,676 thousand (31 December 2022: EUR 16,680 thousand and EUR 1,886 thousand, respectively). As at 31 December 2023, for supplier financing arrangements with the settlement term of 3 months amounted to EUR 2,233 thousand, and with the settlement term of 3 to 12 months amounted to EUR 2,210 thousand (2022: EUR 3,103 and EUR 3,875 thousand, respectively).

As at 31 December 2023, the Group's current liabilities exceeded current assets by EUR 36,523 thousand (31 December 2022: EUR 1,815 thousand). In 2023, current liquidity ratio (current assets / current liabilities) was 0.65 (2022: 0.97), and quick ratio (current assets (excluding biological assets and inventories) / current liabilities) was 0.16 (2022: 0.19). As at 31 December 2023, decrease in liquidity ratio was attributable to the issuance of new current bonds and reclassification of previously issued bonds from non-current to current due to the approaching end date of the agreements. Additionally, some borrowings were reclassified from non-current to current due to non-compliance with financial covenants. Confirmations were obtained from the financial institutions assuring that no additional sanctions will be imposed due to non-compliance with the financial covenants (see below 'Compliance with financial covenants under the loan and bond agreements'). Group's business continuity risk management is described in note 2.1.

COMPANY	Carrying amount	Contractual cash flows					
		Total	On demand	Within 1 year	Between 1 and 2 years	Between 3 and 4 years	Over 5 years and later
At 31 December 2023							
Borrowings	32,381	35,728	-	24,763	1,549	9,416	-
Lease liabilities	537	613	-	201	212	187	13
Guarantees issued	-	44,704	44,704	-	-	-	-
Trade and other payables	1,054	1,054	-	1,054	-	-	-
Total	**33,972**	**82,099**	**44,704**	**26,018**	**1,761**	**9,603**	**13**
At 31 December 2022							
Borrowings	32,034	35,399	-	9,535	24,795	1,069	-
Lease liabilities	576	673	-	179	175	308	11
Guarantees issued	-	39,044	39,044	-	-	-	-
Trade and other payables	867	867	-	867	-	-	-
Total	**33,477**	**75,983**	**39,044**	**10,581**	**24,970**	**1,377**	**11**

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

Borrowings include bank borrowings and bonds (note 16).

As at 31 December 2023, the Company‘s current liabilities exceeded current assets by EUR 27,331 thousand (31 December 2022: current liabilities exceeded current assets by EUR 6,228 thousand). As at 31 December 2023, current liquidity ratio (current assets / current liabilities) was 0.10 (31 December 2022: 0.33), and quick ratio was 0.10 (2022: 0.33). As at 31 December 2023, decrease in liquidity ratio was attributable to the reclassification of issued bonds from non-current to current due to the approaching end date of the agreements and non-compliance with financial covenants. Confirmations were obtained from the financial institutions assuring that no additional sanctions will be imposed due to non-compliance with the financial covenants (see below ‘Compliance with financial covenants under the loan and bond agreements’). Company’s business continuity risk management is described in note 2.1.

Compliance with financial covenants set under the loan and bond agreements

As at 31 December 2022 the Group did not comply with the financial covenants set forth in the financing agreements with two financing institutions (Swedbank and KŪB Pagalbos Verslui Fondas) (for the Company – with one financial institution KŪB Pagalbos Verslui Fondas). As at 31 December 2023 the Group did not comply with the financial covenants set forth in the financing agreements with three financing institutions (Luminor, Citadele and KŪB Pagalbos Verslui Fondas) (for the Company – with one financial institution KŪB Pagalbos Verslui Fondas). Confirmations were received from these financial institutions assuring that no additional sanctions will be imposed due to non-compliance with the financial covenants. Confirmations were received and contracts were amended (note 34) after the end of the reporting year, i.e. already in 2024 (as well as in 2023 due to non-compliance with the financial covenants in 2022). Accordingly, as at 31 December 2023, non-current borrowings of EUR 10,669 thousand at the Group (EUR 6,000 thousand at the Company) were reclassified as current borrowings (As at 31 December 2022 - EUR 11,931 thousand at the Group and EUR 6,268 thousand at the Company). Their repayment, however, will not be required during 2024 (as well as it was not required during 2023), and therefore, no business continuity risk arises for the Group/Company.

Interest coverage ratio (EBITDA to net interest expense ratio) financial covenant was set in the Green bond Prospectus (Note 16) for the first tranche, 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 2023, actual interest coverage ratio was 0.13 and the covenant was not met at the end of the reporting period. Additionally, equity ratio must be higher than 30% and the actual ratio was 27% in 2023. According to the rules set out in the Prospectus, the Group has 6 months period to improve the situation and reach covenants, so there is no effect on 31 December 2023. 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 2024 and business plans, covenants 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 2024 harvest). In 2022, the Group complied with these financial covenants.

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 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 be not lower than 50% of the company's authorised share capital.

As at 31 December 2023 and 31 December 2022, the Company complied with these requirements.

As of 31 December 2023, 43 Group entities (31 December 2022: 42) did not comply with the above requirements. The Board of the entities not meeting the above requirements must convene a shareholders' meeting to remedy the situation of the capital adequacy level. Non-compliance of the Group entities had no impact on compliance with the covenants of ratios set forth in the loan agreements.

(All amounts are in EUR ’000 unless otherwise stated)

The Group’s net debt:

	GROUP		COMPANY	
	At 31 December 2023	**At 31 December 2022**	**At 31 December 2023**	**At 31 December 2022**
Borrowings	78,647	69,798	32,381	32,034
Lease liabilities	48,387	47,229	537	576
Less: cash and cash equivalents	(3,455)	(3,337)	(10)	(9)
Net debt before supplier financing arrangements	**123,579**	**113,690**	**32,908**	**32,601**
Supplier financing arrangements	4,443	6,978	**-**	-
Total net debt	**128,022**	**120,668**	**32,908**	**32,601**

3.3 Fair Value Measurement

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

Level 1 includes assets with the fair value measured with reference to the quoted (unadjusted) prices in active markets for identical assets;
Level 2 includes assets with the fair value measured with reference to other directly or indirectly observable inputs;
Level 3 includes assets with the fair value measured with reference to unobservable inputs.

There were no transfers between any levels during the year.

The carrying amount of trade receivables (less impairment losses) and the carrying amount of trade payables approximate their fair value. The carrying amount of borrowings approximates their fair value as they bear interest rates similar to market interest rates at the balance sheet date. The fair value of loans granted approximates their carrying amount as they bear interest rates similar to market interest rates at the balance sheet date.

The carrying amount of green bonds is calculated by discounting the nominal value of bonds at the interest rate of bonds, net of bond issue costs and discounts. The discounts and other related costs will be recognised as interest expenses and capitalised by adding them to the value of green bonds over a 5-year period. As at 31 December 2023, the fair value of bonds was EUR 18,997 thousand (31 December 2022: EUR 19,800 thousand).

The Group’s/Company’s cash and cash equivalents comprise cash at bank, and their carrying amounts approximate the fair value.

The fair values of the Group’s/Company’s financial assets and liabilities are classified within Level 3 of the fair value hierarchy, including loans granted, borrowings, trade and other receivables and trade and other payables, excluding cash and cash equivalents that are classified within Level 2.

The fair value of 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 recognised 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.

a) Recoverable amount of property, plant and equipment (except land), right-of-use assets and internally generated intangible assets

At each balance sheet date, the Group/Company reviews the carrying amount of its property, plant and equipment, right-of-use assets and internally generated intangible assets 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.

The 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 a group of cash-generating units) is estimated to be less than its carrying amount, the carrying amount of the asset (or a group of cash-generating units) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

In 2023 and 2022 there were no indications showing that the recoverable amount could be lower than the carrying amount, therefore, no impairment test was performed for the Group's property, plant and equipment, right-of-use assets and internally generated intangible assets.

b) Impairment of investments in subsidiaries (Company)

As at 31 December 2023, the impairment of investments in subsidiaries was estimated by assessing the recoverable amount. The recoverable amount of investments in subsidiaries is assessed by discounting the future cash flows to their present value. The management tested its investments in subsidiaries for impairment and concluded that there was impairment loss (note 7).

c) Realisation of deferred income tax asset

Deferred income tax assets are recognised on accumulated tax losses to the extent it is probable that future taxable profit will be available against which the accumulated tax losses can be utilised (note 19).

d) Biological assets – fair value of livestock

Dairy cows
Due to the specific nature of agricultural produce, sometimes the 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 an active market, which otherwise would 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.

The carrying amount at the reporting date, key assumptions and principles used in determining the fair value of livestock are described in note 9.

e) *Biological assets – fair value of crops*

At the end of the reporting period crops are valued in view of biological transformation at the year end. At the 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 at the year end. For winter crops, the biological transformation at the year end is substantial due to favourable weather conditions in autumn and warm winter. Accordingly, at the year end winter crops may be stated at fair value, provided the Group concludes that the biological transformation of these crops is more significant than it is typical in the specific period.

The carrying amount at the reporting date, key assumptions and principles used in determining the fair value of crops are described in note 9.

f) Inventory write-down allowance to net realisable value

Assessment of inventories was carried out with reference to the expected sales prices. If the latter were lower than the fair value on initial recognition, inventories were written down. Significant changes in the management's estimates would have impact on the separate and consolidated financial statements.

g) Lease liabilities – lease term of land

When determining the lease term, the management considers all relevant facts and circumstances that create an economic incentive to exercise the extension option or not to exercise the termination option.

The extension options (or periods beyond the termination options) are included in the lease term when it is reasonably certain that the lease will be extended (will not be terminated). This is reassessed upon occurrence of either a significant event or a significant change in circumstances that affects such assessment and is within the control of the lessee. As at 31 December 2023, the lease term of land was determined with reference to the business plan.

h) Significant judgement: supplier financing arrangement

To support its strategic suppliers, the Group has entered into the supply chain financing arrangements (note 2.14). Under the arrangements, a financial institution acquires the claim rights to the selected trade receivables from the supplier. Following such transfer of claim rights, the Group will no longer be able to make early direct payments to the supplier and will not be able to offset any of trade receivables from these suppliers. However, the Group has determined that the settlement terms of trade payables are otherwise substantially unchanged, and therefore, it is appropriate to present the relevant amounts payable under the supplier financing arrangements within trade payables in the balance sheet.

For the purpose of the cash flow statement, the Group considers that the financial institution settles the invoices to the supplier as a payment agent on behalf of the Group. The payments made to the supplier by the financial institution are therefore presented in the cash flow statement as payments received under supplier financing arrangements. When the Group subsequently pays the amount outstanding to the financial institution, this is presented separately as a financing cash outflow. As a consequence, the Group's payables under supplier financing arrangements are included in the net debt reconciliation in note 3.

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

5. Property, Plant and Equipment

GROUP	Land	Buildings and structures	Plant and machinery	Motor vehicles	Other PP&E	Construction in progress	Total
At 1 January 2022							
Cost or revalued amount	29,874	65,567	50,567	4,160	4,897	4,201	159,266
Accumulated depreciation	-	(26,878)	(34,928)	(2,870)	(2,538)	-	(67,214)
Net book amount	**29,874**	**38,689**	**15,639**	**1,290**	**2,359**	**4,201**	**92,052**
Net book amount at 1 January 2022	**29,874**	**38,689**	**15,639**	**1,290**	**2,359**	**4,201**	**92,052**
- additions	436	265	1,932	153	132	4,271	7,189
- write-offs and disposals	(13)	(10)	(299)	(20)	(3)	(92)	(437)
- revaluation	1,881	-	-	-	-		1,881
- reversal of provisions	-	204	168	21	-	-	393
- depreciation	-	(2,479)	(3,297)	(356)	(529)		(6,661)
- reclassification	-	1,038	1,090	-	-	(2,834)	(706)
Net book amount at 31 December 2022	**32,178**	**37,707**	**15,233**	**1,088**	**1,959**	**5,546**	**93,711**
At 31 December 2022							
Cost or revalued amount	32,178	66,668	51,099	4,158	5,006	5,546	164,655
Accumulated depreciation	-	(28,961)	(35,866)	(3,070)	(3,047)	-	(70,944)
Net book amount	**32,178**	**37,707**	**15,233**	**1,088**	**1,959**	**5,546**	**93,711**
Net book amount at 1 January 2023	**32,178**	**37,707**	**15,233**	**1,088**	**1,959**	**5,546**	**93,711**
- additions	23	626	2,319	231	372	2,298	5,869
- write-offs and disposals	(8)	-	(52)	(7)	(9)	-	(76)
- disposal of subsidiary (note 30)	-	(2,019)	(1,699)	(44)	(120)	-	(3,882)
- revaluation	2,409	-	-	-	-	-	2,409
- depreciation	-	(2,384)	(3,530)	(330)	(530)	-	(6,774)
- reclassification	300	621	3,993	-	300	(5,655)	(441)
Net book amount at 31 December 2023	**34,902**	**34,551**	**16,264**	**938**	**1,972**	**2,189**	**90,816**
At 31 December 2023							
Cost or revalued amount	34,902	66,608	54,396	4,226	4,645	2,189	166,966
Accumulated depreciation	-	(32,057)	(38,132)	(3,288)	(2,673)	-	(76,150)
Net book amount	**34,902**	**34,551**	**16,264**	**938**	**1,972**	**2,189**	**90,816**

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

Depreciation charges of property, plant and equipment are included in cost of sales, biological assets, inventories and operating expenses.

As at 31 December 2022, construction in progress contained development of tractors of EUR 1,431 thousand. In 2023, the Group reclassified this amount to internally generated intangible asset. As at 31 December 2023, amounts accumulated in construction in progress relate to construction of biofuel power plants (31 December 2023: EUR 618 thousand, 31 December 2022: EUR 2,437 thousand).

The following items of property, plant and equipment have been fully depreciated but still in use by the Group.

	GROUP	
	At 31 December 2023	**At 31 December 2022**
Buildings and structures	3,653	2,523
Plant and machinery	20,219	19,221
Motor vehicles	1,967	1,534
Other PP&E	1,413	1,566
Total	**27,252**	**24,863**

As at 31 December 2023, the Group's property, plant and equipment with the carrying amount of EUR 74,059 thousand (2022: EUR 65,408 thousand) had been pledged to secure repayment of bank borrowings.

COMPANY	Motor vehicles	Other PP&E	Construction in progress	Total
At 1 January 2022				
Cost or revalued amount	225	1,833	1,021	2,991
Accumulated depreciation	(181)	(301)	-	(394)
Net book amount	**44**	**1,532**	**1,021**	**2,597**
Net book amount at 1 January 2022	**44**	**1,532**	**1,021**	**2,597**
- additions	-	2	1,432	1,434
- write-offs and disposals	(2)	-	-	(12)
- revaluation	-	-	-	-
- depreciation	(22)	(237)	-	(249)
- reclassifications	-	-	(1,021)	(1,021)
Net book amount at 31 December 2022	**20**	**1,297**	**1,432**	**2,749**
				-

At 31 December 2022				
Cost or revalued amount	215	1,834	1,432	3,481
Accumulated depreciation	(195)	(537)	-	(732)
Net book amount	**20**	**1,297**	**1,432**	**2,749**
Net book amount at 1 January 2023	**20**	**1,297**	**1,432**	**2,749**
- additions	-	34	24	58
- write-offs and disposals	-	-	(1,456)	(1,456)
- revaluation	-	-	-	-
- depreciation	(12)	(209)	-	(221)
- reclassifications	-	-	-	-
Net book amount at 31 December 2023	**8**	**1,122**	**-**	**1,130**
At 31 December 2023				
Cost or revalued amount	179	1,868	-	2,047
Accumulated depreciation	(171)	(746)	-	(917)
Net book amount	**8**	**1,122**	**-**	**1,130**

Depreciation charges of the Company's property, plant and equipment are included in administrative expenses.

Construction in progress included capitalised costs of R&D project. The project is related to development of hybrid biomethane/electric tractors. In 2023, the incurred costs capitalised in the category of construction in progress were disposed of and transferred to the subsidiary UAB AUGA Tech.

As at 31 December 2023, property, plant and equipment fully depreciated but still in use by the Company amounted to EUR 216.7 thousand (31 December 2022: EUR 198.6 thousand).

As at 31 December 2023, the Company's property, plant and equipment with the carrying amount of EUR 1,093 thousand (31 December 2022: EUR 1,248 thousand) had been pledged to secure repayment of bank borrowings.

Had no revaluation been performed for land, the carrying amounts would have been as follows:

	Land
Carrying amount of land before revaluation effect at 31 December 2023	13,916
Carrying amount of land before revaluation effect at 31 December 2022	13,601

Fair value measurement of land

The Group evaluates its cultivated agricultural land portfolio annually at the end of each year. In 2023, the Group hired independent valuators to perform valuation of the Group's 100% land portfolio. The Group's agricultural land plots in different regions of Lithuania were evaluated individually. The evaluation was performed by independent valuators from Inreal UAB. The valuator assessed the values of the land plots against the comparable market transactions of similar fertility land plots in a similar region. The valuation was performed in November of 2023 and there were no significant changes in value between the date of valuation and the end of the reporting period.
In 2022, the Group hired independent valuators to perform valuation of the Group's 100% land portfolio. The Group's agricultural land plots in different regions of Lithuania were evaluated individually. The evaluation was performed by independent valuators from Inreal UAB. The valuator assessed the values of the land plots against the comparable market transactions of similar fertility land plots in a similar region. The valuation was performed in November of 2022 and there were no significant changes in value between the date of valuation and the end of the reporting period.

The valuation revealed that the value of the Group's land increased by EUR 2,409 thousand in 2023 (2022: EUR 2,093 thousand). The value of the Group's land also increased due to acquisition of new land over the reporting period until the valuation date. The average price of agricultural land increased from EUR 6.7 thousand per hectare in 2022 to EUR 7.0 thousand per hectare in 2023.

The table below summarises the changes in fair value of agricultural land in different regions during 2023 and 2022.

	At 31 December 2023			At 31 December 2022			Change in average value per ha	
Region	**Area (Ha)**	**Value (EUR '000)**	**Average value (EUR/Ha)**	**Area (Ha)**	**Value (EUR '000)**	**Average value (EUR/Ha)**	**Change, EUR**	**Change, (%)**
Total	**4 976***	**34,902**	**7,014**	**4 835***	**32,178**	**6,655**	**359**	**5.39**
Radviliškis	963	7,669	7,967	968	7,073	7,306	661	9.05
Jonava	428	2,940	6,866	393	2,704	6,884	(18)	-0.26
Šakiai	530	4,462	8,417	530	4,270	8,055	362	4.50
Šiauliai	388	2,579	6,651	364	2,381	6,546	105	1.61
Kėdainiai	319	2,755	8,627	307	2,550	8,318	309	3.72
Jurbarkas	354	1,955	5,520	345	1,886	5,462	58	1.06
Anykščiai	308	1,531	4,978	308	1,496	4,863	115	2.36
Raseiniai	400	2,749	6,865	402	2,498	6,218	647	10.40
Panevėžys	330	2,380	7,207	330	2,175	6,586	621	9.44
Mažeikiai	186	1,209	6,493	186	1,187	6,373	120	1.89
Other	770	4,673	6,071	703	3,958	5,632	439	7.80

* The Group holds title to 4,924 ha (2022: 4,783 ha) out of 4,976 ha (2022: 4,835 ha) of land. The remaining land is consolidated in the Group's financial statements based on share repurchase agreement of the company holding title to this land.

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

6. Right-of-use assets

GROUP	Land	Buildings and structures	Plant and machinery	Motor vehicles	Other	Total
At 1 January 2022						
Cost or revalued amount	56,377	966	10,186	665	-	68,194
Accumulated depreciation	(17,565)	(403)	(2,846)	(175)	-	(20,989)
Net book amount	**38,812**	**562**	**7,340**	**490**	**-**	**47,204**
Net book amount at 1 January 2022	**38,812**	**562**	**7,340**	**490**	**-**	**47,204**
- additions	168	-	19	-	-	187
- write-offs and disposals	-	-	-	-	-	-
- effect of modifications	8,777	50	-	-	-	8,828
- depreciation	(6,679)	(114)	(1,020)	(84)	-	(7,897)
- reclassifications	-	-	-	-	-	
Net book amount at 31 December 2022	**41,079**	**498**	**6,339**	**406**	**-**	**48,322**
At 31 December 2022						
Cost or revalued amount	65,322	1,019	10,205	665	-	77,212
Accumulated depreciation	(24,243)	(521)	(3,866)	(259)	-	(28,890)
Net book amount	**41,079**	**498**	**6,339**	**406**	**-**	**48,322**
Net book amount at 1 January 2023	**41,079**	**498**	**6,339**	**406**	**-**	**48,322**
- additions	184	-	327	94	71	676
- write-offs and disposals	-	-	-	-	-	-
- effect of modifications	9,151	124	-	-	-	9,275
- depreciation	(7,474)	(153)	(923)	(90)	(11)	(8,651)
- reclassifications	-	-	(958)	-	-	(958)
Net book amount at 31 December 2023	**42,940**	**469**	**4,785**	**410**	**60**	**48,664**
At 31 December 2023						
Cost or revalued amount	74,657	1,143	9,574	759	71	86,205
Accumulated depreciation	(31,718)	(674)	(4,789)	(349)	(11)	(37,541)
Net book amount	**42,940**	**469**	**4,785**	**410**	**60**	**48,664**

Depreciation charges of the Group's right-of-use assets were included in cost of sales, biological assets, inventories and administrative expenses.

(All amounts are in EUR ’000 unless otherwise stated)

COMPANY	Buildings and structures	Motor vehicles	Total
At 1 January 2022			
Cost or revalued amount	966	127	1,093
Accumulated depreciation	(403)	(31)	(434)
Net book amount	**562**	**96**	**658**
Net book amount at 1 January 2022	**562**	**96**	**658**
- additions	-	-	-
- write-offs and disposals	-	-	-
- effect of modifications	50	-	50
- depreciation	(114)	(17)	(131)
- reclassifications	-	-	-
Net book amount at 31 December 2022	**498**	**79**	**577**
At 31 December 2022			
Cost or revalued amount	1,019	127	1,146
Accumulated depreciation	(521)	(48)	(569)
Net book amount	**498**	**79**	**577**
Net book amount at 1 January 2023	**498**	**79**	**577**
- additions	-	-	-
- write-offs and disposals	-	-	-
- effect of modifications	124	-	124
- depreciation	(153)	(17)	(170)
- reclassifications	-	-	-
Net book amount at 31 December 2023	**469**	**62**	**531**
At 31 December 2023			
Cost or revalued amount	1,143	127	1,270
Accumulated depreciation	(674)	(65)	(739)
Net book amount	**469**	**62**	**531**

(All amounts are in EUR ’000 unless otherwise stated)

Depreciation charges of the Company’s right-of-use assets were included in administrative expenses.

Under the lease contracts, right-of-use assets had been pledged as collateral for lease liabilities.

7. Investments in Subsidiaries

	2023	2022
At 1 January	**106,688**	**106,675**
Acquisition of subsidiaries / additions	5,896	16
Disposal of subsidiaries	-	(3)
Impairment loss	(3,839)	
At 31 December	**108,745**	**106,688**

In 2023 the Company increased its investments in subsidiaries by raising the share capital of AUGA Raseiniai by EUR 5,888 thousand. Share capital was increased by the Company by offsetting loan granted to the subsidiary.

Impairment

As at 31 December 2023 and 2022, the Company’s management performed impairment tests for the cost of investments in subsidiaries. To assess whether impairment indicators exist, the cost of investments in subsidiaries operating in farming and mushroom growing activities was compared against the net assets value of those subsidiaries as at 31 December 2023 and 2022. Where the net assets value was lower than the carrying amount of the investment, the management concluded that there existed impairment indications for the investment and estimated the recoverable amount of the specific subsidiary using the discounted cash flow method.

In 2023, the results of the impairment test for subsidiaries engaged in farming activities revealed indications of impairment for certain subsidiaries, as their net assets value was below the carrying amount of the investment. The future discounted cash flows method was applied to these subsidiaries, based on 5-year financial forecasts that were endorsed by the management. Key assumptions used in impairment test included forecast EBITDA which was based on actual cultivated land area, actual quantity of livestock and forecast figures such as yields, prices, costs, subsidies per hectare, and operating expenses. Oher important assumptions are listed in the table below. As at 31 December 2023, the present values of future cash flows for these subsidiaries were higher than the cost of investments, therefore no impairment loss for subsidiaries operating in farming activities was recognised.

The following assumptions were used in the impairment tests for subsidiaries operating in farming:

Assumption	**At 31 December 2023**
Forecast period	5 years
Annual growth rate	3.30%
Discount rate (WACC):	8.30%

The results of impairment indicators assessment of mushroom growing subsidiary showed that there were indications of impairment. The mushroom growing subsidiary include the investment in Baltic Champs UAB in 2023 and Baltic Champs UAB group comprising Baltic Champs UAB and Grybai LT KB in 2022. Accordingly, the impairment test was based on forecast cash flows from the Baltic Champs UAB in 2023 and entire Baltic Champs UAB group in 2022. The forecast annual cash flows were determined with reference to the budget for 2024 and 2023 respectively. The calculations were based on assumptions listed in the table below. Subsequently, the present value of those future cash flows was determined and it was compared against the cost of investments. As at 31 December 2023, the recoverable amount of Baltic Champs UAB was lower than the cost of investment by EUR 3,839 thousand, therefore impairment loss was recognised for this amount. Throughout 2023, Baltic Champs UAB sold its subsidiary Grybai LT KB and paid EUR 4,000 thousand dividends to the Company. In 2022, recoverable amount was higher than the cost of investment, therefore it was concluded that there was no impairment for the investment in Baltic Champs UAB.

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

The following assumptions were used in the impairment tests for subsidiary operating in mushroom growing:

Assumption	**At 31 December 2023**	**At 31 December 2022**
Forecast period	5 years	5 years
Annual growth rate	5.76%	5.00%
Discount rate (WACC):	8.04%	7.72%

In 2023, the Company recognised EUR 3,839 thousand impairment loss for investments in subsidiary Baltic Champs UAB. No impairment loss or reversal of previous impairment loss for investments in subsidiaries were recognised in 2022.

Sensitivity to change in key assumptions used in the impairment tests:

	Change in assumption		**Impact on increase in impairment**	
Assumption	**2023**	**2022**	**2023**	**2022**
Decrease in annual growth rate	1 p.p.	1 p.p.	(1,659)	No impact
Increase in discount rate (WACC)	1 p.p.	0.5 p.p.	(4,330)	No impact
Decrease in EBITDA	10 p.p.	5 p.p.	(4,893)	No impact

8. Intangible Assets

	GROUP				**COMPANY**		
	Goodwill	**Internally generated intangible assets**	**Other intangible assets**	**Total**	**Internally generated intangible assets**	**Other intangible assets**	**Total**
At 1 January 2022							
Cost	3,465	-	418	3,883	-	38	38
Accumulated amortisation	-	-	(398)	(398)	-	(28)	(28)
Net book amount	**3,465**	**-**	**20**	**3,485**	-	**10**	**10**
Net book amount at 1 January 2022	**3,465**	**-**	**20**	**3,485**	**-**	**10**	**10**
- additions	-	-	128	128	-	103	103
- internal development	-	625	-	625	625	-	625
- amortisation	-	-	(16)	(16)	-	(6)	(6)
- reclassification	-	1,021	-	1,021	1,021	-	1,021
Net book amount at 31 December 2022	**3,456**	**1,646**	**132**	**5,243**	**1,646**	**107**	**1,753**

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

At 31 December 2022							
Cost	3,465	1,646	531	5,642	1,646	141	1,787
Accumulated amortisation	-	-	(399)	(399)	-	(34)	(34)
Net book amount	**3,465**	**1,646**	**132**	**5,243**	**1,646**	**107**	**1,753**
Net book amount at 1 January 2023	**3,465**	**1,646**	**132**	**5,243**	**1,646**	**107**	**1,753**
- additions	-	1,168	330	1,498	-	229	229
- internal development	-	546	-	546			
- write-offs and disposals	-	-	-	-	(1,646)	(9)	(1,655)
- disposal of subsidiary (note 30)	(3,465)	-	(16)	(3,481)	-	-	-
- amortisation	-	-	(24)	(24)	-	(1)	(1)
- reclassification	-	1,431	-	1,431	-	-	-
Net book amount at 31 December 2023	**-**	**4,791**	**422**	**5,213**	**-**	**326**	**326**
At 31 December 2023							
Cost	-	4,791	825	5,616	-	352	352
Accumulated amortisation	-	-	(403)	(403)	-	(26)	(26)
Net book amount	**-**	**4,791**	**422**	**5,213**	**-**	**326**	**326**

Amortisation charges of intangible assets were included in administrative expenses (see note 25).

The Group's internally generated intangible assets are related to development of tractors (31 December 2023: EUR 4,791 thousand, 31 December 2022: EUR 1,646 thousand). In 2023 the Company has disposed of internally generated intangible assets and transferred them to the subsidiary UAB AUGA Tech. The Group develops hybrid biomethane-electric (M1) and multimodal electric tractors through the subsidiary UAB AUGA Tech. In 2023, AUGA M1 has obtained a patent in strategic global markets: the USA, Eurasian Patent Convention member states, and Australia, that is paving the way for commercialisation. Half-size of M1 electric multi-functional prototype tractor, able to cover the remainder of the farming needs, will be presented in the future.

Goodwill – Grybai LT KB

In 2020, the Group entity Baltic Champs UAB together with other Group entities capitalised the loans granted to Grybai LT KB and bought out the member shares from the remaining minority members of Grybai LT KB, as a result of which the Group took over full control of Grybai LT KB. Baltic Champs UAB holds 95% of member shares in Grybai LT KB, and the remaining 5% of member shares are held by other Group entities.

Grybai LT KB is engaged in production of consumer packaged goods. Before acquisition of control over Grybai LT KB, Grybai LT KB was engaged in provision of production services to the Group and production of consumer packaged goods (soup, canned vegetables, etc.). As the Group was seeking to expand the production of consumer packaged goods, to control and improve the production process, it acquired control over Grybai LT KB.

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

Acquisition of Grybai LT KB resulted in recognition of goodwill of EUR 3,465 thousand. Goodwill arose from potential synergy of business activities of the Group entities. Goodwill was not amortised, but tested annually for impairment (note 2.5).

In July 2023, AUGA group sold its subsidiary Grybai LT, therefore goodwill was written-off (note 30).

Impairment of goodwill

As at 31 December 2022, the Group's management applied the 'value in use' approach to test goodwill for impairment. This approach involves future discounted cash flows based on 5-year financial forecasts approved by the management. Key assumptions used in impairment test of goodwill included forecast revenue, after-tax WACC, forecast EBITDA, growth trends, and capital expenditure. The 'value in use' approach was applied to the cash-generating unit (Grybai LT KB) to calculate the recoverable amount of assets based on cash flow forecasts in 2023 budget.

The following assumptions were used in impairment test:

Assumption	**At 31 December 2022**
Forecast period	5 years
Forecast revenue for first period	EUR 9.6 million
Annual growth rate of revenue	5%
Annual growth rate of expenses	5%
Annual growth rate beyond 5-year period	1%
Forecast EBITDA margin	21%
Discount rate (after-tax WACC)	8.07%
Expected capital expenditure approximates depreciation charges	Yes

As a result of impairment tests, no impairment was determined by the Group for cash-generating unit Grybai LT KB as at 31 December 2022.

Sensitivity to change in key assumptions used in the impairment tests:

Changes in assumptions	**Change in assumption**	**Impact on increase in impairment at 31 December 2022**
Annual decrease in revenue and cost of sales during the forecast period	10 p.p.	No impact
Decrease in annual growth rate	1 p.p.	No impact
Increase in discount rate (WACC)	0.5 p.p.	No impact
Decrease in EBITDA margin	5 p.p.	No impact

The sensitivity analysis revealed no impairment indications for goodwill in the event of the above changes in assumptions.

9. Biological Assets

The Group's biological assets comprised as follows:

	At 31 December 2023	At 31 December 2022
Livestock	10,686	10,515
Total non-current biological assets	**10,686**	**10,515**
Crops	20,708	17,464
Mycelium cultivation seedbed	2,365	2,419
Total current biological assets	**23,073**	**19,883**
Total biological assets	**33,759**	**30,398**

LIVESTOCK

Value of the Group's livestock, EUR '000	Dairy cows	Heifers	Other livestock	Total
At 1 January 2022	**6,890**	**3,001**	**102**	**9,993**
Additions	-	-	4	**4**
Increase (birth)	-	55	61	**116**
Makeweight	-	3,202	426	**3,628**
Reclassifications from other categories	2,561	(2,561)	-	**-**
Disposals	(673)	(159)	(304)	**(1,136)**
Natural mortality (recognised as change in fair value of biological assets (note 22)	(320)	(52)	(13)	**(385)**
Gain/(loss) on change in fair value of biological assets (note 22)	(1,659)	93	(139)	**(1,705)**
At 31 December 2022	**6,799**	**3,579**	**137**	**10,515**
Additions	-	-	5	**5**
Increase (birth)	-	60	46	**106**
Makeweight	-	3,828	505	**4,334**
Reclassifications from other categories	2,934	(2,934)	-	**-**
Disposals	(746)	(259)	(271)	**(1,276)**
Natural mortality (recognised as change in fair value of biological assets (note 22)	(296)	(57)	(32)	**(384)**
Gain/(loss) on change in fair value of biological assets (note 22)	(1,794)	(566)	(254)	**(2,614)**
At 31 December 2023	**6,897**	**3,651**	**136**	**10,686**

Quantity of the Group's livestock, units:

	Dairy cows	Heifers	Other livestock	Total
At 1 January 2022	**3,577**	**2,906**	**256**	**6,739**
Additions	-	-	-	-
Increase (birth)	-	1,842	1,588	3,430
Reclassifications between categories	1,022	(1,022)	-	-
Disposals	(976)	(338)	(1,402)	(2,716)
Natural mortality	(166)	(228)	(115)	(509)
At 31 December 2022	**3,457**	**3,160**	**327**	**6,944**
Additions	-	-	-	-

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

Increase (birth)	-	2,073	1,600	3,673
Reclassifications between categories	1,188	(1,188)	-	-
Disposals	(1,060)	(435)	(1,489)	(2,984)
Natural mortality	(132)	(221)	(90)	(443)
At 31 December 2023	**3,453**	**3,389**	**348**	**7,190**

In 2023, the Group produced 27,751 tons of milk (2022: 27,159 tons).

Fair value measurement of dairy cows

The fair value measurement of dairy cows was based on the recoverable amount approach using the discounted free cash flows over a 4-year useful life of the cow herd. At the end of the useful life the cows are expected to be sold for meat. The projected revenue is reduced by the amount of costs directly related to cow growing (feeds, medicines, payroll expenses, etc.) over the same period.

The following assumptions were used in fair value measurement:

Assumption	**At 31 December 2023**	**At 31 December 2022**
Forecast period	4 years	4 years
Average milk price	0.480 EUR/kg	0.550 EUR/kg
Useful life of cow herd	1-4 years	1-4 years
Average yield per cow	22.63 kg per day	22.35 kg per day
Discount rate (after-tax WACC)	7.70%	7.72%

Sensitivity to changes in key assumptions of dairy cows

A 5% change in the milk price over the next 4-year period would result in EUR 1,165 thousand (2022: EUR 1,252 thousand) change in the fair value of the cow herd.

The fair value measurement of dairy cows is attributed to Level 3 in the fair value hierarchy.

Fair value measurement of heifers and other non-dairy livestock

The fair value measurement of the Group's other livestock is based on the average price of meat per kilo. For young bulls and heifers, the fair value is measured by multiplying the market prices of meat per kg (meat market price depends on the age group of livestock) by the total weight of livestock in corresponding category.

A 10% change in the market price of meat would result in EUR 375 thousand (2022: EUR 369 thousand) change in the fair value of the Group's non-dairy livestock.

The fair value measurement of other livestock is attributed to Level 2 in the fair value hierarchy.

Milk is sold daily right after the milking.

Biological assets risk

The risk of biological assets used in the Group's activities (cattle, mushrooms, crops) arises from inappropriate maintenance of biological assets, potential outbreak of diseases, other factors that may cause loss of such assets.

The Group has the Environmental and Animal Welfare Policy in place, which is constantly updated. To minimise potential losses caused by the factors of biological assets risk, the Group‘s farm workers monitor the condition of soil, use environmentally friendly plant protection means and organic fertilizers, apply crop rotation, carefully control the quality of cattle feed, continuously improve animal housing conditions, and undertake prevention of infections.

The Group believes there is a low likelihood of biological assets risk in future periods due to prevention and control systems implemented at the Group, however, it is still possible in the event of severely unfavourable climate conditions beyond the control of the Group.

CROPS

Value of the Group’s crops, EUR ‘000

	Crops
At 1 January 2022	**17,108**
Seeding and other costs before point of harvest	23,954
Harvest of crops	(43,888)
Effect of change in fair value on initial recognition of agricultural produce (note 22)	2,826
Autumn seeding and land tillage for spring	15,499
Effect of change in fair value on initial recognition of agricultural produce – winter crops (note 4, 22)	1,965
At 31 December 2022	**17,464**
Seeding and other costs before point of harvest	24,344
Harvest of crops	(34,568)
Effect of change in fair value on initial recognition of agricultural produce (note 22)	(7,240)
Autumn seeding and land tillage for spring	19,420
Effect of change in fair value on initial recognition of agricultural produce – winter crops (note 4, 22)	1,288
At 31 December 2023	**20,708**

Balances of the Group‘s crops by type:

2023	**Winter wheat**	**Winter rapeseed**	**Winter barley**	**Vicia + triticale**	**Other crops**	**Total**
Total seeded area (tilled land), ha	10,878	5,414	1,463	891	19,455	**38,100**
Total costs incurred, EUR ‘000	6,850	3,565	937	431	7,638	**19,420**
Average costs per ha (EUR)	630	658	641	484	393	**510**
2022						
Total seeded area (tilled land), ha	10,249	1,651	765	-	25,849	**38,514**
Total costs incurred, EUR ‘000	5,321	1,272	400	-	8,507	**15,499**
Average costs per ha (EUR)	519	771	523	-	329	**402**

In 2023, the Group's harvest was 110 thousand tons of grains and vegetables (2022: 107 thousand tons).

Result on initial recognition of fair value of biological assets was loss of EUR 5.95 million in 2023 (2022: gain of EUR 4.56 million). The decline in the result was caused by a significant decrease in organic production purchase prices along with rising expenses for fertilizers, seeds and wages.

Fair value measurement of crops

Crops are measured at fair value or, if the fair value cannot be determined, at cost that is used as an approximation of the fair value. As at 31 December 2023 and 2022, the cost was used to determine the fair value of summer crops because only little transformation has taken place since the date of incurrence of costs, whereas winter crops were measured at fair value.

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

The fair value of winter crops at the year-end is calculated using the following formula and assumptions.

Fair value of crops = costs incurred + (cultivated land area (ha) * historical average yields (tons per ha) * forecast price per ton - cultivated land area (ha) * forecast costs per ha) * T, where:

- Costs incurred are the costs actually incurred in relation to particular type of crops during the period ended 31 December 2023
- Cultivated land area (ha) is the area in hectares seeded with particular type of crops and expected to be harvested.
- Historical average yields (tons per ha).
- Forecast price per ton. The fair value is calculated using the average sale prices of crops set in the contracts, after considering changes in the market. If the Group has or had no such contracts, the market prices are used to determine the value of crops harvested. If the market prices are not available or they are unreliable for the particular type of crops, the crops harvested are measured at cost.
- Forecast costs per ha. Historical average costs, after considering current situation.
- T is a proportion of time between the seeding date and the expected harvest date. As at 31 December 2023, the proportion of time was on average 35% (2022 - 34%).

As at 31 December 2023, the fair value of winter crops for 2023/2024 season exceeded the forecast costs by EUR 1,288 thousand (31 December 2022: EUR 1,965 thousand). The difference was accounted for in the financial statements as gain (loss) on subsequent measurement of biological asset at fair value.

Fair value measurement of crops is attributed to Level 3 in the fair value hierarchy.

The costs incurred include land tillage costs, seeds, eco-friendly fertilizers, payroll costs, machinery depreciation, and repair costs.

At point of harvest the prices of crops harvested are determined by the Group's management based on the prices set in the contracts and with reference to the market prices less costs to sell. The crops harvested are recognised as inventory at fair value less costs to sell, and the difference between the fair value less costs to sell and the growing costs is recognised in the statement of profit or loss as gain (loss) on initial recognition of biological asset at fair value.

MYCELIUM CULTIVATION SEEDBED

	Mycelium cultivation seedbed
At 1 January 2022	**2,290**
Seeding and other costs incurred before the point of harvest	29,429
Harvest of mushrooms	(29,297)
At 31 December 2022	**2,419**
Seeding and other costs incurred before the point of harvest	29,004
Harvest of mushrooms	(29,057)
At 31 December 2023	**2,365**

In 2023, the Group sold 11,510 tons of fresh mushrooms (2022: 11,245 tons).

Fair value measurement of mycelium cultivation seedbed

As at 31 December 2023 and 2022, the cost was used as an approximation of the fair value of mycelium cultivation seedbed, since only little biological transformation has taken place since the moment of incurrence of costs. The Group harvests the seedbed in production process at least 7-8 times annually.

The fair value of mycelium cultivation seedbed approximates the costs incurred.

Mushrooms are harvested and sold daily right after the point of harvest.

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

Part of biological assets of the Group entities (around 14%) had been pledged under corporate mortgages as collateral for borrowings as at 31 December 2023 (31 December 2022: around 26%).

10. Inventories

	At 31 December 2023	At 31 December 2022
Agricultural produce	14,156	22,069
Raw materials and consumables	10,567	9,482
Herbaceous forage	4,204	4,369
Finished products	304	435
Other	798	267
Total	**30,029**	**36,622**
Write-down allowance	(1,366)	(1,381)
Carrying amount	**28,663**	**35,241**

Value of agricultural produce on initial recognition

The value of agricultural produce is measured on initial recognition at the point of harvest with reference to the prices set in the contracts. If the Group has or had no such contracts, the value of crops harvested is determined with reference to the market prices. If the market prices are not available or are unreliable for particular type of crops, the value of crops harvested is measured at cost.

Inventories expensed in 2023 amounted to EUR 71,727 thousand (2022: EUR 63,940 thousand).

As at 31 December 2023, most of the inventories of the Group entities (59%) had been pledged under corporate mortgages as collateral for borrowings (31 December 2022: 86%).

11. Trade and Other Receivables

	GROUP		COMPANY	
	At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
Trade receivables	5,551	6,830	2,773	8,511
Subsidies and grants receivable from the National Paying Agency (NPA)	4,661	998	-	-
Receivables from natural persons	97	80	-	3
Receivable on disposal of subsidiaries (note 30)	-	3,106	-	-
Loan granted	536	518	-	-
Other receivables	6	12	3,265	11
Total	**10,851**	**11,544**	**6,038**	**8,525**
Less: loss allowance for receivable on disposal of subsidiaries	-	(3,106)	-	-
Less: loss allowance for other receivables	(197)	(89)	-	-
Trade and other receivables, net	**10,654**	**8,350**	**6,038**	**8,525**
Non-current portion	536	518	3,265	5,817
Current portion	**10,118**	**7,832**	**2,773**	**2,708**

As at 31 December 2023 and 2022, a part of the Company's trade receivables was classified as non-current based on the expected recoverable amount from the subsidiaries within one financial year and in later periods.

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

Assets pledged as collateral

When assessing the financial position of all Group entities individually, a part of trade and other receivables amounting to EUR 5,007 thousand were pledged under corporate mortgages as collateral for borrowings as at 31 December 2023 (31 December 2022: EUR 4,104 thousand).

12. Other Assets

	GROUP		COMPANY	
	At 31 December 2023	**At 31 December 2022**	**At 31 December 2023**	**At 31 December 2022**
Prepayments	2,783	2,415	180	161
Deferred expenses	1,406	1,407	148	191
VAT receivable	665	18	28	13
Other	254	-	-	-
Total	**5,108**	**3,840**	**356**	**365**
Non-current portion	1,718	1,299	66	66
Current portion	**3,390**	**2,541**	**290**	**299**

13. Cash and Cash Equivalents

The Group's cash and cash equivalents comprised as follows as at 31 December:

	GROUP		COMPANY	
	At 31 December 2023	**At 31 December 2022**	**At 31 December 2023**	**At 31 December 2022**
Cash at bank	3,397	3,309	10	9
Cash on hand	58	28	-	-
Carrying amount	**3,455**	**3,337**	**10**	**9**

As at 31 December 2023 and 2022, the Group did not recognise loss allowance for cash and cash equivalents because the expected loss rates were immaterial, as disclosed in note 11.

14. Financial Instruments by Category

	GROUP		COMPANY	
	At 31 December 2023	**At 31 December 2022**	**At 31 December 2023**	**At 31 December 2022**

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

Financial assets at amortised cost				
Trade receivables	5,354	6,742	6,038	8,511
Subsidies receivable from the NPA	4,661	998	-	-
Other receivables	639	610	-	14
Cash and cash equivalents	3,455	3,337	10	9
Total	**14,109**	**11,687**	**6,048**	**8,534**

	GROUP		**COMPANY**	
	At 31 December 2023	**At 31 December 2022**	**At 31 December 2023**	**At 31 December 2022**
Financial liabilities at amortised cost				
Borrowings	76,663	69,798	32,381	32,034
Lease liabilities	50,371	47,229	537	576
Trade payables	27,721	25,352	1,032	846
Other payables	232	192	22	21
Total	**154,987**	**142,573**	**33,972**	**33,477**

15. Equity

Share capital

As at 31 December 2023, the share capital amounted to EUR 67,203 thousand (31 December 2022: EUR 66,617 thousand). As at 31 December 2023, the share capital was divided into 231,735,132 ordinary registered shares (31 December 2022: 229,714,102 ordinary registered shares) with the nominal value of EUR 0.29 each. All the shares have been fully paid. Each share vests typical tangible and intangible rights as set forth in the Lithuanian Law on Companies and the Company's Articles of Association.

In 2023, 2,021,030 ordinary registered shares were granted to employees under the Employee Option Plan (2022: 2,297,850 shares). Accordingly, the Group's/Company's share capital increased by EUR 586 thousand (2022: EUR 666 thousand).

Share premium

The share premium reserve was formed following the completion of the secondary public offering held on 23 August 2018. The share premium reserve amounted to EUR 6,707 thousand as of 31 December 2023 (31 December 2022: EUR 6,707 thousand).

Legal reserve

The legal reserve is compulsory under the Lithuanian laws. Annual transfers of at least 5% of net profit, calculated in accordance with the Lithuanian regulatory legislation on accounting, are compulsory until the reserve reaches 10% of the authorised share capital. The legal reserve can be used to cover the accumulated losses only. The legal reserve of the Group/Company amounted to EUR 2,041 thousand as of 31 December 2023 (31 December 2022: EUR 2,041 thousand).

Revaluation reserve

The Group's revaluation reserve represents change in the value of land owned by the Group. At the end of each year, the Group initiates land portfolio valuation. Based on the revaluation, the value of the Group's land increased by EUR 2,409 thousand (2022: EUR 1,881 thousand) due to rise in the average price of agricultural land. The reserve for revaluation of land (after tax) increased by EUR 2,048 thousand (2022: EUR 3,314 thousand) and amounted to EUR 15,613 thousand (31 December 2022: EUR 13,565 thousand).

Reserve for share-based payments to employees

In 2022, the reserve for share-based payments to employees was increased by EUR 493 thousand. In 2022, the Group/Company exercised its first share options agreements and the shares were granted to employees, thereby resulting in EUR 666 thousand decrease in reserve for share-based payments to employees. In 2023, the reserve for share-based payments to employees was increased by EUR 650 thousand and decreased by EUR 586 thousand after share options were exercised second time.

As at 31 December 2023, the reserve for share-based payments to employees amounted to EUR 2,893 thousand (EUR 2,829 thousand as at 31 December 2022).

The Employee Option Plan was approved at the General Meeting of Shareholders of the Group/Company held on 30 April 2019. Based on the Employee Option Plan, the participants are provided with options to acquire the Company‘s shares free of charge if they meet the service condition to complete a 3-year term of service at the Group. After the service condition is met, an employee is eligible to exercise the option.

Reserve for share-based payments to employees	**Number of shares, units**	**Amount, EUR ‘000**
Total reserve at 1 January 2022	**10,351,724**	**3,002**
Shares allocated to employees under share options as at 31 December 2022	6,259,716	1,816
Unallocated shares as at 31 December 2022	3,494,158	1,013
Total reserve at 31 December 2022	**9,753,874**	**2,829**
Shares allocated to employees under share options as at 31 December 2023	6,220,409	1,804
Unallocated shares as at 31 December 2023	3,753,815	1,089
Total reserve at 31 December 2023	**9,974,224**	**2,893**

In 2023, the Group recognised employee benefit expenses of EUR 657 thousand (2022: EUR 589 thousand) in relation to share options allocated under the Employee Option Plan.

16. Borrowings

	GROUP		**COMPANY**	
	At 31 December 2023	**At 31 December 2022**	**At 31 December 2023**	**At 31 December 2022**
Non-current				
Borrowings from credit institutions	14,387	17,498	1,004	2,343
Bonds	-	19,409	-	19,409
Other financial liabilities	253	253	-	-
Borrowings from subsidiaries	-	-	2,577	2,694
Total	**14,640**	**37,160**	**3,581**	**24,446**
Current				
Borrowings from credit institutions	14,825	10,188	2,193	1,588

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

Credit lines	17,540	16,450	-	-
Bonds	31,642	6,000	25,705	6,000
Borrowings from subsidiaries	-	-	902	-
Total	**64,007**	**32,638**	**28,800**	**7,588**
Total borrowings	**78,647**	**69,798**	**32,381**	**32,034**

Movements in borrowings and credit lines:

	GROUP		**COMPANY**	
	2023	**2022**	**2023**	**2022**
Balance at 1 January	**44,137**	**38,098**	**3,931**	**2,728**
Proceeds from borrowings during the year	12,454	4,118	51	1,803
Repayments of borrowings	(10,929)	(4,057)	(785)	(600)
Use of credit lines	1,090	5,978	-	-
Interest charged	3,223	1,528	358	210
Interest paid	(3,223)	(1,528)	(358)	(210)
Balance at 31 December	**46,752**	**44,137**	**3,197**	**3,931**

Movements in bonds:

	GROUP		**COMPANY**	
	2023	**2022**	**2023**	**2022**
Balance at 1 January	**25,409**	**19,114**	**25,409**	**19,114**
Bonds issued during the year	5,880	6,000	-	6,000
Repayments of borrowings	-	-	-	-
Interest charged	2,530	1,517	1,993	1,517
Interest paid	(2,177)	(1,222)	(1,697)	(1,222)
Balance at 31 December	**31,642**	**25,409**	**25,705**	**25,409**

Movements in borrowings from subsidiaries:

	COMPANY	
	2023	**2022**
Balance at 1 January	**2,694**	**2,519**
Proceeds from borrowings during the year	12,518	9,117
Repayments of borrowings	(7,903)	(8,139)

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

Borrowings offset with dividends receivable	(4,000)	-
Borrowings offset with loan granted	(5,718)	(803)
Non-cash loan for investments in subsidiaries	5,888	-
Balance at 31 December	**3,479**	**2,694**

Borrowings from credit institutions
As at 31 December 2023, the Group's borrowings comprised EUR 24,264 thousand borrowings from banks, EUR 4,093 thousand borrowings from credit unions, and EUR 854 thousand borrowings from KŪB Pagalbos Verslui Fondas. The repayment terms of borrowings expire in 2024–2030. However, due to non-compliance with the financial covenants, part of borrowings were classified as current borrowings (note 3).

As at 31 December 2022, the Group's borrowings comprised EUR 25,408 thousand borrowings from banks, EUR 1,476 thousand borrowings from credit union, and EUR 803 thousand borrowings from KŪB Pagalbos Verslui Fondas. The repayment terms of borrowings expire in 2024–2028. However, due to non-compliance with the financial covenants, part of borrowings were classified as current borrowings (note 3).

Bonds
On 13 December 2019, the Group issued 20,000 units of Green Bonds (the Bonds) with the nominal value of EUR 1,000 each and annual fixed interest rate of 6% (by on the decision of the Group's management, interest is calculated in accordance with the Act/360 interest calculation convention). The maturity date of the Bonds is 17 December 2024. The coupon payment dates are scheduled for 17 December annually until 2024 (inclusive). The Bonds were introduced for trading in a regulated market on AB Nasdaq Vilnius, Bond list.

On 18 March 2022, the Group entered into financing arrangement, under which KŪB Pagalbos Verslui Fondas acquired newly issued 600,000,000 units of bonds with the total nominal value of EUR 6,000 thousand. The maturity date of bonds is 15 March 2026 (reclassified as current due to non-compliance with the financial covenants as at 31 December 2022 and as at 31 December 2023).

On 14 March 2023, the Group entered into financing arrangement, under which UAB FMĮ Orion Securities acquired newly issued 6,000 units of bonds with the total nominal value of EUR 6,000 thousand (received EUR 5.88 million in cash). The maturity date of bonds is 17 October 2024.

Credit lines
As at 31 December 2023, the Group's credit line limits amounted to EUR 17,550 thousand (31 December 2022: EUR 19,950 thousand). At the end of 2023 and 2022, the undrawn balance of credit lines amounted to EUR 10 thousand and EUR 3,500 thousand, respectively.

Other financial liabilities comprise non-current amount payable to the investment fund on acquisition of land.

Loan from subsidiaries
The Company has borrowings from its subsidiary Baltic Champs UAB, repayment term expires in 2026, and from the Group's monetary fund – Žemės Vystymo Fondas 20, repayment term expires in 2024. In 2023, the Company offset EUR 4,000 thousand of receivable dividends against a loan received from Baltic Champs UAB. In addition, Žemės Vystymo Fondas 20 provided non-cash loan of EUR 5,888 thousand to the Company for the purpose of increasing investments in subsidiaries (cash paid directly to subsidiary), which were offset against a loan granted.

Breakdown of the Group's borrowings by type of interest rate:

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
Gross debt - fixed interest rates	(36,614)	(27,941)	(30,038)	(28,906)
Gross debt - floating interest rates	(42,033)	(41,857)	(2,343)	(3,128)
Total gross debt	**(78,647)**	**(69,798)**	**(32 381)**	**(32,034)**

Assets pledged as collateral

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

The Group's 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 collateral for borrowings (notes 9, 10 and 11).

17. Lease Liabilities

	GROUP		COMPANY	
	At 31 December 2023	**At 31 December 2022**	**At 31 December 2023**	**At 31 December 2022**
Lease liabilities				
Lease liabilities for land	45,580	42,319	-	-
Lease liabilities for other assets	2,807	4,910	537	576
Total lease liabilities	**48,387**	**47,229**	**537**	**576**
Less: current portion of lease liabilities				
Lease liabilities for land	6,563	5,462	-	-
Lease liabilities for other assets	1,292	2,018	166	143
Total current lease liabilities	**7,855**	**7,479**	**166**	**143**
Total non-current lease liabilities	**40,532**	**39,750**	**371**	**433**

The Group's future minimum lease payments comprised as follows:

	At 31 December 2023		At 31 December 2022	
	Minimum lease payments	**Present value of minimum lease payments**	**Minimum lease payments**	**Present value of minimum lease payments**
Within 1 year	10,750	7,855	10,315	7,479
Later than 1 year	50,849	40,532	49,870	39,750
Minimum lease payments	**61,599**	**48,387**	**60,185**	**47,229**
Less: future finance charges	(13,212)	-	(12,956)	-
Present value of minimum lease payments	**48,387**	**48,387**	**47,229**	**47,229**

The Company's future minimum lease payments comprised as follows as at 31 December:

(All amounts are in EUR ’000 unless otherwise stated)

	At 31 December 2023		At 31 December 2022	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within 1 year	201	166	179	143
Later than 1 year	412	371	495	433
Minimum lease payments	**613**	**537**	**673**	**576**
Less: future finance charges	(76)	-	(97)	-
Present value of minimum lease payments	**537**	**537**	**576**	**576**

Movement in lease liabilities during the year:

	GROUP		COMPANY	
	2023	2022	2023	2022
Balance at 1 January	**47,229**	**45,519**	**576**	**667**
New leases	639	934	-	-
Interest charged	3,707	2,978	32	27
Interest paid	(3,707)	(2,978)	(32)	(27)
Lease payments	(8,737)	(8,018)	(163)	(141)
Effect of lease modifications	9,256	8,794	124	50
Balance at 31 December	**48,387**	**47,229**	**537**	**576**

The Group's and the Company‘s lease liabilities have been secured by the lessor's title to assets acquired under lease by the lessee (note 6). The fair value of the Group's lease liabilities does not approximate their carrying amount.

18. Grants

Grants related to assets
Movement in grants related to assets during the year:

	GROUP		COMPANY	
	2023	2022	2023	2022
Balance at 1 January	**4,463**	**3,105**	**842**	**953**
Grants and subsidies received	827	1,831	-	-
Amortisation	(599)	(473)	(125)	(111)
Balance at 31 December	**4,691**	**4,463**	**717**	**842**

Grants related to assets will be recognised in the statement of profit or loss over the following periods:

(All amounts are in EUR ’000 unless otherwise stated)

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
Within 1 year	545	383	102	111
After 1 year	4 146	4,080	615	731
Total	**4,691**	**4,463**	**717**	**842**

There are no unfulfilled conditions or other contingencies in relation to recognised grant income.

In 2022 the Group received and recognised grants intended for the projects on construction of biogas power plants and mushroom growing robotisation, which are ongoing for a couple of years. The costs incurred in relation to implementation of the projects are accumulated under the PP&E category construction in progress. The robotisation project was completed in 2022 and the accumulated amounts were reclassified from construction in progress to plant and machinery. Two projects on construction of biogas power plants were completed in 2023 and one is planned to be completed by the Group in 2024.

19. Deferred and Current Income Tax

Income tax in the statement of profit or loss comprised as follows:

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
Current income tax	-	-	-	-
Change in deferred income tax	208	913	-	-
Income tax expense (benefit)	**208**	**913**	**-**	**-**

The income tax on the Group's and the Company‘s profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
Profit (loss) before income tax from continuing operations	(26,079)	(5,306)	(4,295)	(2,417)
Profit (loss) before income tax from discontinuing operations	7,840	868	-	-
Total profit (loss) before income tax	(18,239)	(4,438)	(4,295)	(2,417)
Tax calculated at a rate of 15%	(2,736)	(666)	(644)	(363)
Tax effects:				
Non-taxable income	(1,271)	(2,447)	(705)	(326)
Non-deductible expenses	684	353	602	29
Current year tax losses for which no deferred tax asset is recognised	4,833	1,556	747	880
Changes in assumptions related to prior year	(1,268)	2,337	-	-
Investment relief	(34)	(220)	-	(220)
Tax losses transferred to other Group entities (only the Company)			-	-

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

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
Income tax at a rate of 15%	**208**	**913**	**-**	**-**
Total income tax	**208**	**913**	**-**	**-**

In 2023 and 2022, all Group entities and the Company were subject to income tax rate of 15%.

Deferred income tax

Deferred income tax assets	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
Loss allowance for receivables and write-down allowance for inventories	164	221	-	-
Revaluation of land	-	-	-	-
Accumulated tax losses	2,843	2,959	-	-
Total deferred income tax assets	**3,007**	**3,180**	**-**	**-**
Offset against deferred income tax liability	(715)	(261)	-	-
Deferred income tax assets	**2,292**	**2,919**	**-**	**-**

Deferred income tax liabilities

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
Adoption of IFRS 16	439	307	-	-
Change in fair value of winter crops on initial recognition	193	290		
Revaluation of land	1,888	1,527	-	-
Total deferred income tax liabilities	**2,520**	**2,124**	**-**	**-**
Offset against deferred income tax assets	(715)	(261)	-	-
Deferred income tax liabilities	**1,805**	**1,863**	**-**	**-**

GROUP

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

	Deferred income tax assets				Deferred income tax liabilities			
	Loss allowance for inventories and receivables	**Revaluation of land**	**Accumulated tax losses**	**Total deferred tax assets**	**Adoption of IFRS 16**	**Revaluation of land**	**Change in fair value of winter crops on initial recognition**	**Total deferred tax liabilities**
At 1 January 2022	**683**	**9**	**2,959**	**3,651**	**155**	**2,960**	**-**	**3,115**
Recognised in profit or loss	(462)	(9)	-	**(471)**	152	-	290	**442**
Recognised in other comprehensive income	-	-	-	**-**	-	(1,433)	-	**(1,433)**
At 31 December 2022	**221**	**-**	**2,959**	**3,180**	**307**	**1,527**	**290**	**2,124**
Recognised in profit or loss	(57)	-	(116)	**(173)**	132	-	(97)	**35**
Recognised in other comprehensive income	-	-	-	**-**	-	361	-	**361**
At 31 December 2023	**164**	**-**	**2,843**	**3,007**	**439**	**1,888**	**193**	**2,520**

In 2023, the change in deferred income tax in the statement of profit or loss represents the sum of EUR 173 thousand decrease in deferred income tax assets (2022: EUR 471 thousand decrease) and EUR 35 thousand increase in deferred income tax liabilities (2022: EUR 442 thousand increase).

As of 31 December 2023 and 2022, deferred income tax was calculated using income tax rate of 15%.

In the management's opinion, the Group's deferred tax assets and liabilities will be realised after more than 12 months from the reporting date.

Deferred income tax assets are recognised to the extent it is probable that future taxable profit will be available against which tax benefits will be realised.

Deferred income tax assets are offset against deferred income tax liabilities when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax is related to the same tax authority.

Accumulated tax losses

	GROUP		**COMPANY**	
	At 31 December 2023	**At 31 December 2022**	**At 31 December 2023**	**At 31 December 2022**
Total accumulated tax losses carry forward	113,136	80,916	26,715	22,443
Less: deferred income tax asset on tax losses carry forward	(18,953)	(19,727)	-	-
Total accumulated tax losses on which no deferred income tax asset was recognised	**94,183**	**61,189**	**26,715**	**22,443**

Under the Lithuanian Law on Corporate Income Tax, tax losses from operating activities can be carried forward indefinitely, and no more than 70% of current year taxable profit can be offset against tax losses accumulated from operating activities.

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

20. Trade Payables

	GROUP		COMPANY	
	At 31 December 2023	**At 31 December 2022**	**At 31 December 2023**	**At 31 December 2022**
Trade payables	23,278	18,374	1,032	846
Payables under supplier financing arrangements	4,443	6,978	-	-
Total	**27,721**	**25,352**	**1,032**	**846**

21. Other Payables

	GROUP		COMPANY	
	At 31 December 2023	**At 31 December 2022**	**At 31 December 2023**	**At 31 December 2022**
Employment-related liabilities	2,687	2,422	173	326
Vacation reserve	1,406	1,343	195	340
Advance amounts received	517	280	-	-
Taxes payable	73	50	20	6
Deferred income and accrued expenses	724	893	-	2
Other payables	232	192	22	21
Total	**5,639**	**5,180**	**410**	**695**

Other payables mostly include payables for lease of land to other entities and natural persons.

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

22. Segment Reporting

GROUP
Operating segments

Statement of profit or loss

2023	Total	Total reportable segments	Dairy	Crop growing	Mushroom growing	Consumer packaged goods	Unallocated
Revenue	167,166	156,204	36,861	86,417	30,727	2,199	10,962
Cost of sales (a)	(180,462)	(161,700)	(38,197)	(92,147)	(29,004)	(2,352)	(18,763)
Gross profit as reported to the Group's management (b)	(13,296)	(5,495)	(1,336)	(5,730)	1,724	(153)	(7,801)
Elimination of intragroup transactions							
Intragroup revenue	89,724	78,763	22,116	56,342	-	305	10,962
Intragroup cost of sales (c)	(97,724)	(78,962)	(23,225)	(55,443)	-	(293)	(18,763)
Eliminations, net (d)	(8,000)	(199)	(1,109)	898	-	12	(7,801)
Total revenue from external customers	77,442	77,442	14,745	30,075	30,727	1,894	-
Direct subsidies (e)	11,846	11,846	2,803	9,043	-	-	-
Total cost of sales to external customers (a)-(c)+(e)	(70,892)	(70,892)	(12,169)	(27,661)	(29,004)	(2,059)	-
Gain on change in fair value of biological assets (f)	(8,960)	(8,960)	(3,008)	(5,952)	-	-	-
Gross profit (b)-(d)+(e)+(f)	(2,410)	(2,410)	(432)	(3,538)	1,724	(165)	-
Depreciation included in cost of sales	5,950	5,950	603	2,516	1,778	1,052	-

2022	Total	Total reportable segments	Dairy	Crop growing	Mushroom growing	Consumer packaged goods	Unallocated
Revenue	147,581	133,277	20,875	83,238	27,892	1,271	14,304
Cost of sales (a)	(150,594)	(134,641)	(20,788)	(82,936)	(29,297)	(1,620)	(15,953)
Gross profit as reported to the Group's management (b)	(3,014)	(1,365)	87	302	(1,405)	(349)	(1,649)
Elimination of intragroup transactions							
Intragroup revenue	74,759	60,455	4,380	55,659	-	416	14,304
Intragroup cost of sales (c)	(75,300)	(59,347)	(5,882)	(53,288)	-	(177)	(15,953)
Eliminations, net (d)	(541)	1,108	(1,503)	2,371	-	239	(1,649)
Total revenue from external customers	72,822	72,822	16,496	27,578	27,892	856	-
Direct subsidies (e)	12,711	12,711	3,007	9,703	-	-	-
Total cost of sales to external customers (a)-(c)+(e)	(62,583)	(62,583)	(11,899)	(19,945)	(29,297)	(1,443)	-
Gain on change in fair value of biological assets (f)	2,701	2,701	(2,090)	4,791	-	-	-
Gross profit (b)-(d)+(e)+(f)	12,939	12,939	2,507	12,425	(1,405)	(588)	-
Depreciation included in cost of sales	5,807	5,807	633	2,413	1,847	915	-

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

For the decision-making purposes, the Group has the following operating segments:

- Dairy – milk production and livestock raising.
- Crop growing – growing of wheat, legume crops, vegetables and other types of crops, including forage crops.
- Mushroom growing – growing of mushrooms and compost production.
- Consumer packaged goods – packaged products ready for use: dairy products, vegetables, eggs, grain products, etc. Discontinued operations included canned vegetables, soups.
- Unallocated – accounting and management services provided by the Company to subsidiaries, also agricultural services, grain drying and storage services (intragroup).

Synergies between the operating segments:

a) Crop growing segment prepares feed for cows (corn silage, hay, haylage) and sells to dairy segment;
b) Dairy segment supplies manure (organic fertilizer) to crop growing segment;
c) Unallocated represents provision of agricultural and land lease services to the main segments, as well as grain drying and storage services, and lease of land and equipment to crop growing segment.

Largest customers of the Group by share of revenue they generate, %:

	2023	2022
Scandagra (buyer of crops)	8.26	4.54
ICA Sverige AB (buyer of mushrooms)	6.48	7.03
BioCore B.V. (buyer of crops)	6.27	9.26
Okregowa Spoldzielnia Mleczarska w Piatnicy (buyer of milk)	3.20	7.13
Total	**24.21**	**27.96**

Around 50% of total revenue of the Group was generated by 10 largest customers in 2023, while in 2022 around 50% of total revenue of the Group was generated by 11 largest customers.

Revenue by geographical territory is provided in the table below.

Revenue by geographical territory (representing over 10% of the Group's total revenue)	2023	2022
	%	%
Lithuania	40.77	33.87
Sweden	13.10	12.62
Germany	9.47	13.31
Other countries	36.66	40.20
Total	**100.00**	**100.00**

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

All property of the Group is domiciled in Lithuania.

COMPANY
The Company's revenue by nature:

	2023	2022
Business consultation and financial accounting services	2,544	3,847
Dividends from subsidiaries	4,701	2,057
Other revenue	1	31
Total	**7,246**	**5,935**

23. Cost of Sales

	2023	2022
Wages and salaries and social security contributions	19,150	14,947
Contractor services	12,400	10,520
Depreciation of PP&E	6,156	7,865
Raw materials	5,108	4,302
Packaging expenses	6,733	7,180
Fuel expenses	4,725	5,089
Feed for cattle	3,928	4,169
Organic fertilizers	5,358	3,687
Seeds	4,122	3,401
Depreciation of ROU assets	5,289	3,416
Electricity and utility services	1,589	2,870
Spare parts and inventories	4,502	3,088
Inventory write-off expenses	978	2,390
Medicine	359	359
Inventory write-down allowance (reversal)	(15)	(155)
Other expenses	2,356	2,166
Less: direct government subsidies related to costs	(11,846)	(12,711)
Total	**70,892**	**62,583**

Subsidies related to costs
In 2023, the Group recognised direct and ecological government subsidies of EUR 11,846 thousand in the Group's statement of profit or loss (2022: EUR 12,711 thousand). Since these government subsidies are related to costs, they were deducted from cost of sales.

The Group reclassifies the subsidies related to grasslands and pastures from crop growing to dairy segment in order to gain a better representation of the segments' results. Allocation between the segments is disclosed in note 22.

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

24. Selling Expenses

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
Marketing, advertising, intermediation	1,205	912	350	886
Wages and salaries and social security contributions	792	726	623	726
Other selling expenses	145	-	-	-
Total	**2,142**	**1,638**	**973**	**1,612**

25. Administrative Expenses

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
Wages and salaries and social security contributions	4,896	4,581	2,430	2,733
Depreciation of PP&E and ROU assets and amortisation of intangible assets	1,206	915	379	286
Insurance and taxes	1,111	880	53	70
Office supplies	692	616	132	124
Share-based payment expenses	657	589	657	589
Consultation and business plan preparation	613	320	386	235
Fuel	374	343	67	117
Transport expenses	304	408	164	167
Rent and utility services	255	304	57	63
Services of credit institutions	118	160	19	4
Real estate registration and notary fees	99	112	1	-
PP&E write-offs	-	5	-	-
Change in impairment of PP&E	-	(393)	-	-
Provision due sanctions of NPA	565	-	-	-
Other	946	926	227	297
Total	**11,836**	**9,766**	**4,572**	**4,685**

Since April 2019 the Group/Company has approved the Employee Option Plan and accounts for expenses related to share-based payments to employees under the Employee Option Plan. Expenses are recognised consistently over a 3-year vesting period. For more details refer to the note 2.22.

The table below presents the fees for the services provided by the audit firm PricewaterhouseCoopers to the Company and the Group in 2023 and 2022:

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
Financial statements audit services under contracts	159	178	88	103
Other services	3	-	3	-
Total	**162**	**178**	**91**	**103**

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

26. Dividends from Subsidiaries

During the Annual General Meetings of Shareholders of the Group entities held in 2023, the decisions were made to pay out dividends to the shareholders. In 2023, the Company received dividends from the Group entities in amount of EUR 4,701 thousand (2022: EUR 2,057 thousand).

	Share of dividends in 2023 (%)	Share of dividends in 2023 (EUR)	Share of dividends in 2022 (EUR)	Share of dividends in 2022 (EUR)
Entity distributing dividends	AUGA Group AB	AUGA Group AB	AUGA Group AB	AUGA Group AB
Baltic Champs, UAB	100.00	**4,000,000**	-	**-**
Žemės Vystymo Fondas 20 UAB	100.00	**692,000**	100.00	**672,000**
AWG Investment 2 UAB	100.00	**5,000**	-	**-**
AVG Investment UAB	100.00	**4,000**	100.00	**4,000**
AWG Investment 1 UAB	-	**-**	100.00	**1,154,000**
eTime invest UAB	-	**-**	100.00	**227,000**
Total	**-**	**4,701,000**	-	**2,057,000**

27. Other Income

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
Interest income	45	40	238	30
Rental income (expenses)	80	114	10	6
Other income (expenses)	27	290	198	119
Total	**152**	**444**	**447**	**155**

28. Other Gain/(Loss), Net

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
Gain/(loss) on disposal of PP&E	54	297	-	-
Insurance benefits	83	55	-	1
Other	-	-	(3)	1
Total	**137**	**352**	**(3)**	**2**

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

29. Finance Costs

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
Interest on borrowings	3,223	2,413	358	235
Interest on bonds	2,177	1,815	1,697	1,815
Finance costs related to ROU assets (IFRS 16)	3,707	2,900	32	25
Foreign exchange loss	10	(16)	(1)	1
Change in fair value of derivative instruments	-	1	-	-
Interest on borrowings from subsidiaries and shareholder	-	-	159	61
Other finance costs	1,060	322	355	66
Total	**10,177**	**7,435**	**2,600**	**2,203**

30. Discontinued operation

Description

In July 2023, the Group sold its subsidiary Grybai LT KB, producer of ready-to-eat soups and preserved products. This transaction is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

Financial performance and cash flow information

The financial performance and cash flow information presented are for the seven months ended at 15 July 2023 (2023 column) and the year ended 31 December 2022.

	2023	**2022**
Revenue	4,041	7,267
Expenses	(3,504)	(6,399)
Profit before income tax	**537**	**868**
Income tax expense	-	-
Profit after income tax of discontinued operation	537	868
Gain on sale of the subsidiary after income tax	7,303	-
Profit from discontinued operation	**7,840**	**868**
Net cash inflow from operating activities	100	328
Net cash inflow/(outflow) from investing activities	11,837	(59)
Net cash (outflow) from financing activities	(91)	(181)
Net increase in cash generated by the subsidiary	**11,846**	**88**

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

In 2023 and 2022, net cash inflow from investing activities of Grybai LT comprised payments for property plant and equipment, as well as intangible assets (2023: EUR 74 thousand, 2022: EUR 59 thousand). In 2023, a cash inflow of EUR 11,911 thousand from the sale of Grybai LT is included under investing activities. This amount consists of consideration received of EUR 7,789 thousand and a loan of EUR 4,122 thousand granted by Kauno Grūdai UAB to Grybai LT to repay loans to Baltic Champs UAB and Swedbank at the date of transaction.

A non-cash item of EUR 5,000 EUR was not included in the net cash inflow from investing activities as this amount of the consideration was paid by Kauno Grūdai directly to Swedbank to cover financial liabilities on behalf of Baltic Champs. Total consideration (including cash and non-cash items) and loans received from Kauno grūdai was equal to EUR 16,911 thousand.

Details of the sale of the subsidiary

	2023
Total consideration	12,789
Received loans	4,122
Repayment of loans	(4,122)
Carrying amount of net assets sold	(5,486)
Gain on sale before income tax	**7,303**
Income tax expense on gain	-
Gain on sale after income tax	**7,303**

The carrying amounts of Grybai LT KB assets and liabilities as at the date of sale (15 July 2023) were:

	2023
Goodwill and other intangible assets	3,481
Property, plant and equipment	3,814
Inventory	1,756
Trade receivables and other current assets	1,325
Cash and cash equivalents	81
Total assets	**10,457**
Financial liabilities	755
Borrowings	3,379
Trade payables and other current liabilities	837
Total liabilities	**4,971**
Net assets	**5,486**

(All amounts are in EUR ’000 unless otherwise stated)

31. Basic and Diluted Earnings per Share

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

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
Weighted average number of shares	230,771,682	228,624,984	230,771,682	228,624,984
Net loss from continuing operations attributed to shareholders of the Company	(26,253)	(6,289)	(4,295)	(2,417)
Earnings (loss) per share (EUR) from continuing operations	(0.11)	(0.03)	**(0.02)**	**(0.01)**
Profit from discontinuing operations attributed to shareholders of the Company	7,840	868	-	-
Earnings (loss) per share (EUR) from discontinuing operations	0.03	0.00	-	-
Total net loss attributed to shareholders of the Company	(18,413)	(5,421)	(4,295)	(2,417)
Total earnings (loss) per share (EUR)	**(0.08)**	**(0.02)**	**(0.02)**	**(0.01)**

32. Related-party Transactions

GROUP

Related parties are defined as all shareholders of AUGA Group AB (note 1), i.e. Baltic Champs Group UAB and Kęstutis Juščius, who have significant influence over the Group entity through direct or indirect ownership interest with voting rights in that Group entity. In 2023 and 2022, the Group had no transactions with related parties.

COMPANY

The Company‘s related parties are as follows:
- AUGA Group AB shareholders with control and significant influence;
- Subsidiaries of AUGA Group AB

The Company's transactions with related parties and balances of transactions were as follows:

2023

Related parties of the Company	**Loans granted**	**Receivables and prepayments**	**Borrowings**	**Payables**	**Interest on borrowings and other purchases**	**Sales and interest income**
Subsidiaries	-	5,970	3,479	576	159	6,087
Shareholders with significant influence						
Baltic Champs Group UAB	-	-	-	-	-	-
Kęstutis Juščius	-	-	-	-	-	-
Total	**-**	**5,970**	**3,479**	**576**	**159**	**6,087**

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

2022

Related parties of the Company	**Loans granted**	**Receivables and prepayments**	**Borrowings**	**Payables**	**Interest on borrowings and other purchases**	**Sales and interest income**
Subsidiaries	-	8,381	2,694	279	265	3,290
Shareholders with significant influence						
Baltic Champs Group UAB	-	-	-	-	-	-
Kęstutis Juščius	-	-	-	-	-	-
Total	**-**	**8,381**	**2,694**	**279**	**265**	**3,290**

Compensation to key management personnel
In the year ended 31 December 2023, the average number of the Group's and the Company's Board members and key management personnel was 6 members (2022: 6 members).

Payments to the Group's and the Company's Board members and key management personnel, EUR	**2023**	**2022**
Wages and salaries	230,992	221,276
Shares	14,558	-
Total	**245,550**	**221,276**

33. Off-balance Sheet Commitments and Contingencies

The Group's commitments related to short-term lease amounted to EUR 37 thousand and lease of low-value assets amounted to EUR 70 thousand in 2023 (2022: commitments related to lease of low-value amounted to EUR 51 thousand).

Guarantees - Company
As at 31 December 2023, the Company had issued guarantees to banks to secure fulfilment of financial liabilities of the Group's subsidiaries for the total amount of EUR 44,704 thousand (2022: EUR 38,812 thousand).

34. Events After the Reporting Period

On 17 January 2024, confirmation was obtained from KŪB Pagalbos Verslui Fondas that no additional sanctions will be imposed in the event of non-compliance with the financial covenants (note 3).

On 23 April 2024, confirmation was obtained from Citadele that no additional sanctions will be imposed in the event of non-compliance with the financial covenants (note 3).

* * * *

Annexes

Corporate Governance Reporting Form
for the Year Ended 31 December 2023

Confirmation of Responsible Persons

Annex No. 1: Corporate Governance Reporting Form for the Year Ended 31 December 2023

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 25.4 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.

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, comprised from 2 dependent (Kęstutis Juščius and Kristina Daudoravičienė) and 3 independent members (Peter Bryde, Andrej Cyba and Justina Klyvienė).

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 1 dependent and 2 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 2023 and in structured table of this Corporate Governance report.

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 company which in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders.	YES	Clause 6.4.25 of the Company's Articles of Association stipulates that the any decision on exceptional transactions of major importance, such as the transfer of all or substantially all of the Company's assets, which would effectively entail a disposal of the Company, is within the exclusive competence of the General Meeting of Shareholders.
1.5 Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest.	YES	The venue of the General Meeting of Shareholders is in Vilnius, usually in the conference room of the business center where the Company's registered office is located. The procedures for convening and conducting the General Meeting of Shareholders comply with the provisions of the law and provide shareholders with equal opportunities to participate in the meetings and to have early access to draft decisions and other materials necessary for decision-making.
1.6 With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed.	YES	All information for shareholders and investors is published on the Company's website and in the information system of the Nasdaq Vilnius Stock Exchange in Lithuanian and English.
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	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

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.		Board, the proposed remuneration of the Board members, and the proposed appointment of an audit firm. The candidate questionnaires, which are made public and included in the shareholders' meeting materials, include information on the candidates' education, work experience and other positions held.
1.10 Members of the company's collegial management body, heads of the administration or other competent persons related to the company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.	YES	The Company's Extraordinary General Meeting of Shareholders held on 07.11.2023 was attended live by the Company's CEO and some of the nominees for election to the Board of the Company, and therefore the shareholders present at the live meeting were given the opportunity to ask questions of the Company's management and/or the nominees for election to the Company's Board.
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	NOT APPLICABLE	

analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence.		
2.1.5 The supervisory board should oversee that the company's tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the long-term interests of the company and its shareholders, which may give rise to reputational, legal or other risks.	NOT APPLICABLE	
2.1.6 The company should ensure that the supervisory board is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting or other experts on matters pertaining to the competence of the supervisory board and its committees.	NOT APPLICABLE	
2.1. 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	NOT APPLICABLE	

the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof.		
2.2.5 When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company-related circumstances.	NOT APPLICABLE	
2.2.6 The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders.	NOT APPLICABLE	
2.2.7 Every year the supervisory board should carry out an assessment of its activities. It should include evaluation of the structure of the supervisory board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its objectives. The supervisory board should, at least once a year, make public respective information about its internal structure and working procedures.	NOT APPLICABLE	
Principle 3: Management Board ***3.1. Functions and liability of the management board*** ***The management board should ensure the implementation of the company's strategy and good corporate governance with due regard to the interests of its shareholders, employees and other interest groups.***		
3.1.1 The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy.	YES	In April 2020, the Board of the Company approved the Company's strategy, which is publicly available on the Company's website in Lithuanian and English. In April 2021 and 2022, the Board of the Company has submitted reports 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,	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

employees and other interest groups by respectively striving to achieve sustainable business development.		laid down by Lithuanian law as required for an issuer whose securities are traded on a regulated market. In carrying out its functions, the Board takes into account the needs of the Company, its shareholders, employees and other stakeholders, and has as its primary objective the creation of a sustainable business.
3.1.3 The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers.	YES	The Company's internal policies are approved by the Company's Board, and their implementation is discussed at Board meetings where the Company's Board hears reports on the implementation of these policies. The Company has adopted the following policies: ○ Code of Business Ethics ○ Environmental Policy ○ Policy on Human Rights, Non-Discrimination, Child and Forced Labour ○ Animal Welfare Policy ○ Suppliers' Code of Conduct ○ Policy on Prevention on Corruption and Conflicts of Interest ○ Occupational Safety and Health Policy The Company establishes risk management and control measures to ensure regular and direct accountability of the management. One such measure is the appointment of the Company's internal auditor, who is appointed by the Company's Board and reports directly to the Company's Audit Committee.
3.1.4 Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance[1] on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.	YES	Please refer to 3.1.3
3.1.5 When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence.	YES	In appointing the Chief Executive Officer of the Company, the Board aims to ensure an appropriate balance of qualifications, experience and competence.
3.1 ***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	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

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

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.		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 recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision.	YES	The Chairman of the Board is the sole owner of the controlling shareholder of the Company. The impartiality of the Board is ensured by the fact that the majority (60%) of the Company's Board members are independent.
3.2.6 Each member should devote sufficient time and attention to perform his duties as a member of the management board. Should a	YES	Based on the independence criteria set out in the legislation and the self-assessment of the Board members themselves, the Board is composed of

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.		2 dependent members (Kęstutis Juščius and Kristina Daudoravičienė) and 3 independent members (Peter Bryde, Andrej Cyba and Justina Klyviene).
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 and self-assessment by the board members.
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 2023. Information on the structure of the Board is provided in the Company's Annual Report and is published on the Company's website.
Principle 4: Rules of procedure of the supervisory board and the management board of the company		

[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.

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 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	YES	The Audit Committee consists of 1 dependent and 2 independent members of the Board. The Chairman of the Audit Committee is independent member of the Board and not the Chairman of the Board.

[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).

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.		
5.1.5 The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.	YES	The functions and duties of the Audit Committee are set out in the Regulation of Audit Committee approved by the Board of the Company. The Audit Committee reports regularly to the Board. The above information on the Audit Committee is published on the Company's website and in the Annual Report.
5.1.6 With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee.	YES	The Audit Committee has the right to invite to its meetings the General Manager of the Company, member/members of the Management Board, Chief Financial Officer, employees responsible for finance, accounting and treasury issues, external auditors and other persons whose participation is necessary to discuss the issues provided by the Audit Committee
5.2. Nomination committee		
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;	NOT APPLICABLE	

3) devote the attention necessary to ensure succession planning.		
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	
5.1. 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	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.

[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.

for significant and unusual transactions where the accounting may be subject to different approaches.		
5.4.3 The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.	YES	Please refer to answer 5.1.6.
5.4.4. The audit committee should be informed about the internal auditor's work program and should be furnished with internal audit reports or periodic summaries. The audit committee should also be informed about the work program of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group.	YES	The internal auditor and external auditors present their work plans and reports to the Audit Committee on a regular basis.
5.4.5 The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.	YES	The functions of the Company's Audit Committee, as set out in the Regulation of Audit Committee approved by the Board, comply with the indicated Recommendation.
5.4.6 The audit committee should submit to the supervisory board or, where the supervisory board is not 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	The Committee informs the Company's Board about its activities and performance results at least once per six months.
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 Remuneration Policy is reviewed by the Board every four years and is submitted for approval for the annual general meeting. The Remuneration Policy may be amended having assessed the economic situation in the market, the financial results of the company, changes in the legislation governing the remuneration payment. The Company's Remuneration Policy applies to the CEO and the Board. The Remuneration policy of the Company is aligned with the approved strategy of the Company.
7.2 The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.	YES	The Company's Remuneration Policy covers all forms of remuneration applied by the Company.
7.3 With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.	YES	The remuneration of the members of the Board of is fixed and is approved by the General Meeting of Shareholders.
7.4 The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in general should not be higher than the non-variable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.	YES	The Remuneration Policy provides sufficient detail on the CEO's remuneration policy. The severance pay provisions in the Remuneration Policy are in line with these Recommendations.
7.5 In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the	YES	The Company's Remuneration Policy applies only to the Board and the Chief Executive Officer.

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.		The Board members, if they are not employees of AUGA group, AB or AUGA group AB directly or indirectly controlled companies, 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	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.

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.		The Company conducts employee surveys to better understand their attitudes towards their work and to identify strengths and areas for improvement. The Company also carries out specific community surveys. In the cases provided for by law, the Company would ensure that stakeholders are able to participate in the management of the Company.
8.3 Where stakeholders participate in the corporate governance process, they should have access to relevant information.	YES	When the Company's employees participate in Board meetings, they are provided with all necessary information relating to agenda items. The company continuously educates its employees on climate change topics, elaborates the main issues and explains the technologies being developed, so that every employee can make the maximum contribution to the changes being pursued.
8.4 Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function.	YES	The Company operates a special e-mail address, etika@auga.lt, through which any stakeholder can anonymously report illegal or unethical practices. If such notifications were received, the Board would be informed immediately.
Principle 9: Disclosure of information ***The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company.***		
9.1 In accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following:	YES	Please refer to each individual point separately.
9.1.1 operating and financial results of the company;	YES	Disclosed on the Company's website and in Interim and Annual Reports.
9.1.2 objectives and non-financial information of the company;	YES	Disclosed quarterly in Interim and Annual Reports.
9.1.3 persons holding a stake in the company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary;	YES	Disclosed on the Company's website and in Interim and Annual Reports.
9.1.4 members of the company's supervisory and management bodies who are deemed independent, the manager of the company,	YES	Disclosed on the Company's website and in Interim and Annual Reports.

the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration;		
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 about the consolidated results of the whole group of companies.
9.3 When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended	YES	Information is disclosed.

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. It is also publicly announced in the Nasdaq Vilnius stock exchange system in Lithuanian and 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 2023 the Company (its group companies) received translation services from the auditors for the translation of its financial statements, for which the auditors were paid EUR 3 000 (excluding VAT).

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 2023 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	Elina Chodzkaitė-Barauskienė
Chief Financial Officer	Kristupas Baranauskas