

**AUGA group, AB**

Legal form: a Joint Stock Company

Legal entity code: 126264360

Headquarters: Konstitucijos av. 21C, Vilnius



**AUGA group, AB**  
**RESTRUCTURING PLAN (DRAFT)**

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## SUMMARY

The purpose of the restructuring plan prepared by AB AUGA group (hereinafter referred to as **AUGA group** or **the Company**) is to ensure the continuity of operations, restore the solvency of all group companies, reduce the financial burden and fulfil its obligations to creditors. Simultaneously, the aim is to create conditions that will ensure the restoration of long-term business value and the preservation of headcount. According to the assessment of the AUGA group management, the Company and its group companies have a strong consolidated long-term asset base, which has a significant potential to restore the solvency of the Company and its group companies and generate a return on capital for shareholders. However, targeted investments and structural changes are necessary to realize this potential, the implementation of which will require a period of four years.

The Company has already implemented a number of organizational measures by the date of preparation of this restructuring plan, due to which the annual amount of AUGA group's operating expenses was reduced by 5.4 million euros, comparing the amount of actual operating expenses in 2023 with the amount of operating expenses forecasted in 2025. The Company has also suspended the development of sustainable agricultural technologies and undertakes not to carry it out until the full implementation of this restructuring plan. The Group has also taken the following actions:

- Abandonment of unprofitable farms and land. In 2024, several unprofitable farms were abandoned, totaling 3,506.00 ha of arable land. The total amount of losses of the Group from these farms in 2024 amounted to EUR 3.4 million.
- Changes in the organization of work and equipment. Rent of conventional equipment was reduced to a minimum: in the first half of 2025, only 7 tractors were rented, while in 2024 in the same period – 55 tractors. The change was due to changes in work organization and the withdrawal of equipment from closed farms.
- Use of digestate in organic farms. In the spring of 2025, AUGA Smilgiai organic crops (rapeseed and wheat) were fertilized with digestate in order to improve fertilization practices and use available biological resources more efficiently.

Based on the legal, tax and financial analysis performed by the Company, four key strategic actions have been identified that will be implemented during the restructuring in order to make systemic changes in the business models of the Company and the group companies.

The Company has identified that in order to settle with creditors, it will inevitably need to sell part of the Company's businesses. Some of the businesses planned for sale will require time to implement, while others will require additional structural changes and investments (made from additional capital raised) that will allow them to achieve the true value of these businesses and prepare them for sale during the restructuring process.

The 4 key strategic actions and measures that will allow for the successful completion of the restructuring process and settlement with the Company's and the Group's creditors (a table with planned implementation deadlines is provided below the descriptions) are described below:

### **1. Separation, development and sale of the dairy segment through the establishment of the Sustainable Dairy Farming Fund initiated by the Group**

- Initiation of the establishment of a separate collective investment undertaking (CIU) is planned, which would be created and managed by an independent fund manager. The dairy business would no longer be part of the group, and AUGA companies would own the fund units (herein financial assets).
- AB AUGA group subsidiaries would contribute 100% of the shares of their 10 managed companies, which currently manage 10 dairy farms, along with cattle, other assets necessary for dairy farming activities, other related activities and with ~8.5 thousand ha of arable land (managed under lease and

ownership).

- The assets transferred to the fund by AB AUGA group companies will be transferred at the market price determined by business (asset) appraisers, in exchange for receiving fund units of the same value, as established in the restructuring plan, with the approval of the Company's Board and Company's creditors' meeting before the establishment of the Company's creditors committee or to the Company's creditors committee (after its establishment)
- This separate investment structure will attract not less than EUR 20 million EUR in additional fund investments and/or in the form of loans/ bonds from private investors, which would be used to develop the existing, but so far underutilized infrastructure and buildings with the aim of expanding the herd of dairy cows from the current 3.4 thousand to 5 thousand, in order to refinance current financial commitments. These funds would also be directed towards the development of dairy farms and the acquisition of additional dairy farms, thus developing this business and consolidating the sector.
- A licensed management company will be selected and appointed as the fund manager in accordance with the procedure established by law, which will undertake to attract at least EUR 20 million in additional funds to the Sustainable Dairy Farms Fund and will offer market-based remuneration for its services.
- It is estimated that such a Sustainable Dairy Fund could generate over EUR 25 million in annual income after attracting investments, and the EBITDA potential would reach EUR 7.6 million (in the base scenario).
- Finally, until the end of 2028, the units of this fund, as financial instruments, would be planned to be sold, with the approval of the Board and creditors committee or, in cases provided for in the restructuring plan – the creditor's meeting, for the market price, generating additional cash flow for the repayment of Group creditors and completion of the restructuring process.

## **2. Sale of Land-Holding Companies**

- AUGA group subsidiaries will sell 100% of the shares of the companies, which indirectly control a land portfolio of approximately 2,800 ha, the market value of which is approximately EUR 21.8 million. The funds received will be directed, first of all, to cover obligations for pledged lands and other creditors whose obligations are secured by the pledges of these companies' lands.
- The planned transaction will ensure the possibility of further leasing the transferred land portfolio to the group's agricultural companies for agricultural activities.
- For the transfer of this asset, the optimal option will be chosen between direct sale to investors or the initiation of a fund (CIU) establishment with the aim of attracting small financial investors.
- The property will be transferred at its market value determined by property (business) appraisers.

## **3. Development and sale of 11.5 thousand ha of consolidated crop farming agricultural business into the Raseiniai Region Crop Growing Fund:**

- AUGA group manages approximately 11,500 ha of agricultural land (on a lease basis) in the Raseiniai–Jurbarkas region through 10 subsidiaries. The Company plans to prepare these subsidiaries of the Group for sale during the restructuring, creating additional synergy from the combination of the activities of individual companies and thus increasing the total potential future sale price of the

companies.

- One of the possible options is to initiate the establishment of a separate collective investment undertaking (CIU) to establish the Crop Growing Fund, which would be managed by an independent fund manager. The shares of these 10 subsidiaries would be contributed to the Crop Growing Fund, which would allow separating their activities from the Group and creating their own financial history, necessary for a future financial or strategic investor.
- The assets transferred to the fund by AB AUGA group companies will be transferred at the market price determined by business (asset) appraisers, in exchange for receiving fund units of the same value, with the approval of the Company's Board and the creditors committee or, in cases provided for in the restructuring plan, the creditors meeting.
- A licensed management company will be selected and appointed as the fund manager in accordance with the procedure established by legal acts, which will demonstrate the capacity to attract up to EUR 5 million of additional funds and will offer market conditions for remuneration for services.
- Such a model would provide more opportunities for business development, improve the efficiency of business management, allow attracting external capital and, with the approval of the Board, selling fund units or fund assets at the most appropriate moment. Both a strategic investor and investors investing in collective investment instruments could become potential buyers.
- With this structural change, AUGA would receive income from the fund's earned flow of payments in proportion to the share of the fund owned. The payments received will be directed to the reduction of the Group's debt obligations, after the liabilities of the underlying agricultural companies would be covered.
- Alternatively, 10 of the AUGA group companies operating in the Raseiniai region could be sold as legal entities - through the sale of their shares in the market for their market price. The sale price and method of sale will be determined by the Board of the Company and such decisions will have to be approved by the creditors committee or, in cases provided for in the restructuring plan, by the creditors meeting.
- The separated Raseiniai region could be sold at an appropriate time during the entire restructuring and after finding a buyer. The sale of this fund is not included in the company's cash flows in the business plan, but the operating income stream generated by the fund companies is included in the servicing of the Group's companies' liabilities.

#### **4. Sale of Baltic Champs, UAB shares**

- Currently, Baltic Champs, UAB (hereinafter referred to as Baltic Champs), which develops the Group's mushroom growing business, has initiated a restructuring process. Once the Baltic Champs restructuring plan and the company's financial liability settlement plan are approved, conditions will be created for the search for a strategic investor for the Baltic Champs company.
- Baltic Champs restructuring plan stipulates that the company must direct all of the flow earned by Baltic Champs to cover own liabilities. Therefore, the Group might not receive any income from its subsidiary Baltic Champs until full settlement with creditors, but will have to service the 14% yearly interest on the bonds for which Baltic Champs shares are pledged. The bond redemption date is November 2025. Finally, after the sale of the Baltic Champs company, the bonds would be redeemed, and the remaining cash flow would be directed to servicing the Company's remaining creditor

liabilities.

- The buyer of Baltic Champs shares will be selected as the buyer who offers market conditions. The sale price of shares in all cases must be no less than that determined by the following formula: BC share sale price = BC's arithmetic average EBITDA for the last two full financial years \* (multiplied) 7 – (minus) financial debt + (plus) free cash + (plus) the amount of funds actually recovered by Baltic Champs from AUGA group after the transaction (paid as a price premium after the recovery of funds).

The sequence of implementation of the proposed measures during the restructuring plan period is presented below:

2025	2026	2027	2028
AUGA groups cultivated land is <b>34 000</b> ha: <ul style="list-style-type: none"> <li>• <b>8 500</b> ha in dairy farms</li> <li>• <b>11 500</b> ha in Raseiniai region</li> <li>• <b>14 000</b> ha in other companies</li> </ul>	AUGA groups cultivated land is <b>14 000</b> ha: <ul style="list-style-type: none"> <li>• <b>8 500</b> ha (transferred to Sustainable dairy farm fund)</li> <li>• <b>11 500</b> ha (transferred to crop growing fund in Raseiniai region)</li> </ul>	AUGA groups cultivated land is <b>14 000</b> ha	AUGA groups cultivated land is <b>14 000</b> ha
<ul style="list-style-type: none"> <li>• Baltic Champs activity</li> <li>• FMCG production activity</li> <li>• Biomethane production</li> </ul>	<ul style="list-style-type: none"> <li>• Sale of Baltic Champs</li> <li>• FMCG production activity</li> <li>• Biomethane production</li> </ul>	<ul style="list-style-type: none"> <li>• FMCG production activity</li> <li>• Biomethane production</li> </ul>	<ul style="list-style-type: none"> <li>• FMCG production activity</li> <li>• Biomethane production</li> </ul>
<ul style="list-style-type: none"> <li>• A Sustainable Dairy Farm Fund is created, attracting not less than <b>EUR 10 million</b> funds in investments and/or in form of debts for the implementation of goals.</li> <li>• A crop growing fund is created (a ready to sell structure will be attractive to strategic or financial investors from the very beginning of the fund's establishment)</li> </ul>	<ul style="list-style-type: none"> <li>• Investments are being made in the Sustainable Dairy Farm Fund to expand the herd to <b>5 thousand</b> cows.</li> <li>• Land management companies are being sold for <b>21.8 million EUR</b></li> <li>• Land plots are being refinanced in the Sustainable Dairy Farm Fund for 10 million EUR (for which additional external financing is attracted).</li> </ul>	In the Sustainable Dairy Farming Fund: <ul style="list-style-type: none"> <li>• Development indicators and planned EBITDA (<b>EUR 7.6 million</b>) are being achieved</li> <li>• The search for a buyer for the Group's fund units or fund assets begins</li> </ul>	<ul style="list-style-type: none"> <li>• AUGA group's Sustainable Dairy Farm Fund investment units are being sold for <b>EUR 40 million</b> (preliminary calculations)</li> <li>• AUGA group restructuring process is being completed</li> <li>• A decision is being made to distribute free capital to the group's shareholders (preliminary calculations are <b>EUR 40 million</b>)</li> </ul>
<u>Consolidated financial debt of AUGA Group</u>			
EUR 73.9 M	EUR 23.5 M	EUR 18.3 M	EUR 7.7 M
<u>Revenue from operations and financial assets</u>			



EUR 13.7 M	EUR 10.4 M	EUR 12.4 M	EUR 8.9 M
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All of these 4 main actions and other measures planned by the Company, such as cutting management costs and improving operational efficiency, are assessed by modelling the group's revenues and expenses. The table below shows the main revenue lines that have the greatest impact on the financial flows of the restructuring process. The expected cash flows presented in the table below substantiate the Group's ability to meet financial obligations during the restructuring period and settle with creditors, satisfying their requirements from accumulated positive cash flows and restoring the Group's solvency. The main source of repayment of accumulated debts to creditors with creditors is receivables, funds returned by debtors, profit earned during the restructuring, proceeds from the sale of the Group's companies/assets.

	2025	2026	2027	2028	2029
<b>Operating income, thousand EUR</b>	<b>13,690</b>	<b>5,895</b>	<b>6,729</b>	<b>6,729</b>	<b>6,729</b>
Income from distribution of milk fund results	0	2,400	3,532	0	0
Income from distribution of Raseiniai fund results	0	2,074	2,151	2,218	2,276
<b>Total operating income and financial assets</b>	<b>13,690</b>	<b>10,369</b>	<b>12,413</b>	<b>8,947</b>	<b>9,005</b>
Financing costs, excluding interest calculated in accordance with IFRS 16	(4,231)	(5,908)	(1,766)	(1,284)	(498)
Estimated weighted average interest rate	10.14%	8.00%	7.50%	7.00%	6.50%
Current lease payments	(1,391)	(1,437)	(910)	(218)	(34)
Income related to the realization of assets pledged for the Group's liabilities	0	26,800	0	0	0
Income related to the realization of milk fund units	0	0	0	40,442	0
Settlements for assets transferred to the milk fund	0	10,000	0	0	0
<b>Cash flow to cover the Group's liabilities after interest and lease payments</b>	<b>8,068</b>	<b>39,824</b>	<b>9,737</b>	<b>47,888</b>	<b>8,473</b>
Decrease in financial liabilities to cover direct liabilities (including current lease payments)	(1,514)	(36,524)	(5,206)	(10,676)	(7,661)
Reinvestments (investments in consolidated companies)	(2,000)	(1,000)	(1,000)	(1,000)	(1,000)
<b>Cash flow for the Group's working capital restoration, covering non-financial liabilities</b>	<b>4,554</b>	<b>2,300</b>	<b>3,531</b>	<b>36,212</b>	<b>(188)</b>
Cumulative flow	4,554	6,854	10,385	46,596	46,409
<b>Balance of the Group's consolidated financial liabilities, principal amount (83,476 thousand EUR 2024-12-31)</b>	<b>73,850</b>	<b>23,543</b>	<b>18,337</b>	<b>7,661</b>	<b>0</b>
Decrease in financial liabilities due to the transfer of individual companies outside the Group	(8,410)	(13,783)	0	0	0
Decrease in financial liabilities due to the covering of direct liabilities (including current lease payments)	(1,514)	(36,524)	(5,206)	(10,676)	(7,661)

Assumptions are presented in 5.2.2.

AUGA group, as a management holding company, depends on the activities of the Group companies, since the Company itself generates income only from sales to Group companies and from dividends received from profitable Group companies. Therefore, the Company's cash flow plan and expense plan are closely related to the above-mentioned strategic initiatives. The Company's main income to cover liabilities is expected to be generated from the profits earned by the Group companies, business sales, asset sales, dividend income. The Company's expected cash flows from key income and expenses generated during the restructuring process are presented in Section 5.2 of the restructuring plan.

The restructuring plan prepared by AUGA group will meet the expectations of all AUGA group and its Group's stakeholders. The planned income from continuous agricultural business activities, business sales, assets sales will allow servicing financial obligations and planned payments, and the Company will reduce its level of financial liabilities from EUR 83.5 million to EUR 0 over a 4-year period by 2029. Accordingly, liabilities to non-financial creditors will be reduced to observed market standard payment terms.

Free cash flow received from the sale of the most valuable dairy business of the group (Sustainable Dairy Farm Fund), after covering the creditor liabilities of the group and group companies, at the end of the restructuring period will be paid to shareholders. In 2029, in the base scenario, the group will continue to work 14 thousand ha of arable land, own most part of the Raseiniai regional fund, which will work 11.5 thousand ha of land, and the total annual operating income of AUGA group, including income from managed financial assets, will reach 9 million EUR per year in 2029. The group will be able to pay out up to 40 million EUR in payments to shareholders in 2028 or allocate them to the development of the Group's businesses. The restructuring plan prepared by the company will allow to preserve and increase the job places of 1030 employees working in the Group today, preserve the competitiveness of existing businesses and create opportunities for their development.

In order to strengthen the Company's management during the implementation of this restructuring plan and ensure effective control over its implementation, the following measures will be implemented:

- a new AUGA group board of 5 persons has been formed, which will include at least 2 members of the board nominated by creditors, selected in accordance with the procedure established in the restructuring plan, and one member of the board nominated by the Company's shareholders who are not related to the controlling shareholder;
- the AUGA group articles of association have been amended, establishing that essential decisions related to the conclusion of transactions for the transfer of the Company's assets / purchase of fund units envisaged in the restructuring plan would be adopted by the Company's board by a 4/5 majority, which will provide the Company's creditors with real opportunities to control the essential conditions for the conclusion of such transactions;
- It is proposed to form a creditors committee in the Company, which would approve decisions related to the conclusion of transactions for the transfer of the Company's assets/acquisition of fund units provided for in the restructuring plan, and until the formation of the Company's creditors committee, such decisions will be made by the meeting of the Company's creditors.

## INTRODUCTION

The draft plan has been prepared in accordance with the Law on Insolvency of Legal Persons of the Republic of Lithuania (hereinafter referred to as the Insolvency Law), based on the fundamental assumptions that the Company has financial difficulties, but is operating and is viable.

### 1. GENERAL INFORMATION

#### 1.1. INFORMATION ABOUT THE COMPANY UNDER RESTRUCTURING

Name of the Company:	Joint-stock Company AUGA group
Legal status:	Under restructuring
Registration date:	25 June 2003
Register where Company data is collected and processed:	Register of Legal Entities of the Republic of Lithuania (administrator - State Enterprise Centre of Registers)
Legal entity code:	126264360
VAT number:	LT100001193419
Company registration address:	Konstitucijos pr. 21C, Vilnius
Company business address:	Konstitucijos pr. 21C, Vilnius
Company telephone number:	+370 5 233 5340
Company e-mail:	<a href="mailto:Info@auga.lt">Info@auga.lt</a>
Company website:	<a href="http://www.auga.lt">www.auga.lt</a>
Company bank account:	LT094010051005169946
Management bodies:	Collegial management body – the Board
Company manager:	Chief Executive Officer - Elina Chodzkaitė-Barauskienė
Main types of economic activities:	Main activity: primary agricultural production and production of more sustainable organic food, development of sustainable technologies for agriculture
Authorized capital:	EUR 67.802.976,72 EUR
Shareholders and number of shares they hold:	UAB Baltic Champs Group, UAB – 48.66% EBRD – 8.47% Žilvinas Marcinkevičius – 6.81% UAB Proksima zeta – 5,53% Other minor shareholders – 30.53%

Employees:	AB AUGA group, AB has 38 employees
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## 1.2. COMPANY'S PERSONNEL AND MANAGEMENT

Information about the AUGA group's management is provided below.

Table Nr. 1

Name, surname	Positions in the Company
Elina Chodzkaitė-Barauskienė	CEO
Kęstutis Juščius	Chair of the Board
Kristina Daudoravičienė	Dependent member of the Board
Justina Klyvienė	Independent member of the Board
Andrej Cyba	Independent member of the Board
Peter Bryde	Independent member of the Board

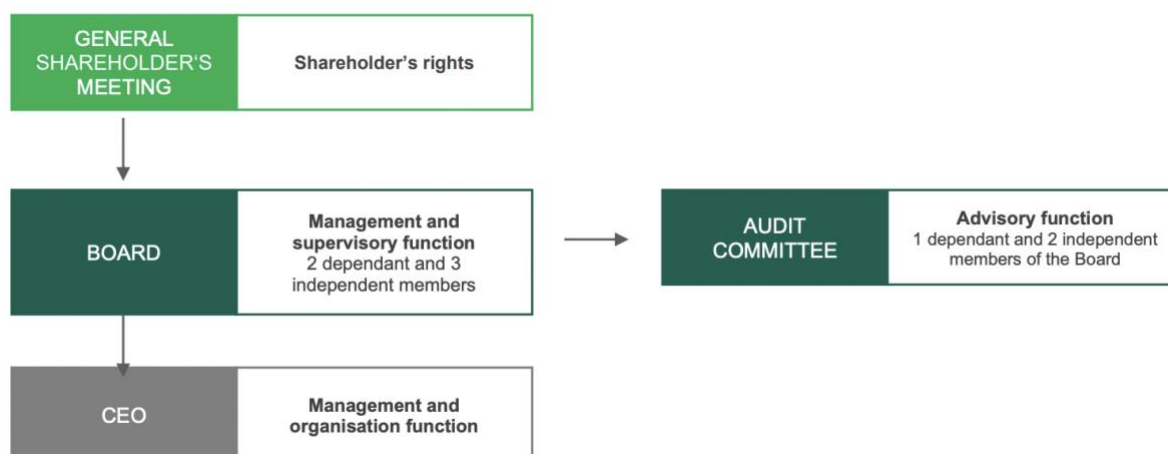
The Company's Articles of Association stipulate that at least 1/3 of the Board members must be independent. In 2019, the General Meeting of Shareholders approved the independence criteria for the Board members of the Company, which conform to the independence criteria established in the Law on Joint Stock Companies of the Republic of Lithuania, ensuring that an independent Board member must not be related to the Company and/or the controlling shareholder of the Company. The separation of powers is clearly defined in the AUGA group management model, therefore, the CEO, according to the procedure in force in the Company, cannot be a member of the Board and is directly subordinate to this management body.

Based on legal acts and self-assessment conducted at the November 2023 Board meeting:

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

In 2025, on the day of the Company's annual general meeting, which is planned to be held by the end of September 2025, the term of office of the Board expires. Accordingly, a new Board of the Company will be formed, which will include at least 2 persons nominated by the Company's creditors, in accordance with the procedure established in the restructuring plan. The controlling shareholder of the Company, UAB Baltic Champs Group, undertakes to vote in favor of the appointment of such persons to the Board of the Company.

At the same meeting of shareholders of the Company, it will be proposed to amend the Company's Articles of Association, establishing that decisions related to the conclusion of transactions for the transfer of the Company's assets provided for in the restructuring plan shall be adopted by the Board of the Company by a 4/5 majority. The controlling shareholder of the Company, UAB Baltic Champs Group, undertakes to vote in favor of the adoption of such decisions at the Company's general meeting of shareholders.



Thus, the Company has the three main bodies: the general meeting of shareholders, the Board, the general manager, and an advisory body – the Audit Committee.

In implementing good corporate governance practices, the Company's Articles of Association have assigned the following essential functions and responsibilities to the Board:

- to consider and approve the group's business strategy;
- to consider and approve the group's annual budget and business plan;
- to consider and approve the level of risk acceptable in the group's activities and the risk management policy;
- to consider and approve annual financial and non-financial targets for the Company's CEO;
- to supervise and manage, ensuring the group's compliance with good corporate governance practices.

The Board also appoints and dismisses the Company's CEO, who is responsible for organizing the group's management and activities and performs the function of supervising him/her. The Board approves the AUGA group Sustainable Business Report, provides comments and insights in 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 of votes for a two-year term, which coincides with the term of office of the Committee members as Board members. 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 Committee members must be of impeccable reputation, appropriate qualifications and experience, and have collegial knowledge in the fields of finance, accounting or auditing of financial statements and in the sector in which the Company operates.

The Audit Committee operates in accordance with the principles set out in the Company's Audit Committee Regulations. The Audit Committee is an advisory body to the Board. The main functions of the Audit Committee include:

- monitor the process of preparation of the Company's financial statements;
- monitor the Company's audit;
- analyse the effectiveness of the internal audit and risk management systems;
- approve the requirements for external auditors and assess their qualifications and experience.

The CEO ensures daily activities of the Company and represents the Company in relations with third parties.

As of December 31, 2024, the authorized capital of AB AUGA group was EUR 67.80 million (EUR 67.20 million as of December 31, 2023). The nominal value of each issued share is EUR 0.29, all shares are fully paid.

The total number of shareholders as of December 31, 2024 increased by 3.5% and was 3,562, while as of December 31, 2023, this number reached 3,442.

Since April 2, 2008, the company's share issue- ISIN code LT0000127466 has been listed on the Vilnius Stock Exchange (symbol- AUG1L). Since August 27, 2018, the share issue has been listed on the Official List of the Baltic Market and moved to the Secondary list from 10 December 2024.

The table shows the shareholders who held more than 5% of all shares of the Company:

Table Nr. 2

No.	Name, surname, or company name	Number of shares held in the Company, units (number of votes granted, %), class of the shares
1.	Baltic Champs Group, UAB	113.759.497 (48,66%) ordinary registered shares
2.	EBRD	19.810.636 (8,47%) ordinary registered shares
3.	Žilvinas Marcinkevičius	15.919.138 (6,81%) ordinary registered shares
4.	UAB Proksima zeta	12.927.263 (5,53%) ordinary registered shares
5.	Other minor shareholders	71.386.834 (30,53%) ordinary registered shares

Table 3 provides information on the number of employees of AUGA group, AB.

#### Number of employees at AUGA group, AB

Table Nr. 3

Number of employees	2023-01-01	2024-01-01	2025-01-01	2025-06-01
Management (mid-level managers, team leaders)	12	9	9	9
Others (office workers-specialists)	74	45	34	30
<b>TOTAL:</b>	<b>86</b>	<b>54</b>	<b>43</b>	<b>39</b>

Source: data provided by the Company.

Informing employees and employee consultations in the event of the employer restructuring will be carried out in accordance with the procedure established by Article 208 of the Labour Code of the Republic of Lithuania (the "Labour Code") after the shareholders of the legal entity have approved the draft restructuring plan.

During the restructuring period, efforts will be made to ensure that employees avoid negative legal, economic, or other consequences. However, the process of optimisation of activities, inevitably associated with organizational changes, may have a negative impact on long-term employees who have worked in the Company for a long time and are accustomed to the usual organizational culture.

### 1.3. ACTIVITIES OF THE COMPANY AND THE COMPANY GROUP

AUGA group, AB was established on 25 June 2003 and is a holding company, whose main activity includes the management of a group of agricultural and food industry companies "from farm to fork". The Company and its 163 subsidiaries form a consolidated group (hereinafter referred to as the "Group", "AUGA group"), therefore these notions are used herein further, as the Company's activities are inseparable from the activities of the Group's companies. The primary areas of activity of the Group are the cultivation and sale of agricultural crops, the production and sale of milk, the cultivation and sale of mushrooms, the production and sale of products intended for the end consumer, the production and sale of biomethane.

The Company's main sources of income are income from management services from the Group companies (operating in crop production, animal husbandry, end-use products, and mushroom segments). Another source of income is dividends, if the subsidiary has funds/ retained earnings from which dividends can be paid (the last major payment was from Baltic Champs, UAB in 2023 after the sale of KB Grybai LT).

The Company has worked for several years to find technological solutions that would reduce negative environmental footprint of greenhouse gas (the "GHG") emissions from one of the most polluting sectors in the world - the agricultural sector. In 2023, the factory version of the biomethane and electricity-powered tractor "AUGA M1" was introduced. According to the Company's calculations, one such tractor can save 114 tons of CO<sub>2</sub> per year, compared to fossil fuel-powered counterparts. The tractors of the first factory batch were tested in 2023 and moved to real- conditions farming operations. To improve the technology, ensure its reliability and start mass production, further tests were performed this year. During 2023, a prototype of another sustainable fuel-powered technology „AUGA E1“ was also being developed.

To ensure the supply of the alternative fuel, namely biomethane, for the employment of tractors on farms, the installation of three biomethane facilities was completed in 2023. Biomethane is not only used as fuel for tractors - the green renewable gas, produced from secondary raw materials, started to be supplied to the natural gas system in 2024, with the end-customers in the European continent. In this way, the biomethane production contributes to the emission reduction targets of other sectors, as well as the energy independence of Lithuania and Europe, overall.

The animal husbandry sector also has a significant negative effect on climate change, prompting the development of specialised cattle feed to reduce emissions in this activity. In 2023, the scientists from the Lithuanian University of Health Sciences validated test results for AUGA Tech's feed technology, confirming that it allows increasing milk yield without affecting its quality while reducing methane emissions from cows' digestive processes by 32% per litre of raw milk.

The agricultural industries faced prevalently adverse conditions in 2023. Global demand for organic products declined, leading to falling prices and financial challenges for AUGA group. The Company reported a net loss of EUR 0.96 million, a sharp drop from a EUR 15.27 million profit, with EBITDA falling to –EUR 1.18 million from EUR 19.58 million in 2022. To mitigate market risks, stabilize yields and revenues, and create a foundation for future growth, mid-year AUGA transitioned part of its land to regenerative conventional farming.

In 2023, AUGA group also actively reviewed the organisational structure of the Group, the alignment of individual business branches and units with the strategy of AUGA group. Grybai LT, a unit supplying soups and canned goods, successfully grown from scratch, turned into an independent profitable unit with a solid international client base. However, due to strong need for ingredients that could not be grown in the own farms according to AUGA sustainable farming standard, the production activity was no longer aligned with the Company's strategy and became incompatible with the long-term aspirations of the Group to supply sustainable food to consumers. The unit was successfully sold to another food industry group operating in Lithuania which will ensure continued supply of canned products to consumers to even 30 countries worldwide.

In order to follow Company's strategical goal to produce sustainable food for conscious consumers, a new line of sustainable organic products sourced from its eco-friendly Lithuanian farms was introduced. By the end of



2023, the product range expanded to 11 items, including milk, oats, eggs, and vegetables, securing a place on store shelves, and catering to environmentally conscious consumers.

Despite the difficult years for agriculture, it has not abandoned its strategy and has paid great attention to the development of its own technologies and sustainable farming standards. Therefore, in the first half of 2023, a structure meeting the needs of future business was created, consisting of the following companies: AUGA Tech, which develops sustainable agricultural technologies, AUGA SOFA, which develops the sustainable farming standard and oversees its implementation in 11 cooperatives established as production units from existing agricultural activities, and AUGA Trade, which organizes the production of more sustainable products and the supply of more sustainable raw materials to food producers.

The Company and its subsidiaries operate in Lithuania, carrying out agricultural activities in its most fertile areas. During 2024, the Group worked on more than 37 thousand ha, including fodder crops. 13.05% of the cultivated land belongs to the Group, the remaining lands are leased by AUGA group.

AUGA group operated in five business segments, which include agricultural and food production industries, as well as activities related to the development and application of sustainable agricultural technologies, which at the moment is fully suspended:

- Crop production – The Group grows wheat, legumes, rapeseed, sugar beet, oats, and other crops. Vegetables are also grown and organic feed for animals is prepared. Since 2023, 1/2 of crop production lands were converted to regenerative conventional farming methods.

Table Nr. 4

Crop growing segment	2024	2023	2022
Total land, (ha)	37.758	38.19	38.525
Eco wheat, (ha)*	4.101	11.345	11.693
Wheat, (ha)	7.204	-	-
Eco legumes, (ha)*	3.497	8.077	6.785
Legumes, (ha)	3.373	-	-
Other crops, (ha)	11.342	10.411	11.628
Feed, (ha)	7.704	7.122	7.676
Crop rotation, (ha)	537	1.235	743
Average harvest, (t/ha)			
Eco wheat, (t/ha)*	3.98	3.55	3.41
Wheat, (t/ha)	6.31	-	-
Eco legumes, (t/ha)*	1.28	1.41	2.32
Legumes, (t/ha)	1.93	-	-
Other crops, (t/ha)	6.01	5.93	4.47
Feed, (t/ha)	6.90	7.69	6.83

- Animal husbandry – this segment of the Group includes organic and conventional milk production and cattle breeding. The Group develops these activities on 10 companies.

Table Nr. 5

Dairy segment	2024-12-31	2023-12-31	2022-12-31
Average milk cow herd (cows)	3.384	3.453	3.457
Total product volumes sold (t.)	28.960	25.72	26.594



Milk (t.)	27.505	23.766	25.334
Milk products (t.)	497	1.077	457
Cattle(t.)	957	877	803
Milk production (000 EUR)	16.057	14.745	16.496
Milk (000 EUR)	12.788	10.385	13.477
Milk products (000 EUR)	1.634	3.093	1.711
Cattle (000 EUR)	1.636	1.267	1.308

▪ Mushroom cultivation – the Company's subsidiary Baltic Champs, UAB (hereinafter - 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, eringi, shiitake mushrooms, and produces compost used for mushroom cultivation.

Table Nr. 6

Mushroom growing segment	2024-12-31	2023-12-31	2022-12-31
Mushrooms sold (t)	10.714	11.510	11.552
Income from mushrooms (000 EUR)	31.051	30.307	27.536
Mushroom selling costs (000 EUR)	-29.613	-28.583	-28.941
Income from mushroom compost (000 EUR)	-	420	357
Mushroom compost selling costs (000 EUR)	-	-420	-357
Total profit from mushroom segment (000 EUR)	1.438	1.724	-1.405

▪ Fast Moving Consumer Goods – the Group offers a wide range of organic products for end-users, including dairy and oat products, eggs, vegetables.

▪ Sustainable agricultural technologies – the Company's indirect subsidiary, AUGA Tech, UAB developed and manufactured agricultural technologies that reduce GHG emissions. Currently, this line of business has been completely suspended and will not be carried out until this restructuring plan is fully implemented. The Company is developing biomethane infrastructure, a hybrid biomethane and electric tractor "AUGA M1" for professional use, and other agricultural machinery.

Since the announcement of the 2020 strategy, the AUGA group of companies has foreseen and created structural prerequisites for the separation of individual business segments (dairy farming, mushroom cultivation) or economic activity regions (Raseiniai), which have objective prerequisites for functioning independently (i.e. have operational centers, could obtain a higher yield potential when working them in a consolidated conventional farming method), than when operating within the group structure. However, to fully implement these changes, investments were required, which were postponed due to the development of sustainable technologies. The aim was to replace traditional agricultural equipment and implements with agricultural technologies that reduce emissions. The company applied for EUR 75 million for the "Mission with no cost to nature" to commercialize smart farming technologies soft loan, as this amount would have been necessary to change historical farming methods and implements and accordingly reduce emissions from

agriculture on all 38,000 ha cultivated by AUGA group at that time (raising not only operational efficiency and productivity, but also sustainability goals). This technological change would have brought not only a more sustainable, but also a more efficient production method, which allowed achieving significantly better financial indicators.

#### 1.4. FINANCIAL RESULTS OF THE COMPANY'S ACTIVITIES

The Company commenced operations in 2003. The financial information provided by the Company is as of 30 June 2024 – the latest publicly published financial figures of the Company and the Group. The Company and the Group will publish the latest financial information on the Nasdaq Stock Exchange. Until this information is published, the Company is not providing it in the restructuring plan.

As shown by the analysis of the Company's financial indicators for the past years 2022 - 2023, the Company's operating year 2023 was unprofitable and, according to the data as of December 31, 2023, EUR 4,295 thousand in losses were incurred.

Table No. 7

	COMPANY			GROUP		
TURTAS / ASSETS	30-06-2024	2023	2022	30-06-2024	2023	2022
Ilgalaikis turtas / non-current assets						
Materialusis turtas / Tangible assets	1 013	1 130	2 749	90 357	90 816	93 711
Naudojimo teise valdomas turtas / Right-of-use assets	424	531	577	43 557	48 664	48 322
Investicijos į patrunuojamąsias įmones / Investments in subsidiaries	108 745	108 745	106 688	-	-	-
Nematerialusis turtas / Intangible assets	327	326	1 753	5 872	5 213	5 243
Prekybos ir kitos gautinos sumos / Trade and other receivables	3 265	3 265	5 817	537	536	518
Investicijos, apskaitomos nuosavybės metodu / Investments accounted for under the equity method	-	-	-	57	57	57
Kitas turtas / Other assets	66	66	66	1 718	1 718	1 299
Atidėtojo pelno mokesčio turtas / Deferred income tax assets	-	-	-	2 292	2 292	2 919
Biologinis turtas (gyvuliai) / Biological assets – livestock	-	-	-	10 665	10 686	10 515
Ilgalaikio turto iš viso / Total non-current asset	113 840	114 062	117 650	155 055	159 982	162 584
Trumpalaikis turtas / Current assets						
Biologinis turtas / Biological assets	-	-	-	43 221	23 073	19 883
Atsargos / Inventories	31	4	28	14 059	28 663	35 241
Prekybos ir kitos gautinos sumos / Trade and other receivables	6 058	2 773	2 708	10 586	10 118	7 832
Kitas turtas / Other assets	261	290	299	4 199	3 390	2 541

Pinigai ir pinigų ekvivalentai / Cash and cash equivalents	2	10	9	1 101	3 455	3 337
Trumpalaikio turto iš viso / Total current assets	6 352	3 077	3 044	73 166	68 699	68 834
TURTO IŠ VISO / TOTAL ASSETS	120 192	117 139	120 694	228 221	228 681	231 418
NUOSAVAS KAPITALAS IR ĮSIPAREIGOJIMAI / EQUITY AND LIABILITIES						
Nuosavas kapitalas / Equity						
Įstatinis kapitalas / Share capital	67 203	67 203	66 617	67 203	67 203	66 617
Akcijų priedai / Share premium	6 707	6 707	6 707	6 707	6 707	6 707
Privalomasis rezervas / Legal reserve	2 041	2 041	2 041	2 041	2 041	2 041
Perkainojimo rezervas / Revaluation reserve	-	-	-	15 613	15 613	13 565
Rezervas, skirtas suteikti akcijas darbuotojams / Reserve for employee stock options	3 293	2 893	2 829	3 293	2 893	2 829
Nepaskirstytasis pelnas / Retained earnings	1 434	3 218	7 507	-39 998	-33 060	-14 654
Nuosavas kapitalas, priskirtinas Bendrovės akcininkams / Equity attributable to equity holders of the parent	80 678	82 062	85 701	54 859	61 397	77 105
Nekontroliuojanti dalis / non-controlling interest	-	-	-	376	394	428
Nuosavo kapitalo iš viso / Total equity	80 678	82 062	85 701	55 235	61 791	77 533
Ilgalaikiai įsipareigojimai / non-current liabilities						
Finansinės skolos / Borrowings	15 073	3 581	24 446	33 880	14 640	37 160
Nuomos įsipareigojimai / Lease liabilities	374	371	433	41 354	40 532	39 750
Dotacijos / Grants	652	717	842	4 330	4 691	4 463
Atidėtojo pelno mokesčio įsipareigojimai / Deferred income tax liabilities	-	-	-	1 805	1 805	1 863
Ilgalaičių įsipareigojimų iš viso / Total non-current liabilities	16 099	4 669	25 721	81 369	61 668	83 236
Trumpalaikiai įsipareigojimai / Current liabilities						
Finansinės skolos / Borrowings	21 195	28 800	7 588	45 649	64 007	32 638
Nuomos įsipareigojimai / Lease liabilities	83	166	143	3 865	7 855	7 479

Prekybos mokėtinos sumos / Trade payables	1 010	1 032	846	33286	27 721	25 352
Kitos mokėtinos sumos / Other amounts payable	1 127	410	695	8 817	5 639	5 180
Trumpalaikių įsipareigojimų iš viso / Total current liabilities	23 415	30 408	9 272	91 617	105 222	70 649
Įsipareigojimų iš viso / Total liabilities	39 514	35 077	34 993	172 986	166 890	153 885
NUOSAVYBĖS IR ĮSIPAREIGOJIMŲ IŠ VISO / TOTAL EQUITY AND LIABILITIES	120 192	117 139	120 694	228 221	228 681	231 418

In 2022, services revenue amounted to EUR 3,878 th. and dividends from subsidiaries amounted to 2,057 th. EUR, total sales revenue was 5,935 th. EUR, cost of sales respectively EUR 8 th., and operating expenses EUR 6,297 th. After evaluating all costs incurred (including financial), the Company incurred a loss of EUR 2,417 th.

In 2023, services revenue amounted to EUR 2,545 th. and dividends from subsidiaries amounted to EUR 4,701 th., total sales revenue was 7,246 th. EUR, cost of sales respectively EUR 1 th., and operating expenses respectively EUR 9,384 th. After evaluating all costs incurred by the Company (including financial and revaluation of investments), the Company incurred a loss of EUR 4,295 th.

In 2024, by the end of June, sales revenue amounted to 1,745 th. EUR, cost of sales was 2 th. EUR, and operating expenses were 2,044 EUR. After evaluating the costs incurred by the company, the Company incurred a loss of 1,693 EUR. It should be noted that the majority of dividends, which constitute a significant part of the Company's income, are received from Group companies in the second half of the year.

### 1.5. COMPANY'S ASSETS

The Company's total assets as of 30 June 2024, were EUR 120.192 th. Non-current assets at residual value (according to the balance sheet) amounted to EUR 113.840 th. Current assets consist of:

- Inventories – EUR 31 th.;
- Trade and other receivables – EUR 6,058 th.;
- Other assets – EUR 261 th.;
- Cash and cash equivalents – EUR 2 th.

## 1.6. SURETIES, PLEDGES AND GUARANTEES, OTHER ADDITIONAL SECURITY MEASURES

For the proper fulfilment of the Company's obligations:

To the creditor KŪB "Pagalbos verslui fondas", in accordance with the Company's obligations under the issue of ordinary registered bonds with a total nominal value not exceeding EUR 6,000,000 (hereinafter – PVF Bonds), which are issued in accordance with the decision of the Board of the Company (Debtor) dated March 3, 2022 and signed in accordance with the Bond Subscription Agreement concluded between the Debtor and the Creditor dated March 18, 2022 and in accordance with the loan agreement dated March 18, 2022, the pledged assets belonging to the Company and third parties (Group companies) according to the list.

Assets belonging to third parties (Group companies) according to), as in the list ), are pledged to the creditors representative UAB "AUDIFINA" has pledged assets belonging to third parties (Group companies) according to the list (Annex No. 1) to the creditor representative UAB "AUDIFINA" for the proper and timely performance of the Company's obligations arising from the bond issue with a total nominal value of EUR 20,000,000, issued in accordance with the decision of the Company's Board of Directors on 22 November 2019 on the approval of the Bond Program and the Bond Program Prospectus approved by the Bank of Lithuania on 25 November 2019.

The creditor UAB "PayRay bank" under the loan agreement No. L202003015 dated March 27, 2020, for the proper fulfillment of the Company's obligations, has pledged assets belonging to third parties (Group companies) according to the list.

Mortgage/pledge transactions concluded for the proper fulfillment of the obligations of the Group company(ies):

- ŽŪB „AUGA Žadžiūnai“, ŽŪB „AUGA Lankesa“, ŽŪB „AUGA Jurbarkai“, „AUGA Želsvelė“, ŽŪB „AUGA Spindulys“, ŽŪB „AUGA Gustoniai“ under the Credit Agreement No. KS/20-253 of 2020-11-25 and the proper securing of the obligations of the Group companies ŽŪB „AUGA Žadžiūnai“, ŽŪB „AUGA Lankesa“, ŽŪB „AUGA Jurbarkai“, „AUGA Želsvelė“, ŽŪB „AUGA Spindulys“, ŽŪB „AUGA Gustoniai“, UAB "AUGA Ramučiai" under the Credit Line Agreement No. KS/20-254 of 2020-11-25, the Company's assets are pledged to the creditor AS „Citadele banka“;
- Securing the obligations of UAB "AWG investment 1" arising from all bonds issued under the General Terms and Conditions of UAB "AWG investment 1" up secured bonds of up to EUR 5,000,000 secured bonds approved on 18 April 2024, pledged by the Company's assets are pledged to the creditor's representative UAB "AUDIFINA";
- The Company's assets belonging to the Company has been pledged to the creditor UAB "Bioga" secure the obligations of ŽŪB "AUGA Smilgiai" under the contract of 2024-11-06 for the installation of a biomethane degasification unit and the supply of biomethane.

Sureties/guarantees issued for the proper fulfilment of obligations of the Group company(ies):

- The Company stood surety for the obligations of „Baltic Champs“, UAB under 2023-12-27 agreements No. BL-LTC-23000178 and No. BL-LTC-23000179 to the creditor AS Bigbank. Big Bank AS branch;
- The Company stood surety for the obligations of the agricultural companies AUGA Žadžiūnai, AUGA Lankesa, AUGA Jurbarkai, AUGA Želsvelė, AUGA Spindulys, AUGA Gustonys, AUGA Ramučiai under 2020-11-25 Credit agreements No. KS/20-253 and No. KS/20-254 to the creditor AS „Citadele banka“;
- The Company stood surety for the obligations of UAB Agrotechnikos centras, UAB „AUGA Raseiniai“, ŽŪB „AUGA Jurbarkai“, ŽŪB „AUGA Smilgiai“ under financial leasing agreements to the creditor SIA „Citadele leasing“;
- The Company stood surety for the obligations of UAB „AUGA Smilgiai“ under Credit Agreement No. KL-2021-08 dated 2021-05-19 to the creditor UAB „European Merchant Bank“;
- The Company stood surety for the obligations of UAB „Grain LT“ under Credit Line Agreement No. 183-T dated 2020-11-21 to the creditor Luminor Bank AS;

- The Company provided guarantees to the creditor Luminor Bank AS for the obligations of ŽŪB "AUGA Mantviliskis", UAB "Agrotechnikos centras", UAB "AUGA Luganta", ŽŪB "AUGA Smilgiai", ŽŪB "AUGA Vėriškės", ŽŪB "AUGA Grūduva", ŽŪB "AUGA Skėmiai", ŽŪB "AUGA Alanta", ŽŪB "AUGA Želsvelė" under the concluded financial leasing agreements;
- The Company stood surety to the creditors KB Lithuanian Central Credit Union and kB Credit Union Magnus for the obligations of AUGA Raseiniai, UAB and KB "Šventosios pievos" under the Syndicated Credit Agreement No. 20240723-S17 dated 23 July 2024 and the Syndicated Credit Agreement No. 20240723-S15 dated 4 July 2024;
- The Company stood surety for the obligations of UAB „Baltic Champs“ under the Credit Agreement ŽEM202305-000023 dated 2023-05-08 to the creditor KB Credit Union Magnus;
- The Company stood surety for the obligations of KB „AgroMilk“ and KB „Medeinos pienas“ under the Credit Line Agreements No. KrLinABMB/202407/01377 and No. KrLinABMB/202407/01378 dated 2024-07-31 to the creditor AB „Mano bankas“, AB;
- The Company stood surety for the obligations of Agrotechnikos centras, UAB under the Financial Leasing Agreements dated 2021-02-17 to the creditor „OP Finance“, AB;
- The Company stood surety for the obligations of UAB Agrotechnikos centras under the Leasing Agreement dated 2023-05-26 to the creditor UAB Orion Leasing;
- The Company stood surety to the creditor UAB “SME bank” for securing the obligations of UAB Agrotechnikos centras under the Credit Agreement No. IVKSME/202306/00526 dated 28 June 2023 to SME bank, UAB;
- The Company additionally stood surety to the creditor URBO bank, UAB for the obligations of ŽŪB AUGA Dumšiškės, UAB AUGA Grūduva, ŽŪB AUGA Mantviliskis, ŽŪB AUGA Skėmiai for securing the obligations of these companies under the promissory notes issued by these companies;
- The Company stood surety to the creditor Taurus fonds, UAB for securing the obligations of UAB Agrotechnikos centras under the Agreement No. 2024/07/29-01 dated 29 July 2024 regarding securing the obligations of this company under the promissory notes issued by this company;
- The Company additionally stood surety for the obligations of UAB „Baltic Champs“ under the issued promissory note to the creditor UAB „Faktris LT1“
- The Company additionally stood surety for the obligations of UAB „ŽŪB AUGA Skėmiai“ under the issued promissory note to the creditor UAB URBO bankas;
- Securing the obligations of the Group companies (90 companies) under the 2023-02-28 Simple (conditional) Guarantee No. AUGA\_BAM 20230228 The Company issued a guarantee to the creditor UAB Baltic Agro Machinery;
- Securing the obligations of Agrotechnikos centras, UAB under the agricultural machinery lease agreement No. ŽŪ24-0308-01 dated 27-03-2024 The Company issued guarantee No. 240328 dated 28-03-2024 to the creditor UAB Klovima;
- Securing the obligations of the Group companies (64 companies) under the 2023-05-26 Surety Agreement the Company stood surety to the creditor ORLEN, AB Lietuva;  
Securing the obligations of UAB “Grain LT” under the purchase and sale agreement No. SC 08/09/23-1 dated 2023-09-08. The Company signed a surety agreement on 2023-09-08 and a simple non-protestable promissory note on 2024-04-08 to the Creditor UAB “Scandagra”;
- The Company guaranteed the obligations of UAB "Grain LT" under the Surety Agreements of 2023-09-01 and 2024-07-18 to the creditor AB "Linus Agro";
- The Company guaranteed the obligations of UAB Agrotechnikos centras under the Surety Agreement No. HYB0000GI01-12 to the creditor UAB Gigatelis;
- The Company guaranteed the obligations of UAB Agrotechnikos centras under the Leasing Agreement No. LEA00003264-3279 to the creditor UAB Orion 1;
- The Company guaranteed the obligations of UAB AUGA Grūduva under the Leasing Agreement No. LT0100/01-35 to the creditor UAB Orion Leasing;

- Securing the obligations of UAB "Grain LT" under the 2024-04-09 sales agreement No. 2024/04/09-01 the Company guaranteed and issued a promissory note to the creditor UAB "Žvalguva";
- Securing the obligations of UAB "Grain LT" under the 2024-02-01 Purchase and sale agreement No. KTR/24/7 The Company guaranteed the creditor UAB "AGROCHEMA";
- Securing the obligations of UAB AUGA Raseiniai under the land lease contracts. The Company guaranteed the obligations of UAB "Terra culta", UAB "LILA Holdingas", UAB "Agora", UAB "AGRA optoma", UAB "AGRA CORPORATION", UAB "AGRA AURATA";
- UAB Agronuoma secured its obligations under land lease agreements on 29-03-2017 to creditors UAB VL Investment 1- UAB VL Investment 10;
- Securing the obligations of VŠĮ Baltijos maisto organizacija under Grant Agreement No. 779489 of 28 February 2018 to the insurer AAS "BTA Baltic Insurance Company" branch in Lithuania.

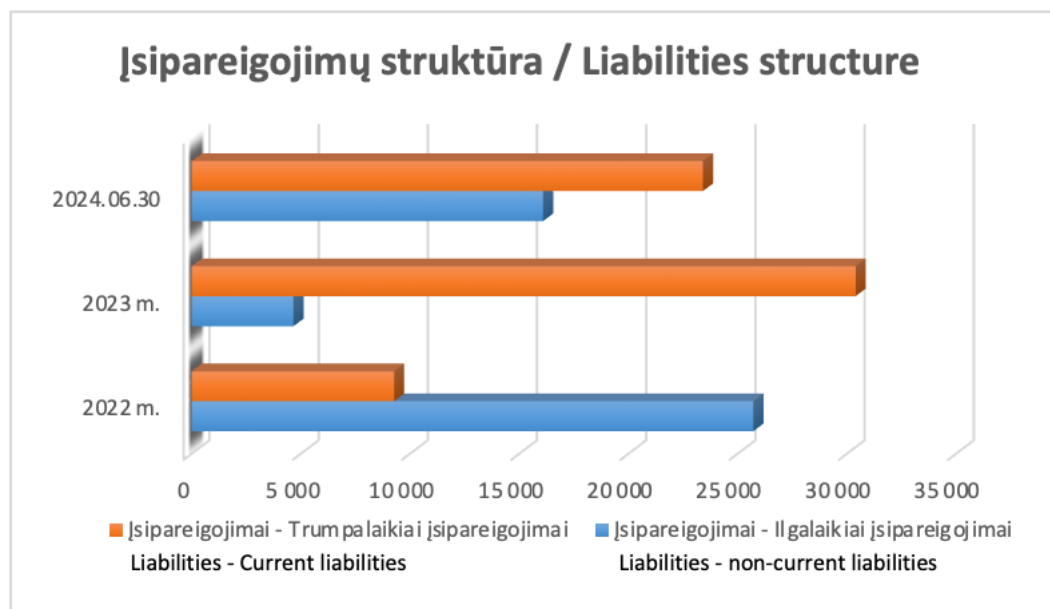
### 1.7. LIABILITIES OF THE COMPANIES

The change in the Company's liabilities during the period under review 2022 - 2023 is presented in Graph No. 1. Detailed information on the Company's liabilities is provided in another part of the draft restructuring plan.

The Company's liabilities remained at a similar level throughout the period under review. The Company's authorized capital changed slightly during the period under review and was EUR 67.20 million (EUR 66.62 million as of 31 December 2022). The Company's authorized capital consists of 231,735,132 ordinary registered shares (229,714,102 ordinary registered shares as of 31 December 2022). The nominal value of each issued share is EUR 0.29, all shares are fully paid. The increase in the number of shares and authorized capital happened because in June 2023 the stock option agreements signed in 2020 under the employee stock option program were finally implemented (exercised). During the period under review, the Company's liabilities consisted of financial debts and debts from economic and commercial activities.

#### COMPANY'S LIABILITIES STRUCTURE

Graph No.1



### CHANGES IN THE COMPANY'S ASSETS, EQUITY AND LIABILITIES

Table No. 8

No.	Articles	2022	2023	2024-06-30
-----	----------	------	------	------------



1.	Fixed assets	117 650	114 062	113 840
2.	Current assets	3 044	3 077	6 352
Total assets:		120 694	117 139	120 192
3.	Authorised capital	66 617	67 203	67 203
4.	Reserves	4 870	4 934	5 334
5.	Retained earnings (loss)	7 507	3 218	1 434
6.	Non-current liabilities	25 721	4 669	16 099
7.	Current liabilities	9 272	30 408	23 415
Total liabilities:		34 993	35 077	39 514
Equity:		85 701	82 062	80 678

### 1.8. RELATIVE FINANCIAL INDICATORS

Relative indicators help to assess the financial condition of the Company. Their values are presented in the tables below.

#### ASSET MANAGEMENT EFFICIENCY INDICATORS

Table No. 9

No.	Indicators	2022	2023	2024-06-30
1	Turnover of receivables	1.97	2.37	0.28
2	Working (net) capital turnover	-0.95	-0.27	-0.10
3	Turnover of total assets, times	0.05	0.06	0.01
4	Turnover of current assets	1.95	2.35	0.27

#### SOLVENCY (LIQUIDITY) INDICATORS

Table No.10

No.	Indicator	2022	2023	2024-06-30
1.	Current liquidity ratio	0.33	0.10	0.27
2.	Total current ratio	2.45	2.34	2.04
3.	Quick ratio	0.33	0.10	0.27

#### CAPITAL STRUCTURE INDICATORS

Table No. 11

No.	Indicator	2022	2023	2024-06-30
1	Debt ratio	0.29	0.30	0.33

2	Financial independence ratio (equity ratio)	0.71	0.70	0.67
3	Debt-equity ratio	0.41	0.43	0.49
4	Long-term debt ratio	0.23	0.05	0.17

#### PROFITABILITY (FINANCIAL RESULT) INDICATORS

Table No. 12

No.	Indicator	2022	2023	2024-06-30
1	Net profit margin	-40.72	-59.27	-97.02
2	Gross profit margin	99.87	99.99	99.89
3	Operating profit margin	213.29	245.82	288.31
4	Return on assets	-2.00%	-3.67%	-1.41%
5	Return on shareholders' equity	-2.82%	-19.92%	-8.39%

Accounts receivable turnover in days shows how long it takes a company to collect receivables from customers. Asset turnover ratios show how long it takes to renew assets during the year. Liquidity ratios show the ratio of a company's current assets to current liabilities.

Since the Company is the parent company of the Group, these financial ratios are only the result of the Company's activities as a separate legal entity.

The Company's shares are admitted to the Secondary List of the Nasdaq Vilnius Stock Exchange, therefore the consolidated annual reports, consolidated and separate financial statements and independent auditor's reports prepared by the Company for a year are public and can be accessed on the official websites of the Nasdaq Vilnius Stock Exchange and the Company (<https://nasdaqbaltic.com/lt/> and <https://auga.lt/investuotojams/ataskaitos/>).

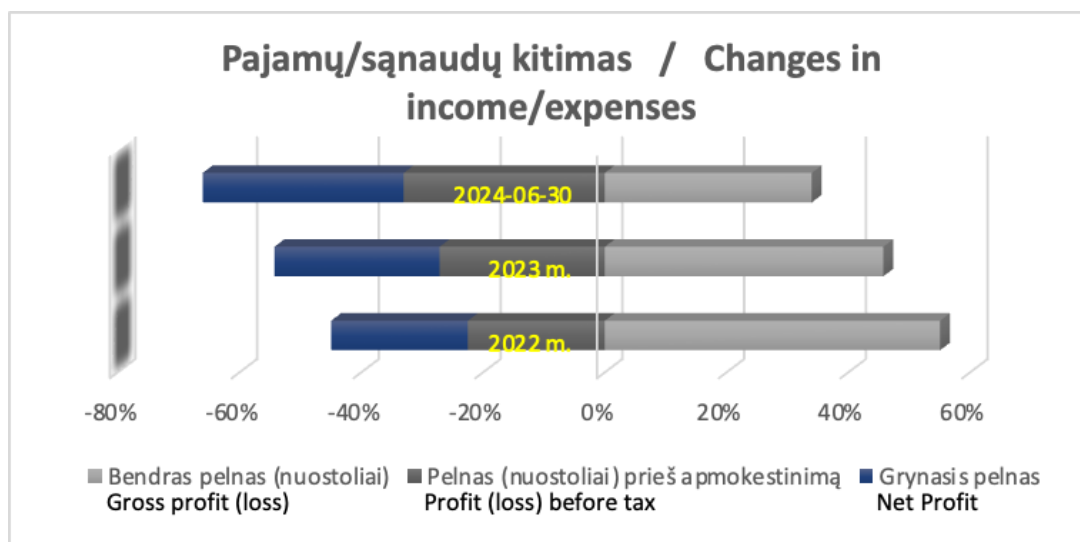
The change in income and expenses is presented in the table below. The Company's income statement includes all current operating expenses.

#### CHANGES IN THE COMPANY'S INCOME AND EXPENSES

Table No. 13

No.	Articles	2022	2023	2024-06-30
1	Sales revenue	5,935	7,246	1,745
2	Cost of sales	(8)	(1)	(2)
3	Gross profit (loss)	5,927	7,245	1,743
4	Operating expenses	(6,297)	(5,545)	(2,044)
5	Other activities	-	(3,839)	-
6	Other interest and related expenses	(2,047)	(2,156)	(1,392)
7	Profit (loss) before tax	(2,417)	(4,295)	(1,693)
8	Corporate income tax	-	-	-
9	Net profit	(2,417)	(4,295)	(1,693)

Graph No.4



### 1.9. OBJECTIVES, ESSENCE, AND DURATION OF THE RESTRUCTURING PROCESS

The plans, based on historical information of the Company and the Group, realistic market development assumptions and after assessing the impact of ongoing projects, allows to state that the Company is facing temporary financial difficulties and intends to restore long-term solvency, operate profitably and repay debts to creditors in the future.

The Company performs the function of an issuer - AUGA group, AB is listed on the Nasdaq Vilnius Stock Exchange, therefore, having this responsibility, it constantly ensures appropriate and transparent representation of the Company and the provision of information or data (the Group's consolidated financial indicators) to investors through mass media tools. In addition, the Company has the opportunity to attract capital, and another important responsibility of the Company is the preparation of business plans for all business segments, their consistent and timely monitoring, efficiency assessment and implementation of related solutions.

Taking into account the current economic situation and market trends in sustainable technologies, the Company is taking restructuring actions and, together with the measures provided for in the restructuring plan, continues to focus on the Company's activities that generate positive financial flows- crop production, animal husbandry, biomethane production, mushroom cultivation and end-user products. Optimization of traditional agricultural activities and identification of additional benefits and profitability modelling at the level of each individual company will allow restoring long-term solvency, restoring the ability to fulfil obligations to creditors. Since, as already mentioned, the trends in the demand for sustainable technologies in the market are changing, the Company is indefinitely postponing their development.

The Company will also seek to attract additional capital, including a strategic investor or a sale of a number of companies that manage assets (see the section below).

**The main activities are primary production of agricultural products, mushroom cultivation activities, supply of end products to consumers, biomethane production.**

The Group has accumulated many years of experience in agricultural activities, which will be more effectively employed in the Group's production bases, located in the most fertile land areas of the country. The main strengths of the Group- crop and animal husbandry activities, which the Group has been carrying out since the beginning of its activities. These raw material production segments have been the main source of income throughout the entire period of the Company's existence, together responsible for approximately 52% of total income.

Table No. 14

Income from raw materials, mln. EUR	2018	2019	2020	2021	2022	2023
Crop growing segment	17.48	29.49	37.38	23.56	27.58	30.08
Animal husbandry segment	8.96	10.14	10.81	13.61	16.50	14.74
Sum	<b>26.44</b>	<b>39.63</b>	<b>48.19</b>	<b>37.17</b>	<b>44.08</b>	<b>44.82</b>
% of total income	<b>48.29%</b>	<b>41.66%</b>	<b>57.96%</b>	<b>51.80%</b>	<b>55.00%</b>	<b>55.00%</b>

It is important to note that in 2016, the Group transferred the aforementioned activities to organic agriculture, positively assessing the growing potential for the consumption of organic products on a global scale and having a vision to create end-user organic products to consumers at an affordable price based on economies of scale.

In 2023, after the trends changed, influenced by such external factors as the war in Ukraine, COVID-19, etc., and the instability of raw material prices and the market became apparent, the Group began a partial transition of crop production activities to traditional conventional agriculture. In 2024, the same steps were taken in animal husbandry. The Group plans to continue working with this business model, thus diversifying the risks and income volatility that was experienced when operating solely in organic agriculture.

In 2024, the companies belonging to the Company started a new production activity- biomethane production. It should be emphasized that in less than 5 years this activity has gone from being a research activity to a commercial one, generating a positive flow, and has proven that one of the most economical and sustainable alternative fuel production method can be profitable. This economic activity not only creates additional economic benefits for the Group's financial flow, but also combines the Group's activities into a circular economy model.

The Group's scope of activities includes mushroom cultivation, which is organized by the company Baltic Champs and sells its products in Lithuania, Latvia, Estonia, and all Nordic countries: Denmark, Sweden, Norway, Finland, as well as Poland and Germany. The Group will continue to organize the supply of end-user organic products to consumers without losing the expanding customer base of customers choosing sustainability. The product basket consists of daily consumption milk, oat products, vegetables, eggs.

#### **Proven business solutions to be maintained during the restructuring**

To implement the objectives of the efficiency agenda, the Company made a strategic decision in 2022 to optimize internal processes and create a simpler structure of the Group. Within the framework of this decision, the Company implemented the separation of crop, animal husbandry, and land management activities, which allowed for a clearer assessment of the costs incurred, and for the management and efficiency of the segment activities. From mid-2023, ½ of the organic crop production activities were transferred to conventional regenerative agriculture. Although this model generated higher additional costs (EUR 4 million) and lost ecological payments during the transition period, in the new season it will allow for diversification of risks and reduce the volatility of income, which was inevitable when working exclusively in organic farming.

At the beginning of the second quarter of 2024, some dairy farms, accounting for 27% of the total herd, began to operate in a non-organic way to reduce production costs and improve financial results. The decision paid off quickly and in the first half of 2024, average milk yields increased by 7% compared to the previous year, while the cost of raw milk production per ton decreased by 16% and has the potential to decrease even further.

In 2024, after reviewing the efficiency of economic units of agricultural activity, the Company decided to cease operations in the Mažeikiai region, where 3,300 ha were cultivated, as of September 30, 2024. The loss generated in this region in 2024 amounted to approx. EUR 2 million, losses were also incurred in previous periods due to poor consolidation of plots and high costs of their cultivation. The reduced number of cultivated land areas reduces the need for working capital and improves the Group's overall financial result through lower financial costs for financing working capital.

#### **Changes in business segments focused on productive activities**

Since the beginning of 2024, the Company's structure has been reviewed and the management staff of the Company has been reduced: positions in the marketing, sales, finance and accounting teams have been reviewed. As a result, as of June 2025, the Company employs 39 employees. Over the year (since June 2024), the number of employees has decreased by 11 employees or 28 percent. Accordingly, during the Company's restructuring, it is planned to review other potentially redundant functions and temporarily strengthen the capabilities of the organization of operations (internal and external), while individualizing business plans by business lines and merging and consolidating internal processes, in order to further optimize management costs and improve operational fluidity and the level of automation across companies. During the 4-year process, the aim will be to shorten the decision-making chain by giving more decision-making rights to direct managers of farms, who would be enabled to track actual activities and their compliance with goals in real time and to promptly make decisions here and now.

#### **Key steps for increasing profitability:**

- 1) Operating cost reduction programs are continuing, with the aim of reducing them to 8.5 million euros by 2025 (in 2023 they amounted to 13.9 million EUR);
- 2) The company plans to sell part of the assets of managed companies or individual production activities that are remote from the main operational centers. The aim will be to sell the assets, and use that part of them that will be needed to carry out the activities on a long-term lease basis;
- 3) Accelerated recruitment of new businesses that have been created for a long time, such as biomethane production, which will generate additional cash flow for the group's finances, i.e. up to 2 million EUR of gross profit per year. Also, the introduction of more sustainable feed developed by the group in production, which will create positive economic benefits for the livestock segment;
- 4) Sustainable agricultural technology development activities suspended until the date of preparation of this restructuring plan, and further non-implementation until the full implementation of this restructuring plan.

#### **Essential changes in the organization of activities by business segments, designed to overcome financial difficulties:**

##### **1. Creation of Sustainable Dairy Farming Fund**

Dairy farming is one of the four core business segments of AUGA group, where, by modernizing the existing and unused infrastructure of production bases (totaling about 150,000 sq.m. of real estate (premises)), it would be possible to almost double the volume of the Group's most profitable agricultural activity. This can be achieved quickly and with relatively small investments, by installing and updating the Group's livestock infrastructure, premises, equipment, achieving significantly better economic results and quickly increasing productivity, implementing minimal investments in the renovation of existing fixed assets and livestock equipment, allowing almost doubling the number of currently raised dairy cows.

AUGA group's livestock segment has significant untapped potential - some of the existing buildings and farms are currently unused because the strict requirements for organic livestock farming have limited the development of activities, especially due to the mandatory requirement to graze animals. Some farms do not have such an opportunity and do not have the amount of meadows near the buildings. According to the European Union Organic Production Regulation (EU) 2018/848 and its Annex II, Part 2, organic livestock farming provides that animals must have regular access to open spaces, such as pastures, open spaces or walking areas, which are often installed near barns. By switching to conventional farming practices, premises suitable for livestock farming can be used to their full capacity, and by investing in their modernization, machinery and herd selection and development, milk production can be doubled.

In preparation for the realization of the potential of this sector, AUGA group made a strategic decision in 2022 to separate the dairy segment in both operational, organizational and legal terms. Land plots together with livestock were transferred to newly established legal entities – 10 dairy farms (buildings necessary for livestock activities were not transferred to dairy farms due to the difficult financial situation). Currently, the farms used

for this activity own agricultural land worth ~13.2 million euros. This decision will be fully implemented after initiating the establishment of the Sustainable Dairy Fund.

The next step to be implemented during the restructuring period of AUGA group is the creation of a professionally managed Sustainable Dairy Fund structure separate from the Group's control, which would allow improving the efficiency indicators of the existing business and increasing profits by attracting external capital through the format of a collective investment entity instrument to finance the necessary investments. The value of business structuring is such that AUGA group would receive fund investment units in exchange for the shares of the group companies it currently owns – i.e. a financial instrument whose value would grow along with the activities and their results.

It is also important to note that compared to the crop farming segment, where income from one hectare reaches about 1–1.5 thousand EUR per year, the dairy segment generates high added value – in an intensive dairy farm per hectare with one milking cow, about 10 tons of milk are generated per year. This amounts to 5–5.5 thousand EUR of income from one hectare, i.e. 3–5 times more compared to crop farming. In addition, milk production results are less dependent on climatic conditions – the main influence on results is determined by organizational, technological and managerial decisions.

Currently, trends in the dairy segment are favourable for such consolidation and development plans - the dairy sector has reached record highs – the purchase price of raw milk is at an all-time high, almost 27 percent higher compared to last year. For comparison, according to VIC data, in April 2025. the average purchase price of natural milk was 556.21 Eur/t, and in the corresponding month of 2024. it reached 437.14 Eur/t. Dairy farming remains one of the main engines of the entire agricultural sector - according to January 2025. data, the dairy sector remains one of the main engines of the entire agricultural sector, accounting for about 15% of all agricultural production[1] and creating more than 1% of the country's GDP (about 1.35 billion Euros).[2] The sector also provides jobs for more than 30 thousand people.

The renovation of the existing infrastructure would allow for the effective accommodation of up to 5 thousand dairy cows - ~1.5 times more than the current number, thus doubling the total volume of conventional production. These changes in the business segment would not only increase the scale of operations, but would also allow for a significant reduction in the cost of milk due to economies of scale, and by establishing a specialized sustainable milk production fund and attracting investors, mutual benefits would be created for both investors and AUGA group.

Such a Sustainable Dairy Farm Fund could operate as a separate structure from the group companies with a professional independent manager, allowing for effective attraction of external capital, which AUGA group itself, a company with the status of a restructuring company, would not be able to achieve. The fund's activities would not be limited to the development of AUGA farms alone - other dairy farms would also be purposefully acquired, which currently cannot ensure sustainable continuity of operations or attract additional capital due to generational change, lack of investment or other challenges. By employing long-term expert competences and management experience, such farms could quickly improve performance indicators and create acceptable returns for investors, combining their operational management according to a single sustainable standard.

According to the AUGA group's plan, in 2025 a Sustainable Dairy Farm Fund would be established by making a non-cash contribution to it (10 shares of companies indirectly controlled by the Company, which own 10 dairy farms - UAB Urtum, UAB Adyna, UAB Elksnis, UAB Antakys, UAB Erdva, UAB Mildažis, UAB Lagūnas, UAB Audenė, UAB Rudagėlė, UAB Idėjų ūkis) in exchange for receiving investment units of the fund, thus preparing a structure for attracting new investors. From 2026. investments in the existing infrastructure of production bases would begin and daily business performance indicators would be improved accordingly. Development could also be implemented in smaller farms, which would be compatible with regional management centers from the existing 10 AUGA dairy farm activity centers, thus increasing efficiency and ensuring easier integration. In 2027. milk production volumes could already double (in 2024, the herd of 3,384 milking cows of AUGA group dairy farms generated 28,961 tons of sold raw milk). It is important to emphasize that even during the challenging period, the milk yield of dairy farms managed by AUGA group grew by 6 percent in 2024, and efficiency indicators have been consistently improved over the last three years.

By developing dairy farms in the Sustainable Dairy Farm Fund up to a capacity of 5 thousand milking cows, at a forecast price of 520 EUR/t of milk in 2027, it would be possible to generate more than 25 million EUR in annual income (the forecast price is about 15% lower than the current market price), and EBITDA, depending on management efficiency, could reach ~7.6 million EUR.

It will also be aimed at integrating the Group's other functional businesses related to the dairy business into the Sustainable Milk Fund, thus creating greater added value for it. The aim will be to sell the ongoing feed production, focused on animal husbandry, to the Fund on market terms, as well as biomethane production, which contributes to the creation of added value by using manure- both by improving crop productivity and by making feed production processes more efficient.

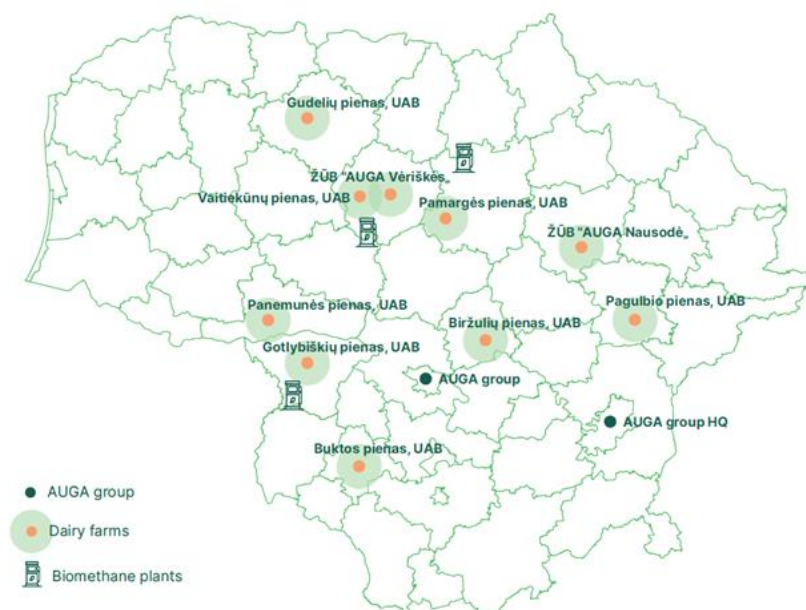
The incorporation of these activities can be implemented through the transfer of individual asset complexes to the Fund or by the Fund acquiring companies that develop the relevant businesses. Most of these companies currently have a restructuring status, therefore their integration into the Fund should be coordinated with the creditors of the relevant Group companies.

Currently, feed production is carried out by the cooperative company ŽŪK Agrobokštai, and biomethane production is carried out by ŽŪB AUGA Smilgiai and UAB AUGA Grūduva.

Considering that the Company's financial obligations arising from the PVF Bonds are secured by the 100% of Audenė, UAB shares owned by ŽŪB AUGA Nausodė (which owns 100% of Brastos pienas, UAB shares), 100% Lagūnas, UAB shares owned by ŽŪB AUGA Alanta (which owns 100% of Pagulbio pienas, UAB shares) and 100% Erdva, UAB shares owned by ŽŪB Vėriškė (which owns 100% of Margavonių pienas, UAB shares) that are intended to be transferred to the Sustainable Dairy Fund, along with the acquisition of the shares of these companies, the Sustainable Dairy Fund will have to take over a part of the financial obligations arising from the PVF Bonds. The exact amount of the financial liabilities to be assumed by the Sustainable Dairy Farm Fund arising from the PVF Bonds is determined taking into account the market value of the companies transferred to the Sustainable Dairy Farm Fund, which secure the PVF Bonds financial liability, as determined by the business appraiser, and the ratio of this value to the market values of the instruments securing other PVF Bonds financial liabilities remaining in the Group, as determined by the business appraiser. The main terms and conditions for the fulfillment of the financial liabilities of the PVF Bonds taken over by the Sustainable Dairy Farm Fund (terms, interest payable, etc.) must not be worse than those that would be applicable to the Company. Upon the assumption of these liabilities by the Sustainable Dairy Farm Fund, the Company will become indebted to the Sustainable Dairy Farm Fund in an analogous amount and this will be recorded in separate agreements concluded between the Company and the Sustainable Dairy Farm Fund, on the basis of which the Sustainable Dairy Farm Fund will become a creditor of the Company, respectively reducing the claims of the creditor KŪB "Pagalbos verslui fondas" in the list of creditors of the Company by the same amount.

Existing AUGA group dairy farm activity centers:





Locations of cultivated land plots of dairy farms managed by AUGA group in Lithuania:



During the establishment of the Fund, the following companies are planned to be sold to the Fund: UAB Urtum, UAB Adyna, UAB Elksnis, UAB Antakys, UAB Erdva, UAB Mildažis, UAB Lagūnas, UAB Audenė, UAB Rudagėlė, UAB Idėjų ūkis, which manage the dairy farms listed in Table 15.

The companies were established recently – in 2022, in order to consolidate livestock activities under a separate legal structure. The full separation of these activities would be completed together with the establishment of the Sustainable Milk Fund.

It is important to note that intra-group transactions are carried out on market terms, therefore the assets indicated in the balance sheets correspond to the current market value. A large part of the assets consists of agricultural land, which is periodically revalued on a Group-wide basis and reflected in the balance sheets at market value. Regardless of this, the Group's assets will be sold to the Fund for a price not lower than that established by the business (asset) appraiser no later than 6 months before the date of the decision.



Current asset lines vary depending on the season, but earned profits are included in the retained earnings line, thus increasing the capital base of companies. It is the equity item that shows the current value accumulated in the consolidated balance sheet of these companies.

It is also important to mention that the companies of the Sustainable Milk Fund, in addition to their own land, will manage more than 8 thousand ha of land lease rights, which are currently not reflected in the balance sheet and not valued.

The total equity value of the companies planned to be sold to the fund (hereinafter referred to as the dairies of the companies) reaches approximately EUR 26.7 million by the end of 2024.

The value of the fund units will be determined using the discounted cash flow method (DCF). The share of fund units granted for each contributed (sold) company will be closely proportional to the share of the consolidated equity of the contributed companies in the common fund.

As previously mentioned, the company aims for the selected fund manager to attract an investment of EUR 10 million to the fund, which will reduce the Group's participation in the fund to 75%. The final assessment will depend on:

- the performance of the fund companies;
- the level of readiness for investments;
- the planned volume of activities after the investment;
- the size of the commitments and the efficiency of the activities;
- and the discounted result over time.

AUGA group dairy farms and livestock distribution within them:

Name of the farm	Dairy cows	Bulls (1-2 years old)	Bulls (up to 1 year)	Heifers (up to 1 year)	Heifers (1-2 years and older)	Total
Biržulių pienas, UAB	436		16	88	22	562
Buktos pienas, UAB	381		10	247	161	799
Gotlybiškių pienas, UAB	654		29	464	346	1 493
Gudelių pienas, UAB				256	291	547
Pamargės pienas, UAB	626		46	147	43	862
Panemunės pienas, UAB	284		10	68	18	380
Pagulbio pienas, UAB				169	315	484
Vaitiekūnų pienas, UAB	259	38	76	354	337	1 064
AUGA Nausodė, ŽŪB	366		23	75	16	510
AUGA Vėriškės, ŽŪB	408		23	67	11	509
<b>Total</b>	<b>3 414</b>	<b>38</b>	<b>233</b>	<b>1 935</b>	<b>1 560</b>	<b>7 180</b>

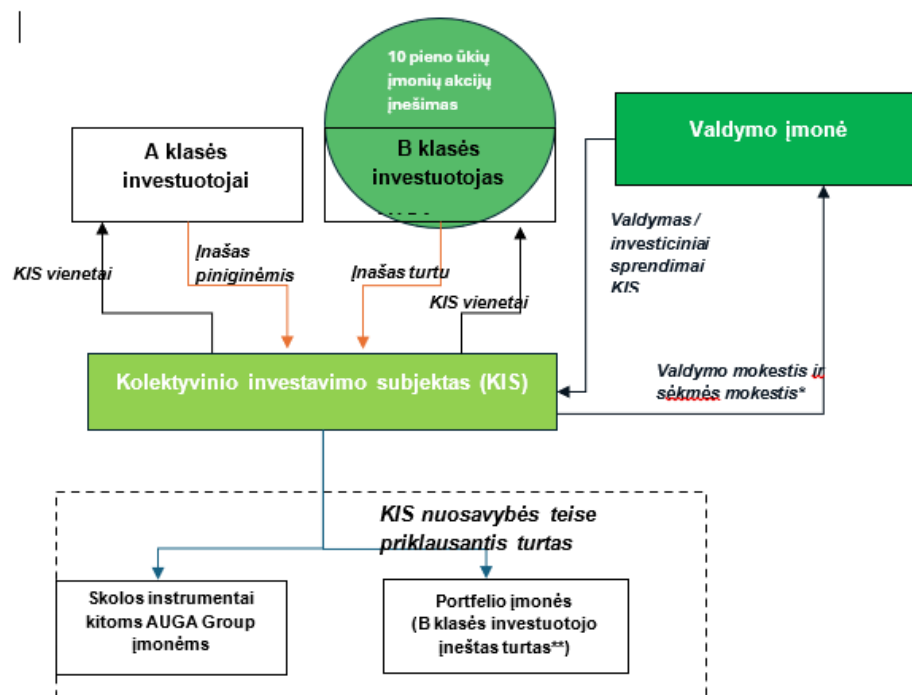
Within four years by 2028, the Sustainable Dairy Farm Fund will become an independent, high-value-added business with a clear realization opportunity- if necessary, its units can be sold as an investment financial instrument, generating additional financial flow necessary to complete the restructuring processes.

<sup>[1]</sup> <https://zum.lrv.lt/lt/veiklos-sritys/maisto-pramone-ir-kokybe/maisto-pramone/pieno-pramone/>

<sup>[2]</sup> [https://www.ekt.lt/wp-content/uploads/2025/01/EKT\\_Pieno\\_sektorius\\_apzvalga\\_santrauka\\_2025.01.29.pdf](https://www.ekt.lt/wp-content/uploads/2025/01/EKT_Pieno_sektorius_apzvalga_santrauka_2025.01.29.pdf)

### Sustainable Dairy Farm Fund Transaction Structure

It is planned that the AUGA Group dairy farms, together with their assets, will be transferred to a collective investment entity (investment company or limited partnership) – the Sustainable Dairy Farm Fund (collective investment entity), the management of which would be entrusted to a professionally independent fund management company licensed by the Bank of Lithuania for such activities. The fund would be focused on the implementation of one goal – the development of the dairy segment – with predetermined investment indicators:



After the Sustainable Dairy Farm Fund is formed, the development of dairy will require attracting an additional not less than 10 million EUR of funds in investment capital or/and in a form of loans/bonds. Depending on the amount of capital attracted, the fund will be able to increase the herd of dairy cows from today's 3.4 thousand to 5 thousand, based solely on the companies contributed by AUGA group. First, investments would be made that create the highest value per invested euro. Business calculations are based on a conservative assumption that the activity is expanded to 5 thousand cows. This would require at least 10 million euros in additional capital, considering investments not only in long-term assets but also in biological assets - livestock. It is planned that the majority of the development should be financed from the additional capital and loans attracted to the fund, and the cash flow earned by the fund companies would be used to service the bank debts of the fund companies and make payments to the owners of the fund units by dividing the earned profit in proportion to the number of fund units owned by investors. In this way, AUGA group would continue to receive cash flow from the business transferred to the fund, but at the same time the business would have the opportunity to grow, which would be impossible to achieve if AUGA group managed the business itself - it would not be possible to attract investors to individual dairy farms managing 300-600 cows each, and the shareholder-partner risk would always remain, since bank financing would be unavailable in the AUGA group restructuring process. According to the forecasted production in 2028, after investments, revenue will exceed 25 million EUR, EBITDA- 7.6 million EUR, and the value of the fund could reach about 54 million EUR, AUGA group's share should be about 75%, considering the potentially attracted funds:

*Potential financial results of the Sustainable Dairy Fund (baseline scenario):*

Fond, th. EUR	2025	2026	2027	2028	2029
EBITDA of the activity	-	4,845	7,602	7,602	7,602

Interest	-	505	1,054	964	873
Schedule coverage	-	841	1,508	1,508	1,508
Fund management costs	-	300	330	363	399
EBITDA for activity breakdown	-	3,199	4,710	4,767	4,821
AUGA group part	-	2,400	3,532	3,575	3,616

*Debt obligations of the Sustainable Dairy Farm Fund (baseline scenario):*

Fund, th. EUR	2025	2026	2027	2028	2029
Debt carried forward (balance at year-end)*	8,410	7,569	6,728	5,887	5,046
New debt (balance at year-end)**		10,000	9,333	8,667	8,000
Interest	252	505	1,054	964	873
Debt carried forward (amortizing)		841	841	841	841
New debt (amortizing)			667	667	667

\*Debt liabilities are transferred to the fund in 2025;

\*\*A new loan (EUR 10 million) is provided to repay the debts of the group companies for the pledged land.

The AUGA group intends to sell all or part of the fund units in order to be able to settle its outstanding creditor obligations and those of other restructuring group companies in 2028.

The Sustainable Dairy Farm Fund manager would be selected by an economic entity that meets the following requirements:

- 1) the manager will offer the lowest management fee for the provision of management services (excluding services provided by third parties), but in all cases no more than EUR 150,000 including VAT (if applicable) per year, without applying any additional fees, including but not limited to a success fee;
- 2) the manager will undertake to attract at least EUR 10,000,000 in the form of investments and/or loans/bonds to the Sustainable Dairy Farm Fund for the implementation of investment objectives and at least EUR 10,000,000 in the form of refinancing of financial obligations related to land plots necessary for the activities of the fund's portfolio companies. The manager chooses the form of attracting funds to the fund at its discretion. Investors' funds are attracted to the fund on market terms, but in all cases subject to the condition that the value of the dairy production companies sold to the fund as of the date of preparation of this plan is at least EUR 30 million, determined by the EV method;
- 3) the manager will undertake to ensure the financing necessary for the implementation of the Sustainable Dairy Farm Fund's operational objectives in the form of investments and/or loans, taking into account the objectives set out in this plan and the terms of their implementation, according to a schedule agreed in advance with the Company;

4) in the event that the funds necessary for the financing of the Sustainable Dairy Farm Fund are attracted in the form of loans, the loan repayment term must be no shorter than 31 December 2028 with the possibility of extending the loan terms, the loan interest rate must not exceed 6 months. EURIBOR plus 4 percent; the repayment of loans is secured by a subsequent pledge of the pledged assets of the companies contributed to the funds (if the holders of the previous pledges agree to this) and a primary pledge of the available assets (if the company's financial creditors / guarantees agree).

In the event that the Company fails to select a Sustainable Dairy Farm Fund Manager who meets the above requirements, the Company's Board has the right to change and establish other requirements applicable to the Sustainable Dairy Farm Fund Manager by a reasoned decision, after receiving the approval of the Company's creditors committee, and prior to its formation - the creditors meeting.

## **2. Sale of land management companies**

About 2,800 ha of own land and forest land portfolio, spread over 405 plot units across all AUGA operational centers, is indirectly managed by AUGA group through 6 subsidiary companies engaged in land management. During the restructuring, the aim will be to sell the shares of the controlling companies managing these lands or to concentrate them in a collective investment and attract the necessary amount of capital in order to settle the Green Bond holders within the expected period until the end of 2026. The planned transaction would ensure the possibility of continuing to work the land masses formed over a long period and extend the lease agreements with the group's agricultural companies. The value of the pledged assets (plots) of these companies for the Green Bond holders amounts to about 12 million EUR. The total asking market price of the portfolio amounts to 21.8 million EUR (based on the valuation standard of 7,860 EUR/ha, according to the valuation performed by the Company). The funds received will be used to cover obligations for pledged land to Green Bond holders and other creditors whose obligations are secured by the pledges of these companies' lands.

Two possible alternatives for the sale of the assets are currently being assessed – selling directly to investors who would like to purchase or initiating a collective investment entity themselves by offering to purchase to small investors through a collective investment vehicle. The final decision on the chosen model will be made by the end of 2025. In 2026, it is planned to start the asset sale process, and in 2026 – to complete the transaction with investors. In both cases, one of the key factors for a successful transaction is the economic viability of the tenants – agricultural companies. The company expects that by returning its operating results to the planned projections in 2026, it will have the opportunity to attract both a strategic investor and successfully use the opportunities of collective investment vehicles, offering to invest in sustainably managed agricultural land in the Baltic States. Investors would receive income from both land rent and land value growth, which, according to data from the National Land Service (NLS), the average weighted sales price of an agricultural hectare in the territory of the Republic of Lithuania has increased by 26% over the past four years (from 2020 to 2024).

The following requirements shall apply to the sale of the assets specified in this part of the plan:

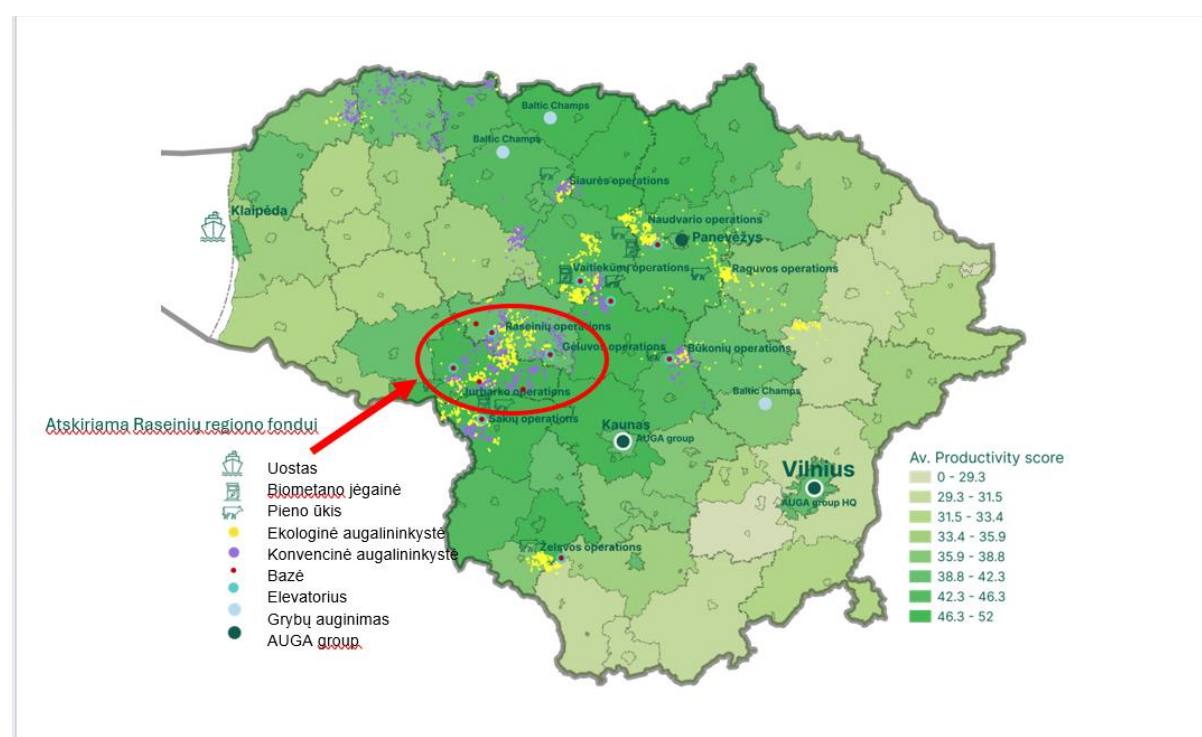
1) The initial selling price of the asset shall be determined not less than the market value of such assets determined by the asset (business) appraisers. The asset valuation shall be carried out no later than 6 months prior to the date of determination of the initial selling price of the asset. The asset valuation may be carried out by order of the Company by updating the asset valuation report previously prepared by order of the Company;

2) The asset sale shall be carried out in a manner determined by the Board of the Company, which would allow obtaining the best selling price of the asset;

3) in the event that the asset cannot be sold for the market value of such assets determined by the asset (business) appraisers, the initial selling price of such assets may be reduced by decision of the Board of the Company, subject to the approval of the majority of the Company's creditors who are the holders of the Company's bonds.

### 3. Crop growing fund (Raseiniai region)

The Raseiniai region is characterized by long-term crop production. In it, the Group's companies mainly work on land on a lease basis- about 11.5 thousand hectares are managed, mostly in the Jurbarkas- Raseiniai area. This mass of cultivated land, through the sale of shares of the companies managing them on a lease and ownership basis, could be sold to another large-scale legal entity or farmer, in order to generate additional working capital for efficiency investments in other agricultural companies of the group and to cover the obligations of AUGA group companies. Also, the abandonment of 11.5 thousand ha would free up about 10 million working capital for other needs of the Group, which is huge in the context of seasonal business.



About

10 AUGA group companies operating in the Raseiniai region could be sold as legal entities - through the sale of their shares, or merged into a single investment structure - a collective investment entity (investment company or limited partnership). Such a model would provide more opportunities for business development, improve the efficiency of business management, allow attracting external capital and sell at the most appropriate moment. Both a strategic investor and investors investing in collective investment instruments could become potential buyers. It is tentatively planned that the fund will be formed by the following companies: KB "Medeinos pienas", KB "Laumės pieno ūkis", KB "Žemynos pienelis", KB "AgroMilk", KB "Juodmargėlis", KB "Šventosios pievos", UAB "AUGA Raseiniai", ŽŪB "AUGA Dumšiškės", ŽŪB "AUGA Jurbarkai", ŽŪB Dumšiškės organic farm.

The Raseiniai region would maintain the direction of crop production, without mixed farming. Also, the current operational structure does not have the biomethane infrastructure and digestate production necessary for the development of organic agriculture. At the same time, companies in this region manage high-quality, consolidated land areas in good agricultural zones, which increases their value and improves objective opportunities for the organization and profitability of agricultural work.

The consistent development of one agricultural activity – conventional crop production – will increase the circle of potential investors. Both local and foreign capital could be attracted to such a combination. The sale could be carried out at any time during the Company's restructuring, with the management constantly evaluating the best alternatives and offers. If a fund were created, the sale of its units would become a source of financing – first to cover the liabilities of the companies that own the assets, and later, through dividends and funds received from the sale of shares, to cover the liabilities of AUGA group.

Holding fund units, rather than shares of individual companies, creates a significantly better liquidity opportunity for financial assets. The management of the fund is separated from ownership, therefore, a change in the fund's investors does not in any way affect the activities of the fund's companies, therefore, stable and predictable activities are maintained when they change.

Financial assets (in fund structures) provide an opportunity to more easily realize available assets by selling part of the company. In other words, it is almost impossible to sell 10 percent to a financial investor. shares of an agricultural company (unless the price is expected to be very low), but a sufficiently large volume of 10 percent of the fund units can be sold in the event of market turbulence or urgent business needs of the Group.

*Potential financial results of the Crop Fund (baseline scenario):*

Raseiniai fund, th. EUR	2025	2026	2027	2028	2029
Operating EBITDA*	-	4,094	4,094	4,094	4,094
Interest	-	442	398	358	322
Schedule Coverage	-	737	663	597	537
Fund Management Costs	-	150	165	182	200
EBITDA for Distribution	-	2,765	2,868	2,957	3,035
AUGA group part		2,074	2,151	2,218	2,276

\*2026- 2029. Average operating EBITDA is provided due to difficult to predict yield, which is related to changing weather conditions.

Stable operating EBITDA is generated already from 2026.

As the debt level decreases from 2026 to 2029, the share of operating EBITDA distributed to AUGA group increases. AUGA group's share in the fund is 75%.

*Debt obligations of the Crop Production Fund (baseline scenario):*

Raseiniai fund, th. EUR	2025	2026	2027	2028	2029
Debt carried forward** (balance at the end of the year)	7,366	6,630	5,967	5,370	4,833
Interest	221	442	398	358	322

\*\*Debt liabilities are transferred to the fund in 2025;

No new loans to the fund are planned.

The required investments would be made from new investors' investments, and if this could not be achieved, 25% of the income stream would be directed to the fund's reinvestments (payments from the fund to AUGA group constitute 75% of the free cash flow).

After the formation of the fund, the fund units held by the AUGA group companies may be used as collateral for obtaining financing or raising capital from the Company's shareholders.

An entity that meets the following requirements would be selected as the manager of the Crop Fund:

- 1) the manager will pay the lowest management fee for the provision of management services (excluding services provided by third parties), but in all cases no more than EUR 100,000 VAT (if applicable) per year, excluding any taxes, including but not limited to success fees;
- 2) the manager will substantiate its capacity to attract up to EUR 5,000,000 in funds to the Crop Fund in the form of investments and/or loans and/or bonds. The manager chooses the form of raising funds to the fund at its discretion;
- 3) the manager will undertake the financing investments and/or loans and/or obligations necessary for the implementation of the operational objectives of the Crop Production Fund, taking into account the objectives set out in this plan and the terms of their implementation, according to a schedule agreed in advance with the Company;
- 4) in the event that the funds necessary for the financing of the Crop Production Fund are attracted in the form of loans, the loan repayment term must be no shorter than 31 December 2028 with the possibility of extending the loan terms, the loan interest must not exceed 6 months. EURIBOR plus 4 percent; the repayment of loans is secured by a subsequent pledge of the pledged assets of the companies contributed to the funds (if the holders of previous pledges agree) and by a primary pledge of the free assets (if the financial creditors/guarantors of the company agree).

In the event that the Company needs to select a Crop Fund Manager who meets the above requirements, the Company's Board has the right to change and establish different requirements applicable to the Crop Fund Manager, after receiving the approval of the Company's creditors' committee, and prior to its formation - the creditors' meeting.

#### **4. Transfer of mushroom business (Baltic Champs)**

Currently, a restructuring case has been filed against AUGA group company Baltic Champs, and the restructuring plan is approved by creditors and shareholder. According to the prepared plan, it is planned to repay a large part of the obligations to both first-ranking creditors- 0.3 million euros, mortgage creditors- 5.9 million euros, and other creditors- 6.1 million euros over the next four years. The remaining unpaid part will be refinanced at the end of the restructuring, when the debt level has decreased. The draft plan clearly states that all cash flows of Baltic Champs will be directed to cover debt obligations, and dividends will not be paid to the parent company AUGA group. For this reason, the company's funds allocated for investments and the implementation of increasing operational efficiency will be limited, and all efforts will be focused on reducing debts. Such a situation poses a risk of losing its competitive position in the market in the long term.

The Company's 100 percent of Baltic Champs shares are pledged to bondholders for the bond issue of UAB AWG Investmen1, which carries an annual interest rate of 14%. For the subsidiary AWG Investment1, the issue of EUR 4.984 million in bonds is a significant challenge from the perspective of current financial flows. If this interest were to be covered from the Group's agricultural segment, it would significantly worsen the liquidity situation of the entire group and complicate the financial stability of other operating companies. The sale of Baltic Champs today would allow attracting new investors who could maintain the company's operational potential, while providing an opportunity to direct the funds received to the redemption of existing bonds, for which Baltic Champs shares are currently pledged, to reduce the Group's most expensive debts.



The Company is already looking for a buyer for Baltic Champs shares. After the Company's restructuring plan is approved by the court, the Company will continue the search for a potential buyer, choosing the most effective form of sale. The Company will strive for the sale price of Baltic Champs to be in line with the usual indicators and dimensions of successful companies in the Baltic States, and the company's restructuring status should not be discounted, given the Company's long-term experience in its field and its leading position in the Baltic States.

The buyer of Baltic Champs shares will be selected by the buyer who offers market conditions. The purchase price of the shares must in all cases be no less than that determined by the following formula: BC share sale price = BC's arithmetic average EBITDA for the last two full financial years \* (multiplied) 7 – (minus) financial debt + (plus) free cash + (plus) the amount of funds actually recovered by Baltic Champs from AUGA group after the transaction is completed (paid as a share price premium after the funds are recovered). If there is a need to reduce the initial sale price of Baltic Champs shares, decisions on this shall be made by the meeting of creditors of the Company or the Board of the Company in the cases provided for in this restructuring plan.

#### 5. Measures to protect creditors' interests when implementing planned actions

In order to ensure transparent and actions in line with the interests of the Company's creditors, the actions related to the transfer of the Group's assets to the Sustainable Dairy Farms Fund, the sale of Baltic Champs shares and the transfer of the Group's assets related to crop production activities, the Company's Board and the Company's creditors committee, and until the Company's creditors committee is formed - the Company's Board shall adopt the following decisions:

##### 1) Regarding the Sustainable Dairy Farms Fund:

- a) approves the list of assets and commitments transferred to the fund by the Group's companies and the main commercial terms of the transfer (price, settlement procedure, etc.);
- b) approves the main commercial terms and conditions of the purchase and sale of fund units (price, settlement procedure, etc.);
- c) approves the candidacy of a business (property) appraiser who will determine the market values of the assets transferred to the fund and other assets related to the formation of a Sustainable Dairy Farm;
- d) approves other criteria for the selection of the fund manager than those established in this restructuring plan;
- e) approves the candidacy of the fund manager and the main commercial terms and conditions of his services, their amendments and/or supplements;
- f) approves the draft fund operating rules, their amendments and/or supplements;
- g) approves the composition of the fund's investment committee and/or its amendments.

2) Regarding the sale of Baltic Champs shares: approves the sale price of the shares and other main commercial terms (price payment procedure and terms, obligations assumed by the Group's companies, etc.).

3) Regarding the transfer of the Group's crop production activities (assets):



- a) approves the volume of assets to be sold, the sale price and other main commercial terms (price payment procedure and terms, obligations assumed by the Group's companies, etc.) in the event that this business or part thereof is sold on the market;
- b) approves the list of assets and commitments of the Group companies to be transferred to the fund and the main commercial terms of the transfer (price, payment procedure, etc.), if this business is transferred to the fund;
- c) approves the main commercial terms and conditions of the purchase and sale of fund units (price, settlement procedure, etc.);
- d) approves the candidacy of a business (property) appraiser who will determine the market values of the assets transferred to the fund and other assets related to the formation of a Sustainable Dairy Farm;
- e) approves other criteria for the selection of the fund manager than those set out in this restructuring plan;
- f) approves the candidacy of the fund manager and the main commercial terms of the provision of his services, their amendment and/or addition;
- g) approves the draft rules of the fund, their amendment and/or addition;
- h) approves the composition of the fund's investment committee and/or its amendment.

The Company, by transferring the Group's assets to the Sustainable Dairy Farms Fund and the Crops Fund, will seek to ensure that AUGA group shareholders have the opportunity to invest in the Sustainable Dairy Farms Fund and the Crops Fund on terms no worse than those of third-party investors, to the extent that such investment is not restricted by applicable legal requirements and does not conflict with the objectives set out in this restructuring plan.

Summarizing the mechanics of the four proposed measures to overcome financial difficulties and cover creditor obligations, it is important to note that the aim will be to cover the debt obligations of the transferred assets to mortgage-secured creditors. This will be done through the sale of assets of companies directly or indirectly controlled by AUGA group or through other means of employment.

During the transitional period, the Group's companies will become creditors of AUGA group, as the funds received from them will be used to settle with external creditors according to the established payment schedules.

After the planned sale of the Sustainable Dairy Farm Fund units until end of 2028, the Group companies will pay dividends to AUGA group, which, using the funds received, will settle accounts with the Group companies during 2029.

The Company, in order to obtain the funds related to the sale of the Sustainable Dairy Farm Fund units in the most efficient manner in terms of time and volume, undertakes, including, but not limited to, the following actions:

- 1) To make all necessary decisions and ensure that they are made by other Group companies in order to pay the maximum amount of profit of the Group companies related to the proceeds from the sale of the Sustainable Dairy Farm Fund units to the AUGA group in the shortest possible time, in accordance with the proper fulfillment of financial obligations to the relevant Group company that distributes the profit;

2) To ensure, in the form of subordination agreements or any other agreements with the Group companies, that the funds related to the proceeds from the sale of the Sustainable Dairy Farm Fund units are not used to cover the claims of other Group companies, to the extent that this does not violate the provisions of the relevant restructuring plans of the Group companies (if applicable);

3) To carry out corporate transformations of the Group companies, including reorganizations and/or mergers of the Group companies.

The expected duration of the restructuring process is a period of four years from the date of approval of the restructuring plan. The Company's management is responsible for the Company's restructuring process implementation.

## 2. MARKET OVERVIEW

**The activeness in the world economy is gradually strengthening.** The early indicator of economic development - the purchasing managers' index - after a long break in all major world economies (USA, China, the euro zone) has again risen above the 50-point mark, which indicates economic development. Thus, it is expected that the development of the world economy will reach 3.0-3.5% in the next couple of years. It is noteworthy that the growth of the world economy at this level is slightly lower than the average over the past decade. The development of Lithuania's main trading partner - the euro zone economy - will also gradually recover. After the subdued economic growth in 2023-2024, it will return to a more normal annual growth rate of around 1.5% in 2025-2026. This recovery will be driven mainly by rising household consumption, growing foreign demand and a gradually recovering business investment. Signs of recovery are visible not only in GDP growth but also in international trade. After a period of weak global trade, when people tended to consume more services after the pandemic, global trade in goods is recovering. These trends, observed both globally and in the euro area, are favourable for small open economies such as Lithuania. Compared to the estimates published in March, demand for goods and services produced in Lithuania is expected to grow faster than previously foreseen over the entire forecast horizon.

**Global grain market in the 2024/2025 season.** According to the European Commission, at the end of October 2024 EU grain production is forecast to reach 255.6 million tonnes - 4.7% less than last year and 8.9% less than the five-year average. As can be seen from the current data, the yield of wheat (the main crop grown by the Group) in Europe decreased by 10% - this was due to smaller crop areas and lower yields (especially these trends are visible in the main wheat-growing countries such as France, Germany and Hungary), as well as lower exports of products grown in Ukraine. Experts predict that grain stocks in Europe will decrease significantly, i.e. by over 9.4 million tons. Weather conditions, the geopolitical situation and logistical challenges maintain a fairly limited supply, so this may be one of the reasons for the price increase. In 2024, the MATIF wheat market situation was influenced by various global and regional factors, so prices and trends remained volatile. However, MATIF wheat future contracts in mid-November 2024 slightly increased to up to 216 EUR per ton, compared to previous monthly prices. It is important to note that the demand for this crop in the market is increasing due to its alternative use, for example, for bioethanol production, therefore market expectations for wheat crop are and will remain high.

Milk market trends in the European Union<sup>[1]</sup>. The European Union dairy industry is a complex and very important sector of European agriculture, as it is the world's largest producer of cow's milk, producing about 20% of the world's production. The size of the European dairy market is 31.79 billion euros in 2024. It is forecasted to grow by an average of 4.82% per year in 2024-2028<sup>[2]</sup>. Although Germany, France, Poland and the Netherlands are the largest milk producers, milk production varies greatly between Member States. These differences are determined by factors such as climate, farm size and specialization in the dairy sector. For example, some countries may be more focused on cheese production, which affects the overall dynamics of the dairy market. The dairy crisis in Lithuania has been observed for more than a year. As milk purchase prices fall and the country's policy changes, the number of dairy farms in Lithuania is decreasing. Trends in Europe are not lagging behind - only about 4% of all EU cattle are currently organic. This poses challenges to achieving

the ambitious EU policy target of increasing the share of organic farming to 25%, and in order to achieve these targets, EU Member States will have to make much greater efforts to bring or return farmers to organic farming.

A report by the European Environment Agency (EEA) entitled “Climate change threatens European agriculture” shows that the impacts of climate change will negatively affect the livestock and dairy sectors in southern Europe – especially in Mediterranean countries such as Italy, Spain and Portugal. In these countries, increasing heat, drought and other adverse climatic events may reduce agricultural productivity, and in some areas farming may even become impossible. Meanwhile, conditions for agriculture in northern Europe are predicted to be more favourable.<sup>[3]</sup>

Also significant is the research project PESETA IV, carried out by the European Commission, which analyses the impact of climate change on various sectors, including agriculture. This project predicts a growing gap between Northern and Southern Europe – with production declining in the South and increasing in the North, if no adaptation strategies are implemented.<sup>[4]</sup>

Northern Europe, including Lithuania, could also become even more favourable for the production of wheat and maize for animal feed – wheat yields in Lithuania could increase by around 30%, while maize production would remain viable while elsewhere it would become unviable. With its abundant groundwater resources and frequent rainfall, Lithuania would remain one of the few countries in the world where artificial irrigation would not be required for agricultural activities, especially for water-intensive crops.<sup>[5]</sup>

Although Lithuania is a favourable region for dairy farming and should expand its dairy farming activities, demographic changes indicate that the number of milk producers is decreasing. Meanwhile, processing companies are expanding their production capacities and more and more milk will have to be imported into Lithuania in the future if production capacities are not created domestically. The current situation in Lithuania has led to (spot) prices exceeding the EU average, therefore, the economic environment is favorable for the development of dairy farms in the medium and long term.

<sup>[1]</sup> [https://agriculture.ec.europa.eu/data-and-analysis/markets/overviews/market-observatories/milk\\_en](https://agriculture.ec.europa.eu/data-and-analysis/markets/overviews/market-observatories/milk_en)

<sup>[2]</sup> <https://www.statista.com/outlook/cmo/food/dairy-products-eggs/milk/eu-27?currency=EUR>

<sup>[3]</sup> <https://www.eea.europa.eu/highlights/climate-change-threatens-future-of>

<sup>[4]</sup> [https://adaptecca.es/sites/default/files/documentos/pesetaiv\\_task\\_3\\_agriculture\\_final\\_report.pdf](https://adaptecca.es/sites/default/files/documentos/pesetaiv_task_3_agriculture_final_report.pdf)

<sup>[5]</sup> <https://www.iddri.org/sites/default/files/PDF/Publications/Catalogue%20Id드리/Etude/201809-ST0918EN-tyfa.pdf>

**Consumption of organic dairy products in the EU.** According to the 2021 Agricultural Outlook published by the European Commission, trends in dairy consumption are positive and have the potential to grow - the share of organic milk is expected to increase from 3.5% of total EU milk production in 2019 to around 8% in 2031. The global organic dairy market is forecast to reach 54.4 billion US dollars by 2025, indicating a strong growth in demand for organic dairy products, especially milk and yoghurt. This change is driven by increasing consumer health concerns and the need to eat products that are grown without the use of chemical preparations. It is also important to note that consumers are looking for dairy products that contain less sugar, more protein or are enriched with vitamins and minerals. This trend is particularly pronounced among younger demographic groups, who prioritize health in their diet. In addition, another reason is the growing consumer demand for products that are produced with a lower environmental impact, which is inherently ensured by organic production.

**After a longer break, the added value created in the Lithuanian economy increased significantly again.** In the first quarter of 2024, the activity of many economic activities grew. In recent months, sales of manufacturing, excluding refined petroleum products, were the highest since mid-2022. Retail trade turnover, which reflects household consumption trends, grew at the fastest pace since mid-2021. The growth rate was maintained by a larger part of the services sector.

**The recovery of the Lithuanian economy is supported by the resumption of household consumption growth and a high level of investment.** In the first quarter of 2024, household consumption expenditure exceeded the highest level reached before the inflation spike. As inflation subsided, growing real household income was the main factor behind higher consumption. Higher household consumption was also driven by improving

household sentiment and declining caution. According to the Consumer Opinion Survey, households have assessed the suitability of the current situation for making larger purchases and their current financial situation at their best since the beginning of 2022, and expectations for an improvement in their financial situation over the coming years are perhaps the best since data began to be published in mid-2001. Favorable trends for the economy are also observed in terms of investment development. The investment-to-GDP ratio in 2023 was the highest since the global financial crisis. This is a favorable trend, given that the level of utilization of production capacities in the economy remains significantly lower than the long-term average. Such behavior of companies shows that, having experienced adversity in recent years, the country's companies have positively assessed their prospects and made decisions that increased the volume and efficiency of capital in the country. It is important to note that a significant part of this investment growth is related to the intensified EU support flows, especially the funds of the Economic Recovery and Resilience Measure. During its implementation period, the Lithuanian economy should receive about 4 billion euros, and the largest flows are planned for this and next years.

**The development of exports of goods and services is more resilient than expected.** After the recession, exports stabilized in 2023, especially exports of goods with higher added value – machinery, equipment, metals, food products – grew. The chemical industry is also starting to recover, although the wood sector is still experiencing difficulties. Export resilience was supported by maintained competitiveness, and the market shares of the main product groups are returning to their previous level. The situation in the area of services exports is less favorable, although in 2023, exports of financial and insurance services grew significantly due to the expansion of one bank registered in Lithuania abroad.

**Tensions in the labor market are decreasing.** The growth of the labor force is determined by the increasing population and activity, but since April the number of insured people has been decreasing. Wage expectations have softened, and the unemployment rate rose to 8.2 percent in the first quarter of 2024. However, the unemployment increase should be temporary- labor demand should recover along with the economy. Wage growth is also slowing- in the first quarter it reached 10.3 percent, the slowest pace in two years, although still rapid. However, slowly growing labor productivity remains a risk to competitiveness.

**A more favorable than expected start to the year allows us to expect faster economic development this year.** It is forecast that in 2024 Lithuania's GDP will increase by 1.9 percent, and in 2025–2026 growth will accelerate to 3.1 and 3.3 percent, respectively. The economic activity will be boosted the most by household consumption spending. Their growth will be supported by the continued rapid increase in household income, while slower price developments, improving household sentiment, and a favorable labor market situation for employees will also have a positive impact. Although slower average wage growth is expected due to a more balanced development of labor demand and supply, its rate will still be considerable. Also, the unemployment rate, which has been increasing for several quarters, should start to decline again. Such its development will be influenced by the increasing export of goods and services. Its development will be favorably affected by the continued competitiveness and recovering external demand. True, it should be noted that in 2024–2026 External demand will grow more slowly than the long-term average, and therefore export growth should be slower than before the COVID-19 pandemic. Investments will also contribute to GDP growth. The continued increase in funds from EU support funds should also significantly contribute to their larger volume this year, and in the medium term they will be increasingly positively affected by the growing economy. In this economic development perspective, the distribution of risks that could lead to slower or faster economic development is balanced in 2024, while in 2025–2026, there are more adverse risks that could lead to slower than expected economic development in Lithuania. Slower than currently expected economic development in the medium term could be caused by less favorable development of the economies of major trading partners, lower than currently expected flows of EU support funds, or even greater geopolitical tensions in the world.

**As external factors driving price increases have faded, the overall price level has remained stable for a year.** Annual inflation reached 0.4 percent in April and 0.8 percent in May. Energy prices are reducing inflation due to lower energy prices, but service prices, driven by domestic factors, remain the main source of inflation. Although wage growth is slowing, it is still rapid, and low labor productivity is increasing pressure on prices.

Service prices are forecast to continue to grow, and overall price developments will remain close to the usual seasonal rhythm.

Taking into account these factors and the slightly lower than previously forecasted actual data at the beginning of the year, it is forecast that overall inflation in 2024 will amount to 1.2 percent. As the inflation-reducing effect of raw material prices fades, inflation in 2025 and 2026 will increase to 2.4 percent - prices will rise at a pace typical for Lithuania as a converging economy. Core inflation, supported by domestic factors, will still be higher this year than before the pandemic at 3.5%, and will decline to 2.6% and 2.3% in 2025 and 2026, respectively.

Expected development of the Lithuanian economy:

Table No. 17

	2024 June Forecast			2024 March Forecast		
	2024	2025	2026	2024	2025	2026
Price and cost changes						
Average annual inflation according to HICP	1,2	2,4	2,4	1,6	2,4	2,4
Gross domestic product deflator	3,0	2,9	3,0	2,4	3,1	3,0
Salaries	10,2	8,5	8,1	10,3	8,5	8,1
Import deflator	0,4	2,6	2,5	0,8	2,9	2,7
Export deflator	1,7	2,8	2,6	1,4	3,0	2,8
Economic activity (at comparable prices; %, annual change)						
Gross domestic product	1,9	3,1	3,3	1,6	3,1	3,3
Private consumption expenditure	3,4	3,7	3,7	3,0	3,7	3,7
Government consumption expenditure	0,1	0,0	0,0	0,1	-0,5	0,0
Gross fixed capital formation	4,5	4,1	5,2	4,5	3,4	6,0
Export of goods and services	1,2	3,7	3,7	0,2	3,3	3,5
Import of goods and services	1,5	4,6	4,5	1,3	3,9	4,7
Labor market						
Unemployment rate (annual average; % of labour force)	7,3	7,1	6,9	7,0	6,8	6,6
Number of employed persons (% annual change)	0,5	-0,2	-0,3	-0,2	-0,3	-0,3
External sector (% comparing with GDP)						
Balance of goods and services	4,5	3,9	3,5	3,6	3,2	2,5
Current account balance	1,8	1,2	0,5	0,5	0,2	0,1
Current and capital account balance	4,1	4,0	2,7	2,8	3,0	2,2

More information: <https://www.lb.lt>.

Despite a number of risks and geopolitical tensions, global economic growth remains robust. Global GDP growth has exceeded 3% in the past two years. However, this growth has been atypical, driven largely by the recovery of service sectors from pandemic restrictions. For example, air travel volumes finally reached 2019 levels in 2024. In contrast, manufacturing and global trade have been in a slight decline since early 2022, but leading indicators suggest that this decline is coming to an end. The ongoing destocking cycle in manufacturing signals a potential improvement in manufacturing, transport and global trade. In addition, declining inflation and gradual interest rate cuts provide a positive basis for a recovery in consumption in 2024. According to the IMF's April 2024 World Economic Outlook, global GDP grew by 3.2% in 2023 and is expected that in 2024 this growth rate will remain.

The economic outlook for the euro area is improving. Although euro area economic growth has been weak, there are increasing signs of stabilisation and, after a downturn in 2023, growth prospects are improving. Inflation in the euro area has declined and the ECB has started a cycle of interest rate cuts in June 2024.

The cycle of interest rate cuts has begun, but interest rates will be cut gradually. Although inflation in the euro area and the US has declined significantly and the ECB has taken the first step by cutting interest rates by 0.25% in June 2024, inflation remains above the central bank's targets and is more persistent than expected. As a result, financial markets have significantly reduced the number of expected interest rate cuts in 2024. At the beginning of the year, financial markets expected that in 2024 interest rates will be cut 6 or 7 times, while it is now expected that interest rates in the US will be cut only once or twice. At its June meeting, the Fed also reduced the expected number of interest rate cuts in 2024 from three to one. The impact of the first ECB rate cut on borrowing is likely to be limited. The ECB rate cut was widely announced in advance, was expected by financial markets and was largely priced into EURIBOR rates. For example, the six-month EURIBOR had already fallen from just over 3.9% in early March to 3.75% a few days before the ECB decision. Further declines in market interest rates will depend on future ECB decisions, with the ECB expected to cut interest rates one or two more times in 2024. However, the inflation challenges are far from over and long-term interest rates remain well above their levels of the previous decade. A return to very low or zero interest rates in the near term is unlikely.

In the first quarter of 2024, economic growth in the Baltic States was the highest since the beginning of 2022. Compared to the first quarter of 2023, in the first quarter of 2024, Latvia's GDP increased by 0.1%, Lithuania's GDP grew by 2.9%, and Estonia's GDP decreased by 2.4%. While the overall economic outlook remains uncertain due to ongoing geopolitical tensions, high interest rates, and weak growth in the euro area, in the first quarter of 2024, Latvia's GDP increased by 0.9%, Lithuania's by 0.8%, and Estonia's fell by 0.5%. While growth in Latvia and Lithuania is still only moderate, this is the highest quarterly growth in the Baltic States since 2022. Estonia continues to lag behind Latvia and Lithuania due to higher interest rates, which had a greater impact due to higher household and corporate debt levels in Estonia. However, short-term key business and consumer sentiment indicators in the Baltics continue to improve. This, together with encouraging first-quarter GDP data, suggests that the recession in the Baltics is over and that a moderate cyclical recovery will continue in 2024.

Inflation in the Baltics has been declining rapidly since the beginning of 2023. In May, inflation in Latvia and Lithuania fell to almost 0%, and in Estonia to 2.9%. In Estonia, inflation in 2024 was affected by the increase in the VAT rate. The decline in inflation was mainly driven by the base effect of lower energy prices. However, these lower energy prices were not reflected in lower prices for goods or services. On the contrary, domestic prices continue to increase, albeit at a slower pace, and domestic price pressures remain. Inflation expectations in the services sector remain higher than in the previous decade, with service price inflation still above 5% in Latvia and Lithuania. In Latvia, service prices have increased by more than 3% since the beginning of 2024. While there is still a possibility that heating prices will decrease in the coming winter, it is likely that the overall inflation rate in the Baltic countries will start to increase in the coming months, as the base effect of falling energy prices disappears from the headline inflation data.

Despite the slow economic growth, the labor market situation in the Baltic States remains good, with unemployment rates close to historic lows. While the number of employed people has decreased somewhat, the increase in unemployment has been driven mainly by increased labor supply, especially due to migration and more women seeking work. This is related to inflation, lower birth rates and women returning to the labor market after the pandemic. Demographic challenges remain, and low unemployment is putting pressure on wages: in Q1 2024, wages grew by 10-11%. However, if productivity does not increase, this could harm competitiveness.

Manufacturing has been one of the worst-performing sectors over the past two years. However, key indicators show that the Baltic industrial recession is ending and growth prospects are starting to improve. In April 2024, compared to the previous year, production volume in Estonia decreased by 5.7%, in Latvia by 4.3%, and in Lithuania, the manufacturing sector grew by 2.9%. The main reason for optimism in the manufacturing sector



is the improving situation in the European manufacturing sector. Since December, economic sentiment in the industry has stabilized, and finished goods inventories have started to decline. Industrial inventories have been growing rapidly since the pandemic, when restrictions on the service industry were lifted, and a large backlog of unsold goods has been a major drag on the manufacturing sector in recent years, as consumer demand has been dampened by high inflation and rising interest rates. However, the situation is now changing, as evidenced by the increase in road freight volumes in Germany since the beginning of the year, which have historically been closely linked to industrial activity in the European Union. Despite these positive trends, strong growth in the manufacturing sector is unlikely in the near future. Most indicators currently point to only a modest cyclical recovery driven by a destocking phase, although this recovery could benefit Baltic manufacturers more than other manufacturers, as Western European manufacturers tend to shift production to cheaper countries when demand is low.

The retail slump is likely to end. Wages in the Baltics continue to grow rapidly, unemployment is generally low, and inflation is currently below 1% in Latvia and Lithuania, and below 3% in Estonia. Consumer sentiment in the Baltics is improving, with the assessment of their financial situation over the next 12 months in Lithuania reaching a multi-year high, and retail sales in Lithuania have been growing since the end of 2023. Retail trade and consumer confidence in Estonia lag behind Lithuania and Latvia. Due to higher household indebtedness, Estonian consumers have been more affected by high interest rates, while slightly weaker wage growth in Estonia has not kept pace with inflation. In Latvia, wages have increased by 33% and prices by 35% since the beginning of 2021, so there was no reason to significantly increase consumption, and households have prioritized improving their financial situation. Only in Lithuania has wage growth exceeded price growth in the past three years, contributing to the growth of retail trade. The overall outlook for the retail sector remains positive, as wages in the Baltics continue to grow rapidly, inflation is low, household deposits in banks are increasing again, and interest rates are expected to gradually decline this year.

The banking sector in the Baltic region is well positioned to increase lending and support economic growth. As the ECB and other central banks have raised interest rates to curb inflation, bank profitability in the Baltic region has increased as lending rates have risen faster than banks' funding costs, leading to a significant increase in net interest margins. At the same time, high interest rates, inflation and the economic downturn have negatively affected consumers and businesses, leading to a slowdown in deposit and loan growth in 2023. Despite these challenges, it is now clear that the economic situation has started to improve. Deposit growth is currently recovering in Latvia and Lithuania, driven by falling inflation as households prioritize improving their financial stability. And despite still high interest rates, new lending remains active as households and businesses are increasingly confident that interest rates have likely peaked. Nevertheless, lending in Latvia continues to lag behind Lithuania and Estonia.

The global economic situation remains uncertain, but economic growth in the Baltic States is expected to improve in 2024 and 2025. Despite various risks, the global economy continues to grow, and business sentiment in the euro area has recently improved. In Latvia and Lithuania, declining inflation led to improving consumer confidence, and in the second quarter of 2024, new industrial orders increased significantly in all Baltic States. The recovery in global production, driven by the destocking cycle, is expected to benefit the Baltic manufacturing and logistics sectors. At the same time, strong labor markets, rising wages and low inflation are expected to support growth in retail trade and domestic services. In Latvia, Lithuania and Estonia, government investment is increasing, financed by EU funds and energy sector projects. However, the private sector remains cautious due to high interest rates. In 2024, Inflation in the Baltic States will remain low, but will start to increase towards the end of the year as the base effect of lower energy prices fades. Domestic inflation is expected to remain stable, driven by strong wage growth, low unemployment and rising inflation expectations, particularly in the services sector. Inflation is expected to increase to above 2% in 2025. Wage growth continues to outpace productivity growth, but is projected to slow in 2025, constrained by falling GDP and private sector inflation. Public sector wages are also expected to grow faster than private sector wages due to significantly higher public sector spending.

### Situation in the Lithuanian agricultural sector

The Lithuanian and European agricultural sector today faces increasing challenges. Climate change, sharply rising production, commodity and fertilizer costs, unstable agricultural policy, and pressure to introduce innovative technologies – all these factors create an unstable foundation for the country's farmers, posing a risk to the continuity of their activities and the stability of regional development. These challenges can only be overcome with sufficient financial support, allowing for investment in sustainable agricultural practices and innovations. However, this requires significant investments – from precision agriculture technologies, the transition to the use of renewable energy to new equipment, the prices of which reach 250-300 thousand euros, and this is only part of the huge costs. Despite efforts to become sustainable and innovative, farmers face huge financial challenges in their daily activities. Among other things, the European Green Deal and stricter environmental requirements do not bypass the agricultural sector, farmers must look for more sustainable solutions. Among the specific objectives of the Green Deal in the sector are the reform of the common agricultural policy and the implementation of the organic farming action plan, a policy to promote the development of organic food products, attention to the welfare of farmed animals and modern nutritional labelling of products. The agriculture, forestry and fisheries sector generate about 4% of Lithuania's GVA. This corresponds to the global average, and at the EU level the economic value created by the sector amounts to about 1.5% of GDP. When assessing the greenhouse gas emissions generated, this sector is one of those with the greatest impact on climate change: if in the EU and the world it generates an average of 11% of all emissions, then in Lithuania it is as much as 22%. Therefore, in our country it is the third sector generating the most emissions after the transport and energy sectors. In addition, it generates the most methane and nitrous oxide - gases whose potential to cause greenhouse change is several times greater than carbon dioxide. Summarizing all these objectives, we can clearly distinguish the importance of organic farming for the coming decades. This is also emphasized by agro-technology developers, who present their products not only for the sake of more efficient operations, but also for environmental requirements.

**In Lithuania, at the beginning of September 2024, the purchase prices of most grains and rapeseed were higher than a month ago.** Wheat was purchased by Lithuanian grain purchasing companies in the 36th week of this year (09 02–08) at an average price of 198.63 EUR/t and, compared to the price a month ago (32nd week (08 05–11), increased by 4.81%. The average purchase price of feed barley (class II) increased by 5.94% (to 158.13 EUR/t) and rye – by 6.26% (to 119.11 EUR/t) during the aforementioned period. Only the average purchase price of triticale, compared to the price at the beginning of August, decreased by 0.64% (to 145.63 EUR/t). The average purchase price of rapeseed at the beginning of September, compared to the price a month ago, was higher by 3.75% and amounted to 458.87 EUR/t. In future transactions (in the 3-year period), the prices of wheat- the Group's main crop- are forecasted about 15 percent higher, compared to the Group's results in 2024.

**This year, the moisture content of the grain harvested in Lithuania is almost 3 percent lower than the same period last year.** In Lithuanian grain purchasing companies in 2024, the moisture content of the grain purchased from the beginning of the harvest until August 20 was 2.98 percent lower than in the same period in 2023 and amounted to an average of 14.30 percent. Of which, the average moisture content of wheat was 14.41 percent (-2.22 percent), triticale- 14.39 percent (-2.63 percent), rye- 14.37 percent (-3.08 percent), barley- 14.36 percent (-3.33 percent), oats- 14.00 percent (-3.31 percent). The moisture content of rapeseed in the period from the beginning of the harvest to August 20, compared to the analogous period in 2023, was 12.28 percent lower than last year and amounted to 8.43 percent. This year, from the beginning of the harvest to August 20, the amount of wheat protein purchased was 12.62 percent and was 2.13 percent lower than last year, and the amount of wet gluten in wheat was 3.27 percent lower and amounted to an average of 23.65 percent. The sedimentation rate of wheat decreased by 5.58 percent (to 41.42 ml), and the falling number was higher by 5.99 percent and amounted to 310.03 s. The total amount of impurities in the grain was 6.95 percent and, compared to the analogous period in 2023, was 7.28 percent higher. The quality of rapeseed in terms of the amount of pressed oil is better this year- by August 20. The oil content of purchased rapeseed was 47.65 percent on average – 1.69 percent higher than in the same period last year.

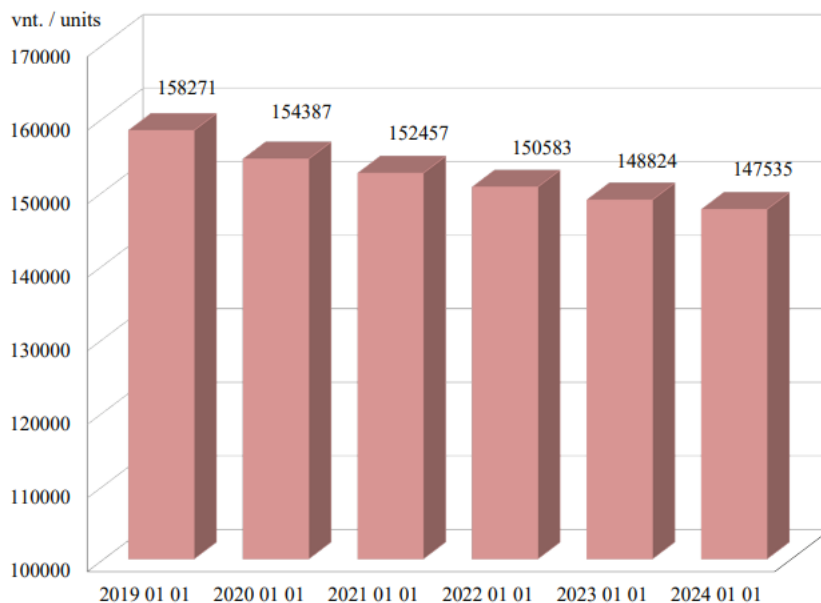


**Purchase of organic grains increased in the first half of 2024.** Purchase of organic grains from Lithuanian producers in the first half of this year, compared to the first half of 2023, decreased by 17.15 percent. In the first half of 2024, Lithuanian certified organic grain trading and processing companies purchased 25.60 thousand tons of organic grains from Lithuanian producers, of which wheat accounted for 49.53 percent, oats - 12.88 percent, rye- 12.80 percent, peas- 10.84 percent, buckwheat- 9.28 percent, beans- 2.00 percent, lupine- 1.06 percent, barley- 0.76 percent, triticale- 0.74 percent. Organic grains accounted for 3.19 percent of all purchased in 2024. In the first half of this year, compared to the first half of 2023, the purchase price of organic triticale decreased by 48.50 percent, barley- by 35.91 percent, buckwheat- by 33.58 percent, rapeseed - by 33.32 percent, wheat- by 27.30 percent, rye- by 26.90 percent, peas- by 24.53 percent, beans- by 21.73 percent, lupine- by 20.89 percent, corn- by 8.69 percent, and oats increased by 4.61 percent. The purchase price of organic barley in Lithuania in the first half of 2024 was 1.75 percent. higher than that of conventional barley, wheat – 9.25 percent, corn – 17.59 percent, buckwheat – 18.96 percent, rye – 26.07 percent, oats – 31.77 percent, rapeseed – 32.39 percent, peas – 51.62 percent, beans – 78.95 percent, and triticale was lower by 5.11 percent.

**Exports** of organic grains from Lithuania in the first half of 2024, compared to the corresponding half of 2023, decreased by 21.47 percent, and amounted to 57.32 thousand tons. Organic wheat in the analysed period accounted for 51.11 percent. organic grain exports, oats – 15.41 percent, peas – 11.02 percent, beans – 10.12 percent, buckwheat – 5.15 percent, rye – 4.90 percent, barley – 1.05 percent, lupine – 0.47 percent, triticale – 0.25 percent. Imports of organic grains in the first half of this year, compared to the first half of 2023, increased by 19.82 percent, and amounted to 7.63 thousand tons. The most imported organic wheat, oats, and buckwheat to Lithuania. In the first half of this year, compared to the first half of last year, the processing of organic grains decreased by 8.63 percent and amounted to 6.12 thousand tons. During the analysed period, the most processed were organic wheat, buckwheat, and beans. In June 2024 at the end of 2019, organic grain stocks in certified organic grain trading and processing companies in Lithuania amounted to 10.77 thousand t.

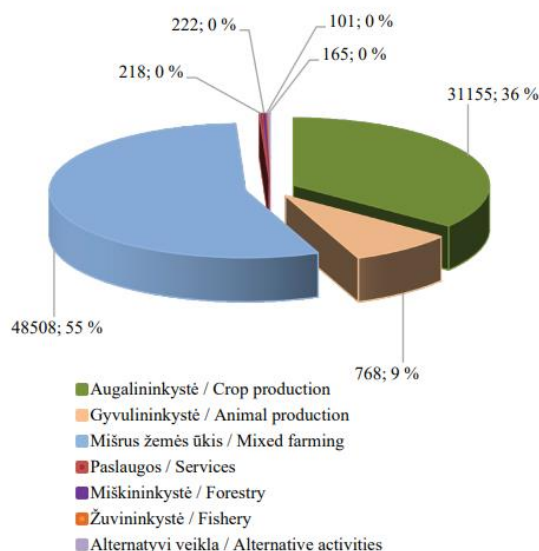
The accumulated statistical information on the structure of agricultural holdings (hereinafter referred to as holdings) allows for more accurate forecasting of agricultural development trends, preparation of long-term agricultural development strategies and insight into changes in the agricultural sector. The number of holdings tends to decrease each year. The decrease in the number of holdings at the beginning of the year is caused by the deregistration of holdings that do not meet the requirements on the last day of each year. According to data from 1 January 2024, 147,535 holdings were registered in the Register.

*Valdų skaičius / Number of agricultural holdings*  
**2019–2024**



The total land area of the holdings, according to the Register, as of 1 January 2019 amounted to 2,907,430 ha and by 1 January 2024 decreased to 2,849,591 ha. The average holding size increased from 18.4 ha as of 1 January 2019 to 19.31 ha as of 1 January 2024. The holdings data indicate 2,582,484 land plots. According to the data of 1 January 2024, 68 percent of agricultural land belonged to the holdings members by right of ownership or lease (usage) registered in the Real Estate Register (hereinafter referred to as the NTR), 24 percent – by right of unregistered NTR lease (usage) from other persons, 7 percent are leased from the state. In 2023, compared to 2022 The area of land leased from the state increased by 4.5 percent. The area of land owned by members of holdings decreased by 2.3 percent. or registered in the National Agricultural Register under the right of lease (usage), the area decreased by 3.3 percent. As of 1 January 2024, the dominant holdings by economic type remain crop farming and mixed farming. According to the data of 1 January 2024, the ratio of natural and legal persons of holding managers is as follows: 147,535 (98.8 percent) holding managers are natural persons, 1,757 (1.2 percent) holding managers are legal persons.

*Ūkių pasiskirstymas pagal ekonominės veiklos rūšis*  
*Farm distribution by economic activities*  
**2024 01 01**



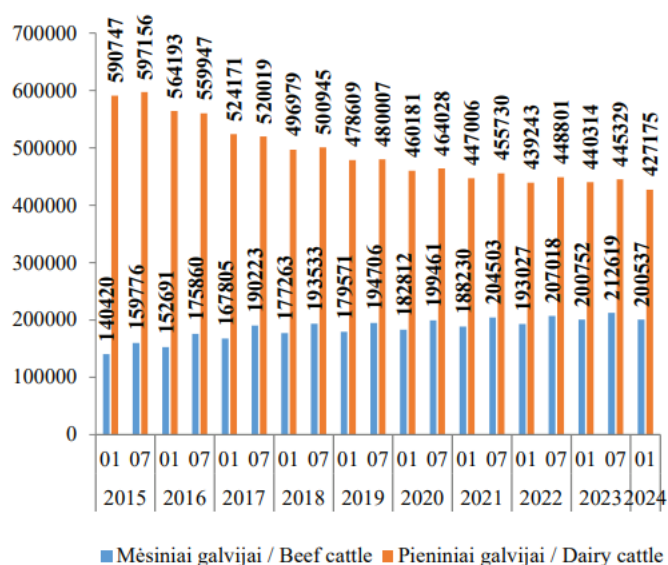
As of 1 January 2024, 55% of farms were engaged in mixed agriculture, 36% in crop production, 9% in animal husbandry, 0.2% in alternative agricultural activities, 0.25% in forestry, 0.25% in agricultural service activities, and 0.11% in fisheries. The majority of farmland was owned by farmers or registered in the Real Estate Register (hereinafter referred to as the Real Estate Register) under the right of lease (usage), i.e. 84% (1,009,141.07 ha). The share of land leased from private individuals under unregistered Real Estate Register lease (usage) agreements was 9% (102,015.43 ha), and the share of land leased from the state was 7% (84,248.19 ha) of all land used by farmers.

From 2005 to 1 January 2024, the number of cattle registered in the Livestock Register decreased from 968,854 to 627,712 (35.2%), and the number of dairy cows decreased from 455,828 to 212,885 (53.3%). During the second half of 2023, the number of cattle decreased by 30,236 and that of dairy cows by 12,200. The number of cattle herds in Lithuania is also decreasing. From the beginning of 2015 to the beginning of 2024, the number of cattle decreased by 43,452, but the average herd size in terms of the number of cattle kept is steadily increasing. From the beginning of 2015 to the beginning of 2024, the average herd size increased from 10.6 to 24.5 cattle per herd. The annual decrease in the number of cattle breeders and the increase in the average herd size indicate the structural changes taking place in the country's economy. In 2016, the number of dairy cows in Lithuania began to decrease. In total, from the beginning of 2015 to the beginning of 2024, the number of dairy cows decreased by 100,607, but the number of registered cows is increasing. The average size of the dairy cow herd increased from 5.33 to 11.9 animals per herd during the period under review. In the animal husbandry sector, in the first half of 2024, small 1-2 cow farms prevailed in Lithuania, they accounted for as much as 52.78 percent of all cow farms. Cow farms with 3–5 cows account for 19.40 percent, 6–10 cows – 11.1 percent, 11–20 cows – 7.4 percent, 21–30 cows – 3.12 percent, 31–50 cows – 2.8 percent, 51 and more cows – 3.4 percent.

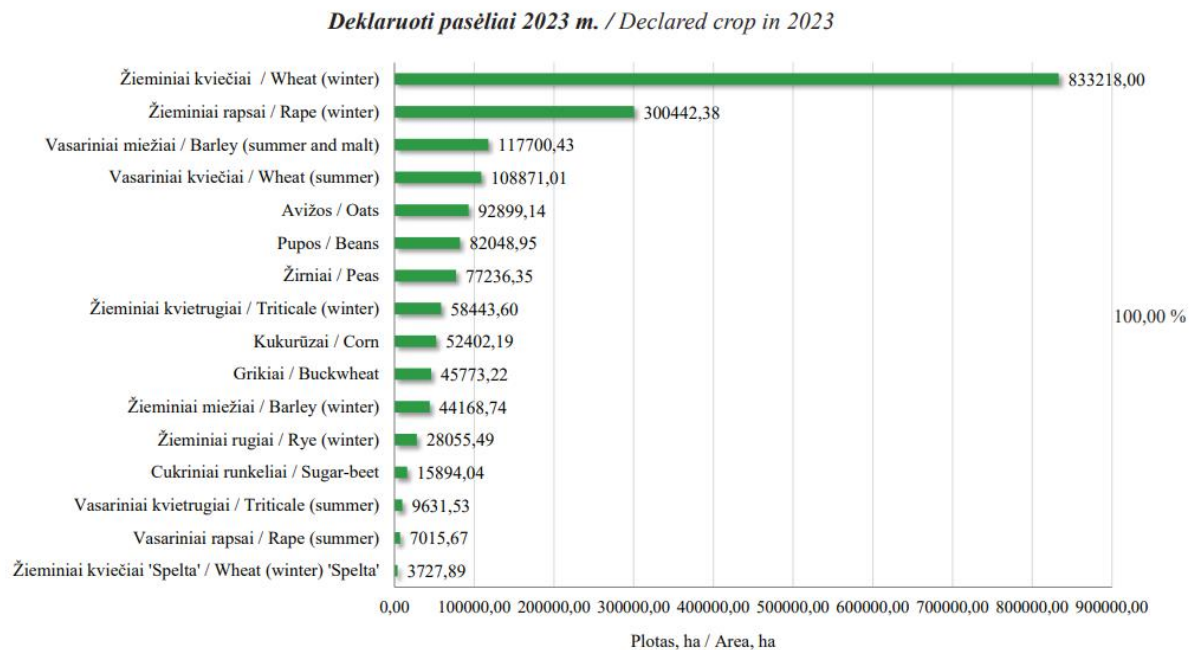
Milk accounting information systems, in 2023. registered milk purchasing companies (hereinafter referred to as buyers) from 12,943 milk producers purchased 1,340.34 thousand t of average 4.41 percent fat content and 3.54 percent protein content milk (January-December 2022 – 1,339.53 thousand t of milk with an average fat content of 4.46% and a protein content of 3.53, and January-December 2021 – 1,333.14 thousand t of milk with an average fat content of 4.19%). In 2023, compared to 2022, milk purchase increased by 0.1 percent, or 0.8 thousand t, compared to 2021, it increased by 0.5 percent, or 7.2 thousand t. The number of milk producers selling milk to buyers in 2023, compared to 2022, decreased by 1.5 thousand, or 10.1 percent, compared to

2021, it decreased by 3.2 thousand, or 19.7 percent. The number of milk producers in 2023 decreased in all counties compared to 2022. In Lithuania, the number of producers selling milk to buyers is decreasing every year, but the average number of dairy cows per milk producer is increasing. In January 2023, the average price of natural milk (with additives and deductions) paid to milk producers by purchasing companies was the highest and amounted to 443.8 EUR/t. The price of natural milk, which had been decreasing since the beginning of the year until August, began to increase in September, until it reached the level of 436.6 EUR/t in December. According to PAIS data, in December 2023, the average price of natural milk paid to milk producers by purchasing companies, compared to December 2022, was 14.3 percent lower.

*Galvijų pasiskirstymo (vnt.) pagal veislių grupes dinamika*  
*Distribution of cattle breeding groups dynamics*  
 2015 01 01–2024 01 01



Since 2015, the declared areas of arable land have been increasing, while the areas of perennial meadows or pastures have been decreasing. In 2015, the area of arable land declared by applicants was 2,136,475.41 ha, and in 2023 – 2,297,911.84 ha. In 2015, the area of perennial meadows and pastures was 665,802.23 ha, and in 2023 – 541,425.11 ha. Comparing the area of declared perennial meadows or pastures (5 years and more) with the area of pastures or meadows up to 5 years old, it can be seen that the area of perennial meadows or meadows decreased by more than 4.31 percent, and the area of pastures or meadows up to 5 years old decreased by 2.21 percent, compared to the data for 2022. In 2023, the largest declared areas of grain crops in Lithuania were winter wheat. 833,218.00 ha were declared (835,720.72 ha declared in 2022), winter rapeseed – 300,442.38 ha (336,547.85 ha declared in 2022), spring barley – 117,700.43 ha (103,442.72 ha declared in 2022).



Source: Agricultural Data Centre

### 3. CREDITORS OF THE COMPANY, LEGAL DISPUTES AND CREDITORS ASSISTANCE

#### 3.1. CREDITORS OF THE COMPANY

According to the laws of the Republic of Lithuania regulating the restructuring of legal entities, it is provided that financial claims are satisfied in two stages- first, financial claims are satisfied without accrued interest and penalties, and in the second stage, the remaining part of the creditors' claims (interest and penalties) is satisfied.

The draft restructuring plan provides for settlements with creditors from the sale of unused assets, funds recovered (collected) from debtors and profits earned during the restructuring.

The current list of AUGA group, AB creditors, the structure of creditors claims is attached in the table below.

#### CREDITORS OF AB AUGA GROUP UNDER OBLIGATIONS (COURT APPROVED)

Table No. 17

No.	Liabilities	Sum
1.	Lease (finance lease) or similar liabilities	9.943.731,24
2.	Financial debts owed to credit institutions and under a bond subscription agreement	21.591 119,83
3.	Financial debts to the Group	9.135.503,18
4.	Other debts to the Group	46.330,95
5.	Debts to suppliers	531.748,40
6.	Debts to foreign suppliers	626,10

#### AB AUGA GROUP FINANCIAL LIABILITIES (COURT APPROVED)

Table No. 18

No.	Creditor	Code	Address	Total	Note
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1	UAB PayRay Bank	304862948	Lvivo st. 25-702, Vilnius	2.832 731	Under loan agreements secured by mortgages and pledges
2	Pagalbos verslui fondas	305640822	Lukiškių st. 2-2, Vilnius	7.110.999	Under loan agreements secured by mortgages
4	UAB AUDIFINA (creditor representatives)	125921757	A. Juozapavičiaus st. 6, LT-09310 Vilnius	21.591.119	Under a bond subscription agreement secured by a mortgage
6	UAB Žemės vystymo fondas 20	300887726	Lankesos st. 2, Bukonių k., LT-55418 Jonavos r.	6.175.716	Loans from group companies
7	UAB Baltic Champs	302942064	Poviliškių k., Gruzdžių sen., Šiaulių r.	2.959.786	Loans from group companies

According to the Insolvency Law, the claims of the Company's creditors must be divided into the following main groups according to the order of satisfaction of their claims:

- The claims of creditors who had not yet fulfilled their obligations before the initiation of the restructuring case shall be satisfied no earlier than after these deadlines have expired.
- Mortgage creditors. The satisfaction of the claims of these creditors is guaranteed by the Company's assets pledged to them. If the funds are insufficient after the sale of the pledged assets, the remaining part of the unsatisfied claims shall be satisfied together with other second-rank creditors
- First-rank creditors. The claims of first-rank creditors - claims of creditors who have provided new and/or interim financing not secured by a pledge and/or mortgage, arising from the failure of the legal entity to repay the loans within the terms established in the agreements; claims of employees related to employment relations; claims regarding state social insurance, compulsory health insurance contributions and contributions to the Guarantee Fund and the Long-term Employment Benefits Fund; claims for unfulfilled obligations from economic and commercial activities carried out during the bankruptcy.
- Second-ranking creditors. All remaining creditors' claims are satisfied in the second place.
- Interest and penalties. These are payments of penalties, fines, and interest, which are made only after the claims of first- and second-ranking creditors have been fully satisfied.

### 3.2. LEGAL DISPUTES IN WHICH PROPERTY CLAIMS ARE MADE

Information on legal disputes in which decisions have not been adopted or have not entered into force as of June 19, 2025 is provided in the annexes.

The Company is involved in legal disputes with potential creditors whose claims are related to the means of securing the Group companies' obligations. After the court satisfies the claims of potential creditors, the list of the Company's creditors will be revised and additional claims will be included (if necessary).

The Company also undertakes to seek and take actions within its competence so that the Group companies, whose continuity of operations does not require restructuring processes, have such processes terminated at the Group companies' level and new schedules for the performance of the Group companies' financial obligations are agreed with the creditors of such companies, due to which, respectively, at the AUGA group level, such creditors of the Group companies should not be considered as AUGA group creditors to whom financial obligations should be performed in accordance with this restructuring plan or that such claims against creditors are enforced after the end of the restructuring.

### 3.3. LIST OF CREDITORS AFFECTED BY THE RESTRUCTURING PLAN BY GROUPS

In accordance with Article 108 of the Insolvency Law, creditors of a legal entity for the restructuring process are divided into two groups:

- creditors whose claims are secured by a pledge and (or) mortgage;

- other creditors.

The Company has mortgage creditors (see Part 1.6 of the plan). The Company also has obligations to AB "OP Finance" for leased assets. The contracts have not been terminated and are valid, therefore payments for the leased assets are classified as current payments and AB OP Finance is a creditor not affected by the plan.

### 3.4. CREDITORS ASSISTANCE AND OTHER CONDITIONS

In addition to the fundamental changes in the organization of activities by business segments described in this restructuring plan, when implementing the restructuring plan, the Company's creditors will seek to conclude an agreement with AB AUGA group regarding assistance in accordance with the procedure established by law, which includes postponing the deadline for the requirement to fulfill an obligation, waiving the requirement to fulfill an obligation or part thereof, replacing an obligation with another obligation, etc.

## 4. PROPERTY OF A LEGAL ENTITY

### 4.1. LIST OF REAL ESTATE

As of 31 December 2024, the Company did not have any real estate.

### 4.2. OTHER NON-CURRENT ASSETS

The Company's non-current assets as of 31 December, 2024, consisted of:

Table No. 20

No.	Property name	Acquisition date	Acquisition value	Residual value	Note
NON-CURRENT INTANGIBLE ASSETS					
1	Accounting software "Rivilè"	2007.06.30	8 998,42	0,29	
2	Microsoft Windows Server STD 2016 2Core	2016.11.30	4 094,00	0,00	
3	Microsoft Windows Server CAL 2016	2016.11.30	6 168,75	0,00	
4	Microsoft Windows Remote Desktop Svcs	2016.11.30	3 667,80	0,00	
NON-CURRENT TANGIBLE ASSETS					
VEHICLES					
5	Fiat Panda ENE531	2009.06.30	7 374,36	0,29	
6	Car, Subaru Outback JCZ537	2016.02.05	24 778,10	1,00	
7	Car, Subaru Outback JCD805	2016.02.05	25 207,85	1,00	
8	Car, Hyundai Tucson MY16 JDF607	2016.02.25	24 942,56	1,00	
9	Car, AUDI A6 Avant JTR885	2017.06.09	35 079,78	1,00	
10	Car, Toyota Hilux EOF884	2018.04.16	13 950,00	4.650,80	
11	Car, Toyota Hilux FEP774	2018.05.11	13 150,00	4.493,18	
12	Car, AUDI A6 KJV699	2018.05.31	24 650,00	8.422,61	Leased property/rent
13	Car, VW TIGUAN KMG042	2018.07.10	23 282,23	1,00	
14	Car, VW TIGUAN KML452	2018.08.28	22 629,34	1,00	
15	Car, VW GOLF KOD512	2018.09.17	15 017,77	1,00	
16	Car, VW Tiguan Trendline LOA229	2020.09.14	22 479,34	6.557,14	Leased property
17	Car, Volvo XC90 LSJ334	2021.02.23	52 975,21	19.130,71	
OTHER NON-CURRENT ASSETS					
18	Laptop, Lenovo ThinkPad X1	2017.05.04	2 578,00	2,00	
19	Computer, NB DELL LATITUDE 7390I17-8650U	2018.07.26	1 363,64	0,00	



20	Samsung 75" Class-LED-8	2019.06.30	1 733,21	1,00	
21	Server DELL R440	2020.07.29	4 170,00	1,00	
22	Server Dell R530 E5-2620V4 H730/64	2018.05.03	3 336,36	0,00	
23	Computer, DELL PRECISION 5540	2020.10.23	1 730,00	1,00	
24	Computer, DELL PRECISION5540 I7-985032	2020.11.17	1 930,00	1,00	
25	Computer, DELL PRECISION5550I7	2021.06.22	2 030,00	1,00	
26	Computer, DELL PRECISION3561I7	2021.11.09	1 404,96	1,00	
27	Computer, DELL PRECISION 3561 I7	2021.12.14	1 610,74	1,18	
28	Computer, DELL PRECISION 3561 I7	2022.01.07	1 570,25	44,60	
29	Set of stands with freezers	2017.12.08	9 642,00	0,00	
30	Laser level, two-axis slope	2018.03.29	4 740,00	2,00	
31	Laser projector LS810 WXGA 5200-L	2016.11.02	2 865,44	1,00	
32	Interactive screen 65" SMART Board	2016.12.20	7 048,60	1,00	
33	Technical set	2016.11.14	1 216,35	1,00	
34	Biogas mixture separation lab. device	2021.02.18	1 204 584,85	633.734,35	
35	Green biogas pre-cleaning lab. device	2021.02.18	192 103,26	101.066,54	
36	Digestate CO2 saturation lab. device	2021.02.18	255 383,37	134.358,29	
37	Computer, Dell XPS 9560 Silver	2018.01.30	3 950,00	2,00	
38	Biogas analyser, MCA 100 BIO Portab	2018.03.20	7 000,00	1,00	
39	Glass partition with door	2005.04.29	1 284,27	570,94	
40	Glass partition with door	2005.10.28	792,77	484,57	
41	Vertical blinds	2005.04.28	270,49	120,35	
42	Frameless glass partition with door	2010.03.22	471,27	471,27	
43	Set of furniture ULDÉ	2013.04.11	350,18	0,29	
44	Furniture	2013.06.11	308,16	0,29	
45	Chair Montana 4 pcs.	2014.04.23	478,71	1,16	
46	Chair Montana 2 pcs.	2014.04.25	210,63	0,58	
47	Mahogany cabinet	2014.06.20	509,73	1,16	
48	Mahogany cabinet (2 doors)	2014.06.20	1 301,55	4,06	
49	Mahogany cabinet (4 doors)	2014.06.20	322,35	0,87	
50	Mahogany shelf	2014.06.20	75,88	0,29	
51	Mahogany table with cabinet	2014.06.20	523,63	1,16	
52	Adjacent table	2014.06.20	26,07	0,29	
53	Table (tabletop)	2014.06.20	810,94	4,06	
54	Chair Montana 3 pcs.	2014.07.28	300,15	0,87	
55	Meeting –room table	2014.08.29	231,70	0,29	
56	Table with cabinets	2014.08.29	139,02	0,29	
57	Small table with drawers	2014.08.29	868,86	5,80	
58	Large table with drawers	2014.08.29	115,85	0,58	
59	Armchair "John N" MG	2014.08.29	138,84	0,58	
60	Wooden archive shelves	2014.09.30	273,41	0,29	
61	Mahogany cabinet	2014.10.06	254,87	0,58	
62	Mahogany cabinet (2 doors)	2014.10.06	695,09	1,74	
63	Mahogany cabinet (4 doors)	2014.10.06	792,32	2,03	



64	Table (tabletop)	2014.10.06	231,70	1,16	
65	Adjacent table	2014.10.06	26,07	0,29	
66	Table with mahogany cabinet	2014.10.06	261,82	0,58	
67	Mahogany shelf, low	2014.10.06	151,76	0,58	
68	Mahogany shelf, high	2014.10.06	335,96	1,16	
69	Mahogany shelf, high wide	2014.10.06	92,10	0,29	
70	Table mahogany	2014.10.06	301,20	1,16	
71	Mahogany dresser	2014.10.06	278,04	1,45	
72	Mobile phones iPhone XS Max 256GB	2018.10.16	1 127,89	1,00	
73	Sail	2021.06.30	58 000,00	7.250,98	
74	Wardrobe SP9	2016.09.19	1 023,50	1,00	
75	Wardrobe SP11	2016.09.19	1 438,40	1,00	
76	Wardrobe 3-door	2016.09.19	1 620,00	1,00	
77	Wardrobe 1-door	2016.09.19	1 345,00	1,00	
78	Furniture set in Quadrum	2016.10.06	50 856,79	1,00	
79	Volumetric logo AUGA GROUP	2017.07.27	1 841,00	1,00	
80	Advertising sign	2018.01.09	1 330,00	1 330,00	
81	Furniture set in Kaunas office	2017.12.21	27 427,79	0,00	

This table provides a list of other equipment, devices, and facilities that are reflected in the Company's balance sheet lines - vehicles, other equipment, other tangible assets, and other fixed assets.

### 4.3. CURRENT ASSETS

The table below provides information about the Company's current assets (used in operations) as of 31 December, 2024.

Table No. 22

Title	Measure unit	Balance	Amount of balances
Kuras (benzinas/dyzelinas/dujos)		154,54	170,44

### 4.4. TRADE AND OTHER RECEIVABLES

#### THE COMPANY'S RECEIVABLES, AS OF 31 DECEMBER 2024

Table No. 23

No.	Accounts receivable	Sum
1.	The Company's receivables from Group companies	7.116.381,07
2.	Amounts receivable from group companies after one year	3.265.000,00
3.	Prepayments paid	102.120,55
4.	Amounts receivable from customers	73.778,81

## 5. RESTRUCTURING OF THE ENTITY

### 5.1. MAIN REASONS BEHIND THE COMPANY HAVING FINANCIAL DIFFICULTIES

*Political and legal reasons.* The European Union is witnessing a consistent development of organic farming, but at the same time, a decrease in demand for organic products is evident. Organically farmed land increased by more than 50% between 2012 and 2020, the organic market was valued at EUR 90 billion, with demand growing by 12.1% annually, and sales of organic products in 2020 were twice as high as in 2015, which created

suitable conditions for maintaining an additional price premium, partially compensating for higher production costs and lower yields on organic farms. However, since 2021, imports and consumption of organic products in the EU have decreased. This is associated with rising food prices and inflation, which makes it difficult for many consumers to afford more expensive organic products. This is especially noticeable after the pandemic period, when consumption habits stabilized or decreased, and the energy crisis and geopolitical events further increased food prices.

Nevertheless, farmers are still encouraged to switch to organic farming due to the large amount of EU support, especially through the Common Agricultural Policy (CAP). For example, organic farms have been receiving additional funding since 2023, and the EU Green Deal aims to achieve 25% of EU agricultural land being organic by 2030.

However, there is a trend that, despite the growth in organic production, demand in some countries is decreasing. This poses a risk that organic farmers may lack motivation to continue this activity in the long term, as reduced demand forces them to sell their products at lower prices, often comparable to those of conventional products. In the commodities market, there is a clear trend of decreasing price differences between organic and conventional products - the price difference for raw milk has been consistently decreasing every year from 25% (2018) to 8% (2022). Meanwhile, the difference in milk yields between organic and conventional farms increased from 14 percent (2016) to 27 percent (2021) in favour of conventional farms due to the possibility of using various feed additives that improve milk yield. In 2022, with the entry into force of a new European regulation, the requirements for feed and other additives in organic farms became even stricter. When modelling the income of livestock farms in 2023, it was estimated that conventional farms would generate 530 euros more per cow than organic farms for raw milk. Based on these data, it is assessed that the market for raw organic production is not able to ensure a price premium and profitability for organic growers and producers without additional external support, such as subsidies for organic farms.

Table No. 24

Purchase prices for organic and conventional raw milk									
	2018	2019	2020	2021	2022	2023 1st. half			
Price of conventional raw milk, EUR/t	286	290	288	337	508	379			
Price of eco raw milk, EUR/t	358	355	344	380	548	425			
Difference, EUR/t	72	65	56	43	40	45			
Difference, %	25	23	19	13	8	12			
Milk yield from organic and conventional farms									
	2016	2017	2018	2019	2020	2021	2022		
Conventional farm ´s annual milk yield per cow, kg	5 536	5 601	5 934	6 225	6 258	6 425	6 751		
Eco farm´s annual milk yield per cow, kg	4 742	4 903	4 672	4 829	4 880	4 698			
Difference (eco – conventional), kg	-749	-698	-1 262	-1 396	-1 378	-1 727			
Difference, %	4	-12	-21	-22	-22	-27			
Income of organic and conventional dairy farms									
	2016	2017	2018	2019	2020	2021	2022	2016-2022 average	2023 forecast according to 6-month results
Eco milk price, EUR/t	294	345	358	355	344	380	548	375	425
Conv milk price, EUR/t	213	298	286	290	288	337	508	317	379
Income of eco farms, EUR/cow	1396	1692	1674	1716	1680	1787	2621	1795	2032

Income of conv farms, EUR/cow	1177	1669	1698	1805	1804	2166	3428	1964	2560
Difference (ECO farms– conv farms), EUR/cow	219	23	-24	-89	-124	-378	-806	-169	-528

In 2016–2022, support for organic farming in Lithuania was carried out under the 2014–2020 Rural Development Programme (RDP), which annually set out the amounts and restrictions of payments. One of the significant regulations was related to the limitation of payments for larger farms: AUGA group was assessed as one farm, therefore, with more than 200 ha of organic areas, payments were reduced by 30%. In addition, in the 2017–2020 period, a ban was applied on assuming new organic commitments and receiving payments for new organic areas during the transitional period.

Changes in crop structure also affected the receipt of payments. For example, no payments were paid for organically grown sugar beet. In addition, any changes in crop structure also led to changes in the proportions of other crops, such as grassland. In addition, AUGA group lost organic areas due to termination or non-renewal of lease agreements, and unfulfilled rotation requirements, e.g. in 2019, led to a significant reduction in payments. Sanctions were also imposed, such as cases of side pollution, due to which payments were not received. In recent years, the scope of payment restrictions has been changed - in 2023, the payment restriction was applied to farms with more than 200 ha (30%), and in 2024- to farms exceeding 300 ha (15%).

In the period 2016-2022, AUGA group companies did not receive an average of EUR 1.6 million in payments per year due to the above-mentioned restrictions, and in 2023-2024, due to reduced payment restrictions and reduced areas declared for organic production, the average amount of payments not received reached EUR 254 th. per year. In total, during the period of AUGA group's participation in organic production, AUGA group did not receive EUR 11.78 million, although it had to meet all the requirements for organic production and, like smaller organic farmers, lost harvests due to compliance with organic requirements.

Table No. 25

Influence (difference), th. EUR	2019	2020	2021	2022	2023	Total (for 5 years)
AUGA Mažeikiai loss						4 591,73
Interest rate growth, (base year - 2018)	589,00	1 473,00	1 000,00	2 113,00	3 228,00	8 403,00
Limiting subsidies based on farm size	609,06	1 465,72	2 250,64	2 257,64	78,75	6 661,81
Total						19 656,54

*Economic reasons.* The simultaneous global crises of the COVID-19 pandemic and Russia's invasion of Ukraine have disrupted normal economic cycles and contributed to significant increases in inflation and energy prices. European countries, heavily dependent on Russian energy sources, have had to look for alternatives, with natural gas and electricity prices reaching record highs, and the European Central Bank has raised interest rates several times to contain inflation. The impact of the COVID-19 pandemic has caused global supply chain disruptions, and while inflation was initially seen as temporary, it has been exacerbated by rising energy prices linked to geopolitical tensions, particularly Russia's aggression in Ukraine [see below].

Table No. 26

Harmonized Consumer Price Index annual average change, % <sup>6</sup>	2017	2018	2019	2020	2021	2022	2023	2024
EU - 27 countries (since 2020)	1,6	1,8	1,4	0,7	2,9	9,2	6,4	2,7
Lithuania	3,7	2,5	2,2	1,1	4,6	18,9	8,7	0,9

Fair remuneration policy. During the Company's transition to organic farming practices, the economic environment was more favourable for business in terms of salaries, with lower inflation. The requirements for organic production (such as greater need for mechanized processes or manual labour) increased the need for employees, and at the same time, wages grew noticeably in all positions. Compared to 2023, salaries for

production employees grew 63%, from EUR 11.7 million to EUR 19.1 million, while those of administrative employees rose 35%, from EUR 4.2 million to EUR 5.7 million.

Company employee salaries, 2016.

Table No. 27

Structure	Number of employees, 31 December 2016	Average monthly salary
Management	49	2 251
Specialists	176	1 005
Workers	874	752
<b>Total</b>	<b>1099</b>	

Company employee salaries, 2019-2023.

Table No. 28

Structure	2024	2023	2022	2021	2020
CEO	7 477	7 728	7 498	7 584	7 222
Management	4 022	3 787	3 710	3 414	3 431
Specialists	2 347	2 196	2 036	1 893	1 793
Workers	1 588	1 425	1 243	1 209	1 168

Share of employee costs (for comparison 2018 with 2023).

Table No. 29

th. EUR	2023	2018
In the cost of sales	19 150	11 759
In operating expenses	5 688	4 201

It is worth noting that during the aforementioned period, the share of salaries in the production segment increased by 62% in the cost of sales structure, while management-related salary costs increased by 35%, they are classified as operating expenses.

*Technological reasons.* In 2018, an additional strategic investor, the European Bank for Reconstruction and Development (EBRD), was attracted during the public share issue. One of the conditions for cooperation set by the investor was the establishment of an environmental position within the Company, which prompted AUGA group to assess the CO<sub>2</sub> and eq. emissions of its group activities for the first time. Having started to search for emission-reducing technologies and failing to find them on the global market, it was decided to take the initiative and develop technological solutions that would address the main pollution problems in one of the most polluting sectors in the world- agriculture (globally generates about 22% of CO<sub>2</sub>). The search for solutions to soil emissions, fossil fuel use in agricultural machinery and enteric rumination was initiated- for this purpose, a separate research and development (R&D) department was established. After a team of 2-3 specialists saw the potential to effectively solve the problems posed by emissions in agriculture, the number of employees in the department increased to 17.

The strategic decision of one of the largest organic food and agricultural group in Europe to undertake the development of capital-intensive agricultural technological equipment was a key turning point, solidifying the goal of transforming into a technology company. It was determined by external factors (such as the lack of

market alternatives) and internal (intellectual and human resource capacity) to develop technologies that in 2024 were evaluated not only by patents on all major continents, awards, but also seriously considered by the largest agricultural machinery manufacturers as valid technological solutions that could be integrated into their technological sets.

In September 2021, the first technological project developed by AUGA was presented to the public - the biomethane and electric tractor AUGA M1, developed by AUGA Tech, designed to work on large farms. Its frame structure, patented in Lithuania on 8 November 2019, solved the issue of accommodating biomethane gas cartridges and addressed the operation duration issue, which is characteristic of other emission-free tractors on the market. The production of biomethane at the place of its use became an important achievement, contributing to increasing sustainability and energy independence. At that time, investment markets were very favourable to technological companies, and capital was actively looking for opportunities to invest in sustainable innovations. Lithuania also did not lag behind - it prepared strategic green transformation plans that encompassed the future vision and expectations of the AUGA, expanded its technology portfolio, which includes a 300-500 HP hybrid biomethane and electric tractor (AUGA M1), a smaller electric (up to 150 HP) multimodal agricultural platform (AUGA E1) and a cattle feed system.

Additional capabilities were required to hire external consultants and use internal human resources. The company also sought to attract a team of external industrial and financial partners, who were expected to finance the remaining 15 million euros of the project and use their expertise to accelerate the technology's introduction to the market. It was planned that the first production-scale technologies would be tested and applied in the Group's operations, which would significantly improve the efficiency and profitability of agricultural operations.

Believing in the potential of green technologies developed by AUGA (tractors, feed systems) not only to address pollution problems, but also in their economic efficiency comparable to standard polluting technologies, during the development period (2019-2024) the Company invested up to EUR 6 million of its own capital in the development of sustainable technologies, their testing in real production conditions, changing agricultural practices, R&D teams, research and cooperation with Lithuanian scientists and universities, who significantly contributed to the implementation of projects and technological progress. At that time, there was no investment in standard agricultural equipment on AUGA group farms, which entailed increased equipment rental costs.

*Market reasons.* The trends that entailed the potential of organic business were the more than threefold increase in global sales of organic products over a decade, reaching EUR 92 billion in 2018. The area under organic farming in the European Union grew at the same pace as the retail market for organic products – 7.5%, and in Germany, the largest market in the European Union, organic milk prices were higher and more stable than conventional milk prices in 2018.

In the period 2015-2020, the price difference between organic and conventional grain crops reached about 60%.

Table No. 30

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Conventional wheat, Eur/t	133	152	171	162	167	197	310	255	230
Organic wheat, Eur/t	256	256	289	255	221	263	376	307	290
Difference, Eur/t	123	104	118	93	54	66	66	52	60
Difference, %	93	68	69	57	33	34	21	20	26
Yield of organic and conventional wheat									
	2016	2017	2018	2019	2020	2021	2022		
Conventional winter	4.75	5.23	4.30	4.53	5.65	4.80	4.90		

wheat, t/ha									
Organic wheat* t/ha	1.17	2.19	1.93	3.09	3.42	2.28	2.32		
Difference (winter conv. - organic wheat), t/ha	-3.58	-3.04	-2.37	-1.44	-2.23	-2.52	-2.58		
Difference (winter conv. - organic wheat), %	-75	-58	-55	-32	-39	-52	-53		

*\*Since there is no publicly available data on organic winter wheat, we use total organic wheat numbers for comparison, given that the majority of production is also organic winter wheat.*

The demand for organic products, which grew by 12.1% annually until the crisis, created suitable conditions for maintaining an additional price premium, partially compensating for higher production costs and lower yields of organic crops. The then organic market was estimated at around EUR 90 billion, and the trend assumptions were extremely positive- the relevant market in China grew by 20% in one year (in 2017-2018), and it is forecast to grow by 15.7% by 2021. In European countries, these markets also grew intensively- in France- 18%, in Spain- 19%, in Denmark- 15%, in Sweden- 4%, in Norway- 2%, in Poland- 20%. Regulatory trends- the European Green Deal and the “From Farm to Fork” strategy- implied positive market opportunities.

Market research conducted in Germany and France during the COVID-19 pandemic in 2020 showed that the consumption of organic products in many categories grew faster than that of conventional products. This was influenced by two main factors: the increasing focus on health and nutrition and the possibility of choosing more organic ingredients when cooking at home. Considering that the market for organic products did not decline during the 2008-2010 crisis, but even the opposite- it grew faster than conventional products- it was expected that the COVID-19 pandemic would not have a negative impact on this market either.

However, the disruption of grain and other crop exports during the crisis distorted the global market and reduced demand for products and further reduced sales margins. The price premium for organic products has decreased significantly, as inflation and rising costs forced consumers to switch to cheaper, conventional products. The largest consumer market, located in Germany, contracted, and only due to prices, not consumption, it began to recover slightly in 2023.

*Socio-cultural reasons.* AUGA's future business model was based on three business assumptions outlined in the 2020 strategy – (i) that consumers want to eat more sustainably (and are willing to pay a price premium for a more sustainable category), (ii) that farmers will want to farm more sustainably (they will need sustainable agricultural technologies), and (iii) that green financiers will want to finance sustainable agricultural technology projects (thus enabling smaller socially vulnerable farmers to make a difference (through AUGA)) and AUGA had to ensure the implementation of all these assumptions, which it achieved in 2023-2024. In May 2023, a basket of sustainable products was introduced (grown organically and already applying some sustainable practices) and a cooperative system was created, enabling not only AUGA farms but also neighbouring farms to join the application of sustainable agricultural technologies in daily farm operations. In April 2024, an application was submitted for financing EUR 75 million value green AUGA smart farm technology portfolio, whose technologies (hybrid tractor, multimodal agricultural platform, and feed system) have been developed to prototype (TRL6) or pre-series production (TRL8) versions.

Since 2019, market signals have indicated that key regulatory, consumer, technology user and financier trends should align in a favorable direction for the implementation of this comprehensive strategy. In 2020, the EU announced the European Green Deal, which promoted sustainable agricultural practices and their development, annual consumer surveys indicated consumer preference for sustainable choices (over 70-80 percent of consumer surveys globally, as indicated by Capgemini or PWC, prioritize sustainable consumption or products in this category). Large financial institutions established separate “Impact Investments” departments and declared ambitious billion-dollar goals related to reducing the impact of climate change, but the slowing pulse of the economic cycle, especially after the end of 2022, gradually changed market sentiment

and the attitude to “change and save the world”, while the escalation of global conflicts brought security and war issues to the fore, pushing sustainability to the background.

*Natural – organic reasons.* In recent years, the climate, which affect organic farms the most, and its changes have had a significant impact on Lithuanian agriculture, especially the growth and harvest quality of sensitive crops, such as peas and beans. For example, in July 2021 was the hottest month in Lithuania since 1961, during which the heat continued from July 7 to 18, and as many as 17 tropical nights were recorded. Due to the warming climate, the distribution of precipitation is also changing more often - in an organic farm, where soil health is a key factor in productivity, these changes are especially dangerous - after losing natural fertility properties for a long time, it is difficult to restore them without synthetic fertilizers. As weather conditions create favorable conditions for this, weeds, pests, and diseases also become more difficult to control.

*Organizational reasons.* In order to fulfill the 2020 In line with the Group’s five-year strategy efficiency and innovation agendas announced in December 2022, the Company announced that it was optimizing internal processes and creating a clearer and simpler Group structure. The first stage planned to separate crop, dairy and land management activities, as well as consolidate new activities related to the development and expansion of agricultural innovations.

In preparation for the introduction and dissemination of sustainable technologies, agricultural cooperatives, additional companies, and land funds were established in 2023. This transformation process required a lot of human resources and management attention, which could have affected processes that are sensitive to supervision, control, and quality, which are important for the company’s operations.

*Financial reasons.* As the Company’s activities expanded and production costs increased, the need for working capital increased accordingly, reducing the opportunities to invest in the modernization and expansion of existing production bases. As raw materials and production costs increased, while production prices remained unchanged, the gross margin decreased, which led to an increase in financial debt - from EUR 59 million in 2019 to EUR 81 million in 2023.

Significantly increased prices for organic fertilizers, seeds, fuel, and energy resources increased the cost of sales, which increased by ~EUR 25 million from 2018 to 2023. For comparison [see table below], the change in these costs is presented.

Table No. 31

mln. EUR	2018	2023	Difference
Organic fertilizers	1,912	5,36	2,8 times
Seeds	2,204	4,122	1,8 times
Fuel	2,062	4,725	2,29 times
Energy resources	1,266	1,589	26 proc.

Inflation not only increased production prices, but also stimulated wage growth, which was necessary to compensate for inflation [see chart below].

Over the past five years, financial costs related to interest payments to financial institutions have increased significantly, mainly due to the increase in the EURIBOR rate [see table below].

Table No. 32

th. EUR	2018	2019	2020	2021	2022	2023	2024 IH
Interest expenses (loans, bonds, leasing) for the Group	2 172	2 761	3 645	3 172	4 285	5 400	2 968



Need of working capital	52 428	53 014	57 792	49 444	60 724	61 519	-
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*Strategic reasons.* The long-term direction of the Group's activities was associated with the production of more sustainable organic raw materials and food products at an affordable price, enabling the principles of circularity and aiming to reduce waste and create additional economic value in the production chain from secondary raw materials. These principles proved economically viable by implementing synergies between the plant growing, mushroom growing and livestock farming branches. The Strategy presented in 2020 aimed to further promote the economic prospects of greenness by integrating technologies developed within the Company groups and ensuring additional economic value from environmentally neutral raw materials and end products, but this strategy had several shortcomings:

- 1) The innovation agenda for technology development required significant costs and human and time resources,
- 2) A consistent organic production method of 38 thousand has had a strong economic effect on the Group's finances, as the price premium separating organic and conventional production decreased, employee salary costs increased (organic production requires a lot of manual labour), and natural climate change effects increased in a couple of days, capable of dramatically reducing the quality parameters of the harvest or destroying them altogether.

*Investment reasons.* On May 3, 2023, AUGA group introduced a new line of more sustainable organic products (sustainable product basket), which consists of common everyday products: milk, kefir, cottage cheese, sour cream, oatmeal, eggs, etc. The raw materials of the sustainable product basket are grown in Lithuania, in the Group's organic farming companies, and local processors are used for product processing - using local resources not only supports the local economy but also meets sustainability standards.

However, the line of more sustainable organic products did not work out as expected, because one of the main hypotheses was not confirmed - consumers are ready to pay a sustainability premium. The necessary sales volumes that would have allowed to receive a return on new activities were not achieved even when selling products at an affordable price in the organic product segment.

*Other reasons.* According to the World Resources Institute, by 2050 farmers will have to produce 56% more food to feed a population of 10 billion with 67% lower emissions. Understanding these problems and hoping that the technologies developed by AUGA will have long-term benefits and will be useful not only commercially, but also globally in terms of protecting the planet, the Company has invested its own capital – EUR 6 million - in technology development, R&D teams, research and cooperation with Lithuanian scientists, who have significantly contributed to the implementation and progress of the project.

For the above reasons, the only option left to overcome the difficulties it has encountered is to restructure its activities in accordance with the procedure established by law and thus avoid bankruptcy.

## 5.2. MARKETING PLAN (CESSATION OF LOSS-GENERATING ACTIVITIES, DIVERSIFICATION OF ACTIVITIES, CURRENT AND FORECASTED SALES VOLUMES, AND OTHER PROSPECTS OF THE COMPANY'S OPERATIONS)

### 5.2.1. MEASURES USED AND STILL IN USE TO OVERCOME FINANCIAL DIFFICULTIES

In order to meet the efficiency and innovation agendas of the Group's five-year strategy announced in 2020, in December 2022 the Company announced that it was optimizing internal processes and creating a clearer and simpler Group structure. The first stage involved separating crop, livestock and land management activities, as well as consolidating new activities related to the development and expansion of agricultural innovations.

In early 2024, AUGA group began implementing a review of the agricultural efficiency plan, which aimed to improve the group's financial results. After assessing the 10 million loss in crop production and the results of



the Mažeikiai region, where remote and inefficient land areas are in short supply (the total unallocated loss of AUGA Mažeikiai in 2018-2023 increased from 341 thousand euros to 4.933 million euros), a decision was made to abandon these lands in the hope of improving the overall financial results of the group and directing funds to increasing the efficiency of the remaining farms.

Until the end of 2023, only a minimal premium was ensured for organic raw milk compared to conventional (which directly depended on the price of raw conventional milk), however, in 2024 the sales strategy was changed- a significant price premium was agreed with the main organic milk processors through long-term contracts- a premium for organic milk, which amounts to up to 80 EUR/t.

Table No. 33 ((Change in the selling price of organic milk in 2023-2024)

Eco farms	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2023	495,6	430,9	467,2	440,6	424,2	384,7	400,8	385,0	414,9	456,7	491,5	499,7
2024	501,9	487,2	479,3	497,7	464,5	446,2	434,5	458,9	487,5	530	579	577
Difference 2024/2023	6,3	56,3	12,1	57,1	40,3	61,5	33,7	72,9	72,7	73,3	87,5	77,3

## 5.2.2. NEW MEASURES TO OVERCOME FINANCIAL DIFFICULTIES

The Company's main goal for this period is to minimize costs and expenses in all of the Company's processes, optimize them, and increase revenue.

### 5.2.2.1. REORGANIZATION OF THE ACTIVITIES OF A LEGAL ENTITY

AUGA group manages different asset classes on the Group level (through directly and indirectly controlled companies) that can be considered when improving financial capabilities of the Group:

- 1) Investments in subsidiaries
- 2) Separate group businesses
- 3) Operating production units
- 4) Arable land (ownership and leasehold rights),
- 5) Biological assets,
- 6) Trademark,
- 7) Intellectual property, etc.

Currently planned measures to restructure AUGA group and the entire group and overcome financial difficulties are described in detail in section 1.9 of this restructuring plan (Establishment of a Sustainable Dairy Farming Fund, Crop Growing Fund in the Raseiniai Region, Sale of Land Management Companies and Sale of Baltic Champs UAB shares). In addition to the currently planned actions, the Company will initiate active negotiations with creditors regarding possible additional restructuring options.

### 5.2.2.2. STRUCTURAL REORGANIZATION OF A LEGAL ENTITY

Due to the close links between the Group companies in carrying out daily operational activities in different segments of the Group's activities, the restructuring process is a key step in maintaining the them functional.

The restructuring of the AUGA group company began even before the restructuring was initiated, as the aim was to improve the financial indicators of both the entire group and the company. The number of employees was actively reviewed, which by the time the restructuring was initiated had decreased by 30 percent. to 39 employees (compared to 58 employees in the same period in 2023), positions in the marketing, sales, finance and accounting teams were reviewed. During the restructuring, other potentially redundant personnel positions will be reviewed and operational activities will be strengthened, while individualized business plans will be formed and submitted for implementation. This measure may require strengthening human resources in the areas of operations and change management.

The above-mentioned step aims to strengthen the operations team, which, during the transitional period, until the farms are fully empowered to make decisions independently and reduce the decision-making chain, will draw up optimization plans according to the activities and type of farms, objective conditions and capacities.

In total, it is planned to close or consolidate about 60 companies of the Group, reduce staff in all business areas - management, accounting, marketing, business development, research and development (R&D), technology development and sustainability standards. A separate business plan will be created for each farm operated by the Group.

The Group's activities may be improved, among other things, by implementing reorganization and/or merger processes in accordance with the Civil Code of the Republic of Lithuania and the provisions of the Republic of Lithuania on joint-stock companies, on the basis of which the Group's companies would be merged with AUGA group and/or other Group companies.

Given that the Group is changing its operating model, additional opportunities arise to significantly review operating costs. In the period 2023- 2027, the Group's operating costs (sales and administrative) are expected to be reduced (from EUR 13.9 million in 2023 to EUR 6.5 million), reducing the costs of non-essential functions and processes, but without reducing salaries. This will be achieved by optimizing rental space, software service costs, and other costs related to the decreasing number of employees, minimizing marketing, representation, and other non-essential costs in the new organizational structure. The figures presented in Table 34 show the effect of reducing the operating costs of the entire Group, it will be divided between the activities of the companies remaining in the Group and those separated into Investment Funds in proportion to the share of management costs that have passed from the Group's control.

*Table No. 34*

mln. EUR	2023	2024 forecast	2025 forecast
Operating expenses	13,9	10,4	8,5

The Company will also seek to reduce the scope of its activities in the areas of business management and accountability, complying with the minimum standards applicable to a listed company. This means that AUGA group will no longer be a leader in the areas of management and accountability, as maintaining such functions requires additional costs and will perform minimal compliance with minimized costs.

The expected cash flows presented in the table below substantiate the Company's ability to meet financial obligations during the restructuring period and settle with creditors, satisfying their creditor claims from accumulated positive cash flows and restoring the Company's solvency. The main source of repayment of accumulated debts to creditors with creditors is receivables, funds returned by debtors, profit earned during the restructuring, proceeds from the sale of the Group's companies/assets, and decrease in debts.

### 5.2.2.3. MEASURES TO ENSURE THE PROPER IMPLEMENTATION OF THE COMPANY'S RESTRUCTURING PLAN

In order to ensure a transparent implementation of the measures provided for in this restructuring plan that meets the interests of creditors, the Company undertakes to take measures to ensure the representation of the interests of the Company's creditors when the Board of the Company makes decisions related to the implementation of this restructuring plan:

a) AUGA group creditors are provided with the opportunity for at least 2 persons nominated by creditors to be elected to the Board of AUGA group, of which 1 would be nominated by the Company's largest mortgage creditor and 1- by the largest creditor whose claim is not secured by a mortgage. In the event that the specified largest creditor does not exercise the right to nominate a candidate to the Board of the Company, the creditor of the Company next in size in terms of the creditor's claim shall have such a right. Group companies that are creditors of the Company do not have the right to nominate candidates to the Company's Board. At least 2 members of the Board of the Company shall have the right to be elected until the full implementation of this

restructuring plan. Considering that the term of office of the AUGA group Board will expire on the day of the AUGA group Ordinary General Meeting of Shareholders in 2025, the AUGA group Board undertakes to propose to the Company's General Meeting of Shareholders to elect at least 2 candidates nominated by the creditors of AUGA group to the new Board. Accordingly, the Company's shareholders must strive to cooperate and elect such persons as members of the Company's Board and ensure that at least 2 persons nominated by the creditors of AUGA group hold the positions of members of the Company's Board during the entire period of implementation of this restructuring plan. The controlling shareholder of the Company, UAB Baltic Champs Group, undertakes to vote at the Company's Shareholders' Meeting for the candidates to the Company's Board proposed by the creditors of the Company in accordance with the procedure established in this restructuring plan;

b) The shareholders of AUGA group shall, immediately after the date of approval of this restructuring plan, ensure that the Articles of Association of AUGA Group are amended to establish that the decisions delegated to the Board in the restructuring plan related to the transfer of the Group's assets to the Sustainable Dairy Farms Fund, the sale of Baltic Champs shares and the transfer of the Group's assets related to crop production activities shall be adopted by the Board by a 4/5 majority vote.

During the implementation period of the Plan, a creditors committee will be formed in the Company, which will perform the functions established in this Company's restructuring plan and the Law on Insolvency of Legal Entities of the Republic of Lithuania. The following requirements apply to the formation and operation of the creditors committee:

- 1) the creditors' committee will consist of 5 members;
- 2) at least two of the largest creditors whose claims are secured by a pledge and/or mortgage, and two of the largest other creditors must be appointed to the creditors committee;
- 3) in the event that a creditor refuses to be appointed to the creditors committee, the next creditor in line with the approved creditor claim shall be appointed as a member of the creditors committee;
- 4) a person representing the interests of the Group's employees may also be appointed to the creditors committee;
- 5) a creditor who is a Group company may not be elected as a member of the creditors committee;
- 6) the creditors committee performs its functions in accordance with the procedure established in the work regulations of the creditors committee, which are approved by the Company's creditors committee.

The insolvency administrator of the Company undertakes to convene a meeting of the Company's creditors on the formation of a creditors committee no later than 30 calendar days from the date of approval of this restructuring plan by the meeting of the Company's creditors. Until the formation of the Company's creditors committee, decisions assigned to the competence of the creditors committee in the restructuring plan shall be adopted by the meeting of the Company's creditors.

For the purposes of implementing this restructuring plan, AUGA group will also open a separate bank account in which cash funds received from the implementation of the Group's asset sale transactions provided for in the plan and from the distribution of profits of the Group's companies, including, but not limited to, cash funds received from the created funds, will be accumulated. The funds in this account must be used to settle accounts with AUGA group's creditors, primarily by settling pro rata with creditors whose claims are secured by a pledge and/or mortgage, and in order to use them to cover AUGA group's operating expenses and/or for other purposes, the approval of the Company's creditors' meeting must be obtained prior to the formation of the Company's new Board in accordance with the procedure established in this restructuring plan, which would include at least 2 members of the Board nominated by creditors, and the amendment of the Company's Articles of Association regarding decisions related to the conclusion of the Company's asset transfer

transactions provided for in the restructuring plan, decisions adopted by the Company's Board by a 4/5 majority, and after the fulfillment of these obligations of the Company- the approval of the Company's Board.

**AB AUGA GROUP FORECASTED INCOME STATEMENT (MAIN VERSION)**

Table No. 35

	2025 m. prognose	2026 m. prognose	2027 m. prognose	2028 m. prognose	2029 m. prognose
Pardavimo pajamos / Sales revenue	4.076.847	3.609.711	3.496.726	3.389.389	3.287.420
- Grupės paslaugos / Group services	3.401.847	2.259.711	2.146.726	2.039.389	1.937.420
- Biometano ekonominė nauda / The economic benefit of biomethane	675.000	1.350.000	1.350.000	1.350.000	1.350.000
Dividendai ir verslų pardavimo pajamos / Revenue from dividends and sale of businesses	350.000	1.800.000	350.000	350.000	14.500.000
Bendrasis pelnas (nuostoliai) / Gross profit (loss)	4.426.847	5.409.711	3.846.726	3.739.389	17.787.420
Bendrosios ir administracinės sąnaudos / General and Administrative expenses	(3.239.854)	(3.077.862)	(2.923.969)	(2.777.770)	(2.638.882)
Palūkanų ir kitos panašios sąnaudos / Interest and other similar expenses	(1.090.601)	(2.181.201)	(506.831)	(506.831)	(506.831)
Pelnas (nuostoliai) prieš apmokestinimą / Profit (loss) before tax	96.392	150.649	415.926	454.788	14.641.707
Pelno mokestis / Profit tax	-	-	(9.889)	(15.718)	(21.256)
Grynasis pelnas (nuostolis) / Net profit (loss)	96.392	150.649	406.037	439.070	14.620.451
Amortizacija/Nusidėvėjimas / Amortization/Depreciation	109.866	109.866	109.866	109.866	109.866
Grynosios palūkanų ir kitos panašios sąnaudos / Net interest and other similar expenses	1.090.601	2.181.201	506.831	506.831	506.831
Bendrovės /Company EBITDA	1.296.859	2.441.716	1.022.735	1.055.768	15.237.149

Įplaukos, susijusios su turto, įkeisto už Bendrovės įsipareigojimus realizavimo / Income related to the realization of assets pledged for the Company's obligations.	-	26.306.851	-	-	-
Pinigų srautai kreditorinių reikalavimų tenkinimui ir palūkanų mokėjimams / Cash flows for the payment for	1.296.859	28.748.567	1.022.735	1.055.768	15.237.149

creditor claims and interest payments					
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#### Company performance report and summary of assumptions

The Company's income statement is presented in such a way that it reflects only the main activities - it does not include income, expenses or profit (loss) arising from changes in accounting estimates in accordance with International Financial Reporting Standards (e.g. IFRS 16, asset revaluations, etc.). In this way, the aim is to show only those performance results that have a direct impact on the Company's cash flow used to cover financial liabilities.

Since the Company is the controlling company of the AUGA Group, the implementation of its business plan is closely related to the implementation of the entire Group's plan. The Company has guaranteed the performance of its subsidiaries' obligations, therefore it provides a plan to reduce not only its own, but also the entire Group's obligations. The majority of the guarantees and sureties that will be included in the Company's restructuring creditors' list come from the group companies, which will settle their own accounts with their creditors. In both the pessimistic and baseline plans, the liabilities are sufficient to cover both financial and non-financial obligations of the Company and the Group companies until the end of the restructuring in 2029.

Some of the group companies are in the restructuring process and will have obligations related to the implementation of a specific company's plan.

The Company's restructuring plan provides for payments to the Company's direct creditors. Payments to creditors to whom the Company does not have direct obligations, but the Group company has obligations, are provided for in the plans of individual Group companies. In the event that the Group companies do not implement the restructuring plans and/or contractual obligations, indirect creditors will be included in the Company's payment plans in accordance with the valid guarantee agreements and after the approval of creditor claims and financial obligations to them are fulfilled to the extent that the fulfillment of the financial obligations of the relevant Group company is delayed. In this restructuring plan, the Company's payments to creditors are indicated in the plan of predicted settlements with creditors of AB AUGA group Company, in the plan of predicted settlements with creditors of other AB AUGA group's Group.

During the transformation period, until the Sustainable Milk Fund is formed and starts operating, which will consolidate a significant part of the assets and transform them from direct assets to a more liquid asset class - fund units, mortgage creditors with approved financial claims to AUGA group have the right to demand from the Company to pay the payments provided for in the restructuring plan, but not fulfilled, if the relevant restructuring company (debtor), the proper fulfillment of whose monetary obligations was guaranteed by the Company, fails to fulfill these obligations for more than 30 days. In such a case, the amount claimed by the creditors and overdue shall be added to the total amount distributed to the creditors, applying the principle of pro rata (*temporis*) distribution. This provision shall be valid until the start of the operations of the Sustainable Milk Fund.

Three scenarios have been prepared:

- **Main (baseline)** – the most likely scenario;
- **Pessimistic** – presented in the annexes;
- **Optimistic** – presented in the annexes.

The Company's creditors, by approving this restructuring plan, agree to the main (baseline) restructuring scenario of the Company. The pessimistic and optimistic scenarios are provided for informational purposes only, and the approval of this restructuring plan shall not be considered as an approval of such scenarios.

Main assumptions of the Company's plan

- Sales revenue:
  - The Company provides services to the Group's companies and receives income from them. Income decreases when part of the activities are transferred to funds.
  - The Company generates part of its income from biomethane activities, in which it has invested by borrowing.
- Dividends and business sales income are received by the Group's companies after the sale of assets or after earning a profit.
- General and administrative expenses decrease due to efficiency and decreasing service volumes.
- Interest and other similar expenses decrease in 2025, as they are not applied for part of the period; subsequently, the contractual interest rates and their payment frequency, according to the conditions of the the contracts signed before the restructuring (interest is indicated, applied to financial liabilities and not measured in accordance with IFRS 16).
- Cash flows to satisfy creditor claims also include the following assumptions:
  - In 2026, the Group's assets pledged for financial liabilities are realized, and the proceeds are used to pay off the Company's mortgage creditors. After the transactions, the Group's companies become the Company's creditors.
  - Internal liabilities of the Group's companies are satisfied only after settlement with external creditors.

### Key assumptions of the Group's plan

- The Group's operating income forecast has been prepared with the following assumptions:
  - Taking into account the cyclical nature of the agricultural sector, average five-year prices and yields are used. Assumptions regarding yields and prices are presented in the appendix;
  - In 2025, the Sustainable Dairy Farm Fund is established, and in 2026, the Crop Farming Fund (Raseiniai region). This allows for the separation of two business units that operate independently; accordingly, their income and balance sheet data are not consolidated within the Group. The fund units held by the Group will be reflected as financial assets;
  - The Mushroom segment is eliminated, taking into account that the loan is serviced separately from the Group's flow and the segment is planned to be sold.

The Company's operations and the settlement of creditor claims in the main (baseline) scenario are expected to be supported by several sources:

- Management services provided by the Company;
- Dividends;
- Realization of directly managed assets;
- Realization of indirectly managed assets through Group companies.

In each of these cases, different actions are required:

#### 1. Management services:

The Company has concluded service agreements with Group companies, under which it currently provides services to the usual extent. Since the agreements are valid and the activities are organized, it is planned that these revenues will be sufficient to cover the Company's operating expenses. The Company's planned income from management services is specified in Table 35 of this restructuring plan. The Company undertakes to perform all actions and conclude the necessary amendments to the service agreements with the Group companies, establishing that the term of provision of services will be no shorter than until the end of the implementation of this restructuring plan.

#### 2. Dividends:

Dividends may be paid:

- from operating profit;
- from profit received from the sale of indirectly managed assets.

Dividends may be declared only by those Group companies that:

- are not being restructured;

- do not have outstanding obligations to mortgage creditors.

### 3. Realization of directly owned assets:

- if the assets are not pledged, all proceeds from the sale will go to the Company;
- if the assets are pledged, the mortgage creditor will be settled first. The balance of the funds will go to the Company, which will also acquire the right of claim against the Group company whose obligations have been covered.

### 4. Realization of indirectly owned assets:

#### a) if the assets being sold are not pledged or otherwise restricted:

The funds from the sale will go to the relevant Group company, which will be able to transfer them to the Company:

- as payment for services provided (if it has obligations to the Company);
- in the form of dividends (if it is directly owned by the Company);
- as a loan.

#### b) if the assets being sold are pledged for the obligations of the Company or a Group company:

- first of all, the creditor claims to which the assets are pledged are covered;
- The Group company that realizes the assets and covers the liabilities acquires the right of claim against the Group company or the Company whose liabilities were covered;
- If there are funds remaining after settling with the mortgage creditors, they are directed in the manner described above.

#### Required permissions and actions:

- Management services: additional permissions are not required, since the existing contractual relationships are continued;
- Dividends: relevant decisions of the shareholders of the companies managing the Group companies and consents of the creditors are required (if required by contracts or restructuring plans);
- Realization of assets:
  - o Decisions from the direct shareholder of the Group company realizing the assets and the board (if established) are required;
  - o If the assets being realized (or the Group company that holds the pledged assets is being realized) are pledged for the liabilities of the Company or its Group company, additional consents of the creditors in whose favor the assets are pledged are required;
  - o If the assets are sold by the company being restructured and this is not provided for in the restructuring plan, approvals from the creditors' meeting may be required.

- According to the company's assessment, since the funds received would be used to cover the liabilities related to the assets under the mortgage, and the assets will be sold at market prices, the necessary mortgage creditors' permissions will be obtained.

- The Group's income is supplemented by:
  - o Distribution of free cash flows from established funds (Sustainable Dairy Farming and Crop Production);
  - o Cash flow from the funds evaluates interest and loan payments in the fund companies; the remaining free flow is paid to investors in proportion to the value of the fund units held.
- The calculated interest for 2025 is lower, as this is the period of preparation of the restructuring plan. Later, the effective rate returns to the 2024 level, and from 2026 it decreases due to decreasing debt and risk.
- Lease payments are estimated, which are paid as current expenses and the restructuring year.
- It is estimated that in 2026. part of the assets pledged to secure financial liabilities are realized and the funds are directed to cover creditor claims.



- It is estimated that in 2028. the dairy fund is sold, significantly reducing financial liabilities; the share belonging to the Group is indicated; the price is calculated by assessing the 7x EBITDA multiplier, the value of the assets held and existing liabilities;
- Additional capital is attracted through the Sustainable Milk and Raseiniai funds, the share managed by the Group decreases to 75%;
- In 2026, the Sustainable Dairy Farm Fund attracts 10 million euros in investments, which allows refinancing pledged assets and transferring debts to the fund.
- Cash flow is calculated to cover the Group's liabilities after interest and lease payments, after assessing the realization of assets.
- Liabilities are covered and reinvestments are planned only in the remaining Group companies; in 2025, only leasing liabilities are covered, the funds are used to rebuild working capital; in subsequent periods, debts are covered.

#### Main differences of the pessimistic scenario

- Yields in crop production are reduced by 10% for all crops.
- It is not possible to attract capital for the development of the Sustainable Dairy Farm Fund and the number of cows remains the same; The Group retains 100% of the fund units due to unattracted investments in the dairy fund.
- EV / EBITDA multiplier during the sale of the Sustainable Dairy Fund is reduced from 7 to 6 (the business is stable, not growing in recent years before the sale).
- Without attracting capital, the additional debt of the dairy fund is 2 million less EUR, reducing the return on cash to the Group.
- Due to lower cash flow in the pessimistic scenario, it may be necessary to sell up to 15% of the managed agricultural companies' areas (for which at least EUR 4.5 million of net cash flow would be received by the Group over the entire restructuring period) in order to ensure servicing of liabilities. Alternatively, additional capital would have to be raised from the company's shareholders; currently, the scenario assesses the sale of assets, assessing the impact on cash flows in future periods accordingly; if funds were raised from shareholders, this decrease would not have occurred;
- Green bonds are redeemed in 2027, if the tenants fail to achieve results sufficient to attract investors to the land management companies.

#### Key differences from the optimistic scenario

- Increased funding is raised – the number of cows milked by the Sustainable Dairy Farm Fund is increased to 6,300.
- The existing infrastructure is fully utilized.
- Due to additional investments required for expansion, the Group's share of the dairy fund is reduced to 66%.

#### AB AUGA GROUP COMPANY'S FORECASTED SETTLEMENT WITH CREDITORS

Table No. 36

	2025 m. prognozė	2026 m. prognozė	2027 m. prognozė	2028 m. prognozė	2029 m. prognozė
Finansinės skolos (ne Grupės įmonėms) / Financial debts (for non-Group companies) 31.534.851,07 Eur		25.726.851,20			5.807.999,87
Kitų kreditorių reikalavimai (ne Grupės įmonėms) / Requirements of the others creditors (for non-Group companies)	35.421,61				598,39



532.374,50 Eur		150.000,00	200.000,00	145.520,20	834,30
*Kreditorių reikalavimai (Grupės įmonėms) / Requirements of the creditors (for companies of the Group) 569.927,- Eur					
*Finansinės skolos (Grupės įmonėms) / Financial debts (for companies of the Group) 9.135.503,18 Eur					9.135.503,18

**AB AUGA GROUP GROUP FORECASTED SETTLEMENT PLAN WITH CREDITORS**

	2025 forecast	2026 forecast	2027 forecast	2028 forecast	2029 forecast
Operating income, thousand EUR	13.690	5.895	6.729	6.729	6.729
Income from distribution of milk fund results	0	2.400	3.532	0	0
Income from distribution of Raseiniai fund results	0	2.074	2.151	2.218	2.276
Total operating income and financial assets	13.690	10.369	12.413	8.947	9.005
Financing costs, excluding interest calculated in accordance with IFRS 16	(4.231)	(5.908)	(1.766)	(1.284)	(498)
Estimated weighted average interest rate	10,14%	8,00%	7,50%	7,00%	6,50%
Current lease payments	(1.391)	(1.437)	(910)	(218)	(34)
Income related to the realization of assets pledged for the Group's liabilities	0	26.800	0	0	0
Income related to the realization of milk fund units	0	0	0	40.442	0
Settlements for assets transferred to the milk fund	0	10.000	0	0	0
Cash flow to cover the Group's liabilities after interest and lease payments	8.068	39.824	9.737	47.888	8.473
Decrease in financial liabilities to cover direct liabilities (including current lease payments)	(1.514)	(36.524)	(5.206)	(10.676)	(7.661)
Reinvestments (investments in consolidated companies)	(2.000)	(1.000)	(1.000)	(1.000)	(1.000)
Cash flow to restore the Group's working capital, cover non-financial liabilities	<b>4.554</b>	<b>2.300</b>	<b>3.531</b>	<b>36.212</b>	<b>(188)</b>
Cumulative flow	4.554	6.854	10.385	46.596	46.409

\*EBITDA excludes income/expenses or gains/losses from accounting estimates under IFRS 16.

AB AUGA GROUP'S FORECASTED PLAN FOR COVERING FINANCIAL LIABILITIES

	2025 forecast	2026 forecast	2027 forecast	2028 forecast	2029 forecast
Balance of consolidated financial liabilities of the Group. principal amount (83,476 thousand EUR 2024-12-31)	73.850	23.543	18.337	7.661	0
Decrease in financial liabilities due to the transfer of individual companies outside the Group	(8.410)	(13.783)	0	0	0
Decrease in financial liabilities due to the settlement of direct liabilities (including current lease payments)	(1.514)	(36.524)	(5.206)	(10.676)	(7.661)

Below is a SWOT analysis:

Strengths and weaknesses of a legal entity	
Strengths (what a legal entity can (is cable to) do)	Weaknesses (what a legal entity cannot (is not able to)do)
<ul style="list-style-type: none"> <li>What does the legal entity do exceptionally well?</li> </ul> <p><u>1.Employee evaluation and satisfaction.</u> Companies of AUGA group employs 1110 people throughout Lithuania, of which 39 employees work in the AUGA group's management company (as of 30 September 2024). The Company's structure is unique in its wide range of activities - it is engaged in crop production, animal husbandry, mushroom cultivation, production of products for final consumption, development of sustainable agricultural technologies and biomethane production and sales, but all these employees of different qualifications, seniority, education and backgrounds across Lithuania are united by a common mission to the world - provide food at "no cost to nature" to the world. Employees motivated by sustainability not only contribute to this mission with their daily work, but are also direct shareholders of AUGA group itself, as they are motivated by the option programme. This motivational measure allows creating long-term added value for the Company</p>	<ul style="list-style-type: none"> <li>What could the legal entity do better?</li> </ul> <p><u>1. To increase the efficiency of employees' work and reduce operating costs.</u> Since 2016, AUGA group has been carrying out intensive expansion of operations, not only by cultivating a maximum of 38,000 hectares of agricultural land and raising up to 3,500 cows, but also by vertically expanding its areas of activity and functions along the entire axis of food chain operations (sales and marketing of products for final consumption, technology development and expansion, exemplary good governance practices and transparency in accordance with NASDAQ issuer requirements, etc.). Accordingly, in 2018, when the largest number of cultivated hectares was reached, the total annual salary budget of the Group amounted to EUR 12.182 million, which accounted for 21%. Of all Group costs (EUR 56.178 million ) or 22%. Of all Group income (EUR 54.749 million). For comparison, in 2023 The total annual salary budget amounted to 24.838 million euros, accounting for 29 percent of the annual total costs (84.870 million) and 32 percent of the Group's total income</p>

and employees. AUGA group has been applying this measure for five years. In 2023 255 employees participated in this program, of which 44 were new program participants. The strength of the Company's groups comes not only from within but is often assessed in the Employers' Market - in 2022, AUGA was listed among the final top twenty most desirable employers in Lithuania.<sup>1</sup>

AUGA group applies a fair and transparent remuneration policy, which sets salary ranges, calculation methods and adjustment principles. It also uses the "KORN FERRY" remuneration data analysis platform to track market trends. Each staff member's performance is measured by the results they achieve in their field. The Group does not tolerate different remuneration for the same type of work.

2. Sustainability. The Company is an undisputed sustainability leader in agriculture – not only does it apply cutting-edge circular economy principles to its business model, but it also aims to demonstrate the long-term economic value of using sustainable agricultural technologies. In the future, when sustainability requirements for agricultural production will be regulated and standardized globally, CO<sub>2</sub>eq. emissions will be taxed, sustainable economic activity will become a pragmatic business decision and will constitute a significant competitive advantage. Large food concerns will be obliged to integrate sustainable raw material production into their food value chain, protecting the well-being of consumers and nature. The sustainability strategy is an integral part of the Group's business and the Company pursues its objectives through all three areas of sustainability: social responsibility, sustainable management, and environmental protection. AUGA group subsidiary AUGA Tech's innovation portfolio includes prototypes and pre-production series solutions – a hybrid electric and biomethane-powered tractor, a multimodal agricultural platform, and a sustainable feed system. These achievements are the unique result of the ongoing collaboration between the Group's colleagues and scientists from Lithuanian universities, which have been taken from paper to technology in less than 5 years, with some of them patented in global markets.

(77.442 million euros). It is important to emphasize that AUGA's raw materials are sold on a global market that has not experienced comparable double-digit growth in employee salaries and record EU inflation, which has also increased other production costs.

2. Increase the efficiency of agricultural machinery. Expand/increase the agricultural machinery fleet according to needs so that the machinery, when performing a specific task (sowing, fertilizing, etc.), can cover as large an area as possible in one trip, and, if necessary, share the machinery between different farms. In this way, performing operations on one farm does not have to delay agricultural work on another.

3. Optimize the operations. Strengthen and optimize activities in the most important segment of traditional agricultural raw production in order to reduce the cost of operations, grow different crops and increase milk yields, and optimize the cost per hectare. Better exploit synergies from the organic and conventional crop diversified in the past year (2023), and livestock activities diversified in 2024.

4. Improve Company management in real time. The Company could automate as many business processes as possible to reduce the risk of human errors and increase productivity, see the financial results of farms in real time and be able to make business decisions promptly. The efficiency of the Company's management activities is also hampered by control centres located throughout Lithuania, therefore the decision-making process could be smoother, more efficient, and faster by optimizing and automating daily operations, as well as by providing autonomy to individual farms in decision-making.

5. To further diversify the Company's sources of income. Raw materials generate the highest income on a company-wide basis, it is important to ensure the income stream from biomethane production, increase the importance of the end-user segment in the income structure, strengthen the availability of the basket by

Due to its consistent and long-term commitment to sustainability, AUGA group is recognised as a leader in sustainable agricultural technologies, and its brand is associated with organic products and environmental protection.

3. Business diversification. Since August 2023, the Company has been engaged not only in organic but also in regenerative conventional agriculture, whose markets, products, and economic cycles are not identical - when one market experiences an economic downturn, the situation in another may even be the opposite. Products from conventional agriculture cannot participate in the organic market, and the transition period to ecology lasts at least three years. In this way, by participating in different, but similar markets, business risks are diversified, and business opportunities are maximised to manage cash flows more effectively and increase profits. Mushroom cultivation also contributes to diversification - production is ensured throughout the year. This segment, unlike non-agriculture, is resistant to climate change, but more sensitive to energy prices. Agricultural activities are less affected in this respect. The end-user segment is growing steadily - looking at the history of the AUGA brand, we can see the Group's capacity to develop one "ready-to-eat" food category, and after its successful sale in 2023, to replace it with a new category of "daily consumer goods basket" products with a broader coverage. By continuing to roll out sustainability practices throughout the Group's production chain, synergies and additional benefits will also reach the end consumer.

4. Economies of scale. Due to its scale and geographical location of operations, the group of companies is able to directly ensure the quality of its raw products and sell them to foreign buyers without intermediaries, as it can ensure high-quality wholesale quantities. Due to its large scale, the Company can ensure the presentation of the quality required by buyers; a large part of the farms is located in different geographical areas, and the needs of customers are flexibly met. The available elevators ensure proper sorting and preparation of products for the buyer.

concentrating on a few key trading partners, and reduce the costs associated with its distribution. The Company will also reduce the scope of its activities in the areas of accountability, complying with the minimum standards applicable to a listed company. This means that AUGA group will no longer be a leader in the areas of management and accountability, as maintaining such functions requires significant costs, and will perform general compliance at minimized costs.

- **What activities of a legal entity are the least useful (not the most effective)?**

*In the short term, the development of sustainable technologies and business efficiency activities are unfavourable, because currently there is no market demand for these technologies, and accordingly, there are no regulatory prerequisites or requirements to green the current agricultural sector. During the development of innovations, conscious investments were made in the development of sustainable technologies, which were supposed to increase not only sustainability, but also efficiency indicators on farms. This priority directly affected the increase in standard farm efficiency in the AUGA group of companies, because sustainable technologies (after receiving financing for them and integrating them into daily crop and animal husbandry activities) were supposed to replace all old, no longer so efficient equipment. Accordingly, investments in modernization were postponed and too little was invested in the farm park and infrastructure of agricultural businesses during 2019–2024, which did not allow increasing productivity and efficiency indicators. Efficiency investments would have partially compensated for the growing costs of raw materials, materials, and employee salaries.*

- **Where is a legal entity vulnerable?**

1. The Group's level of borrowed capital may result in limited financing options. Obtain additional financing for working capital, capital expenditures, acquisitions, debt servicing, etc. The Group's flexibility to adapt to changing market conditions may also be limited, and restrictions in credit agreements may limit the

It is important to emphasize that, being a large organization, AUGA can also use more favourable supply chain conditions - when purchasing large quantities of production equipment and ingredients directly from suppliers, better prices are ensured, and at the same time, specific production requirements can be raised, which determine the final higher quality of products.

Professional animal husbandry is impossible without high-quality feed production - the Company invests in modern technologies that are not available to all farms. One feed shop can supply 7-8 dairy farms, which allows achieving a good balance between cost and quality, high milk yield and efficient production.

Economies of scale also help maintain a prominent level of competence - teams of specialists assembled from operations centres contribute to specific farm improvement programs, thus promoting the dissemination of good practices and technological knowledge.

**• What are the advantages of a legal entity?**

1. Reputation of the Company and recognition.

The Company has a good record of accomplishment and has already established a reputation in the market, with each year it is increasingly recognized and visible thanks to communication and consistent marketing actions. The Company is recognized as a reliable and high-quality service provider. The Company has experience in international exhibitions, which greatly helps to maintain and increase the Company's visibility and attract new customers. The Group's technologies are designed for application not only on AUGA group farms - innovative solutions and sustainable agriculture experience could be used by all farmers who strive to work sustainably. The significance of the Company's activities is also appreciated by society - in 2021 the Group won the international green innovation award (Baltic Sustainability Awards)<sup>2</sup>, in 2024 it entered the top five of the Baltic Brands study, rated as one of the most environmentally friendly brands in the Baltic States<sup>3</sup>, and in 2024 it was awarded as a leader in the field of innovation at the Green Transport Awards.<sup>4</sup>

ability to borrow more funds, pledge assets and/or participate in mergers or other transactions.

2. Use of short-term credit lines and factoring to finance working capital.

If the Group were to encounter difficulties in renewing (refinancing) these facilities or were to fail to do so, this could have a material adverse effect on the viability of the Group's operations.

3. Payments under land lease agreements may increase.

The Group leases most of its cultivated land (slightly more than 30,000 ha), therefore a meaningful change in land prices may significantly affect the Group's financial results.

4. Variable interest rate risk.

Loans with variable interest rates are exposed to cash flow interest rate risk. Loans with fixed interest rates do not expose the Group to such risk. The Group's borrowings consist of loans with variable interest rates that are linked to EURIBOR. The majority of bank loans and finance lease liabilities are revalued every 3 or 6 months. Other loans are revalued every 12 months.

5. Need of working capital.

In crop production, the need for working capital is an important factor, since once sowing begins in the fall, the harvest is harvested the following year, and companies engaged in crop production have no other income, except for sales of last year's harvest and subsidies, which must be used to compensate for last year's costs of growing the crop and using available funds for next year's sowing. Accordingly, the amount of working capital has a significant impact on cash flows since the Company must ensure a sufficient amount of funds until next year's harvest. In 2023, the working capital need of AUGA group companies amounted to 61.5 million euros.

6. Potential risks related to environmental regulation.

The Group is required to comply with environmental regulations and may be held liable for improper compliance with such regulations. The Group is required to comply with various environmental regulations in its operations, which regulate the labelling, use and storage of various hazardous substances used in

2. Diversified customer base. According to the 2023 report, the shares of raw material sales by country are: Lithuania 40.77 percent, Sweden 13.10 percent, Germany 9.47 percent and other countries 36.66 percent. The largest customers, by their share of sales, account for from 3.2 percent to 8.26 percent.

3. Processes described in the Company. The Group ensures high product quality and full traceability from seeds to packaging. The activities of the Group's companies are supported by certificates: GMP+, ISCC EU (Grain LT), Global GAP with GRASP supplement (AUGA Luganta vegetables, Baltic Champs mushrooms), an ecological certificate for the products of organic farms, and barley from AUGA farms (except AUGA Vėriške) is also certified, in accordance with the requirements of regenerative agriculture and certification according to JST SM 000240401 "Standard for Regenerative Agriculture. Malting Barley".

4. Application of the closed-loop farm model. Synergy is sought between different branches of agriculture and the secondary use of organic waste. In the crop segment, raw materials (forage crops) grown are used as animal feed, and straw is used for the production of mushroom compost. In the animal husbandry segment, organic waste (manure) generated from its activities is used as fertilizer in crop production and in the mushroom segment for the production of compost. From 2024, manure is used for the production of biomethane, and the by-product of biomethane production, digestate, will be used for field fertilization.

5. Environmentally friendly practices in agriculture. When applying no-till technology, only the surface soil layer is cultivated. This protects the soil from erosion, allows you to preserve the fertile soil layer, the microorganisms in it, and reduce fossil fuel consumption. When practicing regenerative crop rotation methods, grain crops are replaced with perennial leguminous grasses that can accumulate carbon and fix nitrogen in the soil. When performing precise fertilization, soil tests are performed and the soil condition is assessed - exactly such and as much fertilizer as is needed for a specific field is

the Group's operations. These regulations require the implementation of procedures and technologies for the proper handling of any hazardous substances and provide for the Group's responsibility for the management and elimination of any environmental pollution. In addition to liability for current activities, the Group may also be liable for any past activities if it is found that such activities have caused environmental damage. In addition, any changes in national and international environmental regulations may require the Group to take measures to comply with the required standards. This may have an adverse effect on the Group's operations, financial position, and results.

7. The Group companies maintain extensive commercial relations with each other, which may result in negative tax consequences. Group companies have many transactions with each other. Transactions between related parties may give rise to tax consequences if the tax authorities determine that the contract is performed on terms that are not comparable to market terms concluded at arm's length.

**• What do the legal entity's competitors do better?**

*It is difficult to define the competitors of the Group, as there are few companies with such a wide spectrum operating throughout the food chain, but it makes the most sense to compare the company with producers operating in the fields of crop production and animal husbandry.*

1. Small and medium-sized farms that focus on the cultivation and sale of raw materials incur lower management costs.

2. Small and medium-sized farms are not subject to restrictions on direct and indirect payments received.

3. Small and medium-sized farms have the opportunity to participate in agricultural machinery support projects that have restrictions on the size or experience of applicants (for example, priority or better conditions are often applied to young farmers).

4. The advantage of competitors with greater capital. Competitors with better investment opportunities have greater potential to invest both in the development of operations and to



selected, thus reducing the amount of nitrogen and other minerals entering the soil per year and creating optimal fertilization maps.

6. More sustainable livestock farming. To ensure animal welfare, the Group's farms graze animals on pastures during the warm season. The basis of the cows' feed is perennial leguminous grasses, which are a more sustainable feed with lower emissions compared to conventionally used grains, corn silage or soybeans.

7. Use of green energy. Only certified green electricity is used on farms and in all AUGA group companies. The Group produces part of its energy from renewable sources internally.

8. Company financial transparency. The Company was audited by the audit company - (UAB "PricewaterhouseCoopers") for 2023, the approved auditor for 2024 is "Grant Thornton Baltic".

9. Participant of NASDAQ Baltic Stock Exchange -  
A publicly listed Company has the opportunity to raise capital more easily for the Company's development plans or strategic projects. The status of an issuer creates conditions for financing operations with the help of various financial instruments. In addition, public listing increases the Company's visibility and awareness in the market, such opportunities can generate more investor attention and facilitate capital raising processes in the future. A listed company is more reliable for partners and customers, as its activities are more transparent due to mandatory reporting and stricter supervision.

- **What are the resources of a legal entity?**

1. Human resources. Long-term qualified employees in all areas of business development, including sales, agronomy, transport management, customer service, Sustainability and quality, and marketing: The Company employs 45 employees, and the Group as a whole has 1,110 employees.

2. The Company has access to consolidated land mass through its own and leasehold land, formed over an extended period of time. The land areas are located in the most fertile regions of

cultivate agriculture with the most productive and latest machinery and robotic elements, allowing for both improved yields and milk yields.

5. The advantage of payments received by international competitors. In one of the most important export directions of AUGA group – Germany – large agricultural companies can claim 2.3 times higher direct payments than companies in Lithuania. In Lithuania, small farmers receive more than three times higher payments than agricultural companies, while in Germany this gap is half as small and reaches 1.5 times. This confirms that the existing programs distort the competitive environment and do not allow Lithuanian companies, especially large ones, to remain competitive in markets such as Germany, where there is no unequal payment policy based on the size of the producer/grower.



Lithuania, where intensive agricultural activities are possible.

3. The Group has a long-established customer base to which it supplies products directly without intermediaries. This includes not only agricultural (crop, livestock) customers, but also mushroom growing and consumer products businesses.

4. Production bases with all the necessary equipment for performing essential agricultural processes have been formed. They are located throughout Lithuania, concentrated on land massifs and livestock farms.

5. Biological fertilizers. Organic waste (digestate) from animal husbandry is used as fertilizer in organic crop production.

6. Partners. Due to its scale, AUGA maintains strong long-term relationships with the largest suppliers on the best terms without intermediaries.

7. Many years of experience and market knowledge. The Company, as a long-standing participant in the agricultural sector, possesses in-depth knowledge of the field, the technologies used in it, regulatory changes, and competitors' activities. It has the ability to offer clients innovative and unrivaled solutions.

8. Electricity. The Group invests in renewable energy sources - only certified green electricity is used on farms, and some farms also have solar power plants installed. The amount of electricity produced and sold to the market during the reporting period corresponds to the energy consumed in AUGA group offices during the same period.

- **What are competitive strengths of the legal entity?**

1. Economies of scale – The group operates on large areas of land. Lower labour costs and economies of scale allow it to gain significant cost advantages.

2. Vertical integration – The gGroup's farms produce a wide range of raw materials and organize their processing and preparation for

consumption, either by themselves or together with contract manufacturing partners. This allows us to offer consumers a variety of high-quality end-use products, such as: dairy or oat products, vegetables, mushrooms, eggs.

3.Full traceability – The Group ensures high product quality and full traceability: from seeds to packaging.

4.Sinergy between different agricultural activities

- The Group operates on a closed-loop agricultural model, which allows it to supply different business segments with the necessary farming products – for example: the organic animal husbandry segment operates in synergy with organic crop farming. Livestock farming uses crops for feed, which are grown as part of crop rotation, and organic waste generated by the segment's operations is used as fertilizer in crop farming.

5.Technology development and application in practice

– Emission-reducing agricultural technologies are a guarantee of progress in the sector, which will allow us to curb climate change issues. By creating innovative solutions in agriculture that are not available on the market today, the Group aims to implement the standard of sustainable agricultural practices and a breakthrough in the entire food system. Such companies will be supported by both consumers and investors today and in the future.

6. The supply chain is extensive and complex. By operating on the principle of a circular economy, the Group can provide itself with some of the raw materials and resources required for its activities. For example, crop fertilizers are organic waste from livestock farming (manure) and used mushroom compost, and the grown raw materials are used as ingredients for cattle feed. Also, crop products (straw), together with livestock manure, are used in mushroom cultivation. The Group purchases fuel, seeds, certain raw materials, and other products from external suppliers, rents or acquires the equipment necessary for work.

External opportunities and threats of a legal entity

Opportunities

Threats

(potentially advantageous conditions for a legal entity)	(potentially disadvantageous conditions for a legal entity)
<ul style="list-style-type: none"> <li>• <b>What measures could be used to restore the solvency of a legal entity and maintain its viability?</b></li> </ul> <p><u>1. Perform a detailed financial analysis of activities at the Group level, and identify the reasons behind the solvency problem.</u> After evaluating the results of the analysis, identifying the roots of the solvency problem, based on this, prepare a targeted plan to address them. Also, prepare a detailed solvency restoration plan for debt restructuring, negotiating with creditors regarding payment schedules.</p> <p><u>2. Optimize operations and reduce costs.</u> Evaluate all, even the smallest, opportunities to reduce costs by reviewing all areas of the Company's operations. This would include narrowing the scope of activities, combining responsibilities, reducing employee costs.</p> <p><u>3. Abandon redundant or exemplary reporting activities</u> related to ESG (Good Governance Practices) in order to meet minimum requirements for listed companies.</p> <p><u>4. Sell Group companies with non-current assets</u> in order to reduce financial, creditor indebtedness and debt servicing costs.</p> <p><u>5. With the help of investors or external industrial partners, commercialize AUGA's portfolio of sustainable agricultural technologies</u> or sell part of the portfolio technologies in order to recover the group's investments in long-term R&amp;D activities aimed at greening the food chain.</p> <ul style="list-style-type: none"> <li>• <b>What opportunities were not exploited?</b></li> </ul> <p><u>1. Possibility of early transition to the convention.</u> Due to the strict payment programs and their deadlines (2016-2022 Rural Development Program, which was replaced by the 2023-2027 Strategic Plan), there was no opportunity to respond earlier to changing market trends in the organic market, which led to lower incomes and reduced profit margins. At the same time, the business environment for conventional farms became more favourable already in the 2021-2022 season.</p>	<ul style="list-style-type: none"> <li>• <b>What external obstacles may hinder a legal entity?</b></li> </ul> <p><u>1. Climate conditions.</u> Climate conditions are one of the most important risk factors in agricultural activities. Poor or adverse weather conditions have a significant impact on productivity and can negatively affect agricultural yields, impair feed production, destroy crops, or cause other damage. Any damage due to adverse climate conditions may adversely affect the Group's financial position, operations, and results.</p> <p><u>2. Fluctuating prices of organic products.</u> Certified organic products are typically more expensive than their conventional counterparts due to factors such as limited supply, smaller quantities, and regulatory restrictions. However, historically, the premium for organic has compensated for the opportunity costs resulting from higher production costs, lower operational efficiency, and higher labour input.</p> <p><u>3. Changes in the EU subsidies.</u> The Group receives significant EU subsidies (approximately EUR 11 million) that are important for ensuring the continuity of its operations. If, for any reason, the provision of these subsidies was to be terminated or reduced, this could have a significant impact on many areas of the Group's operations, including reduced cash flows and profitability from operating activities, reduced value of land and investment properties and impairment of property, plant, and equipment.</p> <p><u>4. Lack of human resources.</u> Field workers are hired to perform field work, and their demand is particularly high in rural areas. The workforce of this demographic group is decreasing due to the declining and aging population of rural areas, which is a widespread and long-term risk relevant to all activities in rural areas. In addition, according to the Official Statistics Portal, the employment rate in Lithuania in 2023 reached 63.1% and was the highest since 1998. In view of this, the Group recognizes that the risk of a shortage of workers to optimally implement all field work is real, and may cause operational difficulties, hinder the achievement of</p>

2. The ability to manage excessive growth at the wrong time. The Company's rapid growth required significant investments in infrastructure and working capital, which led to increased costs and decreased profitability. Insufficient attention to risk management and contingency planning made the Company vulnerable to adverse economic changes. The Company's scale and complex operations limited its flexibility to make quick decisions that would have a visible direct effect on the core business results.

3. Technology commercialization management capability. Overreliance on timely commercialization of technologies and their possible timelines has made the company vulnerable to adverse events, changes in sustainability and greening policy priorities.

4. Interest rate dependency management option. The Company has failed to reduce its dependence on prominent levels of financial indebtedness (over EUR 80 million) by generating more profit from its operations to mitigate the impact of interest rate changes on the Company's results. By focusing on raising capital for the Technology business, time and momentum were lost in attempting to raise capital for the Group's day-to-day needs and efficiency projects.

- **What latest changes and trends will provide new opportunities for a legal entity?**

1. Continuation and strengthening of the Company's core business activities - the production of raw agricultural products in crop and livestock farming, investing in better technological readiness of farms, individualized business plans based on objective farm data and natural/soil/herd conditions, and better exploitation of synergies between economic sectors (such as the wide application of digestate in organic crop farming) will restore a solid business base and the basic conditions for business productivity.

2. The Company's early readiness to meet sustainability requirements. Companies that have already taken care of sustainability compliance requirements have a competitive advantage, as customers increasingly choose business partners

production goals, maintain quality standards, or take advantage of market opportunities.

The Mushroom Growing business segment also faces a shortage of workers, as insufficient and untimely supply of human resources does not allow for the optimal organization of production processes and ensure proper crop care.

- **How can economic conditions affect a legal entity?**

1. Economic condition if interest rates are not reduced. If interest rates do not decrease as planned, the Company may face greater difficulties in servicing/repaying its obligations.

2. Risk of inflation. Inflation poses a direct risk of increasing Company's costs, which cannot be directly passed on as costs to customers or consumers. For these reasons, the Company's gross profit would also decrease.

3. Economic condition, if additional higher taxes arise, such as employer or pollution taxes. Additional taxes would increase the Group's costs. This could further complicate profit generation and could force the Group to raise sales prices that would not necessarily be acceptable to its existing customer base. Such a situation could pose a challenge for the Group to sell its products at a price that is acceptable to the business, in order to cover not only the cost price but also generate earnings.

4. Economic environment, such as economic slowdown, declining purchasing power of consumers of raw and finished food products, changes in inflation rates, exchange rate fluctuations, or geopolitical events will also have an impact on restoring the Company's profitability.

- **How can competitors take advantage of changes in the legal entity?**

1. Distrust of suppliers, long-term partners and employees may result in increased termination of cooperation policies and practices beneficial to the Company by interested parties, a decrease in the morale of the existing team of employees, more difficult attraction and retention of new talented employees, and

that meet environmental, social responsibility and good governance standards, which could attract new, large, and direct customers and increase revenues. The Company's sustainable technology portfolio, sustainable farming standard and other long-term projects will create additional benefits for customers and partners by restoring business fundamentals.

3. Declining interest rates. The planned decrease in interest rates will improve the Company's financial position by reducing debt servicing costs. It will create an opportunity to refinance the Company's debts on more favourable terms, reducing the financial burden.

4. Implementation of strategic projects.

Biomethane production from agricultural by-products used by the Group will generate significant new climate-neutral revenues. Over the past 5 years, the Company has been actively seeking to create and deploy biomethane purification infrastructure so that this activity can start in full scale from 2025. It is important to note that the REDIII directive will create favourable economic conditions for the demand for biomethane consumption in the transport sector in the European Union.

In 2023, a scientific review of the results of two years of feed technology testing was also carried out. It was carried out by scientists from the Veterinary Academy of the Lithuanian University of Health Sciences, who confirmed the validity of the results, determining that this technology allows for an increase in milk yield without affecting milk quality and a 32 percent reduction in methane emissions generated by the digestive processes of cows per litre of raw milk.

The Group's work in the field of animal husbandry sustainability will allow not only to produce feed more sustainably, but also to maximize the cost of feed, using the currently available infrastructure and increasing profits accordingly more effectively.

The developed feed technology elements will be implemented in animal husbandry and will allow reducing the cost of production, while at the same time producing products with the lowest emission factor on the market.

higher direct costs related to employee turnover.

2. Lost market share. The Company may not be able to reduce the prices of its services due to the loans taken and existing liabilities. This may provide an opportunity for competitors to take over market share by offering more attractive prices to their customers.

3. Client poaching. Competitors may take advantage of the uncertain market situation and seek to take over long-term customers of AUGA companies.

4. Reduced investment in technology. A company that allocates part of its profits to cover its creditor obligations will have fewer opportunities than its competitors to invest in innovative technologies and infrastructure, which may give its competitors an advantage.

4. The inapplicability of the principle of economies of scale. Due to limited financial resources and the instability of the market leader's position, long-standing suppliers and partners may choose to no longer apply favourable commercial terms and conditions, which may further increase operating and input costs, thus limiting the Company's competitiveness.

The Company does not intend to obtain long-term credit facilities, but may, if available and/or if there is an additional need, make use of the Intermediate and New Financing Facilities by obtaining additional credit

and/or factoring, with additional pledging of immovable or movable property. The Company reserves the right to seek more favourable terms and conditions in the event of changes in the interbank interest rate and to refinance its current financial liabilities on more favourable terms if necessary. The Company's actual profit and loss account includes all costs of current operations.

### 5.3. CONTROL OF THE IMPLEMENTATION OF THE PLAN AND RESPONSIBLE PERSONS

The head of the Company and the Board will be responsible for the implementation of this plan. The implementation of the restructuring plan is supervised by the appointed insolvency administrator and controlled by the creditors' meeting.

The Company's income and expenses may change, in which case, it will be considered that this plan is being implemented if positive cash flows are accumulated from the main activities and/or the sale of assets, creating the possibility of making settlements with creditors to the extent and within the terms provided for in this restructuring plan.

As projected business income and expenses change, it is important to ensure positive cash flow and to cover short-term liabilities and current tax payments.

### 5.4. ASSETS OWNED OR PLANNED TO BE ACQUIRED, REQUIRED FOR THE COMPANY'S ACTIVITIES

To remain competitive in the market, the Company seeks to optimise its costs to be efficient, which may require the sale of idle or under-used assets from time to time and, in rare cases, may require decisions on the acquisition of new assets needed by the Company. At the time of drafting this plan, the Company has no plans and therefore no specific decisions on acquiring new assets, only reconstruction investments necessary to carry out the necessary activities will be made – about EUR 150,000 per year.

### 5.5. ASSETS TO BE SOLD OR TRANSFERRED, PROCEDURE FOR SALE OF ASSETS, EXPECTED PROCEEDS AND THEIR USE

During the restructuring period, the Company will continue to streamline its activities, therefore, a situation may arise where it will be necessary to sell some of the idle or under-used assets in order to reduce liabilities to leasing companies or other creditors and to use the proceeds received to satisfy the financial claims of the Company's creditors.

### 5.6. COMPARISON OF POSSIBILITIES FOR SATISFYING CREDITORS' CLAIMS IN VALUE EXPRESSION IN CASES OF RESTRUCTURING AND BANKRUPTCY OF THE LEGAL ENTITY

One of the main objectives of restructuring is to increase (not reduce) the value of the assets and to increase the possibilities of satisfying creditors' claims through the continuation of the business as a result of the structural changes in the business. Whereas the objective of bankruptcy is to liquidate a legal entity by satisfying creditors' claims with the assets of the legal entity.

If the Company were to be declared bankrupt, the claims of the customers would be added to the existing creditors' claims under the penalties provided for in the contracts due to non-performance of works and/or services. It would also lead to the cessation of activities, which is the main source of funds for settling with creditors.

In the event of bankruptcy (as of 30 June 2024), creditors could claim the assets of the company under liquidation, which consist of:

Table No. 37

Title	Value, EUR 000	Comments
Non-current assets	113.840	In this part of the assets, the non-current intangible assets (Software) are EUR 327.000, the non-current tangible assets (Other equipment, devices and tools) are EUR 1,013.000 (including leased assets of EUR 53.711.000 , the financial assets (shares of the Group companies) are

		EUR 108.745.000, (After one year are EUR 3.265.000 and other non-current assets are EUR 490.000).
Inventories and materials	31	
Current receivables	6.319	This part of the assets consists of customer debt, but only the Company's debtors (the list is given in tables Nos. 19 to 21)
Cash and cash equivalents	2	
<b>TOTAL assets</b>	<b>120.192</b>	

In the event of bankruptcy, creditors would not be able to claim the assets pledged to the Bank and the assets owned by the leasing companies. For the first-ranking creditors – employees, the wages and salaries, including benefits (holiday pay and compensation) and taxes due would amount to approximately EUR 770,000.

Thus, as can be seen from the table above, one source of income for settling with creditors could be the (very small) share of income remaining after the settlement with the leasing companies (leased) and the proceeds from the sale of own assets.

Another source of income could be the proceeds from the sale of the remaining tangible assets (intangible assets are usually illiquid and do not generate any income), but it should also be taken into account that these assets are not new, they have been in use for several years and are often no longer in demand on the secondary market, therefore, in most cases, the proceeds from the disposal of such assets are only sufficient to cover the administration expenditures (in the bankruptcy process). The Company's tangible assets are used in operations and are sufficiently depreciated, therefore, in the best case (forced sale), it is possible to obtain EUR 460,000 for them, i.e. 30% of their residual value (Other equipment, devices and tools – EUR 1,013,000 plus Other non-current assets – EUR 490,000 plus Inventories – EUR 31,000). Trade debts and other receivables are largely (more than 90%) of the Group's companies, therefore, in the most optimistic scenario (about 45%), they could amount to EUR 4,313,000, since the fulfilment of most of these obligations is secured by the assets of the Group companies. The same applies to the Company's financial assets, as the value of the financial assets (in the event of a sale) would be reduced to a greater extent if the assets of the Group companies were to be realised (to satisfy the claims of the mortgage creditors). In summary, it can be stated that the benefits of the restructuring process for creditors are significantly higher than those of bankruptcy.

Table No. 38

EUR 000	Restructuring process	Bankruptcy process
<b>Property</b>	<b>120,190</b>	<b>37,397</b>
Intangible assets	327	0
Financial assets	108,745	32,624
Other equipment, devices, and tools	1,013	304
Other non-current assets	490	147
Inventories	31	9
Advances and other receivables	3,526	1,587
Trade receivables	6,058	2,726
<b>Liabilities</b>	<b>42,934</b>	<b>43,549</b>
Loans	36,233	36,233
Leasing obligations	35	35
Loans (Group companies)	3,265	3,265
Other obligations	2,236	2,236
Suppliers	1,010	1,010
Wage-related debts	155	770
<b>Interest payable</b>	<b>1,636</b>	
<b>Result</b>	<b>78,892</b>	<b>-6,153</b>



The practical reality is somewhat different for companies in insolvency proceedings. According to the latest statistical data (www.avnt.lt) provided by the Authority of Audit, Accounting, Property Valuation and Insolvency Management under the Ministry of Finance of the Republic of Lithuania (hereinafter referred to as the Authority) on the satisfaction of creditors' claims in insolvency proceedings that have been closed (deregistered due to bankruptcy) in 2020-2022, the percentage of satisfaction of all creditors' claims is quite low (10.1%, 13.7%, and 5.2%, respectively).

There is another particularly important factor. To ensure the proper fulfilment of the obligations of the Group companies, the Company has issued sureties and guarantees for at least EUR 71,500,000 and promissory notes for EUR 2,400,000. Thus, AUGA group, AB, to ensure the proper fulfilment of the obligations of its Group companies, pledged the Company's assets for EUR 56,380,000. This means that the Company's insolvency would cause a chain reaction - many companies would be at risk of bankruptcy.

Restructuring means that the Company restores its solvency within 4 years (plus any additional years provided for by law) and continues to conduct its business relations with its suppliers - creditors. Preserving a competent workforce and a functioning system is also a key motivation for choosing restructuring. The Group's companies employ around 1,100 people, most of whom live in regions with limited job opportunities. By ensuring long-term and stable jobs in areas that often face unemployment challenges, the Company's activities stimulate not only the local economy but also contribute to the creation of social welfare.

## **5.7. ASSETS TO BE REVALUED, SOLD OR WRITTEN OFF**

The possibility of selling (writing off) unused, worn-out, non-functioning, and irreparable fixed assets is currently being assessed.

If the Company decides that other assets of the Company are not required for the Company's business, or if there is a shortage of working capital or to increase the Company's working capital, or in other cases, the Company's assets may be sold. The procedure for the sale of the assets and the use of the expected proceeds would be determined at a later stage.

## **5.8. AGREEMENTS CONCLUDED BEFORE THE DATE OF THE INITIATION OF THE COMPANY'S RESTRUCTURING PROCEEDINGS EXPECTED TO BE TERMINATED, AND THE EXPECTED CONSEQUENCES OF SUCH TERMINATION**

In the opinion of the Company's management, the currently valid agreements do not violate the interests of the Company or its creditors, therefore the Company does not intend to terminate them.

## **5.9. THE AMOUNT AND TERMS OF THE EXPECTED LOANS TO BE OBTAINED, AS WELL AS THE METHODS OF SECURING THE IMPLEMENTATION OF LOAN AGREEMENTS AND SOURCES OF FINANCING.**

Based on the business forecasts, complex actions for optimization of activities, sale of assets and other actions, during the implementation of the restructuring plan, a situation may arise in which additional sources of financing will be required. The Company will use the working capital available to date to finance its activities, which are formed from the company's short-term assets, i.e. available inventories, revenues from ongoing activities and receivables. However, a situation may arise in which the Company, in order to increase the income from its ongoing activities, will have to use new sources of financing.

## **5.10. PROCEDURE FOR COVERING UNEXPECTED LOSSES**

In order to cover unforeseen losses, to make the current investments necessary for the Company's operations and to mitigate the negative impact of business cycles and seasonality, financial forecasts must provide for reserve funds to ensure the stability of the Company's operations, the timely settlement with its employees, the budget and the Company's creditors, and to protect the Company against the short-term risk of customer default.

It is expected that the Company's reserve could amount to at least EUR 250,000. The Company intends to achieve this level of reserve funds from the accrued income from its current operations.

## **6. 'EXPECTED CREDITORS' ASSISTANCE FOR DEBT OBLIGATIONS- FUTURE CREDITOR DISCOUNTS FOR THE COMPANY UNDER RESTRUCTURING DURING ITS RESTRUCTURING PERIOD**

This section, considering the provisions of the law on the ranking of creditors' claims, and assessing the forecasted cash flows, sets out for the creditors' consideration an option for the satisfaction of their financial claims.

The claims of first-rank creditors are satisfied in proportion to the amount due to each creditor during the restructuring period.

Mortgage and second-rank creditors are requested to set out a debt repayment schedule for the first to fourth years of the restructuring plan (a detailed debt repayment table will be prepared after the court approves the creditors' claims).

Second-rank creditors would be asked to agree to be settled during the restructuring period as follows:

- In the first year of restructuring, i.e. during the period 2025-2026, but no later than 2026-12-31;
- In the second year of restructuring, i.e. during the period 2026-2027, but no later than 2027-12-31;
- In the third year of restructuring, i.e. during the period 2027-2028, but no later than 2028-12-31;
- In the fourth year of restructuring, i.e. during the period 2028-2029, but no later than the end of the Plan.

### **In the second stage of satisfying creditors' claims:**

The second-stage financial claims would be settled in the last year of the restructuring unless a concession to waive their second-stage financial claims is agreed with the creditors.

## **7. LIST OF THE COMPANY'S DEBTORS SUBJECT TO FORCED RECOVERY, AMOUNTS OF RIGHTS AND METHODS OF SECURING OBLIGATIONS**

No such data available.

## **8. ESTIMATED ADMINISTRATIVE EXPENSES**

It has been agreed that the administration costs will consist of: remuneration for the insolvency administrator – EUR 3,000 plus VAT per month from the date of entry into force of the decision to initiate restructuring proceedings until the end of the restructuring proceedings and restructuring administration costs as needed (actual) – up to EUR 10,000 plus VAT per year (for organizing meetings, postal correspondence related to informing creditors, etc.). These costs are included in operating costs and the company undertakes to pay them.

## **9. PROCEDURE FOR SUBMITTING REPORTS ON THE IMPLEMENTATION OF THE RESTRUCTURING PLAN, SUBMITTED BY THE COMPANY'S GENERAL MANAGER TO CREDITORS**

During the restructuring of the company, the restructuring plan is implemented, the assets owned by the company or by right of trust are disposed of and the economic activities of the company are managed by the management bodies of the company in accordance with their competence, established in the company's articles of association and other documents regulating the company's activities, in compliance with the restrictions established in the restructuring plan or a court order.

The head of the company's administration shall submit a report on the implementation of the restructuring plan to the insolvency administrator and/or creditors on the progress of the implementation of the restructuring plan at least for each quarter of the legal entity's financial year in accordance with the procedure established by the supervisory authority and no later than within 15 calendar days after the last day of the legal entity's previous quarter. The minimum volume requirements for the report on the implementation of

the restructuring plan are (i) changes in the structure of assets or liabilities, (ii) expenses, (iii) measures, (iv) significant changes identified during the preparation of the report compared to the previous report and (v) other, in the opinion of the management bodies of the company, important changes that may affect the implementation of the restructuring plan.

The members of the management bodies of the company being restructured and the company's manager (general director) shall be liable for any damage caused to the company and/or creditors in accordance with the procedure established by the legal acts of the Republic of Lithuania.

The creditors of the company being restructured shall have the right to demand that the manager (general director) of the company being restructured prepare and submit reports on the implementation of the restructuring plan in an unscheduled manner. Upon receipt of the request, the manager of the company being restructured must prepare and submit such reports to the creditors within 10 working days.

#### **10. LIMITATIONS ON THE COMPETENCE OF THE GENERAL MANAGER AND OTHER MANAGEMENT BODIES OF THE COMPANY IN CONNECTION WITH THE IMPLEMENTATION OF THE COMPANY'S RESTRUCTURING PLAN**

The management bodies of the Company will always act in accordance with the restructuring plan and will implement all measures provided for in the restructuring plan to restore the Company's solvency.

The management bodies of the Company will not be entitled to enter into any transaction or take any action on behalf of the Company without the prior approval of a majority of the creditors at a meeting of creditors in the following cases:

- to pay dividends or other payments to Company's shareholders until the debts to creditors provided for in this plan are fully paid;
- to invest in other companies or acquire securities issued by other companies, except for the creation of a collective investment entity (investment company or limited partnership) and/or implementing measures to streamline the structure of the Group's companies by reorganizing and/or merging the Group's companies.

#### **11. FINAL PROVISIONS**

This draft restructuring plan has been prepared in accordance with the laws and regulations of the Republic of Lithuania currently in force, which regulate the corporate insolvency process.

This draft restructuring plan has been prepared in accordance with the currently valid laws and regulations of the Republic of Lithuania, which regulate the insolvency process of companies.

The information in this restructuring plan has been prepared by AB AUGA group solely for the purposes of the restructuring plan. This information or any part thereof may not be relied upon, disclosed or made public for any other purposes.

This information may not be relied upon in making investment decisions or used in assessing the value of AUGA group securities. This information should also not be considered a recommendation to buy, hold or sell any securities or other business or assets mentioned in this announcement.

This information has not been audited or reviewed by independent third parties and should be considered preliminary and subject to change.

This information is provided with respect to the future, including, but not limited to, statements about and expectations expressed regarding expected financial and operating results. These statements are based on the current opinion of management, expectations, assumptions and information available as of the date of this announcement, as well as information that was available to management at that time. Statements made herein, except for historical statements, regarding AUGA group's future performance, financial condition, business strategy, plans and future objectives, are forward-looking. Words such as "forecast", "expect", "intend", "plan", "will", "may", "should", "continue", "anticipate" or variations thereof, as well as other

statements regarding future events or prospects that are not related to historical data, are forward-looking statements. AUGA group has based these forward-looking statements on its current opinion. This opinion involves a number of risks and uncertainties that are beyond AUGA group's control or that are difficult to predict, and which may cause actual results to differ materially from those forecasted and from AUGA group's past performance. The estimates and forecasts reflected in the forward-looking statements may prove to be materially inaccurate, and actual results may differ materially due to various factors, including, but not limited to, legal and regulatory factors, geopolitical tensions, economic environment, industry situation, raw material and market prices, environmental factors, financial and production capacity development and management risks. Accordingly, you should not rely on these forward-looking statements.

AUGA group, its partners, directors, employees or representatives assume no responsibility or liability for any loss or damage arising from the use of the forecasts presented in this document. Except as required by law, AUGA group is not obliged and is not obligated to update or revise any forecast presented in this restructuring plan due to new information, future events or the like.

## 12. ANNEXES

### 12.1 Company creditors:

#### 12.1.1. RAB AUGA group court-approved list of creditors affected by the plan

#### 12.1.2. RAB AUGA group court-approved list of creditors unaffected by the plan

### 12.2 Forecast financial plans

#### 12.2.1. Pessimistic option

#### 12.2.2. Optimistic option

#### 12.2.3. Baseline scenario assumptions for the yield and prices of the main crops

### 12.3. Company receivables as of 2024-12-31

### 12.4. Legal disputes in which property claims have been made

### 12.5 Financial statements

#### 12.5.1. Company balance sheet statements (assets)

#### 12.5.2. Company balance sheet statements (equity and liabilities)

#### 12.5.3. Company Profit (Loss) statements

Restructuring plan compiled by AUGA group, AB.